

Factors Influencing Homestay Performance: An Empirical Analysis Using TOE Framework

Nurul Liyana Ramlan ^{1*}, Mohamed Saladin Abdul Rasool ², Rizuwan Abu Karim ³

¹ Faculty of Business and Management, Universiti Teknologi Mara, Selangor, Malaysia

² Faculty of Business and Management, Universiti Teknologi Mara, Melaka, Malaysia

³ Faculty of Business and Management, Universiti Teknologi Mara, Melaka, Malaysia

Abstract

Despite being a part of Malaysia's tourism sector for many years, homestay is still not as popular as other travel-related services. Thus, the aim of this research is to determine the factors that homestay ought to have in order to enhance their performance and put them on level with other tourism offerings. The purpose of this study is to examine how the TOE Framework can enhance homestay performance. A self-administered questionnaire was given to 30 homestay operators in Sabah and Sarawak in order to accomplish the goal and the result were analysed using SPSS software. All three variables (technology factors, organization factors and environment factors) tested in this research on the performance of homestay were found to be significant. The results indicate that in order to enhance their performance and maintain their competitiveness in the tourism sector, homestay should prioritize all of these factors. The originality of this study has provided essential information for decision-makers who are involved in the implementation for future research, assisting the creation of the most productive homestay business plan and providing empirical data for this research.

Keyword: Homestay, tourism, TOE, performance

1. Introduction

Malaysian homestay's is classified as a type of community-based tourism (Ministry of Tourism, Arts and Culture (MOTAC), 2023). This is because this Homestay program is one of the programs that requires the rural community to participate in order to improve living conditions, improves ties within the community and benefits from the homestay equally (Kunjuraman, Hussin, and Aziz, 2022). Based on Azman, (2020); Ramele and Yamazaki, (2020), all of Malaysia's rural communities received a public release and official start of this program in 1995.

Moreover, this Homestay program allows visitors to stay with host families who have registered with the Ministry of Tourism, Arts, and Culture (MOTAC), interact with family members and take in the everyday activities and cultural events of the local community (Azhar et al., 2021). Additionally, Zulkefli et al. (2021) discovered that this program was set up to offer travelers who are keen to learn about the local way of life and culture unique experiences as well as to create a novel and fairly priced rural tourism service for the worldwide market.

This program also will improve the community's social and economic standing by decreasing poverty and offering work opportunities (Balasingam and Bojei, 2019). The community can also benefit from a number of opportunities provided by this program, such as the creation of income, the advancement of handicraft industries, the promotion of rural culture, and the encouragement of environmental conservation through community education (Janjua et al., 2021).

Despite of various government incentives granted to the Homestay program; this program still continues to be a slow-growing business. There is a problem with registered homestays declining interest in taking part in the program. Thus, to what extent the usage of TOE Framework in Homestay Program are yet to be determined. The researcher has selected the Sabah and Sarawak area as the target respondent due to improving the economy in that state which will directly enhancing the well-being.

1.1 Research Objective

To identify the significant effects of technological, organizational and environmental factors that influence the homestay performance

2. Literature Review

2.1 TOE FRAMEWORK

TOE Framework is based on adoption of three factors comprising technological, organizational and environmental factors. Technological factor includes any relevant technology used in the firm such as perceived relative advantage, perceived compatibility and perceived complexity (Amini and Jahanbakhsh, 2023). Organizational factor includes organizational attributes and characteristic of the firm such as its size, quality of human resources, number of resources available and the organization's structure (Kwabena et al., 2021). Environmental context comprises External sources that influence the firm such as buyer or supplier pressure, competitive pressure and supporting industries (Ramlan et al., 2023).

2.1.1 Technological Factors

The characteristics that are referred to technological factors are relative advantage and perceived compatibility.

a) Relative Advantage

According to Dahnil (2021), relative advantage is the degree to which a new idea and technology is thought to be superior to the concept it replaces. It is supported with A. Hammood et al., 2021 and Kwabena et al., (2021) mentioned that relative advantage is defined as an organization's benefit over earlier methods of completing the same work. Moreover, perceived relative advantage was found to be a significant factor influencing the adoption of technology in homestay programs by Ramlan et al., (2023). There are many of previous research found that this variable was positively influencing the adoption rate. As per Tornazkty and Klien's (1982) findings, companies consider adopting a technology only when it becomes necessary and enhances their internal operations performance and competitive edge. As a result, an innovative technology should be suggested to enhance the effectiveness of the homestay program.

b) Perceived Compatibility

Compatibility refers to how well a technology breakthrough is seen to fit in with current operating procedures, values, beliefs, and experiences as well as needs (Dahnil, 2021). The value of technology might vary depending on the perspectives of various organizations. In addition, compatibility is also the degree to which a new idea is accepted as credible in light of existing beliefs, past experiences, and adopters' needs (Mohamad and Al Halbusi, 2021). Moreover, based on A. Hammood et al., (2021) stated that organizations typically resist change, even when the adoption of new technologies might result in good changes to work practices. As such, it is critical that the innovation align with the infrastructure, values, and beliefs of the company. An organization is more likely to embrace technology if it is thought to be consistent with its overall business practices, surroundings, values, and beliefs.

2.1.2 Organizational Factors

The characteristics that are referred to organizational factors are size of the firm and top management support.

a) Size of the Firm

Lama (2018) discovered that one of the key elements impacting Homestay's adoption of ICT is the firm's size within the organizational framework. This is supported with Mohamad and Al Halbusi, (2021) claims that firm size increases resistance to environmental changes and that it has the greatest influence on technology adoption are supported by a large body of research. Moreover, size of the firm is one of the best criteria impacting an organization's adoption of ICT (Amini and Jahanbakhsh, 2023).

b) Top Management Support

The impact of top management support on the rate of idea adoption has been strongly demonstrated by research. Top management can promote change by defining the organization's vision and conveying and reinforcing the values of the organization (Stenberg and Nilsson, 2020). Similarly, Ayupp et al., (2021) discovered that one of the elements that considerably influences the rate at which Homestay embrace information technology is the top management support. Tang et al., (2023) shows that top management support is one of the factors that significantly contributing to the adoption among Homestay's in China. Hence creating a stronger management team is one of the objectives for the business to ensure the long-term profitability of the homestay program (Noor et al., 2021).

2.1.3 Environmental Factors

The characteristics that are referred to environmental factors are competitive pressure and government pressure.

a) Competitive Pressure

Agyeiwaah (2018), discovered that the homestay industry recognizes competitive pressure as a driving force for adoption. This is in line with Stenberg and Nilsson, (2020) stated that competitive pressure is one of the key elements driving adoption of ICT. Similarly, adoption of new technologies will become a strategic requirement to compete in the market (Ayupp et al., 2021).

b) Government Pressure

Another phrase for environmental elements that could affect the homestay performance is "government pressure" (Nor and Awang, 2018). Government policies are necessary to develop and encourage action to make the homestay program long-term sustainable, according to Bhuiyan (2019). However, Nor and Awang (2018) asserted that insufficient tourism policies to support planning and a lack of useful tools to enable execution have resulted in a significant disconnect between the strategy for sustainable homestay and its actual plan. This is consistent with the findings of Yusof, Muda, Salleh, Ibrahim, and Amin (2016), who discovered that there hasn't been much attention paid to the meticulous examination of the government's activities, which includes the expansion of the tourism business. To further prepare licensed homestay operators to compete and be ready to face any issues in the homestay sector, the government should also have a role in providing information, support, and advise about industry risk (Yusnita et al., 2012; Nor and Awang, 2018). Thus, numerous homestay operators will be encouraged to participate in the program by well-structured government policies and encouragement (Bhuiyan, 2019).

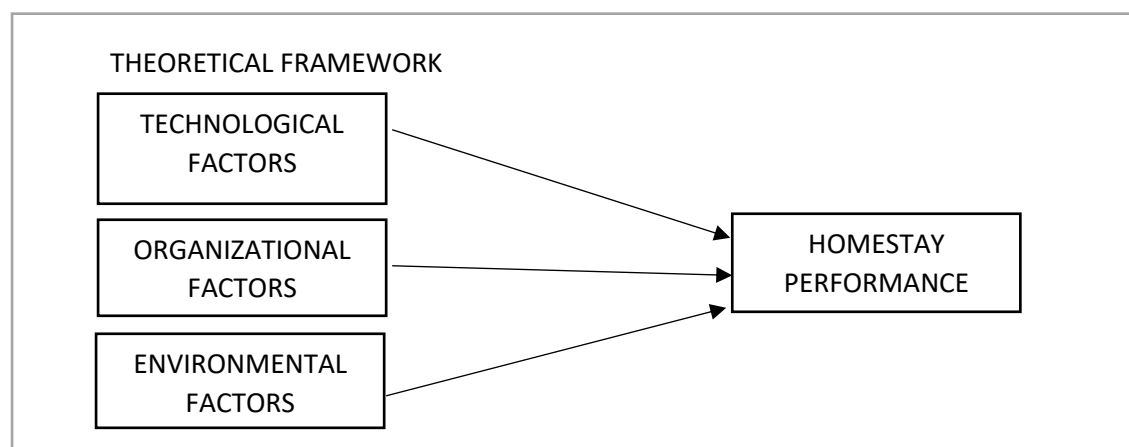
2.2 Homestay Performance

Kori, Muathe, and Maina (2020) claimed that a company's performance, encompassing financial as well as non- financial indicators, reflects its capacity to achieve the company goals. The performance of homestay could be affected by many areas; however, this study only focusses on financial performance of the homestay.

The term used to characterize financial operations is financial performance (Golovkova, Eklof, Malova, and Podkorytova, 2019). Financial performance often indicates how well financial goals have been attained. According to Golovkova et al. (2019), it is the process of assessing the financial results of a company's policies and activities.

Rapid technology development has given Malaysian homestays several opportunities to improve their performance (Osman and Zakaria, 2020). Additionally, Yong and Hassan (2019) noted that social media plays a crucial role in the success of homestay participants, helping to boost their productivity. In contrast, Osman and Zakaria (2020) found that social media platforms had a positive and significant influence on the intentions of homestay operators to use them to increase their financial success. Therefore, in order to improve the performance of the homestay program, homestay operators must continue to concentrate on developing distinctive business strategies (Devadas and Jayasooriya,2021; Escolar-Jimenez, 2020).

3. Theoretical Framework



4. Research Methodology

Researcher employed quantitative research and a self-administered survey questionnaire was used as an instrument to collect data. The type of sampling used for this research was probability sampling technique by using purposive sampling method among the population of Homestay operator in Sabah and Sarawak. A total of 50 questionnaires were distributed in order to get higher response and only 30 questionnaires were completed and returned. In Section A will describe the respondents' demographic profile. In Section B, C, D and E was used to assess respondents' level of agreement.

5. Findings and Discussions

a) Demographic Profile

Total respondents for this study were 30 respondents which consist of Homestay coordinator in Sabah and Sarawak

Variables	Items	Frequencies	Percentage
Gender	Male	19	63.3
	female	11	36.7
Age	21-40	3	10
	41-60	12	40
	ABOVE 61	15	50
Education	SPM	18	60
	CERTIFICATE	3	10
	DIPLOMA	5	16.7
	DEGREE and above	4	13.3
Type of social media use	Facebook	19	63.3
	Instagram	2	6.7
	Tiktok	0	0
	Other	9	30

Table 1. Frequencies Analysis

Based on Table 1, show the frequencies analysis for the study. Overall, from the 30 respondents, 63.3 percent were male respondents and 36.7 percent were female. Respondents' age above 61 years old were collected as the highest sample which 15 people (50%) from the whole sample size. Respondents' age between 21 to 40 years old represents the lowest sample for overall research. Additionally, mostly the respondents have SPM as their educational level which are 18 respondents (60%). Besides that, the type of social media use by all the respondent also gathered. The least respondents use Instagram by 2 respondents (6.7%) to promote their homestay. Continuously, the highest percentage of respondents who prefers to use Facebook to promote their homestay was 63.3 percent or 19 respondents.

b) Correlation Analysis

	FACTORS	N OF ITEMS	CORRELATION
Technological factors	.823	10	Positive Correlation
Organizational factors	.732	8	Positive Correlation
Environmental factors	.685	9	Positive Correlation

Table 2. Correlation Analysis

Pearson Product-Moment Correlation Coefficient was used to assess the relationship between variables (Independent and Dependent Variables). Table 2 describes the correlation test between the independent and dependent variables. Overall, technological, organizational and environmental factors have positive relationship.

As shown in Table 2, the strongest relationship between technological factors and homestay performance ($r=.823$, $p<.05$). The other two are organizational ($r=.732$, $p<.05$) and environmental factors ($r=0.685$, $p<.05$) that also have significant relationships among homestay businesses in Sabah and Sarawak.

6. Discussion

The results of this study have important implications for several parties, such as researchers, MOTAC, homestay providers, and the travel and tourism sector. Furthermore, this research will assist homestay operators in comprehending the variables impacting the effectiveness of their homestay program. Social media has emerged as one of the most powerful online networking tools for facilitating long-term communication between homestay hosts and guests. The primary critique directed towards the Homestay Program's poor effectiveness, meanwhile, has been its lack of social media platform adoption for homestay promotion. Despite the assertions of Pasanchay and Schott (2021) and Murniati et al. (2023) that the majority of homestay operators possess fundamental knowledge of social media.

7. Conclusion

As a conclusion is that there are significant correlations between Homestay performance and all three of the TOE's framework. This indicates that homestay performance, the dependent variable, is influenced by the independent variables (technological, organizational, and environmental). According to every hypothesis that was investigated and shown to be accurate, technological has the greatest effect on the Homestay performance in both Sarawak and Sabah.

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