

# The Economics of Information Technology of Tourism Business Sector in Egypt

## Abstract:

Tourism business organizations are increasingly finding themselves in business environments facing rapid increases in both turbulence and complexity, leading to enhance uncertainty and increased competition. This has led to increasing focus on innovation and information technology (IT) applications as a mean that may create and maintain sustainable competitive advantages.

In the wake of this development, efficiency and rapid access to knowledge and information is becoming paramount. Consequently, spending on information technology has surged during the last decade. However, studies investigating the IT productivity impacts have always led to contradictory and/or questionable results regarding the impacts of IT applications at four levels – national economy, industry, firm, process. Hence, the research question asked is: How does the use of information technology affect firm performance? The basic idea is that different applications of information technology systems affect different outcomes to different degree.

Based on historical data collected about EgyptAir - as a case study - around the period (1983-2004) and by using the SPSS program, the bivariate correlation, partial correlation and multiple regressions among the study variables were calculated. The study variables include two categories: independent variables that consist of IT investment and Non-IT investment in EgyptAir and dependent variables that consist of twelve indicators of economic performance of EgyptAir.

To achieve the objectives of the study, two hypotheses have been tested. The results led to contradictory and/or questionable results regarding the IT economic performance impacts at two levels: firm and process. Information technology investments have neither relationship nor impact on firm/process economic performance. Also the same happened with Non-IT investment but with greater correlation and regression parameters values. Finally, suggestions regarding the effective and productive configuration and management of IT applications are provided.

**Keywords:**IT Economics, Investment, Performance Evaluation, EgyptAir.