

THE EFFECT OF CUSTOMER VALUE CREATION TOWARDS FIRM
PERFORMANCE: A STUDY OF TOURISM INDUSTRY'S COMPETITIVE
ADVANTAGE

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SUPERVISOR'S APPROVAL

I hereby declared that I had read through this thesis and in my opinion that this thesis is adequate in terms of scope and quality which fulfill the requirements for the award of Bachelor of Technology Management (High-Tech Marketing)

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The thesis is submitted in partial fulfillment of the requirements for the award of
Bachelor of Technology Management (High-Tech Marketing)

Faculty of Technology Management and Technopreneurship

Universiti Teknikal Malaysia Melaka

Jun 2017

DECLARATION OF ORIGINAL WORK

"I hereby declare that ..."

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DEDICATION

Special thanks to:

My beloved parents

Siblings

Friends

Thank you to my supervisor:

Miss Sitinor Wardatulaina bt. Mohd Yusof

for all the spirituals and moral support that had been given to me all the time.

ACKNOWLEDGEMENT

First of all, I would like to express my deepest appreciation to Faculty of Technology Management and Technopreneurship (FPTT) in UTeM for providing this subject – Project undergraduate. This project has given me the opportunity to gain a deeper knowledge regarding to the topic I have chosen customer value creation. Without this subject, I would not have known that I have the capabilities to finish this project as the project undergraduate has always been known as the hardest project in university.

Other than that, I would like to express my gratitude to my supervisor, Miss Sitinor Wardatulaina binti Mohd Yusof who has been giving me guidance patiently to make sure I am always at the right path. Without her help, this project would not be completed so successfully. Besides that, I would like to express my thankful to Dr Amiruddin bin Ahamat who pointed out the mistake I made during the presentation. Without her, my mistaken would not be realised and most probably will cause to serious consequences.

In addition, I would like to take this opportunity to convey my gratitude to other lecturers and course mates who always ready to help me whenever I faced difficulties in doing the project and willing to share the information to me.

Last but not least, I would like to express my appreciation to my family and friends who have given their hand along the way. Their spiritual supports and loves have always given me the strength to finish the project. Once again, thousand words could not fully express my thanks to them, but their kindness have graved in my heart all the time

ABSTRACT

As mentioned by many scholars, customer value creation is to evaluate of the customer the perceived benefit of services that improve organization's business performance by providing superior products and services that fulfil customer's satisfaction and employee's satisfaction. Economic nowadays are changing from product-centric to consumer-centric. No doubts, tourism industry in Malaysia is the one of the tops tourist destination in Southeast Asia which has attraction and activities to meet the tourist, culture and history buffs. To survive in this competitive society, customer value creation is significantly important to help a company in gaining competitive edge. However, thorough understanding on customer value creation is needed in order to implement it effectively. Furthermore, customer value creation could not be implemented without any component or factors that facilitate it. The study aims to study the type of value involve in customer value creation in tourism SMEs, to determine the component of value creation toward tourism industry in competitive advantage and to analyses the strongest component of value creation in relation with firm performance. The methodology of this study used is quantitative methods and carried out the survey by distributing questionnaire. The questionnaire will be distributed in the Johor and Melaka state. 186 automotive companies in Johor and Melaka state have responded to the questionnaire. The results have been analysed using Pearson's Correlation to analyses the stronger component of value creation in relation with firm performance and using Regression Analysis to determine the component of value creation toward tourism industry competitive advantage. Through the results generated from SPSS, component customer value creation have shown significant relationship with the firm performance.

Keyword: Customer Value Creation, Firm Performance, Tourism Industry

ABSTRAK

Mengikut penyelidikan yang telah dijalankan oleh pelbagai cendekiawan penciptaan nilai pelanggan adalah untuk menilai manfaat pelanggan yang di lihat sebagai perkhidmatan yang dapat meningkatkan prestasi perniagaan dalam organisasi dengan memenuhi kepuasan pelanggan dan kepuasan pekerja yang baik. Ekonomi pada masa kini lebih menumpukan perhatian kepada pelanggan daripada produk. Tiada keraguan, industri pelancongan di Malaysia adalah salah satu destinasi pelancongan yang menarik di Asia Tenggara yang mempunyai tarikan dan aktiviti untuk memenuhi kehendak pelancong, budaya dan sejarah. Bagi turut bersaing dalam industri yang kompetitif ini, penciptaan nilai pelanggan adalah penting untuk membantu syarikat dalam mendapatkan kelebihan berdaya saing. Walau bagaimanapun, pemahaman tentang konsep penciptaan nilai pelanggan adalah kriteria asas untuk menjalankan strategi ini. Tambahan pula, penciptaan nilai pelanggan tidak dapat dilakukan tanpa sebarang faktor yang menggesanya. Kajian ini dijalankan dengan beberapa tujuan, iaitu untuk menentukan komponen penciptaan nilai pelanggan terhadap industri pelancongan yang lebih kompetitif, untuk menganalisis komponen yang kuat daripada penciptaan nilai berhubung dengan prestasi firma. Metodologi kajian ini menggunakan kaedah kuantitatif and dijalankan kaji selidik dengan mengedarkan soal selidik di negeri Johor dan Melaka, 186 syarikat agensi pelancongan telah menjawab soal selidik. Keputusan telah dianalisis menggunakan Pearson "s Korelasi untuk menganalisis komponen yang kukuh penciptaan nilai berhubung dengan prestasi firma dan menggunakan Analisis Regresi untuk menentukan komponen penciptaan nilai kepada kelebihan daya saing industri pelancongan. Melalui keputusan yang dijana daripada SPSS, komponen penciptaan nilai pelanggan telah menunjukkan hubungan yang signifikan dengan prestasi firma.

Kata Kunci: Penciptaan Nilai Pelanggan, Prestasi Firma, Industri Pelancongan

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LIST OF ABBREVIATIONS

RBV	=	Resources Based View
CVC	=	Customer Value Creation
GDP	=	Gross Domestic Product
SME	=	Small Medium Enterprise
TSMEs	=	Tourism Small Medium Enterprise
SPSS	=	Statistical Package for Social Science
PSM	=	Project Sarjana Muda
PERVAL	=	Perceived Value Scales
VRIN	=	Valuable, Rareness, Inimitable, Non-substitution
%	=	Percentage

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CHAPTER 1

INTRODUCTION

This chapter has introduce the firm performance in tourism industry in Malaysia, alongside with the problem statement, research question, research objective, relevant study, justification study, scope of study and research limitation

1.1 Tourism Industry in Malaysia

The tourism industry in plays an important role in Malaysia's economy and currency changes. The Malaysian food industry is diverse as Malaysia has multicultural community which brings a wide of Asian tourism. Tourism industry performance in Malaysian has successfully shown the positive achievement. The combination of unique features of Malaysia naturally resources and the multiracial and multicultural society as mention above has been strengthen through tourism policies developed and implemented by Malaysian government to develop competitive advantages for Malaysia tourism industry. In order to sustain the competitive advantage in tourism industry, the Malaysia government has played role in planning, gearing and developing the industry. According The Unit (2016) where the ecotourism will be positioned as premier segment of the tourism industry by leveraging biodiversity assets through extensive protection and conversation, supported by targeted branding and promotion activities. Actually

ecotourism product has developed along the value chain of high-yield tourism by attracting reputable investors who are competent in the conservation and preservation of nature and wildlife.

The increasing GDP (Gross Domestic Profit) of tourism industries contribute the high opportunity employment in the Malaysia. Statistic Malaysia (2015) state the GDP increasing from 2014 until 2015, where in 2014 the share to GDP was 13.7% and in 2015 the GDP was 14.4%. However, the tourism industry is mainly Malaysian-owned and dominated by small medium enterprise (SME) companies. The majority of them are still using low technologies to offer their services to the customer and create superior customer value in the organization.

1.2 Small and Medium Enterprise in Tourism Industry

SMEs in Malaysia given that, there have been many development in the economy since 2015 such price inflation, structural changes and change in business trend, a review of the definition was undertaken in 2013 and a new SME definition was endorsed the 14th NSDC. The Malaysia SMEs are divided into two categories which are in the manufacturing sector and services and the other sector (Department of Statistics Malaysia, 2011). Malaysia SMEs play a major in contributing toward economic growth in tourism industry. The future progress of Malaysia seem to depend greatly on the development of SMEs and for them to be fully developed. Thus, the government must recognized the role of SMEs in the economy and has implemented the various of policies and program to assist them in difficult circumstances (Muhammad & Char, 2010).

SMEs also focusing the tourism industry. Many firm establish of various type of tourism SME's (TSMEs) with low capital requirements and operated at low cost. Besides focusing product and services, the Malaysian government has acknowledged on the importance of TSMEs in tourism industry performance (Set, 2013) or firm performance. TSMEs able give impact on competitive advantage or firm performance in order to create the superior customer value. In order to measure the firm performance, based on non-financial measurement. In the non-financial they have performance dimension for non-financial which is customer satisfaction, employee satisfaction and social performance. This is indicator where help organization to measure their firm performance and help to sustain in competitive advantage in TSMEs

The government acknowledged on the importance of TSMES in the tourism industry performance. So, they have been establish the list of financial and non-financial programs have been established to support TSMEs performance. This action was taken to further prosper Malaysia TSMEs performance and to increase the business longevity in order to realize the government's plan for tourism industry in Malaysia. Therefore, the next section discuss the firm performance based on resource-based view (RBV) perspective in Malaysia.

1.3 Firm Performance

Nowadays, firm performance held in high to customer in providing goods and services to customers. Especially the services offered to tourists or customers in tourism industry in Malaysia. According to Hernaus (2012), firms need to contribute through the measurement of organizational design options and competitive advantage of a firm that exists in the tourism industry SMEs, focus on travel agency. According to Yasaman

Darabi (2007), firm performance nowadays is highly competitive and is characterized by such norms as the globalization and deregulation of markets, aggressive competition and ever-rising expectations of the customer. This will cause firms to compete with each other in order to survive in the tourism industry SMEs.

Firm performance can be measured either using financial or non-financial. According to Hernaus (2012) is moved from a focus purely financial to non-financial like customer retention, customer satisfaction, employee turnover and several service products will be developed. This research also focus on non-financial in order to measure firm performance in the tourism industry SMEs. When measuring the performance of the firm, firm's emphasis on non-financial information will help their firm to survive in the long term by offering goods and services in the tourism industry SMEs. At the same time, the establishing in firm performance help to create the superior customer value creation (CVC) in the tourism industry SMEs.

In addition, the firm's performance measurement is a key factor in achieving successful implementation of company strategies and techniques in the pursuit of the vision and mission to ensure the success of a business organization in the short term and the long term (Cao, Berkeley, & Finlay, 2014). According to Gijssel (2012), states that the performance of the firm stressed that the financial and non-financial must be part of an information system for the employees of the organization. In this study focused on non-financial performance measurement firm. Intangible is the advantage in terms of where customer satisfaction, quality and so on (Hussain, Gunasekaran, & Islam, 2002)

Potential form to mobilize and exploit intangible or invisible assets such as brand reputation, customer satisfaction and employee satisfaction has become far more decisive than investing and managing physical, tangible assets (Kaplan & Norton, 1996). Intangible assets enable an organization to develop customer relationships that retain the