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Performance Evaluation Framework for
Destination Management Organisations:
Managers' Perspectives

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Abstract

This study aims to develop a performance evaluation framework for Destination Management Organisations (DMOs). Although tourism researchers (Ritchie and Crouch 2005; Pike 2005; Bornhorst et al. 2010; Morrison 2013; Pike and Page 2014) acknowledge that the organisational performance of a DMO is a key determinant of destination development and competitiveness, existing studies in this area are scarce. Therefore, the major contribution of this study is towards the advancement of knowledge and understanding of the construct of DMO effectiveness, and ultimately the development of a robust DMO performance evaluation framework (PEF). A stronger focus on evaluation of DMO effectiveness is particularly relevant in light of the recent public sector funding cuts in England that have significantly affected DMOs.

The thesis is informed by a critical review of the existing tourism destination development and performance management literature. The discussion focuses on the strategic and operational roles of DMOs as key development agents within the contemporary context of destinations in England. Moreover, the study is informed by relevant performance management theories applied in wider private, public and non-profit organisational contexts. The principles of organisational effectiveness in this study are examined by a synthesis of multiple theoretical lenses: goal theory, stakeholder theory and competing values approach. Particular emphasis is placed on existing theory and practice of evaluating organisational effectiveness in the context of small and medium organisations, as well as development agencies, as they are pertinent to the organisational nature of DMOs.

The study's research design is underpinned by an interpretive social sciences paradigm and employs a qualitative methodology. A total of twenty semi-structured interviews were conducted with senior DMO managers across England. Emphasis is on identifying senior DMO managers' perspectives on the concept of effectiveness and organisational performance. Furthermore, the interviews focus on exploring the key determinants of DMO performance evaluation. The thematic analysis and critical discussion of DMO managers' views with the relevant literature has led to relevant conclusions that informed the performance evaluation framework as presented in the final chapter of the thesis.

The theoretical contributions of the study include the identification of key performance

perspectives that enable the comprehensive evaluation of operational effectiveness and strategic impact of DMOs. The findings of this study suggest that DMO effectiveness is defined by the organisation's rationale for existence and non-profit strategic impetus, which includes supporting the visitor economy by means of strategic value creation and co-creation, strategic leadership for tourism development, and advancing the collaborative governance structures for tourism development. The study ascertains that several features of the specific destination context determine the complexity of destination development and ultimately the emphasis of DMOs in particular performance evaluation perspectives. Nevertheless, it was found that a holistic approach to DMO performance evaluation requires a focus on two key interrelated perspectives: outward-looking and internal.

From an outward-looking perspective, DMO performance evaluation primarily focuses on the achievement of strategic tourism development results that the DMO creates or co-creates with its stakeholders. These strategic results (or value) is underpinned by the DMO's rationale for existence, and is associated with its supporting and leadership role in four destination development areas: identifying the rationale for intervention; designing action plans for the strategic support of tourism; administering the implementation of destination development activity; and, monitoring the impact of development interventions. Internal performance perspectives focus on internal value creation within a DMO in terms of business planning and organisational capability. The former relates to evaluation of business objectives and functions, as well as structures and processes; while, the latter relates to evaluation of resources, skills and competences. Importantly, the interface between outward-looking and internal perspectives of DMO effectiveness is elusive, as internal and external stakeholders co-create value with various levels of contribution at different stages of the process of development. The study specifies the nature and mechanisms of value creation and co-creation across outward-looking and internal perspectives of DMO performance; therefore, it supports an advanced understanding of the dynamics that determine the elusiveness between DMO and destination success.

The study has several practical applications for DMO managers and policy makers. The study can help DMO managers conduct systematic and robust performance evaluations of their organisation by combining both outward-looking and internal perspectives of DMO effectiveness. This can help them identify areas for improvement of economy, efficiency, capacity and effectiveness in achieving strategic and operational results. Ultimately, this can

lead to improvements in return on investment for DMOs and their resource providers (e.g. funders). The study can help DMO managers and stakeholders determine each other's contribution to the value creation and value co-creation in destination development activities. This can assist DMOs evaluate their added value or additionality in destination development initiatives, which in turn can support or clarify the rationale for the DMO's existence. Moreover, the study supports improvements in destination development initiatives by promoting the need for DMO managers to work in partnership with stakeholders and advance unified theories of change and impact chain models for destination development. This way, DMO managers can improve effectiveness in monitoring and controlling the processes of project and programme implementation. The study also helps DMO managers identify gaps in skills and competences for performance monitoring and evaluation. Demonstrating commitment in developing performance evaluation capability, as well being able to demonstrate return on investment can be valuable for DMOs. It enables them to gain credibility, trust and legitimacy, which can lead to improved capacity to develop successful partnerships with key stakeholders. This is then particularly important in the contemporary context of DMOs in England, where they work as key partners within LEPs. In addition, it is valuable in times of scarce public sector funding as strengthening partnerships with key stakeholders can lead to opportunities for revenue generation. Finally, the study can enable policy makers to evaluate DMO performance and rationalise their existence and their roles in the context of sustainable destination development.

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List of Abbreviations

BIS	(Department of) Business Innovation and Skills
CC	County Council
DCMS	Department of Culture Media and Sport
DMO	Destination Management Organisation
DMP	Destination Management Partnership
DMS	Destination Management System
DTI	Department of Trade and Industry
KPI	Key Performance Indicator
LA	Local Authority
LBTB	Lancashire and Blackpool Tourist Board
MM	Marketing Manchester
NFT	New Forest Tourism
NT	Northumberland Tourism
PEF	Performance Evaluation Framework
SAV	Strategic Added Value
STEAM	Scarborough Tourism Economic Activity Monitor
TMP	The Mersey Partnership
VB	Visit Britain
VCD	Visit County Durham
VM	Visit Manchester

CHAPTER 1 Introduction to the Study

1.1 Introduction

This study aims to identify key performance perspectives that enable the comprehensive evaluation of the operational effectiveness and strategic impact of Destination Management Organisations (DMOs). In this introductory chapter, the background to the study is presented, together with the objectives set to achieve the overall aim. Moreover, the chapter outlines the research methodology used and the structure of the thesis.

1.2 Background to the study

Destinations are widely regarded as complex phenomena to manage (Howie 2003; Zahra and Ryan 2007; Schianetz and Kavanagh 2008; Baggio 2014). Therefore, it is essential that, in the fiercely competitive environment of tourism, a destination excels in its ability to maintain all dimensions of sustainability (environmental, economic, social, cultural and political) if it is to successfully develop and preserve its competitiveness in the marketplace. Moreover, satisfying (or even better exceeding) visitor expectations by providing quality products and services can improve the profitability of the local tourism businesses, which are fundamentally the lifeblood of any destination's visitor economy. Although, various sectors (e.g. private, public, not-for-profit) contribute towards the management of a destination, a key role is taken by the Destination Management Organisations (DMOs) (Kotler et al. 1993; Morrison et al. 1997; Buhalis 2000; Jeffries 2001; Kerr et al. 2001; Pike 2004; WTO 2004; Sheehan and Ritchie 2005; Ritchie and Crouch 2005; Vanhove 2005; Carter and Fabricius 2006; Holloway 2006; Jennings and Nickerson 2006; Michael 2007).

DMOs operate at various geographical and administrative levels (national, regional, local) and endeavour to facilitate the development and implementation of tourism strategies that offer the destination an advantage over its competitors (Cracolici and Nijkamp 2006). Achieving, however, this competitive advantage is argued to be influenced by the organisational performance of DMOs themselves (Pike 2005; Ritchie and Crouch 2005; Morrison 2013). This said, there is a surprising paucity of research exploring this important

area. The few existing studies have examined 'destination' performance variables and models (for example see Dwyer and Kim 2003; Ritchie and Crouch 2005; Sainaghi 2006; Crouch 2011; Volgger and Pechlaner 2014); however, acknowledging the important role of DMOs in influencing as well as monitoring destination performance (Morrison 2013). A recent study by Volgger and Pechlaner (2014) focused on understanding DMO and destination success by investigating the role played by networking capability; while, Bornhorst et al. (2010) presented a comparison of destination and DMO success determinants. Moreover, Frechtling (2005) conceptually examined the application of the Balanced Scorecard (BSC) to DMOs. As a result, there are several gaps in the literature with regards to DMO performance management and evaluation, the first and most important being that there is no clear theoretical understanding on the meaning and nature of 'effectiveness' for DMOs. Second, the key perspectives of DMO effectiveness are unidentified. Third, there is no clear guidance as to what methods can be used to evaluate DMO performance and what their potential limitations are. Therefore, this study sets the aim to identify the key performance perspectives that enable the comprehensive evaluation of the operational effectiveness and strategic impact of DMOs. This will also advance the understanding of the effectiveness construct as it applies to the context of DMOs.

1.3 Tourism development and DMO performance evaluation

Tourism is widely articulated to be contributing to the long-term prosperity and development of destinations, and local communities. For instance, it can potentially be an important source of local employment and a vital income generator for local businesses (Jeffries 2001; Holloway 2006; Cooper et al. 2008). The rapid growth of tourism over the last decades has been mostly attributable to private sector entrepreneurs; however, this growth has also been heavily dependent on government support in the form of infrastructure developments, stimulation of increased affluence, leisure time, and security. Government intervention has been evident, often in the form of coordination and collaboration of public and private stakeholders (Pastras and Bramwell 2013; Garnes 2014). High levels of effectiveness and sustainability of the public-private partnerships are critical in achieving optimal development, organisation and promotion of destinations. Similarly, it is deemed critical to optimise tourism impacts as well as to endeavour to achieve the strategic objectives of all stakeholders. In order to do this, it is essential to understand the goals and

functions of various entities, together with their interrelationships and the environments in which they operate. Overall, the development of a destination requires a robust long-term tourism policy, and implementing tourism destination policy is based on effective destination management, as well as robust organisational planning (Getz et al. 1998; Buhalis 2000; Godfrey and Clarke 2000; Ritchie and Crouch 2005; Sheehan and Ritchie 2005). Both public and private tourism organisations at all levels (international, national, regional, entrepreneurial) increasingly show augmented concern on quality management that affects effectiveness and competitiveness by increasing their visibility, reducing costs and enhancing local co-operation (Augustyn 1998; Buhalis 2000). Moreover, research (Faulkner 2001) has identified the value of flexibility to change on continuing basis, reflecting market trends, in addition to the need to develop proper disaster management plans and strategies to cope with any potential threats. However, future practices are seen to endorse the use of cutting edge technology to create “virtual” tourism destination organisations (Palmer and McCole 2000).

Sustainable tourism planning calls for a well organised and effective plan for the tourism destination. As governments increasingly recognise the significant economic value of tourism for communities, the contribution of DMOs in the success of a destination is critical (Pike 2004; Morrison 2013). The effective leadership and coordination of a committed DMO is articulated to be a key determinant in a destination being competitive or sustainable, which led to the evident proliferation of DMOs (Kotler et al. 1996; Jeffries 2001; Kerr et. al 2001; Ritchie and Crouch 2005; Middleton, 2005; Carter and Fabricius 2006; Holloway 2006; Jennings and Nickerson 2006; Michael 2007; Cooper et al. 2008). Therefore, there is a consensus in academia that the activities of DMOs are significant in the development and the management of a tourism destination. DMOs mainly engage in developing action plans for the destination area, marketing the destination, carrying out research, managing resources, act as the primary point of contact for the private sector at a sub-regional level, provide e-tourism services, provide information through Tourist Information Centres (TICs), partnering with various stakeholders with the principal objective to enhance the quality of the destination experience and benchmark effectiveness and return on investment. Overall, DMOs are the organisations responsible for the management and/or marketing of destinations, with a principal focus on enhancing the quality of the visitor’s experience (Morrison et. al 1997; WTO 2004; Pike 2004; Sheehan and Ritchie 2005; Morrison 2013).

Determining the typology of DMOs is as complex as it is to determine the typology of destinations. Researchers such as Holloway (2006) often adopt a broad categorisation of destinations by delineating them according to geographical features, hence, a destination can be: a particular resort or town, a region within a country, the whole of a country. Despite the variety of DMO types, they generally fall into three main categories, which refer to different destination levels (Sheehan and Ritchie 2005):

- National Tourism Authorities (NTAs) or Organisations (NTOs) responsible for the management and marketing of tourism at a national level
- Regional, provincial or state DMOs (RTOs) responsible for the management and marketing of tourism in a geographic region (county, state or province)
- Local or sub-regional DMOs, responsible for the management and marketing of tourism based on a smaller geographic area: Urban (city or town) and Rural (coastal, mountain or countryside)

The different types of DMOs have particular implications for the nature of the challenges that they face. Moreover, to whom the DMO management reports to is a principal issue. Either it reports to a publicly elected official, to a board of directors elected by industry members, to a corporate/agency board of directors, or to a partnership involving a joint public/private sector board of directors, the structure of the DMO management modifies both the manner and practices that dominate. To determine the policy-level issues that designate the basic structure and the funding base of DMOs is a difficult task. Nevertheless, for a DMO to operate effectively and smoothly the daily managerial tasks need to be addressed. These tasks mainly relate to *internal* programmes (e.g. definition of organisational by-laws, organisational administrative procedures, determination of committee structures) and *external* programmes (e.g. marketing, visitor management, information research, resource stewardship) (Sheehan and Ritchie 1997; Pike 2004; Ritchie and Crouch 2005; Sheehan and Ritchie 2005).

Tourism development, management and marketing should be managed within an integrated structure (Morrison 2013). Furthermore, planning and development, as core elements of the destination policy, concern the need for and importance of the monitoring and evaluation of policies and their outcome (Hall 2008). The ultimate outcome is as much a function of how well the policies are implemented as a function of the policies themselves. Consequently, policy formulation, planning and development must continue to incorporate research into

how well such policies are performing, whether improvements in implementation are needed, or whether circumstances have altered so as to render the policies no longer relevant or effective (Godfrey and Clarke 2000; Jeffries 2001). Similarly, destinations are challenged to manage and organise their resources in order to outperform competition (Ritchie and Crouch 2005). Therefore, DMOs need to endeavour to develop tourism strategies and implement operating actions that enhance their effectiveness and performance in order to offer the destination an advantage over its competitors. A key determinant of the organisational performance of DMOs is their organisational structure, as it provides the framework of an organisation and makes possible the application of the process of management. Decisions have to be made about what work or function is to be done, how it is to be divided between jobs, and how jobs are to be grouped into sections, departments and even larger groupings (Stewart 1997; Ritchie and Crouch, 2005; Cracolici and Nijkamp 2006).

Researchers (Morrison et al. 1997; Pike 2004; Gretzel et al. 2006) acknowledge that key knowledge gaps in the domain of DMOs include a clear understanding of the construct of DMO effectiveness, as well as robust models and methodologies to evaluate it. Therefore, this study sets off to investigate and contribute to the unexplored area of organisational effectiveness and performance evaluation of DMOs. The study incorporates several other issues that are fundamental to the study of DMOs (Pike 2004), namely: the rationale for the establishment of DMOs; the structure, roles, goals and functions of DMOs; the key opportunities, challenges and constraints that DMO face in evaluating their performance. DMOs operate in a composite industrial environment of tourism destination, which can provide a fertile domain for existing performance management theory to be tested and developed further (Spyriadis et al. 2009). In fact, the thesis is challenging existing understanding of organisational effectiveness by infusing it with existing destination development and management knowledge and understanding.

1.4 The context of the study

Existing research on performance management within the area of tourism development and destination management mainly focuses on the tourism destination as a unit of analysis (Dwyer and Kim 2003; Ritchie and Crouch 2005; Sainaghi 2006; Crouch 2011). Despite the

extensive research on organisational effectiveness within for-profit, not-for-profit and governmental contexts, DMO organisational effectiveness has rarely been the focus of previous investigation (Bornhorst et al. 2010). This study attempts to advance understanding of the organisational effectiveness construct in the context of sub-regional DMOs in England. Researchers (Pike 2004; Blumberg 2005) suggest that sub-regional DMOs have more direct and immediate relationship to all the elements (stakeholders) of the 'tourism system' at the destination including tourists and visitors, residents and the community, local tourism businesses and commercial operators, as well as local and regional governmental bodies. The key leadership role of DMOs in the local tourism management structures in England is also recognised in the policy of the current Coalition Government (HM Government 2010). Overall, DMOs at this level (sub-regional) are seen to have a more direct influence on the development and management of the destination product than at any other level (regional or national) (Blumberg 2005). In order to set the context of this study, a brief account of the recent developments in tourism management structures in England is presented in the following section, while a more detailed discussion is presented in Appendix 1.

1.4.1 An overview of recent developments in tourism structures in England

In the context of the UK economy, tourism and leisure have come to play an increasingly significant role in the economic development and regeneration of a wide range of destinations (Middleton 2005; DCMS 2006a). The Department of Culture, Media and Sport (DCMS) is the main Government department that "is responsible for supporting the tourism industry at national level and for putting regional and local support for the sector into a strategic context" (DCMS 2013). The DCMS aims to provide strong leadership, by seeking to raise the profile of tourism, increase the productivity of the industry, and to improve the efficiency and effectiveness of funding through enhanced co-ordination (DCMS 2004; 2013).

Over the last decades, the turbulent macro and micro environment of tourism resulted in a radical transformation and devolution of the tourism management structures in the UK that strongly reflects on the management and the marketing of UK's tourism destinations. One of the early actions was the establishment of the Tourism Alliance in 2001 with the aspiration to communicate and represent the sector's views and concerns more effectively to the Government. Since its foundation, this body has had the key target to harness the

commitment of its members in developing marketing strategies and to actively encourage its members to consider contributing to the formulation and funding of joint programmes and campaigns (Tourism Alliance 2006). More recently, the Tourism Alliance has taken the role of “the voice of the Tourism Industry”, and its rationale evolved to identification and development of “policies and strategies to raise standards and promote quality within the industry and work with and lobby government on all key issues relevant to the growth and development of tourism and its contribution to the economy” (Tourism Alliance 2013).

In 2002, the DCMS initiated an extensive tourism restructuring programme that was based on strong relationships and co-operation with partners from both the public and the private sector. This programme aimed in achieving improvements in delivery in five key identified areas: marketing and e-tourism; product quality; workforce skills; improved data; advocacy across Government. These priorities were clearly not self-supporting; therefore, they were not progressed in isolation. It was recognised that better marketing will only work if there are high quality products, which in turn required investment in skills. Moreover, improved decision making in these – and other areas – would be possible only if accurate, relevant and timely data was available (DCMS 2010). In April 2003, VisitBritain was established as a strategic, marketing-focussed body, bringing together the former English Tourism Council and the British Tourist Authority (established in 1969). VisitBritain’s key role has been to promote the British brand overseas and charged with exploiting the tourism legacy potential of London 2012 and other major sporting and cultural events. Moreover, VisitBritain “provides the overseas network that supports the Britain brand as well as the tourism initiatives of the devolved nations and regions”. “It supports DCMS with independent advice on the current key policy areas for tourism” and “provides shared service platforms to the nations and regions reducing duplication and releasing resources for the promotion of tourism” (DCMS 2010, p.107).

The Regional Development Agencies (RDAs) in England opened in 1999 (BIS 2012). However, it was between 2003 and 2004 that they received strategic responsibility for tourism in their regions (Ladkin et al. 2008) and in the spring of 2004 major reviews were carried out in accommodation quality and business data. Additionally, in May 2004, the ‘People1st’ was launched, as the new Sector Skills Council for the tourism, hospitality and leisure sectors, which was soon after assigned the implementation of the National Skills Strategy (NSS) (DCMS 2004; The Tourism Network 2006; DCMS 2013). In 2004, the Tourism Review and

Implementation Group (TRIG) was established to monitor and oversee the developments on the abovementioned five key improvement drivers. In particular, it focused on wider structural issues affecting the productivity and the performance of the sector (on these five key areas). The TRIG reports to DCMS and includes key partners from the industry, from the public sector (local and regional government), as well as from academia (DCMS 2006a; Tourism Network 2006). One of the early results of TRIG's evaluation indicated that the devolution had resulted in less clarity in strategic direction at national level, which in turn posed problems of communication and coordination in some regions, especially for the industry and local authorities (DCMS 2005).

The tourism management restructuring process has been very dynamic, with diverse levels of progress being made across England (Fyall et al. 2010). Unsurprisingly, the UK Government soon acknowledged that the reform programme itself "demonstrated a need for a new statement of the roles and responsibilities of the DCMS and its key partners in areas which the Government and the industry together agreed were vital to delivering progress" (DCMS 2006b). Additionally, the DCMS acknowledged that the aforementioned five key priorities "need to stimulate the key actions of DCMS, VisitBritain, the RDAs, local government and the Tourism Alliance in cooperatively building on the progress already made under the reform programme" (DCMS 2006b). In 2009, VisitEngland was introduced as the strategic body representing the public and private sector stakeholders of English tourism. VisitEngland was the former England Marketing Advisory Board, known as VisitEngland Board since October 2007. Working in partnership with VisitBritain, the RDAs, local authorities, and the private sector, it aimed at optimisation of marketing investment and the development of the visitor experience across England (DCMS 2010).

Despite the fact that the political landscape in England changed during the elections in May 2010 when the coalition government replaced the labour party government, the overall strategy for the development of tourism in England, as set out in "Tomorrow's Tourism" in 1999, is still valid today (DCMS 2013). However, the new government has changed radically the tourism management structures that are in place to implement this strategy. In June 2010 the coalition government announced its decision to close the RDAs, which were introduced in the late 1990s (Marshal 2008, BIS 2012), and to replace them with the Local Enterprise Partnerships (LEPs). Local Authorities and local businesses were given a primary role in providing support to tourism development and management through partnerships

with sub-regional DMOs, the key partners for tourism related development at the destination areas (BIS 2010).

The operational closure of RDAs was phased between June 2010 and July 2012 (BIS 2012) and has been the most recent radical shift in regional and sub-regional tourism structures in England. Most of the research process of this study (e.g. the sample selection and data collection) was conducted between October 2006 and July 2010, a time characterised by instrumental changes in the destination management arrangements in England (Fyall et al. 2010). The evolving structures at regional and sub-regional levels are presented in more detail in two sections in Appendix 1. The first (section A) concentrates on the tourism structures up to 2010, when all the data of the study were collected; while the second (section B) pays attention to post-2010 developments and the implications of introducing Local Area Partnerships (LEPs) in the managing structures of tourism in England.

It is important to note that the particular developments in the context of tourism management structures in England after 2010 do not diminish the value of this study. The findings of the study provide useful lessons for the future of DMO performance evaluation both in the pre and post RDA era. In fact, a better understanding of DMO organisational effectiveness and performance evaluation is very valuable in the contemporary context of DMOs that includes LEPs. For example, the Greater Manchester LEP submitted “A Proposal to Government” that emphasised the need for establishing a performance management framework that is underpinned by a focus on efficiency to ensure value for money, maximise impact of investment on growth and reduce dependency (GM LEP 2010). Overall, performance management is an integral part of the business planning within the governance structures of the Greater Manchester LEP (GM LEP) and its “Manchester family of agencies” (GMCA 2012, p.4). The local DMO (Visit Manchester / Marketing Manchester) is a key member in this ‘family’, along with the New Economy, and MIDAS (GMCA 2012). All these agencies have formed the “Centres of Excellence” partnership and aim to “continue operating under a single performance management framework reporting to a number of structures within the Governance framework” (GMCA 2012, p.6). The benefits of this approach include complementarity and effective capturing of the totality of activity that is under way across Greater Manchester in support of the Greater Manchester Strategy. Additionally, a single performance management framework for the “Manchester family of agencies” is expected to reduce “the reporting burden on policy and delivery teams” (GMCA

2012, p.6). The single performance management framework will also inform the annual budget, allowing resource prioritisation and allocation.

Another example of the increased interest in performance management within local and national constituents of governance structures is the introduction of the Local Economic Assessments (LEAs) in April 2010 as part of a move to strengthen the economic development and regeneration role of local authorities in England (Pugalis and Carling 2012). Evidently, a performance evaluation framework (PEF) for DMOs can complement a LEP's wider performance management framework, particularly in determining the DMO's contribution or accountability towards the achievement of the LEP's strategic aims. More specifically, evaluation of DMO performance relates to the development, implementation and evaluation of specific tourism development programmes that are often integral parts of broader strategic plans of LEPs and, in effect, the even wider government agenda.

1.5 Study aim and objectives

The aim of the study is to identify key performance perspectives that enable a comprehensive evaluation of the operational effectiveness and strategic impact of DMOs.

To achieve the overall aim, a number of objectives are set:

- 1) to examine the rationale for and the roles of DMOs;
- 2) to critically analyse the operational activities of DMOs;
- 3) to critically explore the theories of organisational effectiveness within the context of DMO management;
- 4) to identify the key determinants of effectiveness of DMOs;
- 5) to establish a framework for the evaluation of the organisational performance of DMOs.

1.6 Overview of the research methodology

The aforementioned aim and objectives of the study were met by combining secondary and primary research. As mentioned earlier, there is scarcity in existing studies focusing on an in-depth understanding of the key determinants and frameworks of organisational

effectiveness and strategic impact of DMOs. Secondary research also included general management literature on organisational effectiveness and performance management. Particular attention was given to studies within the small, quasi-public, non-profit sector domains as they relate to the organisational remit of DMOs in England. At this stage of the study, a number of generic research questions arose from the review of the literature, which led to the development of four research propositions that ultimately provided the foundation and parameters for the remainder of the study (see section 3.9). An interpretive social science paradigm underpinned the study, lending a qualitative approach to its primary research element. The four research propositions that were developed from the critical review of the literature informed the development of question prompts for semi-structured interviews with managers. Twenty semi-structured interviews were conducted with industry practitioners, namely senior DMO managers, a destination management consultant, and a performance management specialist from the Audit Commission. A thematic approach to the analysis of the primary data was adopted, and a combined inductive and deductive analytical approach revealed several key themes that informed the three discussion chapters of the thesis. The analysis of the data developed further themes and insights that informed the achievement of the research aim. Through a synthesis of these, relevant conclusions are drawn leading to important implications for practice and recommendations for further research.

1.7 The structure of the study

This study is organised in eight chapters, a brief outline of which is presented next.

Chapter 1

This chapter introduces the background and rationale for the study. Moreover, it outlines the overall aim, objectives and the structure of the thesis.

Chapter 2

This chapter presents a critical review of the existing literature on destination management and DMOs. Emphasis is given to clarifying the concepts of destination and destination development, as well as the important role of DMOs in this context. The elusive relationship between destination and DMO success is discussed, before exploring the key strategic and

tactical roles of DMOs. The latter includes an exploration of DMO roles, tasks and responsibilities, grouped into Internal Destination Development and Management (IDDM) and External Destination Marketing (EDM) activities. In addition, the chapter discusses the operational functions and activities that DMOs undertake in order to pursue their tactical and strategic roles.

Chapter 3

This chapter presents a critical account of the literature on performance management, identifying links and relevance to the evaluation of DMO effectiveness. At the outset, the chapter defines key concepts and draws attention to the value of a holistic approach to the understanding of organisations and their effectiveness. Key principles of effectiveness and performance management are identified from the integration of several approaches to organisational effectiveness routed within a variety of pertinent theories including goal theory, stakeholder theory, and competing values theory. Effectiveness is examined within the context of small, quasi-public, non-profit organisational context as it is seen relevant to DMOs. In addition, the chapter critically discusses existing performance measurement and management systems and identifies key elements that can be useful components of a performance evaluation framework (PEF) for DMOs.

Chapter 4

The chapter discusses the systematic research design process of this study. At the outset, the chapter defines the research problem and presents the conceptual framework of the study. Next, the chapter discusses in detail the research design and the chosen methodology, which are underpinned by an interpretive paradigm approach and qualitative strategies of inquiry. The decisions made on the strategies for primary data collection and analysis are also critically discussed in this chapter, together with their limitations and details of implementation. Finally, the chapter presents the discussion on practical implications of the study and a critique on the quality criteria and limitations of the chosen methodology.

Chapter 5

This is the first findings and discussion chapter of the study. The focus is on the implications of the rationale for and strategic impetus of DMOs on the evaluation of their performance. The chapter presents an analysis of destination managers' insights and discusses the key themes identified with the relevant literature. The discussion in this chapter is underpinned

by the quasi-public, non-profit nature of DMOs in England, while their role as tourism development agents directs to the analysis of their strategic added value. Moreover, the discussion explores the strategic context influences on the focus of DMO effectiveness, as well as challenges and the importance of DMO performance evaluation.

Chapter 6

This chapter explores the study findings related to outward-looking perspectives of DMO effectiveness. The discussion is based around the fundamental roles of DMOs in terms of devising the strategy and the plan for destination development. More specifically, the discussion explores key perspectives that include: identifying the strategic rationale for intervention; designing action plans for the strategic support of tourism; administering the implementation of destination development activity; monitoring the impact of development interventions.

Chapter 7

This is the third findings and discussion chapter that focuses on internal perspectives of DMO effectiveness. The focus is on determinants of value creation within DMOs. The discussion establishes the significance of an internal perspective for the comprehensive evaluation of DMO effectiveness. The analysis entails the configuration of functions, processes and structures that define a DMO's business model and determine its performance. Further elements of analysis include DMO resources and competences, as they provide the key catalysts to achieve effectiveness and therefore form important aspects for DMO performance evaluation.

Chapter 8

This last chapter draws conclusions by a critical synthesis of the discussions in the preceding chapters. The study's conceptual framework is revised, along with the level of achievement of the objectives set. The discourse identifies key contributions of the study and presents the final developed PEF for the evaluation of the effectiveness of DMOs. Moreover, the chapter provides recommendations both for further academic studies in the area of DMO performance management; as well as, for industry practitioners. Finally, the thesis concludes with an account of personal reflections on the PhD journey.

CHAPTER 2 Destination Management and the Role of DMOs

2.1 Introduction

Tourism is widely articulated to be contributing to the long-term prosperity and development of destinations and local communities (Sharpley and Telfer 2002; Middleton 2005). The major attributes in the development of tourism is that it can be an important source of local employment, as well as a vital income generator for local businesses (Brown 1998; Carter and Fabricius 2006). On the other hand, some studies (Tooman 1997; Shaw and Williams 1994; 2002) question the beneficial effects of tourism development and highlight its potential limitations as an agent of change. Therefore, as with any form of economic activity, successful achievement of its implicit or explicit objectives requires careful planning and management (Gunn 1994; Dwyer et al. 2003; Kotler et al. 2006; Hanlan et al. 2006). At the physical space where tourism activity takes place, the local tourism destination, planning and management necessitates a focus on a coalition of several organisations and stakeholders working towards common development goals (Hall 2008). In order to maximise benefits from tourism development, destination management calls for strong leadership and coordination of activities of such collaborative efforts under a coherent strategy, a role that is mostly attributed to the Destination Management Organisation (DMO) (WTO 2007).

As governments increasingly recognised tourism activities to bare an important economic value for communities, the critical roles of the DMOs in the success of any destination were given augmented attention (Pike 2004). Researchers suggest that without the effective leadership and coordination of a committed DMO, a destination is deemed not to succeed in being competitive or sustainable (Presenza et al. 2005; Ritchie and Crouch 2005). It is the effectiveness of these important organisations that is of interest to this study, which aims to identify the key determinants of operational effectiveness and strategic impact of DMOs, understand what drives the performance of these organisations, and ultimately propose a framework for the evaluation of this performance. This chapter illustrates the rationale for destination management and DMOs, their role in the tourism system, as well as their key strategic functions and operational activities. Moreover, the chapter sets the context within which specific characteristics, as well as key issues and challenges, of destination management will be acknowledged in the endeavour to develop a performance

management framework for DMO organisational effectiveness. Before embarking on a discussion on the rationale, the roles and responsibilities of a DMO, it is useful to conceptualise the context within which these organisations operate: the tourism destination.

2.2 Conceptualising the tourism destination

Destinations are argued to be complex phenomena to manage (Howie 2003). It is essential that, in the fiercely competitive environment of tourism, a destination excels its ability to maintain all dimensions of sustainability (environmental, economic, social, cultural and political) if it is to successfully develop and preserve competitiveness. Sustainable tourism planning calls for a well organised and effective regional plan that bears in mind the long-term development of the tourism destination (Swarbrooke 1999; Ritchie and Crouch 2005). Moreover, satisfying (or even better exceeding) visitor expectations by providing quality products and services, improves the profitability of the local tourism business sectors, which are fundamentally the lifeblood of any destination's visitor economy. Towards this direction, the role of DMOs is critical as they are organisations from both the public, quasi-public and the private sectors, which have vested interests in all aspects of society affecting and being affected by tourism (Carter and Fabricius 2006; Michael 2007).

Defining a destination seems to necessitate a multifaceted approach. A destination can be argued to be a "purpose build area" at which visitors temporally base themselves to participate in "tourism related activities" (Pike 2004). However, the dynamics embedded in the "composite industrial environment" of destinations (Spyriadis et al. 2009) become explicit when a destination is viewed as (WTO 2002 cited Lew and McKercher 2006, p.405):

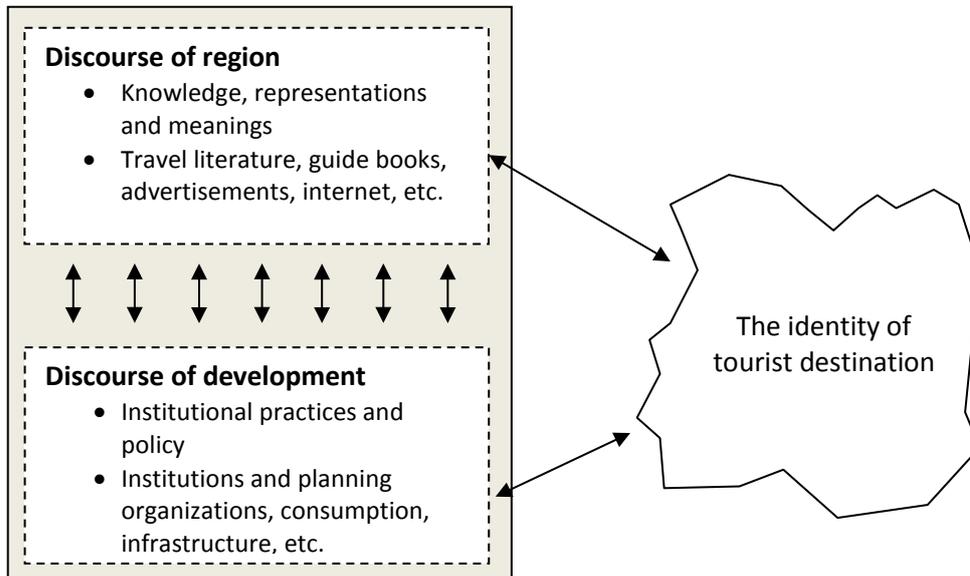
"a physical space that includes tourism products such as support services and attractions, and tourism resources. It has physical and administrative boundaries defining its management, and images and perceptions defining its market competitiveness. Local destinations incorporate various stakeholders, often including a host community, and can nest and network to form larger destinations. They are the focal point in the delivery of tourism products and the implementation of tourism policy".

The notion of destination can relate to various spatial or geographical levels, which means that the term destination may relate to: a whole country (i.e. UK, Greece or Spain); a region (i.e. the Lake District or the Alps); an island (i.e. Crete or Bali); a village, town or city (e.g. Manchester); or even a self-contained centre (i.e. a cruise ship or Disneyland) (WTO 2007).

For the interest of this study, it is useful to highlight that destinations are places that attract visitors with a unique composition of their tourism products. These products encompass a diversity of component *features* that are tangible, intangible and symbolic; which stem from an amalgam of *resources* (e.g. natural, built, socio-cultural) and *services* (e.g. transport, hospitality, supporting services). As the characteristics of the tourism product and the combination of the resources and services varies from one destination to another, each destination is deemed to have its individual character and uniqueness (Seaton and Bennett 1996; Buhalis 2000; Cooper et al. 2008). It is important to note, however, that this portfolio is dynamic as it changes and evolves over time, hopefully in accordance with changes in demands and preferences of the targeted tourist markets (Middleton 2001).

Contemporary destinations are understood to have strong links to “place”, and therefore to: *location* (particular geographical coordinates on the planet); *locale* (material and physical settings: landscapes, servicescapes, experiencescapes); and, *sense of place* (“the subjective, personal and emotional attachments and relationships people have to a place” that are often subconscious) (Cooper and Hall 2008, p.116). Saarinen (2004) sees the notion of a tourism destination as being the result of a dynamic synthesis of several, possibly even conflicting, ideas or discourses. These “discourses include the immaterial and material production of ‘reality’. This dual nature of discursive processes implies both the idea of tourism destination and the actions constructing the physical and symbolic landscape based on that idea(s), which can be conceptualised through a discourse of region and discourse of development” (or, as the author also articulates, the discourses of “place” and “action”) (Saarinen 2004, p.167) (see Figure 2.1). The “discourse of region” relates to the idea and conceptual nature of the region as a historical and social construction, while the “discourse of development” relates to the material and economic nature of tourism. As the identity of a destination is socially constructed; it is constantly changing and the aforementioned (interrelated) discourses are the catalysts affecting and determining the outcome of that change (Saarinen 2004).

Figure 2.1 The process of transformation of tourism destinations



Source: Saarinen (2004)

The competitiveness of a destination is affected by the nature of tourism development and management, with DMOs acting as key tourism development agents (Sautter and Leisen 1999; Blumberg, 2005; Ritchie and Crouch 2005). Moreover, DMOs are important players in tourism policy and planning (discourse of development), as well as in marketing and promotion of the destination (discourse of region); therefore, DMOs are salient parts of the identity of a tourism destination, while they play a central role in tourism destination development.

2.3 Tourism destination development

Sharpley and Telfer (2002) suggest that the particular characteristics of a destination, the nature of tourism demand, and the existing industrial sectors of tourism (supply) are factors that influence the manner or extent to which tourism contributes to development. In other words, tourism supply, tourism product characteristics, and targeted markets impinge on development. *Development* is described as Sharpley and Telfer (2002, p.23):

“an ambiguous term that is used descriptively and normatively to refer to a process through which a society moves from one condition to another, and also to the goal of that process; the development process in a society may result in it achieving the state or condition of development”.

Sharpley and Telfer (2002, p.23-24) also suggest that development is a philosophical concept:

“as it alludes to a desirable future state for a particular society (though desirable to whom is not always clear), whilst development plans set out the steps for the achievement of that future state. In short, development can be thought of as a philosophy, a process, the outcome or product of that process, and a plan guiding the process towards desired objectives. More broadly, development is also considered to be virtually synonymous with progress, implying positive transformation or ‘good change’ (see Thomas 2000). In this sense, development is neither a single process nor set of events, nor does it suggest a single, static condition”

Such multiple use, and potentially ambiguous definition, of the term *development* could create difficulties in examining, analysing, studying or applying the concept in different contexts.

Conventional wisdom, following a rather modern western-style perspective, identifies development to be achieved through economic growth, which implies that development and economic development are synonyms by axiom (Sharpley and Telfer 2002; Beaumont and Dredge 2010). However, this seems to be a rather simplistic approach, and that there is a need for more explicit reference to issues related to the quality of life and the social welfare of the host/local population. Destinations (seen as public spaces) reflect both the social and communal life of a community, relating to values such as citizenship, democracy, pluralism and tolerance of diversity. Therefore, destinations are central to support public life, vitality, and quality of life. Public realm, in addition to the physical realm, is important in destination development as it touches symbolic, political, relational, emotional spheres. Indeed, DMOs as key development agents would need to take a more critical approach to tourism development. Their approach needs to involve not only a focus on investment incentives, destination planning and the measurement of economic impacts, but also an understanding of disruptions to the vital peace and stability that the industry hinges on, a policy that maximizes benefits of tourism development for all, encourages better tourism practices and

raises ethical issues (Tribe 2008).

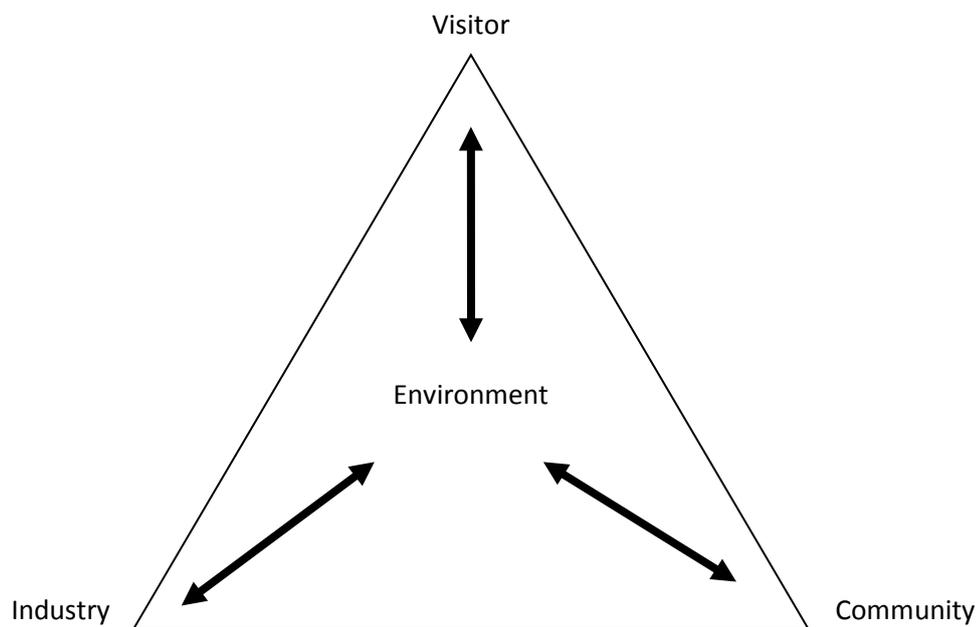
In England, for example, development with a spatial focus has been strongly associated with the “3Rs” interventions. These are “regeneration”, “renewal” and “regional development”, and take the form of ‘Area Based Initiatives’ that have intensive orientation towards sustainable development distributional impacts and improved outcomes in social, economic, and environmental terms (DCLG 2006). A similar conceptualisation of destination development was expressed twenty years ago by Kotler et al. (1993) who identified that the destination development process has four critical components that relate to: the character of the place (aesthetic qualities and values); the fixed environment (basic infrastructure compatible with the environment); the services provided (services of quality that meet business and public needs); and, entertainment and recreation (attractions for the inhabitants and visitors). From an economic and marketing perspective, destination development requires investments at a destination that secure improvement of “livability, investibility and visitability” (Kotler et al. 1993, p.100).

Destination development requires engagement from all bodies (public and private) who are concerned with actions to encourage the industry to develop and improve supply. The range and extent of actions related to destination development can certainly vary according to the existing level of development at each destination. Visitors are attracted to destinations by a number of natural (i.e. beach, mountain), or built attractions (i.e. theme park, museum, heritage monument). The characteristics that relate to destination uniqueness, for instance sights of interest, environmental quality, as well as safety and friendliness of local people are significant drivers for visitors to a destination. Moreover, the overall cost of visiting attractions and staying at the destination, or using the services, as well as the currency exchange costs also affects tourism demand for a destination (WTO 2007; Cooper et al. 2008). Destination development incorporates some crucial elements of infrastructure like roads, railways, ports, and airports, all of which provide accessibility to and within the geographical area. Of equal significance, however, are elements of immaterial nature (i.e. knowledge networks, communication, education, culture), which is also known as superstructure. The level of development at a destination even relates to the equipment (and technology) employed, as well as the services available (Nijkamp and Ubbels 2005; Jeffries 2001; Baggio 2004; Ndou and Petti 2007). Overall, destination development levels can be reflected in the development in key destination elements: attractions, access points,

amenities, ancillary services (Cooper et al. 1998), available packages, and activities (Buhalis 2000); in addition to, awareness, appearance (destination impressions on visitors), assurance (security and safety), appreciation (welcome and hospitality of locals), action (availability of a long-term tourism plan), and accountability (evaluation of performance) (Morrison 2013).

Both academia and industry advocate a holistic approach to destination development. One of the recent attempts is the VICE model (Figure 2.2) (Countryside Agency 2001; Middleton 2002; Climpson 2008). The underpinning rationale of the model is that for every development initiative, the impact on the four elements of the model should be analysed: how will it affect the visitor? What are the implications for the industry? What is the impact on the community? What is the environmental effect? In effect, the focus is on resources, coordination and integration in the destination. Emphasis on this 'quadruple bottom line' (visitors, community, environment, industry) becomes the pillar of sustainable development for destinations.

Figure 2.2 The VICE Model



Source: Climpson (2008)

Researchers (Wahab 1996; Soteriou and Roberts 1998; Moutinho 2000; Kerr 2003; Hanlan et al. 2006) suggest that tourism policy, strategic planning and strategic management are critical for the development of tourism destinations. A strategic approach to planning and management is argued to be important in pursuing sustainability and specifically relates to the impact of tourism developments in ecological, economic, socio-cultural and political dimensions (Hanlan et al. 2006). Therefore, destination development initiatives that follow principles of sustainability need to be comprehensive, iterative or dynamic (readily responding to environmental and policy changes), integrative (functioning within wider approaches to development), community oriented, renewable, and goal oriented. The latter in particular relates to a dynamic portfolio of realistic development targets and results with equitable distribution of benefits (Simpson 2001). Overall, sustainability considerations are vital when authorities and policymakers attempt to stress the particularities and interdependencies that emerge in the production of the tourism destination 'product' (Papatheodorou 2001). Within the context of destinations, the 'product' of tourism relates to 'destination experiences', which are also dependent on corporate power, industrial organisation, and comprehensive policies across the component sectors of visitor economy (i.e. the transport, accommodation, and tour operation sectors) (Papatheodorou 2001). The chapter continues to discuss these areas in more detail.

2.3.1 *Destination experiences: aggregate products and tourism system complexity*

Cooper and Hall (2008, p.129-130) suggest that "the destination product is the sum of all experiences the tourist has at the destination as a result of encounters with a variety of tourism resources including firms, people, communities and the destination environment". Consequently, to perform the tourism 'production process', destinations utilise tangible and intangible resources (primary inputs) and develop or manage facilities (intermediate inputs) in order to create services (intermediate outputs) that ultimately transform into experiences (final outputs) (Table 2.1) (Smith 1994). Ultimately, destination experiences are the result or outcome of the synthesis of interdependent sectors that form the 'visitor economy' (Middleton et al. 2009). These interdependent sectors fall into three main categories (Gunn 1994): the *business sector* (e.g. travel, accommodation, food and beverage, attractions, tour operators, travel agents); the *non-profit sector* (voluntary, attractions, health, religious, ethnic, etc.); and, the *governmental sector* (e.g. infrastructure, water supply, sewage

disposal, police, fire protection, streets and lighting, communications, promotion, marketing, visitor attractions). Destination development from a supply side is the outcome of the aggregation of the actions of all the aforementioned interdependent sectors. Adding to the complex nature of the visitor economy, its component sectors are independent decision-makers that operate in heterogeneous industry and market structures, with a wide range of competitive forms, market segmentation, product differentiation, high rates of entry and exit, some scale economies and significant variations in the degree of regulation (Sinclair and Stabler 1997; Dwyer et al. 2003).

Table 2.1 The Tourism Production Function

Primary inputs (Resources)	→ Intermediate inputs (Facilities)	→ Intermediate Outputs (Services)	→ Final Outputs (Experiences)
Land	Parks	Park interpretation	Recreation
Labour	Resorts	Guide services	Social contacts
Water	Transportation modes	Live performances	Education
Agricultural produce	Museums	Souvenirs	Relaxation
Fuel	Craft shops	Conventions	Business contacts
Building materials	Convention centres	Accommodation	Memories
Building	Hotels	Meals and drinks	Festivals and events
Capital	Restaurants		
	Rental car fleets		

Source: Smith (1994, p.591)

Clearly, many of the aforementioned businesses also serve other industrial sectors and consumer demands (i.e. local population), an issue that raises the question of the extent to

which suppliers can be considered as primarily suppliers of tourism (Cooper et al. 2008). This poses a critical philosophical and conceptual question that challenges the focus and analysis of studies focusing on destinations: should researchers be making explicit reference to “visitor experiences” or should the focus be on “destination (or place) experiences”? The latter seems to be more inclusive, incorporating also the local population/community that lives at the destination area, which is not involved in any tourism activity or does not consume the “tourism product”, but consumes the “destination (or place) product”.

The composite nature of the destination and its tourist product (the *destination / place* product) pose significant challenges for destination development and planning, mainly relating to policy development and implementation, where processes and relationships between actors are crucial (Gunn 1994; Hall 2008). Fyall and Garrod (2005) strongly emphasise the paramount importance of coordination and collaboration between public and private organisations in enhancing the quality of the destination’s tourism products and services. Moreover, researchers (Ndou and Passiante 2005; Lazzeretti and Petrillo 2006; Hall 2008) stress the usefulness of conceptualising the complex interrelationships between various sectors that enable travel and tourism activity at the destination as a tourism system. The tourism system can focus on particular stakeholder group outcomes that stem from the function of the system (i.e. the tourism production functions); however, Ritchie and Crouch (2005) note that a sustainable approach to destination competitiveness suggests a more inclusive approach, where the tourism system within a destination focuses on outcomes for its wide-ranging groups, including non-tourism stakeholders.

According to Hall (2008), the concept of partial industrialisation is useful in describing the complex nature of tourism and the consequent problems of coordination, management and strategic development associated with it. Central to this concept is the idea that only some of the organisations that provide goods and services directly to tourists are strongly related to tourism, or clearly perceived as sectors of the tourism economy. As a result, although many segments of the economy benefit from tourism, via the multiplier effects of tourism; “it is only those organisations which perceive a direct relationship to tourist and tourism producers that become actively involved in fostering tourism development or in marketing” (Hall 2008, p.80). In cases where organisations do not see or perceive their clear link with tourism, linkages with other regional businesses coordination, promotion, or product development can become hindered. Leiper et al. (2008, p.231) argue that partial

industrialisation “is appropriate for gaining a realistic and deeper understanding of other issues such as business strategy, development, promotion, destination competitiveness, employment, environmental impacts, sustainability, geographic dispersal, and governmental planning and policy”. The aggregate nature of the tourism product and the complexity of the tourism system have important implications for destination policy and planning, which are discussed next.

2.3.2 *Destination development policy and planning*

Tourism policy is the key to creating an environment that provides maximum benefit to the stakeholders of the destination while minimising the negative impacts of development. Ritchie and Crouch (2005, p.148) define tourism policy as:

“a set of regulations, rules, guidelines, directives and development/promotion objectives and strategies that provide a framework within which the collective and individual decisions directly affecting tourism development and the daily activities within a destination are taken”.

There are several reasons why tourism policy is very important for destination development. First, it defines the rules of the game that tourism operators much follow. Second, it sets out activities and behaviours that are acceptable. Third, it provides a common direction and guidance for all tourism destination stakeholders. Forth, it facilitates consensus around the specific vision, strategies and objectives for the destination. Fifth, it provides a framework for public and private debates on the role of the tourism sector and its contributions to the economy and to society. Sixth, it allows tourism to interface more effectively with other sectors of the economy. Overall, tourism policy has a very serious implication on the day-to-day practice of destination management activities (e.g. marketing, visitor reception programmes, event development, etc.).

Discussions on tourism policy focus on its *context*, *structure* and *content*, as well as *process* (Ritchie and Crouch 2005). The policy *context* provides the setting within which policy is formulated, and involves the specific socioeconomic policy (macro-policy) system of a nation, region or local area that underpins the tourism policy system. *Structure* and *content* define the ‘what’ of tourism policy and include: system definition; tourism philosophy and values; destination vision; destination positioning and branding; action plan (to realise the

vision and implement the policy); destination development programme (with a set of objectives and a task force to lead its implementation and the realisation of the vision); competitive and collaborative analysis; monitoring and evaluation; as well as, destination audit. Policy formulation defines the ‘how’ (*process*) that offers an overview of the different stages or steps involved in the tourism policy formulation process; as well as, a review of the various possible methods that might be used within and across the stages of policy formulation. Ritchie and Crouch (2005) suggest that there are four phases in the process of tourism policy and strategy formulation and implementation: definitional phase, analytical phase, operational phase and implementation phase (Figure 2.3). These phases of the process are recursive, while “the eventual outcome is much a function of how well the policies are implemented as a function of the policies themselves” (Ritchie and Crouch 2005, p.72).

Figure 2.3 The process of tourism policy and strategy formulation and implementation

Definitional phase	Analytical phase	Operational phase	Implementation phase
<p>Definition of tourism destination system</p> <p>Explication of a tourism philosophy</p> <p>Crafting of a destination vision</p> <p>Specialisation of destination objectives and constraints</p>	<p>Internal analysis</p> <ul style="list-style-type: none"> • Review of existing policies and programmes • Destination audit • Strategic impact analysis <p>External analysis</p> <ul style="list-style-type: none"> • Macro-level analysis of current and future demand • Micro-level analysis of current and future demand and behaviours • Review of competitive and supportive tourism development and promotion policies 	<p>Identification of strategic conclusions</p> <p>Implications of conclusions for supply and demand development</p> <p>Policy/programme recommendations</p>	<p>Implementation of strategy for destination development, promotion and stewardship</p> <p>Allocation of responsibilities for recommendation implementation</p> <p>Identification of sources of funding to support competitive initiatives and stewardship programmes</p> <p>Specification of timing for recommendation implementation</p>

Source: Ritchie and Crouch (2005, p.176)

Overall, successful implementation of tourism development policy depends on formulating relevant or associated strategies, developing appropriate action plans, and successfully achieving the objectives set, while the destination audit allows for the culmination of the tourism policy and management cycle of learning (from past action and performance), with the view to improve future action (Ritchie and Crouch 2005). The destination audit is an important component of tourism development as it feeds back into policy formulation and implementation. This relates to the process of developmental evaluation (Blamey and Mackenzie 2007; Moulaert and Mehmood 2010; Patton 2011), which is central to this study and is discussed in detail later on (section 3.6).

Development strategies for the destination can be grouped into three categories: supply, demand and organisational structure. The supply development strategies cover many of the determinants of competitiveness and sustainability of a destination. These strategies relate to policies on physical resources, human resources, financial resources, information resources (i.e. monitoring, research, dissemination) and programme or activity resources (i.e. facility development, event / activity development, activity consolidation). The demand development strategies involve strategic destination marketing decisions; for instance, strategic target market selection, destination positioning and pricing. Organisational strategies relate to building the capacity for developing and implementing tourism policy. Key components of these strategies are leadership and coordination within the destination; tasks that are often assigned to DMOs (see also section 2.5). These two DMO roles are pivotal in the development of destinations as they relate to the attempt to synchronise the actions of destination stakeholders, to develop a vision for the destination that is based on stakeholder values, and to successfully implement tourism policy in alignment with wider socioeconomic policies and principles of sustainability (Ritchie and Crouch 2005; Morrison 2013).

Although the rapid growth of tourism is mainly attributable to the private sector entrepreneurs, this growth is seen to have been heavily dependent (directly or indirectly) on the government support in the form of infrastructure developments, stimulation of increased affluence, leisure time, and security (Getz et al. 1998). The public sector has traditionally been playing a vital role in incorporating a holistic standpoint in the notion of the long-term effectiveness of destinations, as it has a shared concern in the quality of the

visitor experience, the impacts on host community, and the profitability of the local tourism business. The private sector is more inclined to focus upon short-term profits, while the public sector is frequently seen to adopt a more conservative and conventional approach towards development. In consequence, optimum tourism development calls not only for cooperation, but also for coordination of private and public sector stakeholders, with the active engagement of the local community (Hall 1999; Holloway 2006; Cooper et al. 2008), a role that has been the responsibility of the DMO (Getz et al. 1998; Presenza et al. 2005).

Contemporary development policy envisages the broad objective of a development strategy that raises living standards, which includes (Fletcher and Wanhill 2000; Castellani and Sala 2010): increasing levels of per capita GDP; increasing welfare; improving the environment; enhancing opportunities for all citizens to participate and benefit from the activities of society. Central to the attainment of these objectives is the endeavour to avoid political tensions through egalitarian policies that aim at eradication of absolute poverty, reductions of huge disparities and inequality, as well as provision of employment opportunities. The difficult task “to build a consensus on these issues, drawn from shared values, traditions, cultures and a sense of belonging” and “to provide an institutional infrastructure in which markets can function” is seen to be part of the government’s remit (Fletcher and Wanhill 2000, p.280). Within destinations, “market success is delivering the right mix of components to satisfy the demands of the visitor, but this delivery requires coordination and cooperation” (Fletcher and Wanhill 2000, p.283). Due to the element of inseparability of the tourism consumption, which implies that the visitor interacts and is involved with the host community, some commodification and sharing of traditions, value systems and culture is needed for securing the attractiveness of the destination. Therefore, the various destination stakeholders need to form a partnership that is based on compatible and mutually beneficial terms (or grounds) in order for tourism destination development to have an essence of success (Fletcher and Wanhill 2000).

Tourism policy is developed and implemented at four key levels: international; national; regional; and sub-regional or local. Policies at international level are weak in structure, detail and enforcement, while they provide guidelines to assist member states. At a national level, specific policy objectives are included for particular sub-regions or areas within the national boundaries. The perceived level of significance of tourism activities as an economic development option is important as it sets the foundations for policy makers and planners to

determine dependency and to develop strategies for the future (Cooper et al. 2008). Contemporary parlance, within the public sector realm, suggests “the need for a more integrative and spatially connected policy approach” (Peel and Lloyd 2008, p.194). Moreover, development plans are expressed in multiple contexts and domains for instance: tourism policy; marketing strategies; taxation structure; incentive and grant schemes; legislation on employment and investment; infrastructure developments; external and internal transport systems and organisations; education; training and manpower programmes. Regional policies deal with specific issues of interest that affect a specific area or location and are highly detailed and focused. Such policies vary from one area to another to cater for their potentially diverse opportunities or challenges, while they trail to sub-regional and local levels (Cooper et al. 2008).

Tourism policy should place equal emphasis on putting together the tourism product and on finding ways to leverage inter-company relations that bring about the desired economic and social benefits from tourism. For instance, governments can intervene at different levels and assist both tourism organisations and regional tourism development, establishing mechanisms for long-term sustained regional competitiveness (Michael 2007). However, tourism policy formulation is not without challenges. In their study Stevenson et al. (2008) identified that tourism policy making is challenged by low status; lack of clarity; uncertainty; lack of consensus and congruence among the parties involved; as well as complexity. They conclude that policy making is essentially “a social process” that involves communication and negotiation between people (or groups of people) in the context of wider developmental change. Interestingly, they suggest that more emphasis should be placed on investigating and improving the communications (*process*) involved in producing policy rather than the tangible *outputs* of the process (for instance a plan or a physical development). Moreover, Pike (2004) notes that politics in destination development decision-making are inevitable, since the political environment of tourism includes a diverse range of organisations, individuals and groups; for instance, governments and ministers, bureaucratic cultures, competing entrepreneurs, the media, the host community, and special interest groups. Therefore, understanding and managing the complex array of existing and evolving power relationships between the stakeholders, and work towards the achievement of tourism development goals is a major challenge that DMOs have to face.

Despite the valuable potential of the role of the public sector in promoting sustainable

tourism, there is strong political dimension to it. Public sector tourism policy instigates a political issue since it generates winners and losers among the industry stakeholders or benefit specific interest groups (Swarbrooke 1999; Richter 2009). In this context, the concepts of *power*, *legitimacy*, *authority* and *sovereignty* are pertinent. For instance, whether the local (or sub-regional) government organisation has the *authority* to make decisions is determined by issues of distribution of *sovereignty*. This manipulates the flexibility of the local (or sub-regional) government organisation, for instance, to endorse the involvement of local interest groups. Local tourism politics are enveloped in larger political and social issues. Moreover, as tourism development may have a significant political impact, the pace, scale, ownership, and host-guest relationships need to be sensitively considered in advance and monitored throughout the process (Matthews and Richter 1991; Kerr et al. 2001; Castellani and Sala 2010; Zahra 2011). Researchers (Prideaux and Cooper 2003; Carter 2006) recommend a development approach that promotes collective management of the tourism system, which actively involves all stakeholders in a process of joint decision-making, planning, and managing the destination. Effective destination marketing necessitates a participative management approach that involves every destination stakeholder (see Table 2.2).

Table 2.2 Key stakeholders in destination management

Public sector
National / regional / sub-regional government
Economic development agencies
Local Authorities
Town centre management organisations
Park authorities
Private sector
Transport providers
Attractions, events and cultural organisations
Accommodation providers
Restaurant, leisure and retail operators
Intermediaries (i.e. tour operators, conference organisers)
Local tourism consortia and partnerships
Public / private sector
Business support agencies
Skills development organisations
DMO – key leadership role

Adapted from: Carter (2006)

Collective management of the tourism system presents several challenges that can be addressed with a stakeholder theory approach (Sautter and Leisen 1999). Stakeholder theory can be used as a normative tourism planning tool to address the multiple stakeholder interests and roles in the processes of tourism development and planning. Moreover, the stakeholder theory can provide a robust conceptual framework that the interests of all stakeholders can proactively be incorporated in the destination management challenge. Tourism planners should consider the particular “stakes”, values, interests, and/or “perspectives of the different stakeholder groups as defined by the roles which they serve with regard to the particular development initiative” (Sautter and Leisen 1999, p.316).

Economists (see for example Sinclair 1998; Fletcher and Wanhill 2000; Stabler et al. 2010) suggest that if the tourism market is left to itself it is hardly probable that it will bring about the most efficient use of destination resources or will be the best way of reflecting consumer preferences. There is a high risk that the visitor economy will experience ‘market failures’, which is why intervention through planning and management is required. For instance, destination planning is seen to promote the orderly development of an area, rather than just aiming at developing new attractions, increasing visitor numbers, or profits. Having said that, destination development plans are best developed when created jointly by non-profit organisations, local government and the private sector (Godfrey and Clarke 2000). Therefore, strategic destination planning involves several destination entities. It is performed by government department(s); several government agencies that join forces, pool resources, divide tasks, and form a joint strategic plan; private-public commissions and boards; or by private organisations that are overseen by public sector bodies. Destination development involves new public-private partnerships, new institutions, and new innovative approaches to carry out multiple, complex destination development activities, while an overall business mentality (in terms of developing products, markets and customers) can be beneficial (Godfrey and Clarke 2000).

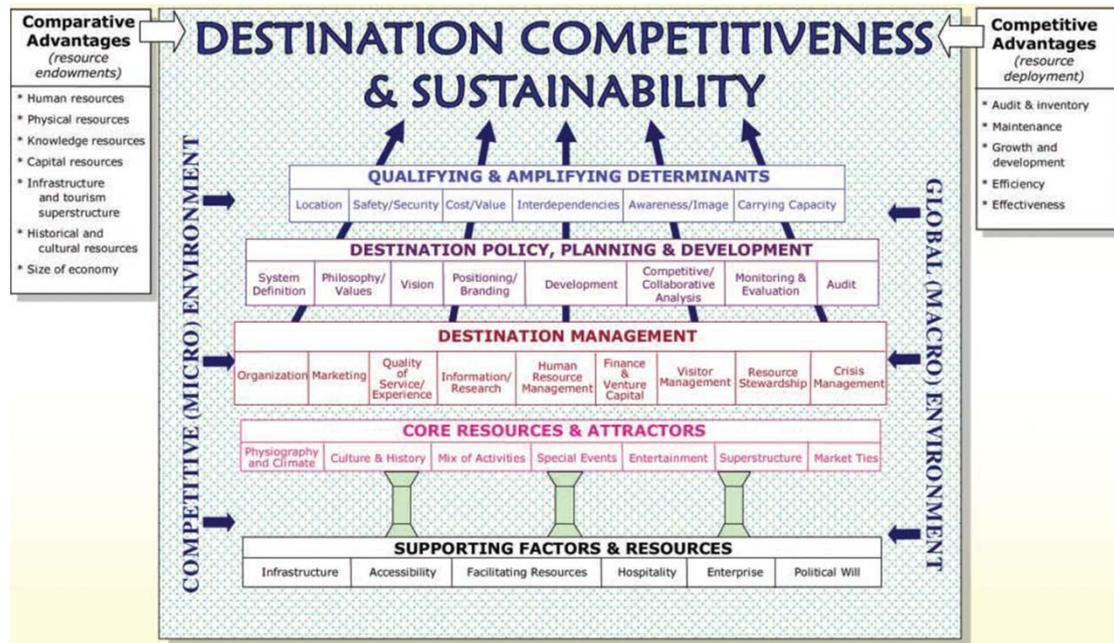
Destination stakeholders exert their influence from a diversity of bases, for instance: economic, political, formal voting power. A strategic planning philosophy calls for the development of an agreed portfolio of critical stakeholder values (Simpson 2001). These values should then be used to articulate a broad vision for the future of the destination. To realise this vision a set of overarching goals should be established. Evidently, current status needs to be comprehensively evaluated as it presents the basis for future action. In order to

bridge the gap between current status and overarching goals, specific objectives need to be established. Last but not least, priorities and responsibilities need to be assigned, with control systems to monitor implementation effectiveness (Simpson 2001; Ritchie and Crouch 2005). Destination planning must also recognise and accept the existence of limits to change, especially with respect to the local community, resources and capacities. This should be clearly reflected in the goals, objectives and priorities of the destination plan (Godfrey and Clarke 2000). Strategic place planning evolves in five generic stages: place audit, vision and goals, strategy formulation, action plan, implementation and control (Kotler et al. 1993; Godfrey and Clarke 2000; Ritchie and Crouch 2005). As tourism development is destined to bring about change, tourism destination planning aims to manage this change in a way that optimises benefits and minimizes costs (Manson 2003).

Ritchie and Crouch (2000; 2005) and Crouch (2011) make explicit links between destination competitiveness and sustainability and argue that “destination competitiveness is illusory without sustainability” and that “true competitiveness must be sustainable” (Ritchie and Crouch 2000, p.5). Emphasis is placed on the value of tourism policy, planning and management frameworks that promote comparative and competitive advantages for the destination. Ultimately, a comprehensive framework of destination competitiveness is proposed that is based on principles of sustainability (Figure 2.4). The proposed framework of destination competitiveness and sustainability demonstrates the open nature of the tourism system. Destination competitiveness is affected by comparative and competitive advantages, demand and supply conditions, related and supporting industries, strategy, structure, organisation and rivalry. The tourism system is being affected by both internal (micro) and external (macro) influences (forces or pressures arising from the interrelationships and interactions of various stakeholders); core resources and attractors (e.g. physiography, culture and history, activities and special events); supporting factors and resources (e.g. infrastructure, accessibility, hospitality and enterprise); destination policy, planning and development; destination management; and qualifying and amplifying determinants or conditioners (e.g. location, safety, cost and value, and carrying capacity). Ritchie and Crouch (2005) argue that their framework depicts the structure of interrelationships between separate constructs or factors and helps to explain the “higher-order concept” of destination competitiveness. The most actionable and manageable elements in the model are those included in “destination management” and are critical for enhancing the competitiveness of destinations. Competitiveness of a destination stems from

a combination of both its resources and assets, which can be deployed to accumulate the tourism product, in addition to the destination’s ability to mobilize these resources.

Figure 2.4 Destination competitiveness and sustainability



Source: Crouch (2011, p.29)

Ritchie and Crouch (2005) suggest that the DMO has a particularly important role in the destination management component of the model, which includes activities that primarily aim to facilitate the implementation of the policy and planning frameworks established for the destination. These destination management activities “include programmes, structures, systems and processes that are highly actionable and manageable by individuals and organisations and through collective action” (Ritchie and Crouch 2005, p.73). The activities “enhance the appeal of the *core resources and attractors*, strengthen the quality and effectiveness of the *supporting factors and resources*, and adapt best to the constraints or opportunities imposed or presented by the *qualifying and amplifying determinants*” (Ritchie and Crouch 2005, p.73). The components of Ritchie and Crouch’s (2005) model have played an important part in the development of the conceptual framework of this study and inform the discussion throughout this chapter.

An approach that has increasingly received attention in destination development, planning and management over the last decade is that of destination governance (Svensson et al. 2006; Bonetti et al 2006; Morrison 2013). A governance-based approach offers an advanced understanding of industry dynamics at destinations and can be applied to the different development models of partnerships, clusters and innovation systems (Svensson et al. 2006). A focus on governance involves understanding the institutional context, the issue drivers and influences in relation to destination actors, agencies and their relational characteristics (Dredge and Whitford 2011). In essence, destination governance refers to the structure and links of a destination network, characterised by interdependence and resource exchange, as well as codes of conduct, hierarchy and authority. Structures and processes, as the key components of destination governance, facilitate the totality of interactions of governments, public bodies, private sector and civil society that aim at solving problems, meeting challenges and creating opportunities for a destination system (Spyriadis et al. 2011). Research (Beritelli et al. 2007; d'Angella et al. 2010) suggests that the DMO serves as a principal body for forming and organising destination governance. The DMO plays a central role in coordinating and integrating the development and implementation of policies and strategies at inter-sectoral (across sectors) and inter-governmental (across the levels of government) levels.

2.4 Destination success and DMO effectiveness: an elusive relationship

Bornhorst et al. (2010, p.573) suggest that “the construct of tourism success is elusive”. There is a need “to identify the true extent of district [destination] success, and to set up a series of indicators which can measure, where possible, the effectiveness and efficiency of supervisory processes and actions performed by other local organisations” (Sainaghi 2006, p.1062). Therefore, tourism success at the destination is determined by both the effectiveness and efficiency of the actions of the local DMO, in addition to the actions of other organisations, for instance, the local tourism businesses (local hotels, restaurants, attractions, retail shops etc.). Moreover, other public sector organisations and agencies work in close collaboration with DMOs on managing the destination in a number of areas: strategic programming (product development, expansion of market), operations (efficiency, economy of scale), and organisational learning (broadening of knowledge base, expansion of

capabilities) (Hager and Sung 2012). Overall, through formal and informal relationships, tourism destination stakeholders form complex, interdependent networks that affect the success of destinations (Dredge 2006; Beaumont and Dredge 2010). In this context, effectiveness relates to issues of trust and commitment of stakeholders (Presenza and Cipollina 2010). Inevitably, performance indicators of destinations and DMOs often partly overlap. For instance, following an input-process-output logic, Bornhorst et al. (2010) suggest that there are specific similarities and differences in the meaning of success between tourism destinations and DMOs (Table 2.3).

Table 2.3 Unique and common variables of success for destinations and DMOs

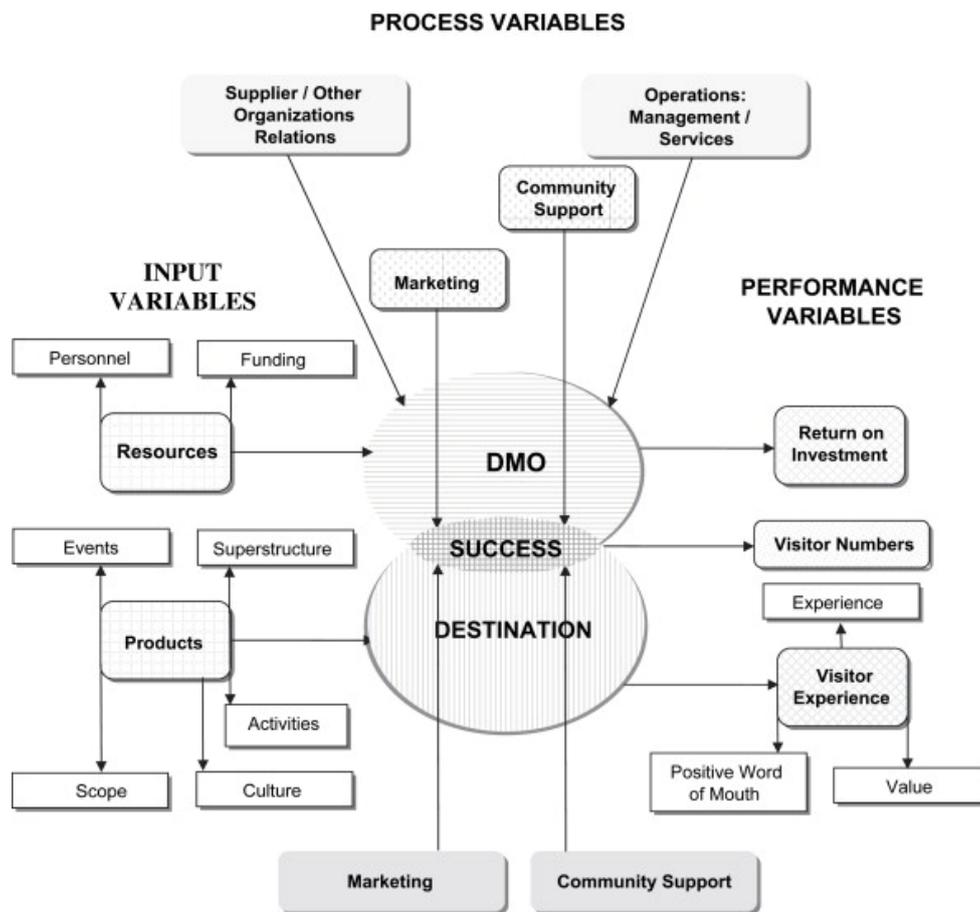
Destination	DMO	Common for destination and DMO
Economic indicators	Internal stakeholder relations	Community relations (process)
Marketing initiatives	Operational activities	Marketing (process)
Product / service offerings	Resources	Destination performance (performance)
Visitor experience	Performance measurement	
Internal stakeholder relations		

Source: Based on Bornhorst et al. (2010)

According to Bornhorst et al. (2010) destination specific success variables include location and accessibility, attractive product and service offerings, quality of visitor support and community support services. On the other hand, DMO unique success variables relate to internal stakeholder (supplier) relations, effective management, strategic planning, organisational focus and drive, proper funding and quality personnel. However, there are also common variables of success that relate to both destinations and DMOs, which include: community relations, marketing as well as economic indicators. Overall, despite the differences in some success variables, Bornhorst et al. (2010) identify a strong interrelationship between tourism success for the destination and for the DMO (Figure 2.5). The authors place emphasis on the importance of effective management of the DMO (as an organisational entity) in order to efficiently service the “process variables”, for instance, the

development of holistic strategies for the satisfaction of multiple stakeholders of the tourism system and strong destination marketing strategies.

Figure 2.5 Comparison of success determinants for an ideal DMO and destination



Source: Bornhorst et al. (2010, p.585)

A more recent study conducted by Volgger and Pechlaner (2014, p.66) found that there is a positive correlation between perceived DMO success and perceived destination success. Volgger and Pechlaner (2014) suggest that DMO success depends on perceived transparent provision of evidence of performance, resource endowment and operational professionalism. In addition, DMO success relates to its networking capability that is indirectly influenced by DMO authority, which in turn is mediated by factors of DMO power and DMO acceptance by destination stakeholders.

Evidently, the elusive relationship between DMO and destination success is the result of the interdependence of the two. This study focuses particularly on perspectives of DMO effectiveness (or success); however, the aforementioned similarities and differences between destination success variables are taken into account. Ritchie and Crouch (2005, p.28) note that destination “competitiveness is no guarantee to performance”. Market forces and comparative advantages can always affect the destination’s performance, despite the efforts of destination managers (i.e. DMOs); therefore, despite strategic management planning efforts, results are always in doubt until a set period of time elapses and performance is executed. Moreover, results are often dependent on competitive destination performance, rather the performance of the destination itself. For example, a destination may be successful due to bad performance of a competitor destination. Evidently, destination performance is goal-driven and “depends on the implementation of the strategy resulting in a set of actual (not just anticipated or hoped for) achievements that can be compared with established goals” (Ritchie and Crouch 2005, p.28). Therefore, the relationship between destination and DMO success can be regarded as elusive up to the point where objectives of destinations and DMOs coincide.

A destination confronts some additional challenges to strategy implementation not normally faced by an organisation (i.e. a DMO). According to Ritchie and Crouch (2005, p.28) “these challenges arise because a destination strives to achieve multiple goals, involves many different stakeholders, often lacks a focal organisation that is able to see events from a bird’s eye view, and faces a difficult task in gathering the disparate information required to assess its performance”. Several of the suggested challenges seem to be very similar to those faced by any organisation, as any organisation would strive to achieve multiple goals and have many different stakeholders (Robey and Sales 1994; Armistead and Pritchard 1997; Neely et al. 2002). However, the challenge of lacking a focal organisation and the collection of disparate information on performance are clearly unique for destinations. Both these challenges are often linked to the important strategic and tactical roles of DMOs, for instance, leadership and coordination that need to be effectively performed in order to maximize competitiveness of the destination.

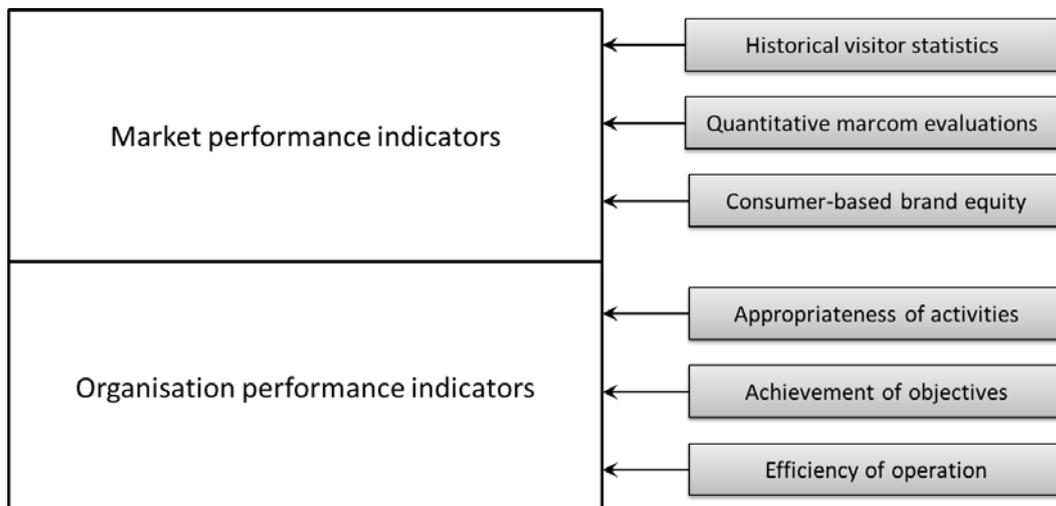
The role of the DMO in being the focal organisation for the destination can be regarded as the critical interface between destinations and DMOs. Inevitably, the destination’s success is destined to be dependent on DMO success in terms of organisational (operational) DMO

functions and activities. Pike (2004) argues that there are four critical success factors for the governance of DMOs in competitive destinations. First, the existence of a significant level of private sector control over authority spending. Second, the acknowledgement and acceptance of the need to incorporate public sector objectives (i.e. with regards to balancing marketing and new product development). Third, a dedicated revenue stream that is not subject to annual government control. Fourth, a broad but integrated mandate encompassing all functions critical to the development of a strong visitor economy (e.g. marketing, education, research, infrastructure, etc.). Pike (2004) further argues that DMO effectiveness needs to be evaluated based on a combination of specific sales, communication and social objectives. Ultimately, the author emphasises that the evaluation of a DMO's effectiveness is important not only as a key function for improving the performance of the DMO as an organisational entity, but also for its improved accountability, funding, as well as its very survival.

Further research (Woodside and Sakai 2001; Pike 2004; Woodside and Sakai 2009) suggests that performance evaluation of tourism development needs to combine market performance indicators with organisation performance indicators (Figure 2.6). This dual understanding of DMO effectiveness acknowledges the need to take a multi-stakeholder view to tourism development goal setting and evaluation at destinations. This approach is aligned with the call for multi-stakeholder collaborative governance of destinations (Spyriadis et al. 2011); while, it supports "the inclusion of both (post)positivistic and relativistic research methods and subjective views of realities", in addition to a focus on activities and results of several organisations (Pike 2004, p.178). Evidently, accountability for tourism development programme success is shared between the DMO and other destination stakeholders. Moreover, evaluation of DMO's performance as a development agent is relevant to the subjective view of each stakeholder. Both these realisations can present challenges of performance evaluation practice of DMOs. With regards to *market performance indicators*, DMO evaluation frameworks would need to be able to capture and monitor "the relationship between the work of DMOs and overall visitor levels, length of stay and spending at a destination" (Pike 2004, p.177). Social objectives can be linked to quality of life at the destination, which involves the general welfare of the local population at the destination (Paskaleva-Shapira 2007). DMOs would need to manage the changes that tourism development inflicts on local communities, weighing costs and benefits and determining the limits to acceptability. A key challenge arises from the fact that the concept

of quality of life is of complex nature, involving material and emotional well-being of the local population, as well as issues of health and safety. Moreover, the diversity and breadth of opinion inherent in the concept of quality of life can, inevitably, present an important challenge for DMOs. The challenges can be managed more effectively by introducing dialogue-based governance, as it can safeguard both community values and tourism quality (Paskaleva-Shapira 2007). Research (Crouch and Ritchie 1999; Ritchie and Crouch 2005) has indicated that DMOs that follow principles of sustainability in their destination management practices need to take into account perspectives of quality of life that extend further than economic and social ones to include: physical (e.g. new facilities); psychological (e.g. local pride and community spirit); cultural (e.g. new ideas and strengthen local traditions and values); political (e.g. enhance international recognition and propagation of political values of a place and its values).

Figure 2.6 Indicators of DMO effectiveness



Source: Pike (2004, p.178)

According to Pike (2004), organisational performance indicators for DMOs need to focus on appropriateness of activity, the degree to which the organisation has achieved its objectives, and the efficiency of the process. Moreover, DMO evaluation would ideally involve the assessment of the organisation's aspects and activities by an independent auditing body.

Morrison (2013) finds that DMOs often express results in key performance indicators (KPIs) within key result areas (KRAs). These KRAs are tied within specific destination development initiatives and correspond to each destination management role of the DMO. The destination development initiatives are an integral part of the corporate or business plan, marketing plan, community relations plan, or any other planning document of a DMO. This is the exact point where destination success and DMO effectiveness become so strongly interwoven. Nevertheless, DMO organisational effectiveness needs to be analysed in internal and external perspectives (Pike and Page 2014). The former evaluates efficiency of resource use, achievement of objectives and appropriateness of activities. The latter, focuses on effectiveness of activities in terms of impact in relation to destination competitiveness. Overall, researchers (Ritchie and Crouch 2005; Bornhorst et al. 2010; Morrison 2013) seem to coincide that successful destination management requires that the DMO functions effectively at three key levels (strategic, tactical, and operational (organisational) and follows an input-process-performance (output) logic. The strategic, tactical and operational functions of a DMO that ultimately aim to enhance destination success are discussed next (sections 2.5, 2.6 and 2.7).

2.5 Strategic roles of DMOs

DMOs function at various geographical and political levels (national, regional, sub-regional, state, provincial, urban, municipal, city-state), with generally a similar strategic rationale for existence (Ritchie and Crouch 2005; Morrison 2013). For example, Morrison et al. (1997, p.5) describe DMO strategic roles through five, rather broad, primary functions:

1. “an “economic driver” generating new income, employment, and taxes contributing to a more diversified local economy;
2. a “community marketer” communicating the most appropriate destination image, attractions and facilities to selected visitor markets;
3. an “industry coordinator” providing a clear focus and encouraging less industry fragmentation so as to share in the growing benefits of tourism;
4. a “quasi-public representative” adding legitimacy for the industry and protection to individual and group visitors; and,
5. a “builder of community pride” by enhancing quality of life and acting as the chief “flag carrier” for residents and visitors alike”.

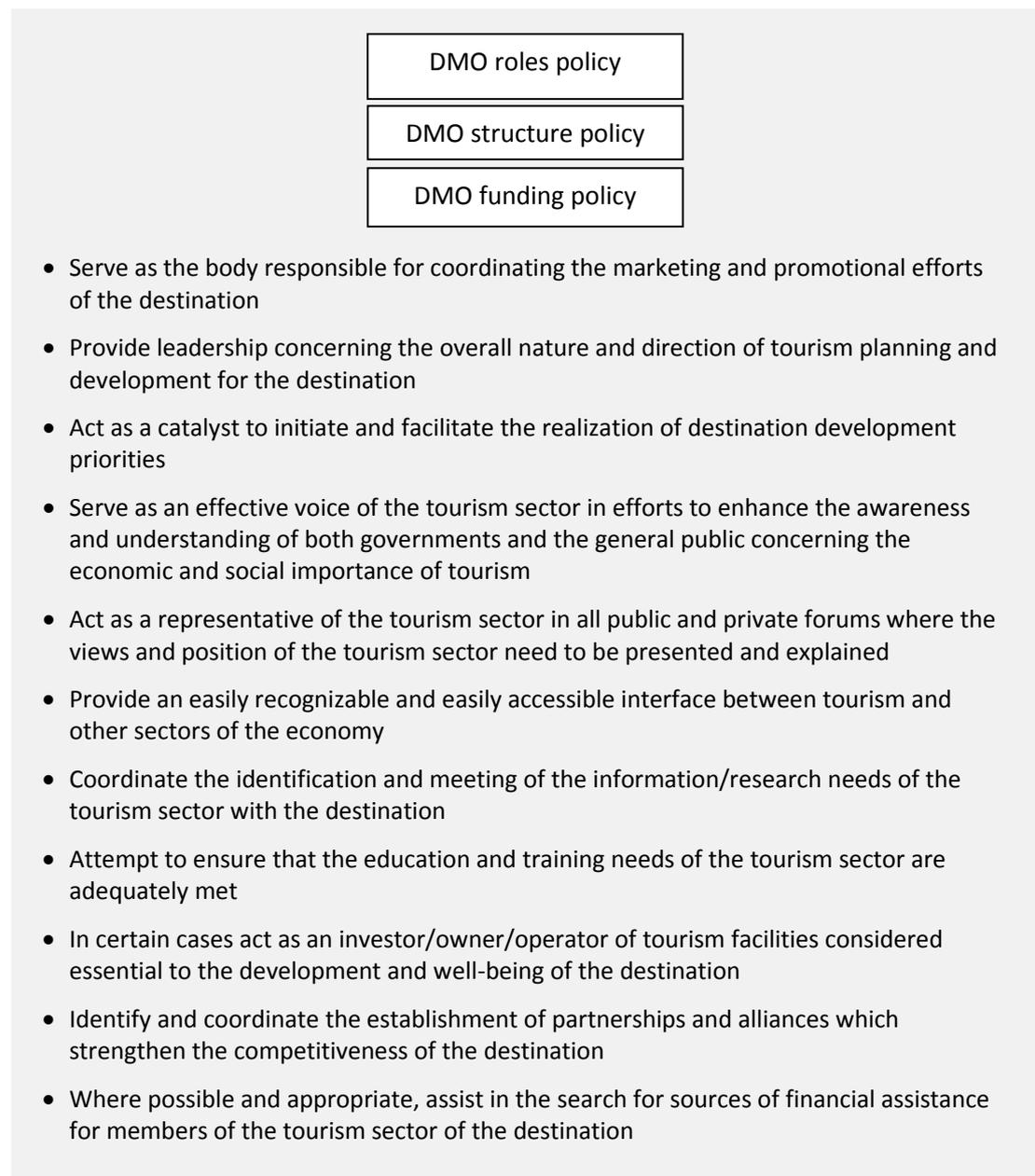
More recent studies note that DMO strategic roles include: strategic leadership and coordination of destination stakeholders in order to develop a vision and implement tourism policy in alignment with principles of sustainability (Morrison 2013); stimulation and facilitation of cooperation between public, private sectors and the local community (Presenza et al. 2005), connection and integration with wider socioeconomic policies at various spatial levels (Ritchie and Crouch 2005), facilitation of complex relationships between diverse stakeholders (Pike 2004), acting as a destination governance catalyst for destination network structures and processes that facilitate interaction of stakeholders (Beritelli et al. 2007; d'Angella et al. 2010).

Despite the similarities in strategic rationale, sub-regional or local level DMOs can have significant variations in terms of the type of structure that is incorporated, their size, as well as their approaches to funding. Therefore, the type of management structures and the funding regime of a DMO should be taken into account when examining managerial responsibilities and the means of meeting them (Pike 2004; Ritchie and Crouch 2005). Ritchie and Crouch (2005, p.184) suggest that “tourism policy broadly defines the roles of the DMO, the nature of the structure that is appropriate in the circumstances, and the general means by which funding to support operations will be generated”. The nature of the destination and the level of funding that is required, or that can be made available, are important factors affecting the structure and management practices of the DMO. Ultimately, policy on *DMO roles* needs to be aligned with the policy on *DMO structure* and *DMO funding* (Figure 2.7). At a national level, the governance of tourism management organisations is under the remit of the public sector or the government. At a regional, sub-regional, or local level the more private sector involvement in DMO governance is evident. Overall, DMO management structures can take the form of a government department, or a division of a government department, a quasi-governmental organisation, some form of public-private partnership, a non-profit membership-based organisation, or a private organisation (Ritchie and Crouch 2005; Sheehan and Ritchie 2005).

For destinations in countries where tourism is an important economic factor, the most effective organisational form of a DMO is that of an independent organisation, which raises the significant issue of fund acquisition to support expenditures. Contemporary practice seems to be that the organisational structure and mode of functioning of the DMO falls into both the private and the public sector realms. Moreover, quite often DMO structures are

based on individual membership or even structured as a partnership of supporting organisations (e.g. chambers of commerce, hotel and restaurant associations) (Prideaux and Cooper 2003; Carter 2006).

Figure 2.7 Major components of organisational development and policy



Source: Ritchie and Crouch (2005, p.174)

Another critical issue is the pattern of DMO management reporting. The DMO management may report to a publicly elected official; to a board of directors elected by industry members; to a corporate/agency board of directors; or, to a partnership involving a joint public/private sector board of directors. The nature of the DMO management remit modifies both the manner and practices that dominate. In cases where DMO management reports to a public oriented board, emphasis is given on public service and community development. This is mostly evident in cases where the internal structure of DMOs reflects an identity as a department of the government. In contrast, when DMO management reports to a private sector oriented board, the DMO is viewed as a business where cost controls and accountability manipulate its management functions (Prideaux and Cooper 2003; Carter 2006).

Funding reflects the structure of the DMO, and it may be derived from public funds, local or regional government, specific tourism taxes and levies, hotel taxes, user fees, membership fees payable by local tourism organisations, sponsorship or advertising in destination promotional activities, commissions for bookings and sales (WTO 2004a; Presenza et al. 2005; Ford and Peeper 2009). In Europe, DMOs also receive direct or indirect funding as part of European Union (EU) development programme initiatives (Koutsoukos and Brooks 2011; Lemmetyinen 2010). Ford and Peeper (2009) find that DMOs budgets very often take the form of grants originating from governmental organisations (i.e. local authorities, Regional Development Agencies), and are supplemented by membership fees paid by local businesses. However, they explain that such a funding regime with heavy reliance on governmental grants is largely unrelated to marketing effectiveness as grants are often the same regardless of the number of visitors. According to Pike (2004), the funding decision process will ultimately depend on the local situation, with influences from: local politics, destination life-cycle stage and industry maturity; economic importance of tourism relative to other industries; DMO history and current structure.

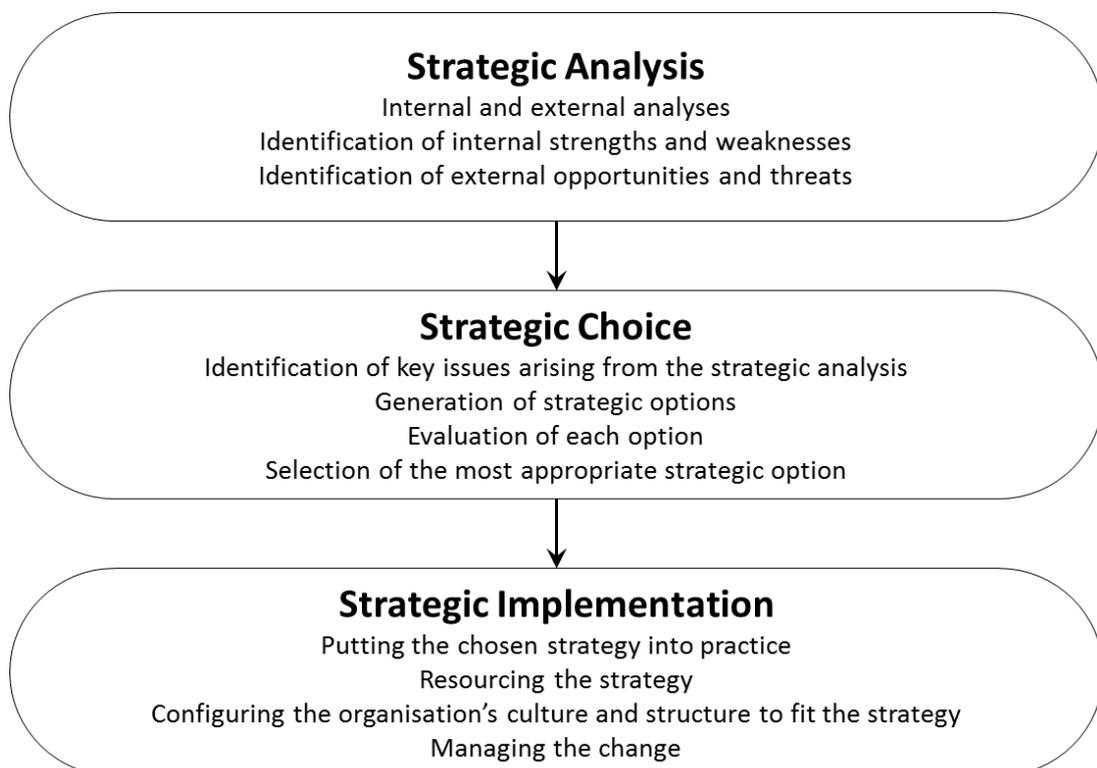
According to Ritchie and Crouch (2005, p.175) whatever the nature of the DMO, public or private sector-driven, its foundation necessitates certain key characteristics:

- “It must be clearly identifiable as the organisation responsible for coordinating and directing the efforts of the many parts of the diverse and complex tourism system
- It must command the support of all important sectors and all major actors in the tourism system

- It must be capable of influencing the decisions and actions of the many public sector agencies/departments and private firms that directly determine the nature and quality of the tourism experience provided to visitors
- It must possess the tools necessary to stimulate and encourage the type and amount of supply development that is required by the overall tourism mega-policy
- It must be sufficiently independent and flexible to develop innovative strategies that can be implemented in a timely manner in response to rapidly evolving market and environmental conditions.”

The leadership and coordination roles of the DMO offer significant input to the strategic management efforts at the destination. Strategic destination management focuses on managing the process of strategy formulation, implementation and control (Figure 2.8).

Figure 2.8 The linear-rational strategic process



Source: Evans et al. (2003, p.5)

Strategic choice(s) need to be based on intelligent and informed selection(s) of the appropriate course(s) of action for the future (strategy formulation). Realizing (doing) the determined course of action refers to the “strategy implementation stage” or “management of change” (Evans et al. 2003). Ideally, in the context of a destination, each of the stages of strategic management (strategic analysis, strategy formulation (choice), implementation and control) involves all destination stakeholders, with the DMO enhancing coordination and leadership in the process. Strategic analysis would involve the DMO collecting key information about the current situation (strengths, weaknesses, opportunities and threats) from internal and external destination stakeholders. At the strategy formulation stage, a DMO would identify key issues arising, generate, evaluate and select options in consultation with key stakeholders. Similarly, in order to put the destination strategy into practice (implementation), the DMO would need the local stakeholders to take action, for example, to develop new products or services for the visitors. All through the process, the DMO needs to facilitate the multi-stakeholder collaborative governance of change at the destination.

2.5.1 DMOs: Management vs. Marketing?

Before discussing further the roles and responsibilities of DMOs, it is worth noting that within destination management literature there is an evident ambiguity in the use of the acronym “DMO”. When discussing DMOs, some researchers use the term *Marketing* while others prefer the term *Management*; namely they refer to DMOs as “Destination Marketing Organisations” and “Destination Management Organisations” respectively. For example, Pike (2004) sees a Destination Marketing Organisation as an organisation “which is responsible for the marketing of an identifiable destination” (Pike 2004, p.14), as these organisations “are concerned with the selling of places” (Pike 2004, p.1). Blumberg (2005) acknowledges both a *promotional* and a *facilitation* aspect in strategic destination marketing, where the former focuses on traditional marketing functions (promotion, advertising, creation of awareness), while the latter on initiation and coordination of cooperative arrangements (between the DMO and individual tourism operators), which aim to join resources in order to achieve the shared goals of destination marketing. One may argue that this is a rather simplistic and narrow approach to DMOs. Indeed, Kotler et al. (2006) note that the concept of marketing, as applied traditionally in destination management, tends to focus on promotion and selling of the destination. Nevertheless, they

argue that there is an intrinsic *organisation function* in destination management, where contemporary wisdom emphasises on total management practice, rather than simply applying the principles of marketing. Evidently, a successful destination is the one that primarily focuses on principles of sustainability and competitiveness, instead of employing destination marketing only as a means of designing a destination to satisfy the needs of its target markets (Ritchie and Crouch 2005; Kotler et al. 2006). For instance, success of the destination marketing function is also determined by the level to which local citizens and businesses are satisfied with their communities, in addition to the level to which the expectations of visitors and investors are met. Therefore, there is high significance in promoting public-private collaboration and involving all stakeholders in shaping the destination's future (Kotler et al. 2006).

Pike and Page (2014, p.204) suggest that in the context of urban tourism and “[f]rom a management perspective, DMOs are limited in what they can undertake and achieve in terms of management with many practical and logistical issues managed by local authorities (e.g. car parking, street cleaning, waste removal, control of crowds and visitors by the police during special events and environmental issues)”. Moreover, “using the term Destination Management Organisation as a generic descriptor is unhelpful in adding clarity and purpose to the discussion of the DMOs’ role because it confuses the perceived need for management with the largely marketing function they actually undertake” (Pike and Page 2014, p.205). A management approach to the DMO should avoid a traditional emphasis on the process of control, and focus on one that reflects critical linkage which often exists between DMOs and key stakeholders (e.g. local authorities and other partners). This would be in-line with a conventional approach that suggests “[m]anagement involves coordinating and overseeing the work activities of others so their activities are completed efficiently and effectively” (Robbins and Coulter 2014, p.33).

Destination management is an important element of competitive destinations that follow principles of sustainable development (Ritchie and Crouch 2005). Although the marketing function of the DMO is still acknowledged and valued as highly important (Prideaux and Cooper 2003; Dore and Crouch 2003; Kozak 2004; Blumberg 2005), a competitive and sustainable perspective of a tourism destination calls for a DMO that extends this function and includes additional ones: strategy formulation; representation of the interests of stakeholders; marketing of the (overall) destination; coordination of planning and

development activities (Sautter and Leisen 1999; Blain et al. 2005; Presenza et al. 2005); as well as, governance and meta-governance at the destination (Spyriadis et al. 2011; Volgger and Pechlaner 2014). Increased complexity, incorporated by the diversity and heterogeneity of both tourism supply and demand, multiplies challenges to destination development and management. Sheehan and Ritchie (2005, p.716) clearly state that “in addition to fulfilling their traditional role of destination marketing, many [DMOs] are now conduits between tourism suppliers (local firms) and outside buyers (typically meeting planners, tour companies, and individual tourists), and even becoming policy advocates recognized as the voice of this industry in their communities”. Overall, a destination management approach to studying DMOs implies an alignment with a holistic perspective to tourism development, which allows for a better understanding of the dynamic systems of change at destinations (McLennan et al. 2012). Further to the above, a contemporary and more holistic approach would suggest that the use of *management* instead of *marketing* in the acronym of “DMO” is more appropriate (WTO 2004a; Presenza et al. 2005; Gretzel et al. 2006; Morrison 2013; Volgger and Pechlaner 2014). Therefore, this study recognises the DMO as a ‘Destination Management Organisation’.

2.6 Tactical activities of DMOs

Destination success is often linked to appropriateness and effectiveness of DMO tactical activities (Pike and Page 2014). In fact, several researchers (Morrison et al. 1997; Ritchie and Crouch 2005; Presenza et al. 2005; Sainaghi 2006; Lemmetyinen 2010) have attempted to examine the scope of tactical activities of DMOs. Ritchie and Crouch (2005, p.186) suggest that there are certain “internal” and “external” managerial tasks (or programmes) that “ensure an effective, smoothly operating DMO” (Table 2.4). These two categories of DMO tasks are not entirely separate. Internal activities are predominantly those required to enable the DMO to function administratively (e.g. definition of organisational by-laws, determination of committee structures, determination of budget/budgeting process, organisational administrative procedures), and are discussed as ‘operational activities of DMOs’ in section 2.7. In addition, Ritchie and Crouch (2005) propose that internal activities also include DMO functions that focus on the various elements of the destination itself (inward-looking). Such elements include stakeholders and membership organisations (membership management and publications), as well as communities (community relations)

and visitors (publications). External tasks focus on marketing (mostly promotion), visitor services, visitor management, information and research, finance and venture capital management, and resource stewardship. Overall, “external programmes are outward-looking and as such tend to communicate what the outside world (including DMO stakeholders) sees as the functioning of the DMO” (Ritchie and Crouch 2005, p.185). Internal and external activities are highly interdependent within the destination management process and in practice are greatly circular (Ritchie and Crouch 2005).

Table 2.4 Managerial tasks to ensure an effective, smoothly operating DMO

Internal

- Definition of organisational by-laws
- Determination of committee structures
- Determination of budget/budgeting process
- Organisational administrative procedures
- Membership management
- Community relations
- Publications

External

- Marketing
- Visitor services / quality of service / visitor management
- Visitor management
- Information / research
- Finance and venture capital management
- Resource stewardship
- Human resource management

Source: Ritchie and Crouch (2005, p.186)

The complex interrelationship between internal and external functions partly reflects the elusive relationship between destination and DMO success discussed earlier on. For instance, Ritchie and Crouch (2005) observe that internal programmes relate to the

'organisation' for the 'management' of the destination. Internal programmes enable the DMO to function administratively and entail activities that are internal to the destination, while they "are critical to the success of the DMO" (Ritchie and Crouch 2005, p.185). Interestingly, the authors argue that "the external tasks are, with one exception, the major managerial challenges facing the DMO. That one exception is constant concern for financing and the DMO budget" (Ritchie and Crouch 2005, p.186). External managerial tasks of the DMO "are generally so important that they merit detailed discussion" and are "distinct components of destination management" (Ritchie and Crouch 2005, p.188). Overall, it can be argued that this approach seems to be rather myopic. First, this approach calls for increased managerial attention on a single input element for DMOs: funding; whereas, a DMO clearly requires further resources to operate (i.e. human resources or technology) (Buhalis 2002; Wang 2008; Ford and Peeper 2009). Second, there seems to be very limited and unclear emphasis on the value of DMO *internal* organisational effectiveness or (business) performance, which then can be a catalyst for the achievement of destination success (see section 2.4). Therefore, there is further scope for stronger emphasis on (or managerial attention to) internal *organisational* (or operational) DMO activities, which is the focus of section 2.7.

Based on the DMO managerial tasks identified by Ritchie and Crouch (2005), Presenza et al. (2005) suggest a grouping of DMO external activities into: Internal Destination Development (IDD) and External Destination Marketing (EDM). However, the authors observe that the framework of DMO external activities should not necessarily be regarded as comprehensive, but rather a starting point for discussion. Therefore, they note that each DMO must assess its environment and select the appropriate set of Internal Destination Development (IDD) and External Destination Marketing (EDM) activities that are relevant to its primary purpose and resources. Ultimately, this approach to DMO functions recognises a destination-level (called *Internal*) and a wider environment-level (called *External*) DMO activity. Although this approach also falls short in recognising and discussing the importance of internal organisational DMO effectiveness, the two key functions identified (IDD and EDM) present a useful framework of analysis for the conceptualisation of DMO activities.

According to Sainaghi (2006) the DMO engages in activities that denote a "supervisory" management or "meta-management" role. Pivotal to his approach are the concepts of "resources" and "process". Resources are defined as "stocks of available factors that are

owned or controlled” by an organisation and “are converted into final products or services using a wide range of other organisational assets and bonding mechanisms” (Sainaghi 2006, p.1056). Resources fall into three main categories: material (financial, physical); immaterial (technology, image, culture); human (personal competences and knowledge, relational and communication skills; motivation). The author explains that “process represents an action which impacts the stock available, changing its qualitative and /or quantitative traits. Hence, the construction of a new hotel augments the stock of material resources of the destination; the development of a {destination} brand tends to modify the image of the destination (immaterial resources); a training course enhances the skills (human resources) of the people who participate” (Sainaghi 2006, p.1056). Therefore, “process is the dynamic element that can impact the repository of resources available” (Sainaghi 2006, p.1056) in a destination at a given point in time. Within destinations, *availability* of resources and *managerial responsibility* for processes can often be possessed by different actors, namely: the host community, the local industry, the DMO, the local government and other non-profit organisations. Therefore, the activities of the DMO can have varying degrees of influence in the destination, extending from maximum to minimum or none:

- Maximum resources are either the responsibility of the DMO or of other stakeholders, but are managed by the DMO (i.e. DMO personnel, marketing initiatives)
- Medium resources are the responsibility of the DMO, but are managed by other stakeholders (i.e. resources licenced out to local businesses)
- Minimum or none other stakeholders are responsible for resources and manage them (i.e. public services available at the destination)

An integration of the aforementioned approaches (Ritchie and Crouch 2005; Presenza et al. 2005; Sainaghi 2006) is provided in the following discussion, in an attempt to determine the key DMO tactical activities. The discussion contributes towards a synthesis of DMO activities, which has two key components Internal Destination Development and Management (IDDM) and External Destination Marketing (EDM).

2.6.1 *Internal Destination Development and Management (IDDM)*

IDDM activities relate to eight areas of activity (Ritchie and Crouch 2005; Presenza et al. 2005; Sainaghi 2006):

Supporting activities (processes)

1. Information and Research
2. Visitor Management and Services
3. Internal Destination Marketing

Primary activities

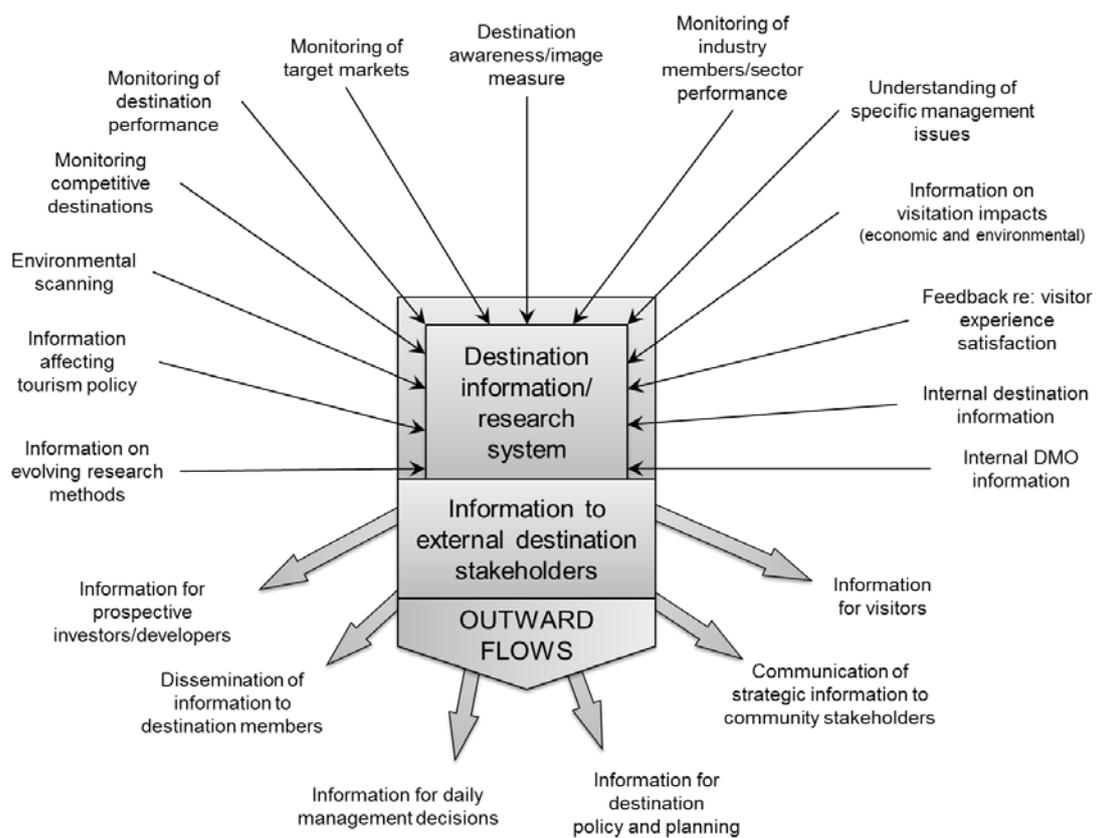
4. Human Resource Development
5. Resource Stewardship
6. Finance and Venture Capital
7. Production and Supply of Services
8. Crisis Management

Internal Destination Development and Management (IDDM) activities relate to DMO activities that are internal to the destination. Central to all the IDDM activities of the DMO is the endeavour to ensure quality in the provision of services at the destination area, which is the catalyst to achieve the ultimate outcome of visitor satisfaction (Ritchie and Crouch 2005). The three first IDDM activities (Information and Research, Visitor Management and Internal Destination Marketing) are suggested as supporting activities (“pillars”) for all the other IDDM activities. They are significant enablers for the DMO to function as an interface between market (visitor) demand and destination (industry) supply (Presenza et al. 2005), and as “a convener” for destination network creation and development (Seehan and Ritchie 2005). Moreover, support processes are different from primary processes in that their aim is not to create, develop, or advertise the product system of the district, but rather to make primary processes more effective and efficient by means of “indirect” actions” (Sainaghi 2006, p.1059).

Management of Information and Research are of outmost importance as they provide critical support and rationale to decisions, actions and plans for all the IDDM activities. These activities synthesize an *intelligence* function that allows the DMO to understand market

demands and trends (both at a local and global level), evaluate current industry supply at the destination, and more importantly identify the existing gaps that need to be addressed through strategic planning and development (Middleton 2001; Carter and Fabricius 2006). Ritchie and Crouch (2005) identify a two-way flow of Information and Research: inward flows and outward flows (Figure 2.9).

Figure 2.9 DMO information and research management: types and roles



Source: Ritchie and Crouch (2005, p.219)

Inward flows (or intelligence) provide useful input to the DMO management in order to function competitively. Inward flows of information and research is collected either on a continuous basis (monitoring flows) or periodically as a need arises (research flows). Outward flows of information represent the information that the DMO provides to close and

distant destination stakeholders (Ritchie and Crouch 2005). Visitor Management and Services relates to communicating the (available) supply of tourism products/services effectively to the visitor prior and upon arrival at the destination (Presenza et al. 2005). Such activities include responding to remote visitor information inquiries (by telephone or via internet), developing and staffing Visitor Information Centres (VICs), regulate visitor access to important places of interest so as not to impair the quality of the visitor experience.

In contrast to the view of Presenza et al. (2005) that the term “development” implies that any marketing activity should be excluded, Internal Destination Marketing is recognised as an important destination-level function for DMOs. For instance, Sainaghi (2006) suggests that a DMO needs to encourage a continuous dialogue between the DMO and the local businesses. The author describes this task as “internal marketing” and explains that a DMO needs “to develop formal and informal channels of communication run by the tourist board {or DMO}, which are useful for sharing the “development vision”” (p.1059). Internal Destination Marketing can have several benefits, for instance, help DMOs enhance recognition for their important role within destinations, increase local community participation, establish themselves as the local experts, and build consensus for development projects (Gretzel et al. 2006). Selecting audiences (i.e. hoteliers, shopkeepers), contents to communicate (i.e. market trends, tourism strategy), and channels to utilize (i.e. word of mouth, meetings, newsletters) are key relevant considerations (Sainaghi 2006).

Essentially, despite the challenges in implementation (Fyall et al. 2003; 2006), insights from relationship marketing can support value (co-)creation not only from dyadic visitor–tourism business (buyer-supplier) relationships, but also from the interaction and contribution of all destination stakeholders (Fyall et al. 2003; Shirazi and Som 2011). In fact, relationship marketing can be a catalyst for value co-creation within networks existing in service-dominant (S-D) logic contexts (Payne et al. 2008; Frow and Payne 2011). Evidently, a relationship marketing approach is critical for building and sustaining important stakeholder relationships within the destination’s tourism system (Presenza and Cipollina 2010). Payne et al. (2005) note that there are six important markets (or stakeholder groups) that need to be taken into account in a contemporary relationship marketing strategy (Figure 2.10). This approach places emphasis on the “customer”, while acknowledges the interrelationships with internal, supplier, referral, recruitment and influence markets. A comprehensive relationship marketing strategy would need to incorporate relationship plans for each of the

six markets. This relationship approach to destination marketing can accrue benefits in the form of partnership building and network development (Saxena 2005; Novelli et al. 2006; Li and Petrick 2008).

Figure 2.10 The Six Markets Model



Source: Payne et al. (2005, p.860)

The three supporting processes (Information and Research, Visitor Management and Services, Internal Destination Marketing) provide an important foundation (“supporting pillars”) for IDDM efforts. Having set this foundation, other dimensions of IDDM can be developed (Human Resources Development, Resource Stewardship, Finance and Venture Capital, Production and Supply of Services, and Crisis Management), which may be implemented by other stakeholders rather than the DMO. The ultimate objective is to enhance the quality of the visitor experience (Ritchie and Crouch 2005; Presenza et al. 2005).

The remaining seven IDDM activities can be referred to as upper-level or primary activities. A significant characteristic of this group of IDDM activities is that, apart from the DMO, other destination stakeholders also need to take action, and as a result provide, utilise or deploy

(their) resources. Therefore, the DMO primarily assists in coordinating the deployment of resources of stakeholders, rather than merely deploying its own. Ultimately, it is the *coordination* of tourism stakeholders that determines the effectiveness of the DMO in its role to perform successful destination management, as it relates to the pursuit of positive outcomes in the seven areas of IDDM (Presenza et al. 2005; Sheehan and Ritchie 2005; Sainaghi 2006).

Human Resource Development aims at having well trained employees in all visitor service facilities, which raises the quality level and the consistency of the visitor experience at the destination. The function of the DMO is to exert political influence through its stakeholder network to ensure provision of educational and training services, as well as on raising quality standards. To be effective, the DMO needs to have a robust human resource development strategy that addresses education and training issues at all levels within tourism operators and for all demographic groups of the destination (Presenza et al. 2005).

A sustainable approach to destination management calls for Resource Stewardship, which initially requires understanding carrying capacities and bio-physical limitations of the destination. Moreover, the DMO needs to undertake assessments of the potential impacts of tourism, and ultimately implement management practices and development plans that aim to control tourism development and activity so as to ensure the bio-physical limitations are not exceeded (Presenza et al. 2005; Ritchie and Crouch 2005). Attracting investment and improving infrastructure is also important in this area. The Finance and Venture Capital function of the DMO denotes role of the DMO to act as a venture capital broker and offer financial assistance or access to venture capital to destination stakeholders. This is mainly achieved by promoting the potential of the destination in terms of the nature of its industrial tourism sectors and its potential business and community development opportunities. The DMO should support investment in the destination by stimulating confidence of lenders and capital providers by supplying valuable insight to the future growth of tourism demand in the destination and specific tourism product and infrastructure needs (Presenza et al. 2005).

Production and Supply of Services relate to “a number of resources, which, for the most part, have to do with infrastructures (material resources) that allow clients to access the district, to find accommodation, and to make use of various services” (Sainaghi 2006,

p.1058). Access routes, internal transportation and tourist facilities all fall into this category, and despite that they are mostly handled directly by local public bodies, some are licensed out to private organisations or (rarely) to the DMO. In effect, it is not often that such services are supplied directly by the DMO, mainly due to its limited financial resources; but, when this happens, DMO activities aim to enhance, modify or refine this important stock of infrastructure resources. The DMO can directly affect the exploitation of private resources by means of funding mechanisms to support specific actions of local businesses (Sainaghi 2006).

2.6.2 *External Destination Marketing (EDM)*

External Destination Marketing (EDM) entails to strategic and operational (or tactical) marketing activities of the DMO. Destination product development, image definition, branding and positioning are fundamental considerations for the DMO that require a strategic approach. Adding to that is a robust Integrated Marketing Communications (IMC) strategy, which supports the ultimate aim of EDM activities to attract visitors to the destination. This also clarifies the meaning of the term “external”: to influence the actions of people and organisations outside the destination (Presenza et al. 2005). Presenza et al. (2005) emphasizes the value of the EDM actions that aim in selling the destination as a whole, which need to be comprehensive and parsimonious, and relate to: promotion; advertising; web Marketing; publications & Brochures; familiarization tours (e.g. for meetings and incentives planners); trade shows; sales blitzes; direct sales; call centres; TICs; direct mail; cooperative programmes; events and festivals; PR or lobbying or (external) relationship building; building or managing reputation of the destination.

Carter (2006) argues that integration of “the customer journey” and the “communications life cycle” models (both developed by the British Tourism Authority in the late 80’s) provides an excellent framework for identifying and classifying destination marketing related functions. By utilising such an integrated framework, DMOs can achieve opportunity optimisation by responding effectively to the requirements of the visitor at each stage in the cycle (Table 2.5). Although an Integrated Marketing Communications strategy is inherent in the EDM functions, the notion of marketing for a destination, as it relates to DMO activities, includes additional elements (Pike, 2004; 2005; 2008; Pike and Page 2014).

Table 2.5 Customer journey, CLC, and destination actions

The Customer Journey	Communications Life Cycle	Destination Actions
Dream and select	Create awareness and emotional interest in destination; promote specific experiences to be enjoyed	Destination promotion
Plan the trip	Provide 'hard' information – major attractions ('must' see/do), transport, accommodation, tours, etc.	Visitor services
Book	Enable booking	Visitor services
Visit	Ensure quality of experience – facilities, services, 'public realm', information, booking	Management of the destination Visitor services
Recollect, recommend and anticipate	Maintain the relationship through research (behaviour, satisfaction, values, needs, etc.) and follow-up action	CRM

Source: Carter (2006)

Tourism marketing and tourism promotion is often regarded as equivalent by tourism practitioners (Ritchie and Crouch 2005). However, promotion is just one dimension of marketing, which for instance as part of the marketing mix also includes product innovation and development. Evidently, although a DMO has limited influence on the elements of the marketing mix (Blumberg 2005), such activity acts as a catalyst in preserving or generating an image for the destination (Morgan et al. 2002). Therefore, DMOs undertake tasks that include coordinating the constituent diverse and independent elements (of the tourism destination supply) with the aim of developing and sustaining a homogeneous and desirable destination image (Gartrell 1988; Carter 2006); destination branding (Gnoth 2002; Blain et al. 2005; Pike 2007; Pike and Page 2014); destination promotion (advertising, direct marketing, sales promotion, personal selling, publicity and public relations) (Dore and Crouch 2003; Buhalis 2000). Additionally, DMOs are seen to be involved in product development and enhancing perceptions for destination image and service quality (Getz et al. 1998; Kozak 2002; Presenza et al. 2005; Sainaghi 2006). Having said that, the

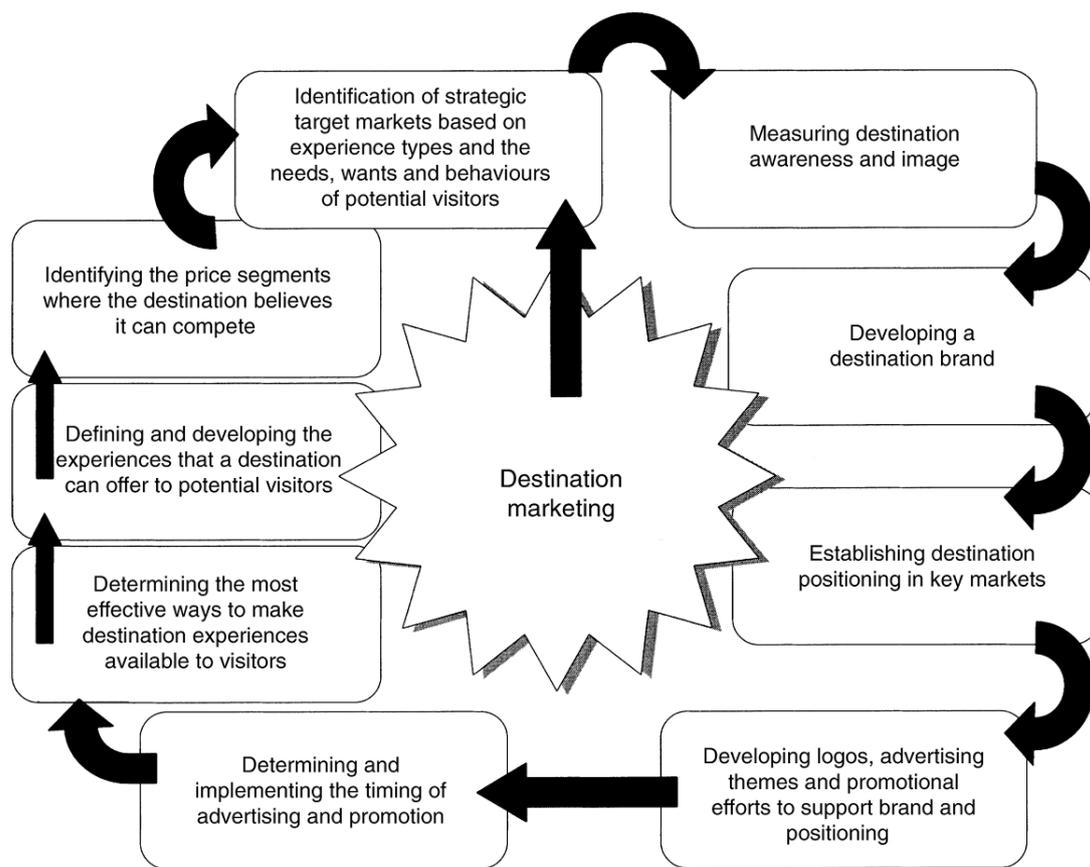
determinants of consumer (visitor/tourist) destination decision making need to be incorporated into a systematic planning process, which will aid strategic management of such information and better enable the implementation of strategies and enhance destination competitiveness (Hanlan et al. 2006).

Finally, web marketing regarded to be the major component of destination marketing in creating “virtual marketplaces” (Prezenza et al. 2005), while several researchers (Palmer and McCole 2000; Buhalis 2002) additionally find electronic commerce to offer exciting opportunities to enhance cooperation among tourism suppliers in destinations. For instance, Palmer and McCole (2000) support the advantages of “virtual” tourism destination organisation that is created by linking websites of operators, where consumers access information and purchase multiple components of their visit online. At a very basic level, virtual tourism organisation links the individual operators’ websites, so that the visitor of one site can click through to complementary sites which contribute to the total destination offer. The authors value as an important feature of this system the interconnectivity of the websites, which relates to the facility of a two-way link from one operator to another. Moreover, such interconnectivity is equally significant at the horizontal dimension (between operators at the destination), as it is at the vertical one (between the regional or sub-regional DMO and the operators at the destination). At both dimensions, the links between websites of individual tourism stakeholders is important in gaining publicity of the broader perspective of the opportunities available at the destination. Such a facility provides the opportunity for the visitor to integrate his/her experience at a local level by allowing him/her to individually synthesise the elements of the tourism destination products that are at close proximity with the place of his/her visit. For example, a hotel may provide information and hyperlinks to nearby attractions, museums, parks, or places of interest (Palmer and McCole 2000; Roman 2008).

Overall, contemporary approaches suggest that destination marketing entails a plethora of activities (see Figure 2.11) that extend from a sales or image making tool to “market-oriented strategic planning” (Kotler et al. 1993 cited Blumberg 2005, p.46). Under such understanding, destination marketing efforts need to secure that all destination stakeholder expectations (local community, businesses, investors, public sector, etc.) are satisfied. When examining the relationship between corporate brands and destination brands, Hankinson (2007) identified “sufficient similarities” that led to five guiding principles of destination

brand management: strong visionary leadership; a brand oriented organisational culture; departmental co-ordination and process alignment; consistent communications across a wide range of stakeholders; and, strong compatible partnerships. However, as each destination has different potential, institutional infrastructure and political realities, a universal approach or a holistic model of destination brand management is not realistic.

Figure 2.11 Elements of destination marketing



Source: Richie and Crouch (2005, p.189)

Crisis Management is the last element included in this preliminary framework of DMO activities. Due to the highly sensitive nature of the industry, the development of a crisis response plan is very important. The DMO needs to address the issues and potential elements of disaster management responses and strategies in a Crises Management framework (Presenza et al. 2005). By continuously monitoring market and competition trends (Information and Research function), the DMO can adjust existing strategies and

implement contingencies when required (Pike 2004).

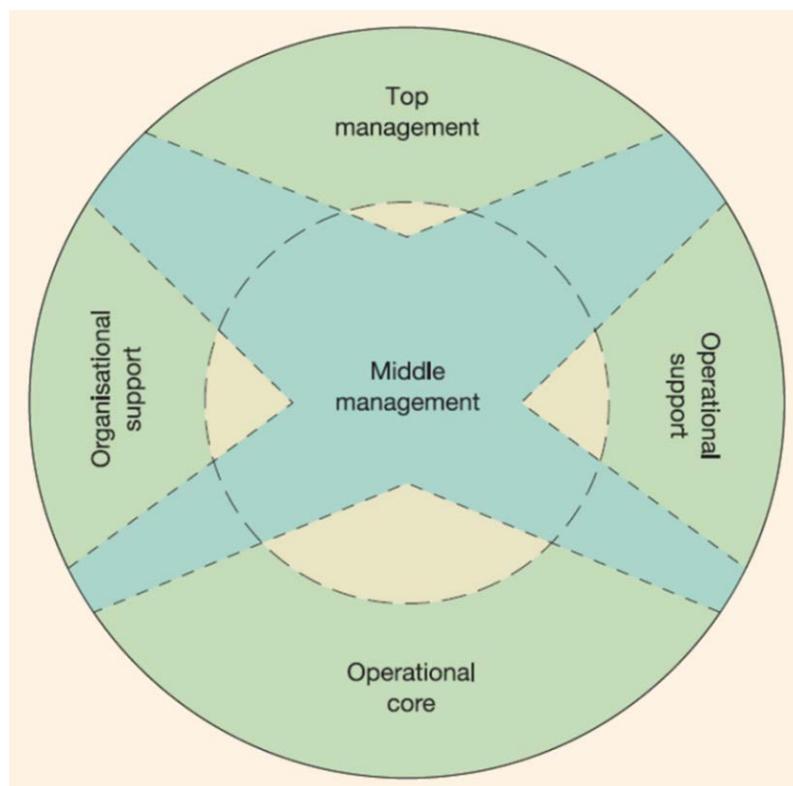
2.7 Operational functions and activities of DMOs

Operational functions and activities of DMOs include those tasks that are performed on a daily basis within the organisation and determine its efficiency and effectiveness. According to Ritchie and Crouch (2005), they include the definition and maintenance of DMO organisational by-laws and administrative procedures, along with the DMO's organisational management. DMO by-laws define the rules of governance of the organisation (i.e. employee responsibilities and rights), as well as operational structures within the organisation (Ritchie and Crouch 2005). Administrative procedures like for instance formulating and managing DMO committee and executive board structures are important operations that determine the governance of a DMO (Gretzel et al. 2006; Ford and Peeper 2008; Morrison 2013). Organisational management includes operational activities like management of human resources, finance, marketing, determination of budget or budgeting processes. Each of these functions involves a plethora of daily operational activities. For instance, management of human resources includes: recruitment and selection of employees; training and development; employee relations, welfare, health and safety; performance management or appraisals, reward strategies, as well as grievance and disciplinary procedures (Nickson 2007).

A useful framework to understand DMO operational functions and activities is that of Mullins (2013, p.83), who suggests that the *operating* component of an organisation “comprises the people who actually undertake the work of producing the products or providing the services”, and contrasts this with the *administrative* component of organisations that “comprises managers and analysts and is concerned with supervision and co-ordination”. The work that is being done within an organisation like the DMO can be analysed in terms of five basic interrelated components (Figure 2.12): operational core; operational support; organisational support; top management; and, middle management. The *operational core* is concerned with direct performance of technical or productive operations. Therefore, in the context of DMOs, operational core could include ‘producing’ services for local businesses, inviting destination stakeholders to attend policy consultation sessions, providing information to visitors, or coordinating bidding for events and event

production. *Operational support* is “concerned indirectly with the technical or productive process but closely related to the actual flow of operational work” (Mullins 2013, p.83). For instance, this would refer to progress planning, work study, quality control, maintenance and technical services. *Organisational support* is “concerned with provision of services for the whole organisation, including the operational core, but which is usually outside the actual flow of operational work” (Mullins 2013, p.83). For DMOs, examples could be people working in human resources, management accounting or office services. Top management is “concerned with broad objectives and policy, strategic decisions, the work of the organisation as a whole and interactions with the external environment” (Mullins 2013, p.83). Examples in this component can be the DMO managing directors, Chief Executives, boards of directors, or council members. Finally, *middle management* is “concerned with co-ordination and integration of activities and providing links with operational support staff and organisational support staff, and between the operational core and top management” (Mullins 2013, p.83).

Figure 2.12 Five basic components of an organisation

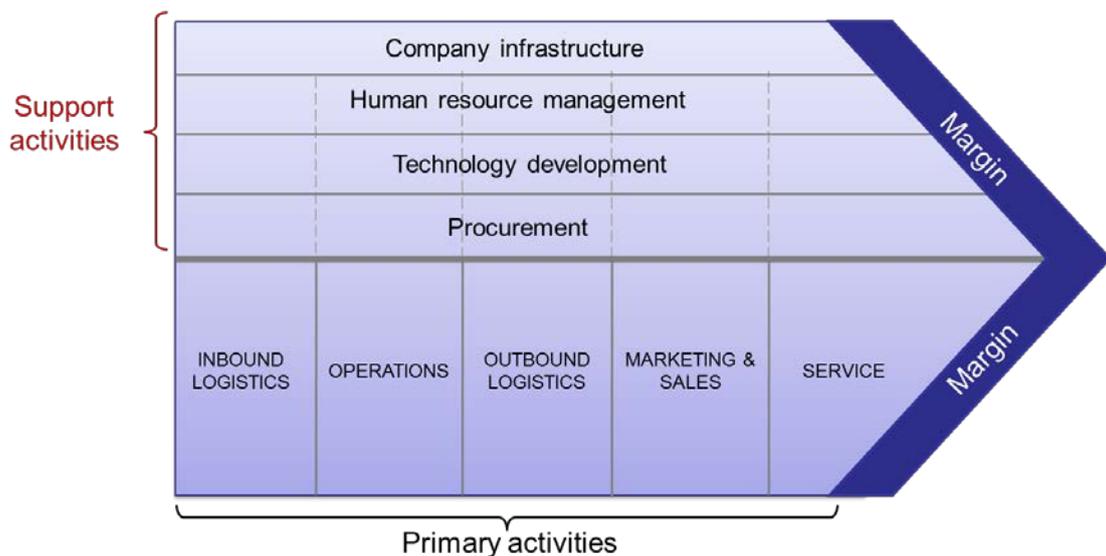


Source: Mullins (2013, p.83)

Overall, organisations are formed by a combination of four key common features: people, objectives, structure and management. The interaction of people aims to achieve the objectives set, while some form of function is needed in order to coordinate or channel people’s interactions and efforts. Management is the process required so that “the activities of the organisation, and the efforts of its members, are directed and controlled towards the pursuit of objectives” (Mullins 2013, p.81). Inevitably, a DMO requires important intangible and tangible resources (inputs), for example employees, human resources and technology (Buhalis 2002; Pike 2004 Wang 2008; Ford and Peeper 2009), which add value and ultimately allow the organisation to form and operate.

Porter (2001) notes that the synthesis of strategically relevant operational activities that a business undertakes determines where and how value is added in the organisation. These activities form the organisational ‘value chain’ or ‘internal value system’ (Figure 2.13), and need to be disaggregated in order to understand the behaviour of costs and the existing and potential sources of differentiation and value creation. Therefore, DMOs will need effective and efficient operations in terms of designing, creating (and co-creating), marketing, delivering and supporting its services.

Figure 2.13 The generic value chain



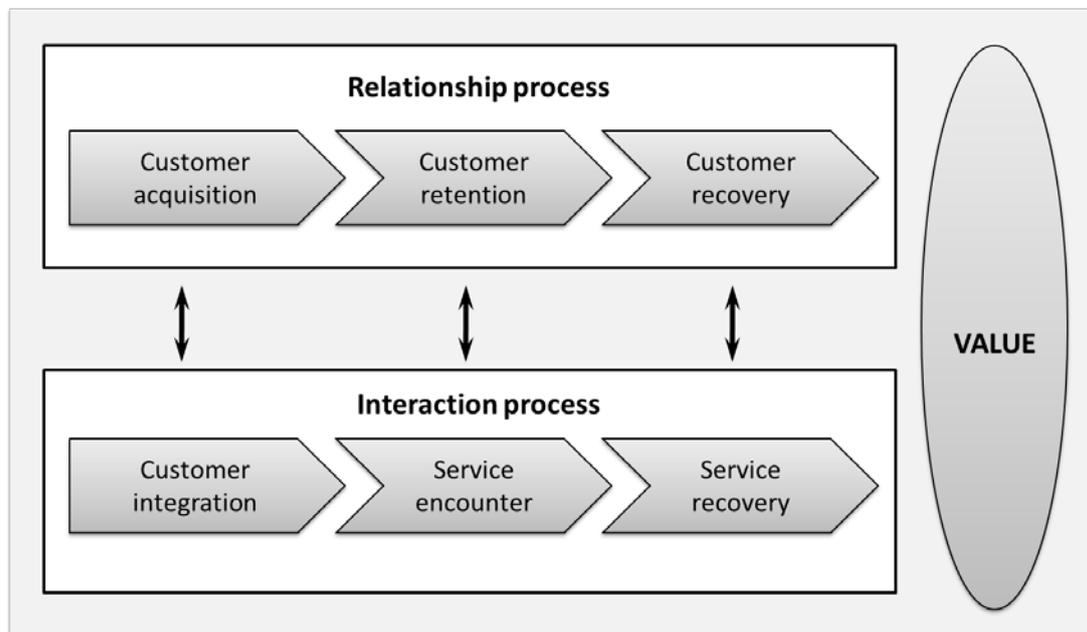
Source: Porter (2001, p.52)

A DMO's value chain and the way it performs individual activities will be a reflection of its history, strategy, approach to implementing strategy, and the underlying economics of the activities themselves. Moreover, a DMO's value chain may vary slightly for different services the DMO produces or co-creates with different stakeholders or customers. In Porter's (2001) approach to internal organisational analysis value (i.e. differentiation), rather than cost (cost advantage), has a prime role in the construct of value creation. However, in the context of DMOs, a more balanced approach may be more appropriate due to their limited budget. Moreover, Porter (2001, p.52) suggests that "value is measured by total revenue" and, depending on cost and profit margins, is evaluated by the organisation's profitability. This emphasis on profitability is also not relevant to DMOs; therefore, the applicability of the model of value chain could be challenged.

Initially developed for manufacturing, the value chain approach is based on a process view of organisations and activity-based management; therefore, one of the criticisms of the model relates to its inapplicability to service organisations (Stabell and Fjeldstad 1998). The basis of this criticism is that services are *processes* and bare specific characteristics: intangibility, perishability, variability, inseparability, lack of ownership, not transportable, co-produced with the customer ('prosumer') (Bruhn and Georgi 2006; Lovelock et al. 2009). The service production system ('servuction') often involves the customer with various levels of interaction ('moment of truth') that correspond to different levels of relationship. As an example from the context of DMOs, local businesses often participate in consultation sessions or skill development and training sessions. Bruhn and Georgi (2006) suggest that the value creation in service oriented organisations is the result of primary and secondary processes (Figure 2.14). Primary value processes of a DMO are those activities that aim to co-create direct value (e.g. marketing or promotion) by the 'throughput' (the service production process). During this interaction, value is created for both the service provider and the service recipient. For instance, a DMO can provide marketing services to a local hotel (recipient) as part of a membership scheme, while the hotel pays an annual membership fee (revenue) to the DMO. Rendering customer integration is a vital stage of the value creation process, followed by the service encounter. The latter often requires an existing relationship between the provider and the recipient, for instance, a local business being a member of the DMO in order to receive marketing or promotional services. Secondary value processes affect value indirectly. These include creating the service value and managing service resources. The former involves defining the service value, its prices, its

delivery and communication, while the latter involves employees, tangibles and technology, as well as capacity management (Bruhn and Georgi 2006).

Figure 2.14 Primary value processes



Source: Bruhn and Georgi (2006, p.17)

Stabell and Fjeldstad (1998) suggest an alternative approach that is based on 'value configuration analysis', which nevertheless, still accepts the importance of 'support activities' from the value chain model. Building on Thompson's (1967) typology of long-linked, intensive and mediating technologies, Stabell and Fjeldstad (1998) extend the idea of 'value chain' (Porter 1985; 2001) to that of 'value configuration', which holds that organisational value is dependent on three distinct generic value configuration models: value chain, value shop and value network. The three value configurations differ in a number of areas including (see Table 2.6): value creation logic, primary technology, primary activities, interactivity relationship logic, activity interdependence, cost and value drivers, business value system structures. Stabell and Fjeldstad (1998, p.435) suggest that, ultimately, "choice of (emphasis of) value configuration is an additional dimension or third option beyond Porter's two basic strategies of cost advantage and differentiation".

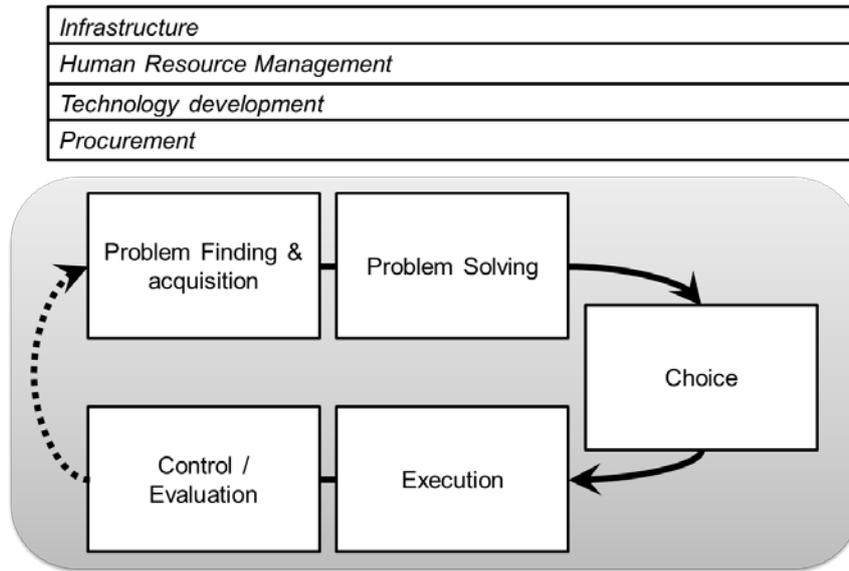
Table 2.6 Overview of alternative value configurations

	Chain	Shop	Network
Value creation logic	Transformation of inputs into products	(Re)solving customer problems	Linking customers
Primary technology	Long-linked	Intensive	Mediating
Primary activity categories	<ul style="list-style-type: none"> ● Inbound logistics ● Operations ● Outbound logistics ● Marketing ● Service 	<ul style="list-style-type: none"> ● Problem-finding and acquisition ● Problem-solving ● Choice ● Execution ● Control/evaluation 	<ul style="list-style-type: none"> ● Network promotion and contract management ● Service provisioning ● Infrastructure operation
Main interactivity relationship logic	Sequential	Cyclical, spiralling	Simultaneous, parallel
Primary activity interdependence	<ul style="list-style-type: none"> ● Pooled ● Sequential 	<ul style="list-style-type: none"> ● Pooled ● Sequential ● Reciprocal 	<ul style="list-style-type: none"> ● Pooled ● Reciprocal
Key cost drivers	<ul style="list-style-type: none"> ● Scale ● Capacity utilization 		<ul style="list-style-type: none"> ● Scale ● Capacity utilization
Key value drivers		<ul style="list-style-type: none"> ● Reputation 	<ul style="list-style-type: none"> ● Scale ● Capacity utilization
Business value system structure	<ul style="list-style-type: none"> ● Interlinked chains 	<ul style="list-style-type: none"> ● Referred shops 	<ul style="list-style-type: none"> ● Layered and interconnected networks

Source: Stabell and Fjeldstad (1998, p.45)

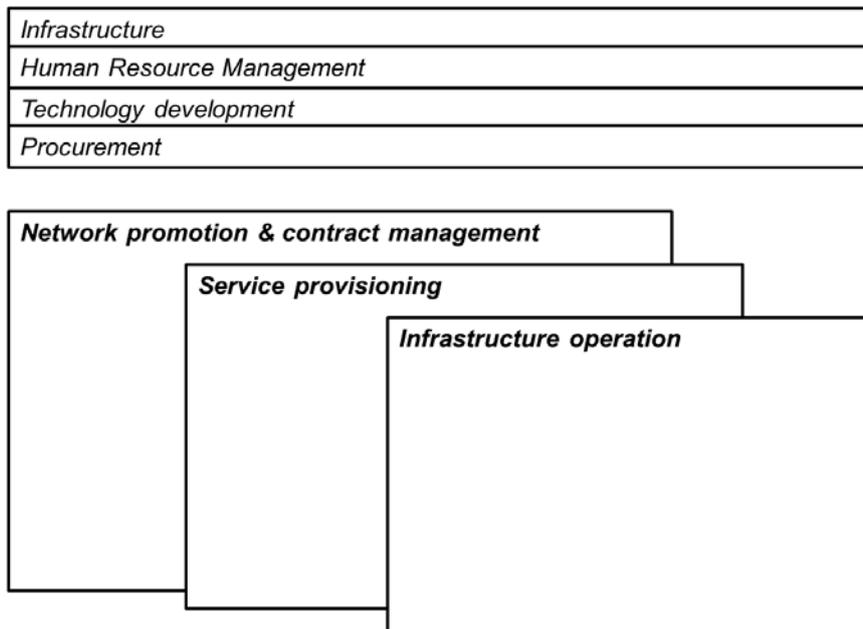
The generic value shop configuration, as proposed by Stabell and Fjeldstad (1998), is of cyclic nature (Figure 2.15). In the context of DMOs, the circular layout of the activity can be the problem-finding activity of the new problem solving cycle. According to Stabell and Fjeldstad (1998, p.424), “the spiralling nature of the activity set is obtained when a decision cycle refers (and passes control to) a different or more specialized shop that picks up a reformulated or reframed client problem”. The generic value network configuration involves three primary activity categories that overlap (Figure 2.16). For a DMO, the concurrent interactivity relationship across these activities is particularly relevant as it reflects very clearly its coordination role in destination development. A key characteristic of this configuration is the lack of direction of value creation (Stabell and Fjeldstad 1998). The lack of arrows in the figure underlines that the activities of the DMO create value by mediating between stakeholders.

Figure 2.15 The value shop diagram



Source: Stabell and Fjeldstad (1998, p.424)

Figure 2.16 The value network diagram



Source: Stabell and Fjeldstad (1998, p.430)

All three configurations (chain, shop and network) are underpinned by a common focus on critical value activities and an analysis of cost and value drivers. Moreover, it is common that organisations would aim to use a combination of the three configurations when dealing with the complexity of their business environment and the inherent uncertainty. In such cases, the objective is to combine and coordinate organisational activities to achieve different degrees of differentiation and integration across organisational functions (Stabell and Fjeldstad 1998). Therefore, DMOs potentially need to balance alternative value configurations focusing on vertical extension up and down the chain (value chain), incorporation of the problem in the shop (value shop), and by increasing the size of network served (value network).

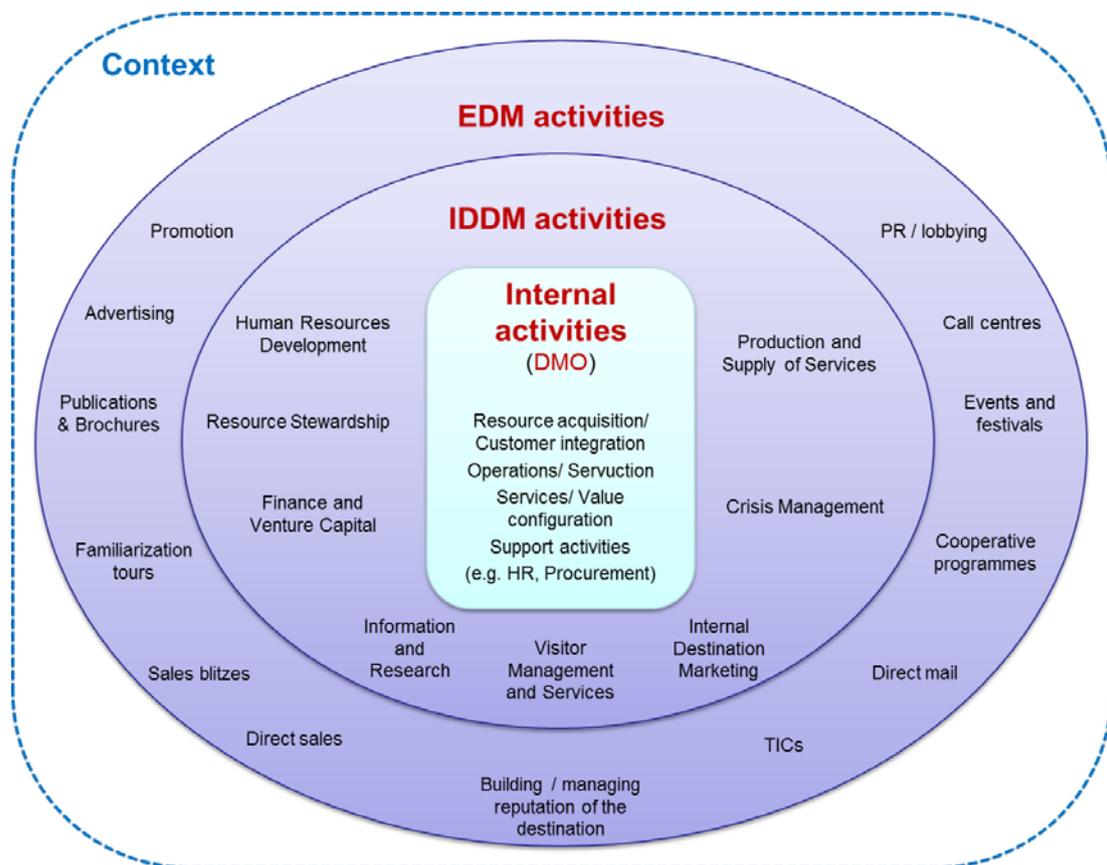
2.8 Conclusion

The DMO is an important tourism development agent for the destination. It aims to have a leadership role in not just implementing tourism policy, but also informing and influencing it as well. It further takes on the challenging task to coordinate the formulation, implementation and evaluation of tourism destination strategy through tourism development programmes, while securing alignment with wider development policy and initiatives. The DMO is the focal organisation that is able to see events from a wider and holistic perspective and can promote development that follows principles of sustainability. Destination success depends on implementation of the tourism policy and strategy resulting in a set of actual achievements that can be compared with the (pre-) established goals. In that respect, the DMO endeavours to assist and facilitate the achievement of multiple goals, and involve all stakeholders in the development of the destination in terms of policy formulation, planning and delivery. Overall, the strategic function of a DMO to provide leadership and coordination is critical for the many diverse destination stakeholders that must contribute to the co-creation of the destination experience. However, one of the main difficulties DMOs face in their attempts to influence, facilitate and coordinate stems from the fact that the independent tourism operators govern, direct and control their own business (internal environment and product). Evidently, success of destinations and success of DMOs demonstrate an elusive relationship, which is the result of a close alignment between destination and DMO strategic objectives. Ultimately, some of the determinants of success of a DMO are expected to overlap with those of the destination. This can present a

major challenge to any attempt towards establishing an evaluation framework for a DMO.

DMOs aim to ensure that the expectations of (internal and external) stakeholders are satisfied to the greatest extent possible. Clearly identified strategic roles, as well as, tactical and operational tasks will help the DMO focus energy and resources and increase the chances of success. A summary of DMO strategic roles and operational activities, as discussed in this chapter, is presented in Figure 2.17, and includes a wide spectrum of DMO roles: strategic; tactical (including two main categories: IDDM and EDM); and operational.

Figure 2.17 A summary of DMO strategic roles and operational activities



Source: Author

The strategic and the tactical DMO roles involve external-facing activities. IDDM activities focus on destination-level activity involving destination stakeholders; therefore, it relates mostly to the micro-environment of the DMO and the destination. EDM activities focus on

wider-level activity that relates to the broader environment of the DMO and the destination. Finally, DMO employees perform internal operational activities (internal DMO environment) that aim to manage the DMO as an organisational entity (e.g. DMO resource acquisition, production of DMO services to businesses and visitors). DMO organisational management involves activities of five interrelated components: the operational core; the operational support; the organisational support; top management; and, middle management.

The strategic, tactical and operational activities identified in this chapter are strongly interlinked and formulate a preliminary framework of key functions that DMO managers need to perform. A common characteristic is that DMO activity at all these three levels tends to follow an input-process-output logic. Seeing the DMO as an organisational unit necessitates a focus on organisational resources (inputs – tangible and intangible), organisational structure (managerial levels and organisational architecture), organisational processes (internal operations and internal value configurations) and organisational outputs. The next chapter will critically discuss relevant literature on the aforementioned issues in order to explore the meaning of organisational effectiveness and performance management constructs.

CHAPTER 3 **Organisational Effectiveness and DMOs**

3.1 Introduction

This study emphasises that success for DMOs strongly relates to multiple stakeholder satisfaction through the creation of added value. A focus on key stakeholder value creation leads to a process-oriented approach and value chain and value network views of DMOs. In addressing these, the study focuses on value creation and delivery to both internal and external stakeholders. The former relates to employees, departments, and functional groups; while the latter mainly refers to visitors, the local community, private and public sector organisations, and the natural environment. This chapter initially attempts a clear conceptualisation of the concept of ‘organisation’, identifying various relevant theoretical lenses available to examine DMOs. The concept of organisational effectiveness is critically explored with particular emphasis on key approaches, namely: goal theory, stakeholder theory, and the competing values approach. Moreover, performance management theory is critically revised identifying pertinent existing frameworks from various organisational realms (for-profit, non-profit, and public) that have potential to inform the development of a performance evaluation framework for DMOs.

3.2 Organisation: Definition and theoretical approaches

Throughout the organisational management literature various researchers refer to the term “organisation” both as an object (a unit) and as the science of design, and obtain crucial insights by integrating knowledge from several fundamental social sciences (for instance: economics, sociology, history, law, social engineering) (Grandori 2006). There are various “elements of organisation” (for instance: social structure, participants, goals, technology, and environment) that each present the focal point on which organisational theories are constructed. At the same time, we often have “mental images” of an organisation that direct our attention to particular aspects of organisational life and to particular “focal points” of analysis, which shape our understanding of organisation (Jaffee 2001, p.18). Overall, organisational theories are seen to have the ultimate aim to structure the resources available in the best way possible to support the accomplishment of the purpose and the

function of an organisation, for instance a DMO. In essence, organisational structuring aims to translate the adopted strategies into actions (so as to support performance) by means of structural forms, organisational processes, boundaries, relationships, hierarchies, control systems, human resource policies, and linkages to other organisations (Ahrne and Brunsson 2011; Daft 2010). Organisations can be defined as “(1) social entities that (2) are goal-directed, (3) are designed as deliberately structured and coordinated activity systems, and (4) are linked to the external environment” (Daft 2010, p.11). In consequence, both inward- and outward-looking approaches are relevant in the study of DMOs and their organisational effectiveness.

Researchers such as Morgan (2006) and Jaffee (2001) find benefits in attempting a holistic approach of organisational analysis by combining intra-organisational (closed systems) and inter-organisational (open systems) analyses, as well as integrating their respective theoretical perspectives. Jaffee (2001, p.21) holds that although the two types of organisational analysis are indeed conceptually distinguished and many theories can be squarely placed in one or the other, a holistic (“complete”) organisational analysis “must integrate the two {...} and specify their mutual influence”. Similarly, Morgan (2006) concludes that despite the several advantages of a more holistic approach the paradox nature of integrating and dealing with competing perspectives needs to be taken into consideration when in pursuit of effective management. This seems to be in alignment with the remarks of Lewin and Minton (1986) who argue that a universal theory of effectiveness should aim to capture the trade-offs and paradoxes that are inherent in the complexity of real life organisations.

Conceptualizing a DMO in such a multi-dimensional way can be a very challenging task due to the several tensions and contradictions that are woven within organisational systems (Jaffee 2001; De Wit and Meyer 2010). Having said that, a simple approach to defining an organisation (like the DMO) is as “a system of roles and stream of activities designed to accomplish shared purposes”, where “system of roles describes the structure of an organisation; [and] stream of activities refers to organisational processes” (Robey and Sales 1994, p.7). Therefore, DMO systems and processes are a central area of focus for this study. The challenges of a multi-dimensional conceptualisation of a DMO can be alleviated by organisational management. Organisational management sets the outline of “the different responsibilities and contributions of various individuals and departments to the overall

planned outcome”; that is, it determines the flows of authorities, responsibilities, accountabilities, and ideas within the organisation (Murphy and Murphy 2004, p.113). Essentially, an analysis of the organisational management of DMOs is central to the discourse of their effectiveness.

In an endeavour to enhance understanding of organisational systems, processes and practices, several theoretical frameworks have been developed and underpin the study of organisations. To name but a few, such theories and models are: the goal approach, transaction cost economics approach, systems theory, complexity and chaos theory, rational contingency approach, dynamic engagement (Daft 2010), the institutional theory, organisational ecology, strategic choice, evolutionary economics, organisational learning (Waggoner et al. 1999), the metaphor approach (Morgan 2006). Some researchers (Lewin and Minton 1986; Murphy and Murphy 2004) note that management theory evolved from the Scientific Management School, which aimed to meet early business needs for increased productivity and efficiency. The emergence of large corporations, and global firms, was the salient catalyst for the Scientific Management School to evolve to Classical Organisational Theory School, and later for the Behavioural School to generate the various Management Science sub-fields. The modernist model conceptualises organisations as having boundaries that distinguish between internal and external (environmental) processes. This distinction relates to intra- and inter-organisational levels of analysis. Organisations produce a product or service within their internal boundaries, and send it to the environment. Simultaneously, an organisation is a “black box”, as it secures inputs, engages in some processes, and produces outputs. Secondly, modernist approaches to organisations presume that positions, tasks, and departments can be differentiated into meaningful and distinct categories that correspond to real activities (Jaffee 2001, p.281).

As markets evolved even further and more complex and interrelated business functions initiated a ‘systems approach’, while the cross-cultural influence of international business led to the emergence of the ‘contingency’ or ‘situational approach’ (Murphy and Murphy 2004). Increased market volatility, uncertainty and increased competition, in addition to technological advances, have pushed towards leaner, flatter (post-bureaucratic / post-modern) organisational forms, which are more responsive, flexible and focused; and finally, to the interactive (or virtual) organisational form. As a result, employee reductions, centralization of core activities, outsourcing of non-core activities, reductions in the levels of

hierarchy (de-layering), and general redesign of core organisational activities (a process also referred to as business re-engineering) have been evident over the past decades (Werther 1999; Jaffee 2001; Morris et al. 2006).

Some researchers (Stewart 1997; Johnson and Scholes 2002; Mullins 2002) argue that the variety of approaches to organisational analyses can be confusing. However, others hold that when organisational theories are used in combination they can have a significant contribution to the study of organisations (Oliver 1991; Morgan 2006; Hall and Tolbert 2008). This study values the latter point of view, particularly in terms of developing a comprehensive understanding of organisational effectiveness and evaluation of DMOs.

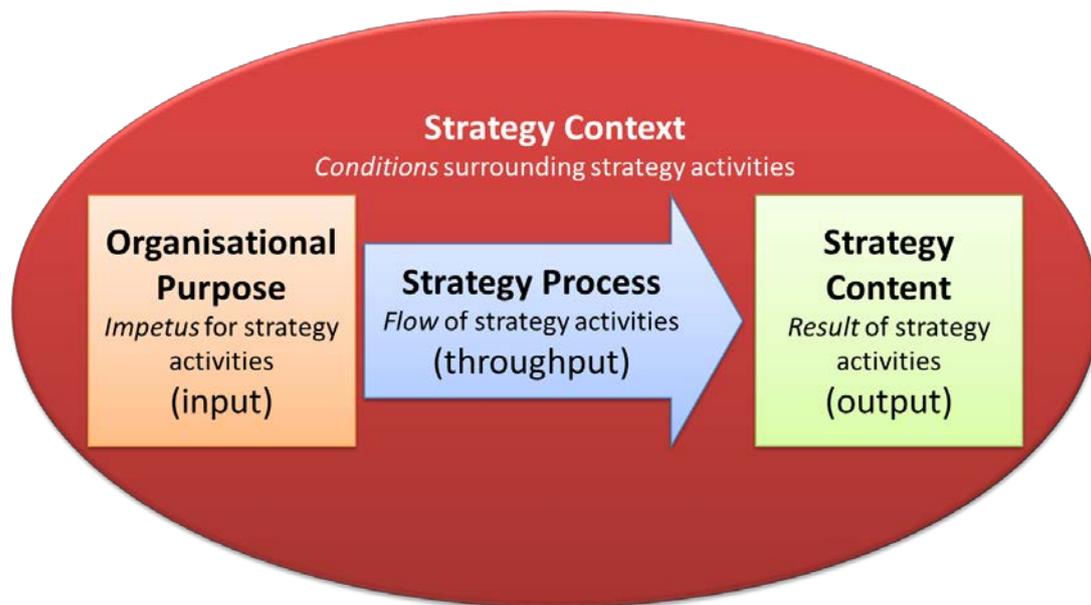
3.2.1 Towards a holistic view of organisational management: the importance of strategy

Researchers (Dess and Robinson 1984; Kaplan and Norton 1992; 2004; Moullin 2007) acknowledge the relationship between organisational performance (OP) and the investigation of organisational phenomena such as planning, strategy and structure. According to Dess and Robinson (1984, p.265), studies of organisational performance (OP) “must address two basic issues: (1) selection of a conceptual framework from which to define OP and (2) identification of accurate, available measures that operationalize OP”. Moreover, strategy and strategic management are fundamental perspectives of organisational management as they integrate inward- and outward-looking approaches into a holistic view (Mintzberg et al. 2003; De Wit and Meyer 2010). Therefore, a clear understanding of the concept of strategy is therefore important for this study. Despite the various approaches to defining strategy, it can simply be defined as “the direction and scope of an organisation over the long term, which achieves advantage in a changing environment through its configuration of resources and competences with the aim of fulfilling stakeholder expectations” (Johnson et al. 2008, p.3). Essentially, strategic management is strongly linked to organisational performance as it consists of the business approaches and competitive moves that aim to help organisations deal with uncertainty and make complex decisions that lead them to success.

A traditional approach to organisational strategy focuses on situation (environmental) analysis, strategy formulation and implementation, as well as strategy evaluation or control

(Johnson et al. 2008). However, a more contemporary understanding of organisational strategy identifies that the aforementioned approach is based on a number 'common assumptions' that perceive strategy as linear, rational and comprehensive, while assume strategic change can happen all at once within organisations. In fact, strategic thinking deals with several strategy tensions that create several dilemmas, paradoxes and trade-offs within an organisation (De Wit and Meyer 2010). Therefore, in order to understand strategy it is important to employ a multiple theoretical perspective that takes into consideration four key areas: organisational context (conditions); organisational purpose (input or impetus); organisational processes (throughput or flow of strategy activities); and, strategy content (output or result) (see Figure 3.1) (De Wit and Meyer 2010).

Figure 3.1 Understanding strategy



Source: De Wit and Meyer (2010, p.5)

A clear understanding of the DMO organisational effectiveness construct can form strong foundations for the identification of the determinants of DMO effectiveness, which can form the building blocks of a robust DMO performance evaluation framework. Evidently, developing a clear understanding of the organisational effectiveness construct for a DMO can be achieved by the analysis of its strategic context, purpose, process and content:

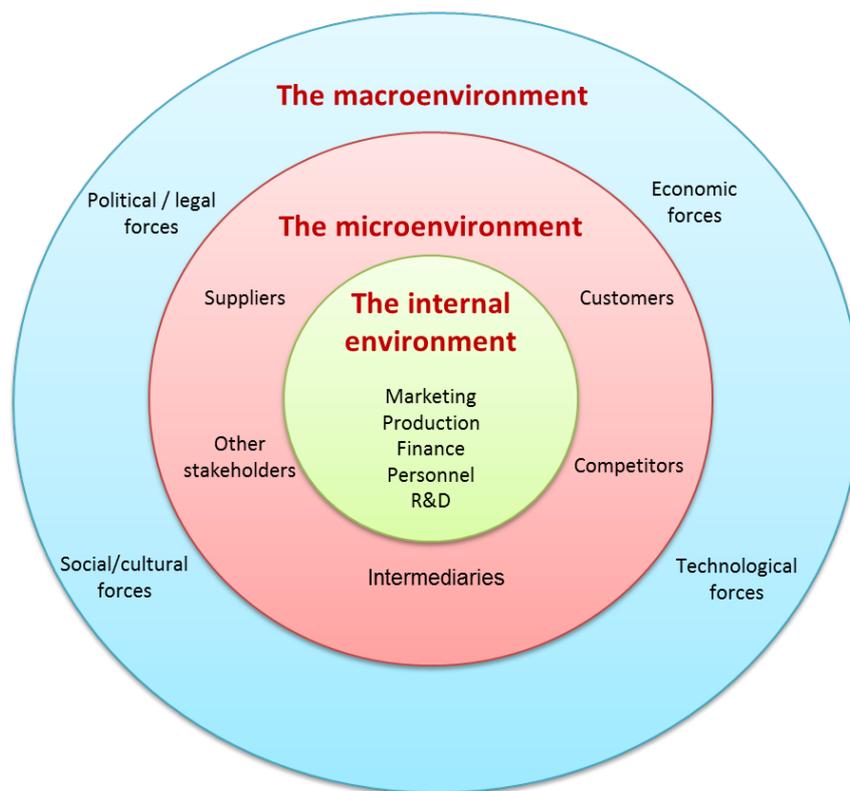
- The DMO *context* relates to the conditions surrounding DMO strategy activities and has several aspects or levels: employee; organisational; industrial; national international (see also Figure 3.2). The context relates to the particular set of circumstances under which both process and content are determined.
- The purpose of a DMO relates to its *rationale for existence*: Why does this organisation exist? What is the role of a DMO within a destination? What is the impetus for the DMO strategic activities?
- The functions and activities relate to the organisational *processes* that are required for a DMO to achieve its purpose(s): What key functions and activities are undertaken by a DMO? What key processes are critical in achieving DMO strategic objectives (outputs)? How is (or should) strategy be formulated, analysed, implemented, evaluated, changed, controlled? When do the necessary activities take place? Who is involved?
- Finally, the *content* of DMO strategy relates to the product of a strategy process: what is (or should be) the strategic result(s) for the DMO? What are its constituent units (business, corporate, network level strategic results or outputs)?

The aforementioned points have formed part of the discussion in the previous chapters (Chapters 1 and 2), for example, the *context* of DMOs in England is discussed in a number of sections (e.g. sections 1.4, 2.2, and 2.8). Moreover, these areas underpin the discussion in the sections that follow; for example, sections 3.5 and 3.6 acknowledge the *rationale for existence* of DMOs in discussing the concepts of organisational effectiveness evaluation and performance management.

Strategic management and marketing researchers (for example Johnson et al. 2005; Palmer and Hartley 2009) identify three key levels in the business environment of an organisation that impact on its performance: macro, micro and internal (see Figure 3.2). The first two (macro and micro) relate to the external environmental forces and events outside the organisation that impinge on its activities. Macro factors indirectly affect the organisation, while micro forces (or *industry* forces) directly impinge on its activities and relationships with its environment. The third level of an organisation's business environment is the *internal*, where the organisation's own forces affect its performance. It is worth noting that irrespective of the level (macro, micro, internal), the 'forces' relate to individuals or organisations and their functions, policies, structures, processes or relationships.

Researchers (Nelson et al. 2007) note that the quality of social networks (social capital) is a key ingredient of organisational effectiveness. Essentially, the social networks of a DMO are an integral part of its organisational context, determining its purpose, influencing its processes (functions and activities), and the achievement of strategic content (organisational outputs). In short, the social networks of DMOs affect their organisational effectiveness.

Figure 3.2 The principal elements of a business environment



Source: Palmer and Hartley (2009, p.5)

Evidently, macro, micro and internal levels of the DMO operating environment formulate the mosaic of its strategic context and directly or indirectly have the potential to affect its organisational performance, both in terms of strategic (*external* impact at macro and micro levels) and operational (*internal*) terms. External and internal factors, and the causal chain between them, form the basis of performance management systems (Laitinen 2002). Next, the discussion focuses on understanding the concept of effectiveness, along with the key principles of organisational effectiveness and performance management.

3.3 Principles of effectiveness and performance management

Researchers (Lewin and Minton 1986) identify that the increasing interest in organisational effectiveness has initiated the evolution of competing theories, values and levels of analysis about management, organisation design, as well as the definition and measurement of effectiveness. Essentially, at the core of research on effectiveness of organisations there have been questions like (Lewin and Minton 1986, p.515): “What *is* effectiveness? What are its indicators? What are its predictors? Can it be specified or measured? Can it be related to particular perspectives, environments, behaviours or structures? Is it a constant or an ideal? Does it change with time and organisational maturity? Can it be sought, gained, enhanced, or lost? Why is one organisation effective at one time and not at another, or why is one organisation effective and another not?”

There seems to be a widely acknowledged difficulty in providing a single definition of organisational effectiveness (Parhizgari and Gilbert 2004; Baruch and Ramalho 2005; Lawson et al. 2007). One of the reasons for this may well be that organisational effectiveness “is best understood as subjective, socially-constructed, concept” and is “culturally-specific” (Willcocks 2002, p.263). However, given that conceptualisation of an organisation itself is far from being comprehensive (Cameron 1986; Morgan 2006), it should come as no surprise that conceptualisation of organisational effectiveness is elusive (Armistead and Pritchard 1997; Lemieux-Charles et al. 2003; Baruch and Ramalho 2005). Researchers (Kaplan 2001; Neely et al. 2002; Daft 2010) suggest strong links between organisational effectiveness and performance management; therefore, the two constructs are discussed together in the following sections. In conceptualising effectiveness for DMOs, particular relevance is found to a number of theoretical approaches to effectiveness: the goal approach, stakeholder theory, competing values approach.

3.3.1 *The goal approach*

Dinesh and Palmer (1998, p.363) suggest that prior to the 1950s “traditional western management practices were mostly centred on, and driven by, the rational goal model (also known as the economic model)”. Drucker (1955) introduced the concept of ‘management by objectives and self-control’, which is a system of management based on goal congruence as

means of improving organisational performance. The core idea is that productivity can best be improved by clarifying goals that are strategically aligned within an organisation, while these goals are coupled with related rewards for achievement. More recent developments are represented by the 'goal setting theory', a significant theory informing performance management. This approach is informed by motivation theory and the study of behaviour. Locke and Latham (1990; 2002, p.705) formulated the principles of this theory, which is based on Ryan's (1970) premise that "conscious goals affect action". A 'goal' is perceived as the object or aim of an action; therefore, within the realm of organisational performance management, the focus is on the relationship between conscious performance goals and level of task performance. Within this theoretical approach, performance can be defined as "the ability of an object to produce results in a dimension determined a priori, in relation to a target" (Laitinen 2002, p.66).

Four key principles define this theory. First, goals should be challenging but attainable, as the most difficult goals are seen to produce the highest levels of effort and performance. However, once the limits of ability are reached or when commitment to a very difficult goal diminishes, performance decreases (Locke and Latham 2004). Second, there is a positive relationship between higher performance and specific, difficult goals. Goal specificity is seen to reduce ambiguity about what has to be achieved and ultimately reduces variation in performance (Locke et al. 1989). Third, employees should be involved in the process of setting their own goals. This approach tends to generate higher levels of commitment to the assigned goals, while the response to potentially negative feedback tends to be more positive. However, "when goals are self-set, people with high self-efficacy set higher goals than do people with lower self-efficacy" (self-efficacy is the task-specific confidence) (Locke and Latham 2002, p.706). Fourth, goals should be understandable and measurable in terms of quantity, quality, time and cost. Providing feedback on employees about the progress made in relation to the goals is very important. Such intermediate (summary) feedback allows for adjustments to be made in the level or the direction of the employees (or the organisation) to match what the goal requires. Ultimately, "summary feedback is a moderator of goal effects in that the combination of goals plus feedback is more effective than goals alone" (Locke and Latham 2002, p.708).

Locke and Latham (2002) argue that goals affect performance through four mechanisms:

1. Goals serve a directive function, directing attention and effort toward goal-relevant

activities and away from goal-irrelevant ones

2. Goals have an energizing function, as high goals lead to greater effort than low goals
3. Goals affect persistence, as hard tasks prolong effort when participants are allowed to control the time spent on task
4. Goals affect action indirectly by leading to the arousal, discovery and use of task-relevant knowledge and strategies

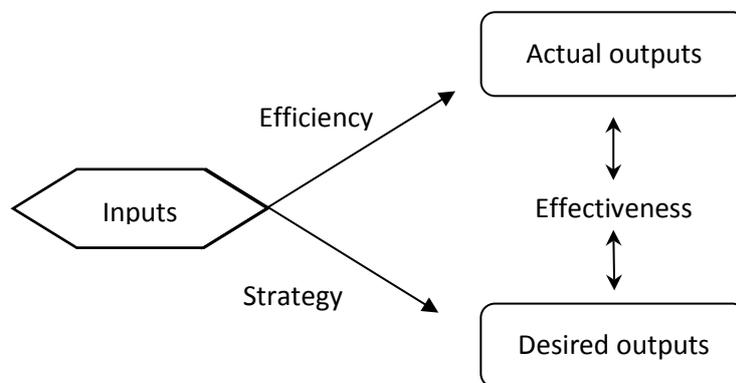
Goal setting theory is applicable to any task where people have control over their performance (Locke and Latham 2004). Moreover, relevant studies (e.g. Brudan 2010) suggest an integration of performance management thinking across strategic (entire organisation), operational (functional team or group), and individual levels. Therefore, the principles of goal theory are relevant to a DMO and can be applied at individual and organisational (strategic and operational) levels.

A term often discussed in parallel with effectiveness is efficiency. In fact, both these concepts are identified as the two key components of success in organisations (Forsman 2008). *Efficiency* is argued to be a more limited concept that relates to the internal mechanisms of the organisations, and in particular relates to the amount of resources used to produce a unit of output; therefore, it is principally measured as the ratio of inputs to outputs (Daft 2010). Ostroff and Schmitt (1993, p.1346) argue that “different configurations of organisational characteristics are hypothesized to be differentially related to effectiveness and efficiency”. Despite its conceptual vagueness (Baruch and Ramalho 2005), efficiency is often associated with the cost of producing an output while effectiveness, at a strategic level, is often related to the level of achievement of the strategic intent (Figure 3.3) (Armistead and Pritchard 1997).

Evaluating organisational effectiveness is based on two key levels of goals (Daft 2010): *official* goals and *operative* goals. The former relate to the overall mission (the organisation’s reason of existence) and symbolize legitimacy to external and internal stakeholders. The latter designate the ends sought through the actual operating procedures of an organisation, while they explain what the organisation is actually trying to do. Operative goals are more explicit and well defined; they provide direction to employees and help them attain the overall goal of the organisation. In line with the above, in a rather simple way, organisational effectiveness can be defined as: the degree to which an organisation realises its strategic

and operational goals. However, alignment or congruence of goals at different organisational levels (strategic, operational and individual employee goals) has been argued to be catalysts to organisational multi-level performance improvement (De Haas et al. 2000). Clearly, DMO effectiveness reflects the degree to which the actual and desired outputs coincide for both its official (strategic) and operative (operational) goals. This can indeed be a catalyst towards increased DMO accountability and legitimacy to destination and wider stakeholders (Morrison 2013).

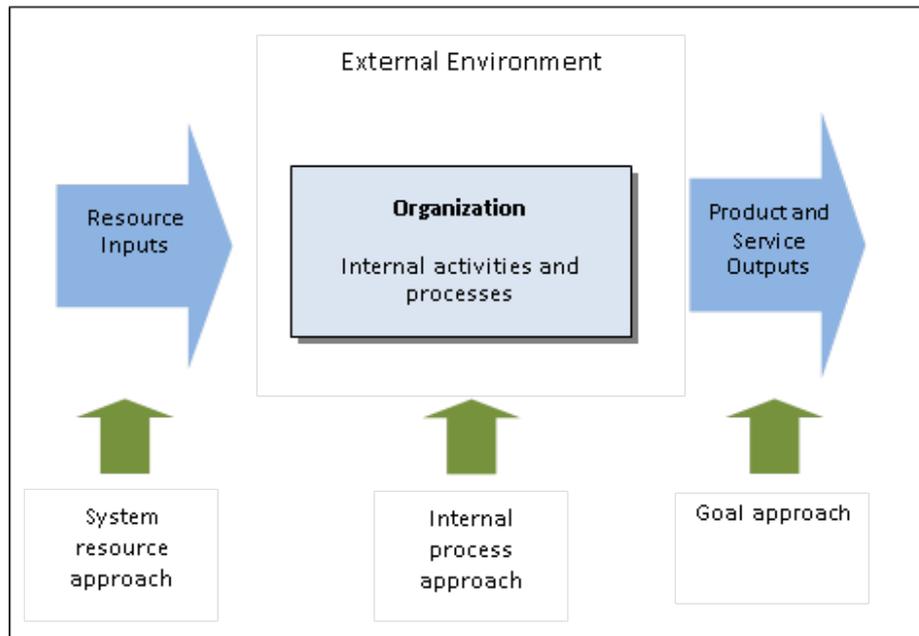
Figure 3.3 A description of effectiveness



Source: Armistead and Pritchard (1997, p.6)

Goal theory provides a vital foundation for the study of organisations. However, a more holistic approach to the examination of organisational effectiveness entails two further important perspectives (Parhizgari and Gilbert 2004; Daft 2010): the system resource approach; and, the internal process approach (see Figure 3.4). First, adopting a ‘goal’ approach on DMO effectiveness means that the focus is on accomplishment of the DMO’s strategic aims and objectives. Second, the ‘internal processes’ approach relates to the processes (activities or functions), as well as organisational structure (or architecture) of the DMO that allow it to achieve its objectives. Third, the ‘system resource’ approach relates to the acquisition of resources vital for DMO to undertake the internal processes and accomplish its objectives. The triad of these ‘traditional’ approaches are the foundations of the ideas of ‘value chain’ (Porter 1985; 2001) and ‘value configuration’ (Stabell and Fjeldstad 1998) discussed in Chapter 2 (section 2.7).

Figure 3.4 Traditional approach to the measurement of organisational effectiveness



Source: Daft (1995)

In line with the goal approach, DMO effectiveness is dependent on the creation of value during the various activities performed throughout the organisation. Primary activities are directly concerned with the creation and delivery of DMO services, while secondary activities assist in the improvement of effectiveness and efficiency of primary activities. Morrison (2013, p.271) suggests that for DMOs “efficiency usually means doing things at the lowest cost, while effectiveness measures the degree of success in attaining goals and objectives. Part of the task in ensuring efficiency is through day-to-day management of the DMO and through the application of an internal control system”. DMO effectiveness is determined by the level of success in achievement of results on specific plans that fall within the remit of the DMO (e.g. Destination Management Plan, marketing plan, product development plan, and community relations plan) (Morrison 2013).

3.3.2 The stakeholder approach

Contemporary views on the study of organisational effectiveness and efficiency relate to organisational stakeholders (Neely et al. 2002, p.xii): “effectiveness may refer to the extent

to which stakeholder requirements are met, while efficiency is a measure of how economically the firm's resources are utilized when providing a given level of stakeholder satisfaction". Under the lens of the stakeholder approach, achieving higher level in the quality of services offered by the DMO may lead to destination stakeholder satisfaction and, therefore, to higher levels of DMO effectiveness. Reducing the costs incurred by (DMO) activity through decreased service failure and service recovery would relate to improved DMO efficiency. However, this approach also highlights the fact that there can be both external and internal rationale for pursuing specific courses of action. The examination of factors both in the (external) environment and within the organisation lends a broad view of effectiveness and integrates several criteria that stem from the potentially diverse interests of the various stakeholders (Robey and Sales 1994; Baruch and Ramalho 2005). Importantly, effectiveness of a DMO depends mostly on the perceived impact it has on some or all of its stakeholders.

Studies that use stakeholder theory give credit to the "seminal" work of Freeman (1984) (Mitchell et al. 1997; Buchholz and Rosenthal 2004; 2005). This approach "sought to broaden the concept of strategic management beyond its traditional economic roots, by defining stakeholders as "any group or individual who is affected by or can affect the achievement of an organisation's objectives". The purpose of stakeholder management was to devise methods to manage the myriad groups and relationships that resulted in a strategic fashion" (Freeman and McVea, 2001, p.4). The basic principle of stakeholder theory is that organisations should pay attention to the needs, interests, and influence of those affected by their policies and operations. The ultimate purpose is to serve and coordinate these interests, by striking an appropriate balance among stakeholder interests in directing the activities of the organisation (Freeman and Liedtka 1997; Buchholz and Rosenthal 2005). Such a purpose has brought about discussions on the principle of fairness in stakeholder theory (Phillips 1997); on integrating 'the economic' and 'the social' under the prism of social responsibility of the organisation (Harrison and Freeman, 1999); and, discourses on the theory's relevance to business ethics and politics (Wijnberg 2000) in addition to organisational social and ethical accountability (Rasche and Esser 2006).

Researchers (Donaldson and Preston 1995, p.87) have suggested that organisations need to develop a "stakeholder management philosophy", which underpins attitudes, structures, and practices. Managers need to provide answers to the questions of "who (or what) are the

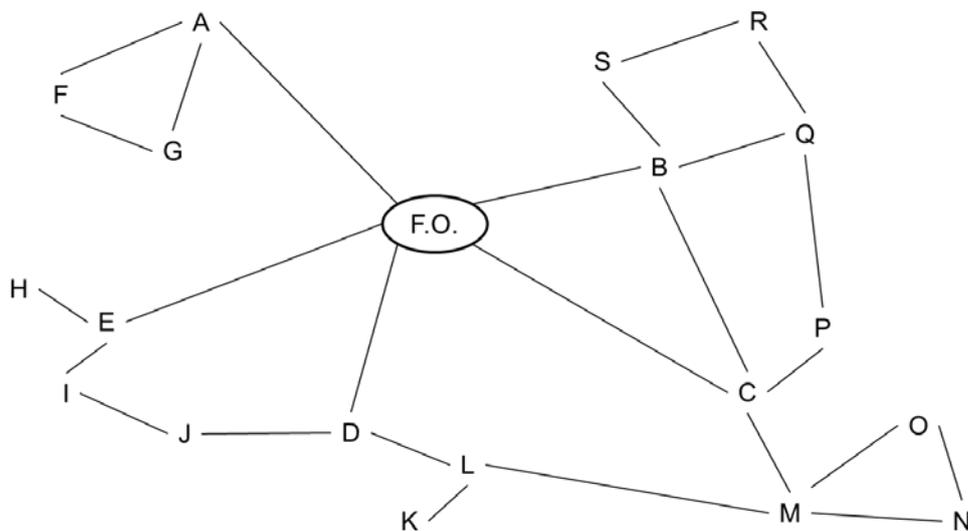
stakeholders of the firm”; as well as, “to whom (or what) do managers pay attention?” (Mitchell et al. 1997, p.853). Ultimately, a stakeholder is any group within or outside an organisation that has a stake in the organisation’s performance. However, in addition to identifying who are the stakeholders of an organisation, it is important to determine what types of influences they exert. Stakeholder expectations need to be addressed, which makes management choice (or organisational response) a function of stakeholder influences. Therefore, the satisfaction of stakeholder groups needs to be assessed as an indicator of performance. However, each stakeholder has a different criterion of effectiveness according to its viewpoint, because it has different interest in the organisation. As every organisation faces a different set of stakeholders, every pattern of influence is unique (Rowley 1997). Moreover, depending on the particular domain an organisation belongs to (e.g. for-profit, non-profit, etc.), different levels of importance is given to stakeholders (Acar et al. 2001).

Classification of stakeholders has generally been related to primary or secondary stakeholders, the internal or/and external change they are associated with, and the type of transaction they have with the organisation. Rowley (1997, p.890) suggests that “stakeholder relationships do not occur in a vacuum of dyadic ties, but rather in a network of influences”, which implies there is strong potential for direct relationships (multilateral contracts) with each other (see Figure 3.5). All stakeholders are linked directly or indirectly to each other, and “the nature of any existing between-stakeholder relationships influences a stakeholder’s behaviour and, consequently, the demands it places on the focal organisation” (Rowley 1997, p.890). The focal organisation (F.O.) (e.g. the DMO) is also a stakeholder of many other focal points in its relevant (social) system (e.g. the destination), and it is not necessarily at the centre of the network.

Viewing organisations as ‘open systems’ is central to the stakeholder approach (Freeman and McVea 2001, p.7), especially since “from a systems perspective, problems can only be solved with the support of all the members or stakeholders, in the network. Systems theory emphasises the development of collective strategies that optimize the network.” Indeed, recent advances in stakeholder theory view the organisation and its stakeholders as embedded in a complex network of relationships, rather than the traditional ‘hub and spoke’ conceptions of the organisation as the focal point (Simmons 2008). Clearly, this approach is important for the understanding of DMO effectiveness, particularly in its role to lead and facilitate the development destination stakeholder networks, where collective destination

development strategies aim at optimisation of destination network competitiveness. Indeed, the stakeholder approach is extensively incorporated in destination studies, for instance: dyadic relationships in destination planning (Yuksel et al. 1999) with links to sustainable development (Sautter and Leisen 1999; Byrd 2007); community involvement and sustainable planning (Simpson 2001; Easterling 2005); dyadic and network stakeholder relationships (Rowley 1997); management of diverse stakeholder groups (Sautter and Leisen 1999); planning integrated communication approaches (Buer 2002); collaborative tourism marketing (d'Angella and Go 2009); collaboration in local tourism policy making (Bramwell and Sharman, 1999; Keogh 1990; Jamal and Getz 1995); destination branding (Morgan et al. 2003); tourism programme evaluation (Northcote et al. 2008); DMO stakeholder resource interdependences (Sheehan and Ritchie 2007); stakeholder perspectives of DMO and destination success (Bornhorst et al. 2010).

Figure 3.5 Stakeholder network structures



Source: Rowley (1997, p.891)

Critics of the stakeholder approach suggest that its principles are predominantly developed and implemented throughout the corporate world, increasingly diminishing emphasis on government and public policy (Buchholz and Rosenthal 2004). Moreover, the stakeholder model is often not sufficiently representative of society as a whole, as it can give management excessive unaccountable power. Responses to stakeholder issues are seen to

fall within the established economic framework and the traditional view of the organisation, where the catalyst is economic in nature. Public policy counters such a value system by representing the wishes of society as a whole, not as a fractioned set of stakeholder interests that management can balance off against each other (Buchholz and Rosenthal 2004). Buchholz and Rosenthal (2004, p.148) argue “public policy and the free market economy are two organs of adjudication within the dynamics of community, representing two means of keeping a proper balance between the common other and individual interests”. Despite these general criticisms, the stakeholder theory has been widely applied within destination related studies (for example: Palmer and Bejou 1995; Selin and Myers 1998; Sautter and Leisen 1999; Sheehan and Ritchie 2005; Sheehan et al. 2007; Gu and Ryan 2008; Scott et al. 2008). The stakeholder approach is also adopted by researchers studying destination and DMO effectiveness such as Bornhorst et al. (2010, p.580) who justify the value of such an approach by suggesting that “ultimately, a DMO is evaluated by the stakeholders it affects”. Moreover, Morrison (2013) suggests that stakeholder perceptions of DMO effectiveness are drivers of DMO accountability and legitimacy.

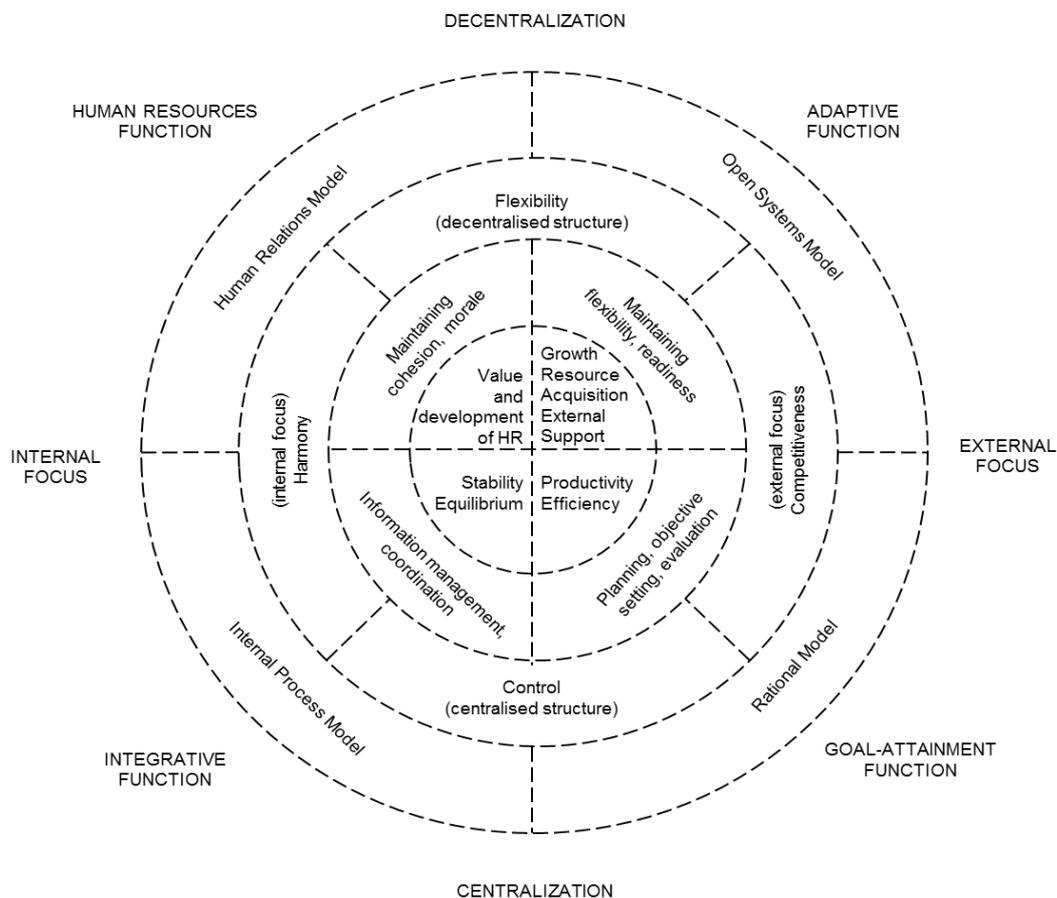
In line with goal theory and stakeholder theory understandings of organisational effectiveness, a multi-constituency approach suggests that an evaluation of an organisation’s performance is inevitably subjective (Connolly et al. 1980). Under the prism of this approach, “effectiveness refers to human judgements about the desirability of the outcomes of organisational performance from the vantage point of the varied constituencies directly and indirectly affected by the organisation. Organisational effectiveness fundamentally is a value-based concept in that the whole of the evaluation process requires the application of value judgements, from the selection of constituencies and the weighting of the judgements to the development of recommendations for future organisational performance” (Zammuto 1984, p.614). Within the context of a DMO, there is infinite number of stakeholder value perspectives on which these judgements could be based. Evidently, this means that there is potentially an infinite number of ways to conceptualise DMO effectiveness. Moreover, constituent preferences are of a dynamic nature. As the context evolves, existing preferences can change or evolve over time, while new preferences can emerge. Similarly, the composition of the pool of DMO constituencies may also change. Ultimately, conceptualisation of DMO effectiveness needs to be multi-faceted and dynamic, requiring flexible and on-going evaluation.

3.3.3 The competing values approach

The plethora of performance interests across various DMO organisational stakeholders can also be studied through a ‘competing values’ approach. This approach combines diverse indicators of performance and configurations of effectiveness that represent competing management values in organisations, and relate to three bi-polar dimensions that create tensions within organisations (see Figure 3.6) (Lewin and Minton 1986; Ostroff and Schmitt 1993):

- Focus of the organisation: internal vs. external
- Organisation structure: stability (centralisation) vs. flexibility (decentralisation)
- Organisational means and ends: processes (goal setting) vs. outcomes

Figure 3.6 Spatial model of organisational effectiveness



Source: Lewin and Minton (1986, p.521)

This approach understands that the coexistence of the several competing management values within organisations affects management emphasis and decision making (Ostroff and Schmitt 1993; Tregunno et al. 2004). There are various models that reflect a different management emphasis with respect to focus and structure. Focus-related models represent two (competing) extremes of the breadth of organisational attention:

- the *open systems* model (see Yuchtman and Seashore 1967) adopts a flexible and external *focus*, while readiness, external evaluation, and flexibility are *means*; and growth, resource acquisition and external support are *ends*.
- the *internal process* model (see Likert 1967) highlights control and internal *focus* emphasizing on communication processes as *means* of stability, control, and a psychological sense of continuity for participants as *ends*.

Structure ranges from centralised to a flexible (decentralised), with the related models representing two major organisational functions:

- the *human relations* (or *participant satisfaction*) model (see Keeley 1978; Wagner and Schneider 1987) puts emphasis on flexibility and internal *focus*, with cohesion, training, and morale as *means* and human resource development and participant satisfaction as *ends*.
- the *rational goal* model (see Etzioni 1961) stresses control and external *focus*; planning and goal setting are *means*; and productivity and efficiency are *ends*.

Furthermore, the competing values approach suggests three additional determinants of effectiveness in organisations:

1. *means* (cohesion, morale; flexibility and readiness; planning, objective setting and evaluation; information management and coordination)
2. *ends* (value and development of human resources; growth, resource acquisition, external support; productivity and efficiency; stability and equilibrium)
3. *management values* (harmony or competitiveness)

The contribution of the competing values is twofold. It integrates diverse concepts of effectiveness into a single perspective, and provides a certain level of flexibility to the management to select effectiveness criteria even if they represent opposing values. Clearly, the competing values exist simultaneously, but do not receive equal priority (Ostroff and Schmitt 1993). This multi-perspective conceptualisation of effectiveness has led researchers (Lewin and Minton 1986) to conclude that a universal model of organisational effectiveness is not possible. Tregunno et al. (2004), who used the competing values approach to study

performance management within health services, suggest that managers should attempt to balance converging, diverging and reconciling stakeholder interests. The lack of homogeneity of performance interests across stakeholder groups leads to multiple dimensions and indicators of performance. Moreover, managers need to be reflective on *how* stakeholders at all levels (internal and external) interpret organisational performance and what influences those interpretations (*why*). Understanding how and why DMO stakeholders evaluate its effectiveness can enable constructive learning and cooperation. Overall, adopting the competing values approach in the analysis of DMO effectiveness has benefits of identifying the level of integration, fit, and robustness of its focus, organisational structure, and organisational means and ends (processes and outcomes).

3.4 Effectiveness of small and medium organisations

DMOs are often discussed in the relevant literature as small organisations (Pike 2004; 2005; Ritchie and Crouch 2005; Ford and Peeper 2009; Morrison 2013). In management literature, small organisations are frequently referred to as small-medium enterprises (SMEs). An enterprise can be rather broadly defined as “any entity engaged in an economic activity, irrespective of its legal form” (European Commission 2013, p.12). Guidelines from the European Commission (2013) suggest that an organisation can be classed as an SME according to its staff headcount, as well as, its turnover or its balance sheet total. With regards to staff headcount, an SME is: medium-sized (less than 250 employees); small (less than 50 employees); or, micro (less than 10 employees) (European Commission 2013). Nevertheless, caution needs to be taken when implying links between DMOs and SMEs as the latter have significant variations on their types, which are echoed into their diverse definitions of success and determinants of organisational effectiveness, particularly across for-profit and non-profit domains (Thomas et al. 2011). Although the entrepreneurial nature of small tourism firms can be questioned (Page et al. 1999; Getz and Paterson 2005; Morrison 2006), for DMOs (as small organisations) entrepreneurial processes can be valuable as they relate to the DMO’s vision, creativity, innovation, exploitation of opportunity, financial motivation and growth (Thomas et al. 2011).

Organisational effectiveness constructs in the context of small organisations or SMEs can vary significantly from those of large organisations (Hudson et al. 2001; Taticchi et al. 2010;

Ates et al. 2013). For instance, Taticchi et al. (2010, p.13) argue that managers of SMEs may have difficulty “in effectively translating information coming from the measurement of processes into effective tasks”, which they refer to as the ‘knowing-doing’ gap. In addition, there are often intrinsic challenges to evaluating organisational effectiveness of SMEs, for example, a lack of comprehension of performance monitoring and evaluation processes, as well as, fear of the cost of implementing such practices (Taticchi et al. 2010). The challenges of evaluating organisational effectiveness in SMEs can include additional factors; for instance, the limited financial, human and other resources (e.g. time); wrong perception of the benefits of performance management; incorrect use of evaluation processes; strong focus on operational and financial performance (in contrast to more strategic and ‘balanced’ approaches); unsuitable management structures and approaches (e.g. little attention to formalisation of processes; tacit knowledge) as well as, short-term planning (informal approach to evaluation and neglect of forecasting) (Garengo et al. 2005; Ates et al. 2013).

Researchers (Hudson et al. 2001; Garengo et al. 2005; Nelson et al. 2007; Thomas et al. 2011) find that success of SMEs is strongly dependent on the figure of the entrepreneur-owner who is personally responsible for major decisions and the management of the company. Concentration of decision-making processes, flexibility (flat structures), responsiveness and increased uncertainty are some of the key characteristics of SMEs, which nevertheless often have difficulties to innovate and evolve or change. Hudson et al. (2001) recommend four key perspectives of SMEs that need to be evaluated: quality, time, customer satisfaction, flexibility, finance, and human resource. Quality and time are critical components as SMEs have significant resource limitations and need to achieve maximum productivity and keep waste levels low. Since SMEs rely on small number of customers, customer satisfaction or retention and flexibility (in meeting customer demands) are very important. The financial dimension is particularly critical for SMEs due to the lack of monetary safety net to absorb the impact of short term fluctuations resulting from change or turbulence in the business environment. A strong human resources function that leads to well trained and motivated workforce is needed as flat structures of SMEs necessitate that employees have a greater number of job roles and more responsibility.

Within the context of tourism, hospitality and leisure, Phillips and Louvieris (2005) find that evaluation of SMEs’ organisational effectiveness needs to focus on four comparable key areas: internal business processes; customer relationship management (CRM); budgetary

control; as well as, innovation and learning. DMOs and tourism SMEs form tourism's value chain (Guzman et al. 2008), and it is likely the aforementioned four key areas are relevant for DMOs as well. Nevertheless, findings from studies on SMEs are not easily transferable to DMOs. For example, Reijonen and Komppula (2007) investigated SMEs in the industries of craft and rural tourism in Finland and found that the entrepreneurs' perceptions of success affect the performance of the organisation. Entrepreneurs were found to evaluate the success (or level of effectiveness) of their SME from an individual level, for example, by whether they were making a reasonable living, having a good life and work balance, maintaining freedom and independence and job satisfaction. Growth in this context is found to relate to making a living (survival) and depending on the age of the entrepreneur, it may be regarded as risky or troublesome and therefore may not be actively pursued (Reijonen and Komppula 2007). DMOs are small organisations that are often run by board of directors rather than entrepreneurs, while their governance (e.g. organisational structures and processes) can be subject to strong influences from public and private sector forces (Pike 2004; Ritchie and Crouch 2005; Morrison 2013). This variety in organisational size and governance is also evident in DMOs in England (see Appendices 1, 2 and 3). Evidently, although some of the critical perspectives of SME effectiveness may be relevant (e.g. quality, time, customer satisfaction, flexibility, finance, and human resource), others may not be applicable to DMOs (e.g. making a reasonable living, maintaining freedom and independence). Therefore, developing an understanding of DMO effectiveness needs to explore the concept of effectiveness within various organisational domains including private, public and non-profit.

3.5 Effectiveness within various organisational domains

The construct of organisational effectiveness, along with the related concepts of performance measurement and management, are discussed within various organisational domains, for instance, for-profit, not-for-profit or non-profit, and public (Acar et al. 2001; Baruch and Ramalho 2005; Micheli and Kennerley 2005). Researchers (Baruch and Ramalho 2005) have identified areas of convergence as well as divergence in evaluating effectiveness within these organisational domains. Therefore, it is important to examine the relevance and implications that arise in terms of the approach to understand DMO effectiveness. Central to the understanding of effectiveness within the various organisational domains is the idea of

performance regime (or evaluation regime) within which an organisation operates (Talbot 2010; Puyvelde et al. 2012). The term is used to convey firstly the institutional context of performance steering, and secondly the nature of actual performance interventions. The former relates to the question of who has the formal rights to steer the organisation and its activities, which can be related to the internal and external 'principal-agent' relationships and accountability within the specific organisational domain. The latter examines the actions that the institutional actor(s) actually take to try and influence the performance of the organisation (e.g. performance contracts, league tables, imposed targets).

The wide variety in the nature of DMO organisational structures (Pike 2004; Ritchie and Crouch 2005; Morrison 2013) implies that they can be subject to diverse evaluation regimes and a common approach to evaluating their effectiveness is highly unlikely. Moreover, DMOs operate in close collaboration with various organisations and other stakeholders with the LEPs being key examples of very strong ('tight') partnership structures. DMO stakeholders can play a crucial role in external and independent validation of DMO results; therefore, influence or even formulate DMO evaluation policy. Evaluation policy can be defined as "any rule or principle that a group or organisation uses to guide its decisions and actions when doing evaluation", and it is used as a communication mechanism for the organisation and its stakeholders on what evaluations should be done, what resources should be expended, who is responsible, how the result should be accomplished (Trochim 2009, p.16). Evaluation needs to be transparent, democratic, facilitating learning (about evaluation) and for changing evaluation practice, as well as a mechanism for resolving controversies (about evaluation). As stakeholder collaboration is an important means of encouraging development of policies that are more appropriate and feasible, issues of power and control become central to the discussion of evaluation policy.

DMOs are often discussed with reference to various organisational domains, for example, as non-governmental, quasi-public organisations (Morrison et al. 1997; Fletcher and Wanhill 2000), or non-profit (or not-for-profit) agencies (Sautter and Leisen 1999; Ritchie and Crouch 2005; Gretzel et al. 2006; Morrison 2013). Conceptualising DMOs as quasi-public organisations implies that their effectiveness can probably have similar characteristics with that of organisations within the public sector domain (Willcocks 2002; Talbot 2010). For example, Willcocks (2002) argues that the public sector operates within a pluralistic context, which is characterised by diversity and multiplicity of goals, diverse interests, values and

beliefs. Within this context, conflict is inevitable. Moreover, Willcocks (2002) suggests that the cultural web of an organisation embraces a wide range of formal and informal influences, for instance, structure, culture, control systems and power structures. Researchers (Morgan et al. 2003; Dredge 2006; Bornhorst et al. 2010; Garcia et al. 2012) find that DMOs operate in a similar environment where diversity and multiplicity of goals and values of stakeholders can result in disagreement or conflict.

Increasingly, relevant studies (Gretzel et al. 2006; Hager and Sung 2012; Morrison 2013) find that DMOs, particularly at the local level (i.e. sub-regional, county or city level), are either run by the local government or take the form of a non-profit organisation. In fact, public and non-profit organisational domains share several common characteristics that can influence the approach to organisational effectiveness. Probably the most obvious common characteristic is that a principal objective of non-profit organisations (NPOs) is to support public interest projects and create value for the society (Cheng and Chang 2012; Mahmoud and Yusif 2012). Research (Brooks 2006) suggests that non-profit and public sector management can be viewed as complements, with accountability in these sectors encompassing similar legal, economic, ethical, and historical perspectives. Non-profit organisations have traditionally been largely dependent on public sector sources, which has put increasing pressure for improvements in (non-profit) effectiveness (Morris and Ogden 2011). Accountability in this domain can be defined as “the systematic inclusion of critical elements of programme planning, implementation, and evaluation in order to achieve results” (Wandersman et al. 2000, p.389). Therefore, relating DMOs to non-profit organisational forms (Ritchie and Crouch 2005; Gretzel et al. 2006; Morrison 2013) implies that DMO accountability needs to refer to the systematic inclusion of critical elements of destination development programme planning, implementation and evaluation in order to achieve desired tourism development results. Morrison (2013, p.256) defines DMO accountability as “the obligation of a destination management organisation (DMO) to justify and account for its programmes and activities; and to accept responsibility for results”. Morrison (2013) further notes that a DMO has the responsibility to disclose its results “in a transparent manner and take responsibility for the use of all resource with which it has been entrusted”. Proving DMO accountability involves a number of activities: explaining assumptions and facts that underpin proposals for tourism development programme (or activity); specifying and measuring results from programme and activity implementation (e.g. Key Result Areas and Key Performance Indicators); being transparent and disclosing

results to stakeholders; accepting responsibility for (actual) results of particular programmes and activities and potentially explain why some expected results were not achieved; and, assuming responsibility for resource use (e.g. budget).

Dubnick and Frederickson (2010, p.145) suggest that the accountability construct is meaningful in six contexts or “promises of accountability”: control, ethical behaviour, performance, integrity, democracy or legitimacy, and justice or equity (Table 3.1).

Table 3.1 Promises of accountability as means and ends

Focus on: (Time)	Accountability Valued as:	
	Means (Mechanisms)	Ends (Virtues)
Inputs	1A. The Promise of Control Assumes that hierarchy, standardised procedures, and orders will result in great accountability.	1B. The Promise of Integrity Assumes that individuals and even groups wish to be accountable or can be part of an accountable culture.
Processes	2A. The Promise of Ethical Behaviour/ Good Choices Assumes that corruption and inappropriate behaviour can be prevented, ameliorated, or corrected through procedural accountability mechanisms.	2B. The Promise of Democracy Assumes the creation of vertical and horizontal procedures of accountability will result in democratic outcomes
Outcomes	3A. The Promise of Performance Assumes that individuals or groups held to account for their behaviour through performance measurements will perform better.	3B. The Promise of Justice / Equity Assumes the opportunity to seek justice in light of some claimed act or possible act will result in justice or fairness.

Source: Dubnick and Frederickson (2010, p.145)

The first three ‘promises’ are envisioned as the *mechanisms* or *means* of accountability; while the latter three are the *ends* or *virtues* of accountability. As shown in Table 3.1, all six ‘promises’ can be arranged by time from inputs (promises of control and integrity) to processes (promises of ethical behaviour and democracy or legitimacy) and to outcomes (promises of performance and justice or equity). Following the logic of Dubnick and Frederickson (2010), DMO performance measurement is an integral *mechanism* or *means* of DMO accountability, while evaluation of DMO effectiveness is an important *end* or *virtue* of DMO accountability. Moreover, DMO performance management would include the management of performance at all times (inputs, processes, and outcomes) and across both

values (mechanisms and virtues) of DMO activity.

Within the public and non-profit organisational realms, effectiveness is also found to be related to managing the organisation's relationships with its stakeholders. For instance, Balsler and McClusky (2005) focused their research on the identity of the stakeholders, the types of expectations they had, and the practices that are utilised in managing stakeholder relationships. They found that a consistent and thematic approach enhances effectiveness, and is important to establish two-way communication channels while adhering to mission and cultivating stakeholder relationships. The authors acknowledge that external relations have always been exceptionally important for non-profit organisations, since they rely on external sources for key resources (e.g. funding, volunteers, members, and board members) and legitimacy. Building relationships and trust, within what they call the 'network' of stakeholders, is a strategy for developing social capital. They also emphasise on the dynamic nature of this social capital that has the potential to be augmented as the stakeholders communicate among themselves.

3.5.1 Balancing supply and market-oriented approaches to organisational effectiveness

Tourism development that follows principles of sustainability requires a balanced synthesis of market-oriented and supply-oriented approaches, despite some contradiction between the two (Font and Ahjem 1999; Ritchie and Crouch 2005). The former (market-oriented) is represented by the private sector stakeholders, while the latter (supply-oriented) is represented by the public sector within the context of destinations (Cooper et al. 2008; Page 2011). Some studies (Parhizgari and Gilbert 2004; Micheli and Kennerley 2005) find significant differences in approaches to evaluate effectiveness (and manage performance) across private and public domains. For instance, private sector organisations have 'performance-based culture', which adheres to bottom-line profit requirements, as well as customer satisfaction and retention. Arguably, such emphasis makes performance measurement rather straightforward. On the contrary, organisations within the public sector realm have social and political pressures, pursue public value outcomes and operate on a fixed budget (Kouzmin et al. 1999; Pidd 2012), while funders and service users are often not the same entities (Moore 2000; Parhizgari and Gilbert 2004). These key characteristics present complex and multi-dimensional limitations in conceptualising effectiveness within

the public sector domain (Micheli and Kennerley 2005; Talbot 2010).

Best practice generalisations across the two sectors are not possible, as in practice some organisational effectiveness measures can be applicable to both sectors while others can be inappropriate (Parhizgari and Gilbert 2004; Baruch and Ramalho 2005). However, Parhizgari and Gilbert (2004, p.228) note that “as public organisations become more customer focused, it may be possible to identify more organisational effectiveness measures that can be used to evaluate the performance of organisations in both sectors and then help them improve”. Indeed, recent research (Hester and Meyers 2012) suggests that there is real synergy and complementarity between the public and private sector approaches to performance management, as both sectors must account for investment (finances or funding) and mission concerns. Mahmoud and Yusif (2012) suggest that non-profit organisations can benefit from a market-orientation, particularly if they promote a learning culture within the organisation. Organisational learning can lead to a number of significant benefits for non-profit organisations: deeper understanding of customers and programme donors; attainment of consensus in strategic decision making; shared vision and knowledge sharing among the employees; encouragement to challenge the status quo; enhanced capacity to innovate. Such similarities between the two sectors can facilitate exchange of ideas and learning across the sectors in terms of understanding organisational effectiveness (Euske 2003).

A debate on the similarities and differences in the constructs of effectiveness between public, quasi-public, non-profit and private organisational domains is very relevant to contemporary DMOs in England that have seen the abolition of RDAs and the introduction of Local Enterprise Partnerships (LEPs) (Ward 2011). Although DMOs are still regarded as key delivery partners for tourism-related development at the destination areas (BIS 2010), a key characteristic in the dynamics of the new structures is the significant support and influence that the Local Authorities (LAs) and local businesses have on DMOs through their partnership arrangements (Beaumont and Dredge 2010).

As a result of the synthesis of public (i.e. LA), non-profit (i.e. DMO) and private (i.e. local businesses) domains under the LEP structures, a number of tensions could potentially emerge with regards to the approach to DMO performance evaluation. Firstly, private domain pressures can be attributed to the increased role of local private sector businesses in

LEPs and could influence the strategic impetus of the DMO towards stronger market orientation. From a private sector perspective, DMO evaluation would traditionally need to focus on supporting profit maximisation, which can potentially emphasise short-term gains and ignore environmental or social impacts (Font and Ahjem 1999). However, more progressive approaches (Shankman 1999; Acar et al. 2001) acknowledge that a private sector perspective does not exclude a focus on social contribution and wider community benefits. Secondly, public domain pressures link to the orientation of LAs, as key partners in LEPs, towards public value outcomes (rather than market orientation or profit); while, across England, LAs use guidance from HM Green Book (2003) in their applications for public sector funding. Relevant studies (Sheiner and Newcomer 2001; Schallock and Bonham 2003; Moris and Ogden 2011) have supported that public sector organisations (i.e. LAs) view effectiveness as the extent to which objectives set are achieved, as reflected by the outcomes delivered. Therefore, from a LA's perspective, DMO evaluation should focus on supporting public interest projects. Thirdly, viewing the DMO as a non-profit organisation (Morrison 2013) implies a social orientation (public value), but it does not necessarily mean that an economic orientation is inappropriate. For example, Acar et al. (2001) suggest that non-profit organisations can generate some if not all of their own revenues through fundraising and entrepreneurial ventures. Organisations that already operate as 'revenue-generating not-for-profit' include universities, non-profit hospitals, museums and charities. A revenue-generating not-for-profit DMO would arguably fit well in the contemporary environment of increasingly reduced budgets. The revenue-generating emphasis of DMOs can be also linked to pressures for an entrepreneurial-orientation within the current LEP structures (Visit England 2013; see also Appendix 1). This is a rather recent development in DMOs and the required changes in culture and orientation could take considerable effort and time. For example, pertinent studies (Walsh and Lipinski 2009; Kearney et al. 2009) suggest that small and medium sized organisations face several cultural challenges in their entrepreneurial efforts including marketing to internal stakeholders, and evolving flat management structures that are based on informal networks of employees and functions.

Within the public and not-for-profit domains, emphasis on performance measurement and management is not solely driven by the desire for efficient or effective management (i.e. outcome achievement). Performance measurement and management is also used to develop consensus to guide policy (Coplin et al. 2002). Coplin et al. (2002) note that performance measurement is a critical link to effective budgeting, a democratic remedy that

encourages increased citizen, organisational and other key stakeholder engagement with governance processes, while increases legitimacy of public management organisations. Middleton (2002, p.6) seems to concur with these remarks as he suggests that the interest to measure performance of tourism often serves “general PR and communication purposes”, and inevitably includes evaluating the work of tourism development agents like the DMO (see also section 2.4). Middleton (2002,p.6) adds that the performance information collected is often used “for decision and delivery purposes that range from:

- Marketing responsibilities.
- Planning and development responsibilities.
- Development of more sustainable tourism.
- Making bids for central and regional funds.
- Compliance with information demands from national and regional government.
- Devising effective visitor management plans for destinations and monitoring the results over time.
- Implementing their *best value* obligations”

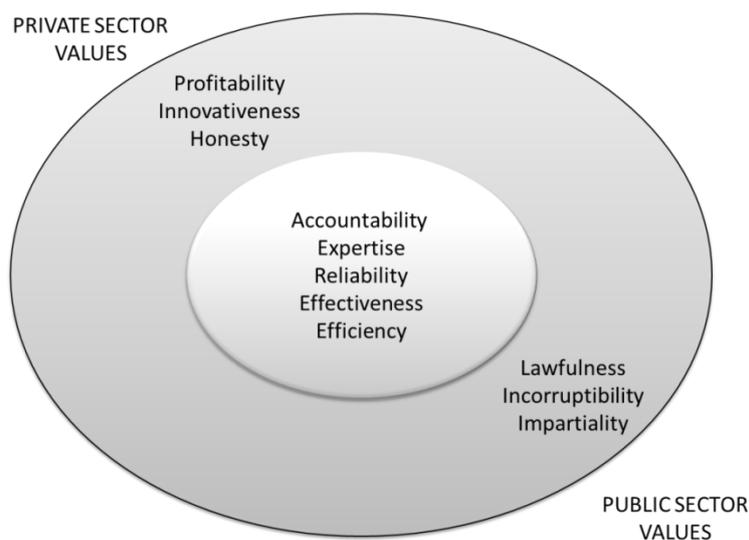
Evaluating DMO effectiveness can link to these areas, which combine multiple domains (e.g. marketing, planning, development) and levels (i.e. local, regional, national) of DMO activity.

Managerial tensions may arise from the antithesis between LA (i.e. public) and private sector perspectives that influence the approach to evaluation of DMO effectiveness. For instance, researchers (Fottler 1981; Moore and Khagram 2004; Talbot 2010) have found that differences and potential tensions are becoming apparent in the economic and political conditions under which individuals manage public and private sector organisations. The most significant difference lies in the financing and sources of revenue needed to continue their operations. While private organisations rely on revenues earned from sales, investors, and capital markets; in the public sector the authorising environment is often the only source of funds. Therefore, to secure these funds, the public sector organisation needs to satisfy their authorisers and convince them that they are creating value for them (Moore and Khagram 2004; ; Talbot 2010). However, Moore and Khagram (2004, p.8) suggest that public sector managers often “have a difficult time measuring and demonstrating the value of what they are producing” and that this is often done “by selling a story of public value creation to elected representatives of the people in legislatures and executive branch positions” (Moore and Khagram 2004, p.5). The lack of objectivity in indicating whether

things are going well or badly makes the managers in public sector organisations engage “in a daily struggle to establish their authority and focus the efforts of their organisations against contending political forces. It is as though a private sector manager faced a proxy fight or a hostile takeover on a day-to-day basis” (Moore and Khagram 2004, p.8). Ultimately, customer (or service user) satisfaction is not the only ultimate goal that public organisations are pursuing, despite that such organisations aim to create value in terms of social outcomes (DCLG 2007). For DMOs, influences on the approach to defining and evaluating effectiveness originate from their composite authorising environment that includes public and private sector stakeholders. Their subjective views on value can vary significantly, which can intensify the challenge of defining and evaluating outcomes of DMO activity.

Approaches to evaluation of organisational effectiveness are also strongly linked to dominant management values within organisations (Ostroff and Schmitt 1993; Tregunno et al. 2004; Talbot 2010; Mullins 2013). Van De Wal et al. (2008) surveyed 382 managers from various public and private sector organisations in The Netherlands in order to identify similarities and differences between the two. Their study found significant differences between the managers’ values in public and private organisations (Figure 3.7).

Figure 3.7 Value layers with a public and private role and a common core of shared organisational qualities and standards



Source: Van Der Wal et al. (2008, p.478)

Although ideally public sector values focus on lawfulness, incorruptibility and impartiality; private sector values emphasise profitability, innovativeness and honesty. These diverging value sets can generate tension on the common values at the core that relate to shared (between public and private) organisational qualities and standards and include: effectiveness and efficiency, reliability, and accountability. Consequently, it is expected that LA and private sector management values would diverge, resulting in diverging viewpoints on effectiveness and efficiency of destination development, which in turn would challenge a shared approach to DMO performance evaluation.

Within the context of LEPs, where there are increased influences from both private sector and public sector (i.e. LAs) values in addition to less available funding from the governmental sources (see Appendix 1), a better understanding of DMO organisational effectiveness may be gained with insights from the domain of hybrid organisations. Thomasson (2009, p.353) describes hybrid organisations as “organisations created in order to address public needs and to produce services that are public in character, at the same time resembling private corporations in the way they are organised and managed”. Benefits of hybrid forms can relate to increased flexibility and exemption from some laws and regulations that normally apply to a particular organisation (in the public or private domains) (Koppell 2003). Performance of such organisations is underpinned by the interdependence between an organisation and its stakeholders, who “provide the organisation with resources and in return the organisation creates value for them by responding to their different interests” (Koppell 2003, p.355). DMO managers would need to be able to manage stakeholder interrelationships and the tensions arising from diverging priority objectives, where effectiveness often relates to issues of trust and commitment between stakeholders (Presenza and Cipollina 2010). Criticisms of hybrid organisations relate to limited transparency and difficulties in securing liability (Koppell 2003) and as a result DMO credibility and legitimacy may be at stake. Thomasson (2009) suggests that hybrid organisations can be characterised by ambiguity, which can create conflicts of interest on different levels. This ambiguity can vary depending on the purpose, history and combination of various forms of financing, ownership and organisational structures. As a result, approaches to reduce ambiguity can vary from one hybrid organisational form to another.

Research (Moore and Khagram 2004; Talbot 2010; Pidd 2012) suggests that managers of organisations that fall into public sector realm, as well as private sector organisations that

operate in intensely politicised environments and depend on maintaining a certain kind of social credibility and legitimacy, or are called to address broader social and environmental issues, need to consider three complex issues before or while embarking on particular courses of action to achieve strategic objectives:

- What is the key “public value” the organisation is seeking to produce (public value proposition)?
- What “sources of legitimacy and support” should be relied upon to authorise the organisation to take action and provide the resources necessary to sustain the effort to create that value (authorising environment)?
- What “operational capabilities” (skills and resources; new investments and innovations) will the organisation rely on (or has to develop) to deliver the desired results?

In the context of tourism development, legitimacy of the DMO can derive not only from funders but also from non-funders, for instance, the media and the local community that vote for local politicians who can ultimately affect funding of tourism development initiatives. In such contexts, “the challenge remains of how to continually build and maintain trust. Trust goes beyond an economic transaction, involves a personal and social relationship and is based on shared expectations and common goals” (Zahra 2011, p.547-548). Furthermore, Sautter and Leisen (1999, p.320) suggest that value-based community development requires recognition of not just economic values, but acceptance and appreciation of local culture, heritage, and lifestyle. Therefore, planners need to focus on “the interdependencies among the marketing, operations, and human resources to sustain this tourism focus, and they promote a relationship based approach among its various stakeholder groups (e.g., residents, local business persons, tourists, private investors, community groups and the like)”. Ultimately, approaches to evaluation of DMO effectiveness need to be based on a balanced synthesis of various (non-profit, public, private, hybrid) organisational domains, representing multiple stakeholder perspectives, with transparency, flexibility and sensitivity on the specific needs of the destination. Baring in mind the dynamic nature of governance (Spyriadis et al. 2010; Hall 2011) and network relationships (Dredge 2006) at destinations, the ‘balanced synthesis’ just suggested in the approach to the evaluation of DMO effectiveness should be envisioned as dynamic.

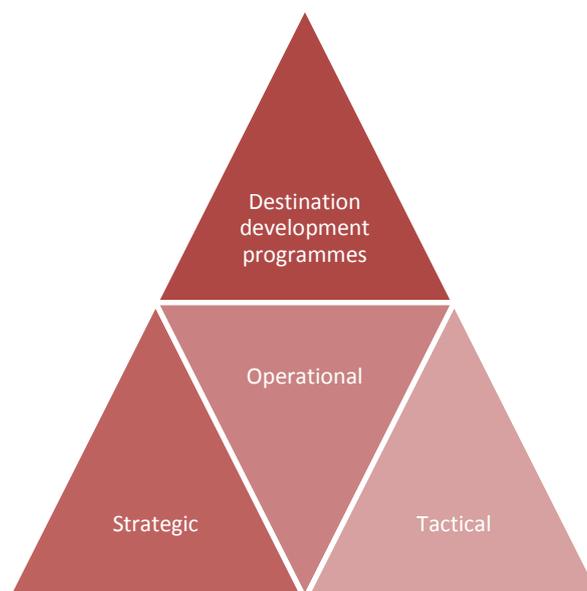
3.6 Effectiveness of development agencies

DMOs act as key tourism development agents for the destination and its stakeholders (Sheehan and Ritchie 2005; Ritchie and Crouch 2005; Gretzel et al. 2006; Morrison 2013). As with the concept of 'development', there are various approaches to define a 'development agency' (OECD 2009) that unsurprisingly have led to debates on how to evaluate their effectiveness (Willis 2010). Effectiveness of development agencies, which often take the form of non-governmental organisations (NGOs), relates to their ability to provide the context within which a process of empowerment is possible, as it is only individuals (e.g. managers of private sector organisations) who can then choose to take those opportunities and use them (Willis 2010). Therefore, for the DMO as development agent effectiveness needs to be associated with its ability to set the conditions within which empowerment of individuals and organisations at the destination becomes possible. For example, lack of employee skills are often regarded as an obstacle to service quality, visitor satisfaction and competitiveness of destinations (Ritchie and Crouch 2005). The DMO may initiate or encourage training programmes (often offered by third parties) to help local employees develop the required service skills. However, in order to be effective, the DMO would also need to directly or indirectly encourage participation of local employees in these schemes, as well as encourage these people to use their newly-acquired skills. This can be done, for example, by setting up tourism awards competitions for local businesses. Ultimately, as a development agency the DMO's efforts need to focus on tasks that aim at augmenting institutional capacity by creating a strategic context for organisations, fostering partnerships within the local visitor economy, being able to pursue strategic aims and influence other organisations.

Effectiveness of a development agency is often linked to principles of results-based management (RBM) (Hatton and Schroeder 2007; UNDG 2010; Lanzi and Agrawala 2012). In this context, RBM refers to a management strategy that focuses on performance and achievement of outputs, outcomes and impacts of development activity (Lanzi and Agrawala 2012). According to the United Nations Development Group (UNDG) (2010, p.13), RBM is "a management strategy by which an organisation ensures that its processes, products and services contribute to the achievement of desired results (outputs, outcomes and impacts). RBM rests on clearly defined accountability for results and requires monitoring and self-assessment of progress towards results, and reporting on performance". A development

agency's 'results' can relate to redevelopment of damaged and derelict sites and encouragement of a process of economic re-stimulation in poorer places (OECD 2009), or promoting and shaping local growth (Willis 2010). In the context of a DMO, 'results' arise from the organisation's destination development initiatives (programmes or projects) by means of DMO activity at the three key functional levels discussed in Chapter 2 (sections 2.5, 2.6, 2.7 and 2.8): strategic, tactical (EDM and IDDM), and operational or organisational. DMO activity at these levels needs to be interrelated, complementary and aligned, so that it contributes to the achievement of the overall DMO results that need to be assessed for a holistic evaluation of DMO performance (Figure 3.8).

Figure 3.8 DMO results and evaluation



Source: Author

Within the context of destination development programmes the concept of evaluation refers to “the systematic assessment of the effectiveness, efficiency (or) appropriateness of a policy, programme or part of a programme” (Hall 2008, p.127). Despite the fact that DMOs can play a critical part in facilitating the implementation of the policy and planning frameworks established for the destination (see sections 2.3.2, 2.5 and Figure 2.7) (Ritchie and Crouch 2005), they cannot be solely responsible for the success and the final results of the destination (see section 2.4) as this is also dependent of contribution of other

stakeholders (Bornhorst et al. 2010; Volgger and Pechlaner 2014). This point becomes critical when evaluating the effectiveness of a DMO as a development agency, and particularly when evaluating the DMO's destination development programmes or projects using 'theory of change' and 'impact chains'.

3.6.1 *Evaluation of development programmes and 'theory of change'*

Effectiveness of DMO development programmes or projects can be evaluated by applying theory of change, impact chain or logic models, as well as systems thinking. The 'theory of change' is extensively used in impact evaluation studies (Gertel et al. 2011) and increasingly used for policy evaluation (Sullivan and Stewart 2006). This approach refers to a systematic and cumulative study of the links between activities, outcomes and contexts of a development initiative (DTI 2006; Funnell and Rogers 2011; Patton 2011). Sullivan and Stewart (2006, p.180) note that at the core of theory of change is an attempt to "surface the implicit theory of action inherent in a proposed intervention to delineate what *should* happen if the theory is correct and to identify short-, medium- and long-term indicators of changes to provide the evidence base for evaluative judgements". Theory-driven evaluation is based on the principle that evaluation needs to be guided by programme theory, which is "a set of explicit or implicit assumptions by stakeholders about what action is required to solve a social {...} problem and why the problem will respond to this action" (Chen 2012, p.17). Therefore, programme theory illustrates how an intervention, such as a project, a programme, a strategy, an initiative, or a policy, contributes to a chain of events and finally to the intended or observed outcome(s) (Funnell and Rogers 2011). Essentially, the theory of change "refers to the construction of a model that specifies (usually visually) the underlying logic, assumptions, influences, causal linkages and expected outcomes of a development programme or project. Through the collection and analysis of performance data, this model can be tested against the actual process experienced, and results attained, by the intervention" (Jackson 2013, p.100). DMOs can use theory of change to construct a model that specifies the underlying logic, assumptions, influences, casual linkages and expected outcomes of a development programme or project at the destination. Through the collection and analysis of performance data, this model can then be tested against the actual process experienced and results attained by the DMO's intervention. In this context, a project can be defined as "a temporary organisation designed to deliver a specific set of change objectives",

while a programme refers to “a framework to provide strategic direction to a group of {independent or inter-dependent} projects so that they can combine to provide higher order strategic or developmental change” (Turner and Muller 2003, p.4).

Theory-driven evaluation mainly aims to provide a better understanding of the processes of implementation in interventions as well as subsequent induced process of change (Vaessen and Leeuw 2010). In other words, theory-driven evaluation aims to understand *if* the intervention works or not, as well as *how* and *why* it does so (Funnell and Rogers 2011). This type of evaluation is based on a systematic configuration of stakeholders’ *perspective* assumptions and *descriptive* assumptions underpinning programmes. Stakeholder prescriptive assumptions (or action model) refer to the actions that must be taken to produce the changes desired by stakeholders. Descriptive assumptions (or change model) relate to the causal processes expected to happen to attain programme goals.

A number of key characteristics of the ‘theory of change’ approach need to be acknowledged. Firstly, it is accepted that specific knowledge on links between intervention programmes and their intended effects is incomplete; therefore, theorising is the only way to try and frame links between intervention and its outcomes. Secondly, knowledge and understanding of evaluation of activity needs to be continuous (evolving) in light of the dynamic nature of interventions. Thirdly, multiple theories of change might be held by the various stakeholders involved, which means that the evaluation needs to involve them in the process of learning (DTI 2006; Hatton and Schroeder 2007; Funnell and Rogers 2011). The last point in particular has important strategic implications for the approach to performance evaluation of DMOs. Key decisions need to be made with regards to defining DMO goals (ends) and DMO activities (means) for destination development programmes. Essentially, these decisions are affected by the specific political context of the DMO (Ritchie and Crouch 2005). Chen (2012, p.18) notes that within the context of a development agency, “goals reflect the desire to fulfil unmet needs”, while “outcomes are the concrete, measurable aspects of these goals”. Parallels to the DMO context would suggest *goals* relate to fulfilling unmet destination development needs (or requirements) of local community, local businesses, as well as those requirements stemming from regional and national policies. DMO *outcomes* would be concrete and measurable aspects of these destination development goals. DMO development programme activities, goals and outcomes are linked via cause-and-effect relationships and form parts of the ‘impact chain’ or ‘impact logic’ that

can be used as a tool to guide DMO evaluation.

3.6.2 The 'impact chain' as a tool for development evaluation

At the core of the 'theory of change' evaluation of a development agent is the concept of the 'impact chain' (Roche 1999; Worldbank 2012), also referred to as input-impact approach (Shaffer 2011), results chain (UNDG 2010; Gertel et al. 2011), logic chain (Millar et al. 2001; Kellogg Foundation 2004) or logic model (HM Treasury 2011; Miller 2013; Reynolds and Sutherland 2013). The impact chain (Figure 3.9) "depicts the causal relationships in programmes or projects from inputs through activities and outputs, culminating in outcomes or impacts" (Shaffer 2011, p.1621).

Figure 3.9 The impact chain

Implementation			Results		
→	→	→	→	→	→
INPUTS	ACTIVITIES		OUTPUTS	OUTCOMES	IMPACTS
Actions taken or work performed through which inputs, such as funds, technical assistance and other types of resources are mobilized to produce specific outputs.	Actions taken or work performed through which inputs, such as funds, processes, events, products (e.g. promotional materials and educational curricula), services (e.g. training, education, technical assistance) and infrastructure (e.g. structure, relationships, capacity) and other types of resources are mobilized to produce specific outputs.	→	The products and services which result (directly) from the completion of activities within a development intervention. They are usually described in terms of the <i>size and/or scope of the services and products delivered or produced</i> by the program.	The intended or achieved short-term and medium term effects of an intervention's outputs, usually requiring the collective effort of partners. Outcomes represent changes in development conditions (e.g. attitudes, behaviours, knowledge, skills) which occur between the completion of outputs and the achievement of impact.	Positive and negative long-term effects on identifiable population groups (e.g. organisational, community, and/or system level) produced by a development intervention, directly or indirectly, intended or unintended. These effects can be economic, sociocultural, institutional, environmental, technological or of other types.

Source: adapted from Kellogg Foundation (2004); UNDG (2010)

Researchers (Hatton and Schroeder 2007; Talbot 2010; Shaffer 2011) seem to concur that distinctions between the terms inputs, activities, outputs, outcomes and impacts tend to blur in practice; therefore, the use of the terms in this study needs to be clarified. *Inputs* refer to the financial, physical and human resources required for the implementation of development programme activities. *Activities* are the actions performed to realise programme objectives. *Outputs* are the 'products' (goods or services) resulting directly from the successful implementation of activities within a development intervention. *Outcomes* reflect medium-term or end-of-project effects (results) of an intervention's outputs that usually require the collective effort of partners. Outcomes represent changes in development conditions, which occur between the completion of outputs and the achievement of impact. *Impacts* are the longer-term effects of a development programme, direct or indirect, intended or unintended. Impacts can be of various types, including economic, socio-cultural, institutional, environmental, and technological. The inputs and activities of an impact chain are part of the implementation of a programme, while outputs, outcomes and impacts are part of the results of a development programme (UNDG 2010; Shaffer 2011).

Gertel et al. (2011) note that intended results are not always under the direct control of the development programme or project. Instead, they are contingent on behavioural changes by programme beneficiaries; therefore, they depend on the interactions between the supply side (implementation) and the demand side (beneficiaries). Inevitably, DMO impacts are not solely dependent on DMO development programme but some contribution from the destination beneficiaries and other relevant stakeholders will be needed. Stakeholders in this case could be local businesses and their contribution could take the form of engagement in skill development programmes initiated by the DMO, or willingness to use the newly acquired skills to offer better customer service. Another example of the contribution of local stakeholders to the achievement of development programme results could be the participation of local businesses in surveys organised by the DMO in an attempt to understand market trends. Ultimately, under the prism of theory-driven evaluation, destination development programmes rely on the DMO's capability to coordinate activities, facilitate resource stewardship and resource allocation, as well as supervise implementers (for outsourced activities) and other staff.

Research (Kellogg Foundation 2004; Smith 2010; Gertel et al. 2011; Rauscher et al. 2012)

suggests a number of ways that can help clarify programme theory, which can also be used by DMOs that want to develop a robust logic model for their destination development interventions. First, it is important to clearly describe the issue(s) the programme or project is attempting to address (issue statement). Second, the DMO would need to identify the specific needs and assets of the destination stakeholders that led to the design of the programme. Third, there should be a clear definition of the desired results, or vision of the future, on a short-, medium-, and long-term basis (outputs, outcomes, and impact). Fourth, the factors (conditions and/or context) that can influence change in the stakeholders will need to be noticed. These contextual factors would need to include historical, political, economic, geographic, community and cultural issues. Fifth, the DMO would need to identify relevant 'best practices' that have helped similar destinations achieve the kind of results the particular programme promises, and use these to inform the strategies and actions to be implemented. Sixth, it is critical to state the key assumptions made, and risks taken (including any mitigation strategies) in terms of *how* and *why* the change strategies planned will work. In this regard, the evaluators would need to locate themselves and the stakeholders culturally, identifying implications of cultural positions in the theory of change employed (e.g. on the role of local stakeholders in governance and government in the provision of social programmes and benefits).

Logic models have several important benefits for DMOs. First, they help reveal 'gaps', problems and paradoxes in the theory or logic of a development initiative, as well as appropriate action to resolve them. Second, they can be used to spark discussion with stakeholders, help build a shared understanding of what the initiative is about, clarify how the parts work together, as well as how the parts enrich the exchanges between them or the value created. Third, logic models assist in focusing attention of management on the most important connections between action and results. Fourth, they provide a way to involve and engage stakeholders in the design, processes and use of evaluation. Fifth, they strengthen the case for programme or project investment by clarifying ideas about what is planned to be done and why. Sixth, constructing the theory of change of an intervention can help managers to purposefully and clearly understand the change they are trying to create and to learn and adjust their strategies and instruments as they proceed forward. Seventh, publicly communicating the theory of change of an initiative can promote engagement of other key stakeholders (e.g. investors, local organisations, local community, and social enterprises) in the implementation and learning process, which can build up commitment to

the success of the intervention. Eighth, the theory of change can serve as a mechanism to assign accountability for stated intentions (Roche 1999; Kellogg Foundation 2004; Hatton and Schroeder 2007; Smith 2010; Jackson 2013). Overall, the theory of change or impact logic can be a cost effective way to conduct a systematic disciplined and continuous analysis of a DMO's destination development intervention.

Successful evaluation of a development initiative requires the detailed examination of the diverse economic, political, social and cultural contexts of the development initiative, as well as, network analysis at local, regional, national and global levels (Smith 2010; Jackson 2013). For example, Smith (2010) suggests that when evaluation is an important part of the dominant ideology, intervention and operational strategy, impact chains provide a unique means to represent this emphasis. Indeed, the symbiosis of such technical and political perspectives are acknowledged in tourism development studies (Shone and Memon 2008; Hall 2008; Castellani and Sala 2010). Using impact chains for DMO evaluation would allow the values underpinning the theory of change to be made explicit, emphasising its ideological logic. Smith (2010, p.2) suggests that impact chain models can also expose training needs for evaluators; for instance, in developing "expertise in methods for facilitating a very particular form of constructive dialogue in the context of diverse values and interests" engaging all stakeholders in a participatory process. In addition, impact chain models can highlight training needs for evaluators in developing expertise as trainers of participant stakeholders in technical skills to conduct evaluation.

Once the impact chain of a DMO development programme is clearly articulated, it can be used as a map for selecting indicators that will be measured along the chain (Gertel et al. 2011). Indicators can be used for both programme monitoring (implementation stage) and results evaluation (results stage), and form the basic elements of a monitoring and evaluation (M&E) plan. The M&E plan needs to specify expected results, indicators, data sources, data frequency, responsibilities, analysis and reporting, resources, end use (and user), as well as risks (see Table 3.2). Indeed, an integral part of the evaluation of sustainable development initiatives is the selection of appropriate performance indicators, which should be determined after an objective analysis of the local situation, consultation with local stakeholders (subjective analysis), and consideration of the planning process and actions for sustainable tourism development in the area (strategic analysis) (Castellani and Sala 2010).

Research (White and Bamberger 2008; Ton 2012) suggests that the time, data and budget constraints of impact evaluation require focused, lean and flexible research designs within M&E plans. Data collected to inform the M&E plan indicators need to be generated from refined evaluation questions to the point that sources can be concentrated on the questions and assumptions that are most relevant for the stakeholders involved. Moreover, data need to be collected with a mix of qualitative and quantitative methods, and presented in a format that maximizes stakeholder learning.

Table 3.2 Elements of Monitoring and Evaluation Plan

Element	Description
Expected results (outcomes and outputs)	Obtained from programme design documents and results chain.
Indicators (with baselines and indicative targets)	Derived from results chain; indicators should be SMART.
Data source	Source and location from which data are to be obtained, e.g., a survey, a review, a stakeholder meeting.
Data frequency	Frequency of data availability.
Responsibilities	Who is responsible for organizing the data collection and verifying data quality and source?
Analysis and reporting	Frequency of analysis, analysis method, and responsibility for reporting.
Resources	Estimate of resources required and committed for carrying out planned M&E activities.
End use	Who will receive and review the information? What purpose does it serve?
Risks	What are the risks and assumptions in carrying out the planned M&E activities? How might they affect the planned M&E events and the quality of the data?

Source: Gertel et al. (2011, p.28)

3.6.3 Programme dynamics and challenges in evaluation

Development programme dynamics can be simple, complicated or complex. These dynamics can be explained by using a number of metaphors: i) following a recipe to cook (simple dynamics); ii) sending a rocket to the moon (complicated dynamics); and, iii) raising a child (complex dynamics) (Glouberman and Zimmerman 2002; Funnell and Rogers 2011). Development programmes that deal with simple problems may encompass some basic issues of technique and terminology, but once mastered, following the pre-tested formula (i.e. a recipe or logic chain), there is a very high assurance of success (Glouberman and Zimmerman 2002). Complicated problems are different due to their scale, but also because they involve coordination or specialised expertise. They can also encompass both complicated and simple subsidiary problems and require an understanding of unique local conditions. Interdependency, non-linearity and adaptability (due to changing conditions) are also key features of complicated problems in programme dynamics. Complex programme dynamics carry large elements of ambiguity and uncertainty (similar to the problems associated with raising a child). Funnell and Rogers (2011) suggest that the distinctions between complicated and complex programme dynamics are important to programme theory. Logic models of the former normally need to include multiple, coordinated components with several objectives, operating differently with various target populations in diverse situations. Logic models of programmes with complex dynamics need to be based on changing adaptive and emergent strategies, implemented collaboratively by multiple partners who are working at different levels towards shared goals. Evidently, although traditional pipeline-style linear logic models with SMART objectives and outcomes can potentially be suited for simple DMO interventions, more complicated and complex interventions would require emergent outcomes and multiple causal paths (complementary or alternative).

The linear interpretation of impact-logic chain models presents a major shortcoming in terms of capturing complex causal mechanisms, including multiple channels, confounding variables and bi-directional casualty (White 2010; Yin 2013). More specifically, the sequence of boxes in a logic model (see Figure 3.9 above) represent the key steps or events within an intervention and then between the intervention and its outcomes. The boxes are graphically connected by arrows that depict the links between and among the events. according to Yin (2013), the shortcomings of the models are due to the very limited (if any) data collected

during evaluations about the arrows, which represent the flow of transitional or causal conditions and show or explain how one event (box) might actually lead to another event (a second box). Therefore, Yin (2013) calls for more transitional data to be made explicit, avoiding a simple correlational analysis of causal conditions as it reduces causal value (and validity) of the entire exercise.

Attempts to mitigate the limitations of impact logic models in terms of their linear interpretation, their static nature, as well as their inability to handle well contingencies have recently led to the adoption of systems theory and realist evaluation approaches to development evaluation (Smith 2010; Sridharan and Nakaima 2012; Miller 2013; Woolcock 2013). The realist evaluation approach is used to identify those (often psychological) triggers that change human behaviour as a result of an intervention, taking into account the context within which the intervention sits (HM Treasury 2011). Therefore, the realist evaluation approach examines questions relating to “what works for whom, when, where and why?” in an attempt to speculate about the kind and length of the likely conditions that create complexity in an intervention (Yin 2013, p.328; Dillman 2013). The ultimate purpose of this approach is that an evaluator needs to explore the features associated with the complexity of the programme. A realist approach becomes more relevant and useful at micro level aspects of the most promising programme theories (Blamey and Mackenzie 2007). Activity maps, causal loop diagrams or stock-and-flow structures used in system dynamics have the capacity to help evaluators to better depict and reflect upon evaluation theories dynamically over the course of an evaluation (Sridharan and Nakaima 2012; Miller 2013). For instance, Miller (2013, p.79) notes that “activity maps capture steps in streams of activity and also depict how encounters with particular situations redirect the flow of the stream down to alternative stream beds. Causal loop diagrams depict variables in closed chains of reciprocal causation; stock and flow structures show accumulations (e.g., information, resources, energy) over time and the levers that change the level or intensity of these accumulations”. Nevertheless, the complexity of an intervention may yield such a large number of conditions, which may also be distinctive and unique, and can be practically impossible to examine or evaluate (Yin 2013).

Having a clearly defined programme, theory of change and logic model can allow for emergent DMO outcomes and multiple causal complementary or alternative paths that enhance performance. Overcoming practical challenges of this scheme requires informed

decisions that are based on a situational analysis; identification of reasonable boundaries around intervention; a combination of fixed and emergent outcomes; frequent updating of the logic framework; and, an interdisciplinary approach to building evidence base of the intervention's contributions (Hargreaves and Podems 2012).

The practical challenges that can accrue in DMO destination development programme evaluations can be addressed by following four concrete steps (Funnell and Rogers 2011):

- 1) Conduct a situation analysis to determine the level of complication and complexity (programme dynamics)
- 2) Set reasonable boundaries around intervention by systematically scoping and focusing the programme's theory
- 3) Depict the programme logic theory by: combining fixed outcomes (tight ends) with emergent programme theory (loose ends); updating logic models frequently by adding emergent strategies; and, using diagrams and concepts from systems theory (e.g. social network theory, system dynamics, simple rules)
- 4) Use causal inference methods (from other disciplines for example physical, biological, socio-cultural, health, political sciences) in order to assist attribution of outcomes to various development initiatives.

Furthermore, development evaluation for DMO initiatives needs to be embedded and on-going, with evaluation planning starting from the appraisal stage. Development evaluation needs to be clearly linked to the rationale for intervention established during appraisal, in addition to the project or programme's aims and objectives. In that sense, evaluation can even assist in shaping, clarifying and defining what the programme aims to achieve before it starts.

Research (Blamey and Mackenzie 2007; Moulaert and Mehmood 2010; Patton 2011) suggests that evaluation of development needs to emphasise on innovation and learning as important contributors to competitiveness of the local economy, and achievement of social, political, and cultural developmental goals. Evaluation that facilitates innovation development relates to developmental evaluation. Developmental evaluation is a process that "supports learning to inform action that makes a difference", which involves understanding what is happening in a system (Patton 2011, p.11). To achieve this, managers need to firstly identify that a problem exists or something needs changing (single-loop learning); and secondly, question the assumptions, policies, practices, values and system

dynamics that led to the problem in the first place and intervene in ways that involve the modification of underlying system relationships and functioning (second-loop learning). The former represents changes to change the immediate outcomes. The latter involves making changes to the system to prevent the problem or to embed the solution in a changed system. The extent to which a DMO can have such flexibility (to change destination systems) can of course be an area for debate. Nevertheless, DMOs can benefit from such a systems approach, as developmental evaluation serves five key purposes (Patton 2012, p.21): 1) on-going development in adapting a project, programme, strategy, policy, or other innovative initiative to new condition in complex adaptive systems; 2) adapting effective general principles to a new context as ideas and innovations are taken from elsewhere and developed within a new setting; 3) developing a rapid response in the face of a sudden major change or a crisis; 4) performative development of a potentially scalable innovation; and, 5) major systems change and cross-scale developmental evaluation.

Non-linearity, interconnectedness and complexity in destination systems and tourism development is already well acknowledged in the existing literature (McKercher 1999; Farrell and Twining-Ward 2004; Baggio 2008). For example, complex adaptive systems have been used in evaluating sustainable development at tourism destinations (Schianetz and Kavanagh 2008; Rodriguez-Diaz and Espino-Rodriguez 2008; Schianetz et al. 2009). However, DMOs have limited resources and various stakeholders that are directly or indirectly involved in the implementation of destination development programmes. Therefore, challenges associated with complex programme dynamics in the impact evaluation of a development agency are intensified, particularly that of evaluation of 'additionality'.

3.6.4 *Evaluation of 'additionality'* and added value

Challenges with regards to attribution or 'additionality' stem from the fact that most outcomes or impacts of a development agency are affected by many variables, which may have nothing to do with a particular development project or programme (Shaffer 2011; Morgan et al. 2012). 'Additionality' refers to an impact that is arising from an intervention that "would not have occurred in the absence of the intervention" (BIS 2009, p.23). "The additional effect of a project in the context of an evaluation is, therefore, the difference between what would have happened anyway i.e. the counterfactual situation and the

benefits achieved by the project” (BIS 2009, p.3). Development intervention through programme actions can directly or indirectly have the *potential* to bring change; therefore, assessment of additionality needs to focus on whether and in which cases a development intervention is causing change in behaviour (Gillenwater 2012). For example, Rauscher et al. (2012) find that it can be difficult to include in the impact chain impacts that can be caused indirectly, unlikely impacts, impacts that could occur with a long delay, impacts that occur in an unspecific broad domain or impacts that are difficult to monetise. Moreover, assessment of additionality must take into account that behaviour may remain unchanged even when development intervention is present. For example, assessing additionality of a DMO’s marketing and communication campaign interventions needs to focus on assessing the additional value (immediate and subsequent value) potentially generated by the DMO activity, in terms of how they have affected visitor decisions to visit the destination (GLA 2011; Morgan et al. 2012). Overall, the challenge for DMOs is to calculate their net additionality by assessing the level of total net local activity under each of the tourism development initiatives (programmes or projects) they include in their Destination Management Plans.

In order to make an informed judgment on the value of additionality, its five key components need to be considered (English Partnerships 2008; Gasparino et al. 2008; Chadwick et al. 2013): deadweight (outputs and outcomes that would have happened anyway); leakage (the proportion of benefits received by groups that were not targeted initially, at the expense of key beneficiaries); displacement (the proportion of intervention outputs accounted for by reduced outputs elsewhere in the target area); substitution (organisations substituting activity with the aim to take advantage public sector assistance); and, multiplier effects (additional economic activity generated through purchases along the supply chain, employee spending rounds and longer term effects). Moreover, additionality of intervention may relate to an assessment of (English Partnerships 2008; Chadwick et al. 2013):

- Direct and indirect benefits generated
- Scale (e.g. a greater quantity of tourism jobs in the destination)
- Timing – activity may happen earlier than would otherwise have been the case (e.g. quality improvements in local businesses or new technology adoption)
- Specific area or group – the extent to which the target beneficiaries actually benefit from an intervention (e.g. SMEs in the local area)

- Quality – the quality of the outputs and outcomes may be different because of a DMO intervention (e.g. improved quality of service from skill development programmes initiated by the DMO)
- Durability of the impacts – the longevity or permanence of benefits generated
- Agglomeration effects – the cost reductions resulting from the clustering of activities

Assessment of additionality is traditionally attempted by quantitative indicators (i.e. number of jobs created); however, contemporary approaches emphasize the benefits of adopting qualitative ones too (English Partnerships 2008; Funnell and Rogers 2011; Chadwick et al. 2013). A qualitative approach needs to focus, firstly, on minimum thresholds, which count gross direct outputs that exceed a minimum quality standard. Secondly, the focus needs to be on weighting the outputs and outcomes through a scoring assessment where the scale should reflect quality aspects. Lastly, contemporary practice emphasises valuing the outputs and outcomes; for example, outputs may have a market value that can be used to calculate the additional impact of an intervention. Evidently, evaluation of additionality, particularly with qualitative indicators, is highly subjective (Willcocks 2002; Moore and Khagram 2004) and DMOs would need to have a clear programme theory agreed with their stakeholders.

3.6.5 Integration and alignment of evaluation regimes at various spatial levels

Theory of change and impact-logic models are based on (and affected by) the conditions under which an intervention or a programme takes place (Blamey and Mackenzie 2007; Rauscher et al. 2012). These conditions can be the specific economic, political and social circumstances within which a programme is developed, implemented and evaluated. In essence, theories of change and logic models of a development agency are affected by its governance structures, regulatory framework and funding regime. Castellani and Sala (2010, p.873) note that evaluation of short- and long-term effects of development initiatives at tourism destinations that complies with principles of sustainability fulfils specific requirements, which include integration of different aspects of sustainability (e.g. social, economic, environmental, political) and consideration of the local situation.

Effective use of the theory of change for development initiatives would also involve creative integration with other evaluation methods applied at various spatial levels (national,

regional, local). In the UK, both the previous (labour) and the current (coalition) government have attempted to align guidance on practices for effective accountability, performance management and impact evaluation of development initiatives from evaluation regimes at national, regional and local levels (BIS 2009; Chadwick et al. 2013). Funding and evaluation regimes have been in tandem across these spatial levels. For instance, prior to 2010 sub-regional DMO funding originated from membership fees (e.g. from businesses and local authorities), commercial income (e.g. training courses), as well as some public funding (e.g. the DCMS, VisitBritain, and the RDAs) (VisitBritain 2007; Ladkin et al. 2008). For provision of public funding via the RDAs (regional level), the main framework used has been the Government's guidance in the Green Book (HM Treasury 2003; Chadwick et al. 2013), which advises that appraisals of public sector funding and evaluation of implementation initiatives should have 6 key stages:

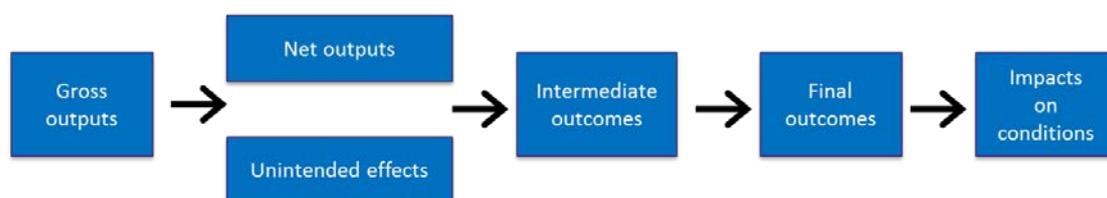
1. Rationale of the opportunity or the need for a service or a project
2. Objectives of the service and justification of how they address the identified need
3. Resources and inputs (tangible and intangible) needed to create and deliver the service
4. Activities that will be taken in order to achieve the objectives and timeline of delivery
5. Gross and net outputs with deadlines of completion
6. Outcomes and strategic added value as consequences of the actions taken and outputs generated

More recently, under the coalition government, LEPs operate under mandates similar to those for RDAs as they are also required "to comply with the evaluation requirements set out in government guidance such as the Green and Magenta Books" (Chadwick et al. 2013, p.6). Existing evaluation guidance used for RDAs (developed in cooperation with BIS) offers important lessons that should be taken on board by LEPs and will inevitably affect DMO evaluation. These lessons relate to a number of important areas including: the categorisation of development activities and expenditure, a common definition and approach to estimating additionality, and a standardised approach to assessing impact (i.e. the Gross Value Added or GVA) (Chadwick et al. 2013). The impact of RDA activity has also been evaluated by the Impact Evaluation Framework (IEF) developed jointly by the Department for Business, Innovation and Skills (DBIS) and RDAs (DTI 2006). With emphasis on sustainable development impacts, the IEF incorporated guidance on evaluation from

HMT's Green Book and English Partnership Additionality Guidance. The main aim of the IEF was "to guide their {RDAs}' assessment and promote understanding of the impact they have had on regional and national outcomes, including their contribution to drivers of productivity and key PSA {Public Service Agreement} targets" (DTI 2006, p.xi). Moreover, the framework aimed "to enhance the regional evidence base"; as well as, "to assist RDAs in developing their forward looking economic strategies based on a better understanding of which interventions work best, how they work and under what circumstances" (DTI 2006, p.xi).

The IEF identified three broad and overarching intervention categories (or themes) of assessment: business development and competitiveness; regeneration (through physical infrastructure); and, human resource and community development. The three broad intervention categories were strongly interlinked and often overlapping; while, they reflected the links of RDAs with the Tasking Framework Core Outputs and Public Sector Agreement (PSA) targets. RDA contribution was referred to as Strategic Added Value (SAV) within these three intervention categories and could come, firstly, through their project and programme spend, and secondly, through their influence on partners' and stakeholders' behaviour and performance. The DTI (2006) outlined 5 key components (or functions) of RDA SAV: strategic leadership and catalyst; strategic influence; leverage; synergy; engagement. Ultimately, RDA evaluation was seen to require assessing these elements of the SAV and relating the outputs and outcomes to changes in sub-regional and regional conditions. An incremental processes in the evaluation of SAV was suggested that introduced the use of intermediate outcome measures and involved the use of "a theory of change" to make the transition to final outcomes and impacts (DTI 2006). A schematic representation of the process is depicted below (Figure 3.10).

Figure 3.10 A framework for evaluation of outcomes and impacts



Source: DTI (2006, p.8)

Within this context, *outputs* were defined as “the physical products or measurable results of individual projects, for example, the number of firms assisted and training places taken up”; while *outcomes* can be regarded as “the wider effects or impact on an area of an intervention, for example the reduction in crime level over a set period of time” (English Partnerships 2008, p.43).

The lessons learned from existing evaluation guidance for RDAs have informed development impact evaluation of LEPs (Chadwick et al. 2013). Ultimately, the evaluation guidance for DMOs will need to be aligned with that of LEPs, as DMOs are regarded as crucial partners of LEPs who “can provide expert insight into the local market and offer expert strategic support whilst coordinating operational delivery of the visitor experience”, and “manage and influence the components that make a successful destination in an integrated and long-term way with a clear focus on the needs of the wider economy, residents and visitors” (Visit England 2013, p.7). Representative examples of outputs for DMOs can be the number of local tourism managers participating in a training scheme, or number of businesses taking part at quality awards initiated by the DMO. Corresponding outcomes could be a more competent and confident workforce, as well as increased visitor satisfaction with the services provided by local businesses. It is the conversion of direct (*gross*) DMO outputs into *net* outputs and outcomes that have desired impacts on the local destination conditions and justify the interventions in the first place. Importantly, at this stage evaluation of DMO interventions would need to supplement monitoring and assessment of effects on third parties (i.e. multiplier effect) and unintended effects is required (see Figure 3.10).

Certain limitations that existed for RDAs will need to be acknowledged, for instance translating all development outputs into GVA within time and budget constraints (DTI 2006). Chadwick et al. (2013) notes that the changes in local economic development policy brought by the coalition government meant that LEPs need to show real added value in order to prove legitimacy through transparency in the new age of austerity when fewer resources are available. Evidently, resources like funding and time are expected to be scarce not just for LEPs, but for their “crucial partners” for tourism development delivery: the DMOs (Visit England 2013, p.7). Although traditionally development agencies can be highly dependent on government transfers for their core and additional income, it is increasingly

acknowledged that income can be generated with various alternative ways (OECD 2009): participating in the capitalisation of SMEs; invoicing SMEs for consultancy and support; real estate and property management/development; consultancy services to municipal and national governments; providing training; organising seminars; attracting sponsorship; management fees; trade missions; services for foreign investors; management of incubators and industrial parks; and sale of publications. Such wide scope for commercial income generation can be available to DMOs, and is particularly relevant in the contemporary context of public sector funding cuts.

3.7 Evaluation of organisational effectiveness and performance measurement systems (PMS)

In order to manage and improve organisational effectiveness, managers need to measure organisational performance. In fact, it is widely accepted in performance management literature that “you can’t manage what you can’t measure” (Scholey 2005, p.12). Measuring performance allows people and resources to be focused on particular aspects of a business with the ultimate purpose of enhancing organisational performance (Neely et al. 2003). The decision to measure something strongly relates to its classification as significant or not; while, the choice of indicators determines significantly the success of performance measurement frameworks (Paranjape et al. 2006). Ultimately, it is both the “*what*” and the “*how*” to measure that are central questions in designing such frameworks. The implementation of performance measurement systems (PMS) aims to monitor performance, identify areas that need attention; enhance motivation improve, communications, and strengthen accountability (Neely et al 2002; Hammer 2007).

Waggoner et al., (1999, p.54) define performance measurement as “the process of quantifying the efficiency and effectiveness of purposeful action”. However, a contemporary approach to measurement moves away from the process of quantification, to a process of “gathering management intelligence” (Neely et al. 2002, p.14). Consequently, performance measurement can be described as the process that aims to provide management with the data necessary to be able to evaluate effectiveness and ultimately manage performance. It is critical to decide what questions the management needs to address in order to establish how well the organisation is performing. Traditionally,

organisations measure performance in order to track recent or current performance and evaluate it against targets, predictions or history, as well as against external regulations or internal policies. Moreover, organisations aim to track perceptions of performance deficiencies and monitor their improvement. Conventional rationale for performance measurement aims to motivate managers and employees to achieve specific performance objectives. Emerging rationale for performance measurement aspires to help organisations predict future trends, validate or challenge existing assumptions, or stimulate the creation of new initiatives, objectives and targets. Ultimately, measuring organisational performance aids decision making and substantiates improvements in organisational responses. Performance information is often utilised to illustrate the achievement or realisation of anticipated benefits as result of organisational actions.

Nevertheless, researchers (Tangen 2004; Franco-Santos et al. 2007) identify a lack of clarity in the definition of PMS that creates confusion and comparability issues in studies of performance measurement. Such an unclear understanding is expected due to the wide diversity of approaches and disciplines in the field of business performance management that extends from strategy management, operations management, human resources, and organisational behaviour, to information systems, marketing, management accounting and control. Essentially, definitions of PMS demonstrate diversity in the combination of the specifications that define their boundaries. Specifications of PMS relate to *features*, *role(s)* and *processes* that are part of the PMS (Franco-Santos et al. 2007):

- *Features* of the business performance measurement system – the properties or elements that make up the PMS
 - Performance measures – or metrics included in the PMS
 - Supporting infrastructure – information processing systems (or activities) ranging from simplistic manual methods of recording data to sophisticated information systems for data acquisition, collation, sorting, analysis, interpretation and dissemination
- *Role(s)* of the system are the purposes or functions that are performed by the PMS, which can be to:
 - Measure performance – monitor and evaluate progress
 - Strategy management – planning, strategy formulation/execution, focus attention, provide alignment, need to be flexible and adaptable
 - Communication – internal and external communication, benchmarking,

- compliance with regulations
 - Influence behaviour – rewarding or compensating behaviour, managing relationships and control
 - Learning and improvement – provide feedback, double-loop learning and performance improvement
- *Processes of the system* – the series of actions that combine together to constitute the PMS
 - Measure design and selection – identify stakeholders needs and wants, planning, strategic objectives specification, measure design and selection, target setting
 - Collection and manipulation of data – data capture and analysis
 - Information management – information provision, interpretation, decision making
 - Performance evaluation and rewards – evaluate performance and link it to rewards
 - System review – various review procedures (ensure a feedback loop within the system)

Lawson et al. (2007) argue that the various approaches to organisational performance measurement depend on the standpoint taken and they discriminate between: operational (data collected in real time); customer (customer satisfaction levels); financial (tactical measurements); strategic (achievement of strategic objectives); organisational (human assets' satisfaction). They find that inconsistent use of definitions has added to the already existing confusion in using performance measurement frameworks. Similarly, Neely et al. (2002, p.54) suggest that designing performance measurement systems can follow a variety of approaches: the engineering approach (input / output ratio); the systems approach (sets and measures objectives); the management accounting approach (achievement of financial results by each cost/performance centre); the statistical approach (extends the engineering approach by providing empirically tested information on the strength of relationships in the input/output process); the consumer marketing approach (measures consumer satisfaction); the 'conformance to specifications' approach (variant of quality management approaches that advocates the use of a checklist of attributes of a product or service together with its service delivery system).

Unsurprisingly, there seems to be a consensus in academia that a single formula would be of limited usefulness and far from perfect (Tangen 2005). For instance, Waggoner et al. (1999) suggest that in the competitive market environment, financial measures of performance alone are not adequate. It is important that performance indicators relate to customer service and satisfaction, product quality, productivity, learning and innovation are introduced, measured and improved. Similarly, Herman and Renz (2008), in their study of non-profit organisational effectiveness, conclude that the notion of effectiveness is socially constructed and although it is related to correct management practices, it cannot be related to any simple “best practice” method. The authors note that the level of analysis makes a difference in researching and understanding effectiveness, and find that distinguishing among types of organisations is important. Yet, Kennerley and Neely (2003) highlight as essential that, in the dynamic contemporary business environment, performance measurement systems are not simply designed and implemented. They also need to evolve and change over extended periods of time in order to improve them so that they effectively contribute to the achievement of enhanced business performance.

Recent developments in the evolution of PMS identify three major stages (Neely et al. 2003; Paranjape et al. 2006). First generation PMS, developed in late 1980s and early 1990s, were based on the assumption that financial indicators should be supplemented with non-financial indicators (including intangibles). These systems acknowledged that traditional accounting methodologies were inadequate and had lost relevance as technology and knowledge increasingly became more important determinants of value creation than labour. Examples of such systems are the Balanced Scorecard (BSC), the Performance Prism (PP) and Skandia’s Navigator. However, these PMS were considered static and lacking linkages between different performance measures. Second generation PMS addressed the dynamic of value creation by investigating transformation of resources. Examples of these systems are the strategy maps, success and risk maps, and IC-Navigator. These systems act as natural extensions of first generation PMS and provide a visualisation of the linkages between intangible assets and business value. Strategy maps act as extensions to the BSC, while success maps are extensions to the PP. The IC-Navigator model is a conceptual map that depicts the presence and significance of tangible and intangible resources and their transformation as the organisation attempts to achieve its strategic intent. The strength of this model is its ability to emphasise subjectivity in terms of the organisation’s emphasis on critical resources that are used to create value. At the forefront of performance

management research is the quest for third generation PMS. These systems aim to help “organisations to seek greater clarity about the linkages between the non-financial and intangible dimensions of organisational performance and the cash flow consequences of these” (Neely et al. 2003, p.132). Third generation PMS need to address both static and dynamic realities of organisations and provide rigorous information (rather than simply ‘data’) for intangible value drivers. Importantly, these systems must be practical and in alignment with organisational processes. Finally, a critical requirement is that these systems must seek “robust ways of demonstrating cash flow implications of the non-financial and intangible organisational value drivers” (Neely et al. 2003, p.133).

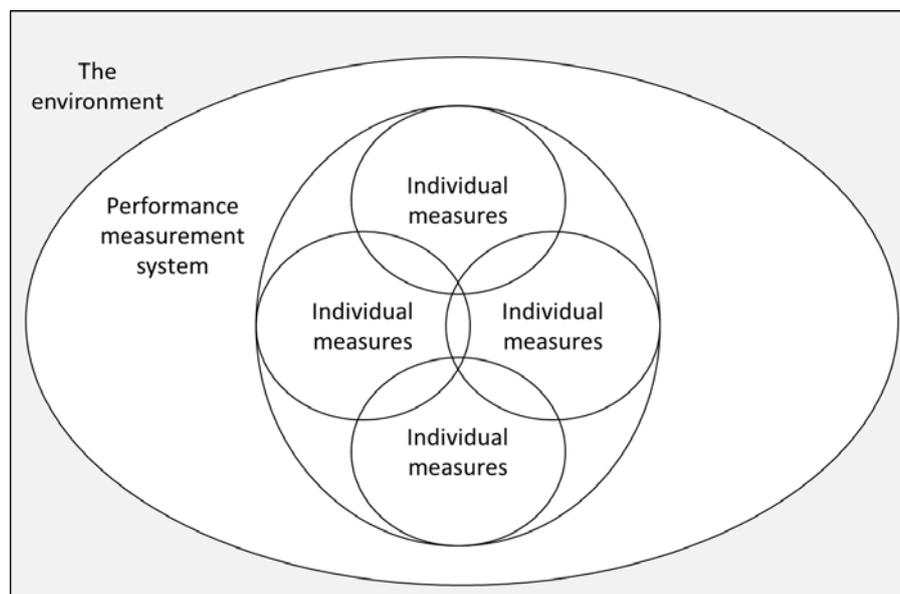
Organisations avoid designing PMS from scratch, which is mainly related to the high costs of such an attempt. Therefore, usually managers are more interested in eliminating any weaknesses of existing measurement systems (Neely et al. 1994). There are several factors that affect the selection of a suitable PMS (Tangen 2004, p.736):

- The purpose of the measurement
- The level of detail required
- The time available for the measurement
- The existence of available predetermined data
- The cost of measurement

A PMS can be examined at three levels (Neely et al. 2005): the individual performance measure (or indicators) used; the set of performance measures (the whole system as an entity); and, the relationship between the PMS and the environment within which it operates (Figure 3.11). The importance of performance measures is positively related to the benefit the organisation gets from it, as well as to quality and usefulness of the measure (Tangen 2005). Moreover, increased information usage, which suggests that the information gathered (or captured) goes to the right person at the right time, also increases the success and importance of the measure. Deciding “what” to measure and designing the structure of a PMS are strongly related. However, designing each measure necessitates “to start constructing a formula that may suite the particular purpose of the measure” (p.5). This process is regarded as the most important and difficult activity in performance measurement. The challenges that are associated with the design of the measure are such that in many cases it may not even be possible to create an appropriate formula for it (Tangen 2005). For instance, customer satisfaction is commonly a significant performance

measure of a private sector (for-profit) company. In equal terms, the level of DMO stakeholder satisfaction with the services provided (i.e. business support) can be argued to as a relevant and important performance measure of a DMO. The various aspects of DMO stakeholder satisfaction are then potential component parts of the measure and constitute its performance metrics.

Figure 3.11 A framework for performance measurement system design



Source: Neely et al. (2005, p.1229)

Evaluation of organisational effectiveness is strongly linked to assessment of performance in strategic and operational perspectives, which are both incorporated in various degrees within PMS (Neely et al. 2002; Garengo et al. 2005; Lawson et al. 2007). In the discussion that follows, existing key PMS across various organisational domains (private, public and non-profit) are critically appraised in terms of their relevance or applicability to DMOs, and towards building a comprehensive framework for evaluation of their performance. In other words, an attempt is made to identify elements of existing PMS that can inform the development of an evaluation framework for DMOs.

3.7.1 Business Excellence Models

In the early 1980s, European practitioners developed the Business Excellence Model, which based on Total Quality Management (TQM) concepts, aimed to achieve effective measurement and improvement of management standards and organisational performance. Business Process Management is seen as a method to implement strategic intent and make it realisable. It is seen as (Armistead and Pritchard 1997, p.9):

- A mechanism for process improvement primarily in operational processes which create, make and deliver products and services
- A systems architecture for an organisation which challenges the function based bureaucracy of the organisation
- An approach for integrating functional activities to improve the flow of people, materials and information
- A methodology of managing an organisation to deploy goals and objectives and to measure and control performance
- An approach to downsizing an organisation removing the functional hierarchy
- A criteria box within the EFQM Business Excellence model
- A means to improve the interaction with customers and suppliers
- Performance improvement methodology
- An approach to characterising work and establishing procedures
- The means of managing learning in an organisation

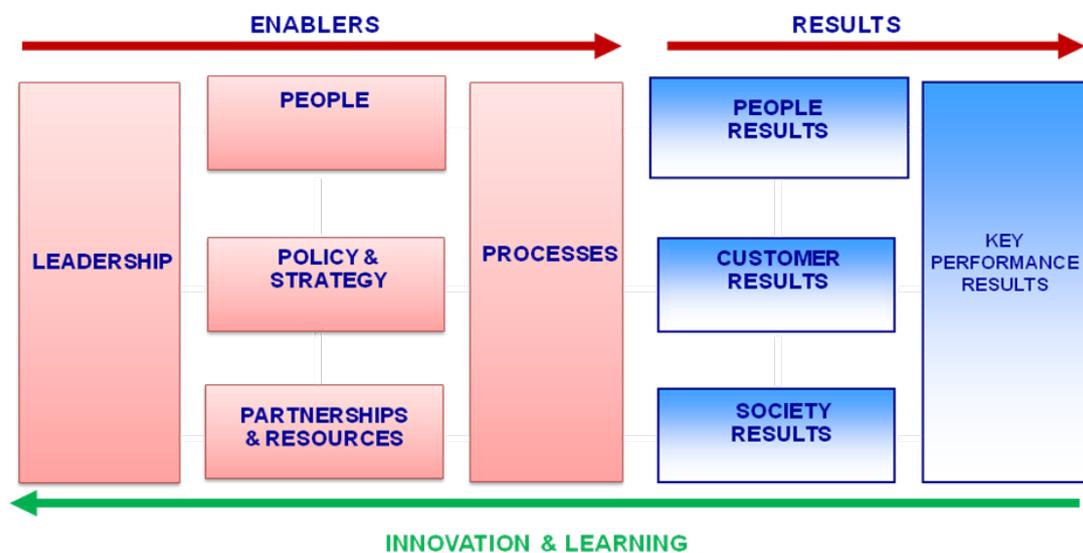
Total Quality Management (TQM), Business Process Re-engineering, and Business Excellence frameworks (for instance the European Foundation of Quality Business Management – EFQM) focus on processes of organisations with the potential to increase their effectiveness. Armistead and Pritchard (1997) argue that organisations that incorporate the Business Process Management paradigm, put emphasis on features that facilitate the integration of work flows and the support activities. The Business Process Management paradigm necessitates (p.11):

- The definition of a process architecture for the organisation
- The responsibility of ownership of the business process
- The deployment of organisational goal to establish congruent process measures
- Targets and the use of methodologies which establish work flow from the upper process level to lower task based activities

- Identify core business processes and align them with a value chain for the products and services of the organisation

One of the most frequently cited models in the TQM literature is the EFQM (Figure 3.12). The model consists of five enablers and four results categories. The enablers are: leadership; policy and strategy; partnerships and resources; people and processes. The results categories include: customer results; people results, society results; key performance results (EFQM 1999). Advantages of this model are argued to be its ability to evaluate both the methods used to achieve something, as well as the (value/quality of the) actual achievements themselves (Moullin 2004a; Al-Tabbaa et al 2013). However, the EFQM can be cumbersome and difficult to use (Moullin 2004a).

Figure 3.12 The EFQM model



Source: EFQM (1999)

Go and Govers (2000) used the EFQM model to assess whether integrated quality management was applied as a means to raise competitiveness of seven destinations in Europe. Their study found that most destinations examined were strong on one element of the EFQM (i.e. policy and strategy or human resource management); but, lacked a balanced integrated approach to quality management. They conclude that quality management issues

need to be approached from an interdisciplinary and integrative perspective.

Critics of the TQM approach emphasise the lack of clear alignment of organisational and individual outcomes; as well as, the inadequate identification of relationships among inputs, processes and outputs (Schalock and Bonham 2003; Gomez et al. 2011). Moreover, a key characteristic of TQM models is the rather limited attention to external relationships with stakeholders (Niven 2003), a role that is critical for sub-regional DMOs. A recent study conducted by Al-Tabbaa et al. (2013) in the context of non-profit organisations attempts to counterbalance this limitation by suggesting a slight modification to the EFQM model to address issues of quality. Quality in this sense is considered in terms of “standards and procedures to conduct activities in an efficient and effective manner” (quality of management); as well as, quality in providing satisfaction to the beneficiaries of the organisation (Al-Tabbaa et al. 2013, p.600). Nevertheless, Niven (2003) suggests that the Balanced Scorecard seems to fill the gaps of TQM that were generated by the passion to excel in internal processes that resulted in a lack of focus on the ‘customer’.

3.7.2 *Balanced Scorecard*

The Balanced Scorecard (BSC) model, developed in the early 1990s, aimed to comprehensively evaluate strategic and organisational performance by measuring both financial and operational measures (Figure 3.13). The “balance” relates to three areas: financial and non-financial measures; internal and external stakeholders; lag and lead indicators of success. The model adopts four different but interlinked perspectives (or components): *customer perspective* (“how do customers see us”); the *internal perspective* (“what must we excel at”); the *innovation and learning* – or learning and growth – perspective (“can we continue to improve and create value”); and the *financial perspective* (“how do we look to shareholders”) (Kaplan and Norton 1992, p.72). The BSC framework is the dominant performance measurement system in the relevant literature, despite its problematic implementation in practice (Paranjape et al. 2006). However, the strengths of this model are argued to be that it minimizes information overload as it limits the numbers of measures used; it groups these measures (in the aforementioned perspectives); and at the same time integrates strategic objectives and organisational performance (Wang 2006). Relatively recent studies have concluded that the BSC can address key issues that are highly associated with strategy implementation, like communication, the role of middle managers,

and integration with existing control systems (Atkinson, 2006). Niven (2003, p.17) suggests that “the BSC allows an organisation to translate its vision and strategies by providing a new framework, one that tells the story of the organisation’s strategy through the objectives and measures chosen”. The author further argues that “the BSC has evolved from a measurement tool to what Kaplan and Norton have described as a “Strategic Management System”” (Niven 2003, p.19). Therefore, the BSC is argued to assist organisations to overcome strategy implementation barriers: vision barriers (understanding the strategy); people barrier (implementing incentives for managers); management barrier (limited management attention – i.e. time to discussing strategy); resource barrier (budgets not linked to strategy) (Niven 2003).

Figure 3.13 The Balanced Scorecard



Source: Kaplan and Norton (1992)

Following a rather top-down and internally-focused approach, Kaplan and Norton (2004) suggest that “strategy-focused” organisations need to choose measurements that are more

meaningful to executives and employees, by adhering to five management principles:

1. Translate strategy to operational terms
2. Align the organisation to the strategy
3. Make strategy everyone's everyday job
4. Make strategy a continual process
5. Mobilize change through executive leadership

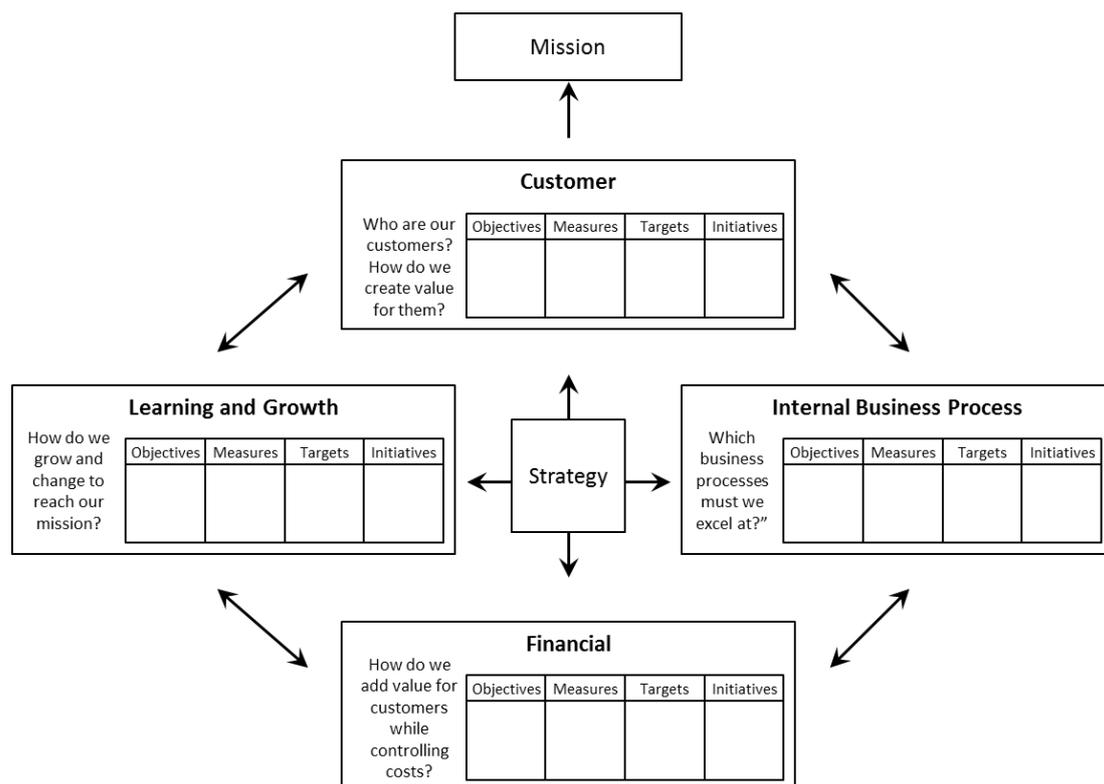
The BSC approach has been used in a number of studies that attempt to measure performance within various sectors of tourism (Brown and McDonnell 1995; Morrison et al. 2004; Phillips and Louveris 2005). Phillips and Louvieris (2005) examined critical success factors in performance measurement of Small Medium Enterprises (SMEs) in tourism, hospitality and leisure enterprises in the UK. Their study identified four key concepts that drive performance evaluation systems: application of budgetary controls with a view to increasing total revenue; customer relationship management as a means of improving quality of service and customer retention; strategic management in managing internal business processes; and collaboration (both inter and intra) to drive innovation and learning. The BSC approach has been employed extensively in the area of website evaluation (Law et al. 2010). For instance, Morrison et al. (2004) used a modified BSC approach to evaluate tourism and hospitality websites. Although the authors accepted the development of website evaluation was still at its early stages of development, they suggested that four key perspectives should be included in a relevant PMS: technical perspective, marketing perspective, internal perspective, and customer perspective.

The BSC method has also been used in strategic tourism planning by Vila et al. (2010), who propose a number of critical variables for the performance of tourism destinations, with a specific emphasis on sustainable development. The authors surveyed 1,531 municipalities in Spain in an attempt to explore how the BSC can be modified to support the strategic planning of tourism destinations. The study revealed 6 critical variables of destination performance: relationships, environmental results, activities and processes, economic results; and, social results. Similarly, De Carlo et al. (2008) used a strategy map approach to explore key dimensions of tourism strategy assessment within the destination plan of Turin in Italy. The strategy map tool, which is part of the BSC method, is based on a "cause-and-effect" approach to depict a comprehensive description of strategy. The tool is discussed in the next section of this chapter. The authors suggest that "BSC models can be extended to a

meta-management context, where strategic intents emerge from the interaction of a network of interdependent organisations” (p.33).

Surprisingly, there is only one attempt (Frechtling 2005) to highlight the benefits that can potentially accrue from BSC approach to strategic management and performance measurement of DMOs (Figure 3.14). Frechtling (2005) suggests an adapted version of the BSC that is based on the non-profit BSC (the non-profit BSC is discussed later on in this chapter). DMO mission is given emphasis and the four perspectives of the scorecard are shifted, with the ‘customer’ being placed close to the ‘mission’. This indicates the priority an organisation like a DMO should give to ‘customers’.

Figure 3.14 The DMO Balanced Scorecard schematic



Source: Frechtling (2005)

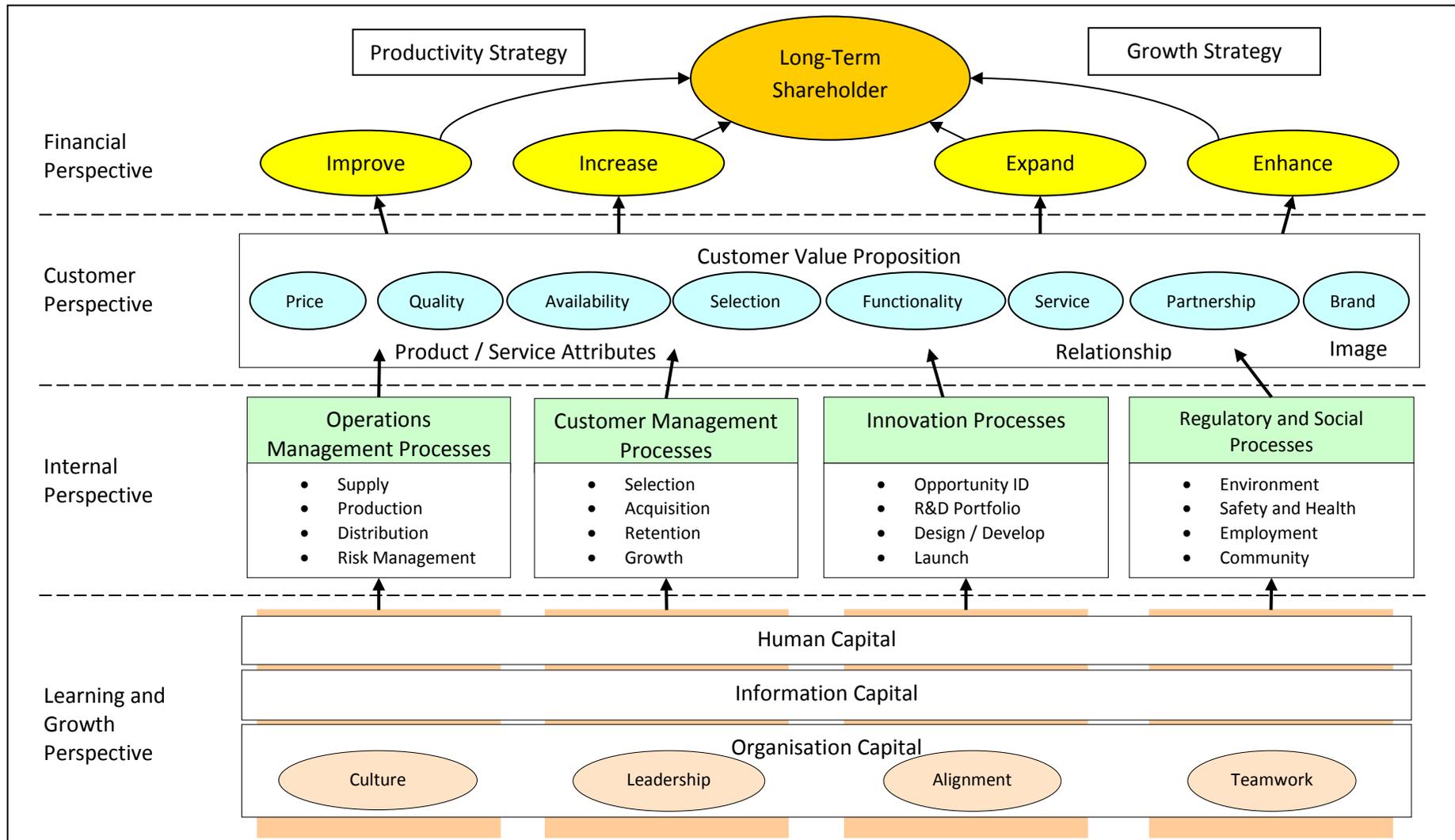
Frechtling (2005) argues that the BSC can create a focus on strategy, generate measurable results and demonstrate efficiency. Ultimately, it is suggested that the model can help DMOs

provide accountability, drive change and inspire trust to its stakeholders. Unfortunately, planned application of the model to Ireland West Tourism (IWT) was never fulfilled and Frechtling's empirical study was left incomplete.

3.7.2.1 Strategy Maps

Kaplan and Norton (2004), the creators of BSC, hold that strategic measures should not be viewed "as performance indicators in four independent perspectives, but as a series of cause-and-effect linkages among objective in the four balanced scorecard perspectives" (2004, p.10). This "cause-and-effect" approach results in a comprehensive description of the strategy that is clear not only those who formulate it, but also to the majority of the employees who are charged with executing it. The strategy "description" is easily understood and communicated among executives, managers and employees. A shared understanding of strategy is the catalyst to alignment of the various executives and senior managers, which gains increased significance in today's constantly changing competitive environment. One of its most important characteristics is that it can serve as a checklist in finding missing elements, like for instance: no connection between internal process measures and a customer value proposition, no objectives for innovation, and the role of information technology (Kaplan and Norton 2004). Further to the widely accepted axiom "you can't manage what you can't measure", researchers consent that "you can't measure what you can't describe" (Scholey 2005, p.12). Strategy maps (see Figure 3.15) serve as strategy implementation roadmaps that describe the high-level strategic objectives of the organisation. They are a visual representation of the cause-and-effect relationships among the components of the organisation's strategy, and are organised according to strategic themes. They develop in a framework that plots the various perspectives (or dimensions) of the BSC on the left side; while, the generic financial (budget management / stakeholder satisfaction) strategies of the (for-profit) organisation are plotted across the top. For example, by setting the financial objectives of the organisation in the financial area (or the "outcome" area), the aim is to show how the strategy in each perspective (dimension) is to be carried out to achieve the desired outcomes. The value of this tool lies on the cause-and-effect architecture that is used to identify, understand, and illustrate process relationships. The map is created in a downward flow, as each perspective is completed in the context of how it helps to execute the perspective above it.

Figure 3.15 A Strategy Map represents how the organisation creates value

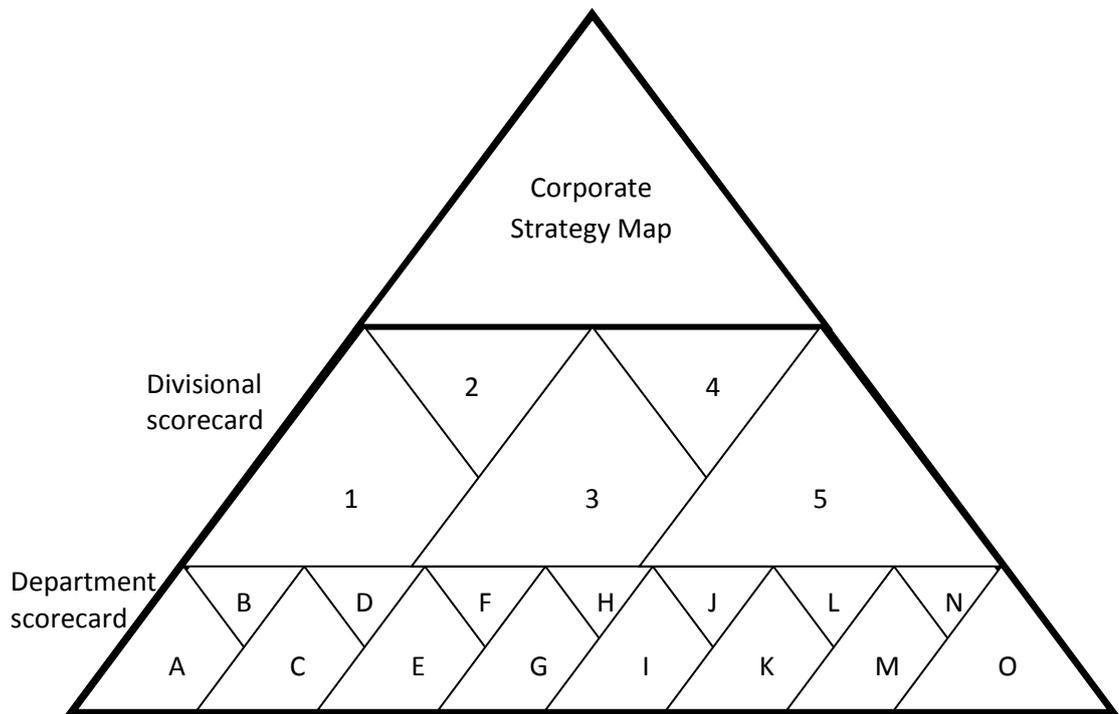


Source: Creelman and Makhijani (2005)

By linking strategic objectives in cause-and-effect relationships, strategy maps allow executives to express their strategy of how improving employee capabilities and skills in certain job positions, coupled with new technology, would enable a critical internal process to improve. This improvement of internal process would potentially enhance the value proposition delivered to targeted stakeholders, leading to increased stakeholder satisfaction. The cause-and-effect architecture of the strategy map “forces an organisation to clarify the logic of how it will create value and for whom” (Kaplan and Norton 2004, p.32). Importantly, strategy maps should not be viewed as operations maps or even representative of the organisational structure. Best practice requires that executives and senior managers are in consensus about the components of the organisation’s strategy, and that strategy maps entail only a limited number of objectives that relate to the critical few processes that truly make a difference in delivering this strategy. Strategy maps serve the purpose of assigning a collective responsibility on the executive team for the execution of the strategy, rather than just being focused on specific and narrow functions (Creelman and Makhijani 2005). However, it is paramount that managers align the organisation to the strategy and involve every employee in its implementation. Cascading the BSC in the various departments of the organisation requires the creation of ‘functional’ or ‘devolved’ scorecards (Figure 3.16). To ensure alignment with strategy maps, devolved balanced scorecards must support higher level scorecards and capture local strategic and performance needs. Lower level employees should be involved in designing their own scorecards as this will secure their commitment. Combining strategy maps and balanced scorecard leads the strategy-focused organisation to successful implementation of strategy (Creelman and Makhijani 2005).

Strategy maps vary from one organisation to another, but also vary for the same organisation according to the evolution of its strategy over time. The names of the perspectives (dimensions) can vary depending on the company and the nature of the organisation (“customer in for-profit organisations, and “stakeholder” in not-for-profit organisations) (Scholey 2005). Contemporary wisdom suggests that most of the value created in an organisation originates from its intangible assets, for instance knowledge, information, and skills. Alignment of intangible assets with strategy gives an organisation a great degree of readiness in mobilizing resources to change within its dynamic environment and achieve strategic objectives. Strategy maps are said to describe how intangible assets can be converted into tangible outcomes (Kaplan and Norton, 2004; Creelman and Makhijani 2005).

Figure 3.16 The devolved scorecard



Source: Creelman and Makhijani (2005)

3.7.2.2 Evolution and criticism

Scholars and practitioners have continuously revised and updated the model in an attempt to enhance its applicability to different organisations and adaptability to diverse environments (Wang 2006). Nevertheless, the BSC has been subject to criticism by some academics and managers, mainly for being inconsistent, incomplete, and confusing (Marr and Adams 2004), or even, specifically for public and non-profit sector organisations, failing to incorporate the political context in which such organisations operate (Chang 2007). Paranjape et al. (2006) categorise the performance measurement systems researchers into two groups: those who acknowledge and advocate success of the BSC framework, and those who ask for scientific evidence of improved organisational performance through implementation of the framework. Moreover, Kenny (2003) challenges the applicability of the BSC framework to all organisations despite the industry they belong. He argues that the framework overlooks crucial measures of organisational performance, which is attributable

to the fact that it was originally modelled on the “corporate scorecard” of an information technology manufacturing company. Kenny (2003) characterises the BSC framework as “totally arbitrary” (p.32), as he finds its four “perspectives” (financial, customer, internal process, and innovation and learning) “a strange set”. Nevertheless, the author seems to be making suggestions for performance management that actually do follow the BSC methodology. He suggests that any organisation that wants to measure its performance should produce a “focused scorecard”, which is outcome-focused and strategy-driven. Key stakeholders need to be identified, while performance measurement needs to be linked to, and integrated within, the strategic plan. The focus needs to be on the few things that the organisation needs to get right to succeed, leading to a short list of performance measures (or KPIs) for the scorecard, which help the organisation to focus.

Further criticisms on the BSC framework refer to lack of attention to the multiple-stakeholder attribute that characterises the contemporary business environment (Neely et al. 2002; Marr and Adams 2004). Nevertheless, Paranjape et al. (2006, p.7) find that several articles support that a significant predicament of the BSC model is the result of its unsuccessful implementation, mainly due to “selection of inappropriate or excessive measures, inefficient implementation by the management, delay in feedback or over-emphasis on financial measures”. The authors, however, concur that the BSC framework fails to incorporate people, suppliers, competitors and regulators, as well as lacks a focus on environmental and community or social issues/aspects, which all are inseparable elements of today’s business environment.

A significant question that emerges is whether the BSC framework is readily transferable to DMOs or not. As DMOs are not ‘for-profit’ organisations, it would seem logical to suggest that the BSC cannot directly be applied or implemented (McAdam and Walker 2003). In fact, as discussed earlier on, DMOs share some basic characteristics with public and non-profit organisations; for instance: the multiplicity of stakeholders, the challenges in identifying and determining their significance, as well as the disparate nature of their strategic role and focus. These very characteristics, however, have led researchers (McAdam and Walker 2003; Greatbanks and Tapp 2007) to conclude that the implementation of the BSC model to the public and non-profit sectors is not readily transferable from private sector experience. Some modification of the model is deemed necessary and its implementation is generally accepted to be more complex and difficult, which is the main reason why there is a lack of empirical evidence regarding BSC

implementation within public and non-profit organisations (McAdam and Walker 2003). As discussed earlier, Frechtling (2005) suggested that the non-profit BSC could be a useful tool for DMOs; however, his study was not empirically tested. Next, the discussion focuses on modifications on BSC approach to fit non-profit and public sector domains.

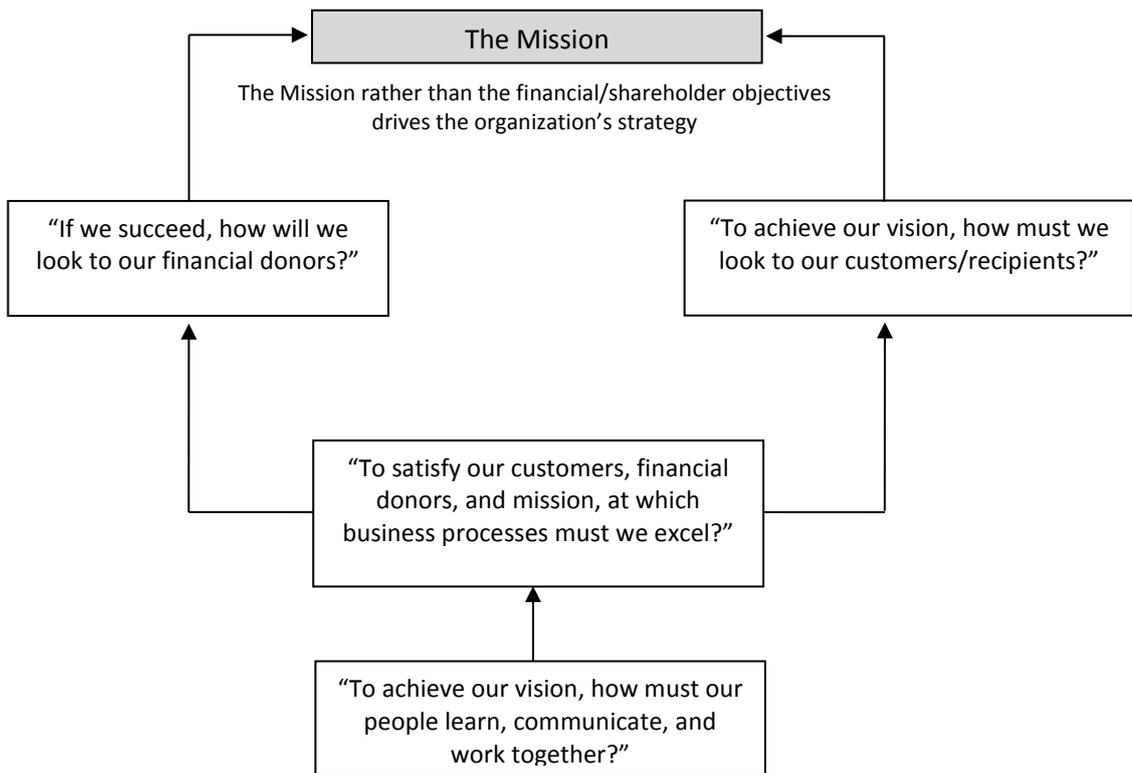
3.7.3 *BSC for the public and the non-profit sectors*

Although the BSC model was originally developed in a private sector context (Kaplan 1992; 2001), various researchers (Modell 2004; Chan 2004, p.205) support its strong competence to contribute in measuring performance in public and non-profit sectors, “with an emphasis on translating strategy into a liked set of financial and non-financial measures”. Public sector managers are challenged by issues related to the areas of strategy, policy implementation, organisational control and accountability, all of which can be effectively tackled with a BSC approach (Johnsen 2001). The BSC is argued to shift the focus of the public and non-profit organisation from programs and initiatives to the outcomes the programs and initiatives are supposed to accomplish, by achieving focus and alignment of initiatives, departments, and individuals (Kaplan 2001). For instance, McAdam and Walker (2003) examined the advantages of using the BSC for Local Government in the UK, particularly with regards to their endeavours for Best Value Implementation. The author found that the model can “address the Business Excellence Model deficiencies in regard to strategy and to give direction to Best Value efforts” (McAdam and Walker 2003, p.876). More specifically, BSC can help managers clarify and translate vision or strategy; communicate and link strategic objectives and measures; plan, set targets and align strategic initiatives; as well as enhance strategic feedback and learning.

However, researchers (Kaplan 2001; Modell 2004; Wisniewski and Olafsson 2004) seem to concur that the BSC needs some “minor modifications” in order to constitute a useful performance measurement mechanism for public and non-profit sector organisations. A significant modification relates to the definition of the customer in the context of the non-profit organisations. Kaplan (2001) suggests that since those who provide the financial resources of the non-profit organisation may not necessarily be the ones that actually receive the service, the definition of ‘customer’ needs to be expanded. Therefore, the *customer* perspective can be split into the “*donor perspective*” and the “*recipient*

perspective”, which should be placed on the same level (in parallel) at the top of the BSC of non-profit organisations (Figure 3.17).

Figure 3.17 Adopting the BSC Framework for non-profit organisations



Source: Kaplan (2001, p.361)

In the non-profit and public sector realm the focal point is the customer, or the receiver of the service, as described by the organisation’s mission. In this context, unlike the for-profit sector, identifying the customer is a challenging task as different groups design the service, pay for the service, and ultimately benefit from it. Ultimately, determining who the customer is depends on the perspective taken (Niven 2003). Kloot and Martin (2000) applied the BSC model to local government public sector organisations by replacing the “customer” perspective with a “community” perspective. The results of their study show that, at this level, community views on performance are hardly taken into account, while minimal attention is paid to the determinants of internal business processes, and

innovation and learning. Clearly, such flaws affect the organisation's ability to achieve long-term, sustained organisational improvement.

Similarly, Wisniewski and Olafsson (2004, p.608) tried to assimilate the four perspectives of the BSC model to a public sector context. However, in their study they do not seem to place equal weight on all four perspectives of the model as their discussion mainly focuses on the 'customer' and the 'learning and growth' perspectives. They identify that the "customer" of a public sector organisation may be strongly diverse (local community, taxpayers, central government, inspection and audit agencies, various stakeholders). Moreover, they find that in contrast to the private sector domain, these "customers" (or stakeholders) have a very limited, or even no, alternative choice. Although "learning and growth" may imply increasing market share for a private organisation, a public organisation may often aim at a reduction in activity and size. The authors agree with the view of Kaplan (2001), that flexibility is needed in terms of the ordering and the overall architecture of the BSC, while they suggest re-labelling the perspectives of the BSC model as follows:

- Impact – focusing on the impact that the service is trying to have for its community and its customers or service users
- Service management – focusing on how well managed the key activities or processes are that are critical to effective service delivery
- Resource management – focusing on how well resources (e.g. financial, people, equipment or other physical assets) are being used or acquired.
- Improvement – focusing on the actions or initiatives intended to deliver service improvements. Such improvements might be related to staff training and development, investment in new technology, undertaking a service review to search out ways of improving the service.

Wisniewski and Olafsson (2004) further suggest that the hierarchy of the four perspectives may shift as some of them (e.g. financial perspective) can be considered as "enablers" rather than as objectives, with clear implications on the construction of the 'strategy map'.

Additional practical difficulties inhibit the usefulness of the scorecard process in terms of measuring intangible aspects, such as social inclusion and quality of life, are problematic in numeric measurement, as they potentially require long-term (longitudinal) measurement

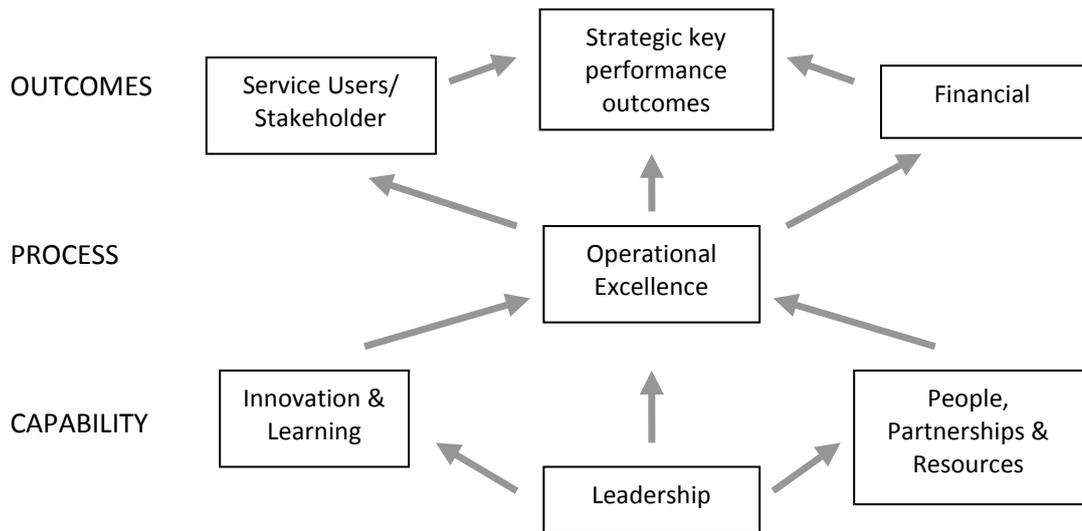
and comparisons. Moreover, public sector objectives are delivered by several organisations (often from various sectors) that co-ordinate plans and actions, and as a result, measuring performance presents increased dilemmas. Finally, scarcity of resources is another intricacy, as public organisations work on set budgets and prefer to allocate resources to frontline service delivery rather than back-office activities (Wisniewski and Olafsson 2004). Chang (2007) adds that a BSC approach fails to give sufficient weight to the political context in which the public sector organisations operate. Moreover, human subjectivity and managerial bias results in unequal rating (weighting) of individual performance measures, which mainly serves the purpose of simplifying strategies to help process the information in the (often limited) time available (Rich 2007).

An interesting approach to modify the BSC for public and non-profit realms comes from Moullin (2007). The author provides a brief comparison between the BSC and the EFQM models, and highlights as the key advantage of the former its “explicit link with strategy and focus on those aspects which should enable the organisations to achieve desired results” (Moullin 2007, p.1). However, the author recognises that the EFQM model is more beneficial with regards to providing guidance on how the organisation might address any identified need for change, for instance in culture or processes. Within a public sector context, Moullin (2007) comments that the BSC places little emphasis service user involvement, the need to look across organisational boundaries, and risk management. A Public Sector Scorecard (PSS) is proposed (see Figure 3.18) as “an integrated service improvement and performance measurement framework which adapts the balanced scorecard to fit the culture and values of the public and voluntary sectors. In particular it has an outcome focus and provides additional emphasis on service users and other key stakeholders, process mapping, organisational culture, capability, risk management, and working across organisational boundaries” (Moullin 2007, p.2).

The Public Sector Scorecard (PSS) framework has seven perspectives that fall within three main focus areas: outcomes, process, and capability. The three top perspectives include (1) strategic key performance outcomes required by the organisation, (2) outcomes that are oriented towards services users and other key stakeholders, as well as (3) financial outcomes. Creating value for money and securing sufficient funding fall into this last perspective. The (4) operational excellence perspective reflects processes and outputs required to achieve the various outcomes. Finally, the PSS highlights a focus on capability, with an organisational culture that promotes (5) innovation and learning, supports and

develops (6) people and partnerships, and provides the necessary resources, supported by effective (7) leadership (Moullin 2007).

Figure 3.18 The seven perspectives of the PSS



Source: Moullin (2007, p.2)

Moullin (2004a; 2007) encourages flexibility in the use of terminology in the perspectives according to the particular needs of each organisation. The Public Sector Scorecard approach highlights that not only strategy, process and performance measures are aligned with each other, but also aligned with the expectations and requirements of service users and other stakeholders. Such an alignment can be in the form of involving representatives of partner organisations in developing and implementing the performance measurement framework, or to using the framework for a network of organisations who provide services for a particular user group. Both the non-profit BSC and the PSS seem to have high relevance to DMO. First, the emphasis on not just the 'customer' but the 'receiver of the service' seems to allow for a more holistic focus on stakeholders. Moreover, the focus on resource management, operational excellence, capability, outcomes, and impacts can be associated with a DMO's strategic roles (see sections 2.3 and 2.5).

3.7.4 Performance Prism

The Performance Prism (PP) was introduced by Neely et al. (2002) as an integrative three-dimensional framework that places emphasis on the reciprocal relationships of the organisation with all of its key stakeholders, while clarifying their link to organisational strategies, processes and capabilities (see Figure 3.19). The importance and value of the role of destination stakeholders and their relationships with the DMO have been strongly highlighted in the relevant literature (Sheehan and Ritchie 2005; Ritchie and Crouch 2005); therefore, the particular emphasis of the PP on stakeholders makes this approach pertinent for the management of organisational performance of DMOs. The framework consists of “five interrelated outlooks on performance”: stakeholder satisfaction; stakeholder contribution; strategies; processes; and capabilities. The idea is that each organisation is able to build its structured comprehensive and integrated business performance model by providing answers to questions that relate to the aforementioned interrelated outlooks:

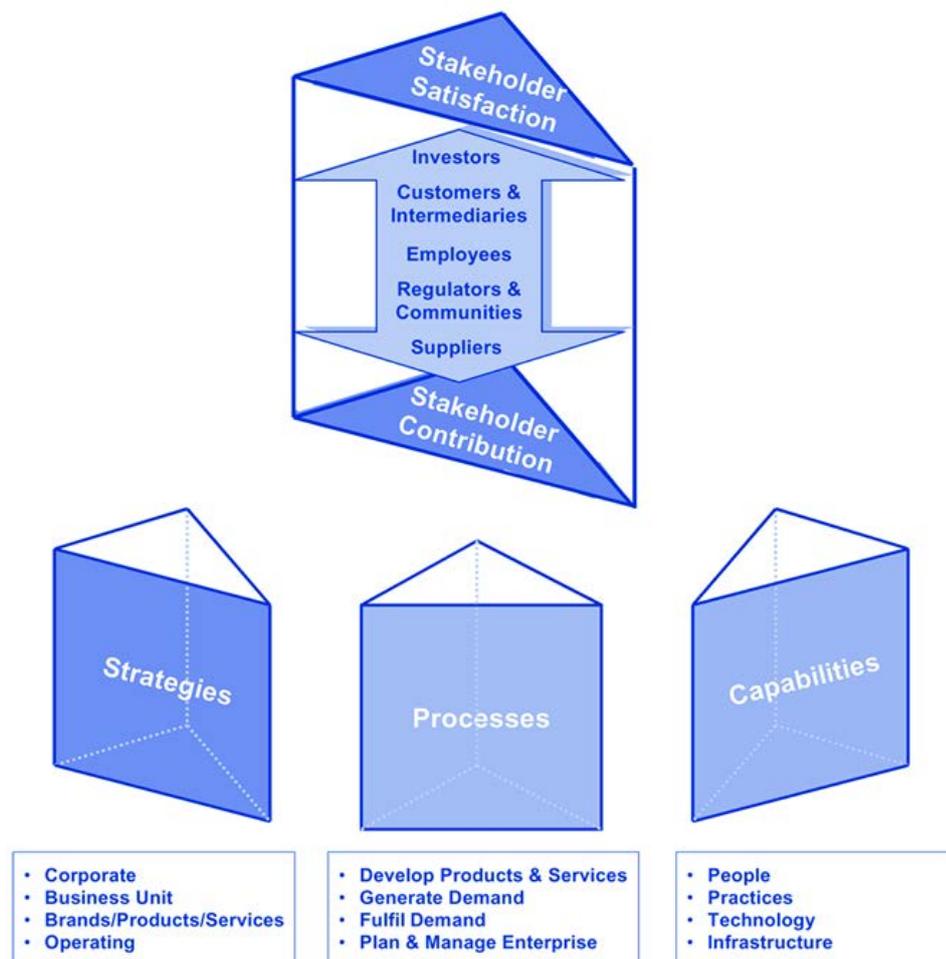
Stakeholder satisfaction	Who are our key stakeholders and what do they want and need?
Stakeholder contribution	What do we want and need from our stakeholders on a reciprocal basis?
Strategies	What strategies do we need to put in place to satisfy these twin sets of wants and needs?
Processes	What processes do we need to put in place to enable us to execute our strategies?
Capabilities	What capabilities do we need to put in place to allow us to operate and improve these processes?

Identifying stakeholder needs is underpinned by the notion of “value” that is defined differently by each (different) stakeholder group. For instance, while customers naturally want rapid and reliable delivery of high quality products and services that offer good value for money, employees typically want competitive salaries and compensation packages, training and development, and promotion prospects. Investors are concerned with return on investment and profitable growth prospects of the organisation (Neely et al. 2002).

The viewpoint of stakeholder contribution relates to a reciprocal relationship of the organisation with every stakeholder that creates a dynamic and subtle tension between the two sets of wants and needs. An organisation may want profitable and loyal customers,

while customers may require ease of availability, speed of delivery and competitive price and quality. Employers may look for loyalty, flexibility, productivity and creativity in employees, but employees are interested in jobs that are purposeful, with good compensation and promotion prospects and training (Neely et al. 2002).

Figure 3.19 The Performance Prism



Source: Adams and Neely (2000)

A prioritisation of wants and needs of the stakeholders that the organisation will aim to satisfy is necessary, and organisational strategies should be developed to deliver “value” to each stakeholder, while similarly ensuring attainment of the organisation’s goals. Strategies are seen as the chosen root to deliver long-term stakeholder value. Each strategy

developed to satisfy stakeholder wants and needs is underpinned by processes and sub-processes, which are designed and aligned to facilitate successful achievement of these strategies. Processes define how the organisation works and relate to: product and service development, demand generation, demand fulfilment, and overall planning and management of the organisation. Capabilities are the means by which processes function. They entail employee skills, policies and procedures, as well as physical infrastructure (i.e. technology). Capabilities reflect the organisation's ability to create "value" to its stakeholders through its processes and operations.

Strategies, processes and capabilities should be linked and aligned to create "value" and satisfy the diverse needs of stakeholders, while securing stakeholder contribution. To conceptualise and illustrate the alignment of this system, the authors suggest the use of a "Success Map". This tool is used to identify the critical links between the prioritised stakeholder's and the organisation's needs and wants with the strategies, processes and capabilities to satisfy them. Critical aspects of organisational performance are highlighted and addressed.

Researchers (Tangen 2004, p.734) acknowledge that the PP model has "a much more comprehensive view of different stakeholders (e.g. investors, customers, employees, regulators and suppliers) than other frameworks". The strength of this conceptual framework is that it first questions the organisation's existing strategy before the initiation of the process of selecting measures, which ensures the strong foundation of the performance indicators. The PP is strong in identifying stakeholder requirements and desired contribution and that these drive the strategies and processes employed (Moullin 2004a). A performance measurement framework that places such emphasis on stakeholders seems to be particularly important in the DMO context for two main reasons. First, it can allow for an increased DMO ability to keep abreast of changes in the stakeholder environment, predict eminent or identify current shifts and developments. Second, it has the potential to place emphasis on involving destination area stakeholders and ensuring that everyone is engaged in the drive for quality, and works towards the same (strategic) direction (with a focus on what really matters). An identified limitation of the PP framework is the absence of an innovation and learning perspective (Moullin 2004a), which is an important element for the DMO in view of the fact that they operate in very dynamic business environments.

3.7.5 *Intellectual Capital (IC)*

Performance measurement and management literature has highlighted intangible resources (or intangible assets) as a particular area of challenge for organisations. Relative to the notion of intangible resources of organisations is the notion of intellectual capital (IC), which as Marr and Moustaghfir (2005, p.1116) note “embraces any valuable intangible resource gained through experience and learning” that can be used to create value and achieve strategic goals and objectives. The authors suggest that IC spans across different organisational levels and includes various component parts (Marr and Moustaghfir 2005):

- Employees’ skills and know-how
- Organisational culture
- Relationships with stakeholders
- Organisational image and reputation
- Technological infrastructure (databases, information systems, etc.)
- Intellectual property rights (patents, trademarks, etc.)
- Practices and routines

Bontis (1998) suggests that IC includes three key elements: human capital, structural capital and customer capital (Figure 3.20). Strategic management of IC requires organisations to (consistently) conduct IC audits and decide the IC metrics that are relevant for their own industry and strategic purposes. Knowledge management is an important part of the evaluation, while the role of knowledge is clearly defined within the business and the industry. Knowledge value is generated both internally within the organisation, but also in cooperation with industry stakeholders (i.e. associations, academia, customers, suppliers, government). Human resources and IT are critical catalysts for management (and accumulation) of knowledge, and therefore, IC development and success.

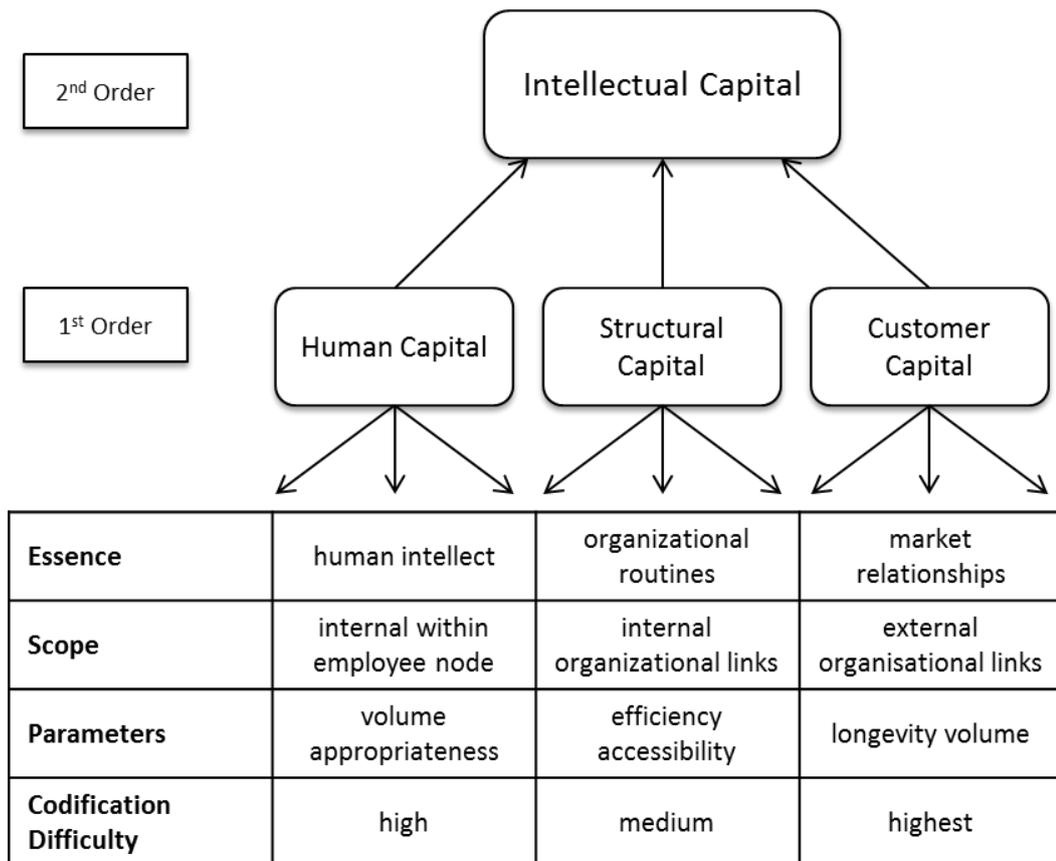
Performance measurement and management roles of IC need to be explicit and clear for any organisation. IC can be of three categories, which relate to different configurations of the concept (Marr and Moustaghfir 2005):

1. Strategy management – encompasses the roles of managing strategy formulation, strategy execution, and strategic diversification and expansion

2. Influence behaviour – relates to the roles of monitoring progress and rewarding or compensating behaviour
3. External validation – entails the roles of internal and external communication, benchmarking, and compliance with regulations

Moreover, it is important to clarify the perspectives from which IC is analysed and discussed: economics, strategic management, finance, accounting, reporting and disclosure, human resources, marketing and communication, legal management, epistemological discourse, or political considerations (Marr and Moustaghfir 2005). As organisations are rarely examined in silos, a multi-perspective approach seems inevitable, despite its inherent complexities.

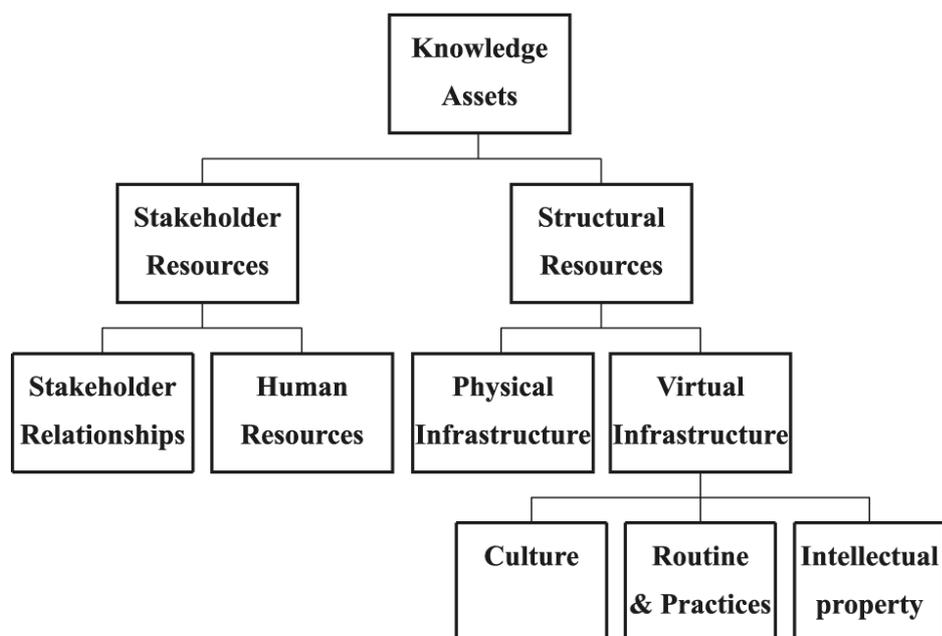
Figure 3.20 Conceptualisation of intellectual capital



Source: Bontis (1998, p.66)

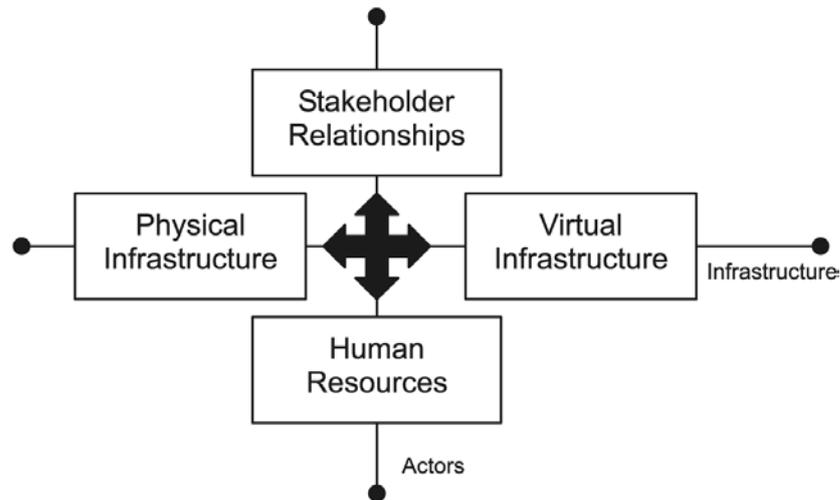
Measuring IC is critical for the management of strategic effectiveness as its key component, knowledge assets, underpin capabilities and core competences of any organisation. Marr et al. (2004) find that despite the several existing approaches to measuring knowledge assets and IC (for instance: the Skandia Navigator (Edvinsson and Malone 1997), the IC-Index (Roos et al. 1997), the IC Audit Model (Brooking 1996) and the Intangible Asset Monitor (Sveiby 1997)) the Knowledge Assets Map (Figure 3.21) is the more comprehensive one. Most of the existing tools “can only provide a static view of the knowledge asset base and does not indicate how these assets lead to value creation” (Marr et al. 2004, p.555). The knowledge Assets Map integrates organisational knowledge assets from both internal and external perspectives. “Stakeholder resources” and “structural resources” are at the core of knowledge assets. The former considers external stakeholder relationships, while the latter considers internal. Structural resources include physical (tangible) and virtual (intangible) infrastructure, while the dynamic interaction of knowledge assets generates capabilities and competences that ultimate shapes organisational value. This dynamic nature of knowledge asset configuration can be illustrated by the Knowledge Asset Dashboard (Figure 3.22) (Marr et al. 2004).

Figure 3.21 Knowledge Assets Map



Source: Marr et al. (2004, p.562)

Figure 3.22 Knowledge Asset Dashboard



Source: Marr et al. (2004, p.564)

The IC approach is an extension and integration of the resource based and competence based views of the firm, taking into account the dynamics of the way in which value is created. IC is a basis for strategic innovation and an integrated part of any business model thinking. Value is created by transforming resources according to a firm specific path (and combination) (Roos 2009). Therefore, this approach has strong potential to assist the conceptualisation of value creation for DMOs and their stakeholders.

3.8 From evaluation to meta-evaluation of DMOs

Leeuw and Cooksy (2005, p.95) define meta-evaluation as “a systematic review of evaluations to determine the quality of their processes and findings”. Meta-evaluation can be applied to project, programme (combinations of projects or other interventions) and policy (packages of programmes, projects and strategies) evaluations, as well as performance studies (effectiveness at the organisational level). Meta-evaluations are occasionally used to refer to studies that investigate effectiveness of development agencies by synthesising evidence from previous evaluations and other sources. These evaluation syntheses are reliant on information contained in existing studies, and are often used to assess overall impact of development agencies’ interventions. Therefore, they can only be

as good as the evaluations they synthesise. The results of meta-evaluations can be used to inform stakeholders' decisions about whether and how to use evaluation findings, in addition to identify strengths and weaknesses in evaluation practice, including monitoring and evaluation systems, with the aim to develop evaluation capacity. The overall quality of a meta-evaluation is dependent on three key criteria. First, the methodological aspects of evaluations (what are the reports' approaches and methods?). Second, the strategic aspects of evaluations (what type of evaluative knowledge produced and how is it relevant to the problems at hand?). Third, utility-focused aspects of the studies (have the reports realised their goals?)(Leeuw and Cooksy 2005; Cooksy 2005).

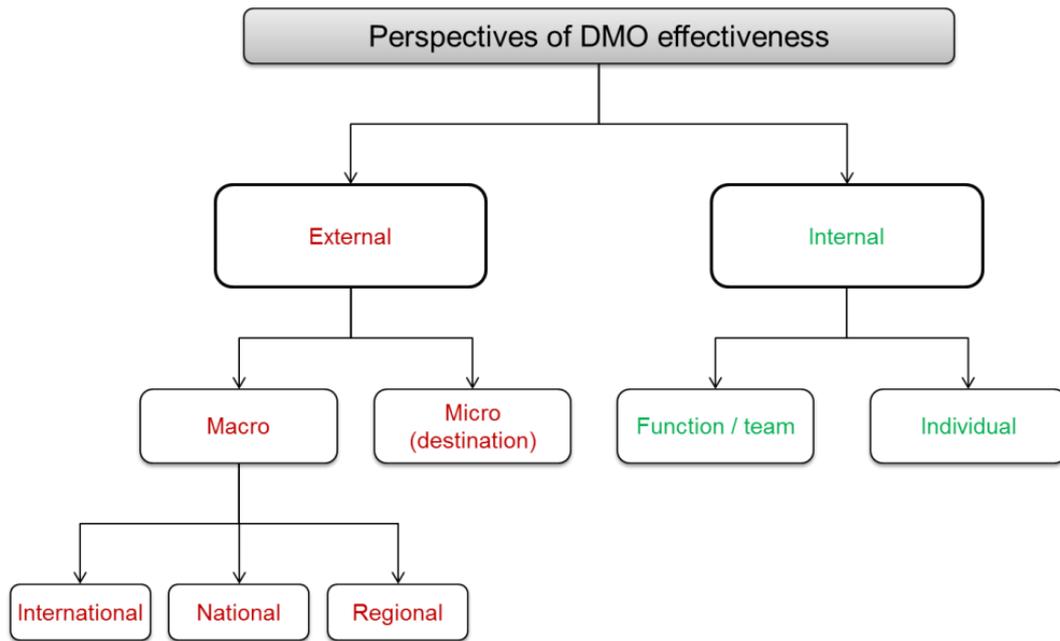
3.9 Towards a performance evaluation framework (PEF) for DMOs

A number of key insights are drawn from the critical review of the literature that can help in the development of a preliminary PEF (Performance Evaluation Framework) for DMOs. First, a strategic perspective is vital in that it defines the rationale for existence (*impetus*) of a DMO, sets the boundaries of its organisational functions and activities or processes (*throughputs*), and finally affects its 'product' or results (*outputs*). It was highlighted that the non-profit approach to organisational effectiveness and performance management seems to be very relevant to DMOs. Importantly, the particular set of circumstances underpinning the strategic perspective (*context*) is a crucial catalyst of success for DMOs. The latter, extends both externally (macro- and micro-level) as well as internally (organisational-level) and is reflected upon the needs and wants of the various DMO stakeholders.

Evaluating DMO performance needs to engage multiple perspectives of the business that are of external- as well as of internal-orientation. The former relates to DMO strategic management that involves various destination and wider-level stakeholders. In this respect, as seen in Chapter 2, there is intensive integration and overlap between DMO and destination success; therefore, this is deemed to be a challenging area in terms of clarity of *DMO* versus *destination* effectiveness. The second view of DMO performance evaluation (internal-orientation) is of equal significance. The focus this time is on internal effectiveness and efficiency of action, which relates to organisational focus, structure, means, ends and management values of the DMO. Clearly, the dynamic nature and the strategic paradoxes

inherent within these elements can be sources of tension for DMOs. Overall, the conceptualisation of perspectives of DMO effectiveness is illustrated by the following proposed model (Figure 3.23).

Figure 3.23 Perspectives of DMO effectiveness



Source: Author

Conceptualising DMO performance needs to include a focus on its effectiveness and efficiency and denote their inherent links to inputs, processes and outputs (actual and desired). While efficiency relates to the amount of resources used to produce a unit of output, actual and desired outputs frame the overall effectiveness of DMOs. Furthermore, the quasi-public, non-profit orientation of DMOs (*impetus*) directs the attention of DMO performance management towards an ‘impact chain’ approach, where DMO development programme (or project) inputs through activities and outputs culminate in outcomes or impacts that are central to DMO success. Following public and non-profit sector approaches to effectiveness, the DMO operates within a ‘pluralistic context’ where the multiple DMO stakeholders, more often than not, have multiple interpretations of its performance; therefore, the DMO needs to identify and consider their views when developing its PEF.

Based on the critical discussion in the two literature review chapters, four propositions have emerged:

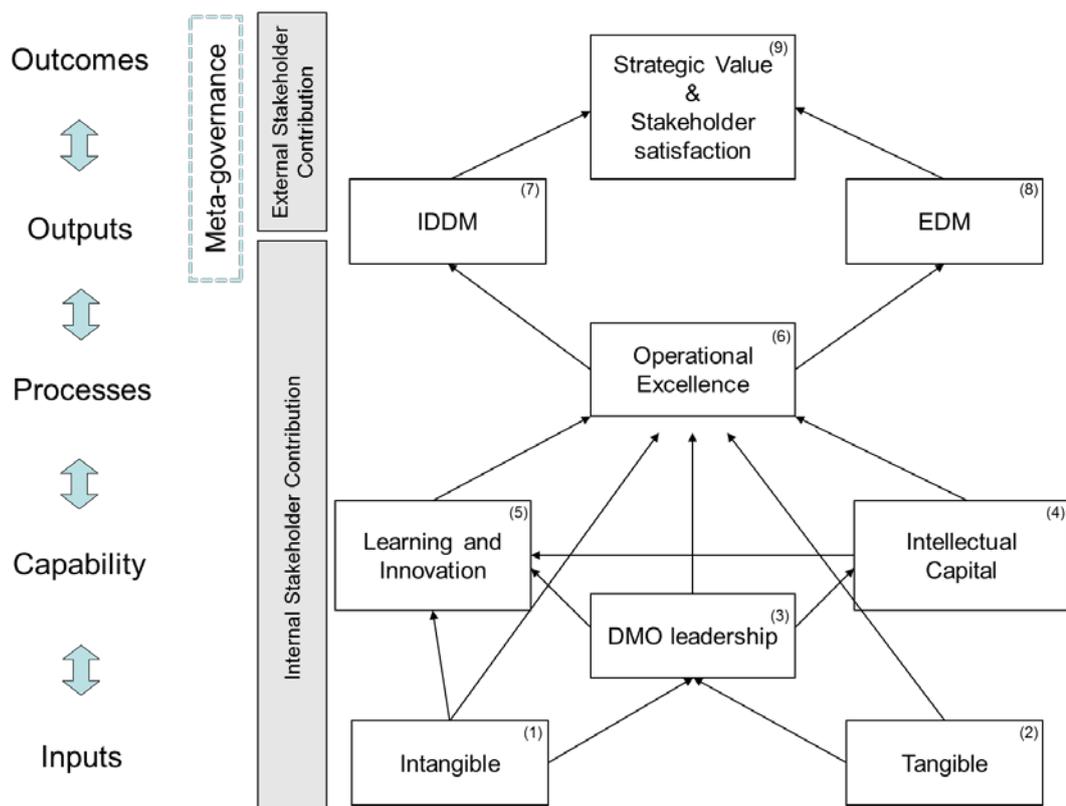
- Proposition 1** DMO effectiveness is defined by their rationale for existence and their non-profit strategic impetus
- Proposition 2** DMOs rationale for existence and strategic impetus are determined by their specific context and business dynamics
- Proposition 3** DMO performance is affected by external (micro and macro) cause-and-effect relationships (impact chain) with a plethora of external stakeholders
- Proposition 4** Effectiveness of DMO performance is influenced by internal value creation mechanisms within the organisation

These research propositions relate to a preliminary DMO Performance Evaluation Framework (PEF) (Figure 3.24). The framework combines performance perspectives from PMS discussed earlier (PSS, EFQM, BSC, PP and IC). Taking a holistic approach in the understanding of DMO effectiveness, the suggested PEF includes five key areas where DMO effectiveness needs to be evaluated: *inputs*, *capability*, *processes*, *outputs*, and *outcomes*. The preliminary PEF incorporates the principles of the 'impact chain' approach and suggests 'outputs' as an important level where DMO performance needs to be evaluated. This takes into account both the direct results (outputs) and short-/medium-term effects (outcomes) of DMO activity. These areas of DMO effectiveness should not necessarily be regarded as linear or sequential, which is depicted in the preliminary PEF by the use of two-directional arrows.

The preliminary DMO PEF has nine perspectives that fall within the five main focus areas (*inputs*, *capability*, *processes*, *outputs*, and *outcomes*). *Inputs* relate to resources of intangible (1) and tangible (2) nature. The former includes knowledge, reputation, information, intellectual capital (human intellect, skills, patents, brands, databases, market relationships, organisational practices and routines, culture), while the latter refers to funding, people, equipment and other physical assets. For example, depending on the regime under which DMOs operate (the DMO's strategic context), the governmental, regional bodies, or destination stakeholders can provide important inputs in terms of strategic direction, leadership and funding for DMOs. Both intangible and tangible resources (inputs) are required in order for the DMO to sustain and advance its current *capability* (current skills and competences). DMO capability is reflected by DMO

organisational leadership (3), intellectual capital (human capital, structural capital, customer capital) (4), as well as DMO organisational learning and innovation (5). These determinants of DMO capability help to achieve high levels of performance in terms of DMO *processes*. These *processes* require a focus on the perspective of operational excellence (activities, functions, organisational structure or architecture) (6). DMO *processes* are the catalysts for the creation of DMO *outputs*. These outputs are associated with IDDM (7) and EDM (8) activities. These outputs aim to transform the destination context and facilitate sustainable development (9). This is ultimately a key DMO outcome and relates to the strategic value that a DMO has added or contributed in terms of destination development. This also relates to stakeholder satisfaction (external and internal stakeholder value).

Figure 3.24 Preliminary PEF for DMOs



Source: Author

Outcomes are seen as an important level of DMO performance, linking to the development agent and meta-governance activity of the DMO within the destination. Wider destination stakeholders are thought to play a key part in the transition or transformation of *outputs* to *outcomes* in relation to destination development. This implies that DMOs cannot achieve strategic outcomes alone, without contribution from external stakeholders. Therefore, the ability to facilitate 'stakeholder contribution' becomes an important element of DMO evaluation.

3.10 Conclusion

The discussion in this chapter aimed to explore existing theories of organisational effectiveness and critically discuss their relevance to DMOs. At the outset, the discussion explored the concepts of organisational effectiveness and efficiency and illustrated their links with strategy and operations. The understanding of DMO effectiveness was informed by the key principles found in a number of theoretical approaches to effectiveness: the goal approach; stakeholder theory; and the competing values approach. Moreover, relevant insights were identified in approaches to effectiveness of several organisational realms: SMEs; private, public and non-profit organisational realms; as well as, development agencies. This multi-dimensional approach allowed for the scrutiny of important insights on organisational effectiveness and performance management, providing the foundation for the development of a performance evaluation framework (PEF) for sub-regional DMOs. The next chapter discusses the research methodology and the conceptual framework of this study.

CHAPTER 4 **Research Methodology**

4.1 Introduction

The research design process of this study involved several elements: defining the research problem and approach, developing a conceptual framework; designing the research plan for collecting and analysing data; collecting, analysing and discussing the data; drawing conclusions and recommendations for practice and further research. These elements of the study are discussed in depth in this chapter, along with the quality criteria of this study, as well as the limitations of the research methodology employed.

4.2 The research problem and approach

The organisational performance of DMOs can influence the potential of destinations to achieve and sustain competitive advantage (Pike 2005; Ritchie and Crouch 2005). Despite the fact that academia (e.g. Morrison et al. 1997, Pike 2004; Morrison 2013) acknowledges that the exploration of ways to evaluate DMO effectiveness is important, there is a distinctive shortage of research exploring this area (Gretzel et al. 2006; Volgger and Pechlaner 2014). A recent study by Bornhorst et al. (2010) presented a comparison of destination and DMO success determinants, while Frechtling (2005) conceptually examined the application of the Balanced Scorecard (BSC) to DMOs. Overall, existing research predominantly examines 'destination' performance variables (Dwyer and Kim 2003; Ritchie and Crouch 2005; Sainaghi 2006; Crouch 2011) or solely focuses on evaluating effectiveness of the marketing function of a DMO (Morgan et al. 2012). However, there is a need for a much more comprehensive approach to DMO organisational effectiveness, one that embraces all its destination management roles (Morrison 2013; Volgger and Pechlaner 2014) and includes both strategic and operational perspectives of its organisational effectiveness (Hudson et al. 2001). As a result, there are several gaps in the literature on the evaluation of a DMO's organisational effectiveness and performance management.

The first and most important gap in the literature is that there is no clear understanding on the meaning and nature of 'effectiveness' for DMOs. Second, the key perspectives of DMO

effectiveness remain unidentified. Third, there is no clear guidance as to what methods can be used to evaluate DMO performance and what their potential limitations are. This study sets the aim to identify the key performance perspectives that enable the comprehensive evaluation of the operational effectiveness and strategic impact of DMOs. This will also advance the understanding of the effectiveness construct as it applies to the context of DMOs. In summary, the research problem relates to: What is the meaning of 'effectiveness' in the context of DMOs? What are the key perspectives of DMO performance that need to be monitored for a comprehensive evaluation of these organisations?

In line with the research problem, the aim of this study is to identify key performance perspectives that enable a comprehensive evaluation of the operational effectiveness and strategic impact of DMOs. In order to achieve this aim, a number of objectives are set:

- 1) to examine the rationale for and the roles DMOs;
- 2) to critically analyse the operational activities of DMOs;
- 3) to critically explore the theories of organisational effectiveness within the context of DMO management;
- 4) to identify the key determinants of effectiveness of DMOs;
- 5) to establish a framework for the evaluation of the organisational performance of DMOs.

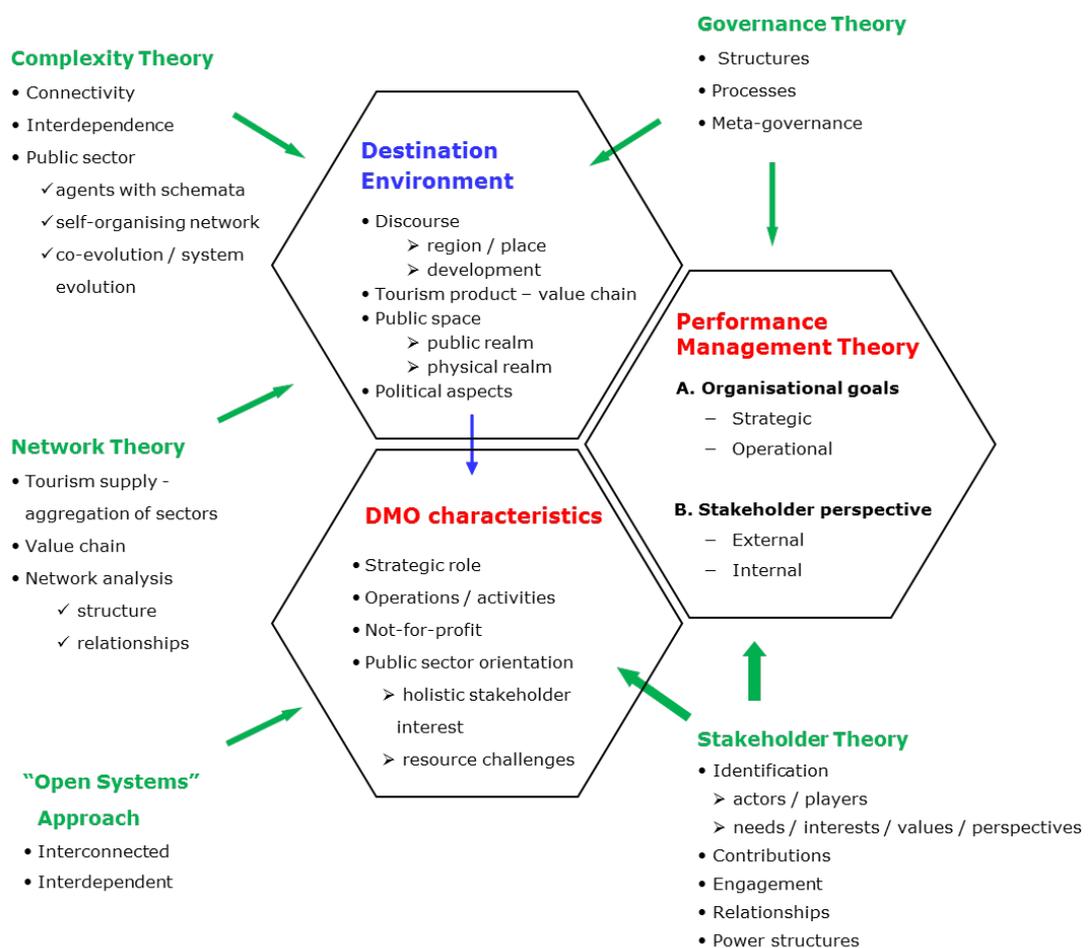
In order to examine the research problem and achieve the research aim and objectives, this study adopted an interpretive research approach that, as discussed in detail in section 4.4.1, adheres to relativist ontology, subjectivist epistemology, and naturalistic set of methodological procedures that involve qualitative methods of enquiry (Denzin and Lincoln 2005; Saunders et al. 2012). The study is underpinned by a conceptual framework (Figure 4.1), which stems from the theoretical perspectives discussed in Chapters 2 and 3, sets out the theoretical context of the study and informs the design of the research methodology.

4.3 Performance management research in the context of DMOs: the conceptual framework

Despite the lack of existing research with a specific focus on DMO performance

management, researching existing destination management and (wider organisational) performance management literature has been crucial in generating and refining the research ideas of this study, securing an in depth understanding of contemporary state of knowledge and identifying the relevant limitations. Saunders et al. (2012) suggest that the use of existing literature (secondary research) provides the foundation on which the research is built. Creswell (2009) identifies three key ways that literature review can be used: first, to frame a research question in the initial stages of the research; second, to provide the context and theoretical framework for the research; third, to help place the research findings within the wider body of knowledge.

Figure 4.1 The conceptual framework of the study



Colour key: **context** – **question** – **perspectives**

Source: Author

In this study, secondary research initially focused on tourism destination management literature (Chapter 2) with the purpose of exploring the rationale for DMOs, as well as their strategic and operational roles within a destination. However, as stated above, the area of DMO performance evaluation is a major research gap in tourism research (Pike 2004). Therefore, wider business management literature is critically reviewed (Chapter 3) in order to identify key principles of organisational effectiveness and performance management, which assisted in developing basic elements of the DMO PEF for both their strategic impact and operational effectiveness.

Extensive secondary research and research on the Internet was also used to identify the latest developments within the tourism industry in England, particularly collecting valid data on the management structures of DMOs, which are constantly evolving. An important part of this study took part between 2006 and 2010, when “more than any other macro force for change, the political devolution and regionalisation of tourism has clearly been an instrumental driver for {...} destination management arrangements” (Fyall et al. 2010, p.25). For instance, the Regional Development Agencies (RDAs) that were introduced in the late 1990s (Marshall 2008) have been playing a key role in destination management until their abolition in 2012, when Local Enterprise Partnerships (LEPs) were introduced by the coalition government. A detailed account of the developments affecting the destination management structures in England is presented in Appendix 1.

The study is closely linked to issues of organisational effectiveness; performance management; as well as, strategic management, implementation and control (see Chapter 3). However, the discussion (see Chapter 2) incorporates several additional fundamental issues relating to the study of DMOs as integral parts of tourism supply (Pike 2004), namely: the rationale for their existence; the DMO structures, roles, goals and functions; their key opportunities, challenges and constraints within a contemporary business environment.

Sinclair and Stabler (1997) argue that discussion focusing on tourism supply can benefit by integrating paradigms, various schools of thought. DMOs, being a key player of the visitor economy's supply system, need to be researched utilizing such an integrated knowledge and understanding. Therefore, this study is incorporating a multi-disciplinary approach by combining various theoretical underpinnings. DMOs are examined as 'open systems', incorporating insights from destination development and management theory, performance management theory, stakeholder theory, network theory, complexity theory,

and governance theory. These theoretical lenses are combined to conceptualise tourism structures of the visitor economy at destination level, and to develop a conceptualisation of performance management for DMOs. The synthesis of the aforementioned theoretical underpinnings is portrayed in the study's conceptual framework (Figure 4.1).

The purpose of a conceptual framework is to explain (graphically) the main things to be studied (the key factors, constructs or variables) and the presumed relationships among them (Miles and Huberman 1994). Therefore, the study's conceptual framework is an integral part of the study's research process in terms of developing an understanding of the context and the research question (aim and objectives) through the use of key theoretical perspectives explored by a critical review of the relevant literature. The critical review of the literature led to the development of a number of generic research questions and a series of research propositions (see section 3.9) that together with the conceptual framework provided the foundation and parameters underpinning the remainder of the study.

4.4 Research design and chosen methodology

Designing the research plan involves a number of important decisions that span "from broad assumptions to detailed methods of data collection and analysis" (Creswell 2009, p.3). According to Creswell (2009) the decisions on research design should be based on a number of factors including the worldview (philosophical) assumptions of the researcher, the procedures (strategy) of inquiry, the specific methods of data collection, analysis and interpretation, as well as on the nature of the research problem or issue being addressed. Saunders et al. (2012) simply describe the research design as a general plan of how the research question will be answered. The authors seem to concur with the research design components suggested by Creswell (2009), while they add that researchers should also pay attention to the time horizon and the ethics of the study. This study adopted an interpretive paradigm approach that adheres to relativist ontology and subjectivist epistemology and, therefore, used qualitative methods of inquiry (Table 4.1). The following sections discuss the rationale for the selection of each of these components of research design for this study.

Table 4.1 Research design components of this study

TERM	DEFINITION	This study
Paradigm	A set of beliefs	Interpretive
Ontology	The nature of reality	Relativist
Epistemology	The relationship between the researcher and the subjects/objects	Subjectivist
Methodology	The set of guidelines for conducting research	Qualitative
Method	The tools for data collection and analysis	Semi-structured interviews

Source: adapted from Jennings (2001) and Denzin and Lincoln (2005)

4.4.1 *An interpretive paradigm approach*

Morgan (2007, p.49) suggests that the concept of *paradigm* in social sciences refers to the “systems of beliefs and practices that influence how researchers select both the questions they study and methods that they use to study them”. The author argues that particular worldviews underpin the researcher’s assumptions about the nature of knowledge and reality. Moreover, epistemological stances are seen to recapitulate assumptions about “what” can be known and “how”; which, in turn, create shared beliefs about research topics and methods in a specific research field. Therefore, the research questions asked and the methods used in researching key content in the field take the role of model examples (“paradigmatic examples”) for researchers to use in the given field.

According to Jennings (2001), the research paradigm determines the standpoint that a researcher considers the research topic from, the research design, as well as the methods for data collection and analysis. Each paradigm is described on its ontological basis (the view of the real world); epistemological basis (the relationship between the researcher and the subject/object of the research); and the methodological basis (data collection and knowledge construction). However, Denzin and Lincoln (2005) note that a paradigm encompasses an additional element: ethics (axiology), which asks: *how will I be as a moral person in the world?* The research paradigm is implicitly reflected in the structure,

implementation and reporting of the entire research process (Jennings 2001; Denzin and Lincoln 2005).

This study is informed by the interpretive social sciences paradigm, which “assumes a relativist ontology (there are multiple realities), a subjectivist epistemology (knower and subject create understandings), and naturalistic (in the natural world) set of methodological procedures” (Denzin and Lincoln 1994 cited Jennings 2001, p.13-14). More specifically, this research asserts that:

1. There are multiple explanations (or ‘realities’) of performance management for DMOs, which relate to how various DMO managers understand and explain the relevant issues. Consequently, reality can never be fully apprehended, only approximated (Denzin and Lincoln 2005).
2. The research process is subjective, involving the researcher and the participants into developing knowledge (Morgan 2007). In this study, (as explained below) senior and executive level managers participate in face-to-face interview discussions with the researcher, where subjective views on DMO performance management are exchanged.
3. Connection between theory and data follows a process of induction (Morgan 2007; Jones et al. 2013). Key insights and themes identified during the interview process will be systematically synthesised with appropriate literature in order to generate new or improved understanding on issues of performance management for DMOs.
4. Data are collected in the real world or natural setting (Morgan 2007), as primary data is collected from interviews with DMO managers in England.
5. Uses qualitative methodology, and in particular semi-structured interviews.
6. Inference from data is context specific (Morgan 2007). The conclusions and recommendations drawn in this study reflect the reality and particular circumstances in England at the time of study.

All the aforementioned elements are discussed in depth throughout this chapter as they are important parts of the research design of the study, stemming from its interpretative research paradigm. Gioia and Pitre (1990, p.585) argue that, within organisational research, “a paradigm is a general perspective or way of thinking that reflects fundamental beliefs and assumptions about the nature of organisations”. Through an interpretive paradigm lens, theory building is “to generate descriptions, insights and explanations of events so that the system of interpretations and meaning, and the structuring and organizing

processes, are revealed” (Gioia and Pitre 1990, p.588). Therefore, this study builds theory by analysing the ways DMO managers interpret the effectiveness construct, as well as key concepts of DMO performance. DMO managers’ understanding of performance management and their current practices in monitoring DMO performance also inform theory building in this research.

4.4.2 Qualitative strategies of inquiry

Creswell (2009, p.11) defines strategies for inquiry (or research methodologies) as “types of qualitative, quantitative or mixed methods designs or models that provide specific direction for procedures in a research design”. Since the research question of the study is examined through an interpretive paradigm approach, the adoption of qualitative methodologies is more appropriate (Denzin and Lincoln 2005; Saunders et al. 2012). In this study, using qualitative methodologies serves the purpose of gathering in-depth data that offer rich performance management insights from DMO managers. The limited number of experts (senior DMO managers), coupled with the difficulty of access to these professionals, also supports the appropriateness of a qualitative approach (Walle 1997). Furthermore, performance management is a contemporary area of study in the context of DMOs, and its concepts and practices are complex and difficult to describe. Therefore, potential trade-offs in terms of rigour are minimal by comparison to the benefits of using a qualitative methods (Walle 1997).

The review of the literature, presented in chapters 2 and 3 identified two key considerations that should inform the design of the primary research. Firstly, DMOs are part of a complex tourism system (section 2.2 and 2.3); and, secondly performance management is inherently of a multifaceted nature (sections 3.3). The underpinning ideas from systems, complexity, network, and stakeholder theories mean that this study embraces complex phenomena and realities. As a result, insights of experts in the area are highly valuable and a qualitative methodology is therefore best suited for this study (Walle 1997). Researchers (Ingram 1996; Jennings 2001; Veal 2011) identify the qualitative methodologies as valid techniques with which to map the inherent richness of tourism activities.

The appropriateness of qualitative methods of inquiry for this study is further justified by the nature of the research objectives, which maintain a multifaceted (explanatory, evaluative and exploratory) character (Saunders et al. 2000; Creswell 2009). The multifaceted character of the research stems from its attempt to simultaneously be: *explanatory*, attempting to investigate the meaning of effectiveness for DMOs; and *evaluative*, assessing the value of existing understanding of organisational effectiveness and existing PMF for the organisational evaluation of DMOs. Moreover, as this study focuses on a contemporary and unexploited area of research, that of performance measurement and management of DMOs, it further incorporates an *exploratory* character.

Data gathered by qualitative methods are in the form of text (words) and are evaluated subjectively and systematically by reducing the information into themes and categories through an iterative process of coding the text (words) (Miles and Huberman 1994). There are a range of different methods for qualitative inquiry (Patton 2002; Saunders et al. 2012) and this study has employed semi-structured interviews with DMO managers. The choice of this method is justified in a separate section (4.4.6).

4.4.3 *The role of the literature in this qualitative study*

Literature has a distinctive but varied role and function in qualitative research (Jones et al. 2013). From the outset, literature is reviewed to set the background of the study and make connections to the directly relevant concerns of the broader research community (Silverman 2000). Essentially, the identification of the research problem, the development of the research aim, as well as the determination of the research approach and design in this study are inextricably linked to the review of existing relevant literature. By setting the context of the study, an “overall orienting lens” is provided through which the research can be viewed and understood (Creswell 2009, p.62). Furthermore, the review of the relevant literature in this study led to a number of generic research questions and theoretical propositions (section 3.9) that provided a basis for the theory-driven coding performed at the initial stage of the thematic analysis of primary data (section 4.6.4 and 4.6.5).

Throughout the discussion chapters (Chapters 5-7), literature is also used to develop a dialogue with the primary data. The function of the literature at this stage is to compare the

findings with those of others, to examine whether the research literature confirms or challenges findings and to identify an original contribution (Jones et al. 2013). Moreover, the interpretative paradigm and the inductive approach that inform this study imply that it is not possible to know in advance what relevant concepts may arise from the primary data collected (Corbin and Straus 2008). Therefore, further literature is brought in throughout the discussion chapters in order to interpret and explore any new emergent themes (Jones et al. 2013).

4.4.4 Reflexivity and the role of the researcher

In qualitative research, the researcher must make conscious effort to understand and reflect upon their active role in driving and shaping their study (Guba and Lincoln 2008). It is the 'personal biography' of the researcher that influences the way they view the social world and how they make sense of the research phenomenon (Rossman and Rallis 2012). Therefore, my personal influence to this study is driven by my personal and professional experiences, which are briefly outlined next.

I have grown up in Greece, one of the most important European tourism destinations. This meant that all my life I have lived at the heart of tourism activity at destinations within Greece, particularly on Crete where I have strong family ties. From a young age, even before going to school, through mythology and ancient heritage, Greeks develop an interest and a deep understanding of tourism-related concepts and ideals like 'filoxenia', which means friend of 'xenos' or a foreigner and translates in English as 'hospitality'. Tourism is so embedded in our life that it affects us from our early years of education. For example, learning English as an international language is important for many Greeks so that they have the skills to potentially work in one of the many sectors related to tourism. Personally, I started studying English at the age of 8 years old. After finishing school, I studied tourism and hospitality management for 4 years. During this study, I had the opportunity to work as a placement student at various businesses around Greece for three consecutive summers (9 months in total). My interest in destination management would not develop clearly until later on in my life. However, even by that time, I was amazed by the fact that tourism was such a composite industry and that there was so much diversity in terms of businesses and professions. My postgraduate studies at Bournemouth University

in 2001 helped me develop my thinking and understanding of strategic issues in tourism. More significantly, my interest in collaborations and partnerships became stronger and as a result I chose this as my theoretical area of research for my master's dissertation. My passion for this topic and my analytical skills helped me produce a good piece of work that resulted in a paper publication in the Journal of Hospitality and Tourism Management.

For the next 2 years I worked in the marketing and sales department of Unilever, one of the leading global fast-moving consumer goods company (FMCG). My clients were small, often family-run food and beverage businesses based in Athens and in several other tourism destinations around Greece, for instance Mykonos, Rhodes and Santorini. Very soon I became intrigued by the big contrast in the approaches to organisation and management between the different tourism businesses and a big company like Unilever. The management systems of Unilever had embedded practices of constant evaluation and control of the business, which was clearly not common practice in the businesses of the tourism sector. Moreover, I realised that the various destinations that I was visiting around Greece did not have the same level of organisation and control over the development and management of their areas. In 2005, this insight took an international scope as I started working as a project manager for Messe Frankfurt, a major global exhibitions company. As part of my job, I travelled to various business event destinations in Russia, Germany, and UAE, experiencing the complexity and diversity of tourism development and management at an international level.

Throughout my personal and professional life, I have always had an investigative attitude and an innate drive to expand my knowledge, experience, as well as my cognitive and learning abilities. This attitude also underpins this research, and is enhanced by my passion for both destination management and organisational effectiveness. In fact, I feel that this study is a natural development in my life-journey, signifying the beginning of my research-journey and solidifying my interest in the way performance management of DMOs is understood and applied in practise.

4.4.5 Ethical considerations of the research

Ethical considerations are important in any research and particularly in social research as

they relate to the level to which research can maintain “integrity and legitimacy in society and in protecting practitioners and participants in its practices” (May 2011, p.47). Ethics is about the system of accepted beliefs and values which control behaviour and “is concerned with the attempt to formulate codes and principles of moral behaviour” (May 2011, p.61). Therefore, the discussion on research ethics needs to focus on the capacity for ethical inquiry to inform reasons for action in the conduct of this study, as well as to protect participants and the integrity of inquiry. Two philosophical positions are particularly relevant when dealing with ethical dilemmas in research (Saunders et al. 2012): the deontological view and the teleological view. The former “is based on following rules to guide researchers’ conduct”, while the latter “argues that deciding whether an act of conduct is justified or not should be determined by its consequences, not by a set of predetermined rules” (Saunders et al. 2012, p.227). May (2011) notes that the conscious consideration of ethical issues is enabled by reflective practice. In that respect, a critical reflection is made on the researcher’s views and those of the participants (see sections 4.4.4 and 4.9), in addition to a clear justification for the actions and choices made in devising and executing this research design (this involves all the discussion throughout Chapter 4). Since ethical issues may arise at any stage in the social research process (Bryman 2012; Saunders et al. 2012), the discussion in this section will address ethical considerations that were pertinent throughout the research from the design stage of the study to collecting, processing, analysing and interpreting data, as well as reporting findings.

Orb et al. (2000, p.95) warn that “ethical codes and guidelines for research projects do not have answers to all of the ethical issues that may arise during research”; however, they note that well established ethical principles can alleviate the inherent difficulties in qualitative research. This research is part of a doctoral study at Bournemouth University. Therefore, it strictly follows the university’s key principles of research ethics (as outlined in the Research Ethics Code of Practice), which are closely aligned with the guidelines set by the Economic and Social Research Council (ESRC) (ESRC 2012; Bournemouth University 2013):

1. Research should be designed, reviewed and undertaken in ways which ensure integrity and quality.
2. Participants and research teams must be as fully informed as possible about the purpose, methods and intended possible uses of the research, what their participation in the research entails and what risks are involved. Exceptions to this

principle may be permitted in the case of covert research; however approval for this must be gained from UREC.

3. The confidentiality and anonymity of the information supplied by participants must be respected.
4. Research participants must participate in a voluntary way, free from any coercion / gratuities.
5. Harm to research participants must be avoided.
6. The independence of research must be clear, and any conflicts of interest or partiality must be explicit.
7. Ethical approval must be obtained before research is commenced.

Principle 1. Research design that ensures integrity and quality

The research design of this study was carefully developed with attention to integrity and quality. Integrity in this research is evident by the methodological rigour with which the study is conducted. Trustworthiness and authenticity are key criteria of quality of this qualitative methodology (Lincoln and Guba 1985; Veal 2011; Fryer et al. 2011). These are discussed in detail in section 4.8. Integrity and objectivity for this research also meant “acting openly, being truthful and promoting accuracy” (Saunders et al. 2012, p.231). The research design is based on methodological choices that are clearly and openly discussed throughout this chapter.

Principle 2. Clear statement of the purpose, methods and intended possible uses of the research

Ethical concerns of this nature may relate to issues of deception (about the purpose of the study) and establishing trust and credibility between the researcher and the participants (Creswell 2009). The purpose of this study was clearly explained to participants during the ‘recruitment’ stage. However, this was mostly done indirectly via their CEOs and MDs (at a DMO level) or (in the case of the NW) via the regional Heads of Tourism (at a regional level), who acted as gatekeepers. Nevertheless, a consent form (Appendix 7) was designed and given to interviewees at the beginning of every interview. This form gave an overview of the study, made reassurances about confidentiality and explained the purpose of the audio recording. Participants were also informed of their right to withdraw from the study

at any time during the process and were advised of what was expected of them in advance. This involved the length of time that the interview was likely to last, the location of the study and contact details of the researcher should they wish to follow anything up at a later stage. There was no need to withhold any information pertaining to this study, as the sample did not involve vulnerable adults or children and therefore there was no ethical conflict in gaining consent directly from the participants. The consent form was printed on a Bournemouth University letterhead paper and the interviewees were given the interviewer's personalised Bournemouth University business card that clearly stated that the interviewee was a PhD researcher from the university. In addition, the purpose of the study and the interview itself was also stated by the interviewer at the beginning of each interview recording. In order to achieve consistency in this across all interviews, a short paragraph stating the purpose of the study was included in the interview guide and was read aloud at the beginning of each interview (Appendix 4).

Principle 3. Respect of confidentiality and anonymity of the information provided

Preserving confidentiality and anonymity is an important ethical consideration in social research (Creswell 2009). This study has preserved anonymity by disassociating names from responses during the coding and recoding process. The identities of the individual managers are protected by only stating the initials of the DMO they were working in and allocating a random number to each respondent (e.g. TMP1, TMP2, TMP3, etc.). Care is also taken in making the data non-attributable (Saunders et al. 2012). The anonymity of participants will also be preserved in any future publications or reports. In line with Bournemouth University's research ethics code, data collected in this study will not be shared with third party individuals and are stored in safe files with limited access.

Principle 4. Voluntary participation of participants

As mentioned in Principle 2 above, in this study mostly the gatekeepers at regional (Heads of Tourism in RDAs) and sub-regional (CEOs or MDs in DMOs) levels were involved in the negotiations for access and permission to proceed with conducting interviews. However, the interviews involved other senior managers as well, so it could be argued that some of these senior managers were not able to exercise their right to voluntarily accept or refuse to participate in the study. A possible justification for this argument could be based on the

idea that these managers were under pressure from their higher-level managers who decided that their colleagues should be interviewed. This seems to challenge what Orb et al. (2000) refer to as the ethical principle of “autonomy” in social research. The researchers (Orb et al. 2000) note that it is important to use the consent form as a means to negotiate and renegotiate trust with the participants themselves (not the gatekeepers). To counteract this potential challenge, the interviewees were asked to take some time to read and complete the consent form from the outset, while they were offered the option of signing the form at the end of the interview if they wished to do so.

Principle 5. Avoid any harm to research participants

Creswell (2009) suggests that the researcher needs to respect the participants and the sites where research takes place. In this study, every communication and interaction with the participants was made in a respectful and strictly professional manner. Every attempt was made to be mindful about any potential impact of the interviewer’s presence and minimise disruption of the physical setting of the DMOs. In this respect, punctuality was also important in the meetings with the managers. Moreover, every effort was made to keep the length of each interview within the limits of the agreed time in order to avoid putting managers into a stressful situation. Participants were also made aware that care would be taken on how their statements were used and interpreted, as this can minimise their stress during an interview process (Creswell 2009; Saunders et al. 2012).

Principle 6. Make explicit the independence of research or any potential conflicts of interest

As stated earlier, the nature and purpose of this study was clearly made explicit to the research participants. Firstly, during the process of negotiation for access, the independent nature of the research was clearly stated in every written and verbal communication with (regional and sub-regional) ‘gatekeepers’. Secondly, the consent forms signed by every interviewee clearly stated the purpose of the study, as well as the fact that the research was part of a doctoral study and (upon completion) the findings will be openly and freely available at Bournemouth University’s library. In this study, no potential conflicts of interest could be identified.

Principle 7. Ethical approval granted by the university before research is commenced

Ethical approval from the institutional review board is common in academic research in order to assess the potential risk of physical, psychological, social, economic, or legal harm to participants in a study (Creswell 2009). For this study, the Bournemouth University's ethics committee has granted ethical approval.

4.4.6 The rationale for employing semi-structured interviews

Qualitative methodologies have a number of tools or techniques, which among others include: interviews, focus groups, observation, and ethnography (Patton 2002; Veal 2011; Saunders et al. 2012). This section provides a rationale for the selection of semi-structured interviews within this study. The choice of semi-structured interviews is guided by the research question and objectives, the purpose of the research and the research strategy adopted (see sections 4.2, 4.4.1 and 4.4.2).

The interview is a kind of conversation with the purpose of obtaining information relevant to the research; hence, it has a specific content and particular objectives (Patton 2002; Veal 2011). This study employs semi-structured interviews with the aim to capture DMO managers' views on performance management and interpret the meanings they bring to it. Emphasis is given on identifying their approaches to the concept of effectiveness; the qualities they ascribe to DMO performance characteristics; the processes that are being implemented (or are suggested); the nature of indicators/metrics of DMO performance; and, the intensity or frequency of performance measurement. Saunders et al. (2012, p.372) suggests that a key advantage of interviews is that they allow "asking purposeful questions and carefully listening to the answers to be able to explore these further". The researchers add that an interview allows each interviewee "an opportunity to hear themselves 'thinking aloud' about things they may not have previously thought about" (Saunders et al. 2012, p.372).

There are various types of interview, ranging from structured, semi-structured, and unstructured interviews (Veal 2011; Bryman 2012). Semi-structured interviews are characterised by length (can be up to several hours), depth (the interviewer tries to go into

deep meanings by posing sub-questions), and (less) structure (the researcher uses an interview guide and areas for discussion to facilitate the process). Typically, a semi-structured interview encourages respondents to talk, while at the same time allows the interviewer to ask supplementary questions and invite respondents to explain their answers. This type of interviews is ideal in situations where there are only few potential interviewees (Veal 2011; Saunders et al. 2012), which has also been the case for this research (mainly) due to the limited number of senior managers of DMOs available to participate in the study. Moreover, semi-structured interviews are popular when the information that is likely to be obtained from each subject is expected to vary considerably. Again, this was expected here as the views from managers at different levels (CEO and senior levels), and with different roles (e.g. Head of Business Development, Memberships Executive) were contacted in order to attain a spherical perspective, as well as a holistic (and multi-level) understanding of performance of DMOs.

Bryman (2012) suggests that semi-structured interviews allow for more flexibility. However, the author notes that this flexibility requires that the interviewee frames and understands issues and events, and identifies what is important in explaining and understanding concepts, events and attitudes. During a semi-structured interview, the interviewer has to use wisely his or her checklist of topics to be raised that often includes a few key pre-determined, prescribed questions. The skill of the interviewer is to ensure that all relevant topics are covered, even if the order of discussions varies between different interviews. Flexibility is also achieved by adapting the questions according to each respondent's level of comprehension and engagement (Gilbert 2008). For this study, a detailed checklist of topics was used that included interview question prompts to facilitate in-depth discussion. These interview question prompts are outlined in the next section.

4.4.7 The design of the semi-structured interviews

The literature review process led to a number of generic research questions and research propositions (see section 3.9), which provided the building blocks of a preliminary interview guide and initial interview questions. The guide and initial questions were tested in two pilot interviews. The first pilot interview was conducted with a performance specialist from the Audit Commission in January 2009. The expertise of this interview participant was the

source of valuable feedback on the scope and depth of the initial questions proposed. A critical review of the areas covered in these questions resulted in improved and more focused set of questions. The resulting and improved interview guide and questions were then tested in a second pilot interview (January 2009) with a management consultant who specialises in destination management and marketing. During this second pilot, the interview guide and questions were further tested in terms of clarity and focus, in addition to testing the time or length that each interview would take to complete. Moreover, the questions were refined so that 'hard' (overly academic) performance management terminology was avoided, while some questions or points for discussion were re-grouped to improve the flow of the discussion.

The final interview question prompts were organised in 8 themes: a) the strategic value (strategic impact of DMOs); b) approaches to evaluation of strategic performance); c) current practices on measuring performance; d) keyperformance drivers (stakeholder identification, satisfaction, contribution); e) processes; f) capacities; g) dynamic evolution (in terms of learning, innovation and improvement of DMOs); h) the way forward (in the area of DMO performance measurement and management). The interview question prompts corresponding to these themes are the following:

Strategic value

1. Can you briefly summarise your role in the organisation?
2. What key results (outputs and/or outcomes) are you trying to achieve (individually or as a team)?
3. What are the key activities of your team (or functions of the organisation)?
4. Can you briefly outline the organisational structure of your team / organisation?
5. Can you identify any "critical links" between teams / departments / functions of the DMO that allow it to run more effectively as an organisation?
6. What does *effective* performance mean for you? What does "success" look like for your organisation?

7. What does “value creation” mean for you and your team / department?

Approaches to evaluation of strategic performance

8. Can you suggest ways to monitor your organisation’s strategy implementation?
What key operational indicators would you suggest?
9. What ways do you use to monitor the effectiveness in the implementation of your strategic objectives?
10. How do you monitor if your strategic objectives are understandable and clearly communicated throughout your team / department / organisation?
11. Can you briefly outline how the assorted strategies of the various teams / departments of the organisation link together and/or affect each other?

Current practices on measuring performance

12. Do you currently measure organisational performance? How? What indicators do you use? Who determines them? Who sets the targets? Who do you report to?
13. Is the current PMS IT based or paper-based?
14. What are the key advantages and disadvantages of your current PMS?
15. Do you believe that a universal PM framework could be appropriate and applicable to every DMO / TB? Why yes/no? What should be different?
16. Do you currently measure productivity in your organisation?

Performance drivers

17. What does the term ‘stakeholder’ mean for you?
18. Can you outline your key stakeholders?

19. How do you identify your key stakeholders?
20. How do you identify your key stakeholders' needs and wants?
21. How do you go about to meet the needs of your stakeholders?
22. How do you 'add value' to your stakeholders while controlling costs?
23. Does the nature of the stakeholder affect the significance or attention levels that you place on them?
24. If you were to monitor the impact you have on your stakeholders, how would you approach the task?

Processes

25. What are the key (*critical*) processes that you must excel at in order to provide value to:
 - a. Internal (organisational) stakeholders
 - b. Destination stakeholders
 - c. Wider external stakeholders
26. What determines an effective budgeting process?

Capacities

27. What critical capacities are needed in order for your team / department / organisation to achieve high levels of performance?
28. Do you expect any input / contribution from your stakeholders that can help you perform more effectively?
29. How do you motivate stakeholders to contribute in accomplishing your objectives?

Dynamic evolution (learning, innovation, improvement)

30. What are the key areas that create potential for learning for individuals and for the team / department?

31. What are the key areas that create potential for innovation and growth for your department?

The way forward

32. How do you see the future of destination management and the evolution of the role and activities of the DMO?

33. What developments (changes) and challenges do you foresee in the area of DMO performance management?

These question prompts were used as an interview guide (see also Appendix 4) in the semi-structured interviews that were conducted between January 2009 and July 2010. The following section discusses the sampling strategy employed in the study.

4.4.8 Designing the study's sample

Sampling has long been a central concern of qualitative methodologies in the social and humanistic inquiry. The fundamental questions of this concern focus on “what to observe and how many observations or cases are needed to assure that the findings will contribute useful information” (Luborsky and Rubinstein 1995, p.89). Qualitative methodologies need to make explicit the details of how the sample was assembled, the theoretical assumptions, and the practical constraints that influenced the sampling process (sensitivity to context). This provides clarity on “the strengths and flexibility of the analytic tools used to develop knowledge during discovery procedures and interpretation” (Luborsky and Rubinstein 1995, p.91). This section offers a detailed account of the sampling selection process in this study. The discussion explains how the sampling strategy was initially aimed to interview sub-regional DMOs within one region (a prospective ‘case study’), but practical constraints resulted in a different final approach. This flexibility and evolving nature of sampling is

typical in qualitative methodologies (Veal 2011; Bryman 2012).

Researchers (Luborsky and Rubinstein 1995; Flick 2011; Bryman 2012) seem to concur that the notion of purposive sampling is significant in exploratory studies and qualitative methodologies. For example, Luborsky and Rubinstein (1995) suggest that qualitative methodologies are of “discovery-oriented” (p.97) nature and highlight the importance of “sample for meaning” approach (p.101). Such an approach is based on the idea that responses have contexts and carry referential meaning. Bryman (2012) notes that purposive sampling has to do with the deliberate selection of units (e.g. people, organisations, documents, departments) with direct reference to the research questions being asked. The semi-structured interviews employed in this study aim to capture sub-regional DMO managers’ views on performance management and interpret the meanings they bring to it (see section 4.4.6).

Selecting a sample that is *representative* of the population to be studied and to the *size* of the sample itself is a challenging task (Veal 2006; Bryman 2012). Although DMOs exist at various spatial levels (Ritchie and Crouch 2005), this study focuses at sub-regional DMOs as the *spatial* unit of focus or analysis (as opposed to regional or national DMOs). In light of the context of the study in terms of the tourism management structures in England (see Appendix 1), the “sampling universe” (Luborsky and Rubinstein 1995) of this study was defined as the 52 sub-regional DMOs across the country (see Appendix 2), and the *unit of analysis* was defined as the sub-regional DMO in England as an organisational entity. It is typical in qualitative research to have sampling challenges at various levels, for example, sampling of context and sampling of participants (Bryman 2012). For this study, sampling selection decisions were made between 2007 and 2010, at a time when RDAs were an integral part of the specific context of tourism management structures in England (see section 4.4.8.2). Therefore, three important sampling decision challenges had to be met: (1) what region(s) (regional level); (2) which sub-regional DMOs (sub-regional level); (3) which DMO managers (organisational level). At both a regional and sub-regional level, there was wide variety and diversity in terms of the tourism management structures across the nine economic regions of England (see Appendix 2). At an organisational level, even within regions, there was diversity in terms of the organisational architecture of sub-regional DMOs (e.g. departments and internal organisational hierarchies). Moreover, several regional and sub-regional organisational structures of the tourism system in England were still evolving in terms of development and advancement of the operationalisation of the

structures (Fyall 2008; Fyall et al. 2010). Therefore, key questions for sampling selection in this research have been: a) what are the *criteria* for DMO (sample) selection? b) what should be the *number* of DMOs (size of the sample) that will be approached to conduct primary data collection?

To face the above challenges, this study followed Veal's (2006) suggestion to incorporate a variety of methods when considering qualitative research sampling (see Table 4.2 below).

Table 4.2 Sampling of sub-regional DMOs in England

Type of sampling	Characteristics of sub-regional DMO sample
Maximum variation	All the 52 sub-regional DMOs of each economic region were given equal attention at the stage of evaluation to identify <i>if</i> and <i>at what level</i> they met the sampling criteria mentioned above.
Criterion	DMOs that: <ol style="list-style-type: none"> 1. operate at a sub-regional level 2. belong in an operational, clearly formulated and structured organisational (as well as geographical) tourism system 3. present a level of development and advancement or sophistication in their operations and activities that allows for rich data to be collected.
Homogenous (or 'cohesive organisational framework')	DMOs that operate at a sub-regional level but belong to the same region, as this relates to the consistency of the strategic role and strategic integration of the DMOs with the regional and national strategic frameworks.
Purposeful	DMOs that collectively (as a region) have organised their activities and exhibit the maximum level of organisation. This would allow for a sample of sub-regional DMO managers that could offer useful insights on performance management and interpret the meanings they ascribe to organisational (DMO) effectiveness.
Convenience	The DMOs that the researcher or the supervisory team could potentially have easier access to.

Source: Based on Veal (2006)

At the outset, all the 52 sub-regional DMOs (see Appendix 2) of the nine economic regions of England were given an equal chance of inclusion (*maximum variation sampling*). Next, a set of determinants (*criteria sampling*) were set for DMO sampling selection. The rationale behind the criteria is to assist in accomplishing the aims and objectives of the study, in alignment with its stated focus and purpose (Flick 2011; Bryman 2012). This is primarily done by examining the potential of collecting rich data from both: (a) each sub-regional DMO individually; and (b) each group of sub-regional DMOs collectively as a region (for all the nine economic regions of England). The criteria that should be met by the DMOs in order to be included in the research sample were to:

- 1st criterion** Operate at a sub-regional geographical level (in order for the sample to comply with the focus of the study, which is on sub-regional DMOs in England);
- 2nd criterion** Belong in an operational, clearly formulated and structured organisational (as well as geographical) tourism system;
- 3rd criterion** Present a level of development and advancement or sophistication in their strategic destination management and planning, as well as their operations and activities.

At this point, it is important to clarify that the sampling strategy was based on the analysis of the specific structures of the visitor economy in England between October 2006 and June 2008 (see Appendix 2). During that time, information collected from the internet and mainly the websites of Regional Development Agencies (RDAs) across England and national level organisations (i.e. DCMS; VisitBritain and VisitEngland) assisted in determining the 52 DMOs that operated at a sub-regional level (*1st criterion*). This process assisted in understanding the structure of the tourism management system in England (Appendix 3), and identifying the interrelationships of the various players at the different geographical and operational levels (national, regional, sub-regional, and local) (*2nd criterion*).

As discussed in Chapter 3, DMOs bare a significant role in destination management, planning, and development as well as in sustaining the competitiveness of destinations. The strategic impact of DMOs is dependent on the implementation of destination management strategy, which results from a set of actual achievements that can be compared with the established strategic goals (Ritchie and Crouch 2005). This ultimately happens through establishing structures for implementation, identifying timelines and assigning

responsibilities (Pike 2004; Presenza et al. 2005). Accordingly, consideration of sub-regional DMO strategic goals and objectives, as well as their planning of activities and action plans to implement their strategies and achieve their goals was important. Information on the aforementioned issues is expressed in the Destination Management Plans (DM Plans) of each DMO (Pike 2004). Therefore, a key task in the sampling selection process entailed an evaluation of the DM Plans and other available strategic documents of sub-regional DMOs across England in order to identify the sub-regional DMOs with the highest level of sophistication and development of their strategic destination management and planning operations and activities (*3rd criterion*).

A critical concern throughout the sampling process was the assessment of the potential to collect rich data both from each individual sub-regional DMO, as well as from each group of DMOs collectively as a region (*'cohesive organisational framework' sampling*). To accomplish this assessment, 'scoring tables' for each region were created (see Appendices 6a – 6e). The overall 'score' of each region was calculated as an average mean of the points of sub-regional DMO was calculated at two increment stages: availability of strategic documents; and, analysis of the DM Plans.

During the first stage, extensive online research determined the availability of recent Tourism Strategy (TS) and/or Destination Management Plan documents. When these documents were not publicly available online, communication was made by telephone requesting DMOs to provide access to these documents. DMOs that did not have or make such documents available were disregarded from the sample, as they did not to meet the *3rd criterion*: they failed to exhibit high level of sophistication and development of their strategic destination management and planning operations and activities.

4.4.8.1 Evaluation of Destination Management Plans

The next stage involved an evaluation of the DM Plans. For those DMOs that strategic documents were available, these were reviewed with the aim to evaluate the level of sophistication and value of the information they contained. Researchers (Kotler et al. 1993; Godfrey and Clarke 2000) note that the process of strategic planning evolves in a number of key stages: place (destination/product) and markets audit, vision and goals, strategy formulation, action plan, implementation and control. Therefore, the DM Plans were

examined in relation to:

- Strategic Vision / Aims / Targets / Objectives / Outcomes
- Priorities for Actions and Investment for the sub-region
- Action Plans – Implementation mechanisms
- Resources
- Target markets
- Performance Indicators

At this stage, the evaluation of sub-regional DM Plans also based on information relevant to the components of the preliminary framework of DMO activities as identified and outlined in Chapter 2 (see section 2.8). Consequently, the evaluation of the DMO documents focused on existence of information that related to Internal Destination Development and Management (IDDM) and External Destination Marketing (EDM) activities. These issues were identified as significant determinants of formulation and implementation of the sub-regional DMO tourism strategy. In turn, a critical criterion of effectiveness and *strategic impact* of a DMO relates to its emphasis and engagement of destination stakeholders. Finally, the *integration of the DMO strategies* at various geographical (national, regional, sub-regional) levels determines the effectiveness of the DMOs. Furthermore, the analysis of the DM Plans took into consideration the existence of strategic and tactical goals, implementation activities, timelines and assigned responsibilities, in addition to performance indicators and contingency plans. Ultimately, the scoring system allowed for each sub-regional DMO to receive a rating between 0 and 5 points. Each DMO received 1 point for availability of the following documents (or information): Tourism Strategy; DM Plan; Action Plan; Performance Indicators; Business Plan.

To acquire the most up-to-date information regarding the above data sources and information, initially, the web sites of the sub-regional DMOs were utilised. Next, the organisations were also contacted by email and telephone in order to make sure that the latest and most updated strategic documents were attained. Eventually, all the available DM Plans of the sub-regional DMOs across England were analysed (using the above criteria) and compared in 'scoring tables' (see sample of scoring tables in Appendices 6a – 6e). The analysis indicated that it would be most beneficial, in terms of collecting rich data to inform this study, to focus on the sub-regional DMOs of the northwest (NW) region of England (see Appendix 6a). The five sub-regional DMOs at the NW exhibited the most sophisticated and

developed structural and operational organisation, in addition to strategic advancement, both at each sub-regional DMO level (individually), but also collectively as a region (overall score: 4.2).

At that point in the sampling process, the NW of England was considered as the best area to conduct interviews with managers of sub-regional DMOs (a prospective 'case study'). Emails were sent out to all 5 sub-regional DMOs of the NW, introducing the research and inviting senior managers to partake in an interview. However, as explained in the next section, access to these managers soon proved problematic.

4.4.8.2 The final sample of the study

Sub-regional DMOs in the NW responded that permission for them to participate in the interviews would have to be granted by the regional Head of Tourism based in the NWDA. Initially email and telephone communication was made with the regional Head of Tourism in the NWDA, who requested a summary of the study and the main objectives of the interviews. 'Gatekeepers' are often keen to identify the researcher's motives, what and how much input (e.g. managers' time) will be required, and what will be the benefits for the organisation that will arise from the investigation (Bryman 2012). The purpose of the study and the objectives of the interviews were also discussed with the Head of Tourism in a face-to-face meeting at Warrington. At that moment, it was revealed that the NWDA had been working with the five sub-regional TBs of the NW and with private consultants to develop a "Performance Measurement Framework – PMF" for the NW region. Senior DMO managers across the NW had invested a lot of time and effort to the process of developing that framework, which mainly focused on RES implementation with particular focus on regional investment priorities related to tourism and the visitor economy. Although their final PEF was not yet developed at the time, the process had made significant progress. As a result, important regional 'gatekeepers' from the NWDA (Head of Tourism) and managing directors or CEOs from TBs were very reluctant to allow the researcher access to conduct interviews with senior managers of the sub-regional DMOs (TBs) in their region. Their feeling was initially that this study would not offer any additional value to the TBs (and by consequence to the NWRDA) and therefore managers should not spend more time participating in an interview. It became apparent that the NWDA's PMF had to be reviewed in order to be able to identify and explain the 'added value' of this (doctorate) study to the

managers.

After spending significant time reviewing (careful reading) a number of NWDA's PMF documents (unpublished interim reports of PriceWaterhouseCoopers and SQW), key differences between the PMF developed by the consultants and the approach of this doctorate study were identified. The consultants were focusing on DMO impact from an RDA's (external) perspective, which was mainly aligned to performance over the RES objectives of the NWDA. This doctorate study employs a much more holistic DMO perspective on performance management. First, this study incorporates the notion of value creation within the DMO (*internally or operationally*) as an organisation. Second, viewing the DMO as central point of analysis, this study focuses on DMO performance from a value network perspective involving its stakeholders (*externally*). Both these points were used to illustrate to 'gatekeepers' that the doctorate study has a much different focus and scope than the study of the consultants. As a result of these negotiations, access was granted to contact and proceed with interviews with senior managers in only one TB (The Mersey Partnership) as a trial. However, even after this initial access was granted by the regional-level 'gatekeeper', the TMP 'gatekeeper' at directorate-level requested that a presentation was delivered to a number of key members of TMP staff in order for them to understand what the purpose and focus of this study was and to decide who should be involved in the interviews. Following this presentation and a group discussion with these managers, access was granted on an incremental basis, initially for 3 interviews and then for 3 additional ones. During the process of conducting these interviews with the TMP, the key regional 'gatekeeper' (Head of Tourism) unfortunately had significant health problems and suddenly took time off work for a period of six months. This abruptly interrupted communications and negotiations for access to the remaining DMOs in the NW. After several months, a new manager was assigned the role of Acting Head of Tourism for the NW and negotiations for proceeding with further interviews continued. Ultimately, access was granted to the following 3 sub-regional DMOs (TBs) in the NW to participate in this study:

1. The Mersey Partnership – 6 interviews
2. Marketing Manchester – 4 interviews
3. Lancashire and Blackpool TB (LBTB) – 6 interviews

Further to this development, it was deemed necessary to approach more DMOs outside the

NW in order to collect additional primary data. Therefore, although the sampling strategy of the study (discussed earlier in this section) favoured a case study approach of the NW, some modifications had to be made due to the aforementioned practical constraints. This sampling strategy of “gradual selection” during the course of a study is common in qualitative research (Miles and Huberman 1994; Luborsky and Rubinstein 1995; Flick 2011, p.29; Saunders et al. 2012; Baker and Edwards 2012) and does not diminish the value of this study. At this stage in the research process, the sampling selection strategy was based on DMOs that the researcher or the supervisory team could potentially have easier access to (***convenience sampling***), which resulted in conducting interviews with senior managers of 4 additional DMOs:

1. Visit County Durham – 1 interview
2. Northumberland Tourism – 1 interview
3. Greater London Authority – 1 interview
4. New Forest Tourism – 1 interview

Ultimately, 20 senior managers of DMOs, in addition to a performance specialist from the Audit Commission were interviewed to explore attitudes, insights, decision-making processes, perceptions, feelings and ideas about the issues that relate to the development of a framework to evaluate the organisational effectiveness and the strategic impact of sub-regional DMOs in England. Access to DMO managers outside the NW also proved significantly difficult, with the 4 additional DMOs allowing only one interview, in most cases with their CEO or managing director (MD). Nevertheless, the researcher was persistent and data collection continued until no new themes or emergent patterns relevant to the aim of this study were generated in the data. O’Reilly and Parker (2013) refer to this as thematic or data saturation, which illustrates sampling adequacy (appropriateness of the data), that allows depth and maximum opportunity for transferability of findings. Overall, the 20 interviews generated over 27 hours of audio, resulting in over 440 pages of verbatim transcripts and over 180,000 words of text (see section 4.5 for an explanation of the recording and transcription process).

Determining the sample size is a key challenge in qualitative research (Creswell 2009; Veal 2011; Bryman 2012). Although saturation seems to be important in determining the sample size (Guest et al. 2006; Dworkin 2012), some researchers suggest that the concept can have

multiple meanings and limited transparency (O'Reilly and Parker 2013; Jones et al. 2013). In this study, saturation is defined as "the point at which the data collection process no longer offers any new or relevant data" (Dworkin 2012, p.1319). However, according to Mason (2010) the "point of saturation is {...} a rather difficult point to identify and of course a rather elastic notion. New data {...} will always add something new, but here are diminishing returns, and the cut off between adding to emerging findings and not adding, might be considered inevitably arbitrary". Therefore, as O'Reilly and Parker (2013, p.192) note "the researcher should be pragmatic and flexible in their approach to sampling and that an adequate sample size is one that sufficiently answers the research question". Sampling transparency involves stating the sample size in advance and illustrating how saturation has been reached (Mason 2010; O'Reilly and Parker 2013).

Data analysis was an integral part of sampling and was carried out as an iterative process, which allows for an examination of how the interview data connects with the analytical framework of the study (Baker and Edwards 2012). Charmaz (cited in Baker and Edwards 2012, p.21) referred to this as "an emergent process of learning about and interpreting research participants' views". After 20 interviews it was evident that new data were not adding significant value to the research, which indicated that saturation and sufficiency of data was achieved (Jennings 2005; Jones et al. 2013). If necessary, further interviews would have been conducted in order to ensure a sound foundation for the analysis. Data saturation for the purposes of this research was judged to be achieved when no new underlying meanings, perspectives or indicators of DMO performance and organisational effectiveness were being constructed during the interview discussion and subsequent analysis. This is opposed to considering the range of examples and contexts used to articulate meanings. In other words, data saturation was reached at the point when collection and analysis of fresh data no longer sparked new theoretical insights, nor revealed new properties of the core theoretical and data-driven categories. An additional purpose of this iterative process of data analysis was for the study to progressively focus as the data was being collected, which allows for a balance between the scope of the study and data saturation to be achieved (Morse 2000). In this study, this balance was achieved after 20 interviews were collected and analysed.

Morse (2000) suggests that data saturation is dependent on a number of additional factors, which include the nature of the topic, the quality of the data, the study design, and the use of shadowed data. The topic of DMO organisational effectiveness and performance

evaluation was overall clearly discussed in the focused interview conversations with the senior managers, who mostly found no difficulty in discussing the concepts and making rich and important contributions. Generally, the quality of the data was very good and contained negligible irrelevant content. This was assisted by the fact that interviews with the managers took place in quiet meeting rooms with no distractions. Interviewees often provided information about the approach to performance management by other DMOs in their region or even in the wider context of England. This allowed for a collection of a wider range of information (shadowed data) that provided some insights into phenomena beyond the examined (single) DMO. Shadowed data, where verification was possible, provided clues that enhanced and accelerated the analysis (Morse 2000).

4.5 The process of the semi-structured interviews

The interviews took place at the DMO managers' offices. All interviews were digitally recorded and their length ranged from 45 minutes to approximately 2 hours, as some interviewees were naturally more talkative than others, often resulting in a longer interview. The interview objectives were clearly stated to each interviewee at the beginning of every interview meeting: to identify key performance measurement perspectives for DMOs; to explore "what" is important to evaluate and (if possible) "how" to evaluate it; to explore the meaning of effectiveness, as well as the challenges of performance management in the context of sub-regional DMOs. These objectives were also included in the consent form that the participants were requested to read and sign prior to the interview.

During the interviews the researcher had to strike a balance between a formal and a friendly conversational atmosphere, while making sure that he did not influence interviewee responses (Ritchie et al. 2005). Overall, the researcher adopted elastic and 'open-minded' approach, using the list of research questions (outlined in Appendix 4) as a guide, while often used prompting questions to manage the discussion (Patton 2002; Veal 2011). Quick thinking and interpretation of responses (interpretive listening) was very important in order to identify 'semi-emergent' themes. The interview guide was used with the aim to secure a rational flow for the conversation. This 'rational', however, was of subjective nature (from a researcher's (insider/emic) perspective). Evidently, the

respondents often covered or referred to topics in a random order in their lines of thought. This presented a major challenge for the interviewee, and was handled through being highly alert, reflexive and flexible, employing various levels of intervention and control. Having said that, reciprocity was another issue here, as the interviewee and the interviewer exchanged issues during the interview process. Therefore, in addition to frequency and timing of the intervention, style was also important. 'Style' here refers to the use of terminology and emphasis during the intervention (Ritchie et al. 2005). Since performance management is a contemporary area in the DMO domain, the researcher endeavoured to avoid the use of 'hard' terminology of performance management theory so that interviewees would understand better the question posed. Overall, the interest in the topic was high, and some interviewees immersed themselves into the interview and research process so much that their approach and contribution was almost like that of a co-researcher. During the discussions, some interviewees even referred to internal organisational documents and other empirical materials (e.g. performance reports; monitoring and evaluation plans; Destination Management Plans; action plans; business plans) for the purpose of facilitating the discussion.

A key realisation early on in the interview process was that many of the interviewees knew and often referred to other DMOs and their managers in their responses. As a result, becoming quickly accustomed to names and roles of individuals and organisations was critical in building relationships and trust with the interviewees; as well as, in fully understanding the responses. Moments of silence presented additional challenges. The researcher had to assess how much time should be allowed to the interviewee to reflect and answer a question asked. Interestingly, there was a feeling that (although in only a few occasions) certain interviewees were reluctant to ask for explanation of a question that they did not seem to understand clearly. The reason for this may simply lie on the fact that these people were at high levels of management and lack of understanding of performance management would potentially seem inappropriate. It is worth noting, however, that the majority of the interviewees indeed did not seem to have such an attitude.

4.6 Primary data analysis

As discussed in earlier in this chapter, the research question of the study is examined

through an interpretive paradigm approach and adopts a qualitative methodology (Denzin and Lincoln 2005; Bryman 2012). Denzin and Lincoln (2005, p.3) note that qualitative research attempts “to make sense of or interpret phenomena in terms of the meanings people bring to them”. In this study, using qualitative methodologies (i.e. semi-structured interviews) serves the purpose of gathering in-depth data that offer rich insights from DMO managers on performance management and interpret the meanings attributed to DMO organisational effectiveness.

Several researchers (Miles and Huberman 1994; Silverman 1997; Brotherton 1999; Braun and Clarke 2006) suggest that good practice in qualitative analysis requires continued reference to the study’s objectives. In other words, qualitative analysis must incorporate a return to the aim, the research questions and the conceptual framework of the research (Veal 2006). Therefore, the generic research questions and propositions and the resulting preliminary PEF developed from the literature review (see section 3.9) were used as an initial analytical framework that assisted in starting the data analysis. This is discussed in more detail later in this chapter (section 4.6.5). The analytical framework of this study includes “sensitising concepts, issues, questions and processes” that are relevant to the research aim and are illustrated through the analysis of the data (Patton 2002, p.439). These sensitising concepts were based around the various key performance perspectives that can enable the comprehensive evaluation of the operational effectiveness and strategic impact of DMOs (theory-driven approach). Beyond the initial theoretical concepts and ideas, the analysis took a data-driven approach and explored emergent themes and issues that participants discussed during the interviews (data-driven approach). The combination of theory-driven (*a priori*) and data-driven approaches is common practice in qualitative research (Miles and Huberman 1994; Fereday and Muir-Cochrane 2006; Thomas 2006; Saunders et al. 2012) and reflects a flexible approach to data analysis (Patton 2002; Braun and Clarke 2006; DeCuir-Gunby et al. 2011; Brooks and King 2012). The systematic process of data analysis in this study is discussed in detail in the following sections.

4.6.1 *Data preparation and the use of NVivo software*

Semi-structured interviews, as most qualitative methods, yield large volumes of exceptionally rich data attained from a limited number of individuals (Saunders et al. 2012).

In this study, all interview data was digitally stored (recorded and transcribed) to provide a record of what was said. This made it easy to retrieve information and analyse the findings of the study. Overall, the 20 interviews generated over 24 hours of audio, resulting in over 440 pages of verbatim transcripts and over 180,000 words of text. All the transcription was done by the researcher himself and each hour of digital recording took approximately six to seven hours to be transcribed. After the transcription of every interview, the transcript was carefully checked for (verbatim) accuracy against the original digital recording. Transcription was regarded as “a research act because the level and detail of the transcription affects the type of analysis that can be undertaken” (Pope et al. 2006, p.64). The transcription of the interview data in this study included the instances of repetition, ‘ums’ and ‘ers’, the laughter or pauses of the interviewees as these can affect the interpretation of speech (Pope et al. 2006). Although the verbatim transcription was a lengthy process it had significant benefits. For example, by carefully listening, writing and checking the interview data it became easier to immerse in the data. The transcription was undertaken using foot pedals and transcription software (Olympus DSS Pro Player). This allowed audio files to be controlled (play, stop, rewind) by the foot pedals. Interview data were stored in audio and text files in simple format, with clear labelling and organised in groups according to the DMO where each interview was conducted.

Analysis of qualitative data often encounters two key challenges: data overload and data retrieval. The former challenge is the result of the big volumes of data that is collected in qualitative studies. The latter challenge, which is embedded in the former, relates to finding and retrieving specific information in the wealth of data collected (Miles and Huberman 1994; Pope et al. 2006). In order to offset these challenges in this study, NVivo was used as a Computer Assisted Qualitative Data Analysis Software (CAQDAS). The researcher attended a number of training workshops on the NVivo software package and spent time becoming familiar with the software and its capabilities. NVivo was beneficial in reducing the use of paper, pens, charts and physical space, which would have been a significant aspect of a manual approach to the analysis of data. However, a CAQDAS will not identify codes or emergent themes, connect or disconnect these codes and themes, nor create theoretical models or frameworks or draw conclusions from data (MacLean et al. 2010). MacLean et al. (2010, p.312) note that all these activities are carried out by the researcher and require “human abstract thought”. NVivo “supports the storing and manipulation of texts or documents; and it supports the creation and manipulation of codes, known in NVivo as nodes” (Gibbs 2002, p.16). Ultimately, the software provides a ‘data management’

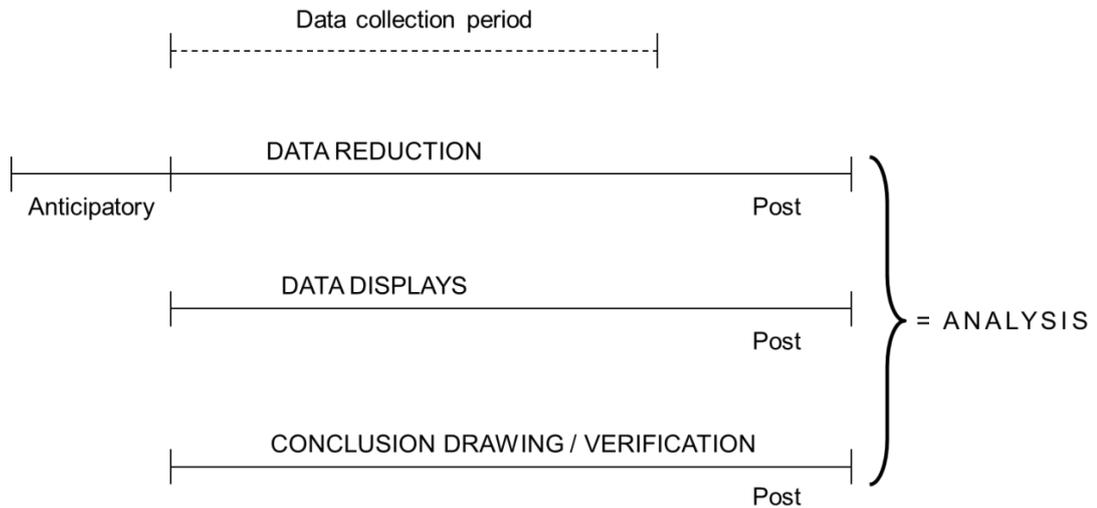
system, a database that can be searched, indexed, and coded according to keywords, concepts, or emerging themes (Pope et al. 2006).

The use of a CAQDAS minimises the distance between the researcher and the data and facilitates ease of access to any coded text and its source document (Lewins and Silver 2007). In fact, NVivo enhanced rather than inhibited reflexive engagement with the data. NVivo allows for both hierarchical and non-hierarchical coding schemes to be developed (Lewins and Silver 2007; Buckley and Waring 2013), which was particularly useful for this research as it seeks to remain open to the type and number of themes that may important to participants. Following the recommendations of Lewing and Silver (2007), data preparation was carried out at the transcription stage and prior to entering each full transcript in NVivo. These preparation activities involved formatting the text in Microsoft Word, for instance, in terms of heading levels, capitals, and italics. This minimised the amount of 'cleaning-up' required and helped to make the transcripts compatible with the features and functions of the NVivo software. Further discussion as to the use of NVivo in this study is built into the following sections in order to clearly communicate its role in the data analysis.

4.6.2 The framework for data analysis

Although transcripts and field notes provide a descriptive record, explanations have to be made by the researcher by sifting and interpreting the data (Pope et al. 2006). Miles and Huberman (1994) suggest that data analysis consists of three concurrent parallel flows of activity that are interwoven before, during and after data collection (see Figure 4.2): data reduction; data display; and, conclusion drawing and verification. Data reduction is the first part of the analysis and is a form of data condensation. Analysis of data "sharpens, sorts, focuses, disregards, and organises data in such a way that "final" conclusions can be drawn and verified" (Miles and Huberman 1994, p.11). In this study, data reduction partly overlapped with data collection, while the process involved coding the data and organising it into themes (see section 4.6.5). Data displays are also an integral part of data analysis and are defined as "an organised, compressed assembly of information that permit conclusion drawing and action" (Miles and Huberman 1994, p.11). In this study the data display takes the form of 'extended text' (i.e. interview transcripts and data extracts or quotes).

Figure 4.2 Components of Data Analysis: Flow Model



Source: Miles and Huberman (1994, p.10)

The third part of qualitative data analysis is conclusion drawing and verification. This activity involves “beginning to decide what things mean – is noting regularities, patterns, explanations, possible configurations, casual flows, and propositions” (Miles and Huberman 1994, p.11). It is important to note that at an early stage in the data collection and analysis process of this study conclusions were hold lightly, maintaining openness and scepticism. Initial conclusions were inchoate and vague at first and then became increasingly explicit and grounded through a process of verification. This process of verification involved a critical discussion with the relevant literature (Chapters 5-7) and was an important activity in the data analysis that led the development of the ‘final’ conclusions (Chapter 8). All three streams of activities or components of the data analysis of this study formed an interactive, periodic and iterative process.

Patton (2002) notes that analysing data is something of an artful matter in its own right and requires disciplined sensitivity to both process and substance. This artistic nature of qualitative enquiry relies on guidelines and procedural suggestions, whose application requires judgement and creativity. In this study, analysis entailed systematically coding,

grouping or summarising descriptions and providing a coherent, logical and structured organising framework that encapsulates and explains opinions and views that interview participants portrayed. Sensitive to an interpretive research approach (Gioia and Pitre 1990; Miles and Huberman 1994), the researcher collected and analysed data that are relevant to the informants and attempted to preserve their unique representations. This was achieved by including several quotes from the interview transcripts that illustrate the views of the participants (Chapters 5-7). A detailed account of the systematic coding procedures and interpretive schemes used to discern patterns in the data is presented in section 4.6.5.

4.6.3 *Units of analysis and units of coding*

A framework for analysis of primary data in social science research needs to be clear about two important concepts: the *unit of analysis*, and the *unit of coding* (Boyatzis 1998). The former is defined as “the entity on which the interpretation of the study will focus” (Boyatzis 1998, p.62), while the latter relates to “the most basic segment, or element, of the raw data or information that can be assessed in a meaningful way regarding the phenomenon” (Boyatzis 1998, p.63). In this study, the *unit of analysis* is the sub-regional DMO in England as an organisational entity, while *unit of coding* is the interview with each individual DMO manager. Boyatzis (1998, p.64) highlights the relationship between the two concepts by noting that “the unit of coding should have a theoretical justification, given the phenomenon of interest and the unit of analysis, and should provide an opportunity to establish and observe a “codable moment””. In other words, the specific theory underpinning the research requires particular observations (coding) within the unit of analysis. In this study, analysis began with theory-driven and progressed with data-driven observations to the data from each interview (or *unit of coding*). The purpose of this hybrid approach (see section 4.6.4 and 4.6.5) was to provide sufficient opportunity for “codable moments” (Boyatzis 1998, p.65).

4.6.4 *Thematic analysis*

The qualitative data of this study was analysed in a systematic manner by carrying out a

thematic analysis of the interview data. Thematic analysis is “a way of seeing” and a way of making sense and analysing data (Boyatzis 1998, p.4). Thematic analysis of data involves a process of identifying, analysing and reporting patterns (or themes) within data. It is an analytical approach that involves the systematic development of codes and themes (Boyatzis 1998; Braun and Clarke 2006).

Codes can be defined as “tags or labels for assigning units of meaning to the descriptive or inferential information compiled during a study” (Miles and Huberman 1994, p.56). Gibbs (2002, p.57) describes the process of coding as “identifying and recording one or more discrete passages of text or other data items (e.g. parts of a picture) that, in some sense, exemplify the same theoretical or descriptive idea”. This process also involves disassembling and reassembling the data to produce new understanding, and to explore similarities and differences across a number of different cases (Ezzy 2002). Coding allows for data reduction and simplification, data expansion (making new connections between concepts), transformation (converting data into meaningful units), reconceptualization (rethinking theoretical associations), and making connections between ideas and concepts, as well as examination of how data supports, contradicts or enhances current research or existing theory (DeCuir-Gunby et al. 2011).

Connected codes can be brought together to represent themes and patterns that reflect important ideas across the data sets that directly relate to the research questions (Crabtree and Miller 1999; Fereday and Muir-Cochrane 2006). According to Braun and Clarke (2006, p.82) “a theme captures something important about the data in relation to the research question, and represents some level of *patterned* response or meaning within the data set”. Theme prevalence is a key consideration as themes appear in each data item (unit of analysis or interview) and across the entire data set (all interviews). The process of thematic analysis identifies instances that a theme occurs in the data item and across the data set, but more instances do not necessarily mean the theme itself is more significant (Boyatzis 1998). Braun and Clarke (2006, p.82) note that the researcher’s judgement is decisive in determining themes as “there is no hard-and-fast answer to the question of what proportion of a data sets needs to display evidence of a theme for it to be considered a theme”. Evidently, this implies that the researcher retains a certain level of flexibility on what is important and how this importance is exhibited. Furthermore, thematic analysis moves beyond simple description to examine how themes are interconnected, which leads to the development of taxonomies or classifications, as well as models and diagrams that

express the connections between the themes (Pope et al. 2006).

In thematic analysis coding happens at theory or unit of coding (individual interview) level, whereas themes are developed across the whole data set. The approach to thematic data analysis can be theory-driven, data-driven or hybrid (Boyatzis 1998; Braun and Clarke 2006; Thomas 2006, DeCuir-Gunby et al. 2011). This study adopted a ‘hybrid approach’ (Boyatzis 1998; Braun and Clarke 2006; Fereday and Muir-Cochrane 2006), as it initiated with theory-driven and progressed with data-driven coding and analysis. The detailed step-by-step process of the hybrid thematic analysis in this study is explained below.

4.6.5 The hybrid step-by-step process of thematic analysis

Researchers (Braun and Clarke 2006; Fereday and Muir-Cochrane 2006) note that the phases involved in a thematic analysis process need to be applied flexibly in response to the nature of the study and its data. In order to carry out a methodological and systematic analysis of the interview data, this study synthesised the thematic analysis guidelines found in the relevant literature (Boyatzis 1998; Braun and Clarke 2006; Fereday and Muir-Cochrane 2006). This synthesis resulted in a hybrid approach with seven interwoven phases (Table 4.3). This hybrid approach reflects Miles and Huberman’s (1994) parallel activity flow model that was adopted in the study (introduced in section 4.6.2).

Table 4.3 Phases of the hybrid thematic analysis in this study

Phase	Description of the Process
1. Development of <i>a priori</i> codes	Determining important but succinct theoretical areas that can be used as initial codes to organise the data (Boyatzis 1998). Theory-driven code development that links to the conceptual framework of the study.
2. Familiarization with the interview data	Transcribing data, reading and re-reading the data, noting down initial ideas (Braun and Clarke 2006).

3. Carrying out theory-driven coding	Coding data in a systematic fashion within each interview and across the entire data set, collating data relevant to each <i>a priori</i> code (Boyatzis 1998; Braun and Clarke 2006).
4. Reviewing and revising codes and carrying out additional data-driven coding	Reviewing and revising theory-driven codes in the context of the data (Boyatzis 1998). Additional coding is done at this stage, which is not confined by the <i>a priori</i> codes and inductive (data-driven) codes are assigned to segments of the data (Fereday and Muir-Cochrane 2006)
5. Searching for themes	Collating codes into potential themes, gathering all data relevant to each potential theme (Braun and Clarke 2006; Fereday and Muir-Cochrane 2006)
6. Reviewing themes	Checking if the themes work in relation to the coded extracts (Level 1) and the entire data set (Level 2), as well as developing the thematic ‘map’ of the analysis (Braun and Clarke 2006) in order to determine credibility of the themes (Fereday and Muir-Cochrane 2006).
7. Producing the report	The final opportunity for analysis. Selection of vivid, compelling extract examples, final analysis of selected extracts, relating back the analysis to the research question and literature, producing a scholarly report of the analysis (Braun and Clarke 2006).

Adapted from: Boyatzis (1998); Braun and Clarke(2006); Fereday and Muir-Cochrane (2006)

The thematic analysis process in this study started by developing six succinct *a priori* (or theory-driven) codes (Phase 1) linking to relevant important concepts and their relationships as these were identified in the literature review (Chapters 2 and 3) (Boyatzis 1998; DeCuir-Gunby et al. 2011). This initial compilation of codes or code manual was identified prior to searching for them in the primary data, presenting the basis for organising an initial coding of the interview data (see Phase 3 below). They were developed as tentative, reflecting the generic research questions and propositions, which in turn link to the preliminary PEF (section 3.9) developed from the literature review. The six initial codes were:

1. DMO strategic impetus and responsibilities;
2. Destination management processes (IDDM and EDM activities);
3. DMO stakeholder satisfaction and contribution;
4. DMO strategic capability (process and competences);
5. DMO stakeholder collaboration and value-chain relationships;
6. DMO operational levels of performance (internal value chain).

Codes in this study were developed with reference to Boyatzis (1998) and identified by:

- The code label or name
- The definition of what the theme concerns
- A description of how to know when the theme occurs

The 'Initial Codes Manual' (Appendix 8) presents all the theory-driven codes that were developed following the above process. The manual outlines each of these codes by their name, definition and description based on theoretical constructs as these were discussed in chapters 2 and 3. As a worked example, the development of the first theory-driven code is explained in more detail below.

The code 'DMO strategic impetus and responsibilities' was developed on the basis that organisational purpose (impetus) is an important perspective to understand organisational strategy (De Wit and Meyer 2010), and strategy is at the epicentre of organisational performance evaluation (Kaplan and Norton 1992; Armistead and Pritchard 1997; Kaplan 2001; Neely et al. 2002; Neely et al. 2003; Niven 2003; Lawson et al. 2007; Moullin 2007). Moreover, strategic impetus is strongly linked with the key objectives, goals and outputs an organisation is trying to achieve (Drucker 1955; Armistead and Pritchard 1997; Locke and Latham 2002; Franco-Santos et al. 2007; Moullin 2007; Daft 2010). Therefore, for this particular code:

- Code label: DMO strategic impetus and responsibilities
- Definition: The rationale for existence of a DMO and its key strategic roles
- Description: The strategic purpose and goals of a DMO as well as key outputs the organisation is trying to achieve

The thematic analysis process (Table 4.3) continued with the second phase, which focused on familiarisation with the interview data (Phase 2). This involved transcribing the data,

reading and re-reading the data, noting down initial ideas (Braun and Clarke 2006). The transcription of the data itself was a key process that allowed the researcher to immerse himself in the data (see section 4.6.2). Reading and re-reading the data a number of times in their original state helped to ensure familiarity and a holistic view of the data. The familiarization with the data (Phase 2) started immediately after the first interview was conducted and, therefore, simultaneously with the commencement of the data collection process (see also section 4.4.8).

The third step of the thematic analysis approach in this study involved carrying out theory-driven coding (Phase 3). Data were coded in a systematic fashion within each interview and across the entire data set, collating data relevant to each *a priori* code (Boyatzis 1998; Braun and Clarke 2006). This part of the data analysis involved coding of interesting features of the data in a systematic manner. Coding, classifying and labelling the data essentially means that observations were made to determine what significant points the interview participants made in relation to the theory-driven codes. Each code was used as a label (or tag) attached to a section of transcript (text) to index it as relating to an important theme, concept or issue in the data (Ezzy 2002; King 2004). At this point, the thematic analysis of the data aimed to identify patterns that describe, organise and interpret statements from the DMO managers, and was mostly theory-driven by the priority areas illustrated by the generic research questions and propositions (section 3.9). Initial codes were entered as nodes in NVivo, matching the codes with segments or excerpts of data selected as representative of each code. An example of a code with selected excerpts of data is provided in Table 4.4. The process allowed for the development of a theory-driven 'thematic map' of the analysis (Braun and Clarke 2006) that illustrated an initial overall conceptualisation of the concepts and relationships between them (Appendix 9).

The thematic analysis during the next three phases (Phase 4, 5 and 6 as outlined in Table 4.3) was conducted as an iterative process. The process included reviewing and revising the theory-driven codes in the context of the interview data (Phase 4). The focus here was on checking the appropriateness of the code labels, the code definitions, and how codes were being or were going to be applied to the data (Boyatzis 1998; DeCuir-Gunby et al. 2011). Boyatzis (1998) suggests that the code labels need to be conceptually meaningful, clear, concise, specific, and compatible with the new data collected in the study. For codes to be compatible with the interview data they had to be 'close to the data' or encompassing the constructs that were being identified in the responses of the interviewees. The reliability,

utility and applicability of the codes to the new data was examined was achieved by multiple close readings of each interview transcript line by line, applying the initial codes to the text with the intent of identifying meaningful units of text (Boyatzis 1998; DeCuir-Gunby et al. 2011). At this stage, the analysis concentrated on consistency of observation, labelling and interpretation of the codes. This is an important part of the process because “it affects the potential utility of the code and the research findings that result from the use of the code” and subsequently the “potential for replication, extension, and generalizability of the research” (Boyatzis 1998, p.144).

Table 4.4 Example of a code and selected excerpts of data

Code	Indicative excerpts of data matched with the code
DMO strategic impetus and responsibilities	<p>Excerpt 1:</p> <p><i>“It is again very much how we influence what is happening within the industry, which again is very difficult to measure. Indeed, you can only measure not through meetings that you attend or people that you meet, but what are the outcomes of these meetings, you know, what are the outcomes of the work that you are doing and that generally isn’t captured anywhere, which is why our Strategic Added Value is hugely important for the [Regional Development] Agency. Because to be honest it is very difficult to correlate the work that we do in terms of increasing visitors. We would like to think that we are increasing visitors and yes of course operationally we can demonstrate you know, our marketing campaign generated X number of web hits, and we know that a number of these people have actually ended up visiting. But you know, we are talking minuscule numbers in the grand scheme of things. {...} It is very hard to define. I mean, the [Regional Development] Agency as you probably know {...}, have spent a lot of time on this over the last two or three years.”</i> (VM 1)</p>
	<p>Excerpt 2:</p> <p><i>“[Our destination development strategy] is based on need isn’t it? It is based on the market failure situation, which... I mean our strategy is drawn up taking that into account, but also taking into account opportunities. Because you have to look at the balance. We are an economic development organisation. We are about improving GVA,; but, the public sector intervention is restricted in that it is there to support market failure situation or mitigate against market failure situations. {...} All of our activities are sort of designed to solve the issues or take advantage of the opportunities that we have identified within the strategy”</i> (LBTB 1)</p>

Source: Author

Parallel to reviewing theory-driven codes, further coding was undertaken as inductive (data-driven) codes were assigned to segments of the data that described a new idea or concept observed in the interview transcripts (Fereday and Muir-Cochrane 2006). In other words, the thematic analysis of this study allowed for both the continuous refinement of initial codes, as well as the development of new data-driven codes (Boyatzis 1998; Ezzy 2002). The process increased the depth of analysis and the refinement and clarity of understanding the data. The aim was to allow for the codes to evolve until they cover all the sections of the data set adequately. NVivo was a useful data management system in this iterative and reflexive process of checking the code labels, definitions and applicability.

Phase 5 of data analysis involved sorting and collating codes by identifying potential patterns, categories, typologies and themes in order to further elucidate findings. Discovering themes and patterns in the data was done by connecting theory- and data-driven codes (Crabtree and Miller 1999; Boyatzis 1998). By identifying similarities and differences between separate groups of data, areas of consensus and potential conflict, as well as clusters of themes began to emerge that directly related to the research questions. During this phase, analysis of relevant data evolved through an iterative, cyclical and nonlinear process, where tentative speculations about key concepts, themes and their relationships needed to be confirmed or disconfirmed (Fereday and Muir-Cochrane 2006). Patton (2002) argues that such a strategy takes the analysis at a more complex level, generating both indigenous and analyst-constructed typologies.

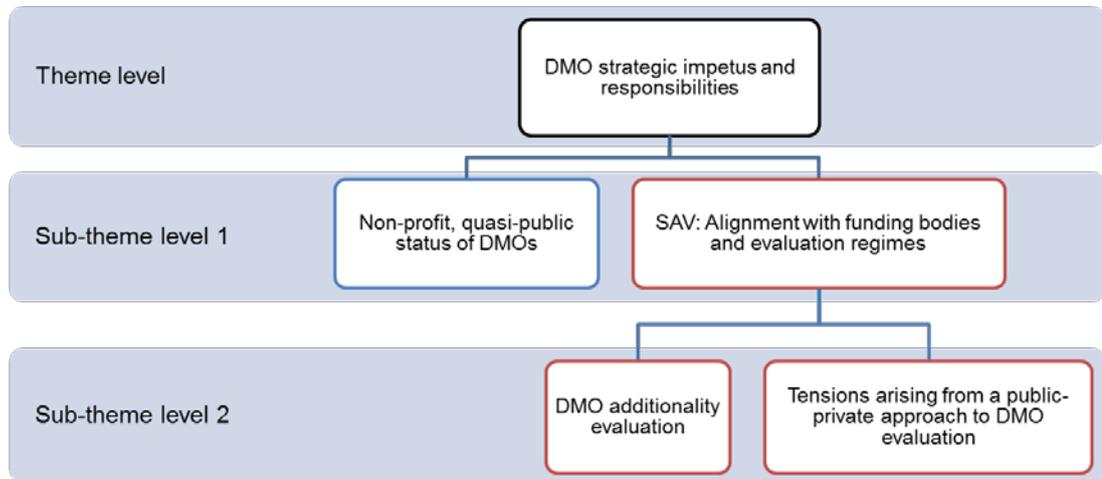
The gradual shift in emphasis of the study's hybrid thematic analysis process towards a data-driven approach allowed for coding of identified themes or concepts that emerge or evolved from the primary data itself (Fereday and Muir-Cochrane 2006; Thomas 2006; DeCuir-Gunby et al. 2011). This shift in emphasis became more evident as several readings of the data were done in order to refine both codes and themes, determine their credibility (Fereday and Muir-Cochrane 2006), as well as to organise and re-organise them in "free nodes" or "tree nodes" (hierarchical and parallel coding) (Phase 6). Exploring the properties and dimensions of each code was a key part in this stage of data analysis. It allowed the determination or documentation of relationships between codes, between themes and between levels of themes (e.g. main overarching themes and sub-themes). This practice of identifying any connections that may exist between codes is considered coding at higher level and referred to as the process of axial coding (DeCuir-Gunby et al. 2011). Ritchie et al. (2005, p.109) note that the axial coding process is a "constant comparative analysis" that

aims “to build an ideographic representation of the study phenomenon”. Axial coding enables the development of arguments, or the central story, around which the research report is organised. It involves the specification of the dimensions of context (conditions that give rise to it), strategy (by which it is handled, managed and carried out), processes and consequences (of those strategies) (Ezzy 2002). NVivo has been a particularly powerful tool at this stage of the analysis. For example, the software assisted the labelling and relabeling of codes, breaking them down into separate codes or amalgamating similar codes. Furthermore, any additional ideas and thoughts about different parts of the data were added as code annotations and assisted in the systematic and thorough analysis of the data.

Critical thinking and reflexivity were required at this stage of the data analysis (Ezzy 2002). These were constantly employed to make sure that the codes are sensitive to the data they contain (i.e. the data coded to each node) and that each thematic grouping of codes is both insightful and meaningful. At this phase (Phase 6) of the data analysis emphasis was given on the refinement of codes and themes at two levels: (a) the level of the coded data extracts (all the collated extracts for each theme); and (b) the individual themes in relation to the data set as a whole. This two-level refinement became more feasible as the researcher became more sensitive to the nuances in the data and made decisions about how to present the themes that related to the overall data set. Coding was undertaken as “an ongoing organic process” (Braun and Clarke 2006, p.91) with an developing ‘tree node’ structure in NVivo. The development of code and theme annotations with NVivo assisted in the systematic analysis of the data. These annotations tried to capture *what* is of interest in the data and *why* in a consistent and simple way.

During the refining of the themes the focus was on identifying the essence of what each theme is about, as well as the themes overall, and determining what aspect of the data each theme captures (Braun and Clarke 2006). The collated data extracts of each theme were reviewed and organised into a coherent and internally consistent account. Part of this activity was the identification of sub-themes (themes within a theme) at various levels, which give structure to large and complex themes and demonstrate hierarchy of meaning. As an example, the theme ‘DMO strategic impetus and responsibilities’ has several sub-themes are illustrated graphically in Figure 4.3, and in more detail with data extracts in Table 4.5 below.

Figure 4.3 Example of theme and sub-themes



Source: Author

Table 4.5 Example of theme and sub-themes with data extracts

Theme and sub-themes	Data extract coded
<p>Theme: DMO strategic impetus and responsibilities</p>	<p><i>“It is again very much how we influence what is happening within the industry, which again is very difficult to measure. Indeed, you can only measure not through meetings that you attend or people that you meet, but what are the outcomes of these meetings, you know, what are the outcomes of the work that you are doing and that generally isn't captured anywhere, which is why our Strategic Added Value is hugely important for the [Regional Development] Agency. Because to be honest it is very difficult to correlate the work that we do in terms of increasing visitors. We would like to think that we are increasing visitors and yes of course operationally we can demonstrate you know, our marketing campaign generated X number of web hits, and we know that a number of these people have actually ended up visiting. But you know, we are talking minuscule numbers in the grand scheme of things. {...} It is very hard to define. I mean, the [Regional Development] Agency as you probably know {...}, have spent a lot of time on this over the last two or three years.”</i> (VM 1)</p>

	<p><i>"[Our destination development strategy] is based on need isn't it? It is based on the market failure situation, which... I mean our strategy is drawn up taking that into account, but also taking into account opportunities. Because you have to look at the balance. We are an economic development organisation. We are about improving GVA,; but, the public sector intervention is restricted in that it is there to support market failure situation or mitigate against market failure situations. {...} All of our activities are sort of designed to solve the issues or take advantage of the opportunities that we have identified within the strategy"</i></p> <p>(LBTB 1)</p>
<p>Sub-theme A – level 1: Non-profit, quasi-public status of DMOs</p>	<p><i>"[Performance evaluation] tends to follow the format of the agency's requirements for that, the NWDA, because obviously again just to avoid duplications there is no point in us having developed our own monitoring report and then obviously having to complete one for the agency, because again we engage all staff into the process so they all have some input to those reports, at relevant levels obviously. That may be senior managers who input to it, executives, officers, so we do have input at different levels into those reports. Just to avoid duplication we tend to follow the format required by the external funders. And like I said, we do a compilation for our board"</i></p> <p>(LBTB 2)</p>
<p>Sub-theme B – level 1: SAV: Alignment with funding bodies and evaluation regimes</p>	<p><i>"I mean the way we report our outputs as well... we have a formally contracted... what we call Tier 1 output, and then go out additional output Tier 2, and then I suppose you have got some more indicators, and again when we developed our monitoring and evaluation plans what we have tried to do is... what I tried to do at some point anyway, was identify key outputs versus wider outcomes and how we can actually measure those"</i></p> <p>(LBTB 2)</p>
<p>Sub-theme B.i – level 2: DMO additionality evaluation</p>	<p><i>"So, we have what I call... attributable and non-attributable outputs where we if you like are making a contribution and the way we word this in our funding bids is 'we are making the contribution towards hotel occupancy'. Because, [success] is not entirely as a result of what we do, and of course the difficulty is actually measuring what is [our] influence. What level it is, you know... where is.... If we weren't here would hotel occupancy be the same... that additionality is incredibly difficult to prove or manage"</i></p> <p>(TMP 6)</p>

<p>Sub-theme B.ii – level 2:</p> <p>Tensions from a public-private approach</p>	<p><i>“I view effectiveness as being about achievement of targets and key performance indicators that are in there, but it is also about... {...} your bottom line and profit, which is the biggest thing for me. You see whenever I mention the word profit everybody has a heart attack here! Because we are not for-profit organisation... but, it has got to be about the bottom line. We have got to start looking at that aspect”</i></p> <p>(LBTB 5)</p>
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Source: Author

Braun and Clarke (2006, p.92) warn that “coding data and generating themes could go on *ad infinitum*”. In this study, data analysis was conducted as a recursive process until all data set was included in the analysis and saturation was achieved. The decision was made to stop the process when the refinements (of codes and themes generated) did not add anything substantial to the understanding of the themes; or in other words, when the coding frame fitted the data well (Guest et al. 2006). At this stage in the analysis, the researcher had a fairly good idea of what the different themes are, how they fit together and the overall story they tell about the data.

The final phase of the data analysis (Phase 7) involved the write-up of the discussion chapters (Chapters 5-7). The aim was to provide a concise, coherent, logical, non-repetitive and interesting account of the story the data tell within and across themes. Particular efforts were made to provide sufficient evidence of the themes within the data by providing enough data extracts (interview quotes) to demonstrate their prevalence. These data extracts act as vivid and compelling examples that capture the essence of the point demonstrated. The data in the discussion chapters is presented alongside the interviewee’s DMO acronym and a digit representing the number of interview (e.g. TMP1, TMP2, TMP3, VM1, VM2, VM3, etc.). The purpose of this clear indication of the origin of the data extracts was to contextualise the data and to enhance transparency as to where the data comes from. It should be noted that the intention was not to merely provide data. The analysis intended for the extracts to be embedded within an analytical narrative that compellingly illustrates the ‘story’ told about the data, making arguments in relation to the research question. The process involved the selection of vivid, compelling extract examples, final analysis of the selected extracts, relating back the analysis to the research question and literature, producing a scholarly report of the analysis (Braun and Clarke 2006).

Braun and Clarke (2006, p.94) suggest that towards the final stages of the analysis specific

questions need to guide the process: “What does this theme mean? What are the assumptions underpinning it? What are the implications of this theme? What are the conditions likely to have given rise to it? Why do people talk about this thing in this particular way (as opposed to other ways)? What is the overall story the different themes reveal about the topic?” These questions were kept in mind when writing up the discussion chapters. Ultimately, the discussion chapters make broader analytic statements about the overall ‘story’ that themes convey about performance management and organisational effectiveness of DMOs. According to Ezzy (2002), this is the process of “selective coding”, where the focus is on identifying the core code or central ‘story’ in the analysis by examining relationships between the core and other codes and comparing coding scheme with pre-existing theory. The interpretive analysis at this point in the research process entailed illustrating relationships between the patterns of meaning in DMO managers’ responses and relevant academic analysis (other theoretical studies and discussions) on the performance management and organisational effectiveness constructs.

Ritchie et al. (2005, p.109) refer to this analytical tool as “successive approximation”, in which “the researcher will iteratively and reflectively compare codes and categories to develop concepts, relationships and theory. Questions with regards to ‘goodness of fit’ with the empirical world are posed constantly throughout the process”. Consecutive comparison between what DMO managers stated in the interviews and key theoretical understandings and models identified in the literature helped determine their relevant approximation and ‘goodness of fit’, leading to conclusions and suggestions for theory building or further research. Successive approximation has been a useful process, especially in light of developing new knowledge in the areas of DMO, organisational effectiveness and performance management. The interpretation and synthesis of the conceptual schemata developed throughout the analysis constitute the building blocks of the performance evaluation framework that this study developed (see Chapter 8).

4.7 Practical implications of the study

Research that is primarily oriented towards academia (i.e. for the purpose of contributing to a scholarly dialogue or advancing theory) is strongly shaped by a theoretical framework and is judged by standards of basic research, which are: research rigor and contribution to

theory. Conversely, if the primary audience of a particular research is policy-makers, most important concerns are the relevance, clarity, utility and applicability of the findings (Patton 2002). This study has implications for both audiences. First, its scholarly orientation aims at introducing and attracting academic attention to a contemporary area of research. Post-doctoral studies and publications in academic journals and conferences will aim to instigate and maintain an on-going dialogue among the scholarly community on particular DMO performance management issues. Secondly, the study has important practical implications for DMOs as it suggests a holistic PEF that can be used to evaluate both outward-looking and internal perspectives of DMO effectiveness. The study also enables practitioners to include contextual and stakeholder influences in the evaluation of their DMOs, while it supports the evaluation of DMO additionality in destination development initiatives. The study has particular relevance to the contemporary context of DMOs of limited public sector funding as it supports the collection of performance information that provide evidence for DMO activity to potential or existing funders. The study can present the basis for the development of training programmes for DMO managers and develop their skills in performance evaluation. Further contributions of the study are presented in Chapter 8.

4.8 Limitations and quality of the methodology

Methodological limitations of this study relate to the subjective nature of interpretive paradigm, which adheres to relativist ontology, subjectivist epistemology, and naturalistic set of methodological procedures that involve qualitative methods of enquiry (Jennings 2001; Patton 2002). A discussion on the limitations of this study needs to address specific quality criteria for qualitative research (Guba and Lincoln 2008 in Lincoln and Denzin 2008; Fryer et al. 2011). Methodological rigour in research indicates integrity and competence, which in turn enhances the usability of the research findings for readers (Fryer et al. 2011). However, Thomas and Magilvy (2011, p.151) note that “the term qualitative rigor itself is an oxymoron, considering that qualitative research is a journey of explanation and discovery that does not lend to stiff boundaries”. The robustness of this research and its qualitative strategies of inquiry can be demonstrated in terms of two quality criteria (Guba and Lincoln 2008 in Lincoln and Denzin 2008; Fryer et al. 2011; Bryman 2012): trustworthiness and authenticity.

4.8.1 *Trustworthiness*

Trustworthiness has four key components (Morse et al. 2002; Guba and Lincoln 2008 in Lincoln and Denzin 2008; Lincoln and Guba 1985 in Veal 2011): credibility and reflexivity, transferability, dependability, and confirmability.

Credibility and Reflexivity

Credibility (similar to internal validity in quantitative research) relates to the processes by which information is gathered from the subjects of the study, in addition to, the way data is analysed (Hamberg et al. 1994). Krefting (1991 in Thomas and Magilvy 2011, p.152) states that “a qualitative study is considered credible when it presents an accurate description or interpretation of human experience that people who also share the same experience would immediately recognize”. Therefore, quality is reflected in the extent to which the information presented in the research reflects the phenomena studied. This study employed semi-structured interviews, which research (Patton 2002; Veal 2011) argues have increased likelihood of collecting the right information (high credibility) during the discussion between the interviewer (facilitator) and the interviewee (participant). The systematic process of thematic analysis of the data (see section 4.6 above) was developed and implemented in order to secure the presentation of an accurate description or interpretation of the views of the DMO managers that participated in the interviews.

Reflexivity is an important strategy in order to establish credibility in qualitative research (Thomas and Magilvy 2011; Bryman 2012). Reflexivity “requires a self-critical attitude on the part of the researcher about how one’s own preconceptions affect the research” (Thomas and Magilvy 2011, p.154). It also “involves explicit consideration of the relationship between the researcher and the researched”, identifying and trying to minimise potential subsequent influences (Veal 2011, p.38). In this study, the researcher conducted the interviews in person. The interaction with interviewees during the interview process has potentially influenced the data collected in a number of ways. First, the researcher is of Greek origin and the language or terminology used during the interview may have affected the communication with the interviewees. This potential, however, was minimised by feedback on the wording of the interview guide questions from the supervisory team and testing them in two pilot interviews. Moreover, the presence of the

researcher at the interview had a potential impact on the responses given by interview participants. However, a number of tactics was introduced to minimise such an impact. First, all interviews were conducted in the interviewees' own working environment, which allowed for the participants to feel more comfortable (Gillham 2011). Secondly, it was made clear at all stages of the communication with the interviewees (e.g. prior or during the interview) that this is an academic study and the researcher is a PhD student. Moreover, the interviewees were assured that confidentiality and anonymity of the data collected will be kept.

The role and influence of the researcher is a limitation that affects the quality of a study not only during the design or data collection stage, but also during the analysis of the research data (Guba and Lincoln 2008). For example, the researcher's own ideas about key concepts, for instance 'effectiveness' and 'performance management', have inevitably influenced the results of the study. In order to minimise this limitation (the researcher's influence), a critical reflection on the self as a researcher was constantly made. This involved a constant conscious attempt to experience the self in multiple ways, as the inquirer, respondent, the learner, and (importantly) "the one coming to know the self within the process of research itself" (Guba and Lincoln 2008, p.278). This process of reflexivity, which was practiced at all stages of the research, also involved a deliberate attempt to develop and implement key cognitive activities; for instance, define (identify and diagnose) as well as solve (conceive and realise) key terms (e.g. organisational effectiveness, performance management, destination, DMO, etc.), issues (e.g. the evolving nature of the tourism structures in England), processes (e.g. research plan design and execution) and challenges (e.g. sampling strategy) relevant to this research.

Additional strategies to establish credibility can take the form of member checking, respondent validation and peer debriefing or peer examination (Thomas and Magilvy 2011; Bryman 2012). Member checking or informant feedback was not possible in this study as it would require further engagement of the interviewed DMO managers from whom the data were generated. This was not possible as the managers were very reluctant or able to devote more time in the study. This meant that the interpretations of the interview data (the codes and themes) made during the data analysis process could not be checked or reviewed by the participants in terms of being accurate representations of their experiences and insights. To counterbalance this limitation, during the analysis there was a constant endeavour to begin the search for original ideas in the data and to identify what

the data were saying. The analysis included a systematic process of looking for relevant and important ideas or expressions of what the interviewees described. This was discussed in more detail in section 4.6.5, where the step-by-step process of analysis was presented. Such a systematic discussion of the analysis process demonstrates transparency of how the overarching themes were developed from the data and enhances rigor in using a hybrid approach to thematic analysis (Fereday and Muir-Cochrane 2006). Moreover, data interpretation remains directly linked to the words of the interview participants, by supporting the overarching themes developed in the data analysis with excerpts from the interview data. The use of several quotes in the discussion chapters (Chapters 5-7) is a strategy that aims to strengthen the study's validity and credibility (Patton 2002; Fereday and Muir-Cochrane 2006).

Transferability

Transferability or applicability (similar to external validity in quantitative research) is concerned with the applicability of the findings beyond the subjects of the research (Veal 2011; Thomas and Magilvy 2011). This study employed a thorough process in selecting interview participants that have some semblance to the diversity of the DMOs. A dense description of the population studied and the context in which the study took place are suggested strategies that establish transferability (Hamberg et al. 1994; Thomas and Magilvy 2011). The full process of participant selection is discussed in depth in section 4.4.8, while the context of the study is presented in Appendix 1. Despite the thoroughness of the process, the findings of this study are not readily transferable to all DMOs. Therefore, it can be argued that the findings and the conclusions drawn in this study *may* be more widely applicable. The findings provide a range of experiences on which to build interventions and improved understanding of DMO performance evaluation.

Dependability

Dependability or consistency (similar to reliability in quantitative research) reflects the extent to which research findings would be the same if the research was to be repeated at a later date or with a different sample of DMOs. Veal (2011, p.47) states that "any research findings relate only to the subjects involved, at the time and place the research was carried out". In social sciences research the varying social and physical environment in which

human beings are situated means that if identical questions were asked it would be unlikely that they would produce similar results. Most of the data for this study was collected between 2006 and 2010 and, as a result, reflect particular social (e.g. political, cultural, economic) circumstances for DMOs of that period (see section 4.4.8). For example, the abolition of RDAs that was announced in the summer of 2010 has shifted the business landscape of DMOs in England. Therefore, despite the important lessons learned from this empirical research, caution needs to be taken in making general theoretical statements.

One of the most distinct challenges of qualitative methodologies is the difficulty in determining a sampling strategy and accessing participants (Baker and Edwards 2012). In this study, the systematic development of a sampling strategy (see section 4.4.8) assisted in dealing with the challenge. Part of this challenge was gaining access to senior managers of sub-regional DMOs, which resulted in the process of primary data collection to be particularly time consuming. Also, the strong links and interdependence between regional and sub-regional organisations responsible for tourism resulted in delays in the research process. The researcher needed to thoroughly explain the research objectives to gatekeepers and negotiate with them, both at regional and at sub-regional levels, in order to obtain (layered) permissions to conduct interviews with sub-regional DMO managers (this was further explained in section 4.4.8). A lot of time was also lost because senior managers and CEOs had busy schedules and were not available for interview meetings. Evidently, this is a common challenge in studies of this nature (for example see Bornhorst et al. 2010). In this study, patience, strong initiative, persistence and flexibility of the researcher were key attributes that helped the completion of the primary data collection, which lasted over 16 months.

Thomas and Magilvy (2011, p.153) argue that dependability “occurs when another researcher can follow the decision trail used by the researcher”. Although this study was done prior to the recent transformation of the tourism management structures in England, an audit trail for this study was established that includes: clearly describing the purpose of the study and the theoretical approach employed (sections 4.2, 4.3 and 4.4); clarifying the research design decisions (section 4.4); clearly explaining the data collection and analysis techniques, as well as the interpretation and presentation of the research findings (sections 4.5 and 4.6 and Chapters 5-7). This detailed description of the research methodology was a key strategy for establishing dependability in this study and minimising any limitations related to it.

Confirmability

Thomas and Magilvy (2011, p.154) note that confirmability (similar to objectivity in quantitative research) “occurs when credibility, transferability, and dependability have been established”. A self-critical attitude was exhibited by the researcher about how his own preconceptions may affect the research. In order to achieve this, a sense of awareness and openness to the study and the unfolding results was deliberated. Conscious effort was made to follow the flow of interview discussion by asking participants to clarify slang words and metaphors. Confirmability in this research developed by consciously allowing for “a big picture view with interpretations that produce new insights” (Thomas and Magilvy 2011, p.154). Hamberg et al (1994) suggest researchers to employ a systematic and thorough method, constantly questioning the findings, rethinking and critically reviewing the research material. In line with that suggestion, confirmability for this research was established by clearly defining a method of analysis (thematic analysis), as well as constantly questioning the codes and looking for negative cases in the data (data not fitting in existing codes or classifications) (see section 4.6).

4.8.2 Authenticity

Guba and Lincoln (2008, p.271-272) suggest that any research has to ask the question: “are these findings sufficiently authentic”? The researchers also suggest that feeling sufficiently secure about the findings to act on them (e.g. construct social policy or legislation) is an important consideration. Authenticity can be discussed in terms of a number of key criteria (Guba and Lincoln 2008; Bryman 2012): fairness; ontological and educative authenticity; as well as catalytic and tactical authenticity (knowledge sharing). Fairness is a quality of balance, which refers to the extent to which the views, perspectives, claims, concerns and voices of all research participants (stakeholders) are made apparent in the text. Preventing marginalisation, representation and inclusion of their stories in the text minimises bias (Bryman 2012).

Issues of balance and fairness have been taken into consideration throughout this research; for instance, in the (sampling) selection of DMOs to participate in the study (see section 4.4.8), the data collection process, and the systematic analysis of the qualitative data (see

section 4.6). Ontological and educative authenticity relates to raising awareness of the research participants and those who surround them, or they come into contact for some social or organisational purpose (Bryman 2012). This research has highlighted the importance of understanding 'effectiveness' and performance management for DMOs, while a summary of the results will be disseminated to DMOs that participated in the study. Catalytic and tactical authenticity (knowledge sharing) refers to the ability of the inquiry to prompt action on the part of research participants, as well as the involvement of the researcher in training participants in specific forms of action (Guba and Lincoln 2008; Bryman 2012). Upon completion of this study, a number of training schemes and programmes will be developed (e.g. understanding principles of DMO organisational effectiveness, developing key performance indicators, DMO performance management influences on organisational culture). These training programmes will aim to act as catalysts for knowledge sharing with the DMOs, and an empowering mechanism for DMO managers to engage in advanced performance management practices.

Further limitations relating to authenticity can be linked to primary data transcription and interpretation (Baker and Edwards 2012). In an attempt to preserve authenticity in this part of the research process, the words of the interview participants in this study were digitally recorded and transcribed verbatim. Nevertheless, authenticity can often be challenged, since "what we are listening for is through our analytical framework and the books and ideas we use to furnish out imaginations" (Goldsmiths cited in Baker and Edwards 2012, p.13). A relevant limitation is the fact that, inevitably, the point of data saturation is rather arbitrary (Baker and Edwards 2012). In this respect, through a systematic and rigorous data analysis, every attempt was made to make sure that the data, the observations and the findings coincide, that the data support the conclusions made, as well as that the conclusions do not go beyond what the data can support.

DMOs in England are mostly small, not-for-profit organisations, where organisational evolution follows electoral cycles (Kerr 2003). Therefore, DMOs are strongly influenced by politics, which often puts the researcher in a challenging position (Buchanan and Bryman 2007). For instance, a potential limitation is linked to the fact that the senior managers interviewed may have provided inaccurate or false information due to the political and ethical implications of their statements. However, the quality of the work done need not demean, since the researcher had acknowledged these limitations and clearly committed to the respondents that the data will be treated with strict confidentiality and respondents

will remain anonymous in any publication that will result from this study.

Qualitative methodologies incorporate further limitations, as the high volumes of data collected can result in data overload and make the analysis difficult. Clearly, qualitative methods are labour intensive as they incorporate data collection, data coding and processing (Hoff and Sutcliffe 2006). The 20 interviews of this study generated more than 440 pages of transcript. Analysing this amount of data was very challenging and time consuming. This limitation links to two more areas of influence: the personal properties of the researcher, and the availability of resources. Buchanan and Bryman (2007) argue that personal interest and bias influence the choice of research methods and data analysis, while creativity can help researchers combine systematically and configure coherently the “complex package” of theoretical and practical issues that they may face in their research ‘journey’. With regards to the influence of resources, a significant challenge has been introduced by the fact that in August 2009 the researcher started working full-time as a university lecturer. On a positive note, however, the new job was in the area of the NW, which clearly benefited the study in terms of proximity, allowing for flexibility in accessing the identified interviewees.

4.9 Conclusions

This study is based on extensive review of the existing literature and face-to-face semi-structured interviews with senior DMO managers. The methodological approach of the research project derived from extensive review of the literature on research methodology and reading about the topic. Qualitative techniques are increasingly used in research with exploratory objectives; when the focus of the research is on meanings and attitudes; and when the researcher accepts that the concepts, terms, and issues must be defined by the subjects and not by the researcher. The major benefit that is pursued by undertaking a qualitative technique relies on the depth and richness of the data collected (Veal 2006). The critical sampling technique was discussed and the rationale behind the choice of sub-regional DMOs was analysed. Overall, the rationale for this study lays on the fact that despite the increased academic scrutiny on organisational performance measurement and effectiveness evaluation in general management literature, tourism destination management literature is insufficient in providing equivalent insights in the area of DMOs.

CHAPTER 5 Development Agent Logic to DMO Effectiveness

5.1 Introduction

This is the first of three findings chapters that explore the key themes identified and developed during the analysis of the primary data. Linking back to research Proposition 1, this chapter will critically explore the rationale for and strategic impetus of DMOs and highlight implications for the evaluation of their performance. As identified during the review of the literature (Chapters 2 and 3), the rationale and strategic impetus are highly relevant as they define the DMO results (outputs) pursued, determine resource acquisition (inputs), and set the boundaries of their organisational functions and activities or processes (throughputs). The rationale and strategic impetus of DMOs also emerged as a dominant theme in the primary data of this study. This dominant theme will be discussed in this chapter, but will also underpin the subsequent chapters. Linked to this dominant theme, a number of pertinent sub-themes have emerged. These relate to outward-looking and internal strategic perspectives of DMO effectiveness. Both perspectives are related to a DMO's rationale for existence and strategic impetus in terms of destination development, collaborative governance, as well as destination management and marketing. The focus of outward-looking strategic perspectives is on areas where DMOs add and co-create strategic value for destinations and their stakeholders. These perspectives will be discussed in Chapter 6. Internal strategic perspectives relate to areas of organisational management of a DMO as a business entity, and are explored in depth in chapter 7. The objective of exploring the DMO rationale and strategic impetus, as well as the outward-looking and internal strategic perspectives of DMO evaluation, is to identify key determinants of effectiveness that can be used to create a comprehensive DMO performance evaluation framework.

This chapter is divided into four main sections. First, the discussion focuses on exploring the key components of the rationale and strategic impetus of DMOs. Second, the influences of strategic context on DMO effectiveness and on approaches to DMO evaluation will be explored. Third, key challenges of evaluating DMO performance will be examined. Fourth, the discussion will examine the benefits of evaluating the performance of DMOs. In order to maintain a critical approach and academic rigour, the discussion integrates primary data with theoretical underpinnings identified in existing relevant literature. References are made back to the conceptual framework as it was introduced in Chapter 4 (Methodology).

5.2 DMO strategic rationale and performance evaluation

Proposition 1 DMO effectiveness is defined by their rationale for existence and their non-profit strategic impetus

The participants of this study confirmed that DMO performance evaluation needs to be founded on its rationale for existence and its strategic impetus. Four key interwoven components of this rationale were identified in the data and are discussed in the following sections: supporting the visitor economy and strategic value creation and co-creation; providing a strategic leadership role for tourism at the destination; supporting the strategic development of the visitor economy; and, improving governance structures for tourism development.

5.2.1 *Supporting the visitor economy and adding strategic value*

Supporting tourism has been identified by the participants of this study as the primary rationale for DMOs. Supporting tourism was noted as a key area for DMO evaluation, particularly in terms of the creation and co-creation of value at destinations. A manager referred to this value as the Strategic Added Value (SAV) of DMOs (VM 1):

“It is very much how we influence what is happening within the industry, {...} what are the outcomes of the work that you are doing {...} our Strategic Added Value is hugely important {...} Strategic Added Value or value creation is a much better I think indicator for tourism boards and is something they can really demonstrate”

A key characteristic of the DMO’s strategic value is a two-way partnership approach that reflects the co-creation of value between DMOs and their stakeholders (NFT 1):

“The added value that we provide, we believe comes from a number of things. First, an alternative view of what they [industry stakeholders] are doing. So we reflect back to them from our position, what we see their contribution is, which is why I used the word partner before. {...} I see them [stakeholders] mainly as partners. I even see visitors as partners... and [I see] customers or industry as partners. You know... because that’s.... my

experience tells me that is the best way to see them.”

The findings suggest that performance evaluation of DMOs would need to focus on the strategic value outputs and outcomes of DMOs, particularly in terms of positively influencing and working collaboratively with stakeholders in tourism. In other words, performance evaluation would need to focus on the results of DMO activity with regards to its positive impacts on the visitor economy, but should also acknowledge that stakeholders would also have a contribution to the achievement of (at least some) of these results.

The findings align with the view that a ‘goal approach’ to evaluating effectiveness in organisations (Drucker 1955; Dinesh and Palmer 1998; Locke et al. 1989; Locke and Latham 1990; Daft 2010) is relevant to DMOs. Goals and objectives affect action by setting aims, directing activities and effort, providing motivation, affecting persistence, as well as by leading to the encouragement, discovery and use of task-relevant knowledge and strategies. Goals are used to control the performance of an organisation (Locke and Latham (1990; 2002), particularly in terms of producing results in (at least) one particular predetermined dimension (area) in relation to a target (Laitinen 2002). A comprehensive evaluation of performance evaluation would require a holistic view to the management of an organisation (i.e. a DMO) that integrates inward- (internal) and outward-looking perspectives (Dess and Robinson 1984; Kaplan and Norton 1992; Mintzberg et al. 2003; Kaplan and Norton 2004; Moullin 2007). According to Daft (2010), this holistic view would encompass an input, process and output performance evaluation. Goal perspectives of DMO performance evaluation can be applied at two key organisational levels, namely, official goals and operative goals. The former relate to the rationale for the DMO’s existence, while the latter designate the ends sought through the operating procedures in the organisation (Daft 2010). Similarly, Pike and Page (2014) highlight that DMO organisational effectiveness needs to be analysed in internal perspectives (resource use, achievement of objectives and appropriateness of activities), as well as outward-looking perspectives (activities in terms of impact in relation to destination competitiveness). Perspectives of DMO performance evaluation in terms of official goals or outward-looking perspectives is the focus of chapter 6; whereas, chapter 7 will explore operative goals or internal perspectives of DMO performance evaluation.

The findings further confirm the suggestion by several researchers (Sainaghi 2006;

Bornhorst et al. 2010; Volgger and Pechlaner 2014) that there is a strong correlation between DMO results and the behaviour of destination stakeholders. Ultimately, this correlation applies to DMO results and destination results, however, with elusive boundaries in their definition. This elusiveness is particularly evident in the key results that DMOs are associated with in terms of having a positive influence (i.e. adding strategic value) in the key areas of destination development, collaborative governance, as well as destination management and marketing (Ritchie and Crouch 2005; Bornhorst et al. 2010; Spyriadis et al. 2011; Morrison 2013; Volgger and Pechlaner 2014; Pike and Page 2014). Neely et al. (2002) note that stakeholder contribution in the achievement of strategic results is a critical perspective of performance evaluation. Moreover, clearly defining and aligning goals of the organisation (i.e. the DMO) are paramount determinants of organisational efficiency and effectiveness (Daft 2010). Therefore, a DMO would have to clearly define its goals and its stakeholder contribution in achieving results. This would involve clearly defining what value a DMO adds (or creates) and what value its stakeholders help the DMO co-create (that is, value that a DMO cannot create alone).

5.2.2 *Strategic leadership for tourism*

The DMO's strategic rationale has been understood by interviewed managers to encompass a key strategic leadership role for tourism in destinations. For instance, a manager defined the rationale of their DMO as providing "*strategic leadership and strategic support to a number of public sector and other organisations in the county*" (VCD 1). DMO strategic leadership was associated with a variety of types of strategic value. For instance, DMOs were proposed to be a catalyst for developing and maintaining a coordinated approach, a clear direction and strong vision for the destination (VM 1):

"Actually when you come to Manchester you see how things are done and the partnership approach that Manchester takes and that is both public and private sectors. They share vision and that comes down to very very strong strategic leadership. {...} a partnership approach, a true one, is where everybody really is pulling in the same direction, {...} with a coordinated approach and a strong vision at the top, knowing the activities and the decisions in the city and what the city is good at and what it can be good at, and actually not fearing anything."

Similarly, another manager recognised their DMO's role in the areas of (NT 1):

“leadership, partnership, working in coordination, so we will be active within that realm when it comes to working with partners and bodies and the business community”

Both these examples illustrate that a key aspect of supporting tourism in terms of strategic leadership require DMOs to work in partnership with stakeholders and actively co-create strategic value within destinations.

The findings concur with relevant literature that suggests that DMOs have a key role in leadership and coordination of tourism stakeholders, which are the main determinants of destination competitiveness and sustainability (Pike 2004; Ritchie and Crouch 2005; Middleton, 2005; Presenza et al. 2005; Carter and Fabricius 2006; Pike and Page 2014). DMOs are pivotal in synchronising activities of stakeholders, facilitating the development of a vision for the destination, as well as facilitating policy implementation in alignment with wider socioeconomic policies and principles of sustainability (Ritchie and Crouch 2005; Morrison 2013). Destination stakeholder partnerships form complex interdependent networks with a crucial role in destination success (Dredge 2006; Beaumont and Dredge 2010; Presenza and Cipollina 2010). In this context, DMO leadership and stakeholder partnership facilitation can have an important impact on the success of several development, management and collaborative governance tasks within destinations (see section 2.5 and 2.6). For instance, DMO leadership and stakeholder partnership facilitation influence destination branding, particularly destination brand performance and the development of competitive advantage (Hankinson 2011). In essence, facilitating the active engagement of stakeholders in branding processes represents an example of how strategic value is co-created (in partnership) with stakeholders. Researchers (Payne et al. 2008; Frow and Payne 2011) note that value co-creation is vital for the maximisation of benefits in marketing networks within service-dominant logic contexts (like that of a destination).

5.2.3 Supporting strategic development of the visitor economy

Interviewed managers suggested that DMO strategic support was linked to being local development agents for the destination, with particular emphasis on supporting economic development (LBTB 1):

"We are an economic development organisation. We are about improving GVA {Gross Value Added}; but, [our] intervention is restricted in that it is there to support market failure situation or mitigate against market failure situations. {...} All of our activities are sort of designed to solve the issues or take advantage of the opportunities that we have identified within the strategy"

This development agency rationale of DMOs was strongly associated with providing support to its destination development strategy. DMO activities to support the destination development strategy were suggested to be pivotal to defining perspectives of DMO performance evaluation. For example, a manager (LBTB 2) observed that in order to develop appropriate DMO performance evaluation tools or structures "we have to work right down from the strategy, haven't we?" and explained (LBTB 2):

"We have got our Visitor Economy Strategy, which is a 10-year strategy that runs from 2006 to 2016 and to accompany that we have a sort of Action Plans to actually help with the implementation of the strategy. Obviously that is where we need to try and focus our activity, but it is worth mentioning perhaps linked to that obviously we are constantly reviewing our activity and our action plans. Based very much on market failure, evidence available, etc. Ultimately we then obviously need to develop our performance and monitoring to link to those strategic ambitions. We have also got the external funding requirements to take into consideration, so we then developed hopefully a Total Quality sort of system... and I tried to say if it is a bottom-up or top-to-bottom I suppose..."

Linking key perspectives of DMO performance evaluation to the Destination Management Plan was suggested by almost every senior manager. The quote that follows builds on this idea, but further notes the critical link of the development agent DMO rationale with a DMO rationale discussed earlier on, namely that of strategic leadership (NT 1):

"our starting point is to look towards the destination plan for Northumberland, which is called the Area Tourism Management Plan. The area tourism management plan sets out the aims and objectives for tourism development within the county for the visitor economy. It is a plan which we lead and are responsible for its formulation and agreement of, but we do it in a very very participatory basis with the business community, with

residents and community groups and organisations, with the public sector at any and all relevant levels, but regionally our main point of contact is through One Northeast.”

Within their remit as development agents, and in line with the strategic priorities set for the destination, DMOs were described by interviewees to be the leading tourism body responsible for the collaborative formulation, agreement, implementation and evaluation of destination development strategy. This involved designing development programmes to respond to needs or market failures, as well as, submitting bids to secure money to fund programme implementation (NT 1; TMP 5; LBTB 1; VM 1). Designing development programmes involved identifying market failures or opportunities, defining and evaluating success, in addition to bidding for funding and other resources (TMP 5):

“Obviously the starting point for putting together a funding bid is... what is the job to be done? So, what market failure – if you like – we are trying to address in the first place? ... and then what... how will we judge success if you like. How will we know whether we will be successful?”

The data suggest that the effectiveness of a DMO as a development agent with a tourism focus is pertinent to DMO evaluation. Within its remit as development agent, a DMO would need to work collaboratively with stakeholders to identify and examine market opportunities and failures, design development programmes, set priorities for action, stimulate engagement of all relevant stakeholder domains and encourage synergy, improve focus and coordination, encourage effective use of resources, as well as facilitate the resolution of issues or challenges.

Existing research supports the rationale for a DMO as a key tourism development agent for a destination and its stakeholders, acknowledging its impact on promoting and shaping local growth, as well as destination competitiveness (Sautter and Leisen 1999; Blumberg, 2005; Sheehan and Ritchie 2005; Ritchie and Crouch 2005; Gretzel et al. 2006; Morrison 2013). In the context of a development agent, effectiveness needs to be associated with the organisation’s ability to provide (or influence the creation of) the set of conditions within which empowerment of individuals and organisations become possible (Willis 2010). Therefore, a development agent rationale for the DMO needs to focus on tasks that aim at augmenting institutional capacity by creating a strategic context for organisations, fostering

partnerships within the local visitor economy, enabling the pursuit of strategic aims and influencing other organisations. A DMO's destination development results stem from the organisation's strategic support to destination development initiatives (programmes or projects) by means of DMO activity at three key areas of activity: strategic, tactical (EDM and IDDM), and operational (or internal) (see sections 2.5, 2.6, 2.7 and 2.8). DMO activity at these levels needs to be interrelated, aligned and complementary, to facilitate the achievement of the full DMO strategic support (results) for the destination. A holistic evaluation of DMO performance will need to take into account all these DMO actions (see also Figure 3.8).

5.2.4 *Improving governance structures for tourism development*

Linked to the DMO rationale for supporting tourism development, interviewees suggested that DMOs were adding strategic value by establishing or strengthening tourism governance structures. Particularly in the north of England, the rationale for DMOs was associated with a governance approach that aimed at reinforcing links between regional or national bodies and local level stakeholders for tourism development and policy. An example of this can be seen in the words of a manager from TMP (TMP 5):

"The Mersey Partnership is the sub-regional partnership for the Liverpool city region, and as such we are sort of the nominated delivery agents for the NWDA for economic development on Merseyside"

Similar strong links between DMOs and RDAs were evident in the discussions with several managers in the north of England. A representative example was Northumberland Tourism (NT 1):

"We came into existence as [Visit] County Durham's [DMO] did back in 2006. We are part of what is called Tourism Network Northeast and what led to our creation was the work of the RDA – One North East – when they took responsibility for tourism. They conducted an extensive review of tourism delivery and structures and priorities across the region. They decided that there was a strong rationale for devolving part of their investment and activity from a regional to a more local level in order to stimulate greater

engagement with the business community and to achieve objectives they had around encouraging the public sector, principally the local authorities, which there were many, many, many more at that time than there are currently, through an organisation like ours to address issues of duplication and lack of focus and coordination in public sector investment to tourism development; and through creating partnership structures to be able to draw commercial expertise into delivery of public sector investment as well. So that was the rationale in creating us and County Durham and a similar organisation Tees Valley and one in Tyne and Wear across the North East.”

Although similar strong links with RDA structures were less evident in some interviewed DMOs (for example in NFT), overall, it was evident that DMOs in England had played a key role in changes of governance structures and processes across national, regional and local levels that linked to tourism. Another example is provided, this time by a manager from Visit County Durham who noted the role of their DMO during restructuring of local authorities in Durham (VCD 1):

“Very recently though the local authority has gone through a process of unitary... unifying..., so seven district councils and one County Council have become a single authority. All of these district councils... some of them had actually tourism operations. {...} At the moment their tourism operations is spread over three directorates”

The manager further noted that their DMO had a key role in supporting tourism functions (VCD 1):

“we have been leading the lobbying if you like for them to focus on their tourism resources that they have, how they are involved in tourism, what they do for tourism and getting them to understand that a fragmented and incoherent approach to the management and marketing of the place is not a good idea.”

The findings suggest that a key perspective of DMO evaluation would need to focus on the ability of the DMO to improve governance structures and processes. This stems from the DMO rationale to be acting as catalysts for collaborative destination governance across various levels nationally, regionally and locally. This DMO rationale has already recently

been acknowledged in the literature (Spyriadis et al. 2011; Laws et al. 2011; Morrison 2013). Collaborative governance is associated with effective destination governance, which takes a holistic approach in pursuing visitor economy outcomes and impacts. Furthermore, collaborative governance is the key to optimise network management in the multi-stakeholder context of destinations. DMOs can also be seen as a key player in meta-governance of destinations. As such, they are involved in “managing the complexity, plurality, and tangled hierarchies found in prevailing modes of coordination” in addition to, “the organisation of the conditions of governance in terms of their structurally inscribed strategic selectivity, i.e. their asymmetrical privileging of some outcomes over others” (Sorensen 2006, p.108) at destinations. Research underpinned by network and complexity theories (Kenis and Provan 2009; Beaumont and Dredge 2010) suggests that, depending on the structures, processes, relational resources and skill sets available, collaborative governance can have a variety of forms, or modes of governance: lead organisation-governed networks, participant-governed networks, and network administrative organisations. According to Bentley et al. (2010) various governance forms (e.g. centralism, localism) differ in the balance of powers and influence of central and local government, which determine concentration of power and autonomy. More recent studies (Zehrer et al. 2014; Beritelli and Bieger 2014) find that leadership networks and systemic leadership play a central role in destination development. Therefore, DMO strategic support in governance linked to economic development from tourism can focus on facilitating a (beneficial) balance of the powers and influences of relevant stakeholders.

DMO strategic rationale is paramount in establishing strategic perspectives of DMO performance evaluation as it determines DMO activities, resource acquisition, as well as results. This section has explored the various components of the DMO rationale, as they were identified in the primary data of this study. These interwoven components of the DMO rationale include: supporting the visitor economy by creating and co-creating strategic value; strategic leadership and coordination of tourism stakeholders, supporting strategic development of the visitor economy; and improving governance structures for tourism development. Performance evaluation in these strategic perspectives of a DMO should focus on the strategic results (outputs and outcomes) of DMO activity that aim to support tourism at destinations.

The several DMOs that participated in this study exhibited some variations in the emphasis or priority given to the aforementioned strategic perspectives of effectiveness, as well as

the strategic results they wished to achieve in supporting tourism. These variations were caused by the influences from specific characteristics of their destination context. The next section explores the influences of the strategic context of the destination on DMO performance evaluation.

5.3 Strategic context influences on the focus of DMO effectiveness

Proposition 2 DMOs rationale for existence and strategic impetus are determined by their specific context and business dynamics

Participants of this study suggested that a DMO performance evaluation framework would need to take into account that the synthesis and the performance of DMO activity varies to a greater or lesser extent according to the particular context of each destination. The rationale for this was that DMOs across England need to place strong emphasis on particular local area characteristics, which defined the priorities for action. A brief illustration was provided by a manager who noted that, since their DMO is a development catalyst for the destination, they need to excel at (LBTB 1):

“ identifying {...} areas where geographically and thematically there is a need and also where there is potential opportunity to make significant impacts”

This was echoed by a comment from another manager (NFT 1):

“there is no one-size-fits-all that you can have some theory [of change], but the ability of a physical DMO in my area to put into practice that theory relies on different set of circumstances than [those of] another destination. And that has been a challenge for everybody. It is also the challenge for things like national policy. It’s... you can’t have a ‘one-size-fits-all’ national policy. What you can have is a sort of basic framework, which that might call 40% of the need of any DMO. The other 60% is made out of a mixture of conditions and circumstances and that is where the challenge has come all the way along the line.”

Destination development priorities determine the functions and performance evaluation of DMOs. As a manager noted (TMP 5):

"I think all these players together have a role and again the 'reporting to' aspect will possibly depend on the function...the... the priorities of the DMO. If it is about improving the destination, the perception of the destination, then it may well be that it is an economic development type function, as opposed to a leisure and recreation marketing type function"

However, the impact to local community was noted to have prime priority (TMP 5):

"there has to be a measure of the impact on the host community, because they are the ones that are predominantly going to be funding the activity... either at the local or the regional level, so the... the benefits to the host community have to be demonstrated. They might not always be preceded by a pound sign. {...} Some of that might be a little bit nebulous in measuring, but I think you still need to be able to demonstrate... the benefits. So yeah you've got your costs and your benefits and those benefits will vary according to the destination."

The data suggest that an appropriate performance evaluation framework should allow for some flexibility, as potential differences can exist in defining elements within a development strategy (i.e. market opportunities, market failures, needed actions and objectives), in addition to, variations in development strategy implementation and results. Furthermore, it is suggested that despite the fact that national policy agendas can potentially tend to harmonise strategic perspectives of DMO activity (and therefore performance evaluation), specific local characteristics and circumstances would need to inform local policy and strategy at destinations. The suggested weighting (of 40% vs. 60%) can be regarded as a possible indicator of the high importance that DMOs give to local characteristics (i.e. 60%) by comparison to national policy and uniform approaches (i.e. 40%).

The significant role of context in developmental evaluation is recognised in existing literature (Kellogg Foundation 2004; DTI 2006; Smith 2010; Funnell and Rogers 2011; Gertel et al. 2011; Rauscher et al. 2012; Patton 2011). Context is an integral part of impact evaluation studies as it is a fundamental part of a 'theory of change' approach, which refers to a systematic and cumulative study of the links between activities, outcomes and contexts of a development initiative. The context can include social and environmental elements that can affect positively or negatively a developmental intervention (Funnell and Rogers

2011). De Souza (2013, p.142) notes that “in order to understand the effects of social programs and to explain change, there has to be a deeper understanding of pre-existing contexts and the mechanisms in operation prior to the introduction of any social program”. Following a realist social theory paradigm, de Souza (2013, p.143) further notes that it is “how individual and society are related and the possible interactions between them that might bring about or hinder change in the social context of interest”. Therefore, context includes structure, culture, agency and the relations and interplay between them. The developmental context of a DMO can encompass local material resources and social structures, including the rules, conventions and systems of meaning (e.g. values). The specific strategic context influences the choice of strategic perspectives of DMO evaluation. Managers that participated in this study suggested that the DMO context includes local socio-cultural characteristics, as well as local resources and features that defined the nature of the local tourism product.

5.3.1 *Local socio-cultural characteristics*

Interviewed DMO managers highlighted that local characteristics are determined by key destination attributes including its resources, history, culture of the local community as well as local business culture. For instance, Durham was referred to as a ‘non-traditional’ tourism destination, since until relatively recently its economy was based on coal mining activities. A key characteristic of the economic development in the area during that time has been intense government funding and public sector support. Mines are no longer part of the local economic activity, but are now part of the heritage of the place and are at the core of its tourism offer. A manager from VCD explained how the history and socio-cultural characteristics of the place have implications on stakeholder attitudes on funding for economic development (VCD 1):

“[the majority of our funding comes] from the ONE Northeast, the regional development agency, and Durham County Council. Some funding comes from private funding and we don't get public money unless we generate private funding out of it. But the private sector money is only a contribution to activity. It does not pay for wages or anything like that, and it is very small because this place has a history of hand-outs, and it is all to do with its mining heritage. It is a very different place than many of the other places

you will look at. Blackpool for example, it is tourism to its bones, isn't it. Everybody in that place understands that they are a tourism destination."

As the manager explained, this attitude is evident from both public and private stakeholders, including other tourism services in the area. For example, the manager (VCD 1) argued that the visitor services in Durham (which at the time of the interview were run by the County Council) *"have the same tourism ethos and culture as the tourism businesses"*, suggesting that these organisations are not eager to contribute towards the cost of services (e.g. marketing or staff training) that Visit County Durham provided.

Emphasis on the values and attitudes of local stakeholders was evident from several interviewees. For example, a manager from The Mersey Partnership noted (TMP 5):

"One of the things we find in Merseyside we have got quite a dependency culture and businesses have so much public funding and support that there is... you do need to spoon-feed them to do things, which is going to be quite a challenge in the future when there is less money around."

A very characteristic example is evident in the words of a manager from the NFT (NFT 1):

"One of the things I always say for a cheap laugh whenever I do a presentation on my work in the New Forest is... I say that when I arrived in the New Forest 25 years ago I was shocked to find that the local attitude of residents to tourism was akin to the bombastic legend which read "give blood, kill a tourist"! And it always gets the laugh... and I always get a laugh when I say the very first strategic consultation document that I wrote was entitled "Living with the enemy?" because the local attitude would suggest it that they felt that all these visitors were the enemy. And their attitude was to make up names to call them... horrible names... to be derogatory about them."

The manager further described how attitudes have changed and local stakeholders value the importance of tourism for the local community. In addition to this, the manager (NFT 1) referred to political, administrative as well as morphological influences that can influence DMO priorities and success (NFT 1):

"[T]he great advantage of the New Forest is, we are contained in one political district. That is unusual, except for some cities. Things are totally better! {...} And of course it is very distinct, because it is between

Southampton and Bournemouth, and it has got trees in it!”

Political influences were highlighted by almost every interviewee, particularly on the ability of budget cuts to amplify challenges of DMOs and determine their business planning. A representative example is illustrated in the following extract (VM 3):

“I think at the moment our focus is more on how the budget cuts will be affecting us and what we can deliver from that as opposed to... yeah I mean we will prioritize by looking at the priorities and our performance, so it is kind of linked; but, it is not going to lead what happens over the next few months really {...} Because of the cuts in public sector spending I think it is going to be a continual process throughout the year, because our business plan is going to have to reflect any public sector cuts.”

The data suggest that historic and cultural characteristics of the destination define stakeholder values, beliefs and attitudes towards tourism development. As a consequence, stakeholder expectations develop and evolve in particular ways that translate in their aspirations for the development objectives of their destination. In addition to these influences, DMO business planning (in terms of functions and activities) is also affected by political influences. Such influences ultimately determine the development priorities, objectives, activities and performance evaluation perspectives of the DMO.

Relevant literature (Godfrey and Clarke 2000; Manson 2003; Schalock and Bonham 2003; Ritchie and Crouch 2005) highlights that external (contextual) influences on development activity outcomes can include a diverse target population, allocation of resources, formal linkages or community factors, which development programme managers need to understand and attempt to influence. Tourism development efforts focus on bringing about positive change and tourism destination planning aims to manage this change in a way that optimises benefits and minimises costs. Destination planning must also recognise and accept the existence of limits to change, especially with respect to the local community, resources and capacities. This should be clearly reflected in the goals, objectives and priorities of the destination plan (Godfrey and Clarke 2000). Researchers (Pechlaner et al. 2009; Morgan et al. 2011) note the need to preserve local characteristics and traditions. For example, Morgan et al. (2011) suggest that the culture and history of a place offer unique value. Destinations need to understand the dynamic nature of tradition, which is constantly performed, engaged, renewed, reinterpreted and augmented by new narratives. All

destination actors often bear different values, goals, and operating procedures, a situation that can put at stake the reputation (and therefore the brand) of a destination. Pechlaner et al. (2009) note that destination product development and growth needs to have strategic linkages with spatial planning. Innovation and product development at the destination need to be based on local resources, authentic local values and competences, as well as spatially anchored themes (e.g. through zoning). Strategic linkages should be jointly pursued by all stakeholders (DMO, tourism entrepreneurs, public administration and politics). A critical factor is to develop agreed definitions of themes and products that are based on authentic resources and experiences. The synergy of these themes and products ultimately create destination experiences that lead to destination growth and rejuvenation. In this context, the DMO needs to act as a coordinating agent aiming to build a productive coalition between civil society, government and business that will set the dynamic for progress, harnessing the traditions of the place. Reputation and image management requires a holistic strategy that coordinates tourism, economic development, urban planning, event planning and other activities or sectors.

5.3.2 *Nature of tourism product characteristics*

High diversity of place morphological characteristics (coastal, urban or rural areas) and product offering can be the source of variations in the challenges (i.e. market failures), as well as the (market) opportunities for the local DMO, affecting the scope and nature of the rationale for intervention. A representative example can be identified in the words of a senior manager from LBTB who compared Cumbria's destination characteristics with those of the wider Lancashire and Blackpool area (LBTB 2):

"I think this is one of the challenges that we have... that we are very diverse across Lancashire. We have got key urban areas versus strong rural areas and our coast as well, and that is a challenge and an opportunity I think sometimes"

The manager further supported that geographical size of the destination is not as important as the number of stakeholders (i.e. local businesses) along with their type (voluntary, public, private, etc.), diversity and dispersity. Similar points were raised by the CEO of NT, who suggested that (physical) distance between DMO offices and its stakeholders can affect face-to-face contact frequency and can put pressure on resources (i.e. managerial time and

effort to visit a distant tourism business) (NT 1).

Following a similar line of thought, another manager noted that small destinations with homogenous product can find it easier to engage their stakeholders (NFT 1):

“The New Forest is a very concise destination, and we have been managing the destination in the way that we have been doing it. {...} We are by nature a destination, quite a small destination compared to theirs [in the north of England], and I think they have got their weighting wrong in terms of their sub-regions. I think their sub-regions are still too big... because unfortunately the biggest challenge in all of this is that unless the stakeholders... and all of the stakeholders are most effectively engaged, and believe that the physical area that has been identified is what is the destination, then the ability for them to engage is diminished by a considerable margin.”

The manager further explained that small destinations with concise product have a clear identity like the New Forest can have an advantage when it comes to dealing with challenges (NFT 1):

“there is lots of things which make that possible in the New Forest. And most of it, the most important thing about the New Forest, is that it has a clear identity. And everyone understands that identity, which makes... narrows peoples variables... doubts... it is still very large! Because there are lots of other... things at play in the New Forest, which aren't the issue elsewhere, lots of restrictions, but in a way restrictions are better than having too wide an opportunity. It is less vague.”

A clear identity is not the privilege of rural destinations. For example, Manchester was noted to have similar characteristics (VM 2):

“What we do in Manchester is that we have a very clear strategy of who we want, how it ties into some of the core strengths that Manchester has, whether that being within tourism or within business and then we target and sort of put our case forward. I think without that then the city would fall behind, whether we would fall behind in our ICO ratings, especially in working with international conferences that can happen globally. Manchester rates reasonably high and we are always looking ways to

increase that. Without our work I do think – I do know – that rating would reduce significantly.”

Furthermore, destination network dynamics vary across different destinations; therefore, a DMO’s strategy for action, and subsequently the emphasis of performance evaluation, needs to be fit for purpose (NFT 1):

“being able to make the network work in different places requires different tactical, theoretical, political, financial, and other mechanisms to allow it to fit the circumstances of that particular place.”

The data suggests that diversity of stakeholders and size of the destination can be influencing factors for DMO priorities. Diversity of stakeholders has been associated with homogeneity of a destination’s product and clarity of its identity. In destinations where the product is homogenous, concise and compact (e.g. cities), a DMO is expected to have less difficulty in developing a clear vision and strategy for the destination and effectively engaging local stakeholders.

Hargreaves and Podems (2012) find that a clearly defined development programme evaluation is clear about its rationale, as well as its aims and objectives. Complexity in development programmes may stem from the high number of stakeholders that need to be involved (Glouberman and Zimmerman 2002; Funnell and Rogers 2011). Logic models of programmes with complex dynamics need to be based on changing adaptive and emergent strategies, and implemented collaboratively by multiple partners who are working at different levels towards shared goals. Traditional pipeline-style linear logic models with SMART objectives and outcomes can potentially be suited for simple DMO interventions, more complicated and complex interventions would require emergent outcomes and multiple causal paths (complementary or alternative). This way, the DMO may be able to satisfy more stakeholders and cater for their changing needs.

Further context influences were associated with the geographical location of a destination. A characteristic example in the data was that of Manchester as an urban destination (VM 2):

“Location is a key to bring in incidents [like large events]. One, because there is a profile element into it - the ability to increase profile allows a city or

location to say we are able to deliver this size or this scope of the event. {...}
Locations furiously and quite aggressively bid for major events."

Manchester was also viewed to be able to successfully combine a strong business tourism product with a strong leisure offer (VM 2):

"Obviously that reflects a very strong business tourism product that we have. But yeah it is... a mix of the two... they are... well the distinct markets other than of course the benefits of the business visitor not only is during the time they're here in the city and the region, but there is the opportunity to bring them back as a leisure visitor. So there is obviously a kind of crossover between the two."

Manchester as a city has the capacity to offer for both business and leisure tourism products, which complement each other and create a competitive destination brand. Organising major business and leisure events can be a key catalyst in increasing the brand equity of the destination.

An urban destination attracting both business and leisure tourism, like Manchester or Liverpool, would enjoy benefits of "critical mass" that allow for a more focused approach to development and investment in its geographical area. On the contrary, a rural destination may have a disadvantage (LBTB 2):

"[Cumbria] is very large because of the rural nature of the product. It doesn't necessarily mean to say that they have got as critical mass in their areas because of that {...} but, they may not have as big pool to fish into when it comes to trying to liaise with tourism businesses"

Product specific influences in DMO priorities do not only stem from local characteristics but also from their markets (NT 1):

"Within our tourism management plan we have a number of key destinations. The rationale for that is based both on the market and destinations which are recognized and understood by the customers and therefore we ought to invest in because they are our key attractors. But also destinations where we feel there is the potential for them to become attractors in the future."

Understanding the strategic context is critical for DMO effectiveness as particular focus

needs to be placed on local destination development needs and priorities through a thematic approach. This often involves headline projects, 'capital projects' (NT 1), 'signature projects', or 'attack brand' projects (LBTB 1; VM 1). DMOs take a lead to coordinate, consolidate, develop and implement these projects in partnership with LAs, public sector agencies, voluntary and non-profit organisations, as well as local businesses and community. These projects cross-over to important relevant sectors including transport, heritage, culture, and sport. Variation in project or programme objectives and outputs of DMOs can be the norm, and it results in diversity of funding and budget management of action plans and development initiatives as expressed in Destination Management Plans (see section 5.2.3). Therefore, variations in performance evaluation frameworks in terms of emphasis on particular perspectives and (weighting) of specific KPIs across different DMOs should be expected.

The findings confirm that there is complexity associated with a geographically big place (or destination) with a rich mosaic of characteristics and multiple stakeholder demands and influences (Howie 2003; Zahra and Ryan 2007). Challenges can relate to additional areas, like consistency in quality of services and brand identity (Evans et al. 1995; Pike 2005). Geographic dispersal of stakeholders is an acknowledged challenge in destination management (Holloway 2006; Sheehan and Ritchie 2005; Leiper et al. 2008). Moreover, images and perceptions of the physical space that includes tourism products define a destination's competitiveness (Lew and McKercher 2006). Overall, a destination area is the result of a synthesis of geographical, political, administrative, as well as commercial (market) structures and boundaries. A tourism supply perspective to destination development often emphasises attractions, access points, amenities and ancillary services (Fletcher et al. 2013), as well as available packages, activities and ambience (Buhalis 2000; Ivanovic et al. 2009; Morrison 2013). However, a destination also includes public spaces that are an integral part of the social and communal life of the local community, and support public life, vitality, and quality of life (Untaru 2002a). In that respect, destination realms also have symbolic, political, relational and emotional importance. Therefore, destination planning and development faces distinct opportunities and challenges that relate to place-based characteristics expressed in localities, history, culture and diversity, but also on political dynamics and idiosyncrasies.

The composite nature of destinations as places generates particular destination development opportunities and challenges. For instance, one manager noted that the value

of tourism development needs to be clearly communicated to the local community (NFT 1):

“we reflect back to them the advantages of being in such a dynamic visitor destination. We show that the qualities that they value as residents are qualities that are supported by and even enhanced the process of the whole tourism process helps... it keeps our shops open... it keeps our pubs open... it keeps our communities economically vibrant... etc. etc... so, we take many opportunities to play back and show the various stakeholder groups the value that we add to the quality of their life, and their ability to do business.”

Moreover, tourism development initiatives need to integrate with policy initiatives that aim at regeneration of places, improvement of quality of life and local pride (VM 1 and LBTB 1). However, this is easier said than done, as the following extract demonstrates (VCD 1):

“When you are trying to compare apples with pears, which is what you're doing a lot of the time. Very difficult traditionally for economic development or regeneration people who are trained... I don't know how they're trained in how to view the world generally, but I know that for example they struggle to understand that a hotel that has a concierge and a housekeeper, i.e. that worker is not confined to a certain amount of square footage and can actually demonstrate outputs in a square footage, how do you actually demonstrate outputs for a housekeeper who doesn't have a single place of work, who doesn't have a single desk, you can't say he is confined to them many square feet. Traditionally in economic development terms that is how they measure it. That's how they measure factories... the way of thinking of economic development or regeneration people it is mainly about making things. Not about facilitating things to happen. {...} How do you take an organisation like ours and say that we are adding value? Because many people who are trained in a very sort of traditional way would say well it would happen anyway. But we look back and we say but it never did.”

The links between destinations and living spaces has been well discussed in relevant literature (Morgan et al. 2002; Ritchie and Crouch 2005; Morgan et al. 2011; Morrison 2013). Place management involves managing and marketing rural and urban areas, towns, city centres, business improvement districts (BIDs), and trade improvement zones. It also involves regeneration, community development and planning, neighbourhood renewal,

urban revitalisation and even national park management and national branding. Parker (2008, p.5) notes that “it “crosses over” into retailing, facilities, land and market management, local, regional and national government, tourism and leisure, festival and event management, transport planning, architecture and design, planning, arts and culture and it includes not only those that are in paid employment, but also those people that work to make places better on a voluntary basis”. Therefore, the challenges associated with the interdependence between tourism development and place regeneration is another area that DMO performance evaluation can be influenced from.

There are several features of the destination context that determine the complexity of destination development and the emphasis of DMOs in particular performance evaluation perspectives. These contextual influences include: political and administrative boundaries; geographical location; morphological characteristics; nature, volume and quality of resources; tourism product type; the number, values and diversity of stakeholders, as well as integration of wider development policies.

5.4 Challenges of DMO performance evaluation

During the interviews with the DMO managers, a number of challenges associated with performance evaluation of DMOs were identified. Exploring these challenges is important since they were the cause of anxiety for some senior managers, who seemed to be discouraged to implement formal performance evaluation practices in their DMO (NFT 1):

“[W]e don’t have a formal structure for performance management in the traditional sense. Because, I worry about that. I worry about the problems that that causes to the journey. There is too much room for self-doubt, self-questioning, and also to... unnecessarily undermine the doing of the job. That is not to say that it shouldn’t happen.”

Evidently, DMOs may be reluctant to formally adopt and implement a performance evaluation framework. This is despite the fact that they acknowledge that evaluation should happen. Relevant research (Julnes and Holzer 2001; MacIndoe and Barman 2013) suggests that lack of resources and internal capacity to actually employ performance monitoring is a common reason why organisations may avoid adopting and implementing

performance evaluation. For example, Julnes and Holzer (2001) note that utilisation of performance evaluation can be dependent on a number of factors. First, organisational 'readiness' to develop and implement performance measures, particularly in terms of the level of knowledge in the organisation about the usefulness of performance information, the level of support for performance evaluation, as well as the culture, resources and expertise available. Second, the ability to identify and involve the organisation's internal and external interest groups. Third, the emphasis on the need to develop a performance improvement culture, together with the acknowledgement that this may need to be a time consuming and long-term goal. Fourth, particularly for public sector settings, political support is paramount as it affects feasibility, cost and value of performance-based management.

There can be very little justification in avoiding evaluation of DMO performance because there is too much room for doubt and questioning, as suggested in the data extract above. As Hammer (2007, p.20) notes, 'vanity' is "one of the most widespread mistakes in performance measurement is to use measures that will inevitably make the organisation, its people and especially its managers look good." Researchers (Waggoner et al. 1999; LeRoux and Wright 2010) find that there are four principal reasons that influence the adoption and evolution of performance measurement systems in organisations: internal influences (e.g. power relationships and dominant coalition interests; external influences (e.g. legislation and market volatility); process issues (e.g. manner of implementation and management of political processes; and transformational issues (e.g. degree of top-level support and risk of gain or loss from change). DMO managers, particularly at top-levels, need to embrace a performance-based governance of their organisations, and importantly infuse it to their network of stakeholders.

5.4.1 *Clarity in understanding performance evaluation and defining success*

At the core of the challenges of performance evaluation for DMOs is the difficulty of defining success and capturing its varied and dynamic nature (NFT 1):

"The question of course is, what does success look like, and of course it looks different to all sorts of situations and circumstances, and it looks different in different destinations, and in different times in the same destination, but,

most people know success when it happens, and one of the most important problems with performance management is it can't legislate for that. It can't accommodate that, it is not emotional enough. And ultimately, business and people... whether we want to be scientific and technical about it.. are emotional."

The composite industrial environment of tourism and the varied and dynamic contexts of destinations make the definition of value subjective. Multiple stakeholder views of success (i.e. setting objectives, selecting target levels and ways to achieve results), as well as multiple interpretations of context dynamics, inevitably cause high complexity in performance evaluation of DMOs and destinations. It is implied that managers' feelings and intuition is best suited to deal with such complexity than scientific or technical approaches to performance evaluation. Willems et al. (2014) note that the balance between internal views (e.g. CEO, board members, staff) versus external perspectives (e.g. funders, beneficiaries, customers) is a critical one in performance evaluation in non-profit organisational contexts. The former can result in 'ivory tower' judgements, but at the same time insiders may have access to more detailed information than outsiders. On the other hand, external stakeholder assessments offer the advantage of greater relevance in evaluation. Nevertheless, potential biases exist in both internal and external stakeholder views and inevitably affect performance evaluation practices. Decisions with regards to defining goals (ends) and activities (means) for development programmes are critical for the success of development initiatives (Hargreaves and Podems 2012). To overcome the multivariate views of value definition, stakeholders need to be involved in the process of defining goals. Moreover, the approach to outcome definition should accommodate for emergent outcomes.

The difficulty of DMOs to define success is a critical one, particularly since the relevance of a results-based view of performance evaluation was noted by several interviewees. As noted earlier (section 5.2.1), DMO success is associated with SAV, which underpins the outcomes of DMO activity. However, managers emphasised that there is a strong difficulty in not just defining value, but also measuring it (VM 1):

"It is again very much how we influence what is happening within the industry, which again is very difficult to measure. Indeed, you can only measure not through meetings that you attend or people that you meet, but what are the outcomes of these meetings, you know, what are the outcomes

of the work that you are doing and that generally isn't captured anywhere, which is why our Strategic Added Value is hugely important for the {Regional Development} Agency. Because to be honest it is very difficult to correlate the work that we do in terms of increasing visitors. We would like to think that we are increasing visitors and yes of course operationally we can demonstrate you know, our marketing campaign generated X number of web hits, and we know that a number of these people have actually ended up visiting. But you know, we are talking minuscule numbers in the grand scheme of things. {...} It is very hard to define. I mean, the [Regional Development] Agency as you probably know {...}, have spent a lot of time on this over the last two or three years."

Several managers acknowledged the challenges of measuring the strategic value associated with a DMO's actions. For example, another manager said (LBTB 1):

"It is virtually impossible to sort of link... the empirical side... actions and impacts and outputs that we create to that macro information, very difficult almost impossible. But you know there are sort of... what is the right way of saying it... clues in there."

Difficulties with strategic value evaluation are ultimately strongly linked to the elusive links between 'cause-and-effect' of DMO activity that DMO managers highlighted, mostly because several of the outcomes that they pursue are achieved in partnership with other stakeholders (VCD 1):

"Effective performance for us is really difficult to measure I would say because the link between cause-and-effect is quite difficult to prove, because there are so many influences. So you could have a tourism business, for example the small accommodation provider who you have engaged with and supported, could you have helped to get quality accreditation, who you have opened up some new marketing channels for, who would you have provided the facility to online booking, have secured a grant - helped them secure grant - to update the fabric of their property. So, you may have created a network of businesses for them to cluster with and to interact with, but at the end of the day, proving that you did all of that is really hard. The result might be that the businesses' occupancy increases, their profitability increases, they're able to retain their staff throughout the year instead of

being seasonal, you know there are all sorts of measures that you would say that that business is more successful but then demonstrating the cause-and-effect of our work starts to get quite difficult. We know that they wouldn't have adopted online booking if we hadn't gone to them with the package. Ask them and they would go "well I was always thinking about it". We know that our work with them over a period of a couple of years has got them to actually for the first time get a star rating in the national scheme which is important for smaller businesses more than bigger businesses. But at the end of the day, they have to put their hand in the pocket and pay the fee. So... do you know what I mean? They could say that they did it, and they did, but... how much we encouraged them and supported them to do it? Very difficult to quantify!"

Not being able to clearly claim credit for the value they bring to their destinations is a source of disappointment and anxiety for DMO managers, while it significantly affects their ability to attract and secure funding and other resources. Proving 'additionality' has indeed been presented by several managers as a key challenge in DMO performance evaluation that can affect the organisation's reputation and power in the destination network. Researchers (Herman and Renz 2008) call for studies of programme effectiveness to look beyond organisational focus and pursue an understanding of network dynamics and impacts. Emphasis needs to be placed on the relationship between network effectiveness and non-profit organisation effectiveness. The DMO additionality can be regarded as the change in the destination context and its dynamics that would have not occurred in the absence of a DMO's intervention. However, due to the incomplete knowledge on the links between intervention programmes and their intended effects, it is only possible to theorise by framing links between intervention and its outcomes. Furthermore, DMO interventions are of dynamic nature, which means that knowledge and understanding of evaluation activity needs to be continuous and evolving. The various stakeholder views need to be taken into account during the processes of developing (or theorising about) intervention programmes, as well as in the subsequent learning and evolution (Hargreaves and Podems 2012).

A further challenge in the calculation of additionality is caused by the possible 'time-lag' inherent in DMO development initiatives, programs and projects (VM 2):

"I think it is always a challenge with performance management because of what we do in the projects in which we operate. There are projects which I very much made to long-term projects. We would see a lot of leisure campaigns in which what we are trying to achieve is breaking down perceptions. That is a long-term programme, a long-term sort of project and being able to sort of evaluate performance and manage performance is a difficult thing. We are not a... daily sales team, so we don't have daily sales targets, like a call centre with lights on the walls. So it is always a challenge I think, and particularly with the larger strategic projects it is difficult to kind of monitor success when success may not be really delivered until a year after that the actual project or funding is ceased."

The manager illustrated the point made with an example (VM 2):

"[B]usiness tourism is a classic example of that. The conferences that we are researching into and bidding for now, we just might not get 4, 5, 6 or seven years. There's a lot of effort and a lot of expense and a lot of resource been put into initiatives that actually are not going to materialise and generate any kind of value for anybody for another 5 to 6 years. We are working on bids now, where are we now... 2010, we are working on bids for 2018-2019".

The manager (VM 2) went on to explain that a particular event may happen in the future (e.g. in 2018), but the actual impacts of that event will be evident after another 1 or 2 years. Some immediate effects obviously will be felt when the visitors arrive at the destination; but, then the augmented effects and outcomes (i.e. reputation of a business destination) may come later. McLennan et al. (2012), who examined the dynamics of destination development through the lens of transformation theory, suggest that time-lags are common in tourism destination development initiatives. Time-lags are an important dimension of transformation or evolution of destinations and occur between current action and possible impacts or consequences, implying a long-run perspective to development.

Interestingly, defining success is not only a challenge for DMOs, but it can be a challenge for some of their partners and evaluators. This ultimately affects the ability of the DMO to collect and present clear evidence for its contribution (VCD 1):

"[T]ourism businesses are very very clear of what they want from you. Very clear, you cannot always deliver it because it might not be your job to do it,

but they are very very clear about. I think other organisations have a lot of greater difficulty in articulating to you what success looks like for them. And I think that is a gap we have struggled and struggled... we have had a performance management session facilitated by a consultant. Very good lady actually she used to be vice... Deputy Chief Executive of Visit Britain at the time, and we came up with a list of people who we really need to engage with and say: this is what we do, how would you like us to report it back to you, so that you can understand whether we have been successful or not [in helping you]? And we failed miserably because they can't articulate it [what they want from us]"

DMO performance evidence collection involves the cooperation of key partners. Linkages are more effectively achieved by aligning DMO indicators with those of destination stakeholders (public, private or civil society) at different levels. As the quote above illustrates, there are organisations that may have difficulty in identifying or suggesting clear performance indicators. It is possible that this exacerbates the elusiveness between output and outcome in a destination context. DMOs seem to be interested in a clear distinction of these two and relevant stakeholder feedback on which of their activities creates value.

Managing stakeholder expectations and setting realistic target levels for KPIs was noted as a key challenge of DMO performance evaluation (NT 1):

"I think it depends entirely on how you undertake it. I think expectations are... not expectations of the visitor but expectations of the business community and our partners and stakeholders they are very important for us to manage. One of the greatest challenges that we had when we were established was that we had incredible expectations. I have just been to Northern Ireland recently just looking at what's happened to them about a year ago, their partnership structures folded precisely because of that. Partners came in, came on board to partnership structures at the DMO level with incredibly high expectations, which they could never fulfil and actually the whole thing then fell apart, because expectations were too high. I think in the process of setting a performance measurement you have to be very realistic about what you can achieve with the resources that you have got at hand. And you have to have a very grown-up conversation internally as an

organisation, but also with your stakeholders and partners. It ought to allow for structures and sensible discussion with people, and it gives you a means externally of managing expectations, demonstrating return on investment, and I have to say we still have got some way to go on that particularly with regards to one Northeast, where I think their expectations of what we can do for the money that they give us are far in excess of what we are able to do.”

Balancing stakeholder expectations is suggested to involve dynamics of both external and internal stakeholders. Balancing expectations is associated with realistic target setting and being able to demonstrate return on investment to funders. Realistic target setting was also mentioned as a challenge for internal performance evaluation of DMOs (NT 1):

“So, there is some tweaking that we need to be doing here over the next year and of course within the Northumberland tourism I have a board of directors who they're not here every day and the business planning process that we go through is important for the same reasons internally as it is for our partners externally. We need to ensure... I [as a CEO] need to ensure that my board of directors are realistic in their expectations of the organisation, again see whether return on investment comes and see its performance.”

Target setting is an important process in performance measurement and evaluation (Armistead and Pritchard 1997; Waggoner et al., 1999; Kaplan 2001; McAdam and Walker 2003. Neely et al. (2002) note that realistic target setting is pivotal in enabling managers evaluate performance as accurately as possible. Targets are used to compare measured organisational performance to desired ones. Differences or variations between the two need to be examined by managers in order to evaluate effectiveness and identify areas for future improvement. Researchers (Gertel et al. 2011) include targets as key elements of KPIs that derive from result chains in development programme monitoring and evaluation planning.

Interviewees noted that the evolving context of a DMO implies that the approach to DMO performance evaluation needs to be adaptable (VM 1):

“As we said before... things change constantly over time. We as an organisation need to continue to improve our... I suppose our performance management really and that is really kind of being clear... particularly those

stakeholders that we need to be [clear] with. You know, how are we adding value? How are we performing in meeting their expectations?”

The manager further highlighted the need for an adaptable performance evaluation framework that is based on learning (VM 1):

“So we have got to be constantly challenging ourselves in terms of how we add value to our stakeholders. So I think that is pretty much one big challenge for us and I think there is... I suppose to answer your question, I think there is a degree of learning there for us because I think we are constantly having to kind of learn and improve on what we currently do.”

Learning is presented in the data as an important value adding activity for DMOs and their stakeholders. Similarly, learning has been suggested as an important part of performance evaluation in relevant literature (Kaplan and Norton 1992; Kaplan 2001; Moullin 2004a; Franco-Santos et al. 2007). An increasing number of researchers (Davenport 2006; Davenport and Harris 2007; Davenport et al. 2010) suggest that the ultimate goal of performance measurement should be learning rather than control. Learning supports innovation (Moullin 2007) and is seen as a catalyst for efficiencies from development and growth of the organisation and its capabilities (Wisniewski and Olafsson 2004). Marr and Moustaghfir (2005, p.1116) suggest that learning is influencing the capacity of an organisation in terms of its intellectual capital (IC), as it relates to any valuable intangible resource gained through experience and that can be used to create value. In a developmental evaluation context, innovation and learning are suggested as important contributors to competitiveness of the local economy, and achievement of social, political, and cultural developmental goals (Blamey and Mackenzie 2007; Moolaert and Mehmood 2010; Patton 2011). Single- and double-loop learning can respectively assist in identifying that a problem exists or that something needs changing, or question the assumptions, policies, practices, values and system dynamics that led to the problem in the first place.

5.4.2 Critical funding and other constraints

Interviewed DMO managers often suggested that resource and funding constraints have an effect on performance evaluation practices, particularly since budget sources and levels are critical in determining DMO capability and flexibility. For example, a manager from Visit

Manchester said (VM 1):

“No, it is not an easy question. No absolutely not... I think it comes down to a number of different factors. I think there is a budgetary element to it, I mean all of the staff {...} all the heads of departments have budgets to meet. That is really important to us. In an organisation that has a very, very small surface target every year, has obviously kind of funding constraints to it. That is hugely important!”

Another manager in the same DMO emphasised even more the dependence of their department on RDA funding (VM 3):

“[M]y department is completely funded by the Regional Development Agency and so in order to draw down that funding we have to have set a number of ways of evaluating our performance.”

Similarly, a manager from Northumberland Tourism argued (NT 1):

“[T]here is a whole process of monitoring and management related to the contract and evaluation related to that contract to satisfy One North East’s requirements”

The data suggests that in addition to the challenge of a very small budget, DMO activity is strongly attached to RDA funding contract agreements; therefore, performance evaluation practices lack flexibility and are very specific to RDA’s requirements.

A key challenge for DMOs that was noted by an interviewee from TMP was the lack of human resources to focus on the demanding task of performance evaluation (TMP 5):

“The disadvantage is just the sheer time it takes frankly. Setting up, I mean I am trying at the moment I need to get... I am trying to bring a project officer in to do all this, to do all the monitoring and evaluation because it is a full time job and typically most TBs do it, you know as well as their delivery job. And actually I think because we have got quite a large EU programme we can afford to take someone on to sort of manage the programme and look after the monitoring and evaluation. And that... I am looking forward to having someone in post to do that because it in the past it has been really arduous”

At the time of the interview, TMP had advertised a vacancy for a performance specialist to

work on strengthening and managing the process.

The small size of DMOs is acknowledged by several researchers (Pike 2004; 2005; Ritchie and Crouch 2005; Ford and Peeper 2009; Morrison 2013). DMOs can be classed as SMEs not just in terms of budget or turnover, but also in terms of number of employees (Morrison 2013; European Commission 2013). Taticchi et al. (2010) suggest that SMEs can find performance measurement practices challenging due to lack of comprehension of the relevant processes, in addition to the cost involved in their implementation. The critical role of the financial dimension of an SME is acknowledged by Hudson et al. (2001), who explain that this is due to a lack of monetary safety net to absorb the impact of fluctuations resulting from change or turbulence in the business environment. Researchers (Garengo et al. 2005; Ates et al. 2013) note further challenges of evaluating organisational effectiveness of SMEs that relate to limited human resources, misperceptions of the benefits of performance management, incorrect use of evaluation processes, short-term planning, unsuitable management structures and approaches, strong focus on operational and financial performance (rather to a more balanced approach to evaluation).

Further related challenges are pertinent to a shift from an overreliance on public sector funding streams to a more commercial activity and a 'bottom line' approach. For example, TMP has been reviewing its corporate governance and structures in order to find alternative ways of funding (TMP 5):

"Well, we are looking... I suppose one of the things we are doing is... we are completely revising the whole governance and structures within Mersey Partnership at the moment as a whole organisation and part of the rationale behind that is that we need to find smarter ways of working with partners, [and] pool in resources."

Similarly, a more commercial approach to DMO funding can be illustrated by a comment made by a newly (at the time of the interview) appointed commercial manager in LBTB (LBTB 5):

"I view effectiveness as being about achievement of targets and key performance indicators that are in there, but it is also about... {...} your bottom line and profit, which is the biggest thing for me. You see whenever I mention the word profit everybody has a heart attack here! Because we are not for-profit organisation... but, it has got to be about the bottom line. We

have got to start looking at that aspect”

DMOs like TMP, LBTB and NT have been trying to develop their commercial activity as a means of securing alternative funding streams with a view to detaching their organisations from heavy public sector funding (TMP 5; NT 1; LBTB 5). This denotes an eminent shift of the public / non-profit logic of DMOs to one that resembles private (for-profit) sector characteristics.

The data confirmed that traditionally it is a government department to determine the level of funding, while in recent times funding demands for programmes started exceeding the revenues generated (Ritchie and Crouch 2005). The effect of that has been that DMO management at all levels was forced to start looking for alternative sources of funding, most of which originated from the private sector. Examples of such funding sources are increased membership, local hotel tax, tourism recreation tax, private sector sponsorship alliance. Problems regarding the funding of DMOs are significant and often distract managers from their responsibilities (Ritchie and Crouch 2005). Ultimately, DMO funding policy is determined by the very DMO's organisational structure. Municipal department DMOs are dependent on local taxation for funding, membership-based DMOs rely heavily on membership fees, and partnership-based structures are funded by the partnership members. However, traditionally the majority of their funding originated indirectly from the public sector, whether via RDAs or local authorities (Prideaux and Cooper 2003; Fyall et al. 2010).

The shift to alternative funding streams is focusing on building closer relationships with local stakeholders that could potentially provide funding. A representative example is evident in the words of a manager from New Forest (NFT 1):

"The future of DMOs to me is that they need to be more localised they need to relate to the needs of the stakeholders far more than they currently do. {...} the future of DMOs is absolutely essential and their evolution is about to become more engaged with their grass roots, and connected with all of the infrastructural and partnership organisations again... some are good at it, some are not so good."

The data suggest that there is an eminent shift in the strategic importance that DMOs place on relationships with regional or national partners to a stronger emphasis on their

relationships with local stakeholders. The rationale for this is the search for alternative funding. This change potentially also involves the weakening of strategic connections they have with regional public sector bodies (e.g. the RDAs). Moreover, since at the local level there are more influences from the local business community, this transformation would inevitably influence the strategic impetus of the DMO towards stronger market orientation. A DMO that operates with strong emphasis on balancing stakeholder benefits at the local level and resembles a non-profit organisation could generate some if not all of their own revenues through fundraising and entrepreneurial ventures (Acar et al. 2001). SMEs face several cultural challenges in their entrepreneurial efforts including marketing to internal stakeholders, and evolving flat management structures that are based on informal networks of employees and functions (Walsh and Lipinski 2009; Kearney et al. 2009). DMOs that have strong strategic connections with local level stakeholders may face tensions from the antithesis between LA (i.e. public) and private sector approaches to evaluation of DMO effectiveness due to inherent differences between the two domains (Fottler 1981; Moore and Khagram 2004; Talbot 2010).

5.4.3 *The effects of the non-profit, quasi-public logic of DMOs*

Performance evaluation of DMOs follows the quasi-public nature of DMOs. As a manager from Northumberland Tourism explained (NT 1):

“[W]e have a funding relationship with ONE Northeast. We have a contract for funding with ONE Northeast and depending on when you catch me we might have project funding as well for separate projects, so there is a whole process of monitoring and management related to the contract and evaluation related to that contract to satisfy One North East’s requirements. That accounts for the majority of our funding. We also have funding from Northumberland County Council, which is proportionately I think it is probably around 15% of that funding, 20% of that funding is commercial, and the remaining is One Northeast - but it is from the top of my head.”

The manager (NT 1) further noted that contractual agreements between NT and their funders often stipulate performance evaluation practice (NT 1):

“The contracts that we have in many instances would stipulate evaluation and evidence, and outputs and outcomes, achievements. The funding contracts we have with One Northeast, there is a very structured process there of evaluation and evidencing. We evidence the outputs for which we are funded to achieve on a quarterly basis, provide financial reports on a quarterly basis, provide operational updates on a monthly basis to One Northeast. We also voluntarily circulate headline updates as well to all of our partners on the monthly basis.”

Similar comments were made from several interviewees in this study. For example, the NWDA had a strong influence on the performance evaluation strategies of the LBTB (LBTB 2):

“[Performance evaluation] tends to follow the format of the agency’s requirements for that, the NWDA, because obviously again just to avoid duplications there is no point in us having developed our own monitoring report and then obviously having to complete one for the agency, because again we engage all staff into the process so they all have some input to those reports, at relevant levels obviously. That may be senior managers who input to it, executives, officers, so we do have input at different levels into those reports. Just to avoid duplication we tend to follow the format required by the external funders. And like I said, we do a compilation for our board”

An analogous picture was illustrated by a manager from TMP, who suggested that the DMO was a delivery partner for the NWDA, which led to a fine balance in stakeholder satisfaction (TMP 3):

“[Y]ou know we have big objectives and you know for the year, things that we have to deliver on and they are all focused towards the NWDA. TMP has over 500 members, you know some of them putting a few hundred pounds, some of them putting a thousand. If we spent all our time just listening to these members we wouldn’t be able to deliver all the outputs that we’ve got to for the NWDA. So it is a fine balance of making sure we are hitting our targets in delivering for the NWDA but also making sure that we are

satisfying all members as well you know. But we have to make sure that we have to spend the right amount of time with them, but never forgetting what our main objectives are. Because if we lose focus on that we won't achieve our objectives for the year."

Funding relationships between RDAs and DMOs were also described to influence the DMO's flexibility and capacity to maximise performance (VCD 1):

"Well, that is what the regional team would prefer us to do. We have fought for three years to have our own corporate site. They don't want us to have one. It has taken us long time to get there, because they regard the entity that is about tourism in this region as Tourism Network Northeast they do not regard us as having an identity in our own right in particular. Also they control all our IT, so it is really hard to actually forge an identity for yourself because everything we say we have to reference ONE Northeast in it. Everything we do we have to credit them with supporting us to do it. All of our communications with businesses for the first two years were headed up on a ONE Northeast letter headed paper. {...} It means... it particularly affects recognition and awareness and value actually... how people value us because what we end up being is spokes people for another organisation. We are apologists for another organisation and what they are doing."

DMO managers strongly portrayed a quasi-public, non-profit picture of their organisation that is strongly attached to public and membership-based resource streams. This aligns with the non-profit approach to DMO organisational effectiveness and performance management that has been suggested in the literature (see chapter 3). Furthermore, the data suggests that a wide variety of funding bodies (e.g. EU/ERDF, RDAs, memberships, commercial income) can dictate the DMO systems in terms of monitoring and reporting performance. Depending on the strictness of such a funding regime, the DMO may have distinct strengths, weaknesses and opportunities, as well as face particular challenges or threats. For example, TMP seems to have less flexibility on how they monitor performance as it is heavily supported by ERDF funding, which *"is quite a strict regime to monitor and report against"* to the point where *"it might dictate some of the systems"* used to monitor and manage performance (TMP 5). Overall, the diverse nature of funding sources and operating regimes that support DMOs across England means that, even within particular

regions where individual DMOs may well pursue alignment to the same RES or RTS as developed by their regional economic body, there are diverse approaches to monitoring and managing performance.

MacIndoe and Barman (2013) found that performance measurement practices in non-profit organisations are influenced by resource providers, organisational networks, and internal stakeholders. These organisational stakeholders shape both the adoption and the patterns of implementation of performance measurement. For example, funders drive the adoption of a budget line, but a non-profit would only substantively implement performance evaluation practices when internal stakeholders also support their use. Moreover, despite the allocation of resources (e.g. budgeting funds) to performance evaluation, the scope and depth of evaluation may be inadequate. This may be the case if non-profits simply aim to comply with accountability-based expectations of funders and regulators. The distinction between donors and beneficiaries can be a challenging task in performance evaluation of non-profit organisations (Kaplan 2001; Niven 2003). Additional challenges relate to giving emphasis on the community, as well as internal business processes, innovation and learning (Kloot and Martin 2000). Wisniewski and Olafsson (2004) also note the possibility of a non-profit organisation to aim at a reduction of activity or size, rather than increasing market share.

5.4.4 *External vs. internal focus*

When discussing 'value creation', almost every senior manager implicitly or explicitly referred to 'external' value creation. Very often, additional prompts needed to be made during the interviews in order to discuss 'internal' value creation (within the organisation). Overall, it was evident that DMOs are heavily externally-oriented, with external stakeholder satisfaction at the core of the rationale of their existence and consequently their performance. A characteristic example can be illustrated in the words of a manager who argued (LBTB 6):

"I think potentially not. I think the culture very much looks to output achievement for the NWDA and almost box ticking exercises that is not quite as... looks externally not internally for us as a business. So we will do all those things because we have to do them in order to get our funding, which

is vital. But the culture very much looks that way, rather than... are we as a business performing as we want to perform? Are we developing in a way that we want to develop? Are we pushing the things in a way that we want to as a business? ...and the management and the people in the business? Because for me I have never worked anywhere where people care as much about the business, but there is quite a flat top on it where the business isn't operating the way that people can, so I think there is more... it is strange culture I think."

This outward-looking emphasis was depicted in the high significance DMOs placed on the Destination Management Plan (or Area Tourism Plan), which they are responsible for, describing the strategy and key priority actions for the visitor economy of the destination (LBTB 2; VM 1; NT 1; VCD 1). Overall, it was felt that some DMOs pay less attention to business plans as opposed to the Destination Management Plans.

A potentially one-sided emphasis on DMO organisational effectiveness can be myopic. Effectiveness of non-profit organisations is essentially multidimensional, socially constructed by various stakeholders that potentially have diverse perceptions of effectiveness, and dynamic (Sowa et al. 2004; Herman and Renz 2008). The multi-dimensional element of non-profit effectiveness is illustrated by Sowa et al. (2004) who identify two prominent dimensions: management effectiveness and programme effectiveness; while, Herman and Renz (2008) add the importance of an analysis of effectiveness at network level. Mitchell (2012) suggested that internal or management effectiveness aims at overhead minimization, while the effectiveness at programme and network levels focuses on outcome accountability. Therefore, focusing on DMO effectiveness only in terms of the DMP (programme and network level) potentially falls short in analysis of management (organisational) effectiveness. A possible explanation of this emphasis, however, could be that managers are accountable to many external constituents that have strong stakes and interest in the DMO's performance.

5.4.5 Technical challenges of performance management

Interviewed managers in this study highlighted the challenges that stem from the complexity of evaluating DMOs (NFT 1):

“The only observation I would make is that one of the great problems with what you are seeking to do [identify DMO performance evaluation perspectives] is it is very big...it is hugely full of detail... and everyone will have a slightly different view of it. Which is fine... cause that is the way it is and that’s fine. But, it is all sensible.”

Further technical challenges that were highlighted relate to the bureaucratic and tedious task of performance measurement and evaluation (LBTB 1):

“And there is one other thing as well that there has to be evidence. So we have got to provide evidence. That can be a little bit bureaucratic, it can be a bit tedious if we are honest you know, asking businesses to sign forms because we visited them... you know it just seems to just sort of niggle a little bit with a lot... I think it is frustrating to staff as well. {...} The bureaucratic nature of it I think it is quite demonstrating the fact that there were positions created solely within the organisation to be able to deal with that aspect of the performance monitoring.”

Managers also suggested a lack of expertise or even lack of understanding of performance evaluation in the context of DMOs (NFT 1):

“The problem in creating scientific measurements of effectiveness is that they don’t necessary resonate in the minds of those... that wide range of people...”

The data indicate a number of technical challenges of DMO performance evaluation that include the high complexity of the process and lack of expertise, and the lack of understanding of scientific measurements of effectiveness by DMO stakeholders. Furthermore, it is suggested that the process of performance measurement and evaluation is somehow bureaucratic and tedious, involving additional cost in the form of extra new management positions. These findings are in line with the views of researchers in the area who note that designing performance measurement systems requires a certain level of sophistication and specialist knowledge (Tangen 2004; Neely et al. 2005; Garengo et al. 2005; Lawson et al. 2007). Performance evaluation needs to relate to areas of strategy, policy implementation, organisational control and accountability, which are seen as

challenging areas for managers in the public sector and non-profit domains (Johnsen 2001; Kaplan 2001). Armistead and Pritchard (1997) note that business excellence and performance evaluation systems follow a systems architecture, which can challenge the function based bureaucracy of an organisation. DMO managers would need to identify links between internal and external systems and avoid thinking within functional silos. Technical skills in evaluation of development programmes can vary significantly, depending on the impact chain model that is formulated for each intervention (Smith 2010). Therefore, the various development initiatives that DMOs engage in may expose training needs for evaluators of performance. Inevitably, DMO managers need to expect that new technical challenges emerge regularly.

5.5 The importance of DMO strategic performance evaluation

Participants of this study highlighted the importance of strategic performance evaluation for DMOs. In particular, performance evaluation was noted to assist in clarifying objectives and providing evidence of results (NT 1):

“I think in order to get to the point where you know what you want to measure, it requires you to go through a process which ensures that you are very clear as to what your objectives are, what your priorities are, and what it is that you're going to be investing on time and money and... what you're going to achieve with that. It is pointless setting yourself any form of performance measurement which doesn't have its heart a very sound understanding what it is you are trying to achieve and how. Then of course it allows you to review your performance and take measures accordingly, and of course in the world we live in it enables us to provide evidence for our effectiveness to our partners.{...} Because we are a successful organisation, but unless you have something to illustrate that we are successful and it is not just because we think we are...[smiles]”

Similar points were made by several interviewees who discussed the benefits of evaluating performance in terms of identifying areas for improvement and better understanding the mechanisms that affect DMO performance. Another example of this is provided from a manager that gave emphasis in the evaluation of performance, not just the monitoring or

measurement of results (TMP 5):

"[I]t is going to become – monitoring and evaluation – an increasing part for everything we do, and not just monitoring [or] output count. It is actually the evaluation side that is... so, OK you have got out and seen 10 businesses and trained them on how to use the booking system that is an output achieved, but has it made a difference on putting more stock on the system or are we getting more bookings as a result? Are we making a difference in doing that? So it is not just... at the moment, the team at the moment are focused on outputs, and we have got to get them to actually step back almost from that and say outputs in themselves are nothing. You know it is actually what the impact on making a difference is. So evaluation is going to become more important. And of course the time-lag you know some times to evaluate projects is quite long, so what I am saying to people is you know {...} don't do things unless you can evaluate them."

Performance evaluation has additional benefits, including assisting managers to recognise success, demonstrate achievements (evidence) to stakeholders and prove the value of their service (NFT 1):

"Because the only reason that I am being very positive is that is all working for us... when it is not all working... you need the ability to be able to say "it is not working". And to prove it is not working, and to understand where it is not working. So I guess what I am saying to you is that where we are and what we do, for instance when we have fundamental service review of my service... the DMO service...a couple of years ago, I found it hard to formally prove the value of the service, and I think that one of the great challenges for tourism is that in a lay terms is very hard to prove the value. The only time you can prove the value of a service is after you don't have one! Because it will be then that... things start to go wrong"

Communication of performance evaluation information was suggested to be critical not only for external stakeholders, but also for internal ones (NT 1):

"But also so that we are in a position to be able to recognize our own successes and shout out about them, and to recognize them internally as a motivational tool within the organisation."

The data suggests that performance evaluation assists DMOs to set clear objectives and priorities on how to achieve them. In turn, managers can set measures or KPIs and targets against which they will review and assess results. Having this mechanism in place, is the basis for gaining a better understanding of their performance and identifying areas for improvement. In addition, it increases confidence in investment of time and money or other resources, as well as, it enables DMOs to provide evidence of their levels of performance to their partners. Finally, it is important that performance information is communicated internally as it can be valuable in motivating employees.

Relevant literature (Kaplan and Norton 1992; 2001; Neely et al. 2002; Moullin 2007) notes that performance management practice focuses managerial efforts on clarifying the mission and strategic objectives of the organisation. Performance management can assist organisations to achieve several managerial purposes (Neely et al 2002; Behn 2003; Hammer 2007): monitor performance, evaluate, identify areas that need attention, control, budget, motivate, promote, celebrate, strengthen accountability, learn and improve. Performance measurement and management is also used to develop consensus to guide policy (Coplin et al. 2002). Coplin et al. (2002) note that performance measurement is a critical link to effective budgeting, a democratic remedy that encourages increased citizen, organisational and other key stakeholder engagement with governance processes, while increasing legitimacy of public management organisations. Researchers (Fletcher and Wanhill 2000; Longlands and Markus 2008) find that evaluating performance for regeneration and economic development can allow for the demonstration of the impact that development initiatives have on local people, businesses, and places. This is important for a development agency in order to ensure that the organisation is pursuing continuous learning, while it demonstrates accountability and commitment to improve performance. Performance evaluation of development agencies follows a results-based view, which by default places emphasis on defining results (outputs, outcomes and impacts) of development activity (UNDG 2010; Lanzi and Agrawala 2012). Performance evaluation of development agencies focuses on effectiveness, efficiency, and appropriateness of a policy, programme or project (Hall 2008) and acknowledges the contribution of stakeholders (Bornhorst et al. 2010; Funnell and Rogers 2011; Volgger and Pechlaner 2014). This is important for a development agency in order to ensure that the organisation is pursuing continuous learning, while it demonstrates accountability and commitment to improving performance. Understanding the dynamics of the impact chain of development initiatives

focuses particularly on understanding how causal relationships in programmes or projects from inputs through activities and outputs culminate in outcomes or impacts (Kellogg Foundation 2004; Hatton and Schroeder 2007; Talbot 2010; Shaffer 2011). Therefore, by adopting strategic performance evaluation, DMOs would be able to understand *what* impacts are needed and the best way (*how*) these impacts can be co-created with their stakeholders.

The quality of performance evaluation is also an area of consideration. Interviewed managers suggested that there was scope for a more focused and coherent performance measurement practice (NFT 1):

“We do. That’s why I said to you, we probably have lots of ways of measuring it. What I have not yet done really is had the time and... one of the reasons why I am interested in this now, is because the one thing that I think is probably missing from our strategy is a more coherent, regular means of assessing the satisfaction or value in the minds of the various range of stakeholders in the things we do and the plans we are seeking to achieve. And I would like to do more of that.”

The need for a systematic approach to performance evaluation of DMOs is evident in the data extract above. Lack of clarity in performance management systems can create confusion in organisations (Tangen 2004; Franco-Santos et al. 2007). The multiple standpoints to organisational performance measurement in organisations (e.g. operational, strategic, customer, financial, external stakeholder, etc.) can influence the effectiveness of performance evaluation (Lawson et al. 2007). Nevertheless, systematic evaluations of organisational effectiveness are strongly linked to assessment of performance in two key perspectives: strategic and operational (Neely et al. 2002; Garengo et al. 2005; Lawson et al. 2007). Franco-Santos et al. (2007) note that features, roles and processes are critical considerations when designing performance management systems. Tailor-made performance measurement systems can be more beneficial, but involve higher costs (Neely et al. 1994). Moreover, the suitability of a performance management system is dependent on the purpose of the measurement, the level of detail required, the time available, the existence of predetermined data and the cost of measurement (Tangen 2004).

Although DMOs seem to face several challenges in performance evaluation, managers did highlight that performance evaluation is vital for the future of DMOs. A characteristic

example can be illustrated in the words of a manager who suggested (VM 2):

“I think [DMO performance evaluation] can only get more detailed. I think it can only get more intense. I think that is not a bad thing, and that is something that needs to be undertaken so we can really prove what value is being added. Very much in all the projects that I am dealing with a kind of an evaluation is core and, to be honest, all of the work which we do with the Tourism Development team, is led by evaluation... is led by being able to identify what do we are doing and how or what impact we are having. I can only see that intensifying.”

Similarly, another manager noted (TMP 5):

“I think it is going to become more and more a feature of everything we do... and one of the messages I have been getting through to my team, I have been doing this on Monday when we are on away-day, is that before you do anything decide how you are going to measure success. And you know OK we have all these overall objectives and outputs, but if you can't measure of whether or not it is having an impact, don't do it. And that has being quite challenging.”

The premise that “you can't manage what you can't measure” is widely accepted in performance management literature (Scholey 2005, p.12). Measurement and evaluation allows people and resources to be focused on particular aspects of a business with the ultimate purpose of enhancing organisational performance (Neely et al. 2003). The decision to measure something strongly relates to its classification as significant or not; while, the choice of indicators determines significantly the success of performance measurement frameworks (Paranjape et al. 2006). Ultimately, it is both the “what” and the “how” to measure that are central questions in designing such frameworks. However, for DMOs, the relevance of multi-stakeholder perspectives of effectiveness or success denote the need for a democratic process where stakeholders are take part in deciding what performance perspectives are significant and merit measurement and evaluation.

DMO performance evaluation is becoming more important in times of limited availability of public money (TMP 5):

“I think overall there is going to be less public money to go into Tourist

Boards or DMOs, so the private sector will either have to pay more for what they get and get less, that is essentially what it is, or will go back to a situation where the local councils are the tourism organisation and you know and they can choose on whether or not they want to spend council taxes on them on that type of things. So that type of scenario. The status quo cannot continue. There will not be enough money to do it and the current levels of support you get from advertising and commercial membership is a drop in the ocean of what we need.”

In the evolving context of DMOs, adopting performance monitoring and evaluation practices is considered to strengthen the ability of DMOs to attract commercial income from private sector partners (VM 4):

“performance and measuring performance is key if we want to attract commercial income from the private sector because that is what they are all about, that is what they are very much used to see... what they are going to get.... {...} for private sector we have to become more commercially driven and more performance driven in terms of what we are doing.”

Emphasis on performance evaluation also supports a new way of thinking about the nature of DMOs that sees them gaining financial independence in the market (LBTB 5):

“We have got to understand why we are here and what our mission is... and what we are here for. Whilst we are here to promote tourism and to help the external businesses and you know increase in the visitors coming in and things like that, if we are not self-sustaining we will not exist... we may not exist in the future. {...} I think we have to see it as a business and we don't necessarily all see the tourist board as a business as much as a facilitator of services and I think it is”

Moreover, the manager suggested that performance evaluation allows for transparency and subsequently credibility of the DMO (LBTB 5):

“So you have got to look at... you know it is about us also improving our own credibility and value in the community and people are becoming more aware of this now. We didn't shout very loudly about what we did externally. And I think it is about us communicating externally as well.”

The data suggests that the DMO has to consider shifting the nature of its identity. Traditionally it has been a non-profit, quasi-public development agent that promoted destination development by facilitation of change. A more contemporary view, however, requires that the DMO is seen as a business with an emphasis on a market orientation, offering services to its stakeholders (e.g. local businesses). The rationale for this is that ultimately, through a more commercial or market orientation, a DMO will be able to develop value relationships with its stakeholders and offer services at a cost that would allow for higher levels of revenue. Research (Balsler and McClusky 2005) suggests that external relations are extremely important for non-profit organisations, since they rely on external sources for key resources (e.g. funding, volunteers, members, and board members) and legitimacy. Building relationships and trust within the 'network' of stakeholders is a strategy that organisations can use for developing social capital. Mahmoud and Yusif (2012) suggest that non-profit organisations can benefit from a market-orientation, particularly if they promote a learning culture within the organisation. Organisational learning can lead to a number of significant benefits for non-profit organisations: deeper understanding of customers and programme donors; attainment of consensus in strategic decision making; shared vision and knowledge sharing among the employees; encouragement to challenge the status quo; and, enhanced capacity to innovate.

DMOs can have their own internal indicators, in addition to the ones imposed by their funders (e.g. the RDAs), so that comparisons between them is possible (LBTB 6):

"[F]or our funding, for our outputs for the Northwest development agency we only have one measurement which is "visitors to the website". It is just the actual visitors – unique visitors. There would be easy ways of doing that {...} and sit back, but we don't do that. This is why we have our own measurements and we are sort of measuring against ourselves and the other Tourist Boards. But there is nothing formal in this... it gets reported to the NWDA, but there is no formality to say we have to do any of this activity, there is no targets that are set externally."

The benefit in this case being that they can compare themselves with other DMOs. Behn (2003) suggests that performance measurement is only valuable when it can allow for comparison. It is through a process of critical comparison that evaluation can be done. For instance, comparing data on achieved outcomes with pre-set desired results or targets can

help judge performance. Every performance measurement requires an explicit or implicit baseline which it can be compared with. The baseline can be established using historical records, comparative information from similar or dissimilar organisations, legislation or political bodies.

5.6 Summary

This chapter has explored key themes from the primary data of the study and discussed them with the relevant literature. In doing so, it has become evident that the DMO's rationale for existence and strategic impetus are central in establishing strategic perspectives of DMO performance evaluation as they determine its activities, resource acquisition, as well as results. Four key interwoven components of the DMO rationale for existence were identified and discussed in this chapter: supporting the visitor economy and strategic value creation and co-creation; a tourism leadership role for the destination; supporting the strategic development of the visitor economy; and, improving governance structures for tourism development. These components encompass several outward-looking and internal strategic perspectives of DMO effectiveness and are pertinent to a DMO's rationale for existence and strategic impetus in terms of destination development, collaborative governance, as well as destination management and marketing. Outward-looking areas of DMO performance evaluation focus on the strategic results (outputs, outcomes and impacts) of DMO activity that aim to support tourism at destinations by adding and co-creating value with stakeholders. These outward-looking strategic perspectives of DMO effectiveness will be the focus of the following chapter (Chapter 6). Internal performance perspectives concern areas of organisational management of a DMO as a business entity and are explored in depth in chapter 7.

This chapter additionally explored the influence of a DMO's strategic context on the focus of DMO evaluation. It was argued that the synthesis and the performance of DMO activity vary to a greater or lesser extent according to the nature of the particular destination context. This is because DMOs define their priorities for action by placing strong emphasis on particular local area characteristics. These context characteristics include several elements: political and administrative boundaries; geographical location; morphological characteristics; nature, volume and quality of resources; tourism product type; the number,

values and diversity of stakeholders, as well as integration of wider development policies. Furthermore, it was suggested that local characteristics and needs may differ from priorities set at a national level. Consequently, a common performance evaluation framework would not be directly applicable across different DMOs or destinations as potential differences can exist in development strategy definition or formulation and implementation.

A number of challenges of DMO performance evaluation were also explored in this chapter. It was found that DMO managers find understanding performance evaluation puzzling from the outset, which involves defining success and capturing its varied and dynamic nature. This difficulty was principally associated with the composite industrial environment of tourism and the varied and dynamic contexts of destinations, which make the definition of value subjective. Definitions of value (or values) are the result of a balance between internal and external views, while they are also strongly linked to the elusive links between 'cause-and-effect' of DMO activity. Such a results-based view of performance evaluation naturally focuses on outcomes of DMO activity, often involving other stakeholders as well in the process of value creation. Therefore, critical in the process of defining value is a thorough understanding of network dynamics. Ultimately, DMO additionality can be regarded as the change in the destination context and its dynamics that would have not occurred in the absence of a DMO's intervention. The inability to capture and evaluate this is a source of disappointment and anxiety for DMO managers and significantly affects their ability to attract and secure funding and other resources. Defining value needs to be a continuous process, allowing for evolving definitions that accommodate for developmental change dynamics. For example, this process would take into account time-lags in development initiatives, as well as dynamic tensions during negotiations of stakeholder expectations in order to set realistic targets and levels of performance. Importantly, a dynamic process of defining value(s) is expected to accommodate learning for DMOs and their stakeholders. Learning, rather than control, is seen as the ultimate goal of performance measurement as it supports innovation and facilitates efficiencies from development and growth influencing the capacity and capabilities.

Further challenges of DMO performance evaluation related to the funding of DMOs. The nature of DMO funding sources, as well as the balance on the levels of their funding, is critical in determining DMO capability and flexibility to adopt performance evaluation practices. The findings indicate that DMOs bare the characteristics of SMEs not just in terms

of budget or turnover, but also in terms of number of employees. Therefore, DMOs often find performance measurement practices challenging due to lack of available resources to complete the task of performance evaluation. This translates in difficulties in comprehension of the relevant processes, in addition to the cost involved in their implementation. DMOs' financial rigidity in a dynamic business environment imposes a strong focus on operational and financial performance rather than on a more balanced approach to evaluation. As result of these tensions, in addition to the shortened availability of public sector funding, a shift from an overreliance on public sector funding streams to a more commercial activity and a 'bottom line' approach was identified. This denotes a change of the public / non-profit logic of DMOs to one that resembles private (for-profit) sector characteristics, which expectedly affects the approach to performance evaluation. The alternative sources of funding that are pursued mostly originate from the private sector. This is expected to lead the DMOs to increase emphasis in their performance evaluation of building closer and stronger relationships with private sector stakeholders as potential funders. Performance evaluation, therefore, would need to accommodate a revised strategic balance between relationships with regional or national partners and private (local or international) stakeholders. Due to inherent differences between private and public approaches to performance evaluation, a stronger market orientation of DMOs can have implications for their performance evaluation, in terms of connections and alignment with strategic partners in development initiatives that belong to the public sector domain. For instance, potential tensions can arise in performance evaluation of development programmes by the antithesis between LA (i.e. public) and DMO performance approach.

Most managers that participated in this study evidently portrayed a non-profit, quasi-public nature of DMOs, where contractual agreements with core funders (e.g. RDAs or the EU) often stipulated performance evaluation practice. In many cases performance evaluation strategies of DMOs tended to follow the format of the agency's requirements. Depending on the strictness of such a funding regime, the DMO may bare distinct strengths, weaknesses and opportunities, as well as face particular challenges or threats. For example, a strict regime was mostly commented as a negative influence, dictating DMO systems, as well as limiting DMOs' flexibility and capacity to maximise effectiveness in performance evaluation. This can be particularly damaging when the scope and depth of evaluation imposed by the core funder(s) is considered inadequate. As a result of the non-profit nature of DMOs, the distinction between donors and beneficiaries need to be taken into account

during a DMO's performance evaluation. Equally, as a non-profit organisation, a DMO may often aim at a reduction of activity or size, rather than (for example) increasing market share. These key characteristics of a DMO can create tensions with a market-oriented approach to performance evaluation that was noted previously.

The key challenges identified in this study include a myopic view of performance evaluation that is a result of an over-emphasis on external rather than internal value creation. DMO managers interviewed seemed to be heavily externally-oriented, focusing predominantly on external stakeholder satisfaction. This reflected their DMO strategic rationale and consequently their emphasis on outward-looking views of performance evaluation. This was also apparent in emphasis that DMOs give on the Destination Management Plan as opposed to their business plans. This emphasis can be attributed to the strong influences of external accountability of DMO managers to several external constituents with strong stakes in the DMO's performance. However, DMO managers need to acknowledge that DMO performance evaluation requires a focus on DMO management, as well as programme (or project) and network effectiveness. Moreover, performance evaluation should essentially accommodate for multidimensional, dynamic and socially constructed views by a plethora of stakeholders that potentially have diverse perceptions of effectiveness.

Challenges of DMO performance evaluation also stem from the complexity of the task. It was evident that complexity relates to the processes involved and level of detail that is needed in performance measurement and evaluation. The processes were described as intensely bureaucratic and tedious, while the lack of expertise diminishes the ability to apply sophisticated performance evaluation. In order to minimise these technical challenges, DMOs can form additional positions in their organisation for specialists in performance management. Moreover, the DMO can adopt a performance evaluation system design that identifies links between internal and external systems. However, complexity can be intensified by a lack of understanding of scientific measurements of effectiveness by DMO stakeholders, who often have slightly different views on success and on how to evaluate a DMO's performance. Finally, depending on the impact chain model that pertinent in each intervention, technical skills in evaluation of DMO development programmes can vary significantly. Therefore, the various development initiatives that DMOs engage in can expose different skill gaps of performance evaluators.

The last section of this chapter explored the benefits and the value that DMO managers ascribe to performance evaluation. Engaging in performance evaluation can help managers clarify strategic objectives and their links to DMO's mission, define success, devise plans, set targets, establish priorities on how to achieve success, and provide evidence of results. Emphasis needs to be placed not only in monitoring or measurement of results, but also in the evaluation of performance information. It is this evaluation that can be used as a feedback mechanism, setting the basis for gaining a better understanding of their performance, identifying areas for improvement and factors that affect DMO performance. Evaluating performance allows for increased confidence in investing resources (e.g. time and money), not just for internal DMO stakeholders, but also for external ones. Evident in the discussion is the need for a focused and coherent performance measurement practice, as it can strengthen the ability of DMOs to attract commercial income from private sector partners. This would support a contemporary approach to the management of DMOs, which evolves towards gaining financial independence in the market. Towards this direction, performance evaluation also allows for transparency and subsequently credibility of the DMO, making comparisons between DMOs possible. Further benefits of performance evaluation relate to providing the opportunity to improve budgeting and organisational control of resources, motivating employees, celebrating success, strengthening accountability. Accountability specifically is reinforced by the DMO's commitment to using performance evaluation for continuous learning and improvement of performance. A key benefit of performance evaluation for DMOs can be associated with governance processes, and in particular the ability to encourage increased stakeholder engagement and support the development of consensus to guide policy. At a developmental level, DMO performance evaluation adopts a results-based view and focuses on defining results (outputs, outcomes and impacts) of development activity. Therefore, it can contribute, to the level of the DMO's contribution, towards an evaluation of the impact of development initiatives on local people, businesses, and places. However, further to (specific) DMO performance evaluation, a focus on effectiveness, efficiency, and appropriateness of a policy, programme or project for tourism development, as well as on the contribution of all stakeholders, would allow for a more comprehensive view of performance of a development initiative. This holistic view would allow for an advanced understanding of the dynamics of the impact chain of the development initiative, in terms of how causal relationships in programmes or projects from inputs through activities and outputs culminate in outcomes or impacts. In other words, a holistic view would be allow for an understanding of what impacts are

needed, along with the best way (how) these impacts can be co-created with their stakeholders.

A number of key strategic perspectives of DMO performance evaluation stem from the four components of the rationale for DMOs discussed in this chapter. These strategic perspectives are outward-looking and internal in orientation, but are strongly interrelated. The former focus on areas where DMOs add and co-create strategic value for destinations and their stakeholders and are discussed in the following chapter (Chapter 6). The latter relate to areas of organisational management of a DMO as a business entity and are explored in Chapter 7.

CHAPTER 6 **Outward-looking Perspectives of DMO Effectiveness**

6.1 Introduction

This is the second of three discussion chapters that explore the key themes identified and developed during the analysis of the primary data. Linking back to research propositions, the aim of this chapter is to discuss key elements of DMO performance evaluation that were highlighted by managers. In particular, the focus of the discussion is on outward-looking strategic value perspectives that include: identifying the strategic rationale for intervention; designing action plans for the strategic support of tourism; administering the implementation of destination development activity; monitoring the impact of development interventions. These are understood as outward-looking perspectives of DMO performance, as opposed to internal perspectives that are discussed in Chapter 7.

6.2 The importance of outward-looking perspectives of DMO effectiveness

Proposition 3 DMO performance is affected by external (micro and macro) cause-and-effect relationships (impact chain) with a plethora of external stakeholders

The managers that participated in this study suggested several outward-looking perspectives of DMO performance evaluation, mostly relating to having a positive impact or adding value to the businesses of the visitor economy (LBTB 1):

“Do you actually make a difference to the business? Do you make a difference to that organisation? Have they actually benefited from a relationship they have had with the tourist board? That’s how you are measured in terms of whether you are of value to them or not. We are there to service them. You know they’re not there to sort of been played around with or been meddled with or whatever way you want to view it. We are there to help them. Our job is to boost to the sector, so our job is to help businesses become more profitable so that they can employ more people

and boost to the economy.”

Demonstrating strategic value is associated with benefits to the industry and growth of the visitor economy. This is commonly associated with visitor numbers and economic impact of visitors; however, DMO effectiveness criteria extend beyond that as, for example, one manager noted (VM 1):

“It is probably two or threefold really... I think TBs are generally judged on... constantly, so number of visitors, economic impact of visitors, {...} on effectiveness in terms of how they can influence and how they relate to both tourism industry in which they operate and also other kind of non-tourism stakeholders... so, local authorities, Development Agencies, in our case Manchester airport, and the private sector. So, I think it is kind of twofold and it is kind of quantitative KPIs {...} and also kind of qualitative KPIs, which are very much down to relationships and influencing and lobbying and challenging etc. I think there is really kind of strategic leadership role that is hugely important.”

Evidently, the value associated with strategic perspectives of DMO effectiveness needs to be evaluated in multiple areas, including relationship building, influencing, lobbying and challenging, incorporating quantitative and qualitative measures. These areas are intrinsic to the leadership role of a DMO and are by default outward-looking as they focus on value for external stakeholders.

It is important to note that outward-looking and internal perspectives of DMOs performance evaluation are strongly interwoven as the strategic leadership role of a DMO, which is pertinent to its rationale for existence, and the strategic actions associated with this inform its business planning (NT 1):

“[O]ur organisation here has a leadership role of an area, or responsibility role within the actions that come out of it, or the objectives that come out of it. That therefore informs our business planning here.”

This means that there is a plethora of stakeholders that are interested and have a vested interest in the DMO’s performance information. As one manager suggested (NFT 1):

“My ability to maintain investment levels from the industry means I need to report to the industry. To enable me to continue to have my job, I need to report to our political masters. For me to deliver effective services, I need to

report to those people who can facilitate and help me facilitate those services. For people not to hang me in the streets...and put me in the stocks... I need to report to the local community and let them know how I am performing. I also need to report to the visitor, the customer, because that's part of the offer, {...} to tell them the state of the place and the state of what we are doing. {...} and because of these things... this is why it is a great place, safe, a very healthy, a very exiting... All of those people, within those interests, I need to report to. But, in very simple terms, the honest answer is: I report to my line manager, my line manager reports to the chief executive, and the other person... that's my... company reporting structure... my local government reporting structure is to my portfolio holder and to the leader of the council. But, I also report to the chairman of the trade association, and other lots of lots of other people."

The plethora of stakeholders that are co-creating value for the visitor economy with the DMO indicates that there can be several influences in its performance.

The findings support the relevant literature (Morrison et al. 1997, Pike 2004; Ritchie and Crouch 2005; Morrison 2013) that suggests that performance evaluation is an important part of DMO performance reporting to key funders and other stakeholders. Although DMOs are key facilitators of destination development, the results are depending on the contribution of the stakeholders (Hall 2008; Bornhorst et al. 2010; Volgger and Pechlaner 2014).

6.3 Leading the advancement of the destination development strategy

DMO managers highlighted the important role of their organisations in supporting the strategic development of tourism within their destinations. In particular, DMOs were noted to take a leadership role in devising and advancing the tourism strategy for the destination, as well as the resulting Destination Management Plan. These are ultimately accomplished in partnership with key destination stakeholders (NT 1):

"[T]he Area Tourism Management Plan clearly identifies who our key partners are, by who has an interest in the visitor economy and who is active and able to impact on the visitor economy. Those naturally will be our key

partners as well as clearly the organisations that fund that activity.”

The DMO needs to determine the cause-and-effect relationships in the destination that can have an impact to the visitor economy and identify its key partners that can support or impede development (see also section 5.2.1). Focusing on the effectiveness of its relationships within these partnerships is critical for the performance evaluation of a DMO, as they are pertinent to all the DMO activities that aim to exploit development opportunities as well as mitigate failures. These tourism development activities that are performed collaboratively with destination stakeholders include: identifying the strategic rationale for intervention (market failures or opportunities) and defining success in terms of outputs and outcomes; devising action plans (development programmes or projects); administering the implementation of the development action plans; and, evaluating results (or the impact of intervention). These activities form parts of Destination Management Plans (see also the discussion in section 5.2.3) and are important areas for DMO performance evaluation as explored in the discussion that follows.

6.3.1 Identifying the strategic rationale for intervention

Identifying tourism development opportunities and failures is the basis for devising a strategy for destination development (LBTB 1):

“[Our destination development strategy] is based on need isn’t it? It is based on the market failure situation, which... I mean our strategy is drawn up taking that into account, but also taking into account opportunities. Because you have to look at the balance.”

It is the DMO’s role to make sure that the pursuit for this balance between opportunity and failure is underpinning the destination development strategy. This balance reflects the meaning of strategic success (or strategic value) in terms of destination development, while its definition requires the consideration of various stakeholder perspectives (TMP 2):

“I think everything that we do primarily {...}, the two people at the end of the value chain, at the end of the transaction are the consumer at one end and the business at the other end. Our role is the economic development within tourism is to ensure a successful tourism industry. In order to do that, we need happy customers who come in, consume the products, go home and

then want to come back again and consume even more. So, that is why we get out of bed in the morning. And the other two people that we need to see that are kept happy, the other people that have an impact on, are obviously the sort of national and regional strategic bodies, the DCMS, Visit Britain, NWDA, all of whom have a view about... a strategic view about the direction tourism should go in."

Creating value for all key stakeholders is crucial for DMOs and it is pertinent to a successful DMO. Identifying development opportunities and failures, as well as setting priorities for action are based on stakeholder needs, and involve stakeholder consultations (NFT 1):

"Well, basically through some process of consultation. It is the only way you can really do it. And that is a process of continuous evolution. In other words you start by asking simple questions of "what are the important things for you"... because the other problem with stakeholders is that they are all going to have a different view depending on their self-interest."

Similar views were noted by almost every interviewee, typically indicating a bottom-up approach where local stakeholder needs and interests drive development programme planning, implementation and evaluation. As one manager noted (TMP 5):

"[T]here are discussions with the sector, businesses, about what is required. Then we put together what is the best way of addressing it, a sort of programme that we think will deliver it."

Emphasis was also given on paying attention to the needs of the visitors (VCD 1):

"[VCD] is visitor-facing mainly. Most of what we do is about meeting the needs of the visitors {...} So somebody has to speak for the visitor to make sure that the decisions that affect them when they are visiting here are... they need to be taken into consideration."

In their remit as economic development agent for destinations, DMOs are expected to strive to align strategic destination development objectives with economic policies and wider development objectives of the government at national and regional levels. A characteristic example from the data notes the alignment with several public sector stakeholders (NT 1):

"So we have a contract with One Northeast, we a funding relationship with

the County Council and there are mechanisms there to ensure that our priorities as an organisation dovetail completely with County and regional priorities and strategies and policies, that we inform that and that we are informed by it. So it is coming from both sides, with us very much being a delivery vehicle for what we agreed as the objectives with One Northeast regionally and with the County Council within the county and with the business community within the county."

Evidently, there is a plethora of stakeholders that affect the definition of the strategic rationale for intervention in development of the visitor economy at the destination. Ultimately, the DMO needs to focus on achieving a balanced approach to defining strategic development objectives based on stakeholder views of opportunities and failures (NFT 1):

"It depends if you had effective democratic input into four groups of stakeholders: visitors, industry, community, environment. And if you have got a response from those that could be pulled together in the sense of balance you would then probably have a pretty good range of needs to be included in your strategy."

A DMO will need to make sure that democratic processes are in place in order integrate the various stakeholder views and for a balance to be achieved when possible. In cases where striking a balance is not possible and stakeholder conflict is evident, the strategy can be disjointed and sustainability of development will be at stake. In such cases, a DMO needs *"to find a way of mitigating the negative parts", or "a way of making it [sustainable] and creating a sense of balance by adjusting the needs of one of those [stakeholder] groups"* (NFT 1). Ability to initiate, facilitate and manage negotiations is, therefore, critical for the DMO. However, there is a caveat in this democratic approach to setting strategic objectives for the development of the destination (NFT 1):

"It is important to realise that asking stakeholders what they want is only a small part of the strategy or the strategy's needs. There will be things which the stakeholders want that are impossible to achieve and there will be things that are important to achieve that the stakeholders don't want. The two are not necessarily the same thing. Therefore, if you spend your time asking people what they want, you don't necessarily get the answer to the problem what you get is what people want."

It is suggested that consultation of stakeholders is important in identifying and integrating

their needs and wants and in devising a set objectives for tourism development. However, the DMO needs to critically review these ideas, try to harmonise stakeholder strategic requirements and make informed decisions as to what the destination's opportunities or the problems actually are, as well as, what are the best ways forward in terms of outcomes pursued and actions taken to achieve them.

The findings support the view of several economists (Sinclair 1998; Fletcher and Wanhill 2000; Stabler et al. 2010) who suggest that the visitor economy needs the intervention of a natural body to achieve efficiency in the use of resources, take advantage of market opportunities and mitigate failures. Intervention takes the form of planning for orderly destination development, which needs to involve the stakeholders in the process. Despite the suggested need for balance in stakeholder requests that is noted in the data, Pike (2004) notes that the political environment of tourism includes such a diverse range of stakeholders; therefore, politics in destination development decision-making are inevitable and lead to imbalances. Moreover, research (Godfrey and Clarke 2000; Ritchie and Crouch 2005) suggests that existing and new structures may be used as part of the development strategy, but the leadership of the initiative is often assigned to a DMO.

Dealing with opportunities and failures of development relate to several elements of the visitor economy and is so embedded in the rationale for DMOs that it dictates their functions and ultimately their business structure (LBTB 1):

"I will come back to something that I have mentioned already and that is "form follows function". We have a requirement to deal with market failure situations. {...} The kind of areas that we're looking at are things to do with coordination failures, we have got quality failures, information failures... {...} So our organisation has been... [our] organisational structure has been developed so that we can deal with those market failures through the two teams. Obviously it is the Development Team that cover things like quality and skill {...} [while] the Marketing Team [is] really looking at coordination and information failures."

Similarly, another manager noted that the DMO needs to excel in several strategic roles associated with opportunities and failures of development (NFT 1):

"[T]he communications of visitor services, the organisation of local

stakeholders, the engagement of public sector services, and the management of the physical components of the destination. {...} the sort of product development, quality and {...} brokery and honesty connecting, developing, enabling, evolving, strategic oversights, all of those words are inherent [in our strategic role] and for me, to do so in an honest [way towards] everybody and everything... to be balanced.”

Skill gaps, quality inefficiencies, market intelligence, as well as stakeholder coordination and synergy were commonly noted rationales for intervention in the development of the visitor economy. These areas would be the focus of developing strategic objectives for development. These areas also reflect the rationale and strategic impetus of DMOs, determining their internal business functions and structures. Inevitably, this alignment of rationale for intervention and rationale for DMOs makes performance evaluation of a DMO and evaluation of destination performance so elusive. Nevertheless, a DMO adds value by acting as a negotiator (broker), as an agent and a principal in destination development dealings. Pursuing balance and fairness in destination development is critical in the role of DMOs, but can be very challenging.

The findings support the existing literature that suggests destination development initiatives need to follow principles of sustainability (Wahab 1996; Soteriou and Roberts 1998; Moutinho 2000; Kerr 2003; Hanlan et al. 2006; Climpson 2008). To achieve this, the approach needs to be comprehensive, iterative or dynamic (readily responding to environmental and policy changes), integrative (functioning within wider approaches to development), community oriented, renewable, and goal oriented. The latter in particular relates to a dynamic portfolio of realistic development targets and results with equitable distribution of benefits (Simpson 2001; Hall 2008; Fletcher et al. 2013).

As the visitor economy extends to various sectors that traditionally are not regarded as ‘hard-core’ tourism related, market opportunities may exist in engaging these too (LBTB 2):

“There is a wider range of businesses that we work with, so if you think about food and drink for the visitor economy, who ultimately are there to service the local community as well as just visitors, so they cut across... you know they’re not solely visitor economy businesses like a hotel you may think more traditionally {...} Some of them are pretty complex. {...} I think it has

also been quite important to strengthen and consolidate and grow some of the linkages cross-sectorial as well, so we have really sort of think about arts or cultural sectors as well. We have built bridges there and strengthen those.”

Similar comments were made by several managers. A characteristic example is from a manager that noted the opportunities of amplifying development project value through synergy (VM 2):

“I think one of the interesting elements from some other projects that we work on, although they can be driven by attracting visitors, it is not solely a tourism project. It is a wider project which not only attracts support from the city and the region and the airport. It is not just about the visitors it is about grasping the opportunity and being able to sort of make connections that the project becomes a far greater project that involves inward investment or trade, general business, so it becomes a far more sizable and hopefully more successful project.”

DMOs can add value by facilitating the creation and strengthening of links across the wide array of sectors involved in co-creation of the experiences of the visitors as well as the local community. Importantly, developing the tourism related knowledge and skills of the various relevant organisations can help them gain confidence and boost their engagement and contribution in tourism development activities. Moreover, there are synergistic opportunities in making connections with projects that focus on wider place developmental issues rather than primarily focusing on locations as destinations for visitors.

Overall, the data suggests that DMOs work in partnership with stakeholders to add strategic value for the destinations. This co-created value can be related to several failures or opportunities pertinent to the visitor economy as defined by the destination stakeholders. The definition of tourism opportunities and failures is the result of an agreement between stakeholders with potentially varied views and priorities. Moreover, such opportunities and failures may direct attention to destinations as places to live. Importantly, the DMO needs to act as an honest broker who strives for a balanced approach to development that follows principles of sustainability.

Visualising the tourism destination as a compendium of small and medium-sized

businesses, providing a wide spectrum of services for a variety of customer motivations and needs, leaves limited scope for doubt that diverse range of attitudes will exist towards future development of the destination. Harmony within and between stakeholder groups is not easily achievable, but in order to retain an overall perspective of tourism as a composite system at the destination various parties need to be taken into account, including: the government (national, regional and local levels); the visitors (existing and potential); community (tourism and non-tourism businesses, local community groups, local residents) (Simpson 2001). Therefore, the DMO needs to ensure that these stakeholders engage with the process of formulating and implementing the actions of the Destination Management Plan. DMOs need to be salient catalysts for strategic destination planning and management that facilitates the development, management and evolution of destination systems. Being at the core of tourism systems, DMOs should aim to help destinations survive or outperform competition by facilitating the development of a comprehensive long-term tourism policy for the destination (Ritchie and Crouch 2005; Pforr 2006). However, implementing this policy requires effective destination management, as well as robust organisational policy and planning (Bramwell and Sharman 1999; Wahab 1999; Bramwell and Lane 2000; Dredge 2006).

Once the strategic rationale for intervention is agreed, it is important to devise 'strategies for action' (or action plans) to deal with the identified opportunities and failures. In other words, the DMO leads the formulation of development programmes or projects that aim to support tourism in these areas.

6.3.2 Designing action plans for the strategic support of tourism

As part of the strategic planning for tourism development, DMOs lead the formulation of action plans that include development projects and programmes, which aim to assist in achieving the strategic vision for the visitor economy (LBTB 2):

"[W]e have got our Visitor Economy Strategy, which is a 10-year strategy that runs from 2006 to 2016 and to accompany that we have a sort of action plans to actually help with the implementation of the strategy. Obviously, that is where we need to try and focus our activity, but it is worth mentioning perhaps linked to that obviously we are constantly reviewing our

activity and our action plans. Based very much on market failure, evidence available, etc. Ultimately, we then obviously need to develop our performance and monitoring to link to those strategic ambitions.”

Similarly, another manager noted (VM 3):

“It is more of a summary of activity the Destination Management Plan. And then the work that we do, organisationally underpins that. So the tourism strategy is very sort of broad, the Destination Management Plan is a little bit more specific, it talks about our current priorities and then we have organisational plans as well.”

The data suggest that the strategic development objectives for the destination, which stem from the rationale for intervention and the associated market opportunities and failures, are key components of the Destination Management Plan. This strategic document outlines the strategy for development and includes the relevant action plans and key priorities for strategy implementation.

Existing literature (Sharpley and Telfer 2002; Pike 2004; Ritchie and Crouch 2005; Hanlan et al. 2006; Morrison 2013) supports the use of the Destination Management Plans as strategic documents that contain action plans, programmes and projects that focus on achievement of development objectives for destinations. Development projects and programmes follow the ‘theory of change’ logic, which emphasises the systematic and cumulative study of the links between activities, outcomes and contexts of a development initiative (DTI 2006; Funnell and Rogers 2011; Patton 2011). DMO action plans will need to be based on specific impact chain models, which define causal relationships in programmes or projects from inputs through activities and outputs, culminating in outcomes or impact (Shaffer 2011).

During one of the interviews a manager presented a diagram that depicted the summary of their Destination Management Plan with the actions for strategy implementation. They were referring to this diagram as *“the Strategy Map”*. It was a wheel-shaped diagram where ‘the visitor’ was placed at the centre, with key ‘visitor journey’ stages being used as pillars to identify and address areas of their tourism strategy and the associated priorities (NT 1):

“[W]e have a very clear structure within it, which puts the visitor at the heart of it to inform areas of marketing and information, travel and booking, the

experience that visitors have when they are here, and then that as relation to how... when they are returning and their recollection, and all sets and structures that are in place within Northumberland that are there to address tourism development and the priorities that come out of it.”

The map presented the summary of a number of key areas of activity, intervention and management and described as a tool to gain the trust of stakeholders (NT 1):

“it is a very handy little summary and what we found is that it is very useful... by taking back everything to the customer, to the visitor, we found that businesses, residents as well as more strategic organisations can better understand why we end up with the priorities that we do and why we have the activities in there that we do. Because I think what we found in the past, and we have been using this only for a year actually, but prior to that you could put the same things in a long table or a long list but people kind of lose their relationship to the customer.”

Mapping the strategic activities and the action plan, together with the pertinent stakeholders and key delivery structures, is helping DMOs and their partners to be more effective in strategy implementation. The map needs to integrate both supply and demand activities in terms of how the visitor economy and the visitors co-create and consume experiences at the destination.

Programme and project planning involves setting targets for specific areas of activity (LBTB 2):

“I mean there is an element of that in our project planning I guess, where we do have to project ahead in terms of numerical outputs and also qualitatively what impact that is going to have as well. If you then go to the wider sectoral KPIs, something like STEAM, again within our Destination Management Plan we try and do some forecast. Our objectives are going up to 2016 {...} in the next Destination Management Plan”

Target setting is an integral element of project planning for strategy implementation. Target setting is possible by means of forecasting and is aligned to wider sectoral and economic performance systems. This allows for comparison with other areas or national averages in performance and ultimately assists evaluation of destination performance.

Researchers (Pike 2004; Ritchie and Crouch 2005; Morrison 2013) acknowledge the value of Destination Management Plans for strategic direction and effective destination development. DMOs have a leadership role in the process of devising the associated strategic objectives and action plans to implement the strategy. A strategic planning philosophy requires the development of an agreed portfolio of critical stakeholder values that can be used to articulate a broad vision for the future of the destination. Realising this vision is a process that requires establishing overarching goals, evaluating the current situation and setting priorities for action, setting performance targets, as well as setting up systems to evaluate effectiveness (Kotler et al. 1993; Godfrey and Clarke 2000; Simpson 2001; Ritchie and Crouch 2005; Franco-Santos et al. 2007; Chadwick et al. 2013). The impact chain of a development programme is clearly articulated, it can be used as a map for selecting indicators that will be measured along the chain (Gertel et al. 2011).

6.3.3 *Administering the implementation of destination development activity*

Implementation of the tourism development action plans, as included in the Destination Management Plan, follows a collaborative process that involves several destination stakeholders. DMO leadership focuses on administering the implementation of these development plans, which comprise of several development programmes or projects, by engaging relevant stakeholders and leveraging the resources needed. In essence, a DMO's actions involve leadership, partnership and coordination of stakeholders (NT 1):

"[We focus on] leadership, partnership, working in coordination, so we will be active within that realm when it comes to working with partners and bodies and the business community. It enables us to be active and to have an impact on the visitor."

Initiating and maintaining the crucial destination development partnerships requires that DMOs succeed in engaging stakeholders (VCD 1):

"Some things are fundamental to all of those others you can't do your job without business support and engagement. You cannot do any of the other things without them really"

Stakeholder engagement may involve using existing partnership structures or developing

new ones (VCD 1):

“Yes it [refers to] our engagement yes and it goes both ways. It is very different when it is private and public. {...} Well public is generally us engaging with their structures and their programs of work if you like, but when it is the industry it is us creating the structures and the programs of work.”

The data suggests that the DMO needs to be more active in creating partnership structures and facilitating collaborative programme activity when the objective is to engage private stakeholders. Nevertheless, stakeholder engagement in programme activity requires their active participation (VCD 1):

“It is not just receipt of the communication. They have to have participated in something, so they have to have either attended an event that we have put on for them, they have to have activity submitted some information for us to use to promote them on our online presence or a have to actively have bought into one of our marketing activities or engaged in a training opportunity or actively participating in a sectoral network that we have set up. So when we arrived there was no Durham attractions group for example. We set it up, so we would say that all of those that regularly attend a meeting are actively engaged with us.”

The data support the relevant literature (Hall 1999; Holloway 2006; Cooper et al. 2008) that suggests that stakeholder engagement is a key requirement in destination development. Researchers (has been the responsibility of the DMO (Getz et al. 1998; Presenza et al. 2005) note the key role of the DMO in stimulating stakeholder engagement for optimum results. However, engaging stakeholders is not an easy task for the DMO (TMP 2):

“that is the nature of the industry that we work in, you know a lot of {...} businesses are desperate for survival, they are very involved in making beds and cooking breakfasts and you know when we start talking about 5-year strategies and operational capabilities, or KPIs they just want to know whether they will be in time to get the potatoes on in time for dinner. {...} [D]espite the fact that they might see the benefits of it they might want to buy into it, and they don't disagree with anything that is being said, the harsh reality of earning their living just... you know is overwhelming.”

It is suggested that the tourism SMEs may find it difficult to focus and engage on any strategic activity simply due to their lack of resources and capacity to do so. Nevertheless, stakeholder engagement can offer significant contributions to various stages of the strategic development plan formulation and implementation (VM 2):

“Depending on the project, it is kind of a core element of what we are trying to do. We do ensure that public sector and private sector engagement that they do help direct and guide... but they also, if the opportunity is there, they financially contribute for us to be able to create a bigger and better project.”

Stakeholders can contribute in terms of direction and guidance for the strategy, but also contribute in terms of resources for strategy implementation. DMOs aim to leverage stakeholder inputs for project and programme design and implementation. This is an important part of administering action plans of development programmes in terms of co-creating value from coordination and synergies.

Relevant literature (Wills 2010) suggests that effectiveness of development agencies relates to their ability to provide the context within which empowerment is possible, while it is other relevant stakeholders (i.e. beneficiaries) that can choose to take these opportunities and use them. DMOs can play a critical part in facilitating or administering the implementation of the development strategy established for the destination (Ritchie and Crouch 2005; Morrison 2013). However, they cannot be solely responsible for the success and the final results of the destination as this is also dependent of contribution of other stakeholders (Bornhorst et al. 2010; Volgger and Pechlaner 2014).

6.3.3.1 Leveraging resources and stewardship

Leveraging resources and stewardship are important areas of DMO activity, particularly since development opportunities or failures require far more resources or capability than one organisation alone can possibly possess. A characteristic example of the scope and complexity of the engagement and contribution from relevant stakeholder groups to development programmes or projects was provided by a manager from VM (VM 2):

“[O]n specific projects, depending on the project, we will look for a very much private, private and public sector input on the direction, on the

intelligence, so again the project I talked about the ASDF (Air Services Development Fund) about attracting routes has a very wide stakeholder input, but it is driven by four organisations really... I could say as a steering group: the Regional Development Agency, the inward investment organisation for Manchester, the airport, and ourselves. That is very much a condition other than being part of the project that they have to dedicate resources and time and input into their direction, the strategic direction of this quite important and exciting project. From that we will get time, intelligence, skills, and also in some places some financial contribution to help deliver certain projects or certain activities which we do. So depending on the project we will look at... you now having a very much a public and private sector engagement into ensuring that we are... one, we are being very comprehensive and we are taking intelligence and direction from a wider community than just internal. And then, also looking at the opportunities which we did to be able to maximize our impact, so if we can leverage in some further private sector support that could accelerate our... or have more impact on what we are trying to do you any of our activities or projects.”

DMOs need to leverage resources from public and private sectors, as well as the wider community. Examples of resources can be time, skills, funds, and intelligence. These resources represent important inputs to support projects or programmes of activity. This support can focus on setting the strategic direction, devising the action plan, gathering intelligence, contributing funds or time and other resources for the implementation of activity.

The data supports existing literature (Ritchie and Crouch 2005; Presenza et al. 2005; Sainaghi 2006) that suggests the DMO engages in activities of meta-management at the destination. This involves influencing stakeholders who have various degrees of ownership and management responsibility of material, immaterial and human resources of the destination. The DMO's influence aims to engage these stakeholders, and stimulate the use of their resources, in destination development, management and marketing functions. Leveraging resources is a key component of the strategic value that a development agent can contribute to development (DTI 2006).

Funding was often noted as the most important resource, crucial not only for the implementation of the destination development activities, but also for the operation and survival of the DMO itself as an organisation. Interviewees of this study suggested that there are several funders that provide this critical resource (TMP 5):

“[W]e use our funds from the NWDA and from Europe to run what we do, everything we do, everyone’s wages are paid via those sources and all our activities. Obviously we have our own income as well, which we get from our commercial activities like... advertising and membership as well; but that is a tiny fraction of what we need to do the job. So obviously to a degree your funding sources do sort of dictate... but they don’t dictate what you do because we have... we only bid for... [things we identify as important for the destination]. We don’t sort of say, well where can we get money? We decide what we need to do based on market failure and then we go out and try and attract funding to it.”

Until recently, particularly for DMOs in the north of England, public sector and EU funding constituted the majority of their funding (or “core funding”) and was routed to them via their RDAs. Several DMO managers (TMP 2; TMP 5; LBTB 6; NT1; VM 3; NFT 1) suggested that performance evaluation and management has essentially been aligned and integrated with that of their core funders, who often imposed outputs and indicators. This was clearly illustrated by a manager who noted (NT 1):

“The way that we measure things, if I break it down into... continuing our relationship with One Northeast and their contract. We have the specific indicators there and a level that is driven by the central government’s processes on a single programme investment.”

Another example of this relationship was provided by a manager from LBTB, who noted that evaluating outputs and outcomes of the LBTB had been anchored to the performance monitoring and reporting regime of the NWDA (LBTB 2):

“I mean the way we report our outputs as well... we have a formally contracted... what we call Tier 1 output, and then go out additional output Tier 2, and then I suppose you have got some more indicators, and again when we developed our monitoring and evaluation plans what we have tried to do is... what I tried to do at some point anyway, was identify key outputs versus wider outcomes and how we can actually measure those”

Strong influences from regional level structures (i.e. RDAs) were not evident in all regions in England. For example, a manager from New Forest Tourism noted (NFT 1):

“We are not funded in an RDA structure. I am in SE and the SE does not have really a {...} we are not part of the new... my DMO doesn't come from the hybrid DMO concept through RDAs. It is not based on the approach that the NW has taken.”

Variations in governance and funding structures across England can result in different dynamics for DMO performance evaluation.

Performance evaluation within the context of development agencies is suggested to follow principles of results-based management (RBM), where the level of achievement of outputs and outcomes or impacts determines success (Hatton and Schroeder 2007; UNDG 2010; Lanzi and Agrawala 2012). For DMOs, outputs and outcomes arise from the organisation's EDM and IDDM activities (see sections 2.6 and 2.7) pertinent to destination development programmes or projects. Importantly, DMOs cannot set or achieve the destination development objectives on their own and success is also dependent on the contribution of other stakeholders (Bornhorst et al. 2010; Volgger and Pechlaner 2014). This contribution is administered by DMOs, who stimulate engagement (e.g. leverage resources) of stakeholders.

DMOs have taken a network approach in order to stimulate engagement and leverage contribution of private sector stakeholders in destination strategy implementation. A characteristic example was provided by a manager from LBTB (LBTB 1):

“We have identified very early on that there was something like 20-25 organisations that work... network-based tourist associations type of organisations. So we thought well if we work through them as like conduits of support and information, and it is a two-way arrangement, that logistically has got a better chance of getting the engagement with the businesses that we are looking for. The development team has put a lot of resources into supporting those tourism associations to improve them as organisations.”

Working with tourism associations has resulted in synergies that have increased the

possibility of private sector stakeholder engagement in destination development initiatives. The manager from LBTB suggested further efficiencies for the sector, achieved by influencing the reorganisation of governance structures (LBTB 1):

“And plus, some influence in element of rationalisation about them as well, because there are about 25 organisation when it was first explored, but that has come down to a core 8. {...} we have facilitated the merger of a few already, 2 in Blackpool have merged into one”

The nature and characteristics of DMO partnerships affect the role of the DMO in the process. For example a manager noted (VCD 1):

“Yes. So they would have for example a business and enterprise working group and we will participate in fact so that we can understand what all of those people that are part in business support and enterprise, what is their world is if you like and where we can add value. So it is participating at what is there rather than... [creating our own new structures] but when it comes to tourism... [businesses], then we will create like an attractions group.”

When collaboration links the DMO with public sector partners, the DMO engages with their existing partner structures and programmes of work. Conversely, when collaboration is done with private sector partners, the DMO has an active role in creating clusters and managing the structures and the programmes of work, which can ultimately encourage knowledge sharing, innovation and excellence.

Working with key partners like industry associations or other agencies, DMOs aim to promote capacity building via peer group networking and support. In addition to economies of scope, further benefits of clusters extend to knowledge transfer, innovation, opportunity to enter other higher-level networks and clusters (e.g. regional, national, and cross-border), preservation of community values and lifestyles' improvement. Staying competitive requires coordination and cooperation as well as strong links to the marketplace (Jackson and Murphy 2006; Novelli et al. 2006). Clusters, entrepreneurship, technology-push and territorial industry clusters are considered critical factors for the occurrence and nature of innovations in tourism destinations (Hjalager 2010).

Strategic alignment is also important with relevant strategic networks of policy

stakeholders and development agencies across various local, regional and national levels. For example, one manager noted the operational links between One Northeast and the local DMO (NT 1):

“There are very very close operational links between our organisation and One Northeast’s team. One Northeast is not just a strategic body as it is in many other regions. They have a very large operational remit as well. So within the northeast, that term Tourism Network Northeast, which applies to Northumberland Tourism, One Northeast’s tourism activity, and other DMOs within the sub-regions of the northeast. We all work together within a very defined structure. We meet monthly at a senior level, and that is called Network Management Group. We have got a series of usually bimonthly meetings, which would be looking at a marketing or business support, there are others that go into more detail around the IT systems that we all use etc. etc. Against all of those there are framework documents whereby we have a very clear understanding of the area of activity that we are engaged in what are our priorities as a network, and where each party is active, and where there is crossover, and how we plan for that and engage with each other. So it is very well documented and you will see a lot of references on that [Destination Management Plan] actually to those structures.”

Being part of such strategic networks enables the DMO to support the coordination of policy and development strategies across various spatial levels. Close links can facilitate a much better understanding and alignment of interrelated priorities and areas of activity.

Identifying and understanding key stakeholders becomes valuable for a DMO, as it can help the organisation assess its ability to 'create' or 'co-create' and 'capture' value from that stakeholder or through a partnership with them. Understanding a stakeholder's objectives and their role in the destination network can help DMO increase efficiency by identifying and avoiding areas of duplication of activity. For example, some of the business advice and business support services that a DMO offers to local businesses could duplicate activity that Business Link are involved with (LBTB 1):

“Business Link is a good example, they have got the remit to provide the universal service and there is a possibility that some of the things that we do could duplicate activity that Business Link are involved with. But we need to make sure that we don’t do that, we have complied fully with the business

simplification programme that was introduced going back what... two years ago.”

This can be avoided by working in partnership with them, trying to better understand how that organisation is working and what services it offers, as well as complying (where possible) with its programmes. (LBTB 1)

“I think the importance can be perhaps related to being able to demonstrate how you can add value to each other in a partnership, and in terms of the way you work really. Because again... 2+2=5! The way we set up our system with Business Link is about adding value to what Business Link offers to businesses generally, focusing on our sector. {...} And the fact that we have been seen to work together... two government agencies, quasi-government agencies, working as a team to support that business.”

Evidently, for such partnerships to be successful both parties need to be able to understand and demonstrate how they can add value to each other, or achieve results that would not be able to achieve if acting alone. Partnerships with public sector destination stakeholders and quasi-government agencies can bear additional benefits to DMOs. Such practice can demonstrate (especially to public sector funders) that these organisations are working as a team to support local businesses, which can add credibility to DMOs and ultimately increase trust of stakeholders (LBTB1; LBTB2).

The data confirms the work of researchers (Dredge 2006; Beaumont and Dredge 2010) who find that tourism destination stakeholders form complex, interdependent networks that affect the success of destinations. From a network perspective, DMO success relates to its networking capability that is indirectly influenced by DMO authority, which in turn is mediated by factors of DMO power and DMO acceptance by destination stakeholders (Volgger and Pechlaner 2014).

Leveraging resources involves attracting investment in the area, which DMOs can support by promoting the destination's market value and development potential (KM 1):

“I don't think you should overlook that aspect of destination promotion it might not just necessarily be about bed-nights or tourism spend. It might also be on the economic development side improving the perception of the destination for potential inward investment.”

The manager suggested that there are opportunities from integrating a *destination* and a *place* development approach for the destination. Similarly, DMOs can leverage inputs and support for development through partnerships with non-traditional tourism sectors (VM 4):

“[L]ooking outside of non-traditional tourism partners that might be interested, so for example we could work with someone in Manchester that is a clothing company that is born and bred in Manchester, that has links overseas and in some of the overseas markets that we might work in. So it is more of a tying in to work with them and we could get additional money for them if they have not been particularly affected by a recession or budget cuts that are affecting everyone else and there is an obvious tie-in with the brands for us to work with them and lever additional money and additional reach. So it is the thinking outside of the box really in terms of who can we get involved in the tourism sector and the visitor economy.”

The data suggests that a DMO needs to be exploring and exploiting new opportunities for leveraging resources from sectors outside the core of the visitor economy. This can maximise the potential for development in and add value to destinations. Connections and alignment of value can also focus on the strategies of key partners that can have an impact on the implementation of tourism development programmes (NT 1):

“So to give you an example, Hadrian's Wall which runs from east to west throughout the country, runs across the south of Northumberland, there is a tourism development organisation called the Hadrian's Wall Heritage Limited. Now they have a particular interest in their part of Northumberland, around the Hadrian's Wall that a southern corridor across the county, so we work very clearly with them. They have their own destination plan, and our Northumberland Tourism plan dovetails with that. Across the county, Northumberland National Park is a different type of destination. Hadrian's Wall and Northumberland National Park are both very well recognized by customers, so there is rationale there for them to be destinations that we work with. Northumberland National Park, the organisation is not a tourism development organisation. It has a far wider remit around sustainability and the natural environment, etc., etc. However, they are very interested in tourism, and they see how tourism can contribute to their objectives, but also puts pressure on the environment etc. So we engage with them through that and dovetailing with their own management

plan, which has a tourism component to ensure that we align our objectives and our activity. So in the same way that our tourism management plan, we say these are our priorities, these are our areas of work, the national Park will be active here, it won't be there, it will be there, it won't there, it will be there.... likewise the national Park has a management plan within which it says these are our objectives, this is where within the realm of tourism the national Park is active, this is where we will look to the Cumberland tourism or to somebody else to contribute to those objectives. So they too intend to dovetail. So we sit on their management plan group, they sit on our management plan group – vice versa. Broadly speaking those are the models that we follow with our destinations. I suppose it works in a similar way at the county level within council's contribution around public realm within the county-wide remit.”

Synergies can be achieved from strategic partnerships with other development agencies in the economy, by dovetailing, aligning or contributing to each other's strategic objectives.

Existing literature (Fyall et al. 2003; Presenza and Cipollina 2010; Shirazi and Som 2011) suggests that the interaction and contribution of networks of stakeholders is beneficial for development of destinations. Inter-organisational relations at destinations can be explained by resource dependency insights, as DMO stakeholders “supply or facilitate funding, provide the tourism superstructure and product, participate in or generally support their programs, or influence governance” (Sheehan and Ritchie 2005, p.729). Sheehan and Ritchie (2005) suggest that, from a DMO perspective, stakeholder interactions can be facilitated by acknowledging the diversity of a plethora of stakeholders. Furthermore, the mechanics and characteristics of stakeholder relationships can be the basis for performance evaluation of the co-creation of value within service-dominant networks (Payne et al. 2008; Frow and Payne 2011). To deal with the complexities, researchers that use the theoretical lens of chaos theory (Russell and Faulkner 2003; Zahra and Ryan 2007), suggest that it is useful to bear in mind the two key sources of tension within destination stakeholders: the chaos makers and the regulators. Private sector entrepreneurs would belong to the former group (chaos makers), thriving on chaos as their creative response to new opportunities in the market shifts balances at the destination. Conversely, regulators and planners focus on moderating and controlling change. These are more readily influenced by political process in a manner that restricts the activities of movers and shakers. The constant evolution of

destinations is the result of the dynamic balance between dampeners and chaos-makers. The challenge for a destination would be to sustain a position as close to the equilibrium point as possible. This, however, would be a significant challenge as constant environmental forces (i.e. shifts in competition or demand) instil dynamism in the system. To counterbalance this, destination managers should constantly inform strategic (long-term) destination plans with feedback loops that allow adjustment (Zahra and Ryan 2007).

6.3.3.2 Strategic advocacy and influencing tourism policy

Strongly linked to leveraging resources and stewardship is the key function of the DMO to build partnerships and liaise with key LA and other public sector agencies, building justification for buying-in and committing to the strategic action plans for destination development. Moreover, the strategic advocacy role of a DMO aims to support the refinement of these development plans into local plans that connect to public sector strategies and objectives. Catalyst in that function is the identification of clear roles and responsibilities for the partners involved to avoid duplication and achieve efficiencies. Participants of this study suggested that strategic advocacy and influencing tourism policy focused at regional and national levels, by seeking to gain support from governmental bodies and RDAs. This involved lobbying for tourism and attempting to influence national, regional and local priorities to accommodate specific local needs of the visitor economy. An example of the former involved influencing national tourism bodies (VCD 1):

“I am the chief executive of the organisation, we are a small organisation, so I take the role of the strategic support to a number of public sector and other organisations in the county {...} so my particular role is that strategic role in lobbying for tourism speaking for tourism, influencing other partners both within the county and externally in the region in particular, but also for example Visit England to make sure that Durham is in their minds as a place that they should consider part of the tourism offer in the country.”

A manager from Visit Manchester noted the links in influencing policy at both regional and national levels (VM 1):

“In terms of influence, upwards, I think the TBs have a role to play. I think initially it is very much about influencing the RDA and then influencing the

RDA for them to be able to influence nationally what is happening as well.”

Another example from Visit County Durham illustrates the critical role of the DMO in strengthening tourism’s position in the local development agenda (VCD 1):

“In terms of product development we would measure it very differently. We would say that we were successful if the new local development framework mentioned... and took tourism seriously. Because before we were here tourism wasn't talked about by anybody in any field, in any walk of life, particularly in the public sector. It was just about heavy industry and manufacturing.”

The work of DMOs aims to lead the lobbying activities that generate support for the visitor economy in terms of availability of resources and growth, a task that is noted to be quite challenging (VM 1):

“I think there is a real challenge for the Northwest and ourselves to actually stress and emphasize the importance of tourism to the economy. I don't think that is necessarily, that case is necessarily been made in the past. I think we all have a role to play in that and we as tourist boards need to be leading the way.”

Lobbying for the visitor economy is a critical task of the DMO that advocates the value that tourism adds to the wider economy. Strategic advocacy focuses on influencing the public sector in terms of policy integration and support for local development.

Morgan (1996, p.293) argues that tourism development “has to be justified as an economic development tool, since the industry still retains a ‘candy-floss’ image of part-time, low-paid jobs”. Therefore, DMOs need to engage in mega-marketing activity (Gummesson 2008; Hall 2008) that involves lobbying with politicians and government members (‘customers’) in order to affect their decisions in a positive manner for tourism. ‘Customers’ in mega-marketing are often politicians and government members that are not easily accessible by single organisations, especially by SMEs, which makes the role of a DMO even more important.

A slightly different perspective was noted by an interviewee who suggested that the DMO’s leadership in lobbying should have a stronger emphasis on the visitor (VCD 1):

“[VCD] is visitor-facing mainly. Most of what we do is about meeting the

needs of the visitors and communicating with visitors to County Durham, but we have an important role in influencing and lobbying and speaking for the visitor if you like to a whole range of organisations within the county who would not necessarily consider the visitors in the decisions that they make, particularly the political sphere – because visitors do not have a vote.”

Although the political stakeholders are central to the DMOs lobbying activities, it is suggested that other stakeholders, for instance local businesses or the local community, need to be included as well.

Engagement in strategic tourism networks and partnerships is an important part of strengthening the efforts for strategic advocacy and influence of tourism policy (VCD 1):

“But the main thing is that tourism is now taken seriously, that we are integrated into networks like the County Durham Economic Partnership. We are a working group of that partnership dedicated to the visitor economy. That wouldn't have happened four years ago. There wouldn't have been a dedicated focus on tourism at all it would have been integrated into business support, or marketing of the council, or services to residents, or something of that nature.”

Working in networks allows DMOs to strengthen the focus and support to the specific needs of the visitor economy. Relatively new DMOs, like VCD or NT seem to have had to make extra efforts towards gaining credibility, legitimacy and trust from their stakeholders. This should come as no surprise, particularly in a tourism business environment that structures and balances shift regularly following the cycle of elections, or as a manager noted (LDA 1) following *“the winds of government policy!”*. In addition, industry and community perceptions, along with public sector trust do not change overnight. In many cases, outputs are important catalysts to gain credibility, but mostly DMOs co-create outputs with their stakeholders (whose trust they need to gain), so there are challenges of additionality. Expectedly, partnerships are vital for DMOs as they allow them to share credibility, legitimacy and authority.

Interviewed managers emphasised that an important part of advocating the value that their own organisation is adding to the development of tourism is comparing DMO performance with other DMOs regionally or nationally (TMP 3):

“I mean I have another idea as well, I am a strong believer in competition, and another way of helping us to achieve our objectives for the year would be to start making comparisons with other TBs in our region and I think we need to know how they are performing. Are their performance indicators the same as ours? Is there any way of doing some kind of chart... {...} [although] ...they have different markets, but there must be some way of showing something between us all, even if it is like percentage increases or decreases in web hits or Just something that would show everybody what the others are up to and just to bring in a little bit of competition maybe to make everyone think: yeah, we need to really do the best and how are we going to get at the top of the pile ... to me that would be a good idea!”

DMO cooperation and competition in performance evaluation of common areas of activity is seen to bare significant benefits for DMOs as it provides reassurance that their activity is relevant and that evaluation of performance is appropriate (i.e. using appropriate indicators). From a competitive perspective, performance comparison between DMOs can motivate managers and stimulate improvements in performance. From a collaborative perspective, managers suggest that it is possible to share knowledge and know-how that can assist in improving DMO performance evaluation and performance management practices.

In order for DMOs to be successful in advocating tourism to various stakeholders, they need to be able to provide some evidence of the performance of the industry. Evidence of the industry’s performance relates to the contribution of tourism to key agendas, for instance, skills development, job creation, economic development and quality of life. The development of an evidence base for the performance of the industry is critical as, for example, it can provide the rationale for support (e.g. attracting funding) for the destination development programmes. This often means competing for (public and private) resources (e.g. investment) against other types of economic activity. A characteristic example was provided in the words of a manager (VCD 1):

"there are obvious measures, very obvious measures, and anybody who operates in a different industry where actually their measures are things like shareholder return or you know financial growth or... anything like that, you cannot stand up against them"

The competition with other sectors can be very challenging for DMOs, particularly due to the nature of tourism (VCD 1):

“Why does tourism need something different? It is because it is not the same, because it is the product and people come to the product. Because by and large, if you go to a place and you want the view of their manufacturing sector you probably only have to speak to the six top employers in the manufacturing sector to get a pretty good idea of how it is performing, what is happening, etc. Here [in tourism] we have 99% micro-businesses. How do you do that? Unless you have an organisation like a DMO who is in touch with them, and taking the temperature and supporting them and listening to them...”

The nature of tourism, with the majority of its businesses being SMEs, makes the existence of a DMO necessary in terms of contacting the businesses and getting an impression of how the visitor economy is performing. The DMO has an important role to play in monitoring the visitor economy at a local level.

Relevant literature acknowledges that governments can intervene at different levels and influence both tourism organisations and regional tourism development, establishing mechanisms for long-term sustained regional competitiveness (Michael 2007). Stevenson et al. (2008) suggest that tourism policy making is challenged by low status; lack of clarity; uncertainty; lack of consensus and congruence among the parties involved; as well as complexity. Therefore, a DMOs role to advocate the value of tourism can be challenged.

Researchers (Prideaux and Cooper 2003; Carter 2006) suggest a development approach that promotes ‘collective management’ of the tourism system, which actively involves all stakeholders in a process of joint decision-making, planning, and managing the destination.

6.3.3.3 Market intelligence and marketing strategy

In order to lead and assist the development of relevant and strong programmes that support tourism, DMO managers need to have a very good knowledge and understanding of demand and market trends. DMOs contribute strategic value by acting as a central repository of marketing information and intelligence valuable to inform tourism strategy as

well as stakeholder decision-making (VCD 1):

“one of our main values to all of our stakeholders is our marketing intelligence and our interpretation of it, because nobody else as I said earlier is going to look at the visitor, find out what they need, interpret that into policy and strategy and delivery. It is us that do it.”

Managers (VM 1; NT 1) highlighted the importance of developing a comprehensive research framework to gather industry intelligence through both quantitative and qualitative research. This intelligence needs to inform programme and project planning, as well as facilitate decision making for further destination development activity. Moreover, processing and dissemination of acquired data and intelligence amongst local partners is crucial to provide them with key insights and tourism trends. This was well illustrated by a manager at Visit County Durham who argued that a key role of their DMO was to provide *“strategic leadership and strategic support for organisations and partners”* and added (VCD 1):

“For example we have a very high profile University here, which has an enormous impact on the visitor economy. But their main business isn't visitors; therefore, it is important that they have the support and intelligence that we can provide to help them make the most out of people that visit. The cathedral, another big institution, which is actually a place of worship fundamentally, but they have 600,000 people through the door every single year. There may be a place of worship, but they have those visitors and our role is to help them maximize that opportunity so that they exist into the future.”

Building on market intelligence related to both demand and supply, DMOs can work in partnership with destination stakeholders to develop comprehensive marketing strategies for the destination. These strategies are the basis for developing or sustaining strong destination brands and images that are clearly communicated and reflect authentic experiences at the destination (NT 1):

“We have introduced a branding strategy for the county, we introduced branding for the towns, we are supporting the destinations [in the area] who have a branding strategy already, and have conversations about quality {...}

And our branding strategy is very much about encouraging businesses to be reflective and look at their own branding and their own service as well. So getting people engaged at an early level in it has always been an attempt to make them reflective about their business as well as adopting the county's branding. We want as many people as possible to participate in that."

Strategic value from market intelligence stems from an in depth knowledge and understanding of supply perspectives, which include an in depth understanding of their destination's characteristics, sector capability and potential performance. For example, a manager noted (VM 2):

"[W]e have a 300 plus members who you know... a very high percentage of that are very much involved and engaged are involved in what we do and how we view things. We have just kicked off a research project to see how we can improve that and how we can look at getting involved with some of those that aren't engaged as much as they should be. So there are things in which we are trying to improve on, but it is kind of a blend of informal and formal Account Management really."

An improved understanding of stakeholder perspectives and needs has been noted by most managers. An improved understanding allows the DMO to develop better services for their members and strengthen relationships, leading to more dynamic stakeholder engagement.

Strategic choice(s) need to be based on intelligent and informed selection(s) of the appropriate course(s) of action for the future (strategy formulation) (Evans et al. 2003). Market intelligence allows the DMO to understand market demands and trends (both at a local and global level), evaluate current industry supply at the destination, and more importantly identify the existing gaps that need to be addressed through strategic planning and development (Middleton 2001; Carter and Fabricius 2006). Researchers (Ritchie and Crouch 2005; Presenza et al. 2005) suggest that DMOs engage in two types of information flows with their stakeholders. Firstly, inward flows of information and research is collected either on a continuous basis (monitoring flows) or periodically as a need arises (research flows). Secondly, outward flows of information represent the information that the DMO provides to close and distant destination stakeholders.

6.3.3.4 Business development and competitiveness

Destination development programmes or projects that support tourism often aim to develop the capacity or improve the capabilities of local businesses and ultimately their competitiveness. Therefore, business development and competitiveness is an important element of the external perspective of DMO evaluation that is strongly linked to the DMO's provision of business services and membership schemes, as well as to product development and marketing.

Effective performance of DMOs needs to be evaluated in terms of business development initiatives that aim at increasing the skills of employees and the capacity of the local businesses. As a manager explained (VM 3):

“We look at [various perspectives of performance] in terms of the specific initiatives that we are offering, so we're looking at them in a number of different ways. It might come down to the effectiveness of specific training courses that we put on for the industry, so we look at the effectiveness that that has on the employee that is taking the training course, but also the benefit of the business.”

Evidently, the DMO aims to develop both individual employee skills and business capacity of stakeholders. With particular reference to local businesses, the strategic role of DMOs is related to making an impact to the local businesses (LBTB 1):

“making a difference to their business {...} our job is to boost the sector, so our job is to help businesses become more profitable so that they can employ more people and boost the economy”.

Value is then related to the impact of DMO activity in terms of creating viable businesses and skilful employees, and ultimately stronger and more competitive sectors within the visitor economy.

Sector development involves building the capacity of local businesses to develop and sustain competitive advantages in both domestic and international markets. DMOs help local businesses build these advantages by offering business development support. Strongly related to these initiatives are the efforts of DMOs to sign up and register local businesses

in quality accreditation schemes. These schemes are often sector specific, for instance (TMP 6): Quality Assessment Scheme for Accommodation Businesses and Restaurants (Taste Liverpool Restaurants Accreditation Scheme); Quality Assurance Service for Visitor Attractions; Accreditation for Tour Guides (Blue Badge Tour Guides). DMOs try to initiate interest of local businesses on quality issues and support them to develop and improve their offer (LBTB 1):

"[I]n a way we are driving up the quality of businesses, driving up this sort of motivation of the managers and the proprietors of those businesses so that they work together and they work with us in terms of maximizing the resource that we have got to promote the product."

Another characteristic example in the data indicates the variety of business support that DMOs offered (VM 3):

"we will be talking to them on a variety of different things, anything from membership – because we are membership organisation -- through to their training needs, their business support needs, how we can help them to come together to talk to each other through what we call a cluster approach. We may be talking to them about quality initiatives, accreditation, about green issues. We may be asking them to participate in surveys, we may be asking them for their permission to be a location for surveys as well. So it could be anything like that."

Engagement of the local businesses in these schemes, by signing up or registering (becoming members), participating in quality or environmental award competitions, are potential indicators of DMO performance in this area. This ultimately aims at improvements in the destination's tourism product offer increasing its competitiveness (TMP 6).

Facilitation of network and cluster development is another important function of DMOs that increases the capacity and performance of the visitor economy. For instance, DMO managers chair local sector group or association meetings, or help them with customer feedback surveys (e.g. develop questionnaires, collate responses, and analyse results) (TMP 6). Similarly, DMOs' commitment to assisting key partners even takes the form of contribution of key resources. The following example illustrates such a relationship of a DMO with a local Tourism Association (LBTB 1):

“I think that is an area where we are providing added value and because our investment with them is... relatively modest and... the primary research that we looked at right at the start suggested that these organisations were existing on budgets of roundabout an average of £5000. So we have entered into agreement with them that basically [aimed at] sort of doubling that per year. We are in the second phase of that and that amount of investment has reduced. So typically we had action plans that involve ourselves committing £15,000 to support that organisation to implement their action plan over a three-year period. The numbers have gone down to roughly half that. I am expecting that because we will have increased their capacity and their sustainability, because finance has been one of the things that we have looked at, but that will... after a six-year period of investment will come down to zero”

In addition to financial or other resource-related support, DMOs also aim to help partner organisations rationalise on activities and business philosophies. The aim is to help partners increase efficiencies and effectiveness of their own business. A key perspective in this attempt is to help partners think strategically (long-term) and incorporate sustainability principles in their business thinking (LBTB 1). Evidently, creating synergies is a key catalyst to competitiveness of the local tourism industry.

DMO effectiveness relates to its ability to gain the trust of local businesses and public sector authorities with regards to visitor management and business development initiatives (NT 1):

“The National Park for example used to produce their own brochure, the district councils used to produce their own brochures. As a result of those conversations they decided to stop doing a lot of what they were doing and direct their investment into different activity. We can only achieve that through collaborative and participative approach. Of course it requires a great deal of trust. In many instances we were asking partners to sell unpopular changes in what they were doing to businesses, because if the district council suddenly stopped doing a guide, we needed to sell why we are doing that to the businesses because many businesses would have been positively...they would be you know against the council stopping doing the

guide unless they really understood it. And even after trying to sell it really hard a lot of the businesses were still against that. So we needed to have a very very close relationship and trust each other in order to be able to sell what could be an unpopular change and approach.”

Being able to demonstrate the value or benefit(s) of a suggestion made by the DMO is very important, particularly when the changes suggested by a DMO often require a strategic shift in local business thinking and results may take several months to become evident. This can challenge the DMO’s ability to collect evidence on good performance. Similarly, when the visitor economy is reliant on seasonality, any time-lag in strategic change implementation is intensified. Therefore, DMO managers need to be quite persistent and patient, as well as able to acknowledge and manage time-lag issues when engaging in local business development consultations (NT 1). The ability to build and sustain relationships with local businesses and other stakeholders and build trust is critical in terms of developing businesses and improving competitiveness. Trust becomes particularly important as complexity in the development of the destination increases. Measuring trust within networks can include several perspectives, for instance: goodwill, agreement and absence of opportunistic behaviour (Klijn et al. 2010).

Evaluation of business development and competitiveness has inherent links to economic results, which denotes a numerical approach to monitoring performance of DMO activity. Local economic impact is currently monitored by estimating the *volume* (total number of visits by type of visitor), the *expenditure* (total revenue attributable to tourism), and the direct and indirect implications of tourism to *employment*. Moreover, managers suggested that there is currently no accepted method of measuring economic impact from public realm initiatives. In the NW, attempts to evaluate performance have been driven by RDA initiatives and relate to socio-economic evaluations and Strategic Added Value (SAV) or public realm factors (VM 1).

Measurement of the local economic impact of tourism has so far been problematic, with challenges mainly originating from imperfect economic models (e.g. Cambridge or STEAM) and inadequate information (acquisition and) management practices that demean quality of results (Middleton 2002). For instance, DMO managers emphasised that there are difficulties on using this STEAM data (LBTB 1):

“it is virtually impossible to sort of link... the empirical side... actions and

impacts and outputs that we create to that macro information, very difficult almost impossible. But you know there are sort of... what is the right way of saying it... clues in there. I mentioned about there been 700 businesses that are accredited. Now if we can see that number go up to 1000, then I would suggest that that might show a little bit at the macro level. We are also trying to look at the macro level {...} with the Destination Management Plan”

Overall, the data suggests that DMO performance evaluation needs to include its activities that focus on business development and competitiveness. These include:

- improvement of quality of management and leadership within sector;
- support skills development and training provision;
- maximisation of capacity of tourism businesses to outperform competition;
- promote effective and efficient operations;
- facilitate higher levels of GVA;
- increase number of quality assured businesses with environmental credentials.

Researchers (Presenza et al. 2005; Ritchie and Crouch 2005) note that improving employee skills and overall organisational capabilities in all visitor service operations raises the quality level and the consistency of the visitor experience at the destination. DMOs have the ability to exert influence through its stakeholder network to ensure provision of educational and training services, as well as on raising quality standards. To be effective, the DMO needs to facilitate a robust human resource development strategy that addresses education and training issues at all levels within tourism operators of the destination.

6.3.3.5 Business services and membership schemes

DMO managers that participated in this study related DMO effectiveness with relationship building and value co-creation with their member organisations. If managed effectively, memberships can perform a dual function for DMOs (LBTB 4):

“I think from my perspective it is twofold. There is obviously a commercial value because we charge for the membership so it is that value in itself,

which you know given the current climate and the way businesses are... that is really important to us as an organisation. But aside of that, I think it is about engagement and you know... we go out and we do our business support with anybody. We don't exclude anyone, but what membership allows us to do is take them to the next level – is to say right ok, this person we have worked with them in terms of getting them into quality [accreditation schemes]... we have worked with them, making sure they are meeting all their basic requirements, but this is the next level up... it is about getting them engaged in marketing, getting them talking to the TB, about how we can help them, about how the industry can be developed beyond the basics. So it is a really good opportunity for us as an organisation to be able to listen to the members and to the businesses and get out of them what they require of the TB, because that is ultimately why we are here – to assist the industry”

During times of intense public sector funding cuts, alternative revenue streams from business services (i.e. membership scheme) are vital for the survival of DMOs. Membership schemes offer local businesses opportunities for marketing, promotion and increased visibility. They include entry on the DMO's web site, e-marketing promotion and discounts on campaigns. Moreover, businesses can use their affiliation with their DMO as a promotional opportunity, or gain credibility by using the DMO's logo in their marketing literature. Further benefits include opportunities for advice, participation in forums and networking events; in addition to, access to training and seminars (VM 3; LBTB 4; LBTB 3). The two-way communication opportunities that are created during the interaction with stakeholders in memberships are very useful tools for DMOs, offering access to (formal and informal) market intelligence. DMOs can get important information about what stakeholders want and need, which increases the ability to offer value to their members, resulting in a beneficial relationship for both parties (LBTB 4).

A strategic approach to memberships needs to aim at developing strong relationships with the local businesses (LBTB 5):

“[I]t is how we get there and it is about people and process and being smart {...} When we produced a campaign for example with marketing, we didn't inform quite well what they got for the money, or we were not effective in

that way, whereas I think if you work with a partner you are developing a relationship. That person needs to know... I have invested X... what have you done? So it is also... it is not just about the effectiveness of [the organisation] internally and the bottom line, it is the effectiveness of how we are perceived externally, the professionalism and the credibility, and how we develop our relationships”

Membership with the DMO seems to offer an opportunity for a deeper and richer relationship with the industry. Member organisations were suggested by some managers to be more committed to a long-term relationship with the DMO and have higher potential to engage in co-creation of value at the destination level. As a manager noted (LBTB 4):

“The marketing team will have a marketing package put together and one of my questions, when they wrap it up, I would say: how many people were in membership? what levels were they buying into? Say for example there is a gold, silver and bronze [marketing] package, it could be that all people that bought into gold were members, which from my perspective is really good because they are investing a lot of money in us and that shows that the relationship is really strong, there is a good level of trust and cooperation there.”

Overall, the noted DMO evaluation areas of relationship building through membership include: recruitment of new members in the scheme; retention of existing members; type and levels of engagement; and, structure and levels of income generated. DMO efforts need to be focused on efficiencies and in being more creative as well as innovative in forming and utilising destination partnerships.

Despite the relevant paucity of studies focusing explicitly on DMO membership effectiveness, most tourism researchers acknowledge the value of membership schemes as a source of funding for DMOs, next to public sector funding and service charges (Sheehan and Ritchie 1997; Ritchie and Crouch 2005). Donnelly and Vaske (1997) suggest that showing value for money or fees paid by members is important in order to create buy-in and long-term relationships. Equally important is communicating the benefits members will receive through membership. The value of building relationships and creating customer

loyalty is well documented in the services marketing literature (Bruhn and Georgi 2006; Gummesson 2008; Palmer 2008; Lovelock et al. 2009). Customer loyalty reflects an on-going relationship based on enduring bonds between the service provider and its customers. Benefits accruing from such emphasis can be significant as they relate to increased revenue opportunity (repeat purchase), referrals to other customers ('word of mouth' recommendations), reduced costs (more experienced customers require less information or assistance), price premium opportunity (new customers may require introductory discounts). Ultimately, membership programs, together with frontline staff, account managers and CRM systems are important enablers of customer loyalty (Lovelock et al. 2009). Respondents of this study highlighted that loyalty schemes are common in DMOs (LBTB 1):

"We have come up with a model which basically is pyramid-shaped, and what that pyramid is about is where we are in terms of our relationship with a particular business and at the bottom level we would have businesses that are coming new to the tourist board and at the top we would have those that have been working with us for a long time. Some of the members are since we came into being, in June 2004, and now are sort of ambassadors for the sector, ambassadors for the product and ambassadors for the tourist board to an extent"

The manager moved on to explain that some business relationships with member organisations can reach very high levels of loyalty (LBTB 1):

"...to the extent that we have got a couple of businesses that are on our board. We have private sector membership... private sector members on our board of directors and they are the ones who are at the pinnacle of that pyramid... and the ambassadors that we're looking for. We try to create as many ambassadors as we can. So in a way we are driving up the quality of businesses, driving up this sort of motivation of the managers and the proprietors of those businesses so that they work together and they work with us in terms of maximizing the resource that we have got to promote the product."

On-going relationships can present the basis for evaluation of the service provided as it is

strongly linked to the level of (perceived) quality of the service and customer satisfaction. Moreover, relationships have the potential to improve the quality of the service encounter. This, however, would necessitate flexibility from the service organisation as it would have to approach customer satisfaction according to which rung of the 'ladder of loyalty' the customer is at any given time. Moreover, although service quality is strongly dependent on appropriate selection, training and monitoring of employees, embracing intermediaries adds value to the process (Palmer 2008). Therefore, for a DMO, strong relationship bonds indicate strong commitment and trust between the partners. The exchange of information and resources means that, ultimately, engagement of members can be an efficient platform for governance activities, like for instance policy development and implementation. Relationship building, which is a unique characteristic of DMOs as opposed to other agents in the destination (TMP 1), can be regarded as an indicator of *intermediate* output in terms of programme implementation. Additionally, since memberships generate income for DMOs, a relationship building perspective can also be considered as a *final* output indicator for DMO. This should come as no surprise due to the dual function of memberships introduced at the beginning of this section.

A number of interviewed managers noted that their DMOs did not operate an official membership scheme. For instance, in Northumberland a senior manager said (NT 1):

"We don't have a membership scheme but we consider ourselves as having... effectively a membership scheme because... I suppose ... through two tiers really. If you are a business with an interest in reaching the visitor, then the most basic form of engagement you can have through us is to be on our database for communications from us, but to reach the customer by being listed on our website and our system, as with other DMOs, feeds through to regional and national tourism websites, everyone is entitled to be on the Northumberland website and have a free basic listing. If they want to have meaningful information on it, if they want to have photographs and more editorial and details etc., then we charge them. Now any business that is sensibly interested in promoting themselves would pay that. The amount that they pay is not dissimilar to membership levels. In some areas, for smaller businesses, we then engage with the larger organizations and we put together bespoke packages for them at a higher cost. {...} So it is not a membership scheme. We did look at it and decided not to do it because we

felt that we could probably achieve most of our objectives through that route. Without taking on the baggage of raised expectations around the word 'membership' and what that may mean to a business".

However, the manager accepted that tighter public sector budgets will necessitate changes in their approach to the ways and the level of income they acquire from businesses. Therefore, DMOs will need to be more imaginative in how they persuade the industry to buy their services, probably even at a higher cost. For instance, although traditional DMO services may include advertising and promotional campaigns, publishing and distributing visitor guides, research and training as well as online marketing (Ritchie and Crouch 2005); more contemporary thinking (Dodds 2010) suggests that DMOs can offer their members added value proposition by providing education and leadership regarding climate change. Such approaches, however, will require a shift in business thinking and business culture in both DMOs and their partners.

Another example of a DMO that did not operate a membership scheme is VCD. An interviewed manager (VCD 1) noted that they avoided running such a scheme as it *"would set up expectations, i.e. I pay my £50 and I get the earth!"* The manager (VCD 1) further claimed they still aimed at delivering 'member' benefits to their local businesses; however, they avoided creating financial bonding with them (no membership fee). Instead, independent payments are received for every service provided (per transaction). The benefit of this model is that stakeholders (local businesses) pay for specific services, for which costs and prices can be more accurately calculated and attached to the value of the service (VCD 1).

A contemporary approach to dealing with stakeholder needs would direct the DMO's focus on the creation of a more bespoke service for stakeholders (LBTB 1):

"what we are trying to sort of do within our activity is develop activities that encourage outputs to emerge. We have got emerging outputs so we get to a point where we dealing with the people and they actually say... 'I actually need some assistance with this, can you help me?' And one of those requirements for assistance might be a ICT development, so I described that as an 'emerging output' rather than one that is sort of 'manufactured', and it is far better from a business perspective to identify what businesses need and then try and cater for it, than develop a project that is fixed and does

certain things on a compartmentalised way. The difficulty in working on this second version is that it is bespoke to the business, so we are moving more and more to providing one-to-one sort of solutions for business... and more customized, and it is difficult. But we are getting there I think we're coming up with approaches that will allow us to do that."

Such a tailor-made approach to business services would require availability of significant resources, which currently are not available to DMOs. Therefore, implementing this would necessitate charging a higher price for their service.

Ultimately, evaluation of business services and membership activity will need to analyse determinants of effectiveness of DMO relationships. As such, emphasis will need to be given on principles of stakeholder theory, relationship marketing and service-dominant logic (S-D Logic) approaches (Sautter and Leisen 1999; Gummesson 2008; Lovelock et al. 2009).

6.3.3.6 Destination competitiveness and marketing

DMO performance evaluation needs to focus on the marketing value that DMOs add in two important strategic areas: assisting local businesses to improve the competitiveness of the destination offer (i.e. product development); and, market the destination as a whole (VCD 1; NT 1; LBTB 1; VM 2). As a manager argued (LBTB 4):

"it is quite hard and it is quite intangible {...}, It is something quite hard to grasp but I guess it is very much about creating the right environment, the right atmosphere for people to be successful and business to be successful. Because ultimately a small bed and breakfast somewhere in the river valleys is going to find it hard to market themselves nationally and internationally, and that is where I suppose our role lies in the sense that we can do it for them. We are not going to be able to feature them exclusively, but we will be able to raise the profile of Lancashire and that this kind of our role, but it is quite difficult to monitor"

An important aspect of DMO performance is that of implementing mechanisms that assist

in enhancing destination competitiveness in domestic and international markets. Improved competitiveness is dependent on coordinated marketing activity for the destination businesses that need to work collaboratively for an increase understanding of destination products and target market segments. For instance, a manager noted (VM 2):

“Well we do a lot of work with... internally and externally with our stakeholders to identify our target audience so geographically we work with the city, we work with the airport, the region, inward investment to look at geographically where are our synergies even with guys from the universities to see geographically where are our target audiences. We have identified those sort of UK [priorities], within Europe -- certain countries within Europe they are absolute priorities and then internationally or globally the likes of the US, India, China as key spikes of interest. And then we do a lot of research in a little more depth about the profile of people that would be interested in what Manchester has to offer.”

Synergies with relevant stakeholders are important in identifying market interests and set priorities for action. Therefore, marketing intelligence value is co-created with various stakeholders.

Coordination is important also in developing existing or new products, as it allows for reduced risk. However, maximisation of Return on Investment (ROI) necessitates a market-driven product development (NT 1). Moreover, DMOs act as a driver for various forms of product development. Organising a conference for example is often related to a DMO's strategic initiative or initial vision to develop business event tourism in the area. This will then mean that the DMO will work in close partnership with the core funding bodies, local authorities, event organisers and venues and other stakeholders to initiate product development. This influence extends to stakeholders (e.g. event organisers) that are based outside the boundaries of the local destination. So for instance, very early in this process, the DMO *“will start to influence the conference organiser to choose”* their destination (potentially against competitive destinations). The unique role of the DMO to initiate, drive and facilitate such development initiatives and processes is invaluable for a destination. In part, DMO performance in this important role relates to its legitimacy to stimulate cooperation and coordinate destination stakeholders. As a manager said (VM 1):

“there is nobody else that has that remit to kind of pull it all together”

This important function of a DMO also aims to develop the destination brand (and sub-brands) in partnership with local stakeholders. Towards that end, attracting infrastructure to realm regeneration, retail and cultural sector development (TMP 3; NT 1; VM 4). An example of such an initiative is the Air Services Development Fund, where Marketing Manchester works with Manchester Airport and other stakeholders to develop existing routes or attract new ones into Manchester Airport. The aim is to support and accelerate airlines' decisions and improve linkages with and access to Manchester, opening up new market opportunities for the destination (VM 2):

“so the performance then would be around... would be looking and working with airlines and destinations to try and raise the profile of Manchester and their connectivity to highlight the amount of connection between Manchester and let's say one of our target areas - Mumbai. The highlighting of that sort of connection will then interest in airline to look at a direct route opportunities and their costings. We would then work with an airline to create a programme activity which enables us to retain that profile of the connection. We certainly cannot do anything around the operational element. With regards to sort of the success, the success would [mean being] able to highlight the profile of the connections, being able to interest the airline, being able to actually get an airline to agree and operate a route and the sustainability of that.”

DMOs can, therefore, contribute to development at any facet of the destination product, whether that relates to attractions, access (transport links and infrastructure), amenities, ancillary services, availability of packages, and so on. It is evident that destination branding and promotion is not directed solely to visitors (target markets); but, also needs to include key industry partners, for instance buyers and supplementary sectors (e.g. airlines). The example above also illustrates that destination performance can be multifaceted and often only partially affected by DMO managers or tourism businesses themselves (e.g. as stated above, the DMO does not have control over the airline's operations). Overall, although there seemed to be consensus in the views of DMO managers that a DMO needs to be able to accelerate investment in tourism product development, no clear indicators were identified to evaluate this aspect of DMO activity.

Successful destination products are suggested as those based on key assets and strengths of the destination, linking to local, regional and national investment priorities. This is

particularly important in terms of securing funding and support (VM 4). Indeed, DMOs need to be active in attracting funding (e.g. from RDA) and spending it the best way possible to achieve marketing objectives (e.g. increase visitor numbers) (TMP 3). This also allows consistency and alignment of product development with the destination brand (NT 1).

For instance, a manager from TMP suggested that their aim is (TMP 3):

“to encourage visits to Liverpool city region by business tourists and leisure tourists and also we are aiming to position Liverpool as a world-class tourist destination, and also to change people’s perceptions about the city as well.”

From a marketing perspective, the rationale for DMOs was clearly linked to strategic leadership in developing the destination’s brand and enhancing brand equity (NT 1):

“we see our role as being very much about improving the visitor experience, improving the competitiveness of businesses {...} We have introduced branding for the county, we introduced branding for the towns, we are supporting the destinations who have branding already and have conversations about quality”

Marketing value is therefore linked to improving the quality of the destination offer, increasing visitor satisfaction, and strengthening the competitive position of the destination by managing the destination brand. Ultimately, the outcome of this would be increased visitor numbers and availability of inward investment and other resources.

Managers emphasised that marketing is what the tourism industry values most (VCD 1):

“Because the regional team here they would say that they should do all marketing, but you [the DMO] should engage the [local] businesses. And we say we cannot engage the businesses because what they value of what we do is marketing. If you [the RDA] are doing the marketing they don't value us therefore they won't engage with us.”

The marketing activity of a DMO is very important for the local industry. This should not come as a surprise, as the majority of the SMEs or micro-businesses do not have the know-how or the resources to develop, implement and control many of the marketing activities, particularly if they need to involve international markets. In times of economic downturn, DMOs need to work in partnership and pool resources from the various stakeholders in order to invest in effective market research (Morgan 1996). It is important to coordinate and integrate intensive stakeholder, consumer and competitor research in order to inform

the destination brand personality with authentic values expressed in the brand architecture. This will allow for a clear brand essence that can evolve and enrich further through time to strengthen the appeal of the brand and broaden the market (Morgan et al. 2003). A sustainable approach to destination competitiveness suggests an inclusive approach, where the tourism system within a destination focuses on outcomes for its wide-ranging groups, including non-tourism stakeholders (Ritchie and Crouch 2005). Relevant literature (Ndou and Passiante 2005; Lazzarotti and Petrillo 2006; Hall 2008) notes the benefits of approaching the complex interrelationships between various sectors that enable travel and tourism activity at the destination as a tourism system. Business strategy development, promotion and destination competitiveness are pertinent to industrial networks (Leiper et al. 2008), and performance evaluation can focus on coordination of the effectiveness (Hall 2008).

The destination image is simultaneously a variable of the analysis, action, strategy and tactics undertaken by DMOs under the prism of strategic destination management. Therefore, DMOs need to carefully analyse and control their influence on the construction of the destination image. Towards that direction, they need to comprehend that the nature of image construct is: “complex (it is not unequivocal), multiple (in elements and processes), relativistic (subjective and generally comparative), and dynamic (varying with the dimensions of time and space)” (Gallarza et al. 2002, p.73). Incorporating this understanding in their analysis and focusing on one or more of these features allows DMOs for a more efficient management of tourism destinations (Gallarza et al. 2002). Similar to governments at a national level, DMOs at the destination level must employ a place marketing and brand management perspective to attract investments, businesses, and tourists to destinations. Effectiveness can be achieved by pursuing destination brand images that are close to reality, believable, simple, appealing and distinctive. Conscious brand positioning and brand differentiation strategies (for different target groups), and management of the destination image are needed (Kotler and Gertner 2002; Morgan et al. 2003; Carter and Fabricius 2006). From place marketing and brand management perspectives (Kotler and Gertner 2002; 2012), DMOs need to incorporate a strategic marketing approach that involves:

- Inform marketing strategies with SWOT analyses
- Pursue branding based on chosen industries, personalities, natural landmarks, and storytelling based on historical events

- Develop an umbrella concept that covers and is consistent with all of its separate branding activities
- Attract sufficient funds to each branding activity that is expected to have large impact
- Create product controls to ensure that every product/service sold is reliable and delivers the promised level of performance or experience

DMOs have a leading role in communicating a specific image to the target markets and the visitor; generating and managing expectations and making sure these are translated into relevant perceptions of visiting experiences at the destination (VM 4):

“it is about making sure that visitors who come to the website would see the image and the perception that we want them to see of Manchester, but also for the organization it is then making sure that those expectations are met when the visitor comes to the city as well, so that brings in the hole of the organization as well, but our role it is to make sure that the information is correct, that they have got the information that they need to have them make that decision to come and visit Manchester.”

Similarly, another manager noted the need to match the destination product characteristics with the visitor profile (VM 2):

“So we look at our product that we look at what we can offer and then which demographic that would look at with regards to interest - you know... social elements. So it is very much layered, it's very much different... to the different messages that we have to go towards. And we have to work continuously sort of revising that since this is a changing world. We have to reflect our work on both micro issues and also global issues so it is constantly changing and refining. It is very much that's kind of approach geographically, socially who are our target markets? How do we work with each of our external stakeholders to ensure that we are being efficient with our targeting? So it is that type of approach really.”

Efficiency in targeting visitors requires a flexible and dynamic approach to product development as well to marketing communications.

Most DMOs have a central role in providing travel and destination information and advice to visitors via marketing campaigns, online and via TICs (sometimes co-managed with the LAs like in the case of NT). E-marketing is regarded very important, with DMOs often responsible for the development and management of appropriate platforms (e.g. websites). For example, one manager emphasised the opportunities associated with using online User Generated Content (UGC) (TMP 2):

“the sort of User Generated Content journey that... when I began in tourism it was very much about information push, that we are the Tourist Board, you know we will tell you, I think now there is so much information out there that... and not all of it is reliable information that there are both positives and negatives, but who do you trust? I think what we need to do is we need to embrace UGC in a positive way with trust. Also to deliver trust, but at the same time honesty and... people are saying things that we don't want to hear, we still should listen to them, we should still tell other people about those experiences, we might well be able to justify them and say well this happened because of this, and it... it won't happen again. But I think there has to be a degree of honesty, as well as a degree of trust. I think that whole UGC is something that we need to work more closely with and engage without disengaging our businesses because they don't like the conversations that they are disagreeing at.”

Overall, DMOs were seen as conduits of information and establish communication links with key markets, provide important information, offer the ability to make bookings, as well as receive feedback on the experiences (VM 1; TMP 2). Managers work closely with LAs and other agents in order to coordinate and improve the quality of visitor information provision (public realm, culture, heritage, leisure, welcome, place management, events, signage, information, parking, transport infrastructure). Similarly, the use of new media and digital communications has become very important. DMOs need to maintain and adapt Destination Management Systems (DMSs) so that it is compatible with new technologies (e.g. smart phones). Managers strive to improve quality and accuracy of information provided to their audiences, as well as the collection, storage and analysis of key market data. Specialism in this area is often brought in from external consultants; however, increasingly DMOs have their own 'new media managers'. These platforms are also used for linkages and communication with industry. DMO performance evaluation in terms of e-marketing needs to focus on number of unique visitors to the web site (increasing

awareness) as well as dwell time per visit. Moreover, the size of customer database is important as it relates to the capability of the DMO to develop market intelligence (TMP 3). Ritchie and Ritchie (2002) suggest that an effective DMS needs to continuously fulfil seven functions: 1) track the current situation (visitor numbers and consumption patterns); 2) measure travel motivators; 3) gather competitive market intelligence; 4) recognise new opportunities, identify market trends; 5) evaluate marketing activities, initiatives and campaigns; 6) monitor industry satisfaction; 7) measure return on investment of the overall programme on an annual basis. However, the authors note that accessibility and communication of knowledge in a timely manner is important. Moreover, they recommend incorporating a training component in this service, to help managers learn how to use the available information effectively.

Impact of marketing campaigns, the conversion of promotional activity into bookings and the PR value generated are key areas of marketing value. Researchers (Pratt et al. 2010; Morgan et al. 2012) identify the importance of evaluating marketing campaigns, especially under the increasing pressures on DMOs to demonstrate cost-effectiveness and evidence of the added value of their marketing interventions. Morgan et al. (2012) note that DMOs need to provide 'additional' marketing value with relevant campaigns, utilising contemporary technology. The authors emphasise that DMOs need to pay attention to the process by which new KPIs are developed and implemented. In their case study of Visit Wales, they propose a set of seven KPIs for the evaluation of marketing campaigns: destination awareness; total campaign awareness; claimed campaign response; known campaign response; emotional proximity; conviction to visit; conversion throughout decision making process; and, value per respondent. Furthermore, Pratt et al. (2010) highlight the challenges of destination managers to coordinate the evaluation of a portfolio of destination campaigns. At the core of the challenge are the multiple tourism suppliers involved in promoting the destination and who may not conduct their own analyses of marketing campaign effectiveness. The authors suggest that despite the several methodologies available to evaluate marketing campaign effectiveness (i.e. advertising tracking, cross-sectional analysis, econometric models); conversion studies are the most appropriate ones for destination managers. Conversion analysis allows comparisons between campaigns on the basis of their impact in terms of conversion rate (inquiries turned into bookings as a result of the travel information previously received), expenditure impact and return on investment. They "yield a conversion rate that is the percentage of inquirers who visit after being exposed to the direct response marketing campaign" (Pratt

et al. 2010, p.181). Importantly, conversion analysis involves visitor spending in combination with the conversion rate. The two elements of analysis provide an assessment of the expenditure impact of marketing efforts. This allows the destination managers to adjust and optimise expenditures across all the various print and electronic marketing channels.

6.3.4 *Monitoring the impact of development interventions*

Monitoring and evaluating the impact of development interventions is a key area of destination development that the DMO has a leading role.

Success is assessed by focusing on monitoring KPIs and evaluating the impacts of the development programmes and projects (interventions) that are included in the Destination Management Plan (TMP 5):

“And part of that will be around these sort of performance indicators that could be measured on an ongoing basis and part of it will be {...} an evaluation approach, looking back at set periods in the programme where you actually sort of you know you collect your evidence as you go along, but you then go back and look at things. Yeah, but do we really make a difference? We might have achieved X number of businesses but have we really improved the performance of those businesses? So... that is obviously part parcel of the work we are trying to do.”

Performance management of development activity needs to include both a monitoring and an evaluation process. The former refers to collecting information during the course of the activity, while the latter involves a critical review of the collected data and a reflective appraisal of the change for the stakeholders involved.

The data confirms the suggestions by several researchers that monitoring and evaluation are important processes in development (Shone and Memon 2008; Hall 2008; Castellani and Sala 2010; Gertel et al. 2011). Gertel et al. (2011) suggest that planning for monitoring and evaluation of development initiatives needs to include both programme evaluation (implementation stage) and results evaluation (results stage). Evaluation is based on specific expected results, indicators, data sources, data efficiency, responsibilities analysis

reporting, resources, end use, and risks. In order to conduct evaluation, a number of appropriate KPIs need to be determined in consultation with stakeholders (Castellani and Sala 2010).

As noted at the beginning of this chapter, the strategic leadership role of a DMO in destination development, and the strategic actions associated with it, inform the organisation's business planning (NT 1):

“our organisation here has a leadership role of an area, or responsibility role within the actions that come out of it, or the objectives that come out of it. That therefore informs our business planning here.”

This alignment between the strategic development objectives of the destination and the business functions of the DMO makes their performance evaluation strongly interlinked. From a DMO perspective, monitoring and evaluation performance in terms of the impact of development interventions needs to focus on two levels (TMP 5):

“I suppose in talking about what effectiveness measures we have, we are judged at two levels: 1) on the overall performance of our sector, of the destination if you like, so we have a destination level indicators, such as hotel occupancy or the STEAM figures or how many people come to the area; and then, 2) we have individual indicators for our own activity that could be the number of bookings that we place with conference venues for instance, or the web site hits... which are much more attributable. So, we have what I call... attributable and non-attributable outputs where we if you like are making a contribution and the way we word this in our funding bids is ‘we are making the contribution towards hotel occupancy’. Because, [success] is not entirely as a result of what we do, and of course the difficulty is actually measuring what is [our] influence. What level it is, you know... where is.... If we weren't here would hotel occupancy be the same... that additionality is incredibly difficult to prove or manage”

Monitoring and evaluation of the impact of development activity will need to focus on two strongly interrelated areas that include the creation of value from the DMO ('own activity'), as well as the co-creation of value with stakeholders ('overall performance of the sector'). The evaluation of DMO additionality is the critical catalyst in demonstrating and proving DMO effectiveness and justifies its rationale for existence.

DMOs generate potential for economic development and regeneration; however, realising that potential is barely their responsibility as there is a plethora of uncontrolled (by the DMO) variables that can affect the performance of contributing stakeholders and ultimately visitor satisfaction. An interviewed manager provided a good example of this (NT 1):

“[A] very large part of where the council is active in the visitor economy, beyond what we do here and its support to us here, is in influencing customer satisfaction through the public realm, foot paths, cycle ways, bridal ways, cleanliness of beaches and all that kind of stuff. {...} I mean taking that example further, customer satisfaction, [which] we all want to measure over a period of time, on traffic congestion in town centres. Now clearly at the moment it lies directly within Northumberland Tourism’s responsibility to have captured that as an item where there needs to be intervention. It is very much our responsibility to engage with partners to make them aware of that, however our ownership and our ability to impact on successful activity and the ultimate outcome of visitor satisfaction becomes a lot weaker once you get out of that trail. Because we may well reach an agreement with the council that something is going to happen, but the council will be responsible for the quantity of their intervention in their activity, not Northumberland Tourism, and maybe we cannot even reach agreement actually for the council to do anything about it. [smiles] But then we cannot take responsibility for it because the central government has cut all the council’s budgets and therefore, there is no money regardless of good will. Then is that our responsibility?”

Monitoring and evaluating the impact of development activity needs to focus on all relevant stakeholders, and recognise their roles or contribution in the ‘logic-chain’ of the activity.

As noted by a manager, monitoring the impact of development interventions requires a focus on the journey, rather than strictly on stakeholder satisfaction (NFT 1):

“I think... if we take the analogy of partnership, I think you have to do... I think you want to concentrate more on the journey than... the service. If you understand what I am saying. Where we all going and how better can we get there. Therefore, a measurement of what we are achieving is a more

powerful way to insure we carry on the journey than simply relying on the satisfaction of stakeholders in the service we provide.”

The data suggests that performance evaluation needs to focus on the overall value of development initiatives rather than on individual stakeholder satisfaction. This would involve seeing the bigger picture in terms of where and how value is co-created in the destination.

Relevant literature acknowledges that the results of development initiatives are not always under the direct control of the development programme or project manager (Gertel et al. 2011). Results are dependent on the behavioural changes by programme beneficiaries. In essence, they depend on the interactions between the implementing body (e.g. DMO) and the beneficiaries (e.g. the local businesses). Impact chains of development programmes need to focus on these interactions and clarify the nature and dynamics of the relationships between stakeholders that affect the results (Roche 1999; Kellogg Foundation 2004; Hatton and Schroeder 2007; Smith 2010; Jackson 2013). Impact logic analysis can be a cost effective way to conduct a systematic disciplined and continuous analysis of destination development interventions.

A strategic approach is suggested to require DMOs to focus on monitoring and evaluation of outputs and outcomes of their development activity (LBTB 2):

“if you look at... go back and look at previous years the monitoring has been very focused on outputs if you like, whereas there is increasing emphasis perhaps over the last 1 or 2 years or so to begin to focus on the wider outcomes, impacts perhaps of the activity, so now we sort of look at both, but do I think it is getting a slightly heavier weighting on the actual outcomes rather than direct outputs.”

The manager further gave an example (LBTB 2):

“I suppose... if you take the output as we mentioned “businesses assisted”, that would be our direct output. Then if you start to look at the wider output and sort of outcomes and impacts, what we’re trying to do really is say to businesses OK, we gave you some support but where did that lead to, and that can go to a number of directions. But then ultimately I suppose it then comes back to numerical things, we want to know what was the impact on

the bottom line, you know... the number of jobs created... so it is quite difficult to pull it out actually the qualitative side of it”

This data suggests a shifting emphasis from outputs to outcomes, which was noted by other DMOs as well. This may be indicating a shift in emphasis from their own performance and value creation to collaborative performance and co-created value. This also reflects an approach to destination development performance that focuses on strategic results.

The distinction between output and outcomes is a key characteristic of the impact chain approach to developmental evaluation (UNDG 2010; Gertel et al. 2011; Shaffer 2011). Outputs refer to the products and services that result directly from the completion of programme or project activities within a development intervention. Outcomes are the short- or medium-term effects of an intervention’s outputs. Usually, outcomes require the collective effort of partners and represent changes in development conditions. These conditions of development can be attitudes or behaviours, as well as knowledge and skills of individuals, teams or organisations. Impacts are the long-term effects on specific population groups (e.g. local businesses, networks) produced by a development intervention directly or indirectly (intended or unintended). Outcomes, outputs and impacts are the results of the implementation of programmes or projects, which require specific inputs (resources) and activities (actions) to be performed (Kellogg Foundation 2004; Hatton and Schroeder 2007; Talbot 2010; Rauscher et al. 2012).

Monitoring performance of destination development activity is often influenced by the specific requirements of key funders of programmes or projects. A manager from Visit Manchester supported this by saying (VM 4):

“Yes, we do and a lot about it mainly in the nature of funding and reporting. You know you do need to report back on the money that you are being given to deliver the activity. So there is a lot of monitoring in terms of performance and how we achieve things. We were looking at stronger ways of demonstrating the Return on Investment for our stakeholders. As I said previously, you can produce a piece of print, but it is difficult then to say... without following up with research after, to show that has impacted on people's decisions to come”

Collecting development activity performance information as evidence for funders or resource providers is a key area in monitoring and evaluation of programme initiatives. In

this respect, DMO performance evaluation would need to include the assessment of its ability to collect evidence on the level of achievement of strategic development objectives set, especially for the objectives of programme activity associated with external funding requirements. As discussed earlier, funding for DMOs mostly originated from public sector stakeholders. Therefore, unsurprisingly, central in the responses of the interviewed DMO managers was the need to monitor the development activity's contribution to standard economic development (e.g. GVA). For example, a manager said (VCD 1):

"I would like an answer [as] to how we contribute to standard economic development measures: GVA. If you are funded, or if your natural allegiance is to economic development and regeneration, one of the key measures is GVA; and I would love to know how you demonstrate [this]... It is a huge subject... because that is how you are judged by some people who consider that to be... [important]. It is a very macro measure, isn't it?"

Monitoring the contribution to standard economic development has been critical in providing evidence to public sector stakeholders and increasing credibility of the development programme logic towards regeneration and economic growth. Further to the above, DMOs would need to integrate their approach to evaluation with that of other economic development agencies, for instance that of the RDAs. Details of such an approach were discussed in section 3.6.5. Integration and alignment of evaluation regimes at various spatial levels can assist the comparison between sectors that can be used in lobbying activities. Building credibility of the programmes was strongly linked to the need to build evidence of the improved performance of the destination and the role of the DMO in this (NT 1):

"because we have certain quality indicators there around..., I mean certainly in the earlier stage of our creation around evidencing how we had provided better coordination of public-sector investment, reduced duplication public sector spend on tourism development activities, and evidence were around the satisfaction of the business community and our stakeholders in our performance, and a lot of that is around taking soundings of the use and opinions rather than statistical evidence."

Despite the difficulties, which were also discussed in the previous chapter (e.g. evaluating additionality), the role of the DMO in monitoring and evaluating the outcomes of

destination strategy is very important. However, the ultimate results of tourism development efforts are as much a function of how well the strategies are implemented, as well as a function of the strategies themselves. Consequently, strategy formulation, planning and development are required to continuously incorporate research into how well such strategies are performing, whether improvements in implementation are needed, or whether circumstances have altered making policies no longer relevant or effective (Godfrey and Clarke 2000; Ritchie and Crouch 2005; Hall 2008).

DMO performance evaluation needs to address the capability of a DMO to lead the monitoring and evaluation of the processes and outcomes of several tourism development areas: the impact of each development activity, particularly the strategic added value generated; the progress and the achievements, or alterations, towards the implementation of each programme; the specific gross and net outputs achieved; the effectiveness of each programme in terms of intended impacts; the additional unintended benefits of each programme; the value for money of each programme and activities; the lessons arising from each programme and its evaluation.

6.4 Summary

This chapter has explored the key findings relating to outward-looking strategic perspectives of DMO performance evaluation. These perspectives relate to specific interlinked areas of collaborative destination development activity and are associated with four destination development areas: identifying the strategic rationale for intervention; designing action plans for the strategic support of tourism; administering the implementation of destination development activity; monitoring the impact of development interventions. DMO effectiveness needs to be evaluated in terms of its strategic leadership role in engaging relevant stakeholders to work collaboratively in these development activities. At the core of this effort is to devise and advance a strategy, and the resulting Destination Management Plan for destination development.

The foundation for devising a strategy for destination development is identifying tourism development opportunities and failures, which needs to be done in partnership with the various destination stakeholders. Critical in the process is aligning the rationale for

intervention with economic policies and wider development objectives of the government at national and regional levels. Since there is a plethora of stakeholders that influence the definition of the strategic rationale for intervention, the DMO needs to focus on achieving a balance through democratic processes during which it needs to be able to initiate, facilitate and manage stakeholder negotiations. Therefore, DMO evaluation needs to focus on its ability to acting as a negotiator (broker), as an agent and a principal in destination development dealings. Pursuing balance and fairness in destination development is critical in the role of DMOs. If stakeholder conflicts persist, the strategy can be disjointed and sustainability of development will be at stake. In addition to making informed decisions as to what the destination's opportunities or the problems actually are, the DMO has to coordinate decision making on what are the best ways forward in terms of outcomes pursued and actions taken to achieve them. In essence, development intervention takes the form of planning for orderly destination development, which needs to involve the stakeholders in the process of design and implementation. Dealing with opportunities and failures of development is so embedded in the rationale for DMOs that it dictates their functions and business structures. In this study, the commonly noted rationales for intervention in the development of the visitor economy were skill gaps, quality inefficiencies, market intelligence, as well as stakeholder coordination and synergy. These areas would be central in developing strategic objectives for development. Inevitably, there is a strong link between the rationale for intervention and rationale for DMOs, which makes performance evaluation of a DMO and evaluation of destination performance highly elusive.

Once the strategic rationale for intervention is agreed, it is important to devise a strategic vision for the destination, as well as to design action plans that deal with the identified opportunities and failures in order to achieve the strategic vision. DMO effectiveness needs to focus on its ability to lead and support these areas, which are key components of the Destination Management Plan. The strategic vision for the future of the destination must be based on an agreed portfolio of critical stakeholder values. Realising this vision is a process that requires establishing overarching development goals, evaluating the current situation and setting priorities for action, designing action plans, setting performance targets, as well as setting up systems to evaluate effectiveness. The destination development action plans include development projects and programmes, which aim to assist in achieving the strategic vision and development objectives of the visitor economy. Development projects and programmes need to be based on specific and detailed theories

of change linked to the intervention rationale. Therefore, DMO performance evaluation should focus on the emphasis placed on the systematic and cumulative study of the links between activities, outcomes and contexts of each project and programme. In other words, for each project and programme, specific impact chain models need to be developed and define the causal relationships from inputs through activities and outputs, culminating in outcomes and impact. The impact chains can be used as a map for selecting indicators and setting targets that monitor effective implementation. Moreover, indicators and targets need to be aligned with performance systems across wider economic sectors of the economy. The aim is to allow for comparison with other economic activities or national averages in performance and ultimately assist evaluation of destination performance.

Implementation of the tourism development action plans follows a collaborative process that involves several destination stakeholders, with the leadership of the DMO. The DMO performance evaluation will need to focus on the organisation's capability in terms of administering the implementation of the development programmes or projects by stimulating and facilitating the engagement of the relevant stakeholders. Although tourism SMEs may lack resources and capacity to engage on any strategic activity, a DMO needs to pursue their active engagement, which can take the form of provision of strategic direction and guidance that are important resources (i.e. information) for strategy implementation. Overall, DMO performance evaluation in terms of administering and implementation of the tourism development action plan involves six key interrelated areas: leveraging resources and stewardship; strategic advocacy and influencing tourism policy; market intelligence and marketing strategy; business development and competitiveness; business services and membership schemes; destination competitiveness and marketing.

Leveraging stakeholder inputs for project and programme design and implementation is an important part of administering action plans of development programmes. This is an important area of co-creating value from coordination and synergies. Therefore, DMOs cannot be solely responsible for the success (final results) of the destination development as this is also dependent of the contribution of stakeholders. Contribution of stakeholders can include funds, time, skills, intelligence, and investment. These resources represent important inputs to support projects or programmes of activity. Stakeholders who provide resources often influence outputs and impose indicators of performance. For instance, several DMOs that participated in this study had been anchored to the performance monitoring and reporting regime of their RDAs. Evidently, variations in governance and

funding structures across England can result in different dynamics for DMO performance evaluation. A network approach to stimulate engagement and leverage contribution from stakeholders in destination strategy implementation has been very useful for DMOs. For example, working with tourism associations has resulted in synergies that have increased private sector stakeholder engagement in destination development initiatives. Strategic alignment with interrelated priorities and areas of activity of relevant strategic networks of policy stakeholders and development agencies across various spatial levels enables the DMO to support the wider coordination of policy and development strategies. In essence, identifying and understanding key stakeholders becomes valuable for a DMO, as it can help the organisation assess its ability to 'create' or 'co-create' value through partnerships, or increase efficiency by identifying and avoiding areas of duplication of activity. Moreover, strategic partnerships with other development agencies in the wider economy can allow for alignment or contributing to each other's strategic objectives that can result in synergistic benefits for tourism development.

Strongly linked to leveraging resources is the DMO task of lobbying for tourism. The aim of this activity is to build or reinforce justification for buying-in and committing to the strategic action plans for destination development. In addition, strategic advocacy aims to support the refinement of development plans into local plans that connect to public sector strategies and objectives. This study has found that strategic advocacy and influencing tourism policy can focus at regional and national levels, seeking to gain support from key governmental bodies. Additionally, lobbying for tourism involved attempting to influence national, regional and local priorities to accommodate specific local needs of the visitor economy. In order to do this, the DMOs advocated the value that tourism added to the wider economy. Once again, engagement in strategic tourism networks and partnerships has been an important part of strengthening the efforts for strategic advocacy and influence of tourism policy. In order to be effective in their advocacy activities, relatively new DMOs had to focus on gaining credibility, legitimacy and trust from their stakeholders. Moreover, in order to be successful in advocating tourism to various stakeholders, DMOs need to be able to provide some evidence of the performance of the industry. This was particularly important when tourism development plans had to compete for (public and private) resources (e.g. investment) against other types of economic activity. Evidence of the industry's performance, as identified in this study, relates to the contribution of tourism to key agendas, for instance, skills development, job creation, economic development and quality of life.

For a DMO to lead the development and implementation of relevant and strong programmes, a very good knowledge and understanding of demand and market trends is required. DMOs act as a central repository of marketing information and intelligence that is valuable to inform tourism strategy as well as stakeholder decision-making. DMO evaluation will need to assess their capacity to plan and conduct both quantitative and qualitative research to inform programme and project planning, as well as facilitate decision making for further destination development activity. In addition, the DMO needs to be able to engage in processing and disseminating the acquired data and intelligence amongst local partners. Building on market intelligence, DMOs can work in partnership with destination stakeholders to develop comprehensive destination marketing strategies, as well as strong and clearly communicated destination brands and images. Strategic value from market intelligence stems from an in depth knowledge and understanding of the nature of supply, which includes an in depth understanding of the destination's characteristics, sector capability and potential performance. An improved understanding of the supply allows the DMO to develop better services for their members and strengthen relationships, leading to more dynamic stakeholder engagement.

A key area of DMO performance evaluation associated with implementation of tourism development activity is business development and competitiveness. DMOs aim to add value by developing programmes or projects that support the development of the capacity or improve the capabilities of local businesses. The ultimate objective is to improve the competitiveness of the visitor economy. Business development and competitiveness is strongly linked to the DMO's provision of business services. DMO effectiveness needs to be evaluated in terms of its efforts to initiate interest of local businesses on quality issues and support them to develop and improve their offer, leading to increased product competitiveness. Evaluation of business development activities of the DMO has inherent links to economic results of the industry in terms of the volume (total number of visits by type of visitor), the expenditure (total revenue attributable to tourism), and the direct and indirect implications of tourism to employment.

A further area that merits attention in terms of DMO performance evaluation is relationship building and value co-creation with their member organisations. Memberships had a dual function for DMOs: a commercial value, and an opportunity to increase stakeholder engagement in development initiatives. The former contributes to internal

value creation (discussed in detail in chapter 7) as, particularly in times of intense public sector funding cuts, alternative revenue streams from business services (e.g. membership scheme) can be vital for the survival of DMOs. Increasing stakeholder engagement supports external value creation, as membership schemes can offer local businesses opportunities for marketing, promotion and increased visibility. For example, they can include entry on the DMO's web site, e-marketing promotion and discounts on campaigns. Benefits for members can also include the use of the DMO's logo in their marketing literature opportunities for advice, participation in forums and networking events, as well as access to training and seminars. Membership schemes are useful tools for DMOs as they offer access to (formal and informal) market intelligence. DMOs can acquire information about what stakeholders need and increase their ability to offer value to their members, resulting in a beneficial relationship for both parties. Member organisations can be more committed to a long-term relationship with the DMO and have higher potential to engage in co-creation of value at destination level. Overall, membership schemes aim to offer an opportunity for a deeper and richer relationship with the industry. DMO performance evaluation in this area can focus on recruitment of new members in the membership scheme; retention of existing members; type and levels of engagement; and, structure and levels of commercial income generated. DMO efforts need to be focused on efficiencies and in being more creative as well as innovative in forming and utilising destination partnerships. A number of interviewed managers noted that their DMOs did not operate an official membership scheme. However, tighter public sector budgets will change this approach and DMOs will need to be more imaginative in how they persuade the industry to buy their services, probably even at a higher cost. DMOs that do not offer membership schemes receive independent payments for every service provided (per transaction). The benefit of this model is that stakeholders pay for specific services, for which costs and prices can be more accurately calculated and attached to the value of the service. Contemporary approaches to meeting stakeholder needs direct the DMO's focus on the creation of a more bespoke service for stakeholders. This strategy can be very resource intensive; therefore, a DMO needs to identify performance efficiencies.

Marketing is a key function of a DMO and represents an important area for performance evaluation. Two key perspectives are identified: assisting local businesses to improving the competitiveness of the destination offer (i.e. product development); and, market the destination as a whole. DMO performance needs to be evaluated in terms of implementing mechanisms that assist in enhancing destination competitiveness in domestic and

international markets. DMO evaluation needs to focus on collaboration and coordination of marketing activity, as well as an increased understanding of destination products and target market segments. Stakeholder synergies will need to be achieved in terms of setting priorities for action, reducing risk, maximisation of Return on Investment (ROI), and product development. DMOs need to demonstrate strategic initiative and have the vision to drive and accelerate the development of new products. DMO evaluation needs to capture the DMO's contribution in developing or strengthening the destination brand and enhancing brand equity, in partnership with local and wider stakeholders. DMOs can contribute to the development of any facet of the destination product, whether that relates to attractions, access, amenities, ancillary services, availability of packages, and so on. Marketing value is therefore linked to improving the quality of the destination offer, increasing visitor satisfaction, and strengthening the competitive position of the destination by managing the destination brand. Ultimately, the outcome of this would be increased visitor numbers and availability of inward investment and other resources. DMOs need to work in partnership and pool resources from the various stakeholders in order to invest in effective market research. DMOs take leadership in communicating a specific image to the target markets and the visitor; generating and managing expectations and ensuring that these are translated into relevant perceptions of visiting experiences at the destination. DMO evaluation needs to assess its ability to be flexible and dynamic in facilitating product development and targeting market segments. Moreover, DMO activity includes the provision of travel and destination information and advice to visitors via marketing campaigns, online and via TICs. Performance evaluation of DMOs needs to focus on its ability to maintain and adapt their Destination Management Systems (DMSs) so that it is compatible with new technologies (e.g. smart phones). It is important to improve quality and accuracy of information provided to their audiences, as well as the collection, storage and analysis of key market data. DMO performance evaluation in terms of e-marketing needs to focus on areas like the numbers of unique visitors to the web site (increasing awareness) and dwell time per visit.

Monitoring and evaluating the impact of development interventions is the final area that DMO performance evaluation should focus on in terms of strategic destination development. The aim of this element is to monitor and evaluate the strategic results or impacts of the development programmes and projects (interventions) that are included in the Destination Management Plan. Therefore, it is important to collect information about the progress of activity during the course of each programme or project, as well as critically

review the collected data and reflect on the change achieved for the destination and its stakeholders. As the DMO has a central role in all strategic development activities, its business planning, strategic objectives and functions are determined by development initiatives and priorities. In other words, the business objectives of the DMO are strongly interwoven with the strategic objectives set in the destination development plan. Monitoring and evaluation of the impact of development interventions need to focus on two strongly interrelated areas that include the creation of value from the DMO ('own activity'), as well as the co-creation of value with stakeholders ('overall performance of the sector'). Although DMOs generate potential for economic development and regeneration, realising that potential is a shared responsibility that it has with its stakeholders. DMO performance evaluation will inevitably be linked to wider monitoring and evaluation of the impact of development activity. A key tool to use in this evaluation is the 'logic-chain', which helps recognise the roles or contribution of stakeholders, including that of the DMO. Effective DMO performance would need to demonstrate its capacity to focus on monitoring and evaluating the overall value of development initiatives rather than individual stakeholder satisfaction. The evaluation of DMO performance should capture where and how value is co-created in the destination within and across every development programme or project. DMOs need to emphasise an evaluation of development programme outputs and outcomes taking into consideration the specific requirements of key funders. Evaluation should focus on DMO effectiveness in collecting development activity performance information as evidence for funders or resource providers. A development activity's contribution to standard economic development (e.g. GVA) is part of the evidence that DMOs will need to be able to provide to stakeholders, particularly when its key funders originate from the public sector. DMOs will need to be able to use monitoring and evaluation information as evidence and increase credibility of the development programme logic towards regeneration, economic growth and quality of life. Furthermore, the DMO should be able to integrate its approach to evaluation with that of other economic development agencies so that comparison between sectors is possible. This should also be a platform to build credibility of development programmes and enhance its capacity to lobby for tourism. Overall, DMO performance evaluation needs to address its capability to lead the monitoring and evaluation of the processes and outcomes of several tourism development areas: the progress and the achievements, or alterations, towards the implementation of each programme; the impact of each development activity, particularly the strategic added value generated; the specific gross (co-created value) and net (DMO created value) outputs achieved; the effectiveness of each programme in terms of intended

impacts; the additional unintended benefits of each programme; the value for money of each programme and activities; the lessons arising from each programme and its evaluation.

The key areas identified will form elements of an outward-looking perspective of a DMO PEF. Adding to this, internal perspectives of DMO effectiveness are also identified in this study and will be explored in the following chapter.

CHAPTER 7 Internal Perspectives of DMO Effectiveness

7.1 Introduction

This is the third and final discussion chapter that presents the analysis and synthesis of the primary data of this study. Linking back to the fourth research proposition, the aim of this chapter is to explore key elements of DMO performance evaluation that were highlighted by managers, with particular focus on an 'internal' (organisational) perspective.

Proposition 4 Effectiveness of DMO performance is influenced by internal value creation mechanisms within the organisation

7.2 The importance of an internal perspective of DMO effectiveness

The DMO managers interviewed highlighted the importance of an internal view to DMO effectiveness. This involves a focus on value creation from internal DMO organisational functions, structures and processes that facilitate effective deployment, configuration and efficiency of resources and competences (skills and abilities). In other words, an internal perspective focuses on resources (e.g. financial and human resources), business planning, and organisational capability. Internal and outward-looking performance perspectives are strongly interlinked. As a senior manager said (NT 1):

“As an organisation {...} we are working towards the Area Tourism Management Plan objectives and priorities; but, then of course as an organisation... as a business we also have our own internal objectives around performance management clearly”

As discussed in chapters 5 and 6, an outward-looking perspective of DMO performance evaluation is highly significant for DMOs and that is reflected in the strong emphasis placed on the Destination Management Plans. However, it is also clear that objectives at organisational-level impose the need for further areas of focus. Indeed, another manager acknowledged the need for performance indicators that are developed internally at each

DMO (LBTB 4):

"[Y]ou know we have lots of outputs and achievements that we have to do to meet our funding agreements and they are really important; but, I don't think as an organisation we have enough of our own aims and objectives. I think where we could probably be more confident in how we move forward is by acknowledging that we as an organisation may have aims and objectives in addition to those funding ones"

Monitoring internal performance helps DMO managers identify areas where effectiveness or efficiency is lacking. Managers should then try to understand why this deviation in performance has occurred and what can be done about it (TMP 6). A senior DMO manager argued (TMP 3):

"I think the fact that we have to do that report every quarter it helps to keep us focused on what our overall objectives are for the year and also I very often refer back to my report during the next quarter to just keep an update on where we are. If I am in a meeting and I am you know having to talk about any statistics or other... I find that quite useful to go back to. Although they are... it can take a while to actually put the reports together in the first place, but... it is useful to use, you know..."

A key function of internal evaluation is that it can provide a certain level of reassurance about management decisions and organisational direction. Performance information can also inform future decision-making and assist in identification of opportunities and threats in the DMO operating environment (LBTB 4).

The significance of internal perspectives of organisational effectiveness is widely advocated in academia. For instance, Ritchie and Crouch (2005) acknowledge that internal resources (inputs – tangible and intangible), organisational structure (managerial levels and organisational architecture), processes (internal operations and internal value chain system) and outputs are important elements of DMOs. Similarly, the importance of the internal business environment is a key area of focus in strategic management and marketing (Johnson et al. 2005; Palmer and Hartley 2009), and an integral part of contemporary performance management models like the BSC (Kaplan and Norton 2004),

the EFQM (EFQM 1999; Al-Tabbaa et al. 2013), the Performance Prism (Neely et al. 2002), and the Public Sector Scorecard (Moullin 2004a). Performance evaluation at this level of analysis focuses on the efficiency of internal mechanisms of an organisation (Armistead and Pritchard 1997), as well as operative goals that explain what the organisation is actually trying to do (Daft 2010).

Internal performance information can demonstrate the level of effectiveness in delivering the DMO's business objectives (VCD 1):

"It is how we are viewed and I think that comes through in lots of different ways through our engagement activities. So I think measurement is being counted if you like, the return on investment measures, numbers of this, that, whatever. But performance management is much more about how you are perceived and how much others value you as an individual or an organisation."

The data suggests that demonstrating return on investment in DMOs is an important aim of internal performance evaluation. Proving a high level of return on investment can improve stakeholder perceptions of the efficiency and effectiveness, leading to increased appreciation of the work of a DMO and their employees.

Relevant studies (Thomson 2010; Morris and Ogden 2011; Mitchell 2012) acknowledge that external stakeholder pressures have a high degree of influence on public and non-profit organisations and potentially impact on management practice. Mitchell (2012) emphasises the influence of funders on the focus of non-profit organisations towards external objectives in order to maximise outcome accountability ("promise-keeping" or "serving" the mission). The author, however, acknowledges the relative interest of managers in overhead minimisation, and suggests that performance evaluation analysis combines both outcome accountability and overhead minimisation to indicate cost-effectiveness. External funder pressure can be a catalyst for an increasingly strategic approach to quality management in non-profit organisations that needs to promote learning and improvement. Morris and Ogden (2011) examined the responses of non-profit managers to the pressures of funders for improved quality management within a non-profit infrastructure network in Scotland. In this study, the authors identify four levels of analysis within a network system of funding for non-profit or public organisations: parental level; network level; organisational level; and, constituent level. The multiple stakeholders at these levels have

various interests that create complexity. For example, at a parental level (i.e. the RDA or any other major funder of a DMO) emphasis is placed on the management of the funding rather than how quality improvement can be achieved. At a network level (i.e. collective efforts of sub-regional DMOs within a region but also at a national level), external reputation of the non-profit's network is valued as important. At an organisational level (i.e. key strategic partners and the DMO board), the interest lays on the direction, values and attitudes of board members and chief executives. Finally, at a constituent level (i.e. local tourism member organisations), external stakeholder interest focuses on the role played by the non-profit or public organisation, which is especially important for small service users (i.e. SMEs). Morris and Ogden (2011, p.105) conclude that funders should be cautious when seeking to control those they fund as "pressure or unrealistic top-down demands could reinforce negative experiences and lead to cynical responses, particularly if there is no additional funding or support".

Managers that participated in this study argued that reporting against RDA-imposed (funder-imposed) indicators can often be regarded as a tedious task (TMP 3; TMP 2). Therefore, making sure useful and constructive feedback is given back to managers is critical, as it can make performance monitoring more interesting and useful (TMP 3):

"I think possibly maybe more feedback from the NWDA might be better, because although we send these reports often they go off, we don't really know what happens to them. So are we performing well, or do we need to focus more on a certain area? I don't know!"

The manager also added that monitoring performance needs to be as simple and straight forward as possible, and KPIs should be grouped by stakeholder where possible, since *"each of those groups of stakeholders have different requirements and needs"* (TMP 3). Moullin (2004a) acknowledges that performance measurement is particularly difficult in the non-profit sectors (i.e. health and public services sectors) where a wide range of stakeholders are involved. His study concludes that despite the context that these organisations operate in, having systems for providing feedback and translating it into strategy for action is essential. In fact, feedback is a critical part of the performance measurement process as it informs performance management and is the catalyst to improve both the process of performance measurement itself and the management of the organisation (Kaplan 2001; Neely et al. 2005).

DMO managers suggested that performance management can improve relationships between a DMO and its external and internal audiences (i.e. employees) (VCD 1):

“Performance management is much more about how you are perceived and how much others value you as an individual or an organisation. I think there is something about that, about individuals being valued by their colleagues within the company as well. So you get quite a lot of that, we did have a situation where everybody in the company genuinely felt they were the most busy person and they couldn't do anything else. So we actually created a situation where everybody could better understand how your work impacts on... [each other] about how we can help each other and that the volume you know of work was the same across [teams]. And we are all very busy but it was a very different divide between the two teams.”

Staff appraisals are a very commonly used method for employee evaluation that can assist in improving value creation for DMO staff (VM 1):

“[W]e introduced a kind of formal appraisal system about... five, five or six years ago... and again we had to refine that as well because we did it... because we thought that was the right thing to do, and... we thought we knew what we wanted to achieve after that, but again as you go through maybe two or three... kind of waves of appraisals you start to understand the kind of value of the information coming out of it... and it is about assessing performance. But it actually is more about kind of understanding the needs of the individual and also the opportunities that we can create for the individual. And again more clearly understanding what the individual can kind of offer to us and I think that appraisal process has helped tremendously... So I think that is a very important part of our kind of performance kind of management system kind of tied up with the kind of individual appraisal process as well, which is something you cannot ignore this in the overall performance management.”

The data also suggests that the managers' understanding of the use and value of the staff appraisals system improved with experience. This evolution assisted in improving the value of using the system.

Monitoring performance can provide reassurance for managers that what they do has a result (LBTB 1). Moreover, the data extract above highlights that emphasis on internal effectiveness illustrates linkages within the functions of the organisation and outputs and outcomes, as well as cause-and-effect relationships. Internal evaluation can promote equality and fairness in terms of workload between employees. It was noted that monitoring performance (VM 2):

"is not an exercise just to show externally what we are doing, but it is a way with which we can show each of our teams what we are doing, how we are performing individually and as a team."

Similarly, another manager suggested that monitoring effectiveness at employee and team levels is useful for providing intermediate feedback on long-term objectives (TMP 6):

"[T]he quarterly reporting is useful because it does enable you to keep track of what have I actually been doing over the last 3 months or so, you know in the bigger picture of things am I likely or unlikely to actually meet my sort of annual targets that I have. Again in discussion with senior members of the team you know looking at our own team budgets as well, you know are we on track to spend the money in my budget for example on quality if not you know, should I be doing something else? Should I come up with some ideas? Different way of promoting and engaging the businesses?"

The data suggests that internal performance evaluation serves the important function of internal accountability of teams and individual employees. Moreover, managers suggested that internal performance monitoring can enhance employee confidence, not only internally, but also externally when managers go out and meet the tourism businesses (LBTB 4). However, this can be a challenge if managers are not clear about the rationale for the KPIs they are asked to use (LBTB 4):

"There are a lot of things that we measure as an organisation that I don't understand why we measure them. There may be a good reason but I don't know, and also I am not always sure when we have measured things, how we can honestly hand on heart say that... that was a direct result of what we did. That is probably the logical part of my mind saying well you know... if we say that... say for example we measure the amount of businesses that have

gone into the quality assurance in any given year, I don't really know how we can say how it was anything to do with us, but we can have an influence on them. We can't say that all 200 people that went into [the scheme] it was down to activity that we did. It could just be that they were completely independent they have never spoken to us and they have just gone and done it themselves. Sometimes I am not sure of how we can be confident that the figures are robust, but I guess most organisations are like that, so... yes it is quite hard"

Evidently, not understanding the value of performance monitoring and evaluation can have an impact on staff motivation and empowerment. An additional caveat relates to the fact that it is very difficult to clearly identify their input in the achievement of KPI targets, as DMO activities are often delivered by more than one employee or team.

Performance management specialists (Neely et al. 2002; Tangen 2004; Bourne et al. 2005) argue that understanding the meaning and the purpose of a performance indicator (or measure) is an important practical requirement of successful performance evaluation. Therefore, it is best if performance indicators are designed in consultation with people who use them. Neely et al. (2002) argue that organisations need to use measures that are associated with processes, and practices. Importantly, measures should be assessed for their usefulness, compatibility with other measures, as well as, in terms of user understanding and proper utilisation. Therefore, (after implementing a measure) it is beneficial to evaluate its information benefit and information usage, two criteria that lead to the classification of measure types in: "indispensable", "useful", "informative", or "of no use" to the organisation (Tangen 2005).

Managers expressed the need for a more "independent" approach when examining the performance of DMOs (LBTB 6):

"I think... just from the way we work as a company, I would like to see more of an independent company view of performance, and more of a personal view of performance."

As the manager explained further, in addition to practicing performance management that is led by outputs attached to funding, it is important to include staff development, succession management, as well as the overall survival and growth (evolution) of the

organisation (i.e. if the current funding was withdrawn). Especially with regards to the latter, contingency plans were seen as important for the sustainability of the DMO operations.

Managers at directorate level expressed the view that monitoring and managing DMO performance needs to be examined at various levels extending from business strategy to operations and individual employees (see section 7.3 and 7.4). Expectedly, senior and middle level managers that participated in this study mostly referred to performance perspectives in their own area of expertise. For instance, managers responsible for Business Tourism or for Conferences and Conventions focused on “*enquiries coming in*” or “*conversion of enquiries into confirmed business*” as key areas to monitor performance (TMP 1; VM 3). Clearly, the meaning the managers gave to ‘DMO performance’ was linked to key areas of the business function they are actively engaged in. Similar approach was taken by all interview participants when asked to explain what effectiveness (or effective performance) means for them. A CEO said (VM 1):

"I think in terms of their own [employees] performance I think they are all experts in their own fields and so I suppose to an extent they all have different types of performance indicators in a way and they are probably informal rather than formal. But what is important to me is that they efficiently and effectively manage their own teams... that they report to me on a kind of rather regular basis, both again informal and formal. They keep me informed of what is happening within their own teams. And they demonstrate a kind of positive approach or positive relationships with our external stakeholders, of which we have many. I suppose in a very big nutshell I guess that is part of why we are for"

Internal DMO effectiveness is both formally and informally assessed via set KPIs. This will be discussed in more detail later; but, it is worth noting that the aforementioned approach from the top level management of a DMO indicates a ‘loose’ rather than a ‘tight’ governance style of the organisation. Indeed this was the overall feeling throughout most of the interviews conducted in this study.

At high organisational levels, managers linked internal effectiveness to providing clear corporate governance; provision of comprehensive added value to external stakeholders

(particularly existing customers); ensure stakeholder engagement and partnership with key stakeholders (i.e. LAs); maximise commercial activity and secure resource acquisition; build a strong corporate brand; and, continuously improve and adapt in the dynamic business environment (LBTB 1; LBTB 2). Moreover, strategic objectives were related to confirming relationship with key funders (i.e. LAs); obtain partnership agreement to review the Destination Management Plan; or, improve the utilisation of ICT (NT 1). Further strategic internal business objectives mentioned are the achievement of income and leverage targets; delivery of staff training and development programme; securing of core and project funding (VCD 1).

Medina-Borja and Triantis (2007), who examined performance evaluation of non-profit social service organisations, highlight the need for them to adopt three dimensions of performance: service quality (including measures linked to customer satisfaction such as timelines and kindness of the employees and customer reported satisfaction); effectiveness; and technical efficiency (resources utilised (inputs) and number of services provided (outputs)). The latter in particular has been expanded to revenue generation and capacity creation for agencies and local governments during the '90s. This measure has been used in not-for-profit organisations like schools and police departments. Other non-profit organisations in the education and the health service sectors have focused on outcomes as parameters for evaluating programmes (Medina-Borja and Triantis 2007).

A comprehensive approach to performance evaluation of DMO effectiveness from an internal perspective needs to include all the levels of the organisation, both strategic (corporate) and operational (senior, middle, and lower management levels). Therefore, internal value creation for a DMO requires the joint accomplishment of economy, capacity, efficiency and effectiveness. DMO organisational capabilities, in terms of key resources and competences (i.e. human resources, business processes and productivity) are important drivers of quality and performance. However, each DMO ultimately places specific level of importance on these elements according to the nature of, and influences from, its specific environment (context). Business functions, structure and processes, together with skills, abilities and behaviours of DMO employees emerged as important themes that DMO managers relate to internal effectiveness of their organisations. Therefore, these are discussed in the following sections of this chapter.

7.3 Business planning and value creation

DMO managers that participated in this study suggested that the DMO rationale for existence and strategic impetus informs their internal business objectives and business planning (i.e. functions, structures and processes). For example, one manager argued (NT 1):

“With our funding partners clearly we need to measure how we are meeting their objectives and provide evidence of that. Internally as an organisation we need to be clear what our priorities are and where the roles lie within the organisation and the responsibilities lie within the organisation to achieve and contribute to those objectives. Within our staff structure we need to be clear at every level as to how people... for every person as to what their roles and responsibilities are and enable them to contribute going up the tree and to hear from people from further down the tree. That is very difficult one to get right, we’re never at any point.... and I imagine in 10 years’ time if you come here we would probably say we haven’t got it right”

Similarly, a manager noted (VM 3):

“I suppose it comes down to the added value via the roles and the responsibilities that the individual team members have. That is the only way you can break it down”

A further example can be illustrated in the words of a manager who explained that their DMO’s organisational structure (i.e. business functions and team structure) is determined from its strategic impetus (LBTB 1):

“So our organisation has been... [our] organisational structure has been developed so that we can deal with those market failures through the two teams. Obviously it is the Development Team that cover things like quality and skill {...} [while] the Marketing Team [is] really looking at coordination and information failures.”

The data suggests that internal evaluation is influenced by external perspectives, for instance the rationale for DMOs and their strategic impetus. This influence affects the DMO’s internal strategic and operational objectives, priorities, functions, structures and

processes. In essence, external value creation and internal value creation are strongly interwoven. Internal value is dependent on internal cause-and-effect relationships and structures within the organisation, as employees and teams create value and support or contribute to the achievement of external stakeholder (e.g. funder) satisfaction. It is evident that internal DMO performance evaluation perspectives need to be strongly interlinked with their outward-looking perspectives. In essence, the internal evaluation needs to focus on the appropriateness of the activities of the DMO. Moreover, emphasis needs to be placed on articulating the operational functions, or in other words, specifying what is expected by every level of management (senior, executive, administrative, etc.) as well as by every position in the organisation (job descriptions). This then becomes a powerful tool that assists DMO managers in managing relationships and being able to represent the organisation externally (VCD 1). At a team-level performance is mostly assessed by team-specific KPIs that principally follow DMO funders' requirements. The assessment and reporting is following quarterly, 6-monthly or yearly cycles, while often following project or programme funding guidelines. Information is used to identify deviations from projected results and performance and to devise strategies for improvement (TMP 6).

Internal perspectives of DMO performance evaluation need to focus on the clarity of the linkages between internal structures and processes (NT 1):

"[It is important to have] a clear organisational structure and planning structure processes that people understand, can relate to and can contribute to. I think if people at a more junior level feel completely disassociated with strategic planning at a headline level then you are always going to have difficulty in meshing the two, but at the same time you have to manage the fact that actually it is not always appropriate for that person to spend all of their time on that. Also, there are conversations that you are going to have at this point that may not be appropriate for that person at more junior level to be engaged in. So it is finding a structure which throughout the organisation and externally as well allows for people to contribute in a way which is profitable, and productive but also sensible and rational and the results of that are presented in a way which certainly externally manage expectations, bring clarity to roles and the activity that we and other partners are engaged in"

The data extract suggests that business planning is important as it can organise resources (e.g. human resources) and facilitate their contribution to the overall objectives of the organisation. Focusing on evaluation of DMO business planning also enables the reviewing of the use of resources and the productivity in the organisation. Furthermore, the business plan can be used as a tool to identify and illustrate the linkages between internal and external DMO activities for value creation. It can support relationships with external stakeholders, as it can allow for clarity in roles and activity in DMO partnerships with stakeholders. This is important as it can enhance the trust of stakeholders and become a catalyst for stakeholder contribution to the work of the DMO and value co-creation (see section 5.2.1).

Stewart (1997) identifies three aspects of organisational structure: the formal structure (illustrated by an organisational chart); the policies and procedures; and, the people's behaviour within the organisation. Clearly, organisational structure aims to provide for economic and efficient performance of the organisation and the level of resource allocation; hence, it affects productivity and economic efficiency. It allows monitoring the activities of the organisation and allocating accountability for areas of work undertaken by groups and individual members of the organisation (Mullins 2002; Worthington and Britton 2003). Organisational structures aim to improve coordination between the different departments and make areas of work more efficient, which results in easier and quicker adaptability to changing environmental influences (Lei et al. 1999). Similarly, Hall and Tolbert (2008) suggest that the task of organisational management is to assess the organisation, and hold that the need to study organisations relates to understand how and why they are effective or ineffective under an economic, political, or moral perspective. The authors, however, emphasise that the importance of the human element and organisational culture should not be disregarded as it relates to the social satisfaction of the members working in the organisation. Internal organisational structure (architecture) affects the morale and job satisfaction of the workforce, while is an essential feature of the learning organisation and empowerment (Hall and Tolbert 2008).

Engaging employees to the achievement of external strategic outputs involves cascading down the DMO objectives to the various levels of the organisation. DMOs are small organisations with specific functions performed by relatively small teams (between 1 to 10 people). Team managers (or senior managers) have the responsibility of cascading strategic objectives within their team, matching strategic and tactical outputs to operational

employee outputs. In this process it is important to match employee personal skill sets with each particular task (link to specific output) requirements (TMP 5). For example, at TMP the Head of the Tourism Development Team organises away-days (often lasting half a working day) where the team members discuss in detail the *“expectations there are from the Tourism Development Team and about how we think overall we are going to achieve the outputs”* relating to local businesses, and especially SMEs. The manager added (TMP 5):

“[The team] will think about who is the right person to go out and achieve how many [outputs] and some people will have more opportunity because of their skill set”

The data suggests that DMO effectiveness relates to successful business planning that focuses on developing and configuring internal organisational structures (organisational architecture) that facilitates value creation from the DMO’s employees. For this value to be relevant, outward-looking organisational objectives need to be aligned with internal objectives and cascaded to the various management levels. Employees will then use their skills and resources to create value.

It is important to note that there has been an overall difficulty in accessing business planning information (and relevant documents) from the participants of this study. Some senior managers have been very reluctant in sharing their business plan (also referred to as "organisational plan"). The main reasons for this can be summarised in the words of a manager who said (VM 3):

“[A]t the moment it is in a working progress. It is not finalised yet, so I don’t think [the CEO] would want that to be distributed”.

Interestingly, when the manager was asked if a previous version of the business plan was available, the response was again negative (VM 3):

“it is not going to be anything that is specific enough I think for your needs {...} they [the broad principles of the business plan] are quite broad at the moment, so I don't know that there will be enough detail to help you”

Other managers simply stated that their business plan was being developed at the time of the interview, but did not give any specific timelines for the completion of the process. In most cases it was also argued that the documents could not be found online as they are not for public consumption. In total, out of the 7 DMOs that participated in the study, only two (LBTB and NT) were keen to share relevant information, making business plans available to

the study. In one of these cases, the manager clearly portrayed the central role of their business plan in performance monitoring of their DMO (LBTB 2):

“In terms of the reports that we produce we tend to... I mean we have our business plan ultimately and from there we have key milestones each financial quarter that we are trying to achieve and linked to that are numerical outputs. Obviously at the end of each quarter we then complete monitoring reports which includes a sort of more qualitative narrative about what activity is being delivered and can then start to maybe incorporate elements of perhaps well as a result of that, so things happened. Then alongside we have financial and sort of numerical data reported against targets as well to see how we’re progressing against key targets. From those quarterly reports we then compile a compilation of all those into our Board reports and it goes to the directors every quarter as well, so again there is a presentation by Mike - our chief executive. He would take them through the performance monitoring reports, highlighting the key issues or any achievements I guess. We have a number of quarterly monitoring reports that tend to report relate to different areas so we may have one on business support, will have one that relates to marketing, so they tend to split down”

The data extract particularly highlights the importance of business planning in terms of illustrating the linkages (and facilitating performance monitoring) between internal and external value creation.

A manager from the second DMO that shared business planning information also noted the benefits of its use (NT 1):

“As an organisation we publish our work program, our business plan, our budgets to our key partners without holding any of these black. In my view it always helps us, particularly if we want to stop something because money gets tight, let’s be entirely frank, entirely open, entirely honest with our partners as to why we are making that decision and why we are going down that route. I think the intangible part of what we are about as an organisation and working in partnership is very much about trust. Without trust everything can fall apart and it can very quickly fall into a situation where there is recrimination, people blame, where people are not prepared to take a risk on your advice and your say-so”

Internal DMO evaluation can assist managers build an evidence base of their activities and results, which can be used as a tool in negotiations with key stakeholders and contribute towards building trust in their relationships. Overall, there was very little confidence that such documents had actually been in use in DMOs or how sophisticated they were in reality.

The potential lack of business planning in DMOs that participated in this study is even more apparent in the words of a manager who said (TMP 5):

"Under the current CEO there isn't really an appetite for that type of approach. {...} There isn't really a corporate business plan {...} [since] 2006, so about 3 years. [We use] a series of individual departmental business plans, which is more of a budget really, and a budget is not... it does set objectives and outputs, but there isn't really an overall, overarching... [corporate business plan] or vision even, or mission statement, which to me is a gap".

In contrast to the above examples, a manager from LBTB clearly states the importance of leadership in business planning (LBTB 2):

"My role here is that of Policy and Strategy Manager. {...} I suppose that is quite self-explanatory in terms of coordinating, sort of the review on key strategic documents and obviously that includes a sort of business planning as well, sort of leading or coordinating the business plan. Alongside that I can very much in involved in securing external funding. Again actually helping to lead on the coordination of external funding bids and then linked to that helping to lead on performance management particularly in terms of requirements for external funding."

The value of leadership for an effective DMO was noted by almost every manager. For example, a manager said (VCD 1):

"I think a lot of it is about leadership and being clear in the communication. And being the hands on, I make sure that I actually have a conversation with every single person in the company every other day, because I don't want to feel distanced and divorced from the shop floor if you like and what actually people are doing and the challenges they face. So I don't just rely on my managers to tell me."

The data suggests that DMO leadership is critical in adopting a business planning approach

to improve the effectiveness of the organisation. Lack of top-level leadership in business planning can compromise the capacity of DMO to improve internal value creation. The potential lack of official focus on business planning (i.e. the availability of business plans) may affect a DMO's ability to improve effectiveness. The data also suggests that DMOs seem to be overly focused on budget management. Prominence of financial or budgetary perspectives of effectiveness is common in non-profit domains. Researchers (Mitchell 2012) attribute this to a managerial emphasis on "outcome accountability" or "overhead minimization". The former involves the achievement of measurable progress towards specific outcomes, linked to "promise-keeping" or accomplishing the mission of the organisation. Additionally, outcome accountability relates to complex inter-temporal (short- and long-term) evaluation and multiple levels of analysis. On the other hand, overhead minimisation relates to cost minimisation, output counting and efficiency. Effectiveness for non-profit organisations can be conceptualised as a balancing act between the two perspectives; however, studies (Mitchell 2012) suggest that the focus needs to be on outcomes and goal attainment, as a means of demonstrating accountability. Furthermore, existing studies (Anderson and Anderson 2010; Cornforth and Mordaunt 2011) recognise that mission, vision and top management leadership are very important catalysts of non-profit organisational effectiveness.

Business planning should be dynamic and evolving. Several DMO managers suggested that their organisations were relatively young (at the time of the interviews) and that their organisational structures developed organically. For example, one manager said (LBTB 1):

"Organisationally it's right for us to be set up as we are... I would suggest because I firmly believe that form follows function and the nature of the roles as are being grown organically. I mean we started off as an organisation of 12. Myself and {...} who is the marketing director sort of have put together the structure of the company and we have had an initial go with that – creating the two teams, and it seems to have worked – It is appropriate for what we do. We have added new positions within both departments"

The manager noted that this "organic growth" is the result of evolving market demands or market failures at the destination. Therefore, the evolving rationale for DMOs clearly dictates their functions and ultimately their business structure. One of the examples they gave clearly illustrated this (LBTB 1):

“We have got a split between a marketing manager who used to be responsible for the ICT and commercial and marketing type of activity. There is a split we made there now though, the ICT team have become more autonomous and the Commercial and Marketing splits off, but that is all organic growth that has been born out of experience really of how we [should do things]”

Organic internal DMO structures are organised in teams that follow a key function or activity, with common examples being marketing, tourism development, business development, membership management, ICT management, policy and strategy, commercial manager, new media manager.

Overall, the data seem to concur with relevant literature (for example Armistead and Pritchard 1997; Hunter 2002; Worthington and Britton 2003; Marr and Moustaghfir 2005; Zheng et al. 2010) and support that organisational effectiveness is affected by both contextual and structural aspects of organisational structure. Contextual aspects relate to the elements of the environment, strategy, technology, business size or life-cycle and culture. Structural aspects include reporting relationships, decision-making processes, communication processes, coordination of work, forms of complexity and distinguishing characteristics (Hunter 2002; Marr and Moustaghfir 2005). As part of a DMO's business planning, internal organisational structure (or architecture) is reflected in the division of work between individuals, the formal organisational relationships, job descriptions, and mainly by the organisational chart of a DMO. The latter indicates the formal pattern of role relationships and the interactions between roles and individuals (Worthington and Britton 2003; Zheng et al. 2010).

7.4 Organisational capability for DMO effectiveness

DMO organisational capability is central in evaluation of business planning. This was clearly illustrated by the words of a DMO manager who suggested (LBTB 2):

“Capacities and capabilities are reviewed as part of the business planning process as well, and appraisals. So I think there is something we are sort of comfortably... you know we have been through a cycle of looking at what we needed, and making sure that we can deliver.”

DMO capability, along with business planning, would need to be at the core of the internal DMO performance evaluation perspective.

Strategic capability refers to the “the resources and competencies of an organisation needed for it to survive and prosper” (Johnson et al. 2009, p.95). Resources can be tangible or intangible. Examples of the former are the organisation’s physical assets, people and finance. Examples of the latter are knowledge, reputation, information, intellectual capital (human intellect, skills, patents, brands, databases, market relationships, organisational practices and routines, culture) (Bontis 1998; Marr and Moustaghfir 2005; Johnson et al. 2009). Organisational competences result from the configuration of skills and abilities by which resources are deployed effectively through an organisation’s activities and processes (Johnson et al 2009). Evaluation of organisational capability is underpinned by an analysis of intellectual capital (Marr et al. 2004). Kotler and Armstrong (2010) note that developing and maintaining a strategic fit between an organisation’s goals, capabilities and its changing marketing opportunities is an important function of strategic planning. Value is created by cost-efficient configuration of resources and competences in a dynamic business environment; based on the precondition that these are adequate and suitable for success. Since environmental conditions change, resources and competences should adapt too (Johnson et al. 2009). Capability elements are regarded as pertinent to the internal performance evaluation framework of a DMO and are the focus of this section.

DMO managers that participated in this study noted that acquisition and management of key resources is crucial for the survival of their organisation and their ability to perform their roles in destination management and development. Key resources include funding, human resources, and information or data (e.g. market intelligence). For example, a manager explained the value of focusing on performance evaluation in terms of resources (VM 1):

“[It] gives the senior management team, you know the management team of directors a much better understanding of what is working well, knowing how much resource have been put into that particular department or activity or initiative. {...} From our perspective, obviously having the right cocktail of funding is massively important. {...} So the funding is hugely important [and] human resources... I would say they are the two big ones for me.”

The manager also added (VM 1):

"Most of what I measure in terms of my success is less tangible. My success as a CEO would be staff turnover for example. It would be people moving on to better jobs so that is staff development. It would be the performance of the company and individuals within it. My job is really to create a context in which they can perform to their best and to not have to get them in boils with all the things I get to... I mean I basically do politics and funding. They do all the things that are important if you like."

It is suggested that performance evaluation would need to focus on the use of resources (e.g. funds and staff) in order to help managers understand resource usage and resource intensity of specific activities or initiatives, which ultimately can result in resource efficiencies.

The emphasis on staff progression and turnover, as well as the performance of individuals within organisations is central to an Internal Marketing philosophy to management (Ahmed and Rafiq 2002). This approach denotes "a planned effort using a marketing-like approach directed at motivating employees, for implementing and integrating organisational strategies towards customer orientation" (Ahmed and Rafiq 2002, p.10). Internal marketing aspires to facilitate higher levels of efficiency and effectiveness via a focus on the critical interface between marketing, operations and human resource management. The ultimate purpose is to increase employee motivation and satisfaction, inter-functional coordination, strategic alignment, a participative approach to management, and a customer orientation (Ahmed and Rafiq 2002; Verey and Lewis 2002).

The effective management and organisation of human resources has several interlinked components (VM 1):

"[In order to be successful], there has to be... human resource and the skills and the personalities that people bring to business like us because at the end of the day we are not producing anything what we are effectively selling or communicating is effectively our knowledge, our skills... you know the way that we are related to our stakeholders that's absolutely hugely important to us. I think the key to the tourist boards success... is having there right people in the right positions."

The knowledge, skills and the personalities (i.e. values and attitudes) of employees (human resources) are critical competences that are associated with human resources. For

example, the skills of DMO employees can influence the capability to offer external stakeholder value (VM 4):

"[T]his is something that we have talked about a strategic level in terms of you know [for example] if a hotel company is looking to open a hotel in Manchester, if there is someone that wants to see us as a consultancy services [company] to help prepare a bid for them to secure funding, you know we have been through that process many times and various different teams. So that is the resource and a skill that we can share with them."

The data suggests that the knowledge, skills, abilities and personalities of DMO employees are catalysts for the DMO relationships with its stakeholders. It is critical for DMO effectiveness to attract employees that have the 'right' qualities and allocate them in positions that can perform best. Essentially, knowledge, skills, and expertise of DMO employees are seen as important competences that can be used to create services that offer value to external stakeholders.

Relevant studies (Medina-Borja and Triantis 2007) suggest that organisational capacity of non-profit organisations relates to programme delivery, which provides the organisation the ability to accomplish outcomes and grows out from a specialised field of practice. Moreover, organisational capacity relates to programme expansion (capacity to grow), which requires higher capability (resources and competences). However, contemporary wisdom calls for adaptive capability, which refers to the ability of the organisation to deliver its mission while the needs of its beneficiaries evolve.

An interesting approach to overcome the challenges of adaptive capability was taken by VCD (VCD 1):

"Most of the people in here don't come from tourism backgrounds. {...} it is quite deliberate. They are experts and professional in what they do. {...} our PR person is a journalist by training, {...} our marketing executive comes from FMCG, she was marketing manager for a pine furniture manufacturing company. Our business relationships manager is a chemist by trade and spends a lot of time with the agricultural industry engaging farmers in the things that [didn't want] to do - that is very useful. Our information manager is a planer originally and a minerals planning expert or something, and our database administrator comes from the motor industry. {...} I'm always told

by my peers that “you have very interesting team” and I think that they think a curious team actually.”

VCD benefits from the expertise and specialism of the diverse members of staff from the “fresh ideas” that they bring with them. For instance, having a chemist as a relationships manager at a DMO of a rural destination with several stakeholders from the agricultural industry can significantly improve engagement of local farm businesses and relationship building with them. However, employing people with no background in tourism has its challenges too. These mainly relate to training and developing tourism and destination specific knowledge, as well as understanding the political, managerial, governance issues of the composite industrial environment of destinations. Integrating these members of staff with DMO tourism ‘specialists’ was suggested as a way to overcome such challenges. In VCD, as part of a wider integration and consolidation process, the DMO is absorbing the visitor services staff (the staff from the local Tourist Information Centres), who are predominantly positioned in visitor-facing posts. Therefore, senior management expects these members of staff to infuse their tourism specialism to the ‘non-tourism’ staff and advance their tourism system understanding (VCD 1).

An important resource for DMOs is data or information (i.e. market or other intelligence) that can be used to provide a greater insight into their context and stakeholders. For example, information captured by PMS can be used to improve understanding of stakeholder operations and needs. At the time of the interviews, a new Business Relationship Management (BRM) system was being introduced in LBTB and linked with their existing web platform (DMS) (LBTB 1; LBTB 6). As a manager explained (LBTB 6):

“[T]here needs to be some shared learning, which I don’t think we particularly do at the moment {...} we are inputting a new system for business relationship management. We have got thousands of tourism businesses, everybody has a contact in some way. We need to map the whole picture of how we are in contact with those businesses, so I have done the [technical] requirements, gathering the procurement, because I have done systems implementation before, so [I am] doing that... and that is a big learning curve for the company because we are starting to understand a little bit more of the processes we are using and how we interact and what our goals are. So there is a little bit of shared learning coming in... internally. Actually, people are realizing that we have maybe been sat in little silos a

little bit too much, and that we don't need to be sharing everything all the time because otherwise there wouldn't be any specialism, but actually we need the bigger picture of the company in order to be effective."

Employee knowledge of each other's role and input, as well as have a good understanding of how value is created throughout the organisation can improve effectiveness of DMOs. Sharing information between individuals, teams and departments supports learning and knowledge creation within the DMO. The value of communicating vital information within DMO departments, teams and individual employees was noted by several managers. For example, a manager suggested (LBTB 3):

"At the moment, and this is something we have just started working on as an organisation, we don't know what is actually involved in each other's roles... all the way through their roles. So then if a business has just taken part in my survey, if I don't know what everyone's role is within the organisation I cannot decide who that information might be important to. It will obviously be important to the Business Development manager in case they want to go and see them and then they can mention this to them and build that relationship, or if it's someone who did use to take part in surveys and has stopped for some reason then maybe they can have a word with them. For those in charge for membership, it can probably be good for them to know as well. Little things like that would help us have a wider understanding of how our businesses are doing and therefore can help them more"

The data suggests that information exchange within DMOs can support knowledge creation and improvement of individual employee and team understanding of mechanisms of DMO value creation.

A further representative example on learning and knowledge creation within DMOs is illustrated by the words of a manager who said (VCD 1):

"[W]e have an annual appraisal system with six-monthly catch ups, we have monthly staff meetings, we have two staff away days a year we have regular reporting, but also we have regular feedback sessions like yesterday's evaluation session was extremely good at bringing us all together and looking collectively at the impact of our work and helping the two teams understand what each other is doing. So we have a lot of sort of mechanisms

if you like, the way we measure it is actually through the appraisal system and through feedback from our stakeholders because they are not shy in coming forward if they are not happy. We log our compliments and our criticisms”

Managers seem to have gained a better understanding of the benefits accruing from the process, both the organisation and the employee. Relevant studies (Becker et al. 2011) have found that good practice in employee assessment calls for consultation with staff in the development of the performance appraisal framework, which should reflect the organisation’s specific context, values and mission. Effective employee assessment frameworks facilitate high level of ownership, commitment and ultimate accountability. Further benefits include improved direction for (and input of) staff, and benefits for both the employee and the organisation.

Information about external stakeholders (i.e. partners, members or customers) or market intelligence data can be quite sensitive and its acquisition may be challenging for DMOs. For example, SMEs, especially at their start-up phase, can be reluctant to share sensitive information about their operations, nature of business and customer management or marketing (LBTB 2). Nevertheless, acquisition and internal communication of such information can assist in business planning and improvement of DMO processes. A critical reflection of performance data can reassure DMOs that they are performing the right functions and at appropriate levels of effectiveness, or alert them for gaps in the type or quality levels of service provided (LBTB 2).

The data suggests that information or intelligence is critical resource for DMOs in order to be able to create value internally, but also for external stakeholders. Knowledge of a member's or a stakeholder's 'interaction' (engagement or involvement) with DMO activities is important as it can help the development of further (and stronger) business relationships. Sharing of information is also time sensitive, since the timing of communication can affect the ability to exploit opportunities for value creation and relationship building. Overall, communication of information within the organisation (i.e. knowledge management and learning) is a catalyst for integration of activity with the DMO and, therefore, increased efficiency and effectiveness.

Evidently, internal DMO effectiveness relies upon efficient information flows, knowledge

sharing and knowledge management. The data implies an account management approach to business management, where 'interaction' information is captured and shared within the DMO. Several studies (De Bussy et al. 2003; Zoe and Ogba 2009; Zheng et al. 2010) discuss the importance of internal marketing and two-way information flows in organisations. Moreover, Zheng et al. (2010) see knowledge management as an intervening mechanism between organisational context and organisational effectiveness that leverages cultural, structural and strategic influences. Effectiveness in knowledge management also denotes the usefulness and the value of organisational resources. Researchers (Moullin 2007) also acknowledge that not only strategy, process and performance measures need to be aligned with each other, but also aligned with the expectations and requirements of service users and other stakeholders. Such an alignment can be in the form of involving representatives of partner organisations in developing and implementing the performance measurement framework, or to using the framework for a network of organisations who provide services for a particular user group.

Stakeholder contribution is often required to increase or complement the capacity of DMOs to create value both internally and externally. The former relates to the DMO outsourcing supporting activities to external stakeholders, while the latter to external stakeholders contributing to the value creation or the co-creation of development outcomes at the destination (see also sections 5.3.1 and 6.3.3.1). The small size and limited resources, in addition to their strong governance ties with LAs, have often led DMOs to outsource administrative tasks. For example, a manager noted (LBTB 2):

"[W]e obviously have a set of procedures that we follow. Those procedures are if you like 'lent' by Lancashire County Council. I have mentioned outsourcing [our] finance operations, and in a similar way we outsource our legal, HR, and we have advice sort of contact with Lancashire County Council. So from an HR perspective we tend to follow their procedures, so if it came to recruitment have clear set of guidelines, but it tends to evolve from the County Council procedures."

Outsourcing, however, can affect DMO performance, as not having thorough control of their own HR has potentially affected training and skill development of DMO employees (LBTB 2):

"Yes, one of the things we have identified is the fact that we don't have somebody to necessarily coordinate some of our training needs, whilst we do

staff appraisals to identify training and development needs, and we have budgets set aside to help support that where appropriate, our training tends to be a bit ad hoc, so you may identify a need with your line manager and then you agree who goes off and finds it, but we have decided that we need a more cohesive training plan for the organisation. Because again sometimes by doing it a bit more ad hoc line managers and employees... what we may not be picking up is actually two people from upstairs have the same training needs as somebody downstairs and actually we can source that better collectively and that is maybe what we have not been as hot-on on being able to do, because we don't have a collective training plan. So we have identified that as... we need to find some resource to be able to help us develop that"

The example of Lancashire County Council performing some of the LBTB's supporting functions illustrates a business model that indeed creates very strong links between the two organisations. LBTB also has a founding relationship with Lancashire County Council and two more unitary organisations: Blackpool and Blackburn (LBTB 1). Not surprisingly, their key processes, policies, operational procedures and ultimately business cultures are severely influenced by these County Councils, infusing a public sector business philosophy into the DMO. In some respects this is a challenge for DMOs as it limits their autonomy and affects their decision making, policy and strategy development and implementation. However, some managers see this as an opportunity that bares some "public sector benefits" for a DMO (LBTB 2):

"I think in the private sector it is down to the organisation to adopt cultures and processes and policies and procedures. I think in the public sector they have them in place – it is an added [benefit]... perhaps or it is the perception of an added reinsurance in that respect [that] they will have whatever process is required, whereas in the private sector it could be variable in terms of what is in place and obviously the quality of what is in place maybe"

In a similar fashion, in 2009 at Northumberland and Durham seven district councils and one County Council became a single authority through a unitary process. In Durham, the tourism operations of these organisations were integrated with Visit County Durham (VCD), the sub-regional DMO that was initially very small in terms of staff numbers. As a result of

this integration, in 2010 over half of the staff (approximately 60%) of Visit County Durham was on secondment from Durham County Council (VCD 1).

Outsourcing does not focus only on internal or supporting services (e.g. legal or HR services), but it can also include services to businesses (LBTB 1):

“I don’t believe we are lacking in any area in terms of what we need to do for the sector, we are... we could actually double the numbers of people in the team and be twice as much, but that is never going to happen and we have to be realistic about that, so we need to prioritize, we need to focus on those areas where we get the best for the resource that we put in in terms of time and money. And if we need to outsource to improve our capacity and capabilities, we do that.”

Another manager noted the importance of external stakeholder contribution in terms of supporting the development strategy of the destination (VM 2):

“[A] component which influences capacity and I think that this kind of attitude. I think you can have infinite resources, you can have infinite skills, but if you don’t have the will and the direction from a city or a destination, you know it can lose its impact and one of the things in which Manchester in particular – and I say this as a Liverpoolian [smiles] – has done incredible well in having that attitude and direction in all aspects whether it would be the development of the city, whether it would be the way it faces business and the way it looks at attracting visitors. We have a very clear view of what the city is strong in and where we need to work. I think without that component you know the two elements would be completely... the kind of the skills and the funding, without that attitude, without that direction that would dissipate and dilute as an impact.”

The data suggests that stakeholder commitment to support the development strategy initiatives is an important determinant of stakeholder contribution that affects DMO effectiveness in complementing its capability.

Technology is another important factor that affects DMO capability. For example the LBTB was using a Business Relationship Management (BRM) system and a manager noted the differences between their old paper-based system with the new digital one (LBTB 3):

“We have got now about a year’s log. What is good about this log is it... someone let’s say from the Business Development goes out to see someone they can actually go in [the log and] search for this business. It is just on a spreadsheet. That is what we have got up the moment. They can see the information and say... I have seen these business before or one of my colleagues has seen it and, if they wanted to, then they could either speak to the colleague or a go and look at the form everyone has to complete and that is kept in a filing cabinet. So there is a way to get interaction and share information. Now I don’t think it has been utilized at the moment because the system is quite... you know it is just a spreadsheet... you have to go in... and there isn’t that much information. But we are just in the process of setting up a BRM system – basically a Business Relationship Management system – which would be online and then all that information that we are now collecting would be put online so we can just type in what business we are going to see, you’ll get the business [information], it will have how many hours the Business Development managers spent with them and what they have done with them. It would also have what marketing packages they have bought, if they are a member... everything. That is what we are developing at the moment and that has taken on board everything that we need to know and stuff... so yes it is useful. {...} and what reports you can actually get out of this... kind of account stuff... if you have the technology that you can input stuff and then you can draw out a report from it easily then.”

The data suggests that technology makes knowledge management more efficient for DMO managers. DMO organisational learning is a key catalyst as employees need to learn and adapt to new ways of working. Ultimately, this results in improved DMO capability, efficiency and effectiveness. Zoe and Ogba (2009) note that effective communication messages have local meaning, and can help inspire employees to willingly engage with their jobs. New media can be an important tool to enhance effectiveness of communication and knowledge sharing (De Bussy et al. 2003).

Interviewed managers noted the role of the physical business architecture as a determinant of internal effectiveness of DMOs. For example, a manager described the way the layout of the DMO offices, which extend over two floors in the building, creates a working

environment that affects everyday operations of the organisation (LBTB 4):

“Upstairs are marketing and membership. Downstairs are business development, research and training and skills. I think that has a huge influence in the organisation beyond what you would expect it to be, bearing in mind that it is just the floor isn’t? But it does have... each section has a distinct feel into it. And we have made some inroads into that. We have had team away days that have been really good in building and communicating.”

The manager, however, found additional ways to go around the layout hurdle (LBTB 4):

“I do sit on every other, alternate business development meetings as my role kind of sits a bit of sort of hazily in the middle as my colleague {...} who is PR. She sits on that one so we take turns. That has been very useful because it is about finding out what they do and how it can interlink it has also brought out the whole money-thought that is funding for me. Because that is not what I do, but when I go out to see members they do ask me questions and now at least... now I feel I have the skills to be able to pass them to the right person and set them on the right track, although not deal with their full inquiry, but at least see them on their way... So that has been working really well.”

The manager’s efforts went even further (LBTB 4):

“I have been trying to work downstairs as well. There is a hot desk downstairs so I have been trying to put myself down there, although to be fair we are quite tight on space logistically here, and I have not always physically had a desk to work down which has been a bit of a shame but I have been trying to do that swapping and go downstairs and spend a couple of hours down there. It is about as much as making relationships and communicating as much as anything.”

Similar comments have been made by managers of other DMOs. In another characteristic example the manager noted (TMP 4):

“[T]he other danger you see, we are in an atrium here and you have got a big divide between the two sides of the office. {...} It is surprising how a divider sometimes you know [creates] a bit of “that side” and “this side”. [smiles] {...} The staff newsletter certainly helped in communication

allowance, what people were doing and stuff.”

The data suggest that barriers to communication between employees or teams, for example the physical set-up of the offices, can be mitigated by setting formal processes or means of communication (i.e. a newsletter).

In addition to physical architecture of the DMO offices, the daily routines of employees as part of their job roles and activities for value creation can present specific challenges to internal effectiveness (LBTB 4):

“So I don’t know whether as an organisation we have a lot of people that are out of the office a lot of the time and I think that has an influence as well. Our business development manager is out of the office a lot, so you kind of lose that opportunity to talk with them to find out what is going on and build up ideas and work with them. And myself I am actually out of the office quite a lot so we do find it difficult to get that time”

These particular characteristics of the working routines (or activities) of DMO managers can be a source of opportunity or tension that affects DMO performance; therefore, they need to form part of an internal perspective to DMO performance evaluation.

Internal working routines and employee activities also relate to the configuration of business processes and the links between the various DMO services (e.g. membership, marketing, business development). An example of this can be noted in the words of a manager who highlighted the links between the activities of various teams (TMP 4):

“A lot of it... would probably come down to members’ expectation and what they want from their membership. If they specifically want some marketing activity or they specifically want some access to funding, which is reliant on another person or another team delivering, or going out to meet that member, then obviously that’s... they are heavily reliant on you know I am putting my trust on those teams.... to go out and meet with those members and deliver on our behalf and... I suppose likewise if I don’t feel I am not doing my job and I am not responding to members’ needs and I am not communicating well with them... then obviously they are going to not be very happy and you know if they decide not to renew the membership and the income goes down, then there is not enough money in the pot for [the]

Tourism Marketing [team] to spend next year or another department to spend.”

The data suggests that effective business processes would enhance the links and knowledge transfers between the various functional teams of a DMO. This will ultimately enable and facilitate aggregation of stakeholder value. The data also suggests that, in addition to having business structures and processes that able the communication of the relevant information across individuals and employees, DMO employees (or teams) need to act on this information and deliver the relevant value. The latter in particular implies that employees are engaged and motivated to take action for value creation.

7.5 Summary

The discussion in this chapter has explored key findings relating to an internal perspective of DMO effectiveness. This perspective is a significant addition to the overall DMO PEF as it focuses on value creation from the achievement of efficiency and effectiveness within the organisation. Evaluation from an internal perspective involves an analysis of the DMO's organisational capability and as such examines tangible and intangible resources, as well as competences. Internal perspectives of DMO performance evaluation focus on organisational structures, processes and functions within the DMO. Performance in these areas is determined by availability and quality of resources, for instance financial and human resources, organisational culture, and learning capability. Evaluation of internal performance perspectives can provide a certain level of reassurance about management decisions and organisational direction as it can assist in identification of opportunities and threats in the DMO operating environment. Effective DMO evaluation in this perspective requires simple and straight forward processes, and KPIs that are grouped by stakeholder where possible. Importantly, this study has found that performance management can improve relationships between a DMO and its external and internal audiences (i.e. employees). An internal perspective of performance evaluation needs to illustrate linkages within the functions of the organisation and outputs and outcomes, as well as cause-and-effect relationships. Moreover, internal performance evaluation needs to promote equality and fairness in terms of workload between employees, as well as serve the important function of internal accountability of teams and individual employees. Internal DMO performance evaluation can support staff development, succession management, as well as

the overall survival and growth (evolution) of the organisation. Internal DMO effectiveness is both formally and informally assessed via set KPIs. Internal DMO performance evaluation needs to be a platform that provides clear corporate governance, comprehensive added value to external stakeholders, ensure stakeholder engagement and partnership, maximise commercial activity and secure resource acquisition, build a strong brand, and continuously improve and adapt in the dynamic business environment. Emphasis on an internal perspective of effectiveness can assist the DMO access or secure income, deliver staff training and development programmes, secure core and project funding. A holistic approach to performance evaluation of DMO effectiveness from an internal perspective needs to include all the levels of the organisation, both strategic (corporate) and operational (senior, middle, and lower management levels. Internal DMO performance evaluation needs to secure the joint accomplishment of economy, capacity, efficiency and effectiveness. DMO organisational capabilities (resources and competences) are important drivers of quality and performance. However, each DMO ultimately places specific level of importance on these elements according to the nature and the influences of its specific environment (context). Two key areas of internal performance evaluation are identified in this study, namely: business planning (functions, structure and processes); and, organisational capability (resources and competences).

Internal performance evaluation of DMOs was strongly associated with business planning. The focus is on cascading strategic objectives for value creation within the organisation. Moreover, added value is important for both the destination and its stakeholders, but also for the DMO as an organisational entity. Internal performance evaluation needs to focus on identifying cause-and-effect relationships and clarify how they contribute to the achievement of strategic objectives. This can be facilitated by having clearly articulated expectations from every level of management (senior, executive, administrative, etc.) as well as by every position in the organisation (job descriptions). As a result, DMO managers can manage relationships easier and can represent the organisation externally more effectively. Internal evaluation should facilitate organisational alignment and integration with strategic roles that give a common direction to the organisation as a whole. Internal DMO evaluation can assist managers build an evidence base of their activities and results, which can be used as a tool in negotiations with key stakeholders and contribute towards building trust in their relationships. DMO business planning is strongly influenced by the specific set of opportunities, challenges, market failures or needs, as defined in the destination's development strategy. Moreover, business planning is strongly influenced by

key funders, which can be a hurdle for DMO evolution and adaptation to more effective operations. DMOs may outsource some of their business functions (e.g. secretarial functions), which creates very strong links with external stakeholders. These relationships are often between DMOs and LAs and involve key processes, policies, and operational procedures. Ultimately, business cultures are severely influenced, (and in case of partnerships with LAs) infusing a public sector business philosophy into the DMO. It became evident from most of the discussions with DMO managers that DMOs in England were relatively young organisations (at the time of the interviews) that developed their structure organically. Their “organic growth” was the result of evolving market demands or market failures at the destination. Internal DMO structures were mostly organised in teams that followed key function or activity. For example, key functions included marketing, tourism development, membership management, ICT management, strategy and policy, commercial activity, project management, and PR management. Internal performance evaluation needs to take into account that the physical business architecture can affect internal effectiveness of a DMO. The layout of the offices in the building can create a working environment that affects performance of employees and ultimately influences everyday operations of the organisation. Moreover, DMO staff often have to spend several hours out of their offices, for instance meeting destination stakeholders, which can affect DMO performance.

An internal perspective of DMO evaluation needs to focus on organisational capability. This was found to relate to the key resources that DMOs need to survive (e.g. funding), employee skills and technology. The study has found that due to public sector funding cuts, several DMOs had to focus on increasing commercial revenue. This, however, did not affect their status as non-profit organisations. A common example of this practice is the introduction of business relationship management system for more efficient and effective stakeholder data management. However, the shift of emphasis towards new revenue streams required new skills and resulted in a gradual shift of business culture. Therefore, it is suggested that internal DMO performance evaluation needs to facilitate potential requirements for cultural shifts. For example, a stronger commercial focus would require more rapid decision making processes and an increased market-focus. The latter relates to revenue stream generation from commercial activity (rather than public funding) and inevitably to a shift in stakeholder importance.

An internal DMO performance evaluation perspective needs to focus on people within

DMOs. For example, the performance of individuals within the DMO needs to be a determinant of progression and turnover. DMOs that participated in this study evaluated individual-level performance mostly by “staff appraisal systems”, assessed by line managers often on an annual basis. Team-level performance was evaluated by team-specific KPIs that principally aligned with DMO funder requirements. Assessment and reporting was following quarterly, 6-monthly or yearly cycles, while often following project or programme funding guidelines. Information was used to identify deviations from projected results and performance and to devise strategies for improvement. Monitoring effectiveness at employee and team levels is a useful way for providing intermediate feedback on long-term objectives. Internal performance evaluation needs to assist DMO managers identify areas where effectiveness or efficiency is lacking. Managers should then be able to understand why this deviation in performance has occurred and what can be done about it. Moreover, performance evaluation needs to be able to enhance employee confidence, not only internally, but also externally when managers go out and meet the tourism businesses. Managers need to be clear about the rationale for the KPIs they are asked to use, as this has an impact on their motivation and empowerment. Moreover, it should allow to clearly identify an individual’s input in the achievement of KPI targets, as DMO activities are often delivered by more than one employee or team.

Performance evaluation of DMOs is often strongly influenced by funding regimes and their approach to performance management. However, this study has found that this can be problematic for DMOs as flexibility and reflective practice are important for effective learning and development in DMOs. Nevertheless, an internal DMO performance evaluation perspective will need to ensure the integration of performance information of individual employee, team, departmental and corporate levels. It is important to be able to have consistent measurement, together with strong leadership and clear communication of performance monitoring and evaluation strategies. An effective internal performance system needs to have the capacity to change and evolve as well as mature within a dynamic business environment. It is important to understand 'what' performance information is needed to operate effectively and "move forward" and to communicate this information effectively within the organisation (knowledge management, business analysis and analytics). Internal performance evaluation should enable DMO employees to know each other's role and input, as well as have a good understanding of how value is created throughout the organisation. Similarly, availability of information important, as well as time sensitive, since the timing of communication can affect the ability to exploit opportunities

for value creation and relationship building with internal and external stakeholders.

The development of an internal performance evaluation system would need to have the input of all stakeholders involved, and certainly employees at senior, middle and lower management levels. This can allow for an "overarching view" of the performance of the DMO, which would also make the system useful for reporting to the board. Nevertheless, top-level management (i.e. CEOs) strongly affect the stance a DMO takes towards performance management. An alternative to formal internal DMO performance evaluation system could be the development of a number of management "values" to drive employee performance. Internal performance evaluation needs to capture a DMO's ability to acquire resources to deliver its objectives effectively. Moreover, internal performance evaluation needs to link to an assessment of employee skills and expertise, as well as team performance, particularly in key DMO functions. Further areas of focus can include absence levels, operating costs, volume and quality of outputs, people management or human resource management, as well as strategic output.

CHAPTER 8 Synthesis and Conclusions

8.1 Introduction

The aim of this study was to identify key performance perspectives that enable the comprehensive evaluation of the operational effectiveness and strategic impact of DMOs. The objectives set to help achieve this aim were: 1) to examine the rationale for and the roles DMOs; 2) to critically analyse the operational activities of DMOs; 3) to critically explore the theories of organisational effectiveness within the context of DMO management; 4) to identify the key determinants of effectiveness of DMOs; 5) to establish a framework for the evaluation of the organisational performance of DMOs. The study employed a robust research design that followed an interpretative social sciences paradigm and a qualitative methodology. After an extensive literature review that included the areas of tourism development, destination management, organisational effectiveness and performance management, four research propositions were developed (section 3.9), which then guided the development of interview question prompts. Twenty face to face, semi-structured interviews were conducted with senior managers and a performance specialist from seven different DMOs across England. Three discussion chapters were presented with the key findings of this study in line with the relevant literature. This chapter presents the final synthesis of knowledge created in the study that lead to the PEF for DMOs (section 8.6). The chapter initially presents key conclusions on the benefits and challenges of performance evaluation for DMOs and their destinations. Furthermore, DMO effectiveness is determined by contextual influences that shape the DMO's rationale for existence and non-profit strategic impetus. The PEF is then presented through a synthesis of the outward-looking and internal perspectives of DMO performance evaluation. Moreover, the chapter presents the main contributions of the study, together with areas for future research and implications for practice. The chapter concludes with the limitations of the study and a critical reflection of the research journey.

8.2 The benefits of performance evaluation for DMOs and destinations

This study has found that DMO performance evaluation that involves both outward-looking

and internal perspectives can have significant benefits for a DMO and its stakeholders. Outward-looking perspectives (see section 8.6 below) can assist DMO managers to place more emphasis on clarifying strategic and operational objectives, to set priorities and to define success (outputs, outcomes and impacts) of their activity. This would entail clear definitions of destination development opportunities as well as failures, and would need to be developed in partnership with stakeholders. Emphasis on performance evaluation can allow DMO managers to understand the mechanisms that affect value creation and co-creation in their activity. In other words, the DMO can focus on the cause-and-effect relationships in the destination that can have an impact on the visitor economy and identify the key partners and forces that can support or impede development. Therefore, performance evaluation can facilitate improvements in performance of both the DMO as an organisation, as well as the destination partnership networks that it is involved in. Even more importantly, performance evaluation can assist a DMO to demonstrate its strategic contribution or additionality, which is the change in the destination context and its dynamics that would have not occurred in the absence of the DMO's intervention. Having a clear understanding and being able to demonstrate its additionality would strengthen the capacity of the DMO to clarify the elusive relationship between the DMO's own and the destination's success. Performance evaluation can allow DMO managers to collect evidence of results, recognise success, demonstrate legitimacy and enhance credibility. The latter in particular is a catalyst for an enhanced ability of a DMO to attract commercial income, but also to strengthen stakeholder trust and improve external and internal relationships. This is in line with a new way of thinking in DMOs that was apparent in this study and aims for financial independence from public sector funding streams.

Internal performance evaluation can provide a certain level of reassurance about management decisions and contribute to the confidence of DMO employees in how they move forward. Moreover, internal performance evaluation can improve organisational direction, since performance information can also inform future decision-making and assist in identification of opportunities and threats in the DMO operating environment. Internal perspectives of performance evaluation (see section 8.6.2 below) can allow a DMO to focus on value creation from its inputs, resources organisational structures, processes and functions. Linkages between functions, outputs and outcomes can be illustrated in internal cause-and-effect relationships. The various levels of internal performance evaluation extend from business strategy to operations and individual employees, with benefits in efficiency and effectiveness that stem from both formal and informal KPIs and performance

reporting. Internal performance evaluation can provide feedback to individual employee and team performance, as well as promote equality and fairness in DMO employee workload. Additional benefits can relate to supporting staff motivation, staff training and development, and succession management. Overall, benefits of internal performance evaluation can be linked to clear corporate governance and stronger DMO brand that can lead to securing resources, engagement and partnership of stakeholder, comprehensive added value and continuous improvement in the dynamic business environment of destinations. It is, therefore, evident that the internal and external perspectives are strongly interwoven and co-create value for both the DMO and the destination.

The study ascertains that DMOs would benefit from quality practices in performance evaluation, which would necessitate a systematic approach to performance measurement. Such an approach would require clarity in performance management systems that focus on both strategic and operational perspectives. In order to maximise the benefits, it is important to clearly state the purpose of performance measurement and evaluation, as well as the level of detail required. Despite the fact that tailor-made performance management systems would allow for valuable flexibility in performance measurement that is critical to achieve relevance in the varied contexts of DMOs (see section 8.5), these often require additional resources (e.g. funds and time). Nevertheless, a focused and coherent approach to performance measurement practice is valuable for DMOs as it would provide opportunities for learning and improvement, efficiency and effectiveness, but also for comparisons across various DMOs. DMO performance evaluation is particularly relevant in the contemporary DMO context of limited public funding and a shifting focus towards alternative funding sources underpinned by commercial revenue logic. A holistic and systematic focus on performance evaluation also supports DMO partnerships within their local LEP structures as it indicates the organisation's commitment to learning, improving efficiency and effectiveness. In addition, providing evidence of performance can support stakeholder trust in the DMO and increases the potential for stakeholders to contribute to destination development.

8.3 Key challenges of DMO performance evaluation

The study found that there are several challenges in performance evaluation of DMOs that

need to be acknowledged and managed. Failing to do so can result in increased anxiety and discouragement of managers to implement performance evaluation practices in DMOs. A major challenge for DMO performance evaluation is defining destination development success as it is of a varied, dynamic and composite nature. Success can only be defined in a subjective manner and is linked to multiple stakeholder views (i.e. setting objectives, selecting target levels and ways to achieve results). Therefore, a DMO needs to engage stakeholders in defining development goals, priorities, activities, and ways to monitor or evaluate them (i.e. KPIs). The study found that DMO success is associated with the SAV and the additionality of DMO activity, particularly in terms of having a positive influence on the destination context and its dynamics that would have not occurred in the absence of a DMO's intervention. However, in addition to DMO activity, the positive influence on the visitor economy is strongly dependent on the actions (and performance) of the various stakeholders involved. Therefore, clearly identifying the cause-and-effect relationships of a DMO's activity is very challenging, as results are achieved in partnership with networks of stakeholders. In addition, a key challenge stems from the multiple interpretations of the destination's development context and dynamics that also affect the definition of cause-and-effect relationships. Ultimately, there can be multiple theories of change for the destination's development and reaching a balance in the various views, although necessary, can be a very difficult task. The challenges are exacerbated by the fact that a destination's context and dynamics continuously change. These changes require an evolving definition of destination development success that is based on continuous learning and evolution, taking into account the various stakeholder views and emergent outcomes. As a result, the DMO's performance evaluation would also need to be flexible and adaptable to the evolving definitions of destination development success.

Collecting DMO performance data is inherently linked to collecting destination development performance data. This not only requires agreeing KPIs for destination development with key stakeholders, but also involving them in the actual data collection process. The cooperation of key partners is critical and can be more effectively achieved by aligning performance indicators of DMOs with those of destination stakeholders (public, private or civil society) at different levels. A key challenge in this is that often DMO stakeholders have difficulty in identifying or suggesting clear performance indicators. This potentially exacerbates the challenge of defining KPIs and the elusiveness between outputs and outcomes in a destination's context. In addition, the study found that negotiating with stakeholders on the target levels for KPIs can be a challenge for DMOs. DMOs need to

manage stakeholder expectations and set realistic performance target levels that derive from result-chains in destination development programme monitoring and evaluation planning, and demonstrate return on investment for the DMO, the destination and its stakeholders.

A further challenge in defining and monitoring success for DMO performance evaluation is associated with the time-lags inherent in many development activities, programmes and projects that a DMO is involved in. As often the results of development activities can take several years to appear, success can be very difficult to monitor. For instance, a DMO can contribute to the process of bidding for events that could take place in 10 to 15 years, and (in the case of successful bidding) the impacts of these events would only be measurable in an additional 5 to 10 years after the event took place.

Despite the need for flexibility and adaptability of DMO performance evaluation, the study found that DMOs are strongly attached to performance regimes of major funders (i.e. RDAs or the EU). Therefore, DMO performance evaluation is strongly influenced by funding bodies' requirements and contractual agreements. On the one hand, this means that the DMO's approach to performance evaluation can be more relevant to return on investment from specific development projects. However, the study also showed that DMOs can often be overwhelmed by such requirements, resulting in reduced flexibility and autonomy. The required alignment with key funders of development programmes or projects limits the flexibility of a DMO to develop their own tailor-made performance evaluation systems. Additional tensions can stem from the diversity of a DMO's funding bodies (e.g. EU/ERDF, RDAs, memberships, commercial income). These funders may have diverse approaches to monitoring and evaluating performance that affect the focus, scope and depth of such activities. Increased challenges can stem from potential differences between funders and beneficiaries that can challenge the balance of a DMO's focus. Although the quasi-public, non-profit nature of DMOs in the UK, as portrayed in this study, illustrates a strong dependence to public and membership-based resource streams, there has been an increasing shift towards alternative funding streams with stronger market orientation. This shift would require DMOs to generate funds with entrepreneurial ventures, which can be challenging for a small organisation like a DMO. However, as a non-profit development agent, a DMO would often aim to reduce activity or size, rather than its increase market share, which can be another source of tension in the approach of DMO managers to performance evaluation.

An important challenge for DMO performance evaluation that was identified in this study is the inherent emphasis of these organisations on outward-looking approaches to performance. External value creation is prominent in DMOs as external stakeholders satisfaction is at the core of their rationale for existence. In addition, external value creation is a pre-requirement for receiving or sustaining core funding. This outward-looking emphasis is reflected on the central role of a DMO in the Destination Management Plan (or Area Tourism Plan), which describes the strategy and key priority actions for the visitor economy of the destination. Although this DMO activity is essentially a critical one for destination development, over-emphasis on outward-looking perspectives of performance evaluation can be myopic. A holistic approach to DMO performance evaluation needs to include both outward-looking and internal perspectives, which would allow for a balanced focus on both the Destination Management Plan and DMO business planning.

This study has found that there is significant scope for increased attention on performance evaluation in DMOs. The limited application of formal performance evaluation practices, other than the ones linked to contractual agreements with key funders, can be attributed to the technical challenges of performance management. These arise principally from the complexity of the task and the level of knowledge and detail required. There is an evident lack of scientific performance evaluation understanding and expertise both in DMOs and their stakeholders. This results in negative perceptions of performance measurement and evaluation that associate it to bureaucratic, tedious and costly processes. It is imperative that DMO managers develop specialist knowledge and sophistication on designing, implementing and evaluating performance evaluation systems. It is particularly important that any relevant training and staff development initiatives result in an increased ability in developmental evaluation, as well as an ability to identify links and value creation mechanisms between internal and external systems (i.e. internal and outward-looking performance evaluation perspectives). This would support a more clear evaluation of additionality, clarifying DMO and destination success. Developing this capability in performance evaluation would need to involve the DMO stakeholders too as they are an integral part of performance evaluation practices. The evolving context and dynamics of each development activity means that the various development initiatives that DMOs engage in would expose training needs for evaluators of performance (i.e. DMO managers and other stakeholders). Therefore, DMO managers and the stakeholders of each development initiative would need to be involved in continuous training and development in technical aspects of performance evaluation.

8.4 Defining DMO effectiveness

Proposition 1 DMO effectiveness is defined by their rationale for existence and their non-profit strategic impetus

DMOs are important strategic actors within tourism destination systems. They act as development catalysts for the visitor economy, striving to lead towards meaningful and balanced destination development that follows principles of sustainability and competitiveness. This study ascertains that DMO effectiveness is defined by the organisation's rationale for existence and non-profit strategic impetus, which have five interwoven components: supporting the visitor economy by means of strategic value creation and co-creation; a strategic leadership role for tourism at the destination; supporting the strategic development of the visitor economy; and, improving governance structures for tourism development. First, the rationale for DMOs and their non-profit strategic impetus relate to supporting the visitor economy and to strategic value creation and co-creation at destinations. DMO effectiveness needs to be linked to its strategic value outputs and outcomes, principally in terms of positively influencing and working collaboratively with tourism stakeholders. The contribution of stakeholders is critical in the achievement of some of the DMO results. Therefore, DMO effectiveness is influenced by the effectiveness of DMO partnerships with key stakeholders. This implies that the DMO needs to clearly define its goals and its stakeholders' contribution in the achievement of results; but, also that some alignment between DMO and stakeholder goal definitions is established. Second, the rationale for DMOs and their non-profit strategic impetus are associated with their strategic leadership role for tourism development, destination management and collaborative governance. DMO effectiveness is related to the organisation's performance in leadership and coordination of tourism stakeholders. This component of DMO effectiveness involves synchronising stakeholder activity, facilitating stakeholder engagement in the development of a vision for the destination, as well as facilitating policy implementation in alignment with wider socioeconomic policies and principles of sustainability. Third, the rationale for DMOs and their non-profit strategic impetus relate to supporting the strategic development of the visitor economy. At the core of this component of DMO effectiveness is the collaborative formulation, agreement, implementation and evaluation of destination development strategy, which underpins the Destination Management Plan. DMO effectiveness is associated with the organisation's

performance in facilitating stakeholder participation in identifying and examining market opportunities and failures of destination development. This further involves designing development programmes, defining and evaluating success, bidding for funding and other resources, setting priorities for action, stimulating engagement of all relevant stakeholder domains and encouraging synergy, improving focus and coordination, encouraging effective use of resources, as well as facilitating the resolution of issues or challenges. In essence, DMO effectiveness is defined by its ability to provide (or influence the creation of) the set of conditions within which empowerment of individuals and organisations become possible. This involves augmenting institutional capacity by creating a strategic context for organisations, fostering partnerships within the local visitor economy, enabling the pursuit of strategic aims and influencing other organisations. Overall, DMO effectiveness in supporting the strategic development of the visitor economy is linked to its performance in promoting and shaping local growth, by means of supporting strategic destination development initiatives. Fourth, the rationale for DMOs and their non-profit strategic impetus relate to improving governance structures for tourism development. This component of DMO effectiveness involves establishing or strengthening tourism governance structures, and reinforcing links between stakeholders of tourism development and policy at various levels (i.e. local, regional, national). DMO effectiveness is associated with stimulating stakeholder engagement in networks of collaborative governance, addressing issues of duplication, fragmentation or lack of focus and coordination, as well as, facilitating a beneficial balance of power and influence in systemic leadership. The four aforementioned components of the rationale for DMO existence and their non-profit strategic impetus determine the definitions of effectiveness intrinsic within both outward-looking and internal performance perspectives.

Definitions of DMO effectiveness are also strongly influenced by government policy for tourism and other resource providing stakeholders. It was evident from the findings of this study that DMO managers place strong emphasis on external perspectives of organisational effectiveness and performance, with their focus evolving around implementation of development programmes and initiatives as manifested within the DMP. This can be expected as it strengthens DMO 'external accountability' in terms of outputs, outcomes and impacts; which is vital in providing evidence to key stakeholders and sustaining the provision of critical resources. This study found that strategic impetus and resources (e.g. funding) are two critical interdependent and complementary elements, which strongly integrate and determine DMO performance evaluation. Strategic impetus links to the

DMO's rationale for existence and its role as a tourism development agent. Therefore, a DMO's strategic objectives are influenced by several stakeholder interests (needs and wants) in destination development and ultimately determine external accountability. Whilst there are often fewer funding stakeholders, they are increasingly diverse in nature. Key funding stakeholders can include the government, the European Union (EU), and (until recently) the RDAs, in addition to local businesses that either participate in membership schemes or pay for specific services offered (e.g. promotion) by the DMO. It is evident that the outcome of accountability for public funds is both of an economic and social nature and relates to the interests of diverse stakeholders; whereas, private sector funding tends to focus on competitiveness, economic growth and profit maximisation. Therefore, approaches to defining effectiveness and evaluating performance have the propensity to diverge, creating some tensions for DMO managers in achieving outcome accountability.

Until the abolition of RDAs in 2012, in the UK, DMO funding was mostly of public sector origin (i.e. government or EU), routed to them via the RDAs. With influences from the EU, the government was responsible for setting the broad strategic development agenda within its tourism policy, whilst providing the core funding for its implementation. In this context, a quasi-public, non-profit impetus underpinned DMOs and the understanding of effectiveness. In this model, the complementarity between strategic impetus and funding meant that there were potentially weaker tensions in defining the effectiveness construct and the strategy for its evaluation. However, evidence from the interviews indicates that this was not the case for several DMOs. A possible explanation could be that, within the destination context, effectiveness as a concept is elusive, involving multi-stakeholder perspectives and several intangible elements for assessment (i.e. outcomes or impacts). Moreover, the tensions potentially were exacerbated by a strong emphasis on economic development and satisfaction of private sector stakeholders within the visitor economy.

The abolition of RDAs and the introduction of LEPs has diminished the regional level governance structure for DMOs, which are now required to work as key partners within LEPs. Public funding has initially been very limited, but since 2013 the government has recognised the need to provide financial support to the new structures (see appendix 1B). While the EU is suggested once again as a key contributor of funds through the Structural and Investment Fund programmes, the private sector is expected to take a strong role in strategic direction as well as in resource provision. This will clearly shift balances and will require new equilibriums in definitions of effectiveness and in turn of evaluation strategies.

The new dynamics that constantly evolve should not diminish the value and relevance of the findings of this study, as important lessons can be drawn that can inform contemporary practice, some of which are presented later in in this chapter. Nevertheless, this study has found that tensions are bound to emerge from the antithetical management values routed within the public and private sector nature of the key stakeholders (e.g. local businesses, industry associations, LAs, DMOs, public sector organisations).

If DMOs are set to continue their strategic role of coordinating the development of a multifaceted visitor economy, it is vital that they preserve a focus underpinned by principles of sustainability with a comprehensive approach to satisfaction of stakeholder needs. This corresponds with a non-profit logic to DMO effectiveness that gives emphasis to stakeholder value and outcome evaluation.

8.5 Strategic context variations and DMO rationale

Proposition 2 DMOs rationale for existence and strategic impetus are determined by their specific context and business dynamics

This study found further evidence to support that the particular context of a destination determines the rationale for DMO intervention (Sharpley and Telfer 2002; Saarinen 2004; Cooper and Hall 2008). This context extends across geographical, social, political, technological domains that at the local level shape the mosaic of destinations through unique and dynamic combinations. For example, socio-cultural characteristics of the local destination define people's values, beliefs and attitudes towards tourism. This is intensified by the dual nature of destinations as a business environment and a social space. In this context, there is a plethora of different perceptions and attitudes towards the nature and direction of tourism development. As a result, the nature of opportunities or challenges of the visitor economy vary and DMOs may need to pursue diverse development outcomes and set different priorities for action. A relevant example was discussed in Chapter 5 with a comparison between a non-traditional tourism destination (County Durham) and a destination that has a long history in tourism (Blackpool). Stakeholder roles and dynamics change in such different contexts and destination development, and therefore the DMO as well, often faces different challenges. Local variations can extend from structures and

processes of collaborative governance to the understanding of strategic value and development objectives for a destination, its stakeholders, and its DMO.

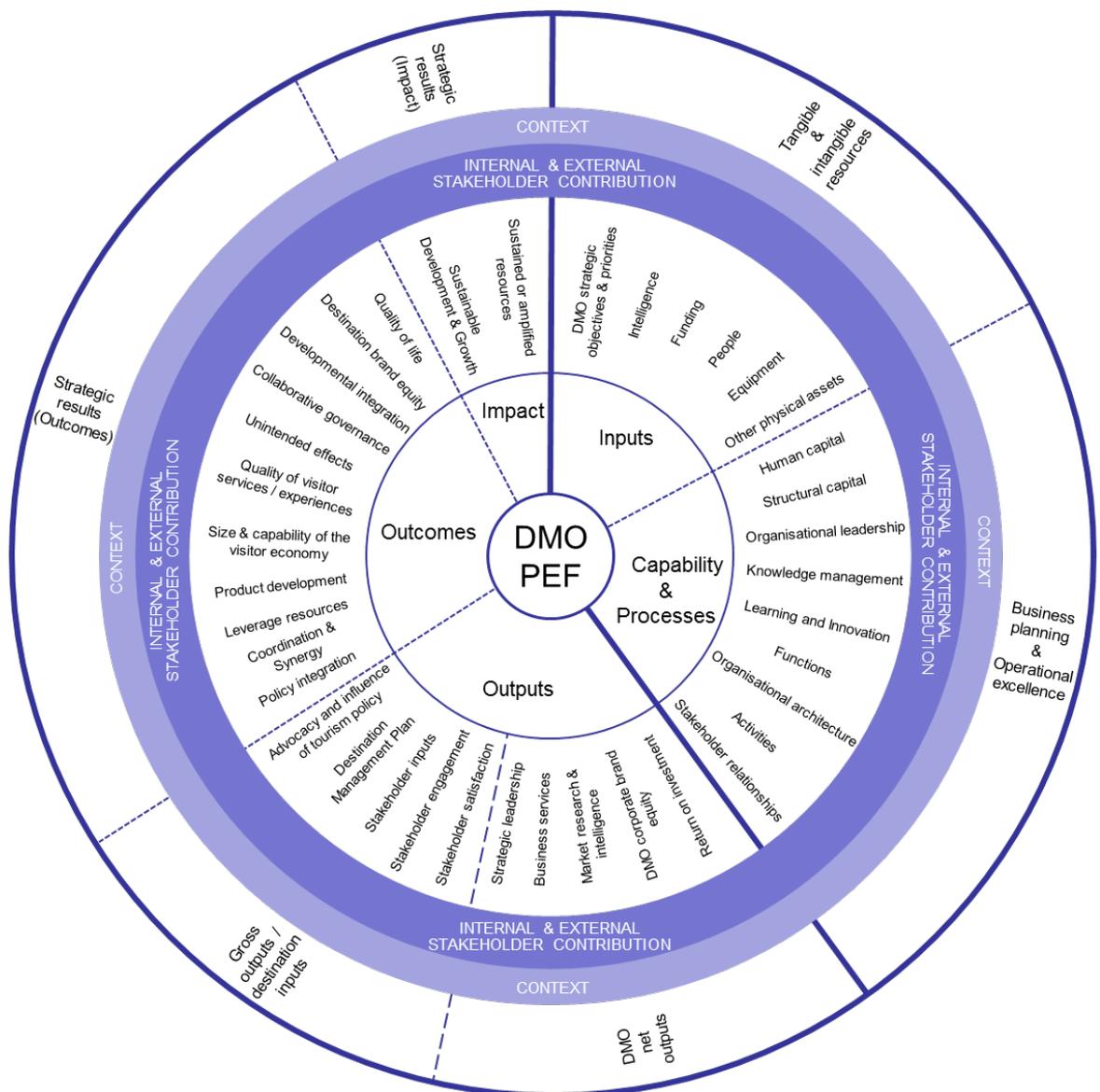
It is not only the outcomes and activities of destination development that can be diverse, but equally ideologies, idiosyncrasies, attitudes and behaviours vary too. The latter in particular are underpinned by symbolic, political, relational and emotional importance that people attach to elements of the local destination characteristics (Untaru 2002b). As a result, perceptions of the value added by the DMO can vary and evaluation of effectiveness can be a highly complex task. DMOs would need to engage their stakeholders in the process of defining development goals and strategic value, in addition to specific frameworks to evaluate their achievement. Defining effectiveness can be an even harder task when the geographical size of the destination, as well as the number and diversity of the stakeholders increase. In addition, definitions of effectiveness need to acknowledge the evolving destination network dynamics. In order to cater for these network dynamics, it is important to focus on changing and adaptive definitions of effectiveness that link to multiple causal paths and emerging outcomes. Within this subjective paradigm, DMOs need to emphasise 'core strengths' and 'success stories' of their local areas that demonstrate authenticity of the tourism offer and strengthen the competitiveness of the destination brand. This thematic approach to destination development often involves a portfolio of headline projects that DMOs coordinate, consolidate, develop and implement in partnership with key stakeholders across different sectors and the community.

8.6 Presenting the synthesis of the Performance Evaluation Framework (PEF) for DMOs

The study has identified key performance perspectives that enable the comprehensive evaluation of the operational effectiveness and strategic impact of DMOs. To this end, a holistic framework is presented below that synthesises the conclusions drawn from the thematic analysis carried out in chapters 5 to 7. The resulting PEF integrates outward-looking and internal perspectives of DMO performance evaluation, as illustrated in Figure 8.1 and with the discussion of the following sections. The interface between outward-looking and internal perspectives of DMO effectiveness is elusive as internal and external stakeholders co-create value. This value co-creation is the result of each stakeholder

group's contribution, which varies at different stages of the process. The elusiveness between internal and external value creation is the main source of elusiveness between DMO and destination success that has been identified in the literature (Sainaghi 2006; Bornhorst et al. 2010; Volgger and Pechlaner 2014). By providing a comprehensive framework for the evaluation of DMO performance, this study is contributing to a better understanding of the dynamics that determine the elusiveness between DMO and destination success.

Figure 8.1 The DMO Performance Evaluation Framework (PEF)



Source: Author

8.6.1 *Outward-looking performance perspectives of DMO evaluation*

Proposition 3 DMO performance is affected by external (micro and macro) cause-and-effect relationships (impact chain) with a plethora of external stakeholders

The study has found that outward-looking performance perspectives are an integral part of DMO performance evaluation. Evaluation of these perspectives focuses on the strategic value that the DMO creates or co-creates with its stakeholders. Outward-looking performance evaluation perspectives are underpinned by a DMO's rationale for existence, and are associated with four destination development areas: identifying the rationale for intervention; designing action plans for the strategic support of tourism; administering the implementation of destination development activity; and, monitoring the impact of development interventions. Emphasis needs to be on the evaluation of strategic leadership of the DMO in engaging relevant stakeholders to work collaboratively and in partnership with the DMO in the aforementioned destination development areas. Since external value is co-created in partnership with stakeholders and through network value-chain mechanisms, the DMO will need to be able to define and calculate its net outputs or additionality and contribution towards destination development.

Identifying the strategic rationale for intervention involves defining tourism development opportunities and failures, which lead to devising strategic objectives for development. DMO performance needs to be evaluated in terms of its ability to consult stakeholders, as well as to initiate, facilitate and manage stakeholder negotiations in defining those opportunities and failures of development. A DMO needs to be an honest broker and pursue a democratic, balanced and fair approach to framing the rationale for development intervention that takes into account the views of all relevant stakeholder groups. Ultimately, the rationale for intervention needs to be based on a thorough analysis of the local situation of the destination, and can relate to areas like skill gaps, quality inefficiencies, market intelligence, stakeholder coordination and synergy. The development intervention needs to be in line with principles of sustainability within socio-economic, environmental and political domains.

Based on the established rationale for intervention, the DMO needs to lead the collaborative efforts of stakeholders for the advancement of a tourism strategy. The study

found that DMO performance evaluation needs to focus on DMO activity to engage and support stakeholders in the formulation of a strategic vision and strategic objectives for the visitor economy, in addition to the design of action plans for their achievement. The destination development action plans include projects and programmes that each needs to be based on a specific and unified theory of change and impact chain models. The latter define the causal (or cause-and-effect) relationships from inputs through activities and outputs, culminating in outcomes and impact of development intervention. All these are key impact chain elements of a development initiative and their definition needs to be clearly agreed between all stakeholders. Inputs refer to the resources (e.g. funds, technical assistance, and skills) that need to be mobilised to produce specific outputs. Activities are the actions taken or work performed through which inputs (resources) are mobilised. Outputs refer to size, scope and quality of products and services that result directly from the completion of programme or project activities. Outcomes are the short- or medium-term (intended and unintended) effects of an intervention's outputs, which require the collective effort of partners and represent changes in development conditions or context; for example, changes in attitudes and behaviours, or changes in knowledge and skills. Impacts are the positive and negative effects on identifiable population groups that are produced by the development intervention, directly or indirectly, intended or unintended. Such effects of destination development intervention can include institutional, economic, socio-cultural, and environmental. An additional critical aspect in designing action plans for the destination is setting and monitoring key performance indicators and targets across the impact chain. This allows for monitoring and controlling the process of project and programme implementation. DMO performance evaluation needs to focus on its leadership and supporting role in achieving congruence between the multiple and diverse stakeholders on the configuration of theory of change in terms of inputs, activities, outputs, outcomes, impacts, KPIs and target levels.

The study found that DMO performance evaluation needs to include the leadership and supporting role of the DMO to implement the tourism development action plans. This relates to the activities of a DMO that administer the implementation of development projects or programmes by stimulating and facilitating the engagement of relevant stakeholders. The study found that there are six key interrelated areas of activity: leveraging resources and stewardship; strategic advocacy and influencing tourism policy; market intelligence and marketing strategy; business development and competitiveness; business services and membership schemes; destination competitiveness and marketing.

Leveraging of resources includes the activities of the DMO to support the coordination of stakeholder contribution in terms of resources (inputs) and activity to development projects and programmes. Examples of the former can be funds, time, skills, or intelligence; and, examples of the latter can be engagement of public sector services, or engagement of private sector in product development or quality enhancement. Emphasis needs to be on synergy effects from network value chains, and on the efficient use of destination or stakeholder resources, in addition to avoiding potential duplication of activity. Strongly associated with leveraging resources and stimulating engagement in development activity is the task of strategic advocacy for tourism. DMO performance evaluation in this area focuses on the DMO activity to lead and support lobbying for tourism with the aim to influence policy at local, regional, or national levels in order to accommodate specific local needs of the visitor economy. The credibility, legitimacy and trust of a DMO strongly affect its efforts in this area. The DMO needs to be able to provide evidence of the visitor economy's performance, as well as evidence of the visitor economy's capability and potential to contribute to key agendas linked to skills development, job creation, economic development or improvements in quality of life. Having the ability to provide such evidence would strengthen the DMO's power to influence political decisions.

Market intelligence is critical for the development and implementation of relevant and robust development projects and programmes. DMO performance evaluation should focus on the leading and supporting activity of the DMO on gathering market intelligence that informs the destination's as well as individual stakeholder's marketing strategy. This involves the development of a comprehensive research plan that employs varied methodologies (i.e. qualitative and quantitative research) and gathers intelligence from both supply and demand. Furthermore, the contribution of the DMO in the analysis and interpretation of data, as well as the dissemination of findings to relevant stakeholders, are important for many stakeholders, particularly SMEs who have minimum capacity to conduct research individually. The market intelligence supports an in depth understanding of the market, as well as the capability and potential of the sector. Building on market intelligence, the DMO in partnership with stakeholders can develop comprehensive a destination marketing strategy that contributes to development projects and programmes.

The study found that DMO performance evaluation needs to include the assessment of activities that aim to support the development of the capacity and capability of the local

businesses, and in turn the competitiveness of the visitor economy in line with the strategic vision for destination development. Emphasis needs to be given to the type, size and quality of business services that the DMO offers and the level of engagement of stakeholders. The competitiveness of the local businesses can be strengthened by raising their awareness on quality issues and supporting them to improve their offer. For example, the DMO can stimulate and support the participation in training programmes that improve employee skills and competences and ultimately the capability of the local businesses. Similarly, the DMO can facilitate network and cluster development in order to stimulate knowledge transfers and synergy benefits in the visitor economy. Business development initiatives require stakeholder trust and commitment as the results of the activity (e.g. skill development) may require several months to become evident and to have an impact in the competitiveness of a business. The study found that there are strong links between building stakeholder trust and offering business services within membership schemes. Membership schemes allow for more efficient relationship building and value co-creation with the member organisations. This is because they allow for a closer and deeper relationship with stakeholders based on an increased ability to acquire information from members about their needs and their capabilities, which ultimately results in the ability to offer member services that are more relevant and beneficial. DMO performance evaluation needs to focus on activity that aims at recruitment of new members, retention of existing members, and the types and levels of member engagement.

The study asserts that DMO performance evaluation needs to focus on the leadership and supporting activities of the DMO for improved destination competitiveness and marketing. These activities focus on increasing the level of understanding of destination products and target markets, setting priorities for product development or improvement. A key area of activity is the strengthening of the destination brand in order to increase visitor numbers and availability of inward investment or other resources. In addition, DMO activity includes the provision of accurate and reliable travel and destination information or advice to visitors via marketing campaigns or TICs. Emphasis needs to be placed on promoting authentic experiences and managing expectations.

Monitoring and evaluating the impact of development interventions is another key area of DMO performance evaluation. This relates to an assessment of the strategic results or impacts of development projects and programmes. The focus is on collecting and reviewing information about the progress of activity during the course of each programme or project

as well as at their completion. Emphasis needs to be placed on the additionality of each project and programme. This relates to the change that has resulted due to the programme and would have not occurred otherwise. However, the DMO and its stakeholders share responsibility about the development results; therefore, it is important to assess the additionality of the DMO and the contribution of its stakeholders in the development process. DMO performance evaluation needs to focus on its capacity to lead and support the monitoring and evaluation of the interventions in terms of the overall value of the development initiatives rather than in terms of individual stakeholder benefits. DMO activities need to support the focus on developmental monitoring and evaluation in terms of 'where' and 'how' value was created along the impact chain. Similarly, evaluation should focus on DMO actions that support the collection, analysis and dissemination of performance information of development activity. Overall, DMO performance evaluation needs to focus on its activity to lead and support the monitoring and evaluation of the processes and outcomes of the following areas: the progress and the achievements towards the implementation of each programme; the impact of each development activity, particularly the strategic added value generated; the specific gross (co-created value) and net (DMO created value) outputs achieved; the effectiveness of each programme in terms of intended impacts; the additional unintended benefits of each programme; the value for money of each programme and activities; the lessons arising from each programme and its evaluation.

8.6.2 Internal perspectives of DMO performance evaluation

Proposition 4 Effectiveness of DMO performance is influenced by internal value creation mechanisms within the organisation

This study found that internal perspectives of DMO performance are an essential part of a holistic approach to DMO performance evaluation. Internal performance perspectives focus on internal value creation within a DMO in terms of economy, capacity, efficiency and effectiveness and are associated with DMO business planning and organisational capability. In terms of business planning, a performance evaluation framework needs to focus on the appropriateness of the business objectives, strategic priorities, key functions, structures and processes of the DMO. This includes the development of a clear business strategy (i.e.

vision, mission, strategic objectives, etc.) that will provide a clear purpose and direction for the organisation, essentially shaping the key DMO functions, structures and processes. The business objectives and priorities of a DMO need to be aligned with its rationale for existence and strategic impetus; therefore, contribute to external value creation (outward-looking perspectives of DMO effectiveness). These business objectives should be cascaded down to the various functional departments and managerial levels within the organisation. Specific roles and tasks are allocated to individuals and teams in accordance to their assigned objectives and associated function. These roles and tasks are part of the business structures and processes of the DMO's business planning. Business structures add value by specifying appropriate linkages between the various DMO functions that support the coordination and complementarity of activity of individuals and teams.

The study concludes that in order for DMOs to perform its business planning successfully, appropriate tangible and intangible resources need to be attained and used efficiently and effectively. Key DMO resources include funds, human resources, information, equipment, physical assets, and stakeholder relationships. The effective performance of the DMO depends on the suitability, adequacy and quality of resources, as well as their effective deployment. Effective deployment of resources means that resources are arranged within the organisation in such a way that enables the organisation to perform at its best. Effective deployment of resources includes the optimum configuration of the DMO employee skills and abilities through the DMO's activities and processes. In other words, DMO effectiveness is dependent on the configuration of DMO resources and competences (skills and abilities) within its business planning (function, structures, processes). This configuration needs to allow for coordination and complementarity of resource utilisation, as well as facilitate resource flows within the DMO. Employee skills and competences are part of the DMO's intellectual capital and knowledge assets, which include knowledge, skills, abilities, routines, practices, culture, relationships with external stakeholders, and technological infrastructure. Knowledge management depends on effective communication of information within the DMO. Knowledge transfer supports learning and evolution, which is critical in the dynamic context of DMOs. Specialist skills of employees enhance staff productivity and efficiency, as well as support staff motivation and satisfaction. Internal performance evaluation needs to assess employee skills and expertise, as well as team performance. Formal and informal practices, together with personalities of the employees, are integral parts of a DMO's structural capital, affecting staff empowerment, motivation, and satisfaction, influencing internal relationships and organisational culture. Relationships

with external stakeholders are vital to DMOs as they are the key beneficiaries of DMO activity. However, the study found that relationships with external stakeholders are also important because of the contribution of these stakeholders to DMO capability. This is evident, for example, when DMOs outsource some of their activities (e.g. accounting services or human resources) to external stakeholders (e.g. the local County Council). Technology is part of the infrastructure of a DMO that can facilitate efficiencies and effectiveness of activity. Similarly, DMO capability is determined by the physical structures of the working spaces of DMO managers, for example, office architecture.

The study found that a DMO's strategic business objectives and priorities are determined by its rationale for existence and strategic impetus. As such, the choice and emphasis of DMO business functions may vary depending on the development context of a destination and the rationale for intervention. Following on from this, the choice and emphasis on business functions, structures and processes may vary, together with the competences (skills and abilities) that are needed for the DMO to be effective. Therefore, although the internal perspectives of DMO performance evaluation would remain relevant for every DMO, the weighting of each perspective and corresponding indicator will most certainly vary. Successful adoption of the proposed performance evaluation framework would need to acknowledge these differences. Overall, an internal performance evaluation needs to focus on the cause-and-effect relationships that create value within the DMO and clarify how they contribute to the achievement of strategic objectives.

8.7 Main Contributions of the Study

The critical role of DMOs in the management and competitiveness of tourism destinations is widely acknowledged (Morrison et al. 1997; Pike 2004, 2005; Ritchie and Crouch 2005; Minguzzi 2006). However, at the outset, this study identified a paucity of research and relevant publications focusing on performance evaluation of DMOs, a finding that is supported by several researchers (Pike 2004; Ritchie and Crouch 2005). The few existing studies with a focus closest to that of this study have examined 'destination' performance variables and models (for example see Dwyer and Kim 2003; Ritchie and Crouch 2005; Sainaghi 2006; Crouch 2011; Volgger and Pechlaner 2014); however, acknowledging the important role of DMOs in this endeavour. Bornhorst et al. (2010) presented a comparison

of destination and DMO success determinants; while, Frechtling (2005) conceptually examined the application of BSC to DMOs. However, there remained several gaps in the literature with regards to DMO performance evaluation. First, there was no clear theoretical understanding of the meaning and nature of 'effectiveness' for DMOs. Second, the key perspectives of DMO effectiveness were unidentified. Third, there was no clear guidance as to what methods can be used to evaluate DMO performance and what their potential limitations are. Further to the above, this study is significant, as it seeks to advance knowledge and understanding of the determinants of effectiveness of DMOs. In addition to this, this study seeks to contribute to the general performance management theory as useful insights become evident from testing and refining the theory in the composite industrial environment of the visitor economy. In particular, the overall contributions made include:

1. a conceptual framework that elucidates the meaning of DMO effectiveness
2. the specification of key perspectives for the evaluation of DMO effectiveness
3. a number of new avenues for further research to explore further the area of DMO effectiveness
4. several recommendations for DMO managers on DMO performance evaluation

Finally, evaluating effectiveness and measuring performance is an essential step towards improving organisational effectiveness and performance enhancement (Kaplan and Norton 1992; Faucett and Kleiner 1994; Kaplan 2001; Neely et al. 2003; Lawson et al. 2007; Ritchard et al. 2009; Daft 2010). Therefore, the wider implications and practical applications of this study are important. DMO managers and politicians can use the findings of this study to improve efficiency and effectiveness of destination management structures, which is highly important in today's environment of significant public sector funding cuts. Clearly, the performance evaluation framework that this study presents will be an important contribution that provides a best practice approach to improve the effectiveness of DMOs. This will lead to greater efficiencies, resource utilisation and 'added value' in the network of relationships of DMOs. Ultimately, identification of principles of successful performance evaluation will improve DMO accountability and legitimacy, a key element in the (democratic) governance of destinations (Hemmati et al. 2002; Bogason and Musso 2006; Spyriadis et al. 2011).

8.8 Recommendations for Research and Practice

A number of potential areas for future research can be identified from this thesis:

1. Subsequent studies can test empirically the PEF developed in this study both within England and internationally.
2. Senior DMO managers' views informed this study. Future investigations could explore the views of further destination stakeholders.
3. Future studies can have a narrower scope and focus either on internal or external perspectives of DMO effectiveness, allowing for even more scrutiny and refinements of the identified perspectives.
4. This study found that DMOs have remained unsophisticated in their performance evaluation and performance management practices. A subsequent study could focus on exploring the level of specific DMO's capability to implement the PEF introduced by this study (see figure 8.1).
5. Future studies could focus further on the challenges that DMOs face when developing and implementing organisational performance measures (e.g. KPIs) or performance management systems.
6. Further studies can attempt the development of a core set of KPIs for each performance perspective, taking into account the dynamic nature of the effectiveness construct.
7. The elusive relationship between destination success and DMO success was discussed in this study, but could be further explored in future studies.
8. Building on the suggestion within this study that evolving hybrid forms of DMOs and destination governance entail tensions rooted on the antithesis of public and private managerial values, future studies can examine the dynamics of these relationships in terms of determinants of balance and patterns of behaviour.
9. An interesting study would be to compare and contrast the benefits and challenges related to the influence of private versus public funding streams on performance evaluation strategies.
10. Future researchers could investigate management practices that focus on performance evaluation of 'the DMO' brand.
11. An unexploited area of research is the role of the board in determining performance evaluation strategies of DMOs.
12. Further studies can focus on the impacts of performance management on the

DMO's organisational culture.

The study has a number of important implications for managers in terms of performance evaluation of DMOs:

1. DMO performance evaluation can provide support in identifying areas for improvement in economy, efficiency, capacity and effectiveness of achieving strategic and operational results, which can increase return on investment.
2. Performance measurement and management requires specialist knowledge. Therefore, DMOs should strive to develop their organisational capability (skills and competences) with regards to performance monitoring and evaluation.
3. Evaluation practice needs to include both outward-looking and internal perspectives of DMO effectiveness.
4. The PEF can assist DMOs to evaluate their additionality in destination development initiatives and inform improvements in destination development initiatives.
5. Evaluation of effectiveness needs to be context specific; therefore, variations in the emphasis on the perspectives of the PEF are expected across different destinations and points in time.
6. There is a need for a clear definition of each objective within the context of its evaluation. As effectiveness is a socially defined construct, it is important to ask 'who' the performance information is for and for 'what' purpose will it be used.
7. Stakeholders need to be involved in developing definitions, methodologies, indicators and targets of evaluation. This should be done at any level, from employee level (i.e. staff), to network level (e.g. local community).
8. It is imperative that every effort is made to provide a clear definition of inputs, structures, processes, outputs, outcomes, impacts to the extent possible. A particular challenge will be to identify the dual or multiple functions of these elements. Both qualitative and quantitative indicators would need to be used.
9. Since evaluation of effectiveness is based on historical data, it is a snapshot of past performance. Therefore, its usefulness increases when comparative data are available so that managers can identify patterns or trends in effectiveness and plan for future actions.

8.9 Limitations of the study

The value of this study lies in the exploration of a contemporary issue in DMOs that has been scarcely investigated by existing research. Moreover, the value of the study relates to the depth of investigation of the concept of DMO effectiveness and the identification of key perspectives for its evaluation with the important contribution of senior DMO managers. However, the study has not benefited from contributions of other destination stakeholders, like local businesses, the community, or visitors as this was beyond the parameters of the study. The views of a wider spectrum of stakeholders would offer a wider understanding of DMO effectiveness that could inform the DMO PEF. Nevertheless, this study has successfully developed a PEF that can be further tested or verified in future studies that involve wider selection of destination stakeholders.

A potential limitation stems from the fact that during the course of this study destination management and governance structures in England radically changed due to the economic crisis, the reduced public sector funding, as well as the abolition of RDAs and the introduction of LEPs. For instance, the primary data collection was completed just before the LEPs were formed and operational, so the findings of the study could be regarded as less relevant. However, the knowledge created in the study is not diminished by these changes as lessons learned about definitions of DMO performance (section 8.4) and perspectives of DMO evaluation (section 8.6) are developed while acknowledging and reflecting upon the evolving context of DMOs (sections 8.5 and Appendix 1). A focus on performance evaluation of DMOs becomes even more important in the contemporary context of tourism development where emphasis is on partnerships and accessing critical resources is increasingly challenging.

Since DMOs across England can vary significantly in key organisational characteristics (e.g. size, budget, core funding, business models) or destination contexts (e.g. urban, rural, size, stakeholder characteristics), it may be argued that it is quite difficult to make generalisations from this study. However, despite these variations, the rationale for existence and the strategic impetus of DMOs is similar. What the variety in organisational characteristics and destination context affect is the strategic priorities and; therefore, the emphasis each DMO would give to the various components of the PEF. Moreover, the robust qualitative research design of this study has assisted in developing a rich and deep

understanding of the impact of such diversities; for instance, DMOs that participated in the study belonged to four out of the nine economic regions in England. This has expectantly allowed the contribution from an appropriate variety of DMO structures and contexts. Nevertheless, a quantitative study could test the empirically of the PEF in the future, as could further qualitative research.

Although already discussed in the methodology chapter (chapter 4), it is important to stress that the interpretive paradigm and qualitative methodology used in this study inevitably suggest that the role of the researcher can have potentially influenced the quality of the findings. However, the methodological rigour (i.e. robustness of the qualitative strategies of inquiry) of this study indicates integrity and competence, which in turn enhances the usability of the findings.

8.10 Personal reflections and final thoughts

Conducting this study involved constant discovery of the subject, the problem itself as well as me as a person and as a researcher. This has been indeed a dynamic, challenging, open-ended and complex process, which involved invaluable experiences and precious learning that allowed me to gain a level of competence as an independent researcher. It is now clear to me that this process was just the inspiring beginning of an exciting life-long research journey.

The PhD stage of my journey has not been an easy one. During the first years of the study, and while I was at my early 30's, I had to quickly adapt to a new professional and personal life. I was fortunate enough to be doing research in an area that was very interesting for me. This gave me motivation and strength to immerse myself into this study. After successfully going through the first milestone, my transfer viva, I felt massive satisfaction and relief that my study was gaining in strength and sophistication. I soon realised though that arranging interview meetings with DMO managers was a very challenging task given the time consuming process of gaining access to senior staff via regional gatekeepers. This turned into a disappointment and worry when I realised that the primary data collection process was consuming far more time than initially planned. In fact, the data collection process took half of the initially allocated time of this study. As a result, in the Easter of

2009 I was forced to start looking for a job and by September 2009 I was working for Manchester Metropolitan University.

The first few years of my first ever full-time academic job have been very challenging. The new job was demanding and I worked endless hours day and night to simultaneously fulfil my academic duties at MMU, as well as, to make progress with my PhD research. For five very hard years, every weekend, every holiday and every break from the university has been either 'PhD time' or 'guilt time'. Although I have had a rather 'rough ride' in my PhD journey, I do feel it has been a positive life changing experience. I am extremely grateful for the knowledge that I have gained as well as the skills that I have developed, while I look forward to expanding further my research into tourism and destinations.

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Appendices

Appendix 1: Tourism Management Structures in England

1A) Tourism management structures in England between 2006 and 2010

Up until their abolition in 2012, at a regional level, the nine RDAs had strategic responsibility for tourism in their regions. These were non-departmental bodies, “set up as strategic “arms-length” bodies under the RDA Act in 1998” (Roberts and Lloyd 2000; BIS 2012, p.12). RDAs had the primary role of acting as strategic drivers of economic development and regeneration in their region, with emphasis on environmental policy, sustainable development and agriculture or rural development. They were focused on and driven by the European Union (EU) Structural Funds; therefore, had developed capacities for higher profile information gathering and lobbying presence in Brussels (Burch and Gomez 2002). Their Regional Economic Strategies (RES) were intended to be a means of securing agreement on a single regional vision and programme of development that aimed to promote business efficiency, investment and competitiveness (Roberts and Benneworth 2001). Their efforts included developing regional marketing strategies that took into account regional perspectives, priorities and strengths. Overall, each RDA had five statutory purposes under the RDA Act (DETR 1999; BIS 2012, p.12):

- “To further economic development and regeneration;
- To promote business efficiency, investment and competitiveness;
- To promote employment;
- To enhance development and application of skills relevant to employment; and
- To contribute to sustainable development”.

Within that remit, RDAs aimed to develop strategies to take tourism forward, and develop new structures to manage and deliver these strategies. They also aimed to co-ordinate cross-regional economic development and regeneration, enabling regions to improve their relative competitiveness and address the imbalances that existed within and between the regions (DCMS 2013; VisitEngland 2013). Their agenda additionally included issues of inward investment, working with local partners, ensuring the development of a regional skills action plan that matches the needs of the labour market.

Ward et al. (2003, p.211), who discuss the role of RDAs in England in rural and regional development, notes that the Food and Mouth Disease (FMD) crisis in 2001 “highlighted not only the lack of understanding in government of the significance of rural tourism but also a pressing need to improve the strategic development of the tourism sector in the English regions, particularly in terms of product development”. The evolution of the RDAs’ role in rural development (including rural tourism) “can be understood as a key element of a move away from a national conception of rurality and a national approach to rural policy” that aimed at a combination of rural differentiation and integration (Ward et al. 2003, p.211).

The introduction of RDAs has been criticised for creating “a system of multi-agency competition”, which resulted in “a considerable waste of scarce resources as a consequence of duplication of services” and the neglect of others (Roberts and Lloyd 2000, p.76). These criticisms focused on issues of confusion and competitive out-bidding between local, sub-regional, regional and national development agencies. Overall, the establishment of RDAs triggered debates at three levels: “a national-regional debate on form, function and structure of the RDAs which includes continuing discussions regarding the powers, responsibilities and areas of competence of RDAs; a number of individual regional debates that reflect the wider context of change” (linking to a series of adjustments in spatial management and associated policies in transport, training, community development etc.); and various sub-regional and local debates on the functions and the implications for local communities and sectors of activity (Roberts and Lloyd 2000, p.77).

Arguably, the scepticism and debates around the RDAs can be reflected in the significant variations in the pace and stages of their evolution, as well as in the structure, style and methodologies adopted; for instance, a sectoral or thematic emphasis versus a more spatial (sub-regional) perspective (Roberts and Benneworth 2001). Across England, tourism structures at regional level were approached with two broad ways: a) where the RDA nominated the existing or reformed Regional Tourist Board (RTB) to be the primary Regional Delivery Partner, with a sub-regional structure for management of specific projects (the extent to which varied from region to region); and, b) where the regional tourism function had been taken ‘in-house’ by the RDA, with delivery delegated to sub-regional partnerships, or managed centrally (VisitBritain 2007):

a) Tourism unit within the RDA:

North West Development Agency (www.nwda.co.uk)

One North East (www.onenortheast.co.uk)

East Midlands Development Agency (www.emda.org.uk)

b) RDAs with RTBs as their primary delivery partner:

London Development Agency (LDA) (www.lda.gov.uk)

Advantage West Midlands (www.advantagewm.co.uk)

East of England Development Agency (www.eeda.org.uk)

South East England Development Agency (www.seeda.co.uk)

South West England Development Agency (www.southwestrda.org.uk)

Yorkshire Forward (www.yorkshire-forward.com)

RDAs had the responsibility to develop a Regional Economic Strategy (RES), which was based on Government priorities and included specific objectives and targets for the various sectors of economic activity in their region. Therefore, RDAs determined the objectives and targets of RTBs and the other designated bodies, as well as encouraged the cooperation with local authorities and businesses for tourism development. RDAs across England initially funded the functions and later progressively assumed the roles of RTBs. Eventually, “RDAs had become responsible for tourism strategy development and implementation, including the promotion of regional destination brands” (Coles et al. 2012, p.4). RDA funding models have been complex, including valuable portfolios of capital assets, long-term loans and investments in other bodies, including subsidiaries and joint ventures. RDAs were jointly funded by four Departments (DCLG, DEFRA, DTI/BIS and DCMS), while several RDA projects received European funding (mainly European Regional Development Funds) (Burch and Gomez 2002; BIS 2012). Specifically for tourism, the RDAs also received an annual funding from the DCMS. This money was ring-fenced to be passed on to the Regional Tourist Boards (RTBs), and where such bodies did not exist, the money was directed, with the Department’s approval, to other designated tourism delivery bodies (see Appendix 1, 2 and 3).

At a sub-regional level, tourism management structures included Destination Management Organisations (DMOs) or Destination Management Partnerships (DMPs), which were established by regional level structures (i.e. the RDA or RTB). DMOs were the key tourism policy and strategy delivery partners for RDAs and RTBs. The significant variations in the

pace and stages of the evolution in RDAs (Roberts and Benneworth 2001) inevitably influenced the organisation of sub-regional tourism structures. This influence resulted in a variety of structural types (e.g. partnership organisations, tourist boards, councils, etc.) and terminologies to describe the sub-regional DMOs across England (see Appendix 2). DMOs had varied roles within each sub-region and across the various regions, but mostly these included taking the lead on e-commerce, industry interface, and delivering on key parts of the tourism action plan. Funding streams of sub-regional DMOs included membership fees (from businesses and local authorities), commercial income (e.g. training courses) as well as some public funding (for instance from the DCMS, VisitBritain, and the RDAs) (VisitBritain 2007; Ladkin et al. 2008).

Local Authorities (LAs) had a vital role in supporting the tourism industry because of their statutory duties and because of their wider responsibilities for local infrastructure, economic development and sense of place. LAs were important actors capable of joining up several aspects of tourism at local level working in partnership with local businesses and other parties including the RDAs and their delivery partners. Working through the Local Government Association, they had the role of supporting the national strategy. LAs have also been actively shaping institutional arrangements for the governance of destinations in terms of decisions about financial support, knowledge generation and transfer, and industry capacity building (Beaumont and Dredge 2010). Moreover, LAs, together with other local bodies, perform vital roles in improving the quality of the tourism experience. Nevertheless, Jeffery (2006) suggests that, with the exception of London, LAs around England had demonstrated varied levels of commitment and their active engagement could be challenged. Jeffery (2006, p.57) argues that “local authorities were at best ambivalent about the possibility of regional government, preferring to work in a national context with UK government institutions”.

England’s tourism management structures included the engagement of other partners as well. For instance, the England Marketing Advisory Board (EMAB) is a partner that has been providing advice to VisitBritain on leading and coordinating the domestic marketing of England at all levels, as well as, in creating and implementing a strategic marketing plan for England and working closely with other public and private partners in implementing it. The Local Government Association has been encouraging Local Authorities to devote adequate resources to their discretionary tourism marketing activities, and coordinate those activities with regional and national strategies. Additional roles of the Local Government Association

included pooling marketing resources where appropriate and supporting a modern network of Tourist Information Centres (TICs). England's tourism management structures additionally involved partners like the London 2012, the Mayor of London, and tourism professional bodies like the Tourism Management Institute (TMI), which is the professional institute for tourism destination management in the UK with over 250 members involved in marketing, planning and developing tourism (Tomorrow's Tourism Today 2004).

Overall, until 2010, the devolved tourism structures in England were based on enhanced regional tier responsibilities that promoted local flexibilities in the context of national performance incentives. Regions played an important role in achieving policy integration and strategic planning, working with local government, Multi-Area Agreements (MAAs) and City-regions to encourage economic development and regeneration (Ayres and Stafford 2011). The evolving tourism management structures in England between 2006 and 2010 is illustrated in Appendix 3.

Very early in the existence of RDAs, researchers (Roberts and Benneworth 2001; Fuller et al. 2002, p.427) highlighted potential areas of conflict at many different levels of governance, questioning "how important an organisation the RDA will be within the various local partnerships". More recently, however, the Coalition Government parties accused RDAs of inefficiencies and bureaucracy, significant complexity, duplication of responsibilities, lacking strong support and a significant streamlining of activity, in addition to suffering from substantial budget reductions (Valler and Carpenter 2010; HM Government 2010). Ultimately, the closure of RDAs that was phased between 2010 and 2012 implemented the Coalition Government's agreement to change the local economic delivery landscape and to reduce the number of public bodies (BIS 2012). Consequently, the tourism management structures in England changed radically after 2010, with a mixture of local and national provision replacing regional provision (HM Government 2010; Mellows-Facer and Dar 2012). These developments are discussed next.

1B) Tourism management structures in England between 2010 and 2013

In June 2010, the newly elected Coalition Government announced its decision to replace RDAs with Local Enterprise Partnerships (LEPs) in an attempt to advance the role of the private sector in developing the economy (HM Government 2010). The initiative was introduced by approving 24 LEPs in the *Local Growth White Paper* on the 28th of October 2010. Subsequently, a further 15 LEPs have been announced taking the network of England's LEPs to 39 (Mellows-Facer and Dar 2012). The latest LEP Network map can be seen in Appendix 5. LEPs were conceived as "partnerships of upper tier local authorities and business representatives based on 'natural economic areas'", and "have been promoted as vehicles for strategic leadership in their areas, with a broader remit to include employment and enterprise support, planning, housing, transportation and infrastructure" (Valler and Carpenter 2010, p.452). Overall, the LEPs were set up to take on a diverse range of roles (HM Government 2010; Mellows-Facer and Dar 2012, p.4):

- "working with Government to set out key investment priorities, including transport infrastructure and supporting or coordinating project delivery;
- coordinating proposals or bidding directly for the Regional Growth Fund;
- supporting high growth businesses, for example through involvement in bringing together and supporting consortia to run new growth hubs;
- making representation on the development of national planning policy and ensuring business is involved in the development and consideration of strategic planning applications;
- lead changes in how businesses are regulated locally;
- strategic housing delivery, including pooling and aligning funding streams to support this;
- working with local employers, Jobcentre Plus and learning providers to help local workless people into jobs;
- coordinating approaches to leveraging funding from the private sector;
- exploring opportunities for developing financial and non-financial incentives on renewable energy projects and Green Deal; and
- becoming involved in delivery of other national priorities such as digital infrastructure."

The responsibilities of LEPs listed above seem to exclude some key functions of the RDAs

such as inward investment, support for innovation and access to finance, that are to be led by central government rather than the LEPs (Mellows-Facer and Dar 2012). Therefore, the role of the central government seems to have become even more important and LEPs are expected to lead the development of new strategic plans for local growth that align with, or build on, existing public programmes (Mellows-Facer and Dar 2012). Nevertheless, the strategic role of LEPs is evident, as “local authorities or other bodies {i.e. DMOs} and not LEPs will deliver these projects and programmes” (Mellows-Facer and Dar 2012, p.5). Clearly, with regional level structures removed, power and responsibility is shared by the two remaining national and local levels, a change that Coles et al. (2012) describe as a shift from regionalism to localism, and inevitably affected tourism management structures and destination governance.

The new Government’s approach places strong emphasis on destination governance with leadership by local tourism businesses, with VisitEngland playing a supporting role at the national level and DMOs taking responsibility for the delivery of tourism activities (HM Government 2010; Penrose 2011). As expressed in the Government’s Tourism Policy (Penrose 2011, p.23) “Local Enterprise Partnerships and DMOs should seek to work together to integrate destination management into wider economic strategies so that it can support the area’s wider ambitions around driving enterprise, growth and employment. This should ensure that tourism is not seen in isolation and is linked to the broader economic agenda across the Local Enterprise Partnership area (e.g. skills development and delivery of infrastructure).” As part of their remit, DMOs need to act as coordinators between LEPs, DCMS, VisitEngland and other stakeholders of the visitor economy (HM Government 2010). Therefore, DMOs maintain their important role in the development and strategic management of the destination as well as in liaising with national bodies.

DMOs are envisioned as “membership bodies defined by local tourism businesses, attractions and interests, with management directly responsible to members, and with boundaries established by the DMOs themselves” (HM Government 2010, p.45). DMO memberships are expected to develop through existing tourism support bodies, LAs and councils, local business networks, universities, community enterprises, and new LEPs. Tourism management structures at the local level are now based on the notion of the “genuine tourism destination which reflects the natural geography of an area’s visitor economy, rather than local public sector or electoral boundaries” (Penrose 2011, p.21). DMOs (or local *Tourism Bodies* as expressed in the recent Government’s Tourism Policy) will

be responsible for destinations defined by local visitor economy businesses and attractions rather than by Government, RDAs, LAs, or LEPS. In line with the national economic strategies, LEPS and DMOs set their own local priorities for their destination, based on their analysis of local conditions, challenges and opportunities. Local businesses are free to join or leave whichever DMO they want or join several DMOs if their business is large enough to justify it. This strategy is envisioned to help tourism businesses to achieve higher levels of effectiveness and efficiency. DMOs are also able to develop a thematic approach to their role and functions around a particular type of holiday (e.g. boating or walking). The overall aim is to give “tourism firms more choices over which body to join, adding competition to drive up the quality of DMOs” (Penrose 2011, p.22).

DMOs have a lot of flexibility in the legal form they can have; for instance, they can be membership-based associations based on mutual, subscriptions, companies with shareholders, charities with trustees or co-ops with members). The only restriction imposed by the Government is that DMO “governance must give majority power over hiring, firing and directing the management to local private and third sector visitor economy organisations instead of the Local Authority, Local Enterprise Partnerships or other Government bodies.” (Penrose 2011, p.24). Moreover, DMOs are self-righting organisations that do not need political intervention or bailouts from public funds if (or when) their results are unsatisfactory. Each tourism business and each DMO, within a larger grouping of DMOs, has the choice to leave the partnership or join an alternative one (Penrose 2011). Ultimately, these recent developments in tourism management structures indicate a strong emphasis on ‘market approach’ to governance of DMOs.

The Government’s Tourism Policy (Penrose 2011, p.21) calls for DMOs to be ‘modernised and updated’ in order “to become focused and efficient {...} led by and, increasingly, funded through partnership with the tourism industry itself”. This approach to DMO funding clearly aligns with the ‘market approach’ to DMO governance. However, this approach has proven challenging to implement in practice in a similar membership-based organisational context, the LEPS, where plans for private sector funding had to involve more flexible structures. Funding for LEPS was initially proposed to be based on private sector money (i.e. sponsorship and marketing) (HM Government 2010; Coles et al. 2012). However, since 2010 LEP funding structures have been constantly expanding to include multiple sources. Initially the Government stated it will not provide core central government funding to LEPS and that they were expected to fund their own day-to-day running costs, while they should

aim to obtain the best value for public money by leveraging in private sector investment. However, in September 2012 this strategy changed and it was decided that £25 million of Government funding would be made available to LEPs. Further funding of up to £250,000 per annum of matched core funding (until 2014/2015) has also been offered jointly by the BIS and DCLG in order to assist in capacity building within LEPs. The Government's announcements of June 2010 included funding from the Regional Growth Fund, where LEPs are able to submit individual or joint up (with other local partners or neighbouring LEPs) bids in order to directly support economic development projects. LEPs can access additional money from the Growing Places Fund, but this money has to be spent specifically on infrastructure (HM Government 2010; Mellows-Facer and Dar 2012). Finally, funding for LEPs is available from the European Union's Structural and Investment Funds (SIFs), which include: i) the European Regional Development Fund (ERDF); ii) the European Social Fund (ESF); iii) the European Agricultural Fund for Rural Development (EAFRD); and iv) the European Maritime and Fisheries Fund (EMFF) (HM Government 2013). LEPs are encouraged to lead the development of a SIF strategy as part of their wider strategic economic plan. The variety of funding streams for LEPs is evidently adding flexibility, but also complexity and, therefore, can present a challenge for LEPs.

An interesting concept since the introduction of LEPs is that of 'Enterprise'. While the term is typically associated with the for-profit sector, it can also be applied to a non-profit organisational context (Huang and Yu 2011). In that sense, entrepreneurial activity refers to a collective activity where individual actions become part of a collective effort. Mason and Castleman (2011, p.571) refer to this idea as "communities of enterprise" and describe it as "business networking patterns in regional areas where there is no central organisational or industry focus and small and medium enterprises dominate the economy". Their study suggests the development of "regional clusters" by various actors (or stakeholders) "contributing to their intellectual capital, innovation culture, value networks and social capital", with the information and communication technologies (ICT) being a key catalyst that enables regions to expand their learning potential. Discussions on LEPs need to place emphasis on such ideas, where DMOs are viewed as part of similar 'communities of enterprise' that strive to achieve collective learning and knowledge sharing, as well as collective generation of value. For instance, the new Enterprise Zones (EZs) introduced as part of the LEPs scheme (Mellows-Facer 2012) follow exactly this logic of 'regional clusters' and 'communities of enterprise'. Enterprise Zones are allocated to LEPs via a competitive process, while each Zone is assigned a specific geographic location,

sectoral focus and range of incentives. These incentives include business rate discounts, simplified planning laws and high-speed broadband. Collaboration and partnerships are an integral part of tourism development and management (Fyall et al. 2003; Fyall and Garrod 2005; Fyall 2008, 2011). However, a fundamental challenge of the LEPs governance structure is finding the right balance between collaboration and competition (Mellows-Facer and Dar 2012). Competition is welcomed in the new Government Tourism Policy as it is believed it can “drive up the quality of DMOs” (Penrose 2011, p.22). DMOs are destined to have the difficult but very important role of balancing these two forces (competition and collaboration) in order to act as catalysts of tourism development and management.

Coles et al. (2012) recently examined how the reforms since the Coalition Government came to power in 2010 have impacted on tourism governance and administration in England. Their study highlights that the importance of state participation and public sector support for tourism development represents the orthodox position within the academy. One manifestation of this has been the encouragement and discussions around partnerships, collaborations and networks by which to strengthen and grow the ties between the public sector, private sector and other actors in tourism. However, the radical shift from RDAs to LEPs is recognised to have “destabilising effects” towards the achievement of national policy aspirations, presenting “a challenge for scholars and practitioners to make sense of the disruption and its likely consequences” (Coles et al. 2012, p.2). Practical challenges for DMO managers are also identified, for example the potential lack of geographical congruence between DMOs and LEPs, in addition to “the vagueness and provisionality of the new policy” (Coles et al. 2012, p.9).

Appendix 2: Regional and Sub-regional Tourism Management Structures in England (June 2008)

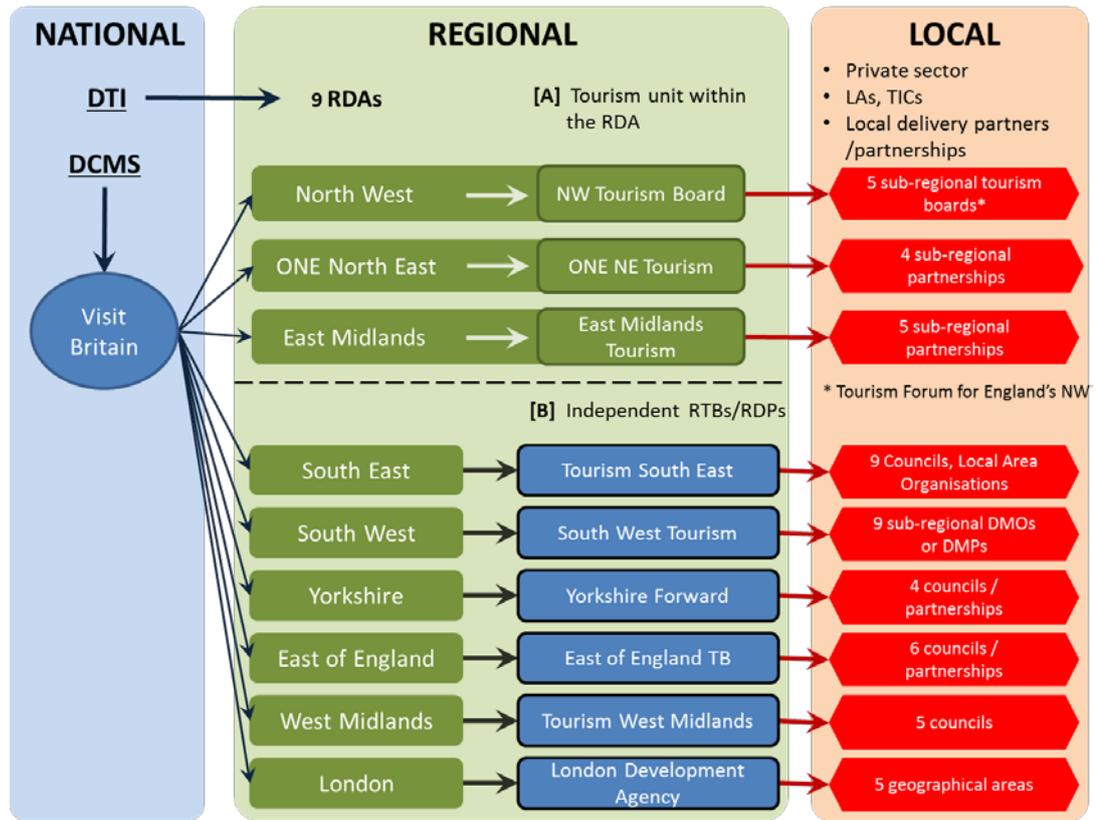
9 Regions / RDAs	Regional level	Sub-regional level	52 sub-regional DMOs/DMPs
a) Regional tourism unit within the RDA ('arms-length')			
Northwest / NWDA	RDA	Tourism Boards (TB)	<ol style="list-style-type: none"> 1. Cumbria Tourism 2. Visit Chester & Cheshire 3. Marketing Manchester 4. The Mersey Partnership 5. Lancashire & Blackpool TB
Northeast / ONE NE	RDA (ONE Tourism Team)	Area Tourism Partnerships (ATPs) (Tourism Network NE)	<ol style="list-style-type: none"> 1. Northumberland Tourism 2. Tourism Tyne & Wear 3. County Durham Tourism Partnership 4. VisitTeesvalley
East Midlands / EMDA	RDA / RTA (East Midlands Tourism)	DMP, DMO, Marketing & Management Agency, TB	<ol style="list-style-type: none"> 1. The Peak District and Derbyshire DMP is a consortium of existing tourism partnerships of which the two largest members are Visit Peak District and the Derbyshire Tourism Forum 2. Leicester Shire Promotions is the Destination Management Organisation (DMO) responsible for promoting Leicester, Leicestershire and Rutland to visitors and investors. It was formed in July 2003 and is a private, not-for-profit company. 3. Lincolnshire Tourism is a Destination Management Organisation (DMO) 4. Explore Northamptonshire is the marketing and management agency formed in 2004 to promote Northamptonshire as a first choice destination for overnight visitors

			from the UK and overseas. 5. Experience Nottinghamshire Tourist Board (TB)
b) RTB as the primary regional delivery partner			
London / Greater London Authority (GLA)	RDA (London Development Agency – LDA)	Five geographical areas that group together (various boroughs)	<ol style="list-style-type: none"> 1. Central London (London boroughs of Camden, Islington, Kensington and Chelsea, Wandsworth, Lambeth, Southwark, Westminster and the City of London) 2. West London sub-region (includes the London Boroughs of Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow) 3. North London (four Boroughs of Barnet, Enfield, Haringey and Waltham Forest) 4. East London (Corporation of the City of London and the Boroughs of Barking & Dagenham, Bexley, Greenwich, Hackney, Havering, Lewisham, Newham, Redbridge, and Tower Hamlets) 5. South London (Boroughs of Bromley, Croydon, Merton, Sutton, Kingston and Richmond)
West Midlands / Advantage West Midlands	TB (Tourism West Midlands)	Councils	<ol style="list-style-type: none"> 1. Herefordshire Council 2. Shropshire County Council 3. Stafford Borough Council 4. Warwickshire District Council 5. Worcester City Council
East of England / EEDA	TB (East of England TB)	Councils, Partnerships	<ol style="list-style-type: none"> 1. Bedford Borough Council* 2. Cambridge City Council 3. Essex County Council 4. Hertfordshire* County Council – BHL (* and Luton) Partnership 5. Norfolk 6. Suffolk

<p>Southeast / SEEDA</p>	<p>Partnership (Tourism SE)</p>	<p>Councils, Local Area Organisations</p>	<ol style="list-style-type: none"> 1. West Berkshire Council – Tourism Berks Bucks Oxon 2. Buckinghamshire County Council 3. Sussex Tourism Partnership (local area organisation) – Tourism East Sussex 4. Hampshire County Council – Tourism Hampshire 5. Kent County Council – Kent Tourism 6. Oxford City Council 7. Isle of Wight Council – Isle of Wight TB 8. Guildford Borough - Tourism Surrey & West Sussex 9. West Sussex County Council
<p>Southwest / SWRDA</p>	<p>TB (Southwest Tourism)</p>	<p>9 sub-regional DMOs or DMPs</p>	<ol style="list-style-type: none"> 1. Bath 2. Bournemouth & Poole 3. Bristol 4. Cornwall 5. Cotswolds Forest of Dean 6. Devon 7. Dorset 8. Somerset 9. Wiltshire
<p>Yorkshire / Yorkshire Forward</p>	<p>TB (Yorkshire TB)</p>	<p>Partnerships, Councils</p>	<ol style="list-style-type: none"> 1. City Image (Humber) 2. SY Tourism Partnership (South) 3. North Yorkshire County Council (North) 4. WY Economic Partnership (West)

Source: Author (Based on VisitBritain 2007; VisitEngland 2007)

Appendix 3: Tourism Management Structures in England between 2006-2010
(figure)



Source: Author

Appendix 4: The Interview Guide

Performance Management for DMOs / TBs

The purpose of this research is to assist with the **management of organisational & operational performance** within the sub-regional DMOs / TBs. This discussion aims to identify those **organisational processes** that influence significantly the success of the operations in your department and to identify (*how*) “**what**” performance information can best describe the operational performance of your department.

Strategic value

1. Can you briefly summarise your role in the organisation?
2. What key results (outputs and/or outcomes) are you trying to achieve (individually or as a team)?
3. What are the key activities of your team (or functions of the organisation)?
4. Can you briefly outline the organisational structure of your team / organisation?
5. Can you identify any “*critical links*” between teams / departments / functions of the DMO that allow it to run more effectively as an organisation?
6. What does *effective* performance mean for you? What does “*success*” look like for your organisation?
7. What does “*value creation*” mean for you and your team / department?

Approaches to evaluation of strategic performance

8. Can you suggest ways to monitor your organisation’s strategy implementation? What key operational indicators would you suggest?
9. What ways do you use to monitor the effectiveness in the implementation of your strategic objectives?
 - a. What indicators do you have in place?
 - b. Are there any performance reports that would be useful for this study?
 - c. Who sets the targets on the key performance indicators?

- d. What are the major advantages and/or disadvantages of the current PMS? Does it contribute to enhanced performance? How?
 - e. Is the current PMS IT based or paper-based?
 - f. What changes would you make to the current PMS?
10. How do you monitor if your strategic objectives are understandable and clearly communicated throughout your team / department / organisation?
11. Can you briefly outline how the assorted strategies of the various teams / departments of the organisation link together and/or affect each other?

Current practices on measuring performance

12. Do you currently measure organisational performance? How? What indicators do you use? Who determines them? Who sets the targets? Who do you report to?
13. Is the current PMS IT based or paper-based?
14. What are the key advantages and disadvantages of your current PMS?
15. Do you believe that a universal PM framework could be appropriate and applicable to every DMO / TB? Why yes/no? What should be different?
16. Do you currently measure productivity in your organisation?

Performance drivers

17. What does the term 'stakeholder' mean for you?
18. Can you outline your key stakeholders?
19. How do you identify your key stakeholders?
- a. Can you suggest ways to determine level of stakeholder significance?
20. How do you identify your key stakeholders' needs and wants?
21. How do you go about to meet the needs of your stakeholders?
22. How do you 'add value' to your stakeholders while controlling costs?
- i. How do you determine the real cost of your efforts? (Activity-Based Costing (ABC)?)

23. Does the nature of the stakeholder affect the significance or attention levels that you place on them?
24. If you were to monitor the impact you have on your stakeholders, how would you approach the task?
- a. E.g. by focusing on:
 - i. each key stakeholder (group) individually
 - ii. each strategic objective
 - iii. each activity/function
 - iv. each programme, project
 - v. a combination of the above / something else?

Processes

25. What are the key (*critical*) processes that you must excel at in order to provide value to:
- a. Internal (organisational) stakeholders
 - b. Destination stakeholders
 - c. Wider external stakeholders
26. What determines an effective budgeting process?

Capacities

27. What critical capacities are needed in order for your team / department / organisation to achieve high levels of performance?
- In terms of:
- People (human capital, skills, training, turnover)
 - Practices (climate for positive action, motivation, training, partnerships, team building)
 - Culture
 - Infrastructure and Systems
 - Technologies and information capital
- What other capacities could be useful?
28. Do you expect any input / contribution from your stakeholders that can help you perform more effectively?
- a. e.g. data, engagement, ...
 - b. How can you determine the level of contribution needed?
29. How do you motivate stakeholders to contribute in accomplishing your objectives?
- a. What motivates them to remain actively engaged?

Dynamic evolution (learning, innovation, improvement)

30. What are the key areas that create potential for learning for individuals and for the team / department?

31. What are the key areas that create potential for innovation and growth for your department?

The way forward

32. How do you see the future of destination management and the evolution of the role and activities of the DMO?

33. What developments (changes) and challenges do you foresee in the area of DMO performance management?

Appendix 5: The LEP Network map



Source: The LEP Network (2012)

Appendix 6a: Sample of scoring tables for the sub-regional DMOs: NW England

North west										
RDA	Sub-region	DMO	Tourism Strategy	Destination Management Plan	Action Plan	Performance Indicators	Business Plan	Other Documents / Notes	To do next	Score (1-5)
NWDA	Cumbria	Cumbria Tourism	yes	yes*	yes	yes (5-year period)	?	numerical PI only		4
	Cheshire & Warrington	Cheshire & Warrington TB	yes	2007-10 (April 2007)	yes	yes	(yes)	numerical PI + customer satisfaction, Chester league of towns ranking		5
	Greater Manchester	TB for Greater Manchester	yes	yes (3-year, annual revision)	yes	yes	?	numerical PI only		4
	Greater Merseyside	The Mersey Partnership	yes	yes (March 2006)	yes	yes	?	numerical PI only		4
	Lancashire & Blackpool	Lancashire & Blackpool TB	yes	yes*	yes	yes	?	numerical PI only		4
				* annual					TOTAL:	21
									NWDA score:	4.2

Source: Author

Appendix 6b: Sample of scoring tables for the sub-regional DMOs: SW England

South West											
RDA	Sub-region	DMO	Tourism Strategy	Destination Management Plan	Action Plan	Performance Indicators	Business Plan	Other Documents	To do next	Score (1-5)	
SWT**	Bath *	Bath Tourism Plus (BTP)	yes*	no	no	no	no	WoE Tourism Development Plan		1	
	Bristol *	Destination Bristol	yes*	to be drafted (2007-08)	no	no	no	WoE Tourism Development Plan		1	
	Bournemouth & Poole	Bournemouth Council - Poole Tourism Partnership	yes - yes	no - yes	no - no	no - no	no - no	Poole 01202 253253	find the annual business plan of Bournemouth	3	
	Cornwall	Cornwall DMO - virtual - (Cornwall Tourism Board)	yes	yes	yes (Cornwall Tourism Forum Action Plan)	?	?		contacted Cornwall Enterprise - email 11/10/07	3	
	Cotswolds & Forest of Dean	CFD DMO - evolving	no	(is being drafted)	no	no	no	Destination Audit		0	
	Devon	Devon DMO - under consultation	no	no	no	no	no	Devon DMO Consultation		0	
	Dorset	North Dorset District Council - Dorset DMO	North Dorset Tourism Strategy 2003-07	Interim paper (April '07)	no	no	?	Audit by SWT	contact L&R Consulting Solutions	2	
	Somerset *	Somerset Tourism Project Team - emerging DMO	yes*	Final Delivery Plan	yes	no	Business Case for a DMO, Progress Report on Somerset DMO	WoE Tourism Development Plan		3	
	Wiltshire & Swindon	Wiltshire & Swindon DMP (Wiltshire Strategic Economic Partnership)	(Tourism Strategy for South Wiltshire) - can I use this?	yes	yes	no	no - April 2008	SWOT analysis, RES	contact Wiltshire & Swindon DMP (Wiltshire SEP)	3	
									TOTAL:	16	
	* West of England Economic Partnership's Tourism Development Plan = Bath - NE Somerset - Bristol - N Somerset - S Gloucestershire									SWT score:	1.8

Source: Author

Appendix 6c: Sample of scoring tables for the sub-regional DMOs: NE of England

North East										
RDA	Sub-region	DMO	Tourism Strategy	Destination Management Plan	Action Plan	Performance Indicators	Business Plan	Other Documents / Notes	To do next	Score (1-5)
ONE NE	Tees Valley	Visit Tees Valley	not able to find it!					Tourism Strategy (2003)		0
	Northumberland	Northumberland Tourism - Northumberland Strategic Partnership	The Northumberland Area Tourism Management Plan 2006-09	Consultation Draft	Draft	no	Draft	Drafts (2005)		0
	Tyne and Wear	Tyneside Tourism	yes	yes	yes	no	yes			4
	Durham	County Durham Strategic Partnership	A Strategy for County Durham to 2010	(yes)	no	no	?			2
									TOTAL:	6
									ONE score:	1.5

Source: Author

Appendix 6d: Sample of scoring tables for the sub-regional DMOs: East Midlands

East Midlands										
RDA	Sub-region	DMO	Tourism Strategy	Destination Management Plan	Action Plan	Performance Indicators	Business Plan	Other Documents / Notes	To do next	Score (1-5)
EMDA	The Peak District and Derbyshire	Visit the Peak District and Derbyshire - DMP	?	no	no	no	no	EMT Strategy 2002 / Corporate Plan 2003		0
	Leicestershire & Rutland	Leicestershire & Rutland Tourism Alert	yes	?	yes	action programme indicators	?	SWOT 2002		2
	Lincolnshire	Lincolnshire Tourism	Business Plan	Business Plan	yes	no	?			2
	Northamptonshire	Explore Northamptonshire	?	?	?	?	?			0
	Nottinghamshire	Visit Nottinghamshire - ?	?	?	?	?	?			0
									TOTAL:	4
									EMDA score:	0.8

Source: Author

Appendix 6e: Sample of scoring tables for the sub-regional DMOs: West Midlands

West Midlands										
RDA	Sub-region	DMO	Tourism Strategy	Destination Management Plan	Action Plan	Performance Indicators	Business Plan	Other Documents / Notes	To do next	Score (1-5)
WM	Herefordshire	Herefordshire Tourism, Herefordshire Council	yes (2002-07)	yes	yes	no	?			3
	Shropshire	Shropshire County Council	yes (Jan 2004)	yes	no	no	?			2
	Staffordshire	Stafford Borough Council	North Staffordshire Tourism Strategy	yes - Locum	(yes)	no	?			2
	Warwickshire	Warwick District Council	yes	yes	?	?	?			2
	Worcestershire	Worcester City Council	yes	?	?	?	?			2
									TOTAL:	11
									WM score:	2.2

Source: Author

Interview Participant Consent Form



The Research: This interview is part of a larger study into developing a Performance Management System (PMS), a tool for enhancing the performance of sub-regional Tourist Boards and other DMOs in England. The research is being carried out as part of a doctoral research project and is not sponsored by any external organisation. The aim of this interview is to identify: (i) *what* key areas are important to include in the PMS; and, (ii) (*how*) ways to monitor performance in these identified areas.

By participating in this interview, you are agreeing to the following:

- I understand that this interview is for the purpose of a PhD study on Destination Management Organisations (DMOs) and is carried out by Thanasis Spyriadis, a registered student at Bournemouth University.
- I grant Thanasis Spyriadis permission to document the discussion – through audio recording and transcription - and understand that anything discussed or written within this session is to be used solely for the purposes of this research, and treated with strict confidentiality.
- I understand that my personal details and anything I discuss or write in today's session is to remain confidential throughout the research process, including its analysis and documentation.
- I agree that the content of the discussion and any written information related to today's session may be read, quoted (anonymously) and distributed for educational and scholarly purposes.

Name of participant:

Position:.....

DMO/TB:.....

Signature of participant: Date:.....

Contact Details

e-mail: tspyriadis@bournemouth.ac.uk

Post: Thanasis Spyriadis, PhD Research Student, School of Services Management, Dorset House, Talbot Campus, Bournemouth University, BH12 5BB

Thank-you for your participation, it is very much appreciated,

Thanasis Spyriadis

Appendix 8: The Initial Codes Manual

	Code label / name	Code definition	Code description	Important relevant literature
1	DMO strategic impetus and responsibilities;	The rationale for existence of a DMO and its key strategic role	<p>The strategic purpose and goals of a DMO – i.e. key outputs the organisation is trying to achieve.</p> <p>DMO effectiveness evaluation needs to be linked to their strategic goals (i.e. mission). This relates to the DMO rationale for existence and the impetus for strategy activities.</p>	Drucker (1955); Daft (1995); Armistead and Pritchard (1997); Morrison et al. (1997); Fletcher and Wanhill (2000); De Haas et al. (2000); Locke and Latham (2002); Locke and Latham (2004); Hatton and Schroeder (2007); De Wit and Meyer (2010)
2	Destination management processes (IDDM and EDM activities);	The key (externally oriented) DMO activities in terms of their Internal Destination Development and Management (IDDM) and External Destination Marketing (EDM) functions.	<p>DMO effectiveness evaluation needs to be linked to their tactical (i.e. operative) goals. This relates to functions and (externally oriented) activities (IDDM and EDM) required for the DMO to achieve its strategic purpose.</p> <p>IDDM activities relate to DMO activities that are internal to the destination (i.e. the endeavour to ensure quality in the provision of services at the destination</p>	Drucker (1955); Daft (1995); Morrison et al. (1997); De Haas et al. (2000); Morgan et al. (2002); Ritchie and Crouch (2005); Presenza et al (2005); Sainaghi (2006); Carter (2006); De Wit and Meyer (2010); Lemmetyinen (2010)

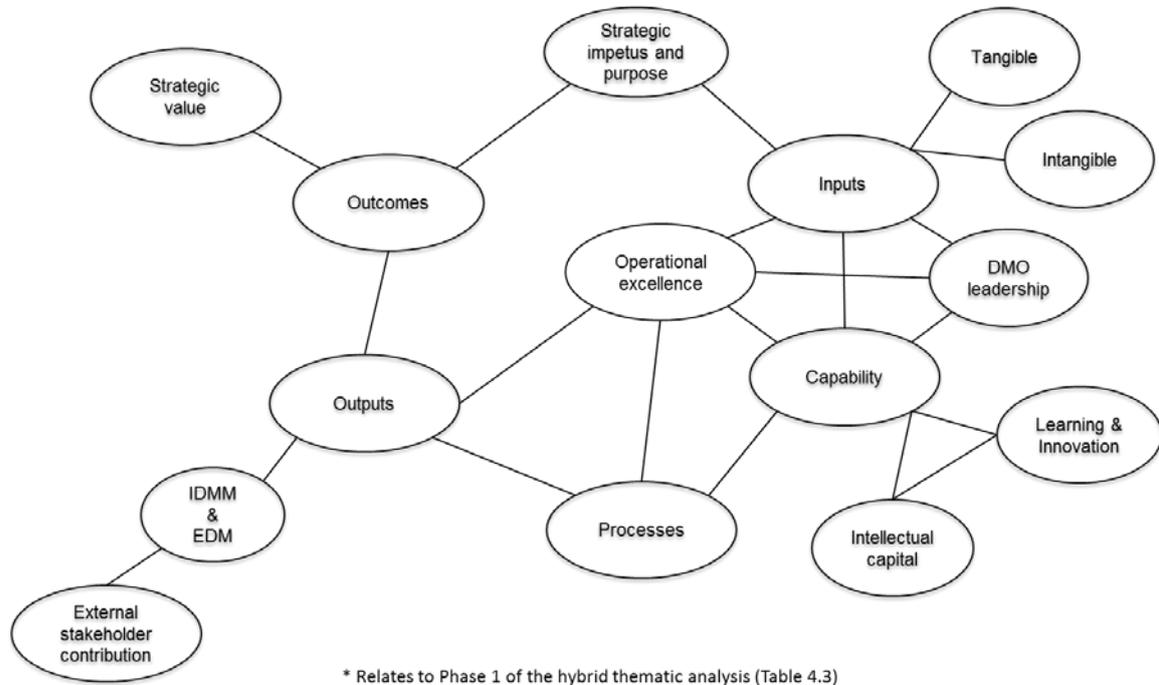
			<p>area, which is the catalyst to achieve the ultimate outcome of visitor satisfaction).</p> <p>EDM entails to strategic and operational (or tactical) marketing activities of the DMO (e.g. Destination product development, image definition, branding and positioning, a robust Integrated Marketing Communications (IMC) strategy are fundamental considerations for the DMO that require a strategic approach. The term “external” refers to an attempt to influence the actions of people outside the destination.</p>	
3	DMO stakeholder satisfaction and contribution;	<p>DMO stakeholder needs and wants.</p> <p>DMO strategies (i.e. strategic goals and priorities set) to satisfy stakeholder needs.</p> <p>Stakeholder contribution (i.e. input or engagement) that is required for the DMO to fulfil its purpose and goals.</p>	<p>DMOs need to consider the following:</p> <ul style="list-style-type: none"> • Who are our key stakeholders and what do they want and need? (stakeholder satisfaction) • What do we want and need from our stakeholders on a reciprocal basis? (stakeholder contribution) <p>Stakeholder needs are underpinned by the notion of “value”, which is defined differently by each (different) stakeholder group.</p>	<p>Robey and Sales (1994); Mitchell et al. (1997); Neely et al. (2002); Kaplan and Norton (2004); Sheehan and Ritchie (2005); Ritchie and Crouch (2005); Sheehan and Ritchie (2007); Bornhorst et al. (2010)</p>
4	DMO strategic capability (resources and	Resources and competencies (skills and capabilities) are required for the	<p>DMOs need to consider the following:</p> <ul style="list-style-type: none"> • What capabilities do we need to put 	<p>Neely et al. (2002); Sheehan and Ritchie (2005); Ritchie and</p>

	competences);	DMO to implement its strategies and achieve its strategic goals (i.e. stakeholder satisfaction).	<p>in place to allow us to operate and improve these processes?</p> <p>Capabilities are the means by which processes function (e.g. employee skills, policies and procedures, physical infrastructure, as well as intangible assets – i.e. skills and know-how, culture and image). Capabilities reflect the organisation’s ability to create “value” to its stakeholders through its processes and operations.</p> <p>This relates to the concept of Intellectual Capital (IC) – i.e. any valuable intangible resource gained through experience and learning that can be used to create value and achieve strategic goals and objectives.</p> <p>IC includes three key elements: human capital, structural capital and customer capital</p>	Crouch (2005); Marr and Moustaghfir (2005)
5	DMO (external) stakeholder collaboration and (network) value-chain relationships;	Stakeholder network relationships, collaborations and partnerships for value creation.	<p>Links with IC elements – e.g. human capital and customer (or stakeholder) capital.</p> <p>The focus is particularly on an “external perspective” and considers external stakeholder relationships as knowledge</p>	Lewin and Minton (1986); Bontis (1998); Fyall et al. (2003); Marr and Moustaghfir (2005); Seehan and Ritchie (2005); Saxena (2005); Novelli et al. (2006); Sainaghi (2006); Presenza and

			assets that generate capabilities and competences that ultimately shape organisational (DMO) value.	Cipollina (2010); Shirazi and Som (2011)
6	DMO operational levels of performance (internal value chain).	<p>Operational performance is linked to internal organisational structures and processes.</p> <p>Structural knowledge assets in terms of organisational structures, as well as physical and virtual infrastructure that underpin capabilities of the DMO.</p> <p>Processes that facilitate the implementation of DMO strategies in order to achieve its goals (i.e. stakeholder satisfaction).</p>	<p>Links with IC elements – e.g. human capital and structural capital</p> <p>The focus is particularly on an “internal perspective” and the management of strategic effectiveness in terms of structural knowledge assets (physical and virtual infrastructure; internal organisational links), underpinning capabilities and core competences of the DMO.</p> <p>Internal organisational processes define how the organisation works (e.g. product and service development, demand generation, demand fulfilment, and overall planning and management of the organisation).</p> <p>DMOs need to consider the following:</p> <ul style="list-style-type: none"> • What organisational processes do we need to put in place to enable us to execute our strategies? 	Porter (1985); Lewin and Minton (1986); Ostroff and Schmitt (1993); Tregunno et al. (2004); Marr et al. (2004); Roos (2009); Mullins (2013)

Source: Author

Appendix 9: The Theory-driven 'Thematic Map'



Source: Author