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Abstract : This study attempted to determine the influence of organizational structure on the novelty preference for corporate meeting destination choice. The three dimensions of structure incorporated were formalization, centralization and complexity. A total of 75 corporate meeting planners drawn from public listed services organizations were involved. The main method of data collection was questionnaire survey and multiple regression analysis was employed as the main statistical technique. The results revealed that both formalization and centralization were negatively correlated with novelty preference while complexity was positively correlated. However, only complexity contributed significantly to the prediction of novelty preference for corporate meeting destination choice. The main implication of this study is pertaining to the segmentation and targeting of the corporate meeting market. The results suggested that the market is best segmented and targeted based on the extent of the organizational complexity. Originality/value - This study helped in bridging the gap between tourism marketing and organizational research. It also contributed by developing the measurement for novelty preference from the context of experiential marketing.

Keywords : Corporate Meeting Destination, Novelty Preference, Organizational Structure Paper Type Research Paper

# Introduction

Tourism industry has played a significant role in contributing to the Malaysian development in terms of its economic and social aspects (Ahmad et. al, 2001). The meetings sector of the tourism industry today is one of the most competitive and lucrative of market segments (Crouch and Louviere, 2004; Weber and Chon, 2002). Despite this fact, relatively very little academic research has been conducted concerning the behavior and decision process of the various components of this substantial market. This was partly due to a lack of quantifiable information on the meeting and conference market (Rockett and Smillie, 1994; White, 1993), geographical and market fragmentation, inconsistency in terminology and measurements, and the sensitivity and unwillingness of organizations to share information on certain

activities (Crouch and Ritchie, 1998; Rockett and Smillie, 1994).

This lucrative meeting market that consists of two main sub-sectors: association meetings and corporate meetings, acts as a major revenue generator in the tourism and hospitality industry. The corporate market represents the majority of the events held while the associations market accounts for the highest delegate numbers (Leask and Hood, 2001). Comparing the two subsectors, the association meeting is gaining far more attention from the researchers (Choi and Boger, 1998; Go and Zhang, 1997; Oppermann, 1996; Weber, 2001). The reason is because as opposed to the corporate meeting, associations are claimed to be relatively flexible with respect to choosing their meeting destination while in the corporate sector, business locations and headquarters are claimed to be commonly determined the selected meeting destination (Oppermann, 1996; Weber, 2001).

Recent development has indicated that there is a growing interest among corporate organizations to hold their meetings in a less conventional or novel setting (Callan and Hoyes, 2000; Leask and Hood, 2001) either in unusual venues (facility-bound) or rural, second-tier or regional areas (destinationbound). The development of rural, second-tier or regional tourism can help to increase employment opportunities, to generate economics activities as well as to provide a better environment in the rural areas (Lapping et. al, 1989; Luloff and Swanson, 1990; Middleton, 1982; Oppermann, 1996; World Tourism Organization, 1998).

# Issue and Purposes

As mentioned in the beginning part of this chapter, the destination of corporate meeting is claimed to be commonly determined by the business location or headquarters (Oppermann, 1996; Weber, 2001). Besides head-quarters or branch offices, corporate organizations also do not stray far from areas that are home to their clients, customers or have at least some relevance to their business. Interestingly, recent development indicates that there is a growing interest among corporate organizations to hold their meetings in a less conventional or novel setting (Callan and Hoyes, 2000; Leask and Hood, 2001), far away from the area of their business locations.

According to Zelinsky (1994), as the industry has expanded, the location and shape of the activity have changed considerably. Crouch and Louviere (2004) argued that the traditional locations of a few large cities with substantial convention infrastructures have been losing market share to new locations. The researchers further added that other smaller cities and towns have entered the market in more exotic locations and by building modern, hi-tech meeting facilities typically targeting the small to midsize convention sectors.

A novel destination would provide the feelings that the meeting experiences are exciting, different and motivating to employees. Compared to "commonplace meeting", conducting meetings in novel destinations will produce significant spillover benefits to other tourism sub-sectors such as lodging, transportation, shopping and tourist destinations.

This observation has lead to the major issue that this research mainly attempts to address - "what are the factors that drive the choice of corporate meeting planners on meeting destination with respects to its novelty setting?" Although several researchers (Callan and Hoyes, 2000; Leask and Hood, 2001) have recently investigated the characteristics and the nature of novel meeting destination offerings, they did not explicitly explain the underlying behavioral reasons behind such decisions. Ariffin and Ishak (2006) argued that the novelty preference for corporate meeting could be explained by the orientation consumption of the meeting itself, personality of the meeting planner as well as the organization structure. However, this article is only focussing on the influence of organization structure.

# Organizational Structure and Novelty Preference for Corporate Meeting Destination

It is posited in this study that the novelty preference for meeting destination choice is influenced by the structural pattern of the corporate organization in which the meeting planner works. Organization structure defines how task are to be allocated, who reports to whom and the formal coordinating mechanisms and interaction patterns that will be followed (Robbins, 1990).

The three structural dimensions incorporated in this study were formalization, centralization and complexity. The three dimensions were recognized as the major components of an organizational structure in most of the organizational behavior studies (Hall, 1977; Robbins, 1990). Formalization refers to the degree to which tasks within the organization are prescribed by standardized procedures, rules and regulations. This dimension of organizational structure attempts to measure the flexibility that a manager enjoys when handling a particular task (Deshpande, 1982). The second dimension, centralization refers to the degree to which the formal authority to make discretionary choices is concentrated in an individual, unit or level (usually high in the organization), thus permitting employees (usually low in the organization) minimum input into their work. This construct is concerned only with formal structure, formal authority and looks at decision discretion.

Finally, complexity looks at the amount of differentiation that exists within different elements constituting the organization (Dooley, 2002; Robbins, 1990).

This present study incorporated the three major components of complexity as suggested by Robbins (1992) and Hall (1977) - horizontal and vertical differentiation, and spatial differentiation. Horizontal differentiation considers the degree of horizontal separation between units based on the orientation of members, the nature of the tasks, and their training. Vertical differentiation refers to the depth of the organizational hierarchy. Spatial differentiation encompasses the degree to which the location of an organization's facilities and personnel are dispersed geographically. An increase in any one of these three sources will increase an organization's complexity (Robbins, 1990).

# Framework, Questions and Hypotheses

The following Figure 1 shows that this study posited that novelty preference for corporate meetings are influenced by formalization, centralization and complexity.

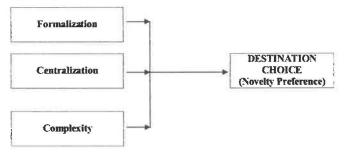


Figure 1 : Research Framework

Formalization. Formalization has significant consequences for organizational members because it specifies how tasks are to be performed and a high level of formalization limits members' decision-making discretion (Frederickson, 1986). According to Robbins (1990), the greater the number of rules and procedures, the greater the rigidity and inflexibility within the organization. Pierce and Delbecq (1977) argued that high formalization discourages new ways of doing things while lower degree of formalization would permits openness, which encourages new ideas and behaviors. Lenz and Lyles (1983) also agreed that formal systems can become so ritualistic that they drive out all creative behavior in the organization. Based on the above, it is logical to anticipate that:

Hypothesis 1(a): Formalization is negatively correlated with novelty preference for meeting destination choice.

Hypothesis 1(b): Formalization contributes negatively to the prediction of novelty preference for meeting destination choice.

Centralization. Review of literature indicated that organizations with flexible structure tend to be better at innovating than those with rigidly structures as centralized organization (Hage and Aiken, 1970; Pierce and Delbecq, 1977; Pondy, 1970; Utterback and Abernathy, 1975; Zaltman et. al, 1973). According to Damanpour (1991), centralization was negatively related to innovation where participatory work environments facilitate innovation by increasing organizational members' awareness, commitment and involvement. A decentralized, participatory structure help open up channels of communication and facilitate awareness of potential innovations (Hage and Aiken, 1970). Hage and Aiken (1970) also found centralization to be inversely related to propensity to change. Therefore, it is hypothesized in this study that:

Hypothesis 2(a): Centralization is negatively correlated with novelty preference for meeting destination choice.

Hypothesis 2(b): Centralization contributes negatively to the prediction of novelty preference for meeting destination choice.

Complexity. Organizational complexity such as division of labor and differentiation are likely to have positive effects on human resource innovation because diversity in organizations results in diverse of ideas and broader knowledge based (Beyer and Trice, 1978; Kimberly and Evanisko, 1981; Marshall and Vredenburg, 1992; Pierce and Delbecq, 1977). Greater complexity also may result in a higher cognitive diversity, which refers to the differences in beliefs about cause-effect relationships (Navarro and Martin, 2003) which leads to greater adaptiveness (Ruekert et. al, 1985). Fay and Frese (2001) also suggested that complexity of work as one of the main factor that influence employee's proactive adaptive performance. Based on the above, it is clear that the higher the degree of structural openness, which is negatively related to formalization and centralization, but positively related to complexity, the more likely a novel setting will be selected.

Therefore, it is hypothesized in this study that:

Hypothesis 3(a): Complexity is positively correlated with novelty preference for meeting destination choice.

Hypothesis 3(b): Complexity contributes positively to the prediction of novelty preference for meeting destination choice.

# Methodology

Sampling. The population of this study is defined as internal corporate meeting planners employed by services corporations listed on the main board of Bursa Malaysia. Public listed corporations are chosen because of their relatively higher number of professional expertise, larger material and human

resources and good financial standing compared to smaller corporations (McAdam, 2000; Thong and Yap, 1995), which enable them to undertake innovative programs (Gray et al., 2003) including human resource practices.

Due to the difficulty in obtaining good responses from the organizational or managerial level respondents, only a total of 100 corporate meeting planners (from 20 corporations) or 62.5 percent of the total population were targeted for this study. The size of the sample was relatively higher than those of past research on corporate meeting planners in the similar field. Concentrating on a small and more specific population such as the large service corporations would increase the managerial value of a research for targeted marketing decisions rather than a wide population but with a very low anticipated response rate.

The sampling process in this study consists of two stages. The first stage was pertaining to the selection of the 20 participating corporations followed by the identification of the five meeting planners from each corporation in the second stage. A simple random probability sampling using SPSS procedure was employed to select the 20 corporations from the sampling frame of 32 corporations listed under the services/trading counter in the Bursa Malaysia. Then, the five meeting planners representing each corporation were selected based on their substantial involvement in the decision-making process of meeting destinations within the year of 2002 and 2003.

Data Collection Method. The data for this study was collected using mail questionnaires that were distributed to a cross section of organizations. In order to obtain the required sample size of 100 corporate meeting planners from 20 corporations, a larger amount of questionnaires were distributed. A total of 125 questionnaires were distributed to 25 randomly selected corporations from the sampling frame. The completed questionnaires were then collected and returned to the researcher by the appointed liaison officer at each corporation.

Data Analysis. The Pearson correlation analysis was performed to test the hypotheses 1(a) through 3(a). The Pearson product-moment correlation coefficient indicates both the degree and the direction of the associations. A multiple regressions analysis was performed to gauge the independent relations of the three dimensions of organizational structure to novelty preference. Specifically, the regression model was computed to test the hypotheses 1(b) through 3(b).

# Measurements

Novelty Preference. An initial pool of items for the measurement of novelty preference was generated from available measures, extensive literature

search, construct domains, and the context in which the measures were to be used. In addition, protocol analysis was employed to generate items that are more specific to the context of corporate meeting market. The protocol analysis technique involves placing a person in a decision-making situation and asking the person to verbalize everything he or she considers when making a decision. The technique is also a practical method considering the hectic schedule of corporate meeting planners to be pooled together such as in a focus group session.

A total of 25 items were generated after taking into account identical or equivalent items. The initial items were refined and edited for content validity by a group of three expert judges who are academicians with research interest in services and tourism. Under this procedure, three of these items were discarded from further analysis. The samples of the finalized 22 items used to measure novelty preference are presented in the appendix. In this study, an even-numbered six-point scale was used in order to avoid the clustering of responses at the neutral point, which will turn out to make the result unreliable (Ling, 1998). The scale recorded an excellent Cronbach's reliability coefficients of 0.91.

Organizational Structure. Because the decision unit involved was not expected to be highly structured due to its small size (Crouch and Ritchie, 1998), describing the structure at the overall organizational level was much more relevant than describing it at a decision unit level. In this study, a survey approach which is based on perceptual measure was employed to measure organizational structure. This approach follows other behavioral science research suggesting that perceptual measure can adequately and accurately reflect the degree of structure experienced by a particular individual (Duncan, 1972) and influence pattern within a group (March, 1955).

Based on Robbins (1990), this study viewed organizational structure as having three major dimensions namely formalization, centralization and complexity. A group of three expert judges consists of academicians in the area of organizational behavior were asked to refine the initial measurement items for formalization, centralization and complexity constructs. The construct of formalization was measured by using five items fully adopted from the highly referred measurement (a = 0.74) developed by Hage and Aiken (1969). The measurement for centralization was also adopted from the scale (a = 0.79) developed by Hage and Aiken (1969). Three-item measurement was employed to measure complexity in this study. With a Cronbach's alpha of 0.84, the first two items were modified from John and Martin (1984) while the final item

was adapted from the vertical differentiation scale developed by Aiken et. al (1980). The samples of the items used to measure organizational structure are presented in the appendix.

# Findings

A total of 76 meeting planners from 17 corporations returned the surveys, representing a response rate of 60.8. One of the returned questionnaires was eliminated as the respondent had systematically marked the scale's extreme points of the novelty preference. After eliminating the unusable response, 75 responses were coded and used for data analysis. Missing data were reduced as much as possible by checking all the questionnaires at time of collection. When any questions were found unanswered, it was immediately brought to the attention of the related respondents.

Profile of the Respondents. The respondent's profiles are summarized in Table 1. The sample shows a balance combination between the males and females. The female respondents represented a slightly higher percentage of the whole sample (53.3%) compared to the male respondents (46.7%). The majority of the respondents were middle-aged (i.e., 31-45 years) followed by those in the age group of 46 and above (30.7%). Approximately half the respondents (50.7%) were Malay followed by Chinese and Indian with 37.3 percent and 12 percent respectively.

The completed sample was composed of well-educated individuals. Large majority (72%) of them are holding a bachelor's degree while the other 20 percent had completed postgraduate studies. For the position in the corporations, the largest percentage (46.7%) was those in the top level of management as the respondents were those who have the final authority to make the decision on the meeting destinations. 38.7 percent or 29 of the respondents were in the middle management while only 14.6 percent or eleven respondents were in the lower management level.

Results of Hypotheses Testing: Hypotheses 1(a) - 3(a). Table 2 showed that all three dimensions were highly significantly correlated with novelty preference for meeting destination choice at 0.05 level. Formalization (r = -0.42) and centralization (r = -0.40) were found to be negatively correlated with novelty preference while complexity (r = 0.43) was positively correlated with novelty preference. With Pearson coefficients in the range of 0.40 to 0.43, the associations between organizational structure and novelty preference was considered to be at moderate levels. With Pearson coefficient of 0.43, the result also revealed that the highest correlation was between complexity and novelty preference.

Demograhic Information		N	Percent
Gender	Male	35	46.7
	Female	40	53.3
Age	30 and less	15	20.0
Ŭ	31-45	37	49.3
	46 and above	23	30.7
Ethnic	Malay	38	50.7
	Chinese	28	37.3
	Indian	09	12.0
Educational	Diploma	06	08.0
Level	Bachelor	54	72.0
	Postgraduate	15	20.0
Position	Top Management	35	46.7
	Middle	29	38.7
	Management	11	14.6
	Lower Management		-

### Table I : Profiles of the Respondents

### Table II : Result of Pearson Correlations

	Novelty Preference	
Formalization	Pearson Correlation (r) Sig. (2-tailed)	-0.423 0.037
Centralization	Pearson Correlation (r) Sig. (2-tailed)	-0.401 0.041
Complexity	Pearson Correlation (r) Sig. (2-tailed)	0.426 0.034

Results of Hypothesis Testing: Hypotheses 1(b) through 3(b). Overall, the regression equation was significant at 0.01 level (F = 13.97, p = 0.000, R2 = 0.37). The resulting multicollinearity diagnostics also revealed that the VIF scores were all below 10, indicating that multicollinearity was also not a problem in this regression model. Out of the three structural dimensions, only complexity was found to contribute significantly to the prediction of novelty preference. With  $\beta = 0.37$  and p = 0.000, complexity was strongly and positively related to novelty preference for meeting destination choice.

# **Discussions and Implications**

The overall findings reveal that complexity is the most highly correlated structural dimension with novelty preference followed in order by formaliza-

tion and centralization. However, with correlation coefficients in the range of 0.41 to 0.43, the strengths of all the associations are considered as at moderate level.

Independent Variables	Beta Coeff.	t	Sig.	VIF
Formalization	328	-3.133	.103	1.244
Centralization	182	-1.709	.624	1.286
Complexity	.374*	3.890	.000	1.046
R: .609 R Square: .371			-	

Table III : Result of Multiple Regression

Dependent Variable: Novelty Preference.

\* Significant at 0.01 level

The results of multiple regression also indicated that only complexity ( $\beta$ =0.37, p=0.000) contributes significantly to the prediction of novelty preference. Thus, it is clear that the result of multiple regressions supports the research hypothesis that complexity is the most influential structural dimension in explaining novelty preference for meeting destination choice. Organizational complexity refers to the amount of differentiation that exists within different elements constituting the organization (Dooley, 2002; Robbins, 1990) and this diversity would result in diverse ideas and perspectives. This result seems to be in supports of Fay and Frese (2001) that suggests complexity as one of the factors that influence employee's proactive adaptive performance. Complexity is also cited as one of the sources of innovation and creativity in organization setting (Kimberly and Evanisko, 1981; Watson et. al, 1993).

Corporate meeting planners working in organizations with high degree of structural complexity are exposed to a lot of information, suggestions and perspectives on how to conduct successful meetings. This situation may result in a higher cognitive diversity, which in turn leads to greater adaptiveness among the meeting planners. Bantel and Jackson (1989) contended that cognitive heterogeneity drives to a deeper design of alternatives and analyzing a bigger number of possible courses of action. Based on the above, it is explainable why complexity exerts a significant effect on novelty preference for meeting destination choice. Spatial differentiation is one of the sources of structural complexity which encompasses the degree to which the location of an organization's facilities and when personnel are dispersed geographically. Meetings that would involve employees from multiple locations are expected to be conducted at different location at different time.

On the other hand, the nonsignificant effects of formalization and centralization on novelty preference for destination choice suggest that formal rules and procedures as well as formal authority are not important in the decision making process of a corporate meeting destination setting. This is perhaps because there are almost no formal guidelines developed with regards to the selection procedures for corporate meeting destination in most of the organizations.

# Suggestions for Future Research and Conclusion

It would also be fascinating to conduct a nationwide survey on meeting destination choice to understand the meeting industry in great details. In this present study, the respondents were drawn only from those organizations located in the Klang Valley area. A comparative study between internal and independent corporate meeting planners or between services and manufacturing organizations could also be another interesting study to be carried out in the future. This kind of study could also be extended by including respondents taken from the meeting participants group themselves. These are the people who actually attended the meeting at the selected destination. This study will help to answer the question of whether there are any differences between the preferences of the meeting planners and the participants. Extending this kind of research to a larger population would help ascertain the significant influences of the consumption value and personality as well as the non-significant effect of structural dimensions on meeting destination choice.

Finally, the destination preference for incentive travel, a unique subset of corporate group business, is another interesting topic to be explored in the future. Since incentive travel is actually a reward participants receive for achieving or exceeding a goal, the selection criteria for the destination is expected to differ substantially with those of the general corporate meeting destination.

This study seeks to contribute to the body of knowledge in the tourism and hospitality marketing area in both theory development and management strategies. In terms of theoretical significance, this study intends to make significant contribution to the corporate meeting destination choice literature by proposing a framework for the novelty preference for destination choice, which suggests its determinants that encompasses the consumption, organizational as well as individual decision maker factors. From the meeting services management perspective, the findings should provide managers and administrators with information such as what contributes to novelty preference of corporate meeting destination choice.

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# Appendix

# Sample: Scale of Novelty Preference

The destination (includes the geographical location as well as the meeting venue or facilities) "....."

- i. offers new things to the participants.
- ii. offers a standard form of meeting experience to the participants.
- iii. provides some new forms of stimulation.
- iv. creates enthusiasm among the participants.

### Sample: Scale for Formalization

- Employees in this organization have to follow strict operating procedures at all times.
- Going through the proper channels is constantly stressed in this organization.
- iii. People in this organization are allowed to do almost as they please.

### Sample: Scale for Centralization

- A person who wants to make his own decision would be quickly discouraged in this organization.
- ii. Even small matters have to be referred to someone higher up for a final answer in this organization.
- iii. Any decision employees make in this organization must have their supervisors' approval.

# Sample: Scale for Complexity

- i. This organization is highly departmentalized.
- Employees of this organization tend to be widely dispersed geographically.
- iii. This organization is highly hierarchical as depicted in its organization chart