AN ASSESSMENT OF WEB TECHNOLOGIES & E-BUSINESS ADOPTION AMONG SMES TRAVEL AGENCIES IN MALAYSIA

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Abstract

As the backbone of the economic contributor to the Gross National Profit (GNP), tourism sector plays a vital role in creating employment opportunities. For that reason, attention is given to the travel agencies' operators to improve productivity and to be competitive in the travel and tour markets. However, in reality, not all companies adopt and use effectively, or even use, information technology. The gap lies between the realities of the actual usage of information technology. A deeper understanding of the current demographic profile and web technologies and e-business adoption practice is vital to know the current trends and practices are implemented among SME entrepreneurs. This study provides a general description of SME's travel agencies background and web-technology and e-business adoption profile in Malaysia. A total of 313 respondents from SMEs owners/managers has been selected using multistage cluster sampling method to answer the open ended questionnaire. A descriptive analysis SPSS was used in describing the web technologies adoption among Malaysia SMEs travel agencies. The findings of the study revealed that Malaysia SMEs still attach to the conventional way of conducting travel agencyy business.

Introduction

This paper aims to analyse the background characteristic of web-technology and e-business adoption profile of small and medium travel agencies in Malaysia. These analyses are very important since conducting business with the current demand of modern travellers worldwide is of paramount important to travel agencies of today. Therefore, the findings of this study help to build a comprehensive profile for SME travel agencies.

Generally, business transactions via the Internet (E-Commerce and e-business) are still rare among SMEs in Malaysia (Tan, K.S. & Eze); with little emphasis on the use of Informational Communication and Technology, (Chin, Y.W. (2010). In comparison to large organizations, small and medium enterprises are relatively weaker at various levels (i.e., organizational, managerial, technological, individual and environmental). There are still lower usage of ICT facilities among SMEs according to Khuja et al., (2012); Mazhatul et al., (2000); Alam et al., (2009); and Set (2014).

On the domestic front, 90% of SMEs business is in the service sector, however its contribution to value assets is low (only 62% of total SME gross domestic products). Among the reasons for the low contributions were (a) high number (80%) of micro enterprises, (b) low productivity of the sector; and (c) inclination towards traditional and low value-added activities (SME Corp, 2014).

With reference to the Economic Planning Unit (EPU), (2014), to enhance the performance of local SMEs business, and to stimulate the domestic demand of local business growth in Malaysia, the government will continue to strengthen the SMEs by introducing new measures and rationalizing existing efforts to further develop the industry to a higher competitive level. Hence, in promoting and upgrading Bumiputera SMEs under the Bumiputera Commercial and Industrial Community (BCIC),

necessary efforts are essential to assist Bumiputra entrepreneurs to improve their skills in business management, ICT, research and development, product development and marketing as well as establishing strategic alliances with non-Bumiputra entrepreneurs.

In travel and tour segment, there was an increasee of 5.6 % registered travel agencies with the Ministry of Tourism Malaysia in 2015. However, regardless of the technological revolution experienced in the tourism industry and opportunities it offers, the travel agencies business in Malaysia has not improved their on-line booking system of which only one-third are registered travel agents operating E-Commerce websites (Ali et al, 2015). Thus, in order to be more competitive in a travel and tour business and to be parallel with the government initiatives of developing human intellectual, it is important to deviate Malaysia knowledge based economy to the one that is more competitive through the adoption of information communication technology (ICT) to strengthen and increase travel agencies business performance. Due to the positive growth of travel agencies business via the application of ICT and increase competition in global environment, it is worth to ensure the application of web-technologies and the adoption of e-business in today's business practice. Therefore, as an effort to understand and fulfill the traveling needs for the modern tourists, it is vital to analyse the current demographic profile and current web- technology and e-business application of Malaysia SMEs travel agencies.

In addition, to prepare local SME travel agencies to conduct business at international level, this study provides basic information of the demographic characteristic and description of ICT adoption profile of Malaysia SME travel agencies. In specific, this study aims to achieve the following objectives:

1) to describe a demographic profile of Malaysia SME travel agencies entrepreneurs;
2) to describe web technology and e-business adoption profile of SME travel agencies;

Methods

This paper presents a descriptive statistic of the respondent's profile and company background. The focus respondents for this study were among the owner-managers of SME travel agencies operating in five regions of Malaysia namely the central region, south region, north region, east coast region and west Malaysia region. A preliminary analysis of a descriptive statistic was conducted for this study due to its essentiality in providing insights on the respondent's background information. Findings were presented in tables and graphs with verification whether distribution assumptions of statistical test are likely to be satisfied (Diamantopoulos & Schlegelmilch, 2000.)

The samples of the study were among the travel agencies listed in the Ministry of Tourism and Culture, (MOTAC) website that represent Malaysia travel agencies population. A multistage cluster sampling procedure was employed. The sample were divided into cluster based on the grouping listed available in MOTAC website by zoning basis. Out of the 3,056 travel agencies that fulfilled SMEs requirement (employed full time employees are from 5 to 75 workers), then selected agencies were chosen. The questionnaire were distributed during a series of meeting with the agencies' representative between 10th September, 2015 to 15th March 2016. The number of returned questionnaires was 313, representing 70% usable response rate. Based on the main objectives, the main data analysis was carried out using a quantitative analysis software of SPSS for descriptive statistical analysis.

Results and Discussion

The statistical frequency distributions of key variables in the questionnaires were objectively classified and presented in a logical category to reflect the originality of the study. The demographic profile characteristics include owner-managers' position, age compositions, gender, education, ICT knowledge and experience.

Respondents Profile and Company Background
Table 1.   Background of the respondents (N = 313)

Variables	Frequency	Percentage	M	SD
Position				
Owner/s	28	8.9		
Managing Director	44	14.1		
Operation Manager	241	77		
Age			1.3	.56
Less than 35	222	70.9		
More than 35	91	29.1		
Gender				
Male	81	25.9		
Female	232	74.1		
Education				
Bachelor & Postgraduate	136	43.5		
Diploma & Others	177	56.5		
ICT knowledge				
None	19	6.1		
Little & Moderate	154	49.2		
Good	109	34.8		
Excellent	31	9.9		
Experience			2.41	1.57
Less than 10 years	195	62.3		
More than 10 years	118	37.7		

M - mean
SD - standard deviation

Table 1 depicts that managers from various operation department of Human Resource, Sales & Marketing, Tour & Reservation and IT made the majority (77%) of the respondents compared to only (8%) owners run the operation of travel agencies business. Majority of the respondents (70%) were at the age of less than 35 years old, mostly were female (74%), with at least a diploma (56%) and other qualifications, have little and moderate IT knowledge (49%), with less than 10 years' experience (62%) working in travel and tour operation field, which indicated that majority of employees in travel and tour industry are still considerably new.

ICT adoption profile of SME travel agencies
Table 2.   Web technology & e-business adoption profile (N = 313)

Variables	Frequency	Percentage
Capital investment		
Up to RM 5 million	148	47.3
RM 5 - 200 million	34	10.9
RM 200 - 800 million	32	10.2
Above RM 800 million	1	0.3
None	98	31.3
Revenue estimation		
Below RM 300,000	148	47.4
RM 300,000 - less than 3 million	113	36.1
RM 3 million - not exceeding 20 million	45	14.4
Above RM 20 million	7	2.2
Percentage of users		
Less than 10%	60	19.2
10% but less than 50%	136	43.4
Above 50%	78	24.9
Above 80%	39	12.5

International collaboration				
No	101	32.3		
Yes	212	67.7		
Decision makers for web technology & e-business adoption				
Owners			128	40.9
Management committee			70	22.4
Managing Director			96	30.7
Operation Managers			19	6.0
Accessibility				
In-house			217	69.3
Outsourced			59	18.8
Using internet cafes			37	11.8
Internet sales				
No and no intention to do so			13	4.2
No, but plan to in future			48	15.3
Yes, but it was not successful			24	7.7
Yes, but with offline sales and payment			117	37.4
Yes, with full online transaction			111	35.4

Table 2 depicts that 47% of the respondents invested in the lowest category (up to RM 5 billion) for yearly web-technology and e-business capital investment. In contrast only 3% firms invested above RM800 million on the capital investment for web-technology and e-business activities. Meanwhile, 31% of the firms did not invest in any web technology and e-business projects or activities for their current business.

This study meets the requirement of SMEs which categorized the firms under three level of sales turnover. Majority of the responses (47%) from firms recorded revenue estimation of below RM 300,000. Only 2.2% of those firms received revenue above 20 million in 2015. This result indicated that most SME TAs received the lowest category of revenue estimation, which also portrays that they conduct business in small scale and rely on basic facilities provided by the government in general.

Majority of the respondents used web-technology and e-business activities between 10 to 50% at work. This finding show that Malaysia SMEs rely on using a conventional method in performing travel agencies business. Malaysia SME travel agencies are experiencing a limited budget allocation for ICT adoption and are not ready to fully adopt web-technology and e-business application, of which the finding indicates that the largest group of respondents (51%) spent not more than 10% of their budget on web technology and e-business initiatives. 67% respondents recorded a collaboration effort with other international travel agencies while 32% did not engage in any collaboration with International firms in performing their business. 40% of the owner-manager group are highly involved in making decision for web-technology and e-business adoption. This is due to the factors that owners and managing directors are two important people responsible to invest a sum of capital for the firms future and growth prospects. Majority (65%) of the respondents learned web-technology and e-business application by experience and assessed internet using in-house facilities (69%).The finding indicated that majority of Malaysia SMEs have their own in-house internet connection. This is in line with the findings of other studies stating that most of Malaysia SMEs access internet via in-house facilities, which also portray that the decision makers decided to adopt e-business and web-technology in performing their daily business transaction. For example, see; Kilangi, 2012; Alam et al, 2009; Poorangi; 2013.

45% of the respondents used social networking channels such as Facebook, Blog, Twitter, what's app, and Instagram, for more than 5 years, as a medium of communication, promotion and sales activities with their customers. While the rest of the respondents were still new in using web-technology and e-business facilities at work. In today's globalized business, most of the firms use social network as a medium of sales promotion effort via public interaction. Only 14% of the respondents have their own blog. This may due to the reason that more time is required to update and maintain a blog as compared to other social medias. With regards to selling via online using web-technology and e-business application, 37% of the respondents were selling their services online but with offline sales and payment method, another 35% of the respondents were selling online with full online transaction. In a different view, 7% of them had no intention to invest in online business and only 4% of them had invested into web-technology and e-business but was not successful.

Discussion

The findings of this study show that majority of todays' workers are from the category of 35 years old and below, who are the "Generation Y". In performing travel agencies operation, it is believed that the SME owners empower and trust their subordinates on managing the firm's operation and issues related to ICT adoption. This is supported by Kilangi (2012), which also mentioned that the SME owners trusted their subordinated on issues related to ICT adoption and usage. Compared to "Generation X" of owner-managers, "Generation Y" are those who are said to be productive at work and are leading travel agencies operation in Malaysia. This group of workers tend to work harder using electronic gadget and electronic devices in performing their daily work routine. Referring to previous related studies, age in general positively influenced ICT adoption and usage (see for example: Morris and Vankatesh, 2000; Pijpers et al., 2001; Den Hoogen, 2010; Hedges, 2010). This finding is also supported by Kilangi (2012), which also found that the majority of the respondents were between 21 to 40 years old and Moriones et al. (2007) found that with younger workforce, managers seem to be more enthuatistic towards ICT adoption. Whereas, the older generation managers rarely have physical and mental stamina and social enablement to commit to corporate routines (Chuang et al., 2009; Spry Foundation, 2005; Alutto & Hrebiniak, 1975).

Moreover, this study results also illustrate that in Malaysia there is a dominance of female professional workers working in the travel agencies. For education, the results indicate that to join travel agencies firms in Malaysia, a candidate must have at least a Diploma qualification to work in the management and operation team followed by Bachelor Degree and Masters qualification. Public and private university have been aggressively offering Diploma and Postgraduate programs in tourism management to train professional workers in the industry.

The result also indicates that there is a great potential of SME travel agencies to invest in e-commerce business, while at the same time upgrading their services via conventional way of conducting business. For business operation, most of local SME travel agencies conduct business under inbound, outbound and ticketing business, which shows Malaysia travel agencies business are growing at a rapid rate with the development of local tourism attractions and destinations.

For web-technology and e-business adoption, Malaysia SME travel agencies are still conducting business the conventional way. Supported by previous findings (ACCCIM, 2012) only 28% of the entities surveyed stated that they are involved in E-Commerce activities. SME have been relatively slow in web adoption. In general, it can be said that Malaysia is experiencing a poor rate of web-technology and e-business adoption across all SME sectors. For example, see Lee, 2004; Lim, 2006; Tan, 2008; Kenneth et al., (2012); Lerwongsatien and Wongpinunwatana (2003). Capital availability is mostly associated with a high degree of ICT adoption and usage, this is because the firms need to invest for ICT equipments, pay for the connectivity charges, and hire ICT qualified personnel (see, Damampour, 1992; Ettlie, 1984; Rogers, 2003; Kilangi, 2012). A large budget allocated for ICT activities represent a significant enabler for the adoption of e-mail and web-technologies (Goode and Steven, 2000).

In addition, the results of this study also revealed that Malaysia SME travel agencies has established international collaborations with other international firms. This show that Malaysia SME travel agencies firms are ready to compete in the international and global markets. The findings of this study is in line with previous study findings which mentioned that majority of the organization collaborate with large tourist firms, Kilangi (2012) and proved that innovation serve as a function of network size (Katz and Shapiro, 1986).

Conclusion

In general, it is concluded that Malaysia is experiencing a positive growth of travel and tour business segment with more travel agencies registered with the Ministry of Tourism. The government is also aggressively supporting the development of the travel and tour sub-sector by providing incentive schemes and aids to assist the tour operators. The technology web enhancement and the presence of ICT facilities in Malaysia travel agencies facilitate the businesses to be competitive in the global market. The introduction of travel kiosk, travel port Mobile Agent, smart phones application, e-tourism portal are among modern and sophisticated ICT facilities use to capture the demand of the 21st century travelers.

However, for web- technology and e-business adoption, SME travel agencies are still found to be investing a minimun capital investment which results to a lower revenue generation of not more than RM 300,000 per year.

The users for web-technology and e-business adoption was also found to be very low with a minimum budget allocated for e-business activities. The findings is in line with previous study finding indicated that Malaysia SME's investment in ICT adoption are still low (Khuja et al., 2012; Mazhatul et al., 2000; Alam et al., 2009; and Set 2014. Nonetheless, Malaysia travel agencies are very positive towards e-business potential (Mazhatul, 2000).To create workforce that provide competitive advantage, it is important for SMEs firms to create environment that provide knowledge, motivation and engagement that would be difficult for competitors to imitate (Afioni, 2007; Argawal and Ferrer, 2001; Lufman and Kempaih, 2007).

Therefore, due to the globalization challenges, it is important for Malaysia SMEs travel agencies to shapes the management strategies and further develop its competitive advantage strategy in order to remain their position in the travel and tour markets.Owner-managers are said to be important people in making decision for web-technology and e-business adoption, the analysis shows that local SMEs have in house capabilities of accessing internet facilities. For more than 5 years, most SMEs are relying on social network facilities provided by the government of Malaysia.

The results also clearly shows that local SME travel agencies are conducting business in both online and offline mode. Looking at the demografic profile and background of SME travel agencies, there is a great potential to develop a specific strategic plan to increase the web-technology and e-business users among local SMEs. To be able to compete in a global environment and to meet the demand of the modern travelers, local Malaysia SME TAs which are conducting their business at the domestic boundaries, need to be ready with strategies to develop and improve the web-technology and e-business application in their strategic future plan. The use of ICT must be describe in a business plan and aligned with the corporate strategy to enable SME firms to exploit the full potential of technological advancement.

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