

**EXAMINING THE BENEFITS AND BARRIERS OF E-BUSINESS
ADOPTION AMONG TRAVEL AGENCIES IN TOURISM INDUSTRY**

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SUPERVISOR DECLARATION

“We hereby acknowledge that we had read this project paper and in our opinion, this work sufficient in terms of scope and quality for the award of Bachelor of Technopreneurship”

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DEDICATION

To my parents Mr. Mohd Fauzi and Mdm. Rahimah and my lovely siblings, Mohd Farhirul, Farah Liyana, Muhamad Faris and Farah Syahirah with their love and effort who always pray for my success and their never ending support, motivation and attention.

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ABSTRACT

Information and Communication Technology (ICT) has become an essential tool for the tourism industry. ICT played a significant role in shifting the Malaysian tourism sector into an intensive industry. Factors affecting the usage of E-business in the tourism industry have been well-documented in developed countries, but further studies are needed to investigate the usage of E-business in the tourism industry among developing countries. This study aims to identify the level of E-business usage as well as the benefits and barriers of E-business adoption among local tourism agencies operating in the Historical City of Melaka. The E-Business Measurement Evolution Model and the quantitative approach was applied for this study. Questionnaires were distributed to the respondents in the form of an online and self-administered questionnaire. Statistical Package for Social Science (SPSS) version 25.0 was used to analyse the data. The research findings revealed that tourism agencies in Malacca were still in the early stages of E-business usage, with only (54%) of the travel agencies are online. The factor of saving time ($M = 4.3492$) was the key benefit in E-business usage while the factor of hackers intervention ($M = 3.8730$) was revealed to be the most deterring factor that causes the tourism agencies reluctance to adopt E-business practice. This study shows that government aims of E-business tourism have not been fully realised. The respondents still perceive the factors of internet fraud and security are a significant issue for E-business usage. Therefore, future research is recommended to provide more insights into the application of E-business tourism in tandem with the government aim of the cashless Malaysian tourism industry.

Keywords : E-business, Tourism, Travel agencies

ABSTRAK

Teknologi Maklumat dan Komunikasi (ICT) telah menjadi alat penting bagi industri pelancongan. ICT memainkan peranan penting dalam memindahkan sektor pelancongan Malaysia menjadi industri yang intensif. Faktor-faktor yang mempengaruhi penggunaan E-perniagaan dalam industri pelancongan telah didokumentasikan dengan baik di negara-negara maju, tetapi kajian lanjut diperlukan untuk menyiasat penggunaan E-perniagaan dalam industri pelancongan di negara-negara membangun. Kajian ini bertujuan untuk mengenalpasti tahap penggunaan E-perniagaan serta faedah-faedah dan penghalang penggunaan E-perniagaan di kalangan agensi-agensi pelancongan tempatan yang beroperasi di Bandar Bersejarah Melaka. Model Evolusi Pengukuran E-Perniagaan dan kuantitatif telah digunakan untuk kajian ini. Soal selidik diedarkan kepada responden dalam bentuk soal atas talian dan sendiri. Versi Statistik untuk Sains Sosial (SPSS) versi 25.0 digunakan untuk menganalisis data. Penemuan penyelidikan menunjukkan agensi-agensi pelancongan di Melaka masih dalam peringkat awal penggunaan E-perniagaan, dengan hanya (54%) agensi-agensi pelancongan dalam talian. Faktor menjimatkan masa ($M = 4.3492$) adalah faedah utama dalam penggunaan E-perniagaan manakala faktor campur tangan penggodam ($M = 3.8730$) didedahkan sebagai faktor yang paling menghalang yang menyebabkan agensi-agensi pelancongan enggan mengamalkan E-perniagaan secara praktik. Kajian ini memperlihatkan bahawa matlamat kerajaan untuk pelancongan E-perniagaan belum sepenuhnya direalisasikan. Para responden masih melihat faktor-faktor penipuan dan keselamatan internet adalah isu penting untuk penggunaan E-perniagaan. Oleh itu, penyelidikan masa depan adalah disyorkan untuk memberikan lebih banyak gambaran mengenai penerapan pelancongan E-perniagaan seiring dengan matlamat kerajaan untuk memperkenalkan industri pelancongan Malaysia tanpa tunai.

Kata Kunci : E-perniagaan, Pelancongan, Agensi Pelancongan

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LIST OF ABBREVIATIONS

E-business	Electronic business
ICT	Information technology and communication
WWW	World Wide Web
MATTA	Malaysian Association Tour & Travel Agents
WTTC	World Travel and Tourism Council
NTP	National Tourism Policy
TDC	Tourist Development Corporation
SMEs	Small and medium sized enterprises
SMI	Small and Medium Scale Industries
Pikom	National ICT Association of Malaysia
MoU	Memorandum of Understanding
OECD	Organisation for Economic Co-operation and Development
WTO	World Tourism Organization
WTTC	World Travel and Tourism Council
MCMC	Malaysian Communications and Multimedia Commission
EBLV	Level of e-business adoption
BAMEAN	Barriers of e-business adoption
BOMEAN	Benefits of e-business adoption

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CHAPTER 1

INTRODUCTION

1.1 Research Background

Tourism activities represent a substantial role in the Malaysian industry. In 2018, World Travel and Tourism Council (WTTC) reported that travel & tourism's total contribution to employment, including employment indirectly supported by the industry, amounted to 11.8 per cent of total employment (1704,500). This is expected to increase by 1.5% to 1.730,000 jobs in 2018 and by 3.1% to 2.356,000 jobs in 2028(13.2% of the total). Tourism opens up fresh possibilities for developing countries, but it has been recognized that almost all tourism industry strategies developed by central governments without local participation do not meet the sensitivities and desires of tourist visited groups (Davison et al., 2005). However, the Sixth Malaysia Plan (1991-1995) was established the very first National Tourism Policy (NTP) to serve as the leading principle for tourism industry planning, development and marketing in Malaysia.

The Malaysian tourism industry started with the establishment of the Tourist Development Corporation (TDC) in 1972. Today, small and medium-sized enterprises (SMEs) in the current period of tourism is referred to as the era of "complete electronic phenomena," as several electronic phenomena have been introduced for businesses, citizens and government such as electronic banking, e-commerce and electronic life.

According to Kiang and Chi (2001), argues that the way of Internet communication range allows easy monitoring of customer needs and expansion and adjustment of the business strategy with the most root form such as email service, newsgroups and chat-room participates. Andy Grove, Intel's chairman and co-founder, "The world now runs on Internet time. Don't waste time if you want to keep pace, act now to 'e'" he said. Therefore, Peng et al., (2005) view that the adoption of e-business is firmly linked to the innovation for increased use of the Internet now become a business medium that inspires companies to explore another method of serving their customers. Thus, the implementation of information technology and communication(ICT) bring fundamentals of competitiveness and economic growth for companies, organizations and countries (Steinfeld et al., 2012). The impact for ICT application gives organisational changes in service firm (Mazzarol, 2015). Malaysia ranks 31st among the most tech- ready countries in the world which has 146 per cent mobile access, 22 million Internet users, 18 million active social media users and 7 million online shoppers (TheStar online, 2018).

Unfortunately, the adoption of e-commerce which is a subset from e-business (Laudon et al.,2009) still limited due to different features and attributes compared between with SMEs and large organizations (Sin et al., 2015). Many companies just sell their products by embrace Facebook pages (Almotamar, 2014). Besides, the lack of awareness about benefits and barriers among SMEs makes the use of technology not properly (Halji, Sim & Shanmugam ,2014). The e-business adoption technologies by SMEs into their business processes was also due to influence factors such as innovation company characteristics (Rahman et al.,2013).

According to Wong (2013), Malaysia is a multiracial population and having a balanced market size and expansion that will be as a good example point for Southeast Asia countries. In another word, Malaysia is a good reference for the research of e-business among developing countries. Hence, the aim of this study was to explore travel agencies in the tourism sector in Malaysia for the adoption of e-business from the perspectives of the level of adoption framework as well as investigate the benefits and barriers.