

**THE MEDIATING ROLES OF
SUSTAINABLE TOURISM PRACTICES
AMONG TOUR OPERATORS**

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**THE MEDIATING ROLES OF SUSTAINABLE
TOURISM PRACTICES AMONG TOUR
OPERATORS**

by

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TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS	iii
LIST OF TABLES	viii
LIST OF FIGURES	xi
LIST OF ABBREVIATIONS	xiii
ABSTRAK	xiv
ABSTRACT	xvi
CHAPTER 1 – INTRODUCTION	
1.1 Overview	1
1.2 Background of Study	2
1.3 Tourism Industry in Malaysia	6
1.4 Tour Operators in Malaysia	12
1.5 Problem Statement	18
1.6 Research Objectives	23
1.7 Research Questions	24
1.8 Scope of Study	24
1.9 Significance of Study	26
1.10 Definition of Key Terms	28
1.11 Chapter Summary	31
CHAPTER 2 – LITERATURE REVIEW	
2.1 Overview	33

2.2	Sustainable Business Performance	34
2.3	Sustainable Tourism	38
2.3.1	Sustainable Tourism Practices	49
2.3.1(a)	Sustainable business management practices	67
2.3.1(b)	Sustainable destination management practices	72
2.3.1(c)	Sustainable tourism practices as the mediating variable of sustainable business performance	76
2.4	Organisational Resources	78
2.4.1	Perceived Innovation Characteristics	81
2.4.2	Perceived Environmental Uncertainty	89
2.4.3	Business Sustainable Orientation	94
2.5	Underlying Theories	99
2.5.1	Resource-based View (RBV)	99
2.5.2	Diffusion of Innovation (DOI)	102
2.6	Proposed Theoretical Framework	105
2.7	Hypothesis Development	108
2.7.1	The Direct Effect of Organisational Resources on Sustainable Tourism Practices	108
2.7.2	The Direct Effect of Sustainable Tourism Practices on Sustainable Business Performance	111
2.7.3	The Mediating Effects of Sustainable Tourism Practices on the Relationship Between Organisational Resources and Sustainable Business Performance	112
2.8	Chapter Summary	114
 CHAPTER 3 – RESEARCH METHODOLOGY		
3.1	Overview	116
3.2	Philosophical Consideration	117
3.3	Research Design	118

3.4	Unit of Analysis	122
3.5	Population and Sampling	122
3.6	Phase One: Qualitative Phase	125
3.6.1	Qualitative Data Collection (Semi-Structured Interview Method)	125
3.6.2	Semi-structured Interview Procedure	127
3.6.3	Semi-structured Interview Instrument	129
3.6.4	Other sources of Information	131
3.6.5	Qualitative Data Analysis	131
3.6.6	Validity and Reliability	132
3.7	Phase Two: Quantitative Phase	133
3.7.1	Quantitative Data Collection (Structured Questionnaire Survey Method)	134
3.7.2	Structured Questionnaire Survey Instrument	136
3.7.2(a)	Perceived Innovation Characteristics	137
3.7.2(b)	Perceived Environmental Uncertainty	140
3.7.2(c)	Business Sustainable Orientation	144
3.7.2(d)	Sustainable Tourism Practices	147
3.7.2(e)	Sustainable Business Performance	151
3.7.3	Quantitative Data Analysis	154
3.7.3(a)	Pre-test and Pilot Test	155
3.7.3(b)	Statistical Data Analysis	164
3.7.3(c)	Assessment of Measurement Model	165
3.7.3(d)	Assessment of Structural Model	166
3.8	Chapter Summary	167

CHAPTER 4 – DATA ANALYSIS AND FINDINGS

4.1	Overviews	169
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4.2	Phase 1 : Qualitative Data (Obj No 1)	170
4.2.1	Sources of Information	170
4.2.2	Data Analysis Phase 1	173
4.2.3	Finding of Objective 1	181
4.2.3(a)	Sustainable Business Management Practices	181
4.2.3(b)	Sustainable Destination Management Practices	185
4.2.3(c)	Comparative Analysis	190
4.2.3(d)	Issues of Validity, Reliability and Trustworthiness	201
4.2.4	Summary of Qualitative Data (Phase 1)	202
4.3	Phase 2 (Objective 2-4)	203
4.3.1	Response Rate	203
4.3.2	Non-Response Bias	204
4.3.3	Profile of Responding Firms	206
4.3.4	Descriptive Statistics of Instruments	208
4.3.5	Data Normality	211
4.3.6	Common Method Bias	212
4.3.6(a)	The Goodness of Measures: Assessment of Measurement Model	215
4.3.7	Measures Model Assessment	218
4.3.7(a)	Internal Consistency Reliability	219
4.3.7(b)	Indicator Reliability	222
4.3.8	Structural Model	224
4.3.8(a)	Lateral Collinearity	224
4.3.8(b)	Path Coefficients	225
4.3.8(c)	The Coefficient of Determination (R2)	228
4.3.8(d)	Level of Effect Size (f2)	231
4.3.8(e)	Predictive Relevance (Q2)	232

4.3.9	Summary of Hypotheses	235
4.3.1	Summary of Quantitative Data (Phase 2)	242
4.4	Overall Summary	243
CHAPTER 5 – DISCUSSION AND CONCLUSION		
5.1	Overview	244
5.2	An Overview of the Research Study	245
5.3	Discussion	246
5.3.1	Sustainable Tourism Practices for Tour Operators (RO 1).	246
5.3.2	Organization Resources, Sustainable Tourism Practices and Sustainable Business Performance (RO 2-4).	249
5.3.2(a)	Assessing Organization Resources to Sustainable Tourism Practices (Obj 2)	251
5.3.2(b)	Assessing Sustainable Tourism Practices Towards Sustainable Business Performance	254
5.3.2(c)	The Mediating Effects of Sustainable Tourism Practices with Factors Influencing Business Sustainability and Sustainable Business Performance	255
5.4	Contribution of Study	256
5.5	Limitations and Suggestions of Future Study	259
5.6	Conclusion	261
REFERENCES		264
APPENDICES		
LIST OF PUBLICATIONS		

LIST OF TABLES

		Page
Table 1.1	Tourist Arrival and Tourist Receipt (Malaysia)	7
Table 1.2	Tourism Development Plan in Malaysia	9
Table 1.3	Sustainable Tourism in Five-year Malaysia Plan	11
Table 1.4	Number of Tour Operators and Travel Agencies Licensed in Malaysia	14
Table 1.5	Number of Tour Operators in Malaysia Based on Specialization	17
Table 2.1	Sustainable Tourism Studies in Malaysia	46
Table 2.2	Study Related to Tour Operators and Sustainable Tourism	48
Table 2.3	Study Related to Elements in Sustainable Tourism	50
Table 2.4	Studies on Sustainable Tourism Practices	53
Table 2.5	Global Sustainable Tourism Criteria for Hotels and Tour Operators	61
Table 2.6	Country Guidelines in Sustainable Tourism	65
Table 2.7	Description of Proposed Criteria of Sustainable Tourism Practices	69
Table 2.8	Description of Proposed Criteria of Sustainable destination management Practices	73
Table 2.9	Studies on Factors Influencing Business Sustainability	79
Table 2.10	Studies on Factors Influencing Business Sustainability	83
Table 2.11	Studies on Perceived Environment Uncertainty	90
Table 2.12	Previous Study on Business Orientation	96
Table 3.1	Research Paradigm	118
Table 3.2	Total Numbers of Tour Operators by States in Malaysia	123
Table 3.3	Total Population and Sampling	124
Table 3.4	Clustered Sampling Frame	124

Table 3.5	Perceived Innovation Characteristics Items	139
Table 3.6	Perceived Environment Uncertainty Items	142
Table 3.7	Business Sustainable Orientation Items	146
Table 3.8	Sustainable Tourism Practices Items	149
Table 3.9	Sustainable Business Performance Items	153
Table 3.10	Pre- Test Items for Questionnaire	156
Table 3.11	Reliability Results of Pilot Study	163
Table 4.1	Summary of Sources of Information	171
Table 4.2	Sources of Secondary Data	171
Table 4.3	Profile of Respondent	172
Table 4.4	Total items coded for all the STP compiled	174
Table 4.5	Themes and Subthemes of Sustainable Tourism Practices	175
Table 4.6	Review of Themes by Sources	177
Table 4.7	Finding on Sustainable Tourism Practices for Tour Operators in Malaysia (Objective 1)	179
Table 4.8	Comparison Analysis Between Interview Respondent on Sustainable Tourism Practices	191
Table 4.9	Sustainable Tourism Practices Items Comparison Between Primary Data and Secondary Data	195
Table 4.10	Comparison Analysis Between Sustainable Tourism Practices of this Study and Guidelines from GSTC (2013).	198
Table 4.11	Response Rate	204
Table 4.12	Profile of Respondent	207
Table 4.13	Descriptive Statistics of Respondent	209
Table 4.14	Data Normality	211
Table 4.15	Common Method Bias (CMB) - Total Variance Explained	213
Table 4.16	Measurement of Reliability	219
Table 4.17	Inter Consistency Reliability	220

Table 4.18	Discriminant validity of Heterotrait-Monotrait Ratio (HTMT) (n=295)	223
Table 4.19	Inner VIF Values (n=295)	225
Table 4.20	Significance of Direct Effects- Path coefficients (n=295)	226
Table 4.21	Significance of Indirect Effects - Path Coefficients (n=295)	228
Table 4.22	f-Square (n=295)	232
Table 4.23	Summarize Result of Objective Two, Three and FOUR	235
Table 5.1	Research Objectives and Findings of the Study	245

LIST OF FIGURES

		Page
Figure 1.1	Chapter 1 Structure	2
Figure 1.2	Tourism Industry's Structure in Malaysia	8
Figure 1.3	Service Offered by Tour Operators in Malaysia	15
Figure 2.1	Chapter 2 Structure	34
Figure 2.2	Summary of Sustainable Business Performance	38
Figure 2.3	Timeline of Sustainable Tourism	39
Figure 2.4	Goals of Sustainable Tourism	42
Figure 2.5	Subjects and Contextual Themes in Sustainable Tourism Research	44
Figure 2.6	Key Areas of Sustainable Tourism	51
Figure 2.7	Proposed Criteria of Sustainable Tourism Practices for Tour Operators	67
Figure 2.8	Illustration of the Mediation Model	76
Figure 2.9	Summary of Perceived Innovation Characteristics Variables	88
Figure 2.10	Summary of Variables Perceived Environment Uncertainty	94
Figure 2.11	Summary of Variable Business Sustainable Orientation	98
Figure 2.12	Resource Based View Model	100
Figure 2.13	The Diffusion of Innovation Theory	103
Figure 2.14	Theoretical Frameworks	107
Figure 3.1	Chapter 3 Structure	116
Figure 3.2	Research Design	121
Figure 3.3	Flow of Qualitative Phase of Research	126
Figure 3.4	Interview Guide	130
Figure 3.5	Dependent, Mediator and Independent Variables Construct	136
Figure 3.6	Perceived Innovation Characteristics Construct	137

Figure 3.7	Perceived Environment Uncertainty Construct	140
Figure 3.8	Business Sustainable Orientation Construct	144
Figure 3.9	Sustainable Tourism Practices Construct	147
Figure 3.10	Sustainable Business Performance Construct	151
Figure 4.1	Chapter 4 Structure	170
Figure 4.2	Thematic Analysis	173
Figure 4.3	Comparison of Location Between Population and Respondent of the Study	205
Figure 4.4	Framework of Study	217
Figure 4.5	PLS-Path Analysis of R-square Values (n=295)	230
Figure 4.6	Blindfolding	234
Figure 5.1	Chapter 5 Structure	244

LIST OF ABBREVIATIONS

CSR	Corporate Social Responsibility
DOI	Diffusion Of Innovation
GSTC	Global Sustainable Tourism Council
MOCAT	Ministry Of Culture Art And Tourism Malaysia
RBV	Resource Based View
SBM	Sustainable Business Management
SCM	Supply Chain Management
SDM	Sustainable Destination Management
STP	Sustainable Tourism Practices
TOI	Tour Operator Initiative
UNWTO	World Tourism Organization

KESAN PENGANTARA AMALAN PELANCONGAN LESTARI DI KALANGAN AGENSI PENGEMBARAAN

ABSTRAK

Banyak perniagaan pengendalian pelancongan digalakkan untuk turut terlibat dalam melestarikan perniagaan mereka bagi memperolehi kelebihan daya saing. Para agensi pengembaraan selaku entiti perantara antara pihak pembekal dan pihak pelanggan ini perlu melibatkan diri dalam sektor pelancongan yang lestari. Penglibatan mereka ini amat diperlukan untuk menjamin kelestarian perniagaan dan juga destinasi pelancongan. Terdapat banyak penyelidikan yang telah membincangkan tentang sumber-sumber organisasi yang boleh mempengaruhi prestasi sesuatu perniagaan. Walaubagaimanapun, kajian-kajian berkaitan kelestarian terutamanya dari kacamata pihak agensi pengembaraan adalah amat terhad. Objektif penyelidikan ini adalah untuk mengkaji hubungkait antara sumber-sumber organisasi dan amalan-amalan kelestarian mereka terhadap prestasi para agensi pengembaraan. Oleh itu, empat objektif kajian telah diuji dalam penyelidikan ini. Objektif pertama penyelidikan ini adalah untuk mengenalpasti amalan-amalan pelancongan yang bersifat lestari, manakala objektif kedua, ketiga, dan keempat adalah berkaitan pengkajian tentang hubungan antara sumber-sumber organisasi dengan amalan-amalan pelancongan lestari, amalan-amalan pelancongan lestari dengan prestasi perniagaan yang lestari, dan kesan pengantaraan amalan-amalan pelancongan lestari terhadap sumber-sumber organisasi dan prestasi perniagaan. Kerangka teoritikal penyelidikan ini telah disokong oleh Teori Pandangan Berasaskan Sumber dan Teori Penyebaran Inovasi. Kaedah triangulasi telah digunakan dan data daripada 10 sesi

temubual dan 295 borang kajiselidik yang boleh digunakan dan telah dikembalikan oleh para agensi pengembaraan telahpun dianalisis. Menariknya, hasil kajian ini telah memperkenalkan 31 amalan pelancongan lestari kepada para agensi pengembaraan di Malaysia dan penemuan penyelidikan ini juga telah menunjukkan bahawa sumber-sumber organisasi yang dirasakan sesuai, ketidaktentuan permintaan pasaran, dan orientasi perniagaan yang lestari mempengaruhi prestasi perniagaan yang mampan. Pelaksanaan amalan-amalan pengurusan pelancongan yang lestari berpotensi memberi nilai tambah kepada kelebihan daya saing perniagaan dralam agensi pengembaraan.

THE MEDIATING ROLES OF SUSTAINABLE TOURISM PRACTICES AMONG TOUR OPERATORS

ABSTRACT

Tourism businesses are encouraged to be involved in sustainability in order to gain a competitive advantage for them. Tour operators, as the entities of intermediaries between suppliers and customers, are required to be involved in the sustainable tourism sector. Their involvement is highly required for guaranteeing both business and destination sustainability. A plethora of research has discussed about organisational resources that influence their business performances. However, there are limited studies on sustainability, particularly from tour operators' perspectives. The aim of this research is to examine organisational resources and their sustainable practices towards the tour operators' performances. Therefore, four main objectives have been tested in this study. The first objective is to identify sustainable tourism practices while the second, third, and fourth objectives are related to examining the relationship between organisational resources to sustainable tourism practices, sustainable tourism practices to sustainable business performance, and the mediating effects of sustainable tourism practices to organisational resources and business performances respectively. The theoretical framework of the study has been supported by the Theories of Resource-Based Views and Diffusion of Innovation. A triangulation method has been used and the data from 10 interviews and 295 usable questionnaires returned by the tour operators have been analysed. Interestingly, the findings have introduced 31 sustainable tourism practices to the Malaysian tour operators and they have also indicated that the organisational

resources of perceived compatibility, uncertainty of market demand, and business sustainable orientation influence the sustainable business performance. The implementation of sustainable tourism practices may add a competitive advantage for tour-operator businesses.

CHAPTER 1

INTRODUCTION

1.1 Overview

In this chapter, the underlying basis and key features of this study on the involvement of tour operators in sustainable tourism will be established. There are eight sections in this chapter. First, the background of this study is provided. Following that, the problem statement is discussed and the gaps of research on tour operators and sustainable tourism are highlighted. Next, the scenario of the tourism industry, tour operating business, and the development of sustainable tourism in Malaysia are described. Besides that, the objectives of this study and the corresponding research questions are also listed in this chapter. Then, the chapter proceeds with presenting the scope of the study, the significance of the study from the academic and industrial viewpoints, and the definition of key terms used in this study. Overall, this chapter provides a brief discussion and several fundamental characteristics of the present study on tour operators' involvement in sustainable tourism practices as well as examining the organisational resources that affect the sustaining of competitive advantage of the business. Figure 1.1 illustrates the structure of this chapter.

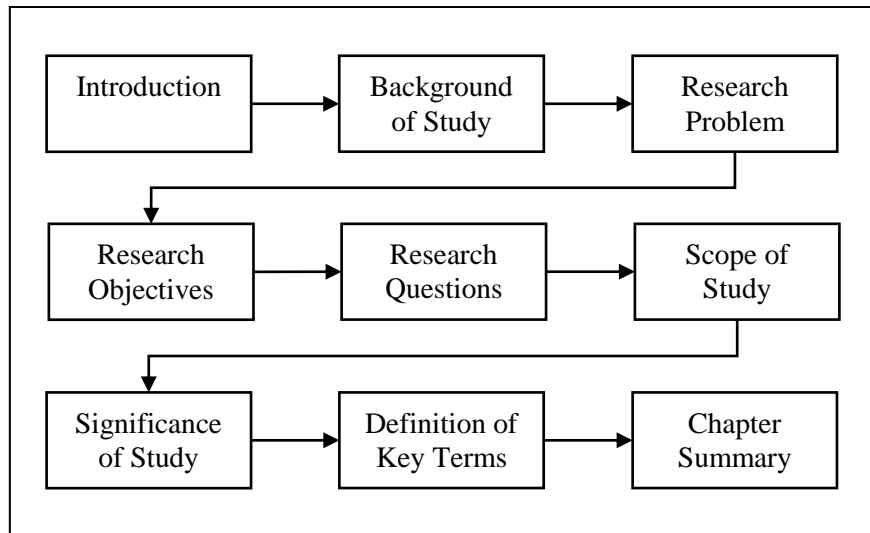


Figure 1.1: Chapter 1 Structure

1.2 Background of Study

Sustainable tourism has become a world agenda, and it requires the participation of all the stakeholders in the tourism industry. Tour operators are one of the stakeholders with the responsibility of promoting sustainable tourism (Tour Operator Initiative, 2008). The obligation of tour operators is not only towards a sustainable destination (Budeanu, 2005) but also in sustainable business (Font & Cochrane, 2005). Therefore, this study will highlight the involvement of tour operators in sustainable tourism by identifying Malaysian tour operators' sustainable tourism practices and by examining organisational resources that may influence sustainable business performance with sustainable tourism practices used as the mediating variable in the framework.

Tour operators in Malaysia are private limited companies registered with the Companies Commissions of Malaysia and they must obtain a license from the Ministry of Tourism, Arts and Culture (MOTAC) Malaysia based on their specialisation. According to Goeldner and Ritchie (2006), tour operators act as

intermediaries that link destinations or tourism products with the customers. In Malaysia, based on statistics by MOTAC (2018) for 2016, the number of registered tour operators and travel agencies in Malaysia was 5,195 companies. Several Malaysian tour operators are actively involved in sustainable tourism and have managed to gain and sustain competitive advantage in the industry for a long time. Among them are Borneo Ecotours Sdn Bhd in Sabah (received MATTA Best Tour Operator – Responsible Tourism 2019), Asian Overland Services in Kuala Lumpur (acquired MATTA best tour operator/travel agency – inbound travel 2019), Apple Vacations and Conventions (MATTA Best Tour Operator – Outbound 2019), and Naam World Travel and Tours Sdn Bhd (Most Creative Tour Packages 2019).

The first part of this study focused on identifying sustainable tourism practices of tour operators in Malaysia. Sustainable tourism practices are defined as guidelines and management of tourism that are applicable to all forms of tourism for all types of destinations, including mass tourism and various niche tourism segments (United Nations Environment Programmes and United Nations World Tourism Organization, 2005). This study has segmented sustainable tourism practices into sustainable business management and sustainable destination management practices. Sustainable business management practices reflect the internal practices of tour operating companies regarding sustainable development, and it is related to the tour operators' responsibility towards business sustainability. Meanwhile, sustainable destination management practices are external practices of tour operators concerning destination sustainability. The items under these two segments of sustainable tourism will be identified in this study.

Previous studies on tour operators' involvement in sustainable tourism have focused on several areas such as: (1) ecotourism practices (Ahmad, 2014; Bhuiyan et al., 2012; Miller & Twining-Ward, 2005; Sangpikul, 2011; 2016; Sirakaya & McLellan, 1998); (2) corporate social responsibility (CSR) practices (Dodds & Kuehnel, 2010; Kim, 2009; Kotonen & Savonen, 2015; Lin, Yu, & Chang, 2018; Mendibil, Hernandez, Espinach, Garriga, & Macgregor, 2007; Tamajón & Font, 2013); (3) supply chain management (SCM) practices (Budeanu, 2009; Khairat & Maher, 2012; Morali & Searcy, 2013; Schwartz, Tapper, & Font, 2008; Sigala, 2008; Zailani, Iranmanesh, Yusof, & Ansari, 2015; Zailani, Jeyaraman, Vengadasan, & Premkumar, 2012); (4) green practices (Bendell & Font, 2004; Furqan, Som, & Hussin, 2010); and (5) responsible tourism practices (Frey & George, 2010; Tay & Chan, 2014). These areas are related to each other as all the items reflect economic, social, and environmental impacts. Based on these areas, the various sustainable tourism practices implemented by tour operators can be identified.

The second part of this study focused on the quantitative aspect in which the organisational resources that influence sustainable tourism practices, the influence of sustainable tourism practices on sustainable business performance, and the mediating impact of sustainable tourism practices on the relationship between organisational resources and sustainable business performance were examined. This framework is an extension from the study by Dibra (2015) and Le and Hollenhorst (2005), whereby the perceived innovation characteristics and perceived environmental uncertainty variables were extended with new variables i.e. business sustainable orientation towards sustainable tourism practices segmented into sustainable business management and sustainable destination management practices towards the extension of the dependent variable of sustainable business performance. Tour

operators that implement innovation in sustainability tend to gain competitive advantage (Zailani et al., 2015) and sustainable tourism has been perceived as an innovation in the tourism industry (Thuot, Vaugeois, & Maher, 2010). Based on this, the underlying theories used in this study were Resource-based Views (RBV) and Diffusion of Innovation (DOI), which were applied to examine the organisational resources that influence both sustainable tourism practices and sustainable business performance.

The RBV theory propounds the influence of organisational resources and capability of organisations in achieving competitive advantage (Barney & Duschek, 1991). Hence, this study examined the organisational resources from the perspectives of business sustainable orientation and perceived environmental uncertainty towards sustainable business performance as the competitive advantage of the business. Prior studies (Awang, Ishak, Mohd Radzi, & Taha, 2008; Mariadoss, Chi, Tansuhaj, & Pomirleanu, 2016; Seng Yap, Zabid Abdul Rashid, & Amat Sapuan, 2013) have demonstrated the propensity to assess the relationship between organisational resources and business performance based on this particular theory. Accordingly, this study viewed organisational resources in terms of business sustainable orientation, while the perceived environmental uncertainty consisted of three variables namely uncertainty of market demand, uncertainty of advanced technology, and uncertainty of government regulations, which potentially influenced sustainable tourism practices and sustainable business performance.

On the other hand, the DOI theory views the perceived innovation characteristics as the factors that influence the adoption of innovation (Rogers, 2003). The five identified characteristics of innovation are relative advantage,

compatibility, complexity, trialability, and observability. Previous research (Bell & Ruhanen, 2016; Le & Hollenhorst, 2005; Smerecnik & Andersen, 2011) has indicated that each tested variable has influenced the adoption of sustainable tourism practices. Thus, this study examined whether any of these variables influenced the sustainable tourism practices and sustainable business performance of tour operators in Malaysia.

To conclude, there were nine independent variables of organisational resources that were examined in this study, namely, five variables of perceived innovation characteristics (relative advantage, compatibility, complexity, trialability, and observability), three variables of perceived environmental uncertainty (uncertainty of market demand, advanced technology, and government regulations), and one variable of business sustainable orientation. The mediating variables tested in this study were sustainable tourism practices with two variables i.e. sustainable business management and sustainable destination management practices. Finally, the dependent variable in this study was sustainable business performance.

1.3 Tourism Industry in Malaysia

Over the years, the tourism industry has proven to be a thriving industry in Malaysia. This service industry is the second main contributor to the country's revenue, which demonstrates its significance for the economy of Malaysia. As presented in Table 1.1, the number of tourist arrival and tourist receipt in Malaysia has increased annually. Furthermore, according to a recent report by World Travel and Tourism Council (WTTC, 2016), the direct contribution of travel and tourism to Malaysia's GDP was MYR 51.1 billion (4.4% of the total GDP) in 2015 and it increased by

7.9% in 2016. The contribution was then projected to increase at 4.5% per annum in the following years up to MYR 85.4 billion (4.8% of the total GDP) in 2026. Evidently, the tourism industry has immensely contributed to the country's economy.

Table 1.1: Tourist Arrival and Tourist Receipt (Malaysia)

Year	Arrivals	Receipts
2010	24.58 million	56.5 billion
2011	24.71 million	58.3 billion
2012	25.03 million	60.6 billion
2013	25.72 million	65.4 billion
2014	27.44 million	72.0 billion
2015	25.72 million	69.1 billion
2016	26.76 million	82.1 billion
2017	25.95 million	82.1 billion

Source : MOTAC , 2018

The overall structure of the tourism industry includes the public and private sectors and tourism associations, each with their respective goals towards developing the tourism industry, which is under the jurisdiction of MOTAC Malaysia (Figure 1.2). Malaysia's public sector consists of national, state, and local levels. Meanwhile, the private sector in Malaysia includes various businesses providing goods and services for tourists visiting the country. Finally, tourism associations help to develop Malaysia's tourism industry. All these components in the tourism industry's structure represent the tourism stakeholders in Malaysia and all are encouraged to be involved in sustainable development.

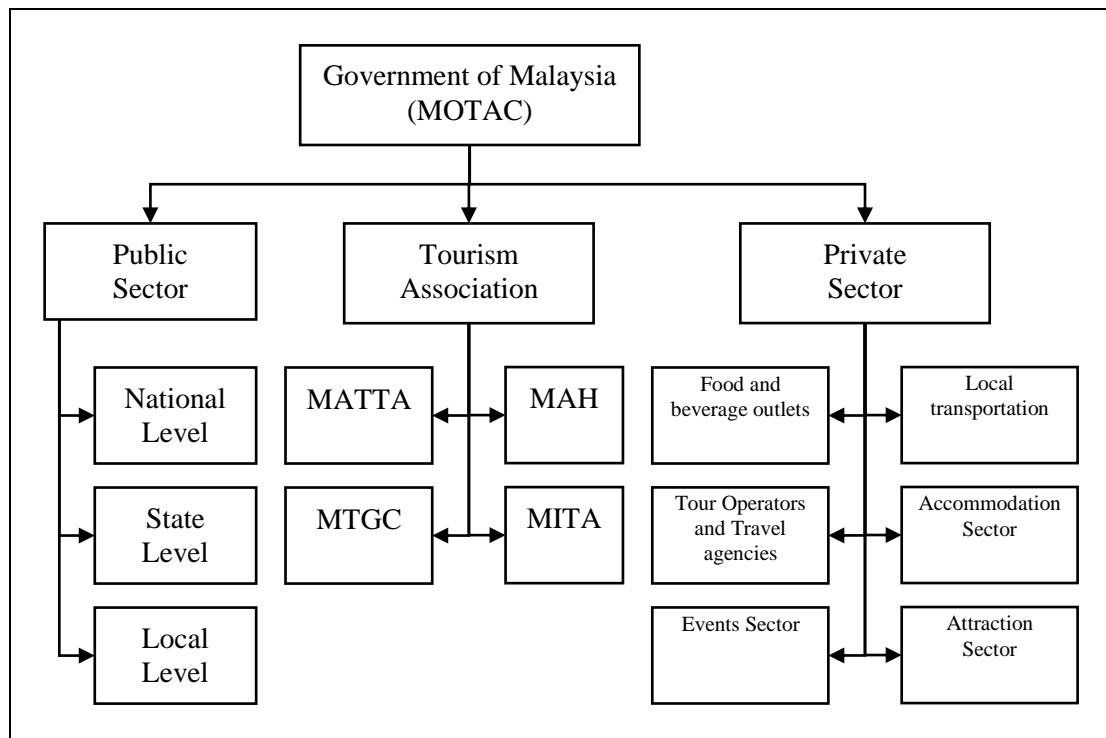


Figure 1.2: Tourism Industry's Structure in Malaysia

Source : Author Illustration

To develop the tourism industry, the government was required to play an influential role. The government of Malaysia has done proper developmental planning, in which the tourism industry was continuously highlighted in the five-year plan and other related policies in Malaysia between 1970 and 2016 (Table 1.2). The development of tourism started in the 1970s and the first National Economy Policy highlighted the development of this industry, which focused on rural areas. Other policies that demonstrated the development of the tourism industry were National Development Policy, National Tourism Master Plan, National Tourism Policy, and National Ecotourism Master Plan (Government of Malaysia, n.d.). Meanwhile, in the Malaysia plan presented every five years, tourism development was first introduced in the Second Malaysia Plan and has been continuously included until the Eleventh Malaysia Plan (2016–2020). All the necessary planning for the tourism industry is

presented in this five-year Malaysia plan. This indicates the importance of the tourism industry in Malaysia.

Table 1.2: Tourism Development Plan in Malaysia

Year	Policy	Description
1970 – 1990	National economic policy	Intensive development of rural areas. The existence of Regional and Commodities-based government agencies. Intensive and integrated regional development. Emphasis on economic growth through manufacturing and industrial sectors.
1991 – 2000	National development policy	Promoting and strengthening national integration by reducing the wide disparities in economic development between states, rural and urban areas. Developing a progressive society in which all citizens enjoy greater material welfare, while simultaneously imbued with positive social and spiritual values, and an increased sense of national pride and consciousness.
1975	National Tourism Master Plan (NTMP)	To outline the programme of tourism development that will fully utilize the natural attraction, potential and social attributes of Malaysia as they relate to the requirements of domestic, regional and international tourism. to provide a basis upon which Malaysia may develop tourist potential in an orderly and manner within the framework of the national development plan and the new economic policy. To provide income and employment potential for the principal areas selected.
1991	National tourism policy	Establish a political, economic and social environment conducive to the development of the tourism industry. Identify and designate tourism development areas and establish detailed controls for these areas.
1996	The National Ecotourism Master Plan	provide a general framework to assist the government in developing the country's ecotourism potential
(1981-1985)	4 th Malaysia Plan	Focus at development of tourist facilities Tourism Development Corporation focus at marketing strategies at foreign market with the reinforce of marketing and promotional activities by tourism sales mission to selected markets.
(1981-1985)	5 th Malaysia Plan	Government make strategy on the promotional strategy Government introduce incentive to tour operator to attract foreign market Government improve the accessibility to Malaysia Government of tourism industry. focus on the development and promotion of selected tourist destination Privatization of the role public sector

Table 1.2. Continued

Year	Policy	Description
(1986-1990)	6 th Malaysia Plan	Government encourage public sector to provide in-house training The plan proposed a two-pronged strategy of tourism development to increase foreign tourist inflows, and to promote domestic tourism to reduce foreign exchange outflows on account of foreign travel by Malaysians.
(1996-2000)	7 th Malaysia Plan	Focusing more on domestic tourism through local residents' involvement in entrepreneurship in product development and services.
(2001-2005)	8 th Malaysia Plan	basic strategies and policies of tourism development aimed to achieve sustainable growth, and to realize potential income at national, state and local levels
(2005-2010)	9 th Malaysia Plan	Government stressed the importance of sustainable tourism development. The plan suggested product development, human resources improvement, and develops domestic tourism through marketing and promotion activities. A focus given to eco-tourism development through agriculture and rural product development.
(2011-2015)	10 th Malaysia Plan	This Plan focus on 12 national key economic areas or NKEAs which have potential to generate high income which Tourism industry is one of the key areas.
2016-2020)	11 th Malaysia Plan	Government focus on green implementation strategy in this country

Source : Government of Malaysia, N.D

In line with developing the tourism industry, sustainable tourism has become an important agenda for the Government of Malaysia. MOTAC has taken the initiative to enhance the growth of tourism through the development of policies, strategies, and master plans for sustainable tourism. Accordingly, the involvement of the government in sustainable tourism has been focused on ecotourism destinations since the implementation of the Malaysia Tourism Policy (1992), which highlighted ecotourism as a highly potential and sustainable form of tourism. Following that, the National Ecotourism Master Plan was drafted in 1995 and formally approved by the government in the subsequent year (Khalid, Wahid, Amran, Haat, & Abustan, 2008) with the objective to assist the state and federal governments in enhancing the

potential of ecotourism in Malaysia. This indicates the effort taken by the government in ensuring that the tourism industry is developed in a sustainable manner.

Sustainable tourism has not only been highlighted in various policies but also included in the Malaysia Plan. Table 1.3 lists the various Malaysia Plans. The Eighth Malaysia Plan (2001–2005) highlighted the involvement of Malaysia in sustainable tourism and had proposed basic strategies and policies of tourism development in realising sustainable growth and potential income at local, state, and national levels (Marzuki, 2010). Since then, the concept of sustainability, including sustainable tourism, has been considered a significant development agenda in Malaysia.

Table 1.3: Sustainable Tourism in Five-year Malaysia Plan

Plan / Policy	Year	Description
Eighth Malaysia Plan	2001 – 2005	to achieve rapid tourism growth on a sustainable basis The tourism development strategies that will be rigorously pursued are as follows: emphasizing sustainable tourism development
Ninth Malaysia Plan	2006 – 2010	Government has a responsibility to ensure there is a balance between development and environmental sustainability. Enforcement and increase preventive measures. For this purpose, 510 million Ringgit has been allocated for cleaning, preserving and beautifying rivers; 350 million Ringgit for coastal management; 200 million Ringgit for reforestation; and another 70 million Ringgit for the management of wildlife and protected areas.
Tenth Malaysia Plan	2011 – 2015	In this plan, various measures will be implemented to ensure the sustainability of the environment. Emphasis will be placed on the use of renewable energy and increasing energy efficiency.
Eleventh Malaysia Plan	2016 – 2020	green growth will be a fundamental shift in how Malaysia sees the role of natural resources and the environment in its socio-economic development, protecting both development gains and biodiversity at the same time.

Source : Prime Minister Office (PMO) website

As a conclusion, sustainable tourism is a pivotal aspect in developing the tourism industry. Thus, the government has taken continuous efforts towards developing sustainable tourism. Meanwhile, the involvement of the private sector has encouraged key players to secure competitive advantage for their business operations in the tourism industry. Malaysia's tourism industry has demonstrated the propensity of developing destination sustainability through ecotourism. Nevertheless, it is also imperative that business sustainability for the tourism industry is promoted. Hence, studies on tourism should address the perspective of tour operators given their significance in promoting both business and destination sustainability for the tourism industry in Malaysia.

1.4 Tour Operators in Malaysia

This study has focused on one of the major stakeholders in the tourism industry, namely tour operators. They represent the private sector of the tourism industry in Malaysia. The Tourism Industry Act (1992) defines a tour operating business as any business that provides any of the following services: (1) arranging the sale or commission of any transportation, accommodation, tour services or any other incidental services for tourists within or outside Malaysia; (2) organising or conducting the sale or commission of inbound or outbound tours; (3) providing conveyances for hire to tourists; and (4) any other services incidental to any of the services listed here.

Tour operators in Malaysia are private limited companies incorporated under the Companies Act 1965. They handle tour operating businesses and are called tour operators as they have licenses for inbound and outbound tours and ticketing from

MOTAC. It is not termed travel agency as MOTAC classifies travel agency as a company with license for ticketing only. Both tour operators and travel agencies has the roles towards sustainable tourism that focusing on business sustainability meanwhile tour operators includes the roles towards destination sustainability.

In general, tour operators have an intermediary role between tourism service providers and customers. Tour operators primarily serve to construct travel packages that mediate between various suppliers, such as those providing accommodation, entertainment, services, or transportation. Subsequently, these tour operators promote and sell these tour packages to potential customers (tourists) directly or through retail travel agencies. Accordingly, the Tour Operators Initiative (TOI, 2004) noted that tour operators have the capacity to influence the customers' travel choices, the suppliers' course of action, and the destination development patterns given their intermediary role between the tourism service providers and customers.

Additionally, the Tourism Industry Act (1992) states that tour operating and travel agency businesses in Malaysia must apply for a license from MOTAC based on the following requirements:

1. Private limited company incorporated under the Companies Act 1965;
2. Compliance with the issued paid-up capital and equity limit requirements as set out by the Ministry;
3. Shareholders shall not have any interest (share equity) in any other tourism agency company licensed under the Tourism Industry Act 1992;
4. Shareholders (foreign company) shall have been in operation in their countries of origin for at least five years;

5. The name of the company shall signify a company undertaking the tour operating business and travel agency business (travel, tours, holiday, vacation, adventure, etc.);
6. The Memorandum and Articles of Association or Form 11 (Notice of Resolution) shall state that the business conducted is a tour operating business and travel agency business (“To carry on business in tour operating business and travel agency business”);
7. Free from any compound under the Tourism Industry Act 1992 or the Tourism Vehicles Licensing Act 1999 (Sabah, Sarawak, and the Federal Territory of Labuan).

The number of tour operators and travel agencies in Malaysia is increasing (Table 1.4). This suggests a high demand for the services offered by them. Despite the challenges faced by tour operators at the global scale, especially with the use of digital marketing, tour operators and travel agencies in Malaysia must sustain their business operations.

Table 1.4: Number of Tour Operators and Travel Agencies Licensed in Malaysia

Year	Total
2010	3839
2011	3370
2012	3797
2013	4909
2014	5453
2015	5020
2016	5195

Source : MOTAC , 2018

Tour operators and travel agencies in Malaysia are required to have a license. MOTAC issues seven types of licenses with specific requirements for tour operators and travel agencies to choose from. The types of licenses are: (1) inbound; (2) outbound; (3) ticketing; (4) inbound and outbound; (5) inbound and ticketing; (6) outbound and ticketing; and (7) inbound, outbound, and ticketing. A tour operating business can have more than one license, and a fee difference exists between these licenses.

Multiple tourism services are offered by tour operators to their customers. As illustrated in Figure 1.3, some of the essential services provided include handling domestic and international tour packages, selling tickets for tourist attractions, event management, tour guide services, hotel booking, company teambuilding, visa arrangement, and transportation arrangement (including flight tickets, excursion bus, transfers, car rental, and cruise). Apart from these services, tour operators in Malaysia were also segmenting into their specializations that are as follows:

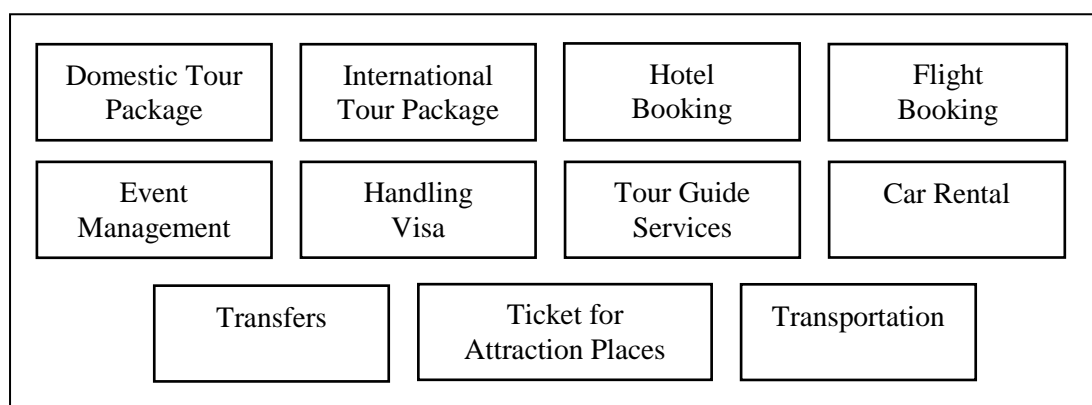


Figure 1.3: Service Offered by Tour Operators in Malaysia

Source : Author Illustration

There were 5,195 tour operators and travel agencies operating across 14 states and Federal Territories in Malaysia up to the year 2016. Referring to the statistics according to state (Table 1.5), the Federal Territories in Malaysia recorded the highest number of operating tour operators and travel agencies followed by the states of Selangor and Sabah. Meanwhile, the state of Perlis recorded the lowest number of operating tour operators and travel agencies (MOTAC, 2018).

Table 1.5: Number of Tour Operators in Malaysia Based on Specialization

State	Inbound	Outbound	Ticketing	Inbound & Outbound	Inbound & Ticketing	Ticketing & Outbound	Inbound , Outbound & Ticketing	Total
Wilayah Persekutuan	193	0	10	31	293	1	819	1347
Selangor	209	0	9	9	244	1	495	967
Sabah	336	0	12	15	96	4	177	640
Kedah	240	0	2	21	45	0	116	424
Johor	111	1	4	22	49	1	208	396
Pulau Pinang	82	0	8	12	58	0	180	340
Sarawak	71	0	13	4	26	5	147	266
Perak	41	0	2	6	28	0	110	187
Terengganu	96	0	1	3	19	0	56	175
Pahang	55	0	3	0	22	0	57	137
Negeri Sembilan	18	1	1	6	18	1	71	116
Melaka	17	0	1	4	15	0	62	99
Kelantan	25	0	2	2	4	0	46	79
Perlis	8	0	0	4	2	0	8	22
Total	1502	2	68	139	919	13	2552	5195
%	28.91	0.04	1.31	2.68	17.69	0.25	49.12	

Source: MOTAC, 2016

The increasing number of tour operating businesses in Malaysia has spurred the need to remain highly competitive in terms of business sustainability and destination sustainability among tour operators. They are required to sustain their business and at the same time, strategize to remain competitive in the industry. MOTAC (2017) has highlighted the need for involvement in sustainable tourism, especially by tourism stakeholders in Malaysia. There are a few tour operators that are highly involved in sustainable tourism, namely Asian Overland Services, Borneo Adventure, Ping Anchorage Travel and Tour Terengganu, and Borneo EcoTours. They have been able to sustain their business based on both business and destination perspectives.

1.5 Problem Statement

Sustainable tourism was introduced via eight Malaysia Plans by the government. The sustainable tourism initiatives tend to emphasise on the tourism destination. Thus, it offers less effectiveness in the overall practice of sustainability in the entire tourism system (Nair & Thomas, 2013). On the other hand, companies in Malaysia need to be involved in green practices towards achieving sustainable development (Aziz, Ong, Foong, Senik, & Attan, 2018). Tour operators as a stakeholder in the tourism industry have direct access to destination and business sustainability and this highlights their responsibility in promoting sustainable tourism (Budeanu, 2005). Registered tour operators and travel agencies in Malaysia have contributed towards tourism development in the country. Even though tour operators are encouraged to be involved in sustainable tourism, there is a lack of information pertaining to the involvement of Malaysian tour operators in sustainable tourism. This phenomenon

can be seen in the limited numbers of studies conducted on tour operators' perspective in Malaysia (Bhuiyan et al., 2012; Tay & Chan, 2014; Zailani et al., 2015). Therefore, this situation revealed the gap of knowledge related to the participation of Malaysian tour operators in sustainable tourism.

Realising the need to examine the involvement of tour operators in sustainable tourism, a preliminary study was conducted to investigate the participation of tour operators in sustainable tourism. Based on the results from the survey conducted with 30 tour operators, they were found to have implemented sustainability in their business. Nevertheless, they were unable to identify the practices related to sustainable tourism. This indicated the lack of knowledge among tour operators in Malaysia on sustainable tourism practices that can be applied in their businesses. Hence, the necessity to have sustainable tourism practices for tour operators from a local perspective has been exposed. In Malaysia, research on tour operators is growing but exploration of this concept is still required. Additionally, the focus on involvement in both destination and business sustainability was still limited as many studies emphasised on tourism destination and government roles in this concept. As such, the gap in research related to tour operators and business and destination sustainability from an academic perspective has been highlighted.

To be involved in sustainable tourism, tour operators need to know the practices. The Global Sustainable Tourism Criteria that was created in 2007 and released in 2013 is a platform to identify sustainable tourism practices for tour operators. Nonetheless, a study on the effectiveness of this standard (Bricker & Schultz, 2011) found that not all the practices were applicable and gained the interest of tour operators. This result is supported by the existence of different practices in

various countries (India, Vietnam, Australia, Thailand). Thus, this has indicated the need to have sustainable tourism practices based on a local perspective. However, the Global Sustainable Tourism Criteria can still be used as a medium to identify sustainable tourism practices.

Sustainability innovation can help companies gain competitive advantage in the tourism industry (Zailani et al., 2015). The existing frameworks on tour operators' involvement have identified several factors that influence the adoption of sustainable tourism practices, namely perceived innovation characteristics, perceived environmental uncertainty, and firm structure (Dibra, 2015; Le & Hollenhorst, 2005). By examining organisational resources, the involvement of businesses towards sustainability can be increased (Khairat & Maher, 2012). A previous study that measured the perceived innovation characteristics highlighted the characteristics of sustainable innovation and sustainability was perceived as an innovation in the tourism industry (Thuot et al., 2010). The perceived five characteristics of innovation are relative advantage, complexity, compatibility, trialability, and observability that can influence the competitive advantage of organisations. In a study conducted on tourism operators in Vietnam, the innovation characteristics of relative advantage and complexity were determined as influential factors that added to the involvement of tourism operators in adopting sustainable tourism practices. Meanwhile, the compatibility, observability, and trialability innovation characteristics were deemed as non-significant factors (Le & Hollenhorst, 2005). Therefore, this has highlighted the need to examine this variable in the Malaysia context based on the involvement of tour operators in sustainable tourism practices and the impact on sustainable business performance.

Other than that, the involvement of tour operators in sustainable development requires the identification of external factors that may influence the business while implementing sustainable tourism practices or impact sustainable business performance. Past studies reported that uncertainty of market demand, uncertainty of government regulations, and uncertainty of suppliers may influence the adoption of sustainable tourism practices among tour operators (Dibra, 2015; Le & Hollenhorst, 2005). Additionally, the tourism industry and tour operators are affected by technology (Ali, 2009). Thus, it is worth to examine uncertainty of market demand since tourists nowadays demand for sustainability (Kastenholz, 2004) and uncertainty of government regulations since MOTAC plays the role of promoting sustainable development in the tourism industry and the changes may impact tour operators. Additionally, uncertainty of advanced technology is useful for tour operators because they are directly impacted by technology (Ali, 2009) and the changes may influence their involvement in sustainable tourism. A study in Vietnam examined the uncertainty of market demand and government regulations (Le & Hollenhorst, 2005). Nevertheless, no study measured the uncertainty of advanced technology from tour operators' perspective. As such, this has highlighted the gap in examining uncertainty of the external environment towards sustainable tourism practices and sustainable business performance in the context of tour operating business.

Businesses that are orientated towards sustainability tend to gain competitive advantage (Yang, 2013). Nevertheless, studies that have examined business orientation towards sustainability are very few (Kuckertz & Wagner, 2010; Mariadoss et al., 2016; Yang, 2013), especially from the tourism business perspective. Therefore, examining business sustainable orientation with sustainable

tourism practices and sustainable business performance is worth to explore since sustainable orientation may enhance the competitive advantage of the companies. Hence, the gap in examining the variables of business sustainable orientation related to organisational resources that influence sustainable tourism practices and sustainable business performance, especially from the Malaysian tour operator context can be filled.

Tour operators practising sustainability gain competitive advantage (Zailani et al., 2015). Research on the impact of sustainable tourism practices towards sustainable business performance is still limited. Yang (2013) has highlighted the effect of supply chain practices on sustainable business performance. Nonetheless, other items related to sustainable tourism practices such as ecotourism, green tourism, responsible tourism, and CSR have not been examined. Therefore, assessing sustainable tourism practices by examining the roles of sustainable business management practices and sustainable destination management practices in relation to sustainable business performance is crucial. Other than that, several studies have scrutinised the role of sustainability as a mediating factor towards attaining competitive advantage/performance in the tourism industry (Horng, Liu, Chou, Tsai, & Chung, 2017; Hsu, Tan, Kannan, & Keong Leong, 2009; Sánchez, Marín, & Morales, 2015). The profitability of companies may increase if sustainable activities are implemented as a mediator in a firm's business operation and production (Suansawat, 2013). Besides, previous studies have also focused on SCM as a mediator variable for business performance (Green, McGaughey, & Casey, 2006; Hsu et al., 2009; Suansawat, 2013; Zhu, Sarkis, & Lai, 2012). However, research on sustainable tourism practices as having mediating effects on organisational resources

and performance is still limited, especially from Malaysia's tour operator perspective.

Based on the discussion presented, this study attempted to address the established gaps via the identification of sustainable tourism practices among tour operators in Malaysia and of organisational resources that influenced sustainable tourism practices. This study also aimed to determine the influence of sustainable tourism practices as a mediator between organisational resources and sustainable business performance. The focus of this study was on tour operators in Malaysia.

1.6 Research Objectives

This study aims to identify the organizational resources that can affect sustainable business performance and to examine the effects of sustainable tourism practices towards the tour operator's performance. The specific objectives of this study were as follows:

1. To identify sustainable tourism practices among tour operators in Malaysia.
2. To assess the influence of organisational resources of perceived innovation characteristics, perceived environmental uncertainty, and business sustainable orientation towards sustainable tourism practices.
3. To determine the influence of sustainable tourism practices towards sustainable business performance.
4. To assess the mediating effect of sustainable tourism practices on the relationships between perceived innovation characteristics, perceived

environmental uncertainty, and business sustainable orientation with sustainable business performance among tour operators in Malaysia.

1.7 Research Questions

Based on the research objectives, the following research questions were addressed in this study:

1. What are the sustainable tourism practices among tour operators in Malaysia?
2. How do organisational resources of perceived innovation characteristics, perceived environmental uncertainty, and business sustainable orientation influence sustainable tourism practices of tour operators in Malaysia?
3. How do sustainable tourism practices influence sustainable business performance?
4. How do sustainable tourism practices mediate the relationships between perceived innovation characteristics, perceived environmental uncertainty, and business sustainable orientation with sustainable business performance among tour operators in Malaysia?

1.8 Scope of Study

This study focused on the involvement of tour operators in sustainability. Sustainable tourism practices were first identified based on the Malaysian context, and secondly,