

# The impact of Business Process Management in E-Tourism Case Study: Malaysia and Iran

<sup>1</sup>Leila Moradi, <sup>2</sup>Ibrahim Mohamed, <sup>3</sup>Yazrina Yahya

<sup>1,2,3</sup>Faculty of Information Technology, National University of Malaysia, (UKM), Malaysia

**Abstract.** E-Tourism is an information-intensive industry with a quite long value chain. Improving customer service, bringing new products to market, and reducing cost inefficiencies all push business processes and their effective management to the top of the priority list. The main objective of present study is extraction a model for the use of Business Process Management in E-Tourism by Investigation the financially and non-financially effect of using business process management on E-tourism Companies achieves. In addition, research focus is on E-Tourism organisations staff in Iran and Malaysia that lead to a model for BPM in E-Tourism for these two countries. This study contributes to investigation the financially and non-financially effect of using business process management on E-tourism Companies achieves. It also examines the effect of non-financial performance of E-tourism Companies on financial performance.

**Research keywords:** Business Process Management, E-Tourism, Malaysia, Iran

## INTRODUCTION

Tourism is an information-intensive industry with a quite long value chain. Seeking information about booking, transport, accommodation and destination is a process where traditionally suppliers, intermediaries and consumers had their own role using their own specific information systems (Henriksson 2005). The study of e-commerce in the tourism industry has emerged as a 'frontier area' for information technology. The literature on e-commerce in the tourism industry was critically reviewed with a view to developing a framework suitable for this study (Mingaleva, 2014). E-commerce is defined as the process of buying and selling or exchanging products, services and information via computer networks including the Internet (Turban, Lee, King & Chung, 2000). However, adoption of Information and Communication Technologies (ICT) is only part of the story. In particular,

network access costs, dissemination of information on electronic

commerce, training, skill development and human resources provide big challenges for smaller companies (Hendricks et al., 2009).

The extensive literature on business process management suggests that organizations can enhance their overall performance by adopting a process view of business. It has been shown in previous studies that the companies which have reached higher business process maturity level consistently outperform those that have not reached them (Karjaluo, 2015). So the present study aims to extraction a model for the use of Business Process Management in E-Tourism.

## MATERIALS AND METHODS

### E-Tourism

Electronic commerce has dominated few continents with the daily increment in internet usage. A decade ago conventional commerce was still in vogue which makes consumer to always find it hard to create time in checking various stores for different products or brand, but with e-commerce is quite easy to check different online stores even at the same time without having to step out of the current location. In little time e-commerce has spread to many sectors which include online retail stores, grocery and tourism sectors, and the tourism sector is currently the most benefitting one just because they rely much on it especially the aviation industry. Conventional travel agencies have been forced to diversify to the e-commerce method since a higher percentage of target groups have become able to make use of the internet to search for flights, holidays and tours in different destination regions (WTO, 2013).

E-tourism is the terminology generally used to represent the use of ICT in tourism sector to promote and facilitate E-tourism services (Buhalis, 2000). Many tourism organizations

are confronted by an ever increasing pressure to find new ways to compete effectively in a dynamic global market. Many are turning into e-commerce and virtual structure using e-facilities to expand into global market (Oroian and M. Gheres, 2012).

Since the origination of electronic business tourism, it has been one of the most befitted forms and has settled well to the development of a network. The application of e-commerce in tourism industry makes personalized travel possible, meaning with this way tourist can easily communicate with the enterprise through their official website and they could market which simply means readjustment of company design proposal and also improvement in the service mode. Introduction of new technologies from time to time is quite necessary in e-commerce because the conventional tourism commerce is still in existence and still relevant to little groups (Shelomentsev, 2012). A few of the applications which needed to be upgraded from time to time is mobile payment application, short information service and global positioning system (GPS) which could revolutionize the traveling e-commerce in the world. All the mentioned applications could make customers have access to information through terminal mobile phone whenever and wherever they may be. In the end the application of mobile e-commerce technology will keep tourism electronic service more perfect than what it is now (Jacobsen and Munar, 2012).

Suppliers, therefore, face a challenge, which is described as trying to gain identity with untold millions of potential customers covering the whole spectrum of incomes, interests, knowledge, sophistication and needs. Even the simplest trip means trying to match the expectations of diverse travelers to the bewildering array of choices and options provided by millions of tourism suppliers, each trying to differentiate themselves from their competitors.

### **Business process management (BPM)**

Business process management (BPM) is a field of knowledge at the intersection between management and information technology, encompassing methods, techniques and tools to design, enact, control, and analyze

arrange for necessary transport and accommodation requested by the tourist. In the course of the trip they will keep in touch with the enterprise website and enjoy the personalized services at any time and place instead of the conventional method of tourist guides also it making it unnecessary for the tourist to join the group being organized by an agent and this will reduce cost for the management. With this method the conventional way will fade in the tourism sector. (Park and Jang, 2013).

A change in management idea needs to be considered in the international tourist operational business processes involving humans, organizations, applications, documents and other sources of information (Kohlbacher, 2009). The term 'operational business processes' refers to repetitive business processes performed by organizations in the context of their day-to-day operations, as opposed to strategic decision-making processes which are performed by the top-level management of an organization (Debevoise, 2005). At its simplest, electronic commerce may be defined as 'doing business electronically across the

extended enterprise' (Berne et al., 2012). The operations function is that part of an organization that is concerned with the management of the business processes that produce the goods and services supplied to customers. These processes of order fulfilment and delivery are at the heart of any business as they are the means through which an organization satisfies its customers. An organization can be considered to have e-operations if it uses information and communication technologies (ICT) in the management of its order fulfillment and delivery processes (Obara et al., 2009).

Despite their importance, the business processes have been neglected for a long time in managerial studies mainly due to the fact that departments in companies are structured in a functional or product oriented way.

### **Business Process Management in E-Tourism**

The e-tourism concept includes all business functions (i.e., e-commerce, e-marketing, e-finance and e-accounting, eHRM, e-procurement, eR&D, e-production) as well as

e-strategy, e-planning and e-management for all sectors of the tourism industry, including tourism, travel, transport, leisure, hospitality, principals, intermediaries and public sector organisations (Abdullah and Al-Mudimigh, 2007). Hence, e-tourism bundles together three distinctive disciplines: business process management, information systems and management, and tourism.

### Iran

In Iran, tourism does not have a high contribution to country's earnings. It is one of the few industries that accepted e-commerce with open arms. Information technology has a significant role in improving tourism organizations business processes, and it is very important for these organizations to implement an appropriate online management and be able to integrate their business to achieve online and offline channel consistency (Mohammad, 2007). In the last decade, Iran government paid more attention to develop e-commerce activities among the Iranians and business organizations. For instance, electronic visa is available in the website of the Ministry of Foreign Affairs Islamic Republic of Iran. Banks and universities are among the earliest industry to have website (Javaherzadeh, 2010). The tourism sector however, remains slow.

In Iran despite of the many organizations and industries obtain various certificates, they were failed to be successful in achieving its goals as it should. Administrators are also looking for solution to deal with this problem (Saddad, 2010). Perhaps one of the main reasons for these problems is that these organizations are habited on task base structures and their managers and employees get accustomed to them. By using Business Process Management system, overlaps between the activities will be reduced and controlling activities will be more efficiently by controlling processes.

### Malaysia

Tourism is increasingly important to the development of Malaysian economy, it affect the growth of service industries, particularly food and beverages, accommodation, transport, entertainment, shopping and other small and medium-sized industries. The tourism industry has been identified as a key driver of growth in the services sector which it

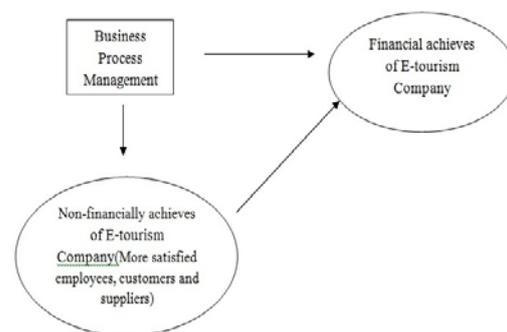
experienced a rapid growth (Virtual Malaysia, 2008). Now, the industry is still one of the key foreign exchange earners, contributing to GDP (gross domestic product) growth, investment and employment as well as strengthening the balance payments of services account. When tourism industry relies more on information and communication technology (ICT), it helps enhance the smoothness of tourism business. (Buhalis, 2008). ICT, especially the Internet, have providing new challenges and opportunities in promoting and selling their products and services for tourism stakeholders. It dramatically changed the pattern of how the consumers plan and buy their holidays. It able the process of exchange information about products and services which will raise the awareness of services offered in Malaysia (Sulaiman et al., 2008).

Base on the above literature the following research framework has been abstain;

**Hypothesis1:** The higher the level of business process management orientation lead to E-tourism Companies achieves the better performs financially.

**Hypothesis2:** The higher the level of business process management orientation lead to E-tourism Companies achieves the better it performs non-financially in terms of more satisfied employees, customers and suppliers.

**Hypothesis3:** Better non-financial performance of E-tourism Companies leads to better financial performance.



(Skinjar et al., 2007)

## RESEARCH METHODOLOGY

The present study is a descriptive one. Theoretical bases of the study will be collected by reputable sites, books and related articles.

The information and data for hypothesis testing will be gathered by questionnaire. In this study, a researcher-made questionnaire will be used for gathering data from statistical sample. Statistical society of the study includes all of tourism company experts in Malaysia and Iran. Sample size will be calculated using Cochran formula and selection will be performed by cluster random selection.

All of data will be analyzed by SPSS software. A number of descriptive and inferential analyses will be conducted on the data. The data will be gathered and analyzed descriptively using mean, standard deviation, the skewness and Kurtosis values. Moreover, the collected data will be analyzed inferentially using appropriate analyses. Figures designed by using the Microsoft Excel software.

## CONCLUSION

This study focused to provide conclusions, implications, recommendations, and an overall summary of the research. The present study aims to evaluate the use of Business Process Management in E-Tourism in Iran and Malaysia that lead to a model for BPM in E-Tourism for these two countries.

However, this will not solve the housing problem in its entirety but research highlights the configuration and dynamics of knowledge sharing practices in a organisation support centre setting. Although this research provides insight into how important, have each of these recognized elements in implement and successfully business process management strategies and the touristic companies which use BPM in E-tourism organisation and are one of the research case study. More than, the same result and views about important of elements in this research doesn't means that they have same effect and trace and impress the BPM strategy in same value in Iran and Malaysia but it means that the their important in compare other elements. It is same story about their important in different segments of E-tourism industry, which we have considered them as case study in this research (staff, customer and rule in tourism organisation). Organizations can enhance their overall performance by adopting a process view of

business. Most of the literature on business process management lacks research or an empirical focus. Results showed that, irrespective of the level of operational activity retained within the organization, the adoption of e-commerce seems bound to have significant implications for the way that business processes are managed internally and externally. The impact of business process orientation on organizational performance in transition economy by using structural equation modelling is confirmed. The link is even stronger than in the original investigation. Besides that more detailed specification of organizational performance that includes non-financial performance measures has been used. The results show that business process orientation leads to better non-financial performance and indirectly to better financial performance. Enterprise systems is far from being an IT project, and is more of an integrated organizational development approach that changes the way organizations do business, and the way work is done. Consequently, to implement ES successfully, organizations must treat it like a change management project and focus on an integrated approach of BPM.

Key findings indicate that process orientation leads to higher transparency, clear responsibilities, higher efficiency, structure and tidiness, higher product quality, faster throughput times, and better customer orientation.

## REFERENCES

- Abdullah S. Al-Mudimigh, 2007. "The role and impact of business process management in enterprise systems implementation", *Business Process Management Journal*, Vol. 13 Iss: 6, pp.866 – 874.
- Buhalis, D., & Law, R. 2008. Progress in information technology and tourism management: 20 years on and 10 years after the internet-the state of etourism research. *Tourism Management*, 29(4), 609–623.
- Debevoise, Neilson T (2005). *Business Process Management with a Business Rules Approach*.
- Hendricks, K. B., Singhal, V. R., Stratman, J. K. 2009. The impact of enterprise systems on

corporate performance: A study of ERP, SCM, and CRM system implementations. *Journal of Operations Management*, 25, 65–82.

Henriksson R, 2005. Semantic web and e-tourism, working paper. Helsinki University. Available at [http://www.cs.helsinki.fi/u/glinskih/semanticweb/semantic\\_web\\_and\\_E-Tourism.pdf](http://www.cs.helsinki.fi/u/glinskih/semanticweb/semantic_web_and_E-Tourism.pdf).

Kohlbacher, M. 2009. The perceived effects of business process management. *Science and Technology for Humanity*. Pp: 399 - 402

Mingaleva Z. and O. Bunakov, 2014. Competitiveness assessment of Russian territories in terms of inbound tourism. *Life Science Journal*, 11 (SPECISSUE 6): 318-321.

Obara, P., R, Ongeri and H, Mwangi. 2009. Modeling the Effects of E-Commerce Adoption On Business Process Management: Case Study of Commercial Banks in Kenya. *Communications of the IBIMA*, Volume 8, 2009 ISSN: 1943-7765.

Shelomentsev, A.G. and S.V. Doroshenko. 2012. Innovative forms of development of little-developed territories of Russia. Syktyvkar State University Scientific and Research Center of Corporate Law, Management and Venture Funding Gerald.

Skrinjar, R., M, Stemberger and T, Hernaus. 2007. The Impact of Business Process Orientation on Organizational Performance. *Proceedings of the 2007 Informing Science and IT Education Joint Conference*.

Sulaiman. A, Ng. J and Mohezar. S. 2008. E-Ticketing as a New Way of Buying Tickets: Malaysian Perceptions. *J. Soc.*, 17(2): 149 - 157

Turban, E., Lee, J., King, D., & Chung, H.M, 2000. Electronic Commerce: A Managerial Perspective. p 451.

Mohammad Reza Nami, 2007. Virtual Organizations: An Overview. Computer Engineering Laboratory. Department of CS & EE. Islamic Azad University of Saveh, Iran.

Aijaz A. Shaikh, Heikki Karjaluo, 2015. Making the most of information technology &

systems usage: A literature review, framework and future research agenda. *Computers in Human Behavior*. Volume 49, August 2015, Pages 541–566.

Javaherzadeh, F., 2010. Tourism as a treasure that is buried because of neglect. <http://www.javaherzadeh.com/index.php?pageID=Articlesandaid=60>. Kamali, K., 2009. Culture historic city of Shiraz, Iran. [www.rasaa.com](http://www.rasaa.com). Kim, G.W., X. Ma and D.J.

Saddad. G., 2010. Division of industrial marketing and e-commerce : a study of e-commerce applications adoption in Iranian Tourist Organization. Master Thesis. Lulea University of technology, Lulea.

Virtual Malaysia, 2008. The official e-tourism portal for the Ministry of Tourism, Malaysia, [www.virtualmalaysia.com](http://www.virtualmalaysia.com).

M. Oroian and M. Gheres 2012. "Developing a risk management model in travel agencies activity: an empirical analysis," *Tourism Management*, vol.32, pp1598-1603.

World Travel and Tourism Council, Travel and Tourism Economic impact 2012 APEC, 2012.

Buhalis, D. 2003. eTourism: Information and Technology for Strategic Tourism Management, London, UK, Pearson.

Jacobsen, J. K. S., and A. M. Munar, 2012. "Tourist Information Search and Destination Choice in a Digital Age." *Tourism Management Perspectives* 1 39-47.

Park, J. Y., and S. S. Jang, 2013. "Confused by Too Many Choices? Choice Overload in Tourism." *Tourism Management* 35 .1-12.

Berne, C., M. Garcia-Gonzalez, and J. Mugica, 2012. "How Ict Shifts the Power Balance of Tourism Distribution Channels." *Tourism Management* 33(1) 205-14.

**Leila Moradi** Her areas of research interest are management, tourism management, e-tourism, marketing, sales promotion, supply chain management, leadership, market orientation, organizational performance,

customer relationship management, and customer behavior.

**Ibrahim Mohamed** His areas of research interest are management, Business process modelling, ecommerce, e-tourism, supply chain management, information technology, leadership, organizational performance, and customer relationship management.

**Yazrina Yahya** areas of research interest are business, finance, business management, supply chain management, supply chain innovation, innovation leadership, market orientation, supply chain efficiency, Multimedia And Usability, Knowledge Technology, Strategic Information System