


## Chapter 9

# Influence of Information Systems and Technology on Hospitality Business Performance in Albania

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### ABSTRACT

*The transition from a closed economy to an open, market economy created new opportunities for the development of tourism in Albania. Tourism is known as one of the industries with the largest use of information technology (IT), but for various reasons, application of information systems (IS) in Albanian hotels is lower compared to other countries in Balkan region and other countries in Europe. Many processes and operations are handled in old and traditional ways. Most of the entrepreneurs do not know the benefit of using IS in the daily processes of the hotels. However, the demand of hospitality services dictates the need of using contemporary IS to gain competitive advantage and to survive in the market. IS and technology impacts competitiveness, management of information flow, and the decision-making process. They have influenced performance of the hotel sector through changing the nature of tourism services and the target market. This chapter aims to establish the extent of usage of these systems in the overall performance of the hotels in Tirana, the capital of Albania.*

DOI: 10.4018/978-1-5225-8873-3.ch009

## **INTRODUCTION**

Nowadays tourism is viewed as one of the largest and dynamically developing sectors of external economic activities in the world. Tourism remains a critical economic activity, which continues to grow (Phillips & Moutinho, 2014). The sector has a crucial impact on the economy of Albania and its total contribution to GDP for 2017, as reported by WTTC (2018), was 26.2%.

Tourism is an important sector for the Albanian economy and employment rates in the country (Kruja & Berberi, 2020). Its contribution is supported by many hospitality activities including restaurants and hotels which accommodate and serve tourists. For companies to compete and to give dynamism to the national economy, innovation together with technical development should be encouraged. However, this sector has many barriers that include lack of infrastructure, lack of professionalism, informality and sometimes the product does not meet the customer's expectations (Noti, 2014). Accommodative businesses have experienced a growth since Albania entered in the free trade market. Apart from political factors, there are many social and economic factors that leave Albania behind compared to other countries in the region.

Competitive prices and the diversity of natural and cultural tourism have encouraged ongoing development and an increase in foreign investments in the country. Impact of technology in this sector has been a long-studied subject where researchers try to understand how technology shapes service processes, and whether such enactment improves customer satisfaction and sector performance (Law et al., 2014; Melian-Gonzalez, & Bulchand-Gidumal, 2016; Ferizi & Kruja, 2018; Kruja et al., 2019).

An important component in daily operations of hotel businesss is the IT that they use in their main activities. Researchers claim that to be competitive in today's "high tech environment" world, organizations need to offer specialized services and develop an innovative strategy that employs new technologies especially information systems (IS) (Jing, et al., 2003; Lim, et al., 2004; Abugabah & Sanzogni, 2009; Ahmeti & Kruja, 2020; Kruja & Hysi, 2020; Kruja, 2020). According to Fichman (2004) information technology (IT) innovations have impacted every aspect of organizational life. DiPietro & Wang (2010), specify three fundamental dimensions of IT's influence to the hospitality industry: (1) IT utilization for business process automation and cost reduction; (2) improved communication within the hotel; and (3) marketing and customer relationships enhancement. Other authors argue that IT implementation has a focus to contribute to performance and growth by increasing productivity, competitiveness, efficiency, and effectiveness (Hameed & Counsell, 2012; Lee & Xia, 2006). Therefore, the services offered by tourism sector should be more creative and innovative in utilizing human potential and technology.

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