The Relationships between Social Media Adoption and Homestay Performance in Malaysia

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Abstract: Social media has become the most popular marketing tool in the tourism industry. It has been determined that the advent of social media has allowed tourists from all around the world to directly get in touch and communicate with tourism organizations despite their location. However, there is limited research on the adoption of social media as a marketing tool in the Homestay program. Therefore, Kampungstay and Homestay Association Malaysia (MKHA) in collaboration with Tourism Malaysia has developed a platform known as www.jomhomestay.my to promote the program. Despite this effort, the findings stated that the homestay program has limited resources for social media and a limited ability to recognize it. Thus, this paper is to examine the relationships between social media adoption and homestay performance. The originality of the study will act as a roadmap for future research, assisting in the creation of the most productive homestay business plan and providing empirical data for this research.

Keywords: Social media, Homestay, Marketing tool, tourism.

1. Introduction

Tourism has been an essential sector in both developed and developing economies (Sharpley, 2020). Aside from contributing significantly to government revenues, national income and foreign exchange gains, the tourism industry also provides job and business opportunities for local populations (Saner, Yiu and Filadoro, 2019). In addition, Hussin and Buchmann, (2019) stated in their study that the Malaysian government has made a significant contribution to the growth of the tourism industry with the establishment of the Sixth Malaysia Plan (1991–1955) and the first National Tourism Policy (NTP) to provide interested parties with guidelines for planning and expanding the Malaysian tourism industry. Thus, it demonstrates that Malaysia’s government has adopted several proactive measures to improve its capabilities and commitment to fostering the development and sustained expansion of Malaysia's homestay (Abas et al, 2022). Moreover, the community-based tourism (CBT) approach has been applied in the context of the 2030 Sustainable Development Goals (SDGs) to make progress towards SDG1—No Poverty—and SDG11—Sustainable Cities and Communities (Zulkifli et al, 2021). Homestay is a typical CBT program that enables participants to stay with local families or tour nearby villages and neighborhoods (Phunnarong, 2021).

Homestay programs can experience internal and external issues and challenges, as well as off-peak seasonal and managerial issues (Bhuiyan, 2019). Thus, this Homestay program can benefit from the emergence of the technologies (Kumar, 2020) and derive competitive advantages (Balasingam and Bojei, 2019). Moreover, Lama, (2018), stated that the potential benefits of adopting and using technologies particularly more by the hotel industry rather than the Homestay program. Affiliated-chain group hotels have already adopted technologies in their business. Many studies on technology adoption and innovation in small and medium-sized enterprises (SMEs) have been undertaken (Murphy, 2004; Rousaki, 2010). However, there is very limited research when it comes to the integrated model for the adoption of social media especially in the Homestay program (Yong and Hassan, 2019; Dawayan et al., 2021). According to Dawayan and Annuar, (2021), homestay operator must improve their current strategy to prevent being left behind. This will be in terms of how information systems and technology are used to support business processes, make decisions and achieve a competitive edge (Osman and Zakaria, 2020). It is also expected that Internet technologies would enable a fundamental shift in company strategy toward price convergence, as well as reorganization of business networks in the tourism industry (Pencarelli, 2020).

The advancement of the internet which comprises the usage of social media has opened doors for marketing communication to level up their game by using it as a tool and platform to boost their profits (Akram and Kumar, 2017; Canovi and Pucciarelli, 2019). The usage of social media has become a critical mode of
communication within the current trends (Stieglitz, Mirbabaie, Ross and Neuberger, 2018). The importance of this platform has grown throughout the years as the brands rely heavily on social media changing the landscape of marketing communications and making the brands progressively more dependent on social media and mobile channels (Alalwan, Rana, Dwivedi and Algharabat, 2017; Nisar, Prabhakar and Strakova, 2019).

Despite these efforts, the findings stated that the homestay program has limited resources for social media and a limited ability to recognize it (Prabawa, 2018). In addition, there is less evidence on how social media is utilized in practice, reflecting the context of use in a homestay program, which is confined and susceptible to situational constraints (Agyeiwaah, 2019; Siti Nabiha, Nordin, and Poh, 2021). Thus, to enrich the literature, this study seeks to investigate the influence of social media adoption on the performance of homestays in Malaysia.

**Objective of the Study:** To investigate the relationship between social media adoption towards homestay performance.

2. Literature Review

**Homestay Program:** The official homestay program is known as a cluster homestay, and is controlled by the Ministry of Tourism and Culture (MOTAC) (Bachok, Hasbullah, Ab Rahman, 2018). MOTAC began to promote homestay programs in 1995 (Bachok et al., 2018; Ramele et al., 2020). This cluster homestays are required to adhere to a series of procedures and rules established by MOTAC (Ramele et al., 2020). Hence, only property owners who meet the requirements and regulations for hosting guests will be given recognition awards and licenses to run the program (Noor and Awang, 2018). These requirements include accessibility to the major road and suitable tourist amenities like a separate bedroom and bathroom (Azhar et al., 2021).

Moreover, this homestay program is not only considered as lodging services (Muslim et al., 2017). It is a tourism product that provides guests with a refreshing rural atmosphere and a taste of local community life (Wang et al., 2020). In addition, the Homestay program also aims to produce revenue for rural communities as well as provide an alternative tourism experience for tourists (Matalib et al., 2019). This is accomplished by their involvement as operators of homestays within their residences, as well as participation in other activities included in the packages provided to the guests (Mapjabil 2017). Concurrently, the homestay program helps to preserve local culture while also protecting the environment (Nair and Hamzah, 2015). Furthermore, some experts consider the homestay program to be an economic booster because it contributes significantly to the development of local communities, particularly in rural areas. (Mapjabil 2017). Tavakoli, Mura and Rajaratnam, (2017), mentioned that the key motivation for community members to participate in the homestay program is the chance for income and development of their residences.

According to Pasanchay and Schott, (2021), the Malaysian homestay program is a specific kind of tourism approach that includes most of the necessary elements of community-based tourism (CBT). This program is growing as a result of the government’s major efforts to promote rural tourism. The main difference between the Malaysian Homestay Program and those in other countries is the addition of lodging with host families or foster families (Abas, Abd Halim and Hanafiah, 2022). This aspect enables two groups from different cultural backgrounds to work together, learn from one another and benefit from each other by having the guests dine, cook, and engage in a variety of activities with their foster families (Tavakoli et al., 2017; Yong and Hassan, 2019).

**Homestay Performance:** Kori, Muathe and Maina (2020), claimed that performance includes both financial and non-financial measurements, and is an indication of the capacity to meet the firm objectives. In addition, financial performance includes economic factors while non-financial performance includes success indicators like the market, quality of life, and customer satisfaction (Al-Mamary et al., 2020). Furthermore, non-financial performance indicators are a group of variables that are not monitored by financial systems, as opposed to financial performance indicators, which are a set of variables that normally can indicate the firm’s ability to produce profits (Rashid, Ismail, Rahman, and Afthanorhan, 2018). Yet, the performance of homestay could be affected by many areas; however, this study only focuses on the financial performance of the homestay. Based on Golovkova, Eklof, Malova, and Podkorytova (2019), stated that financial performance typically indicates the
level of attainment of financial goals. It involves assessing how a company's activities and policies affect its financial results (Golovkova et al., 2019). Moreover, a company's financial performance is also evaluated to determine its financial health over a given time frame (Al-Mamary et al., 2020).

Rapid technological advancement has created numerous chances for Malaysian homestay to increase their performance (Osman and Zakaria, 2020). Furthermore, Yong and Hassan, (2019), mentioned that social media is a critical factor in the success of homestay performance that helps in increasing their productivity. Osman and Zakaria, (2020) on the other hand, discovered to have a favorable and considerable impact on the homestay operators’ intentions to use social media platforms in their homestay business to improve their financial performance. Several empirical studies indicate a positive correlation between technology and homestay performance (Tang, Chau, Ip and Ji, 2022; Yong and Hassan, 2019). Moreover, social media also affects homestay performance when organizations strategically acquire, develop, and deploy resources for opportunity utilization to achieve a competitive edge (Krishnapillai and Rehman, 2022). Tang et al. (2022) found that technology significantly improves financial performance for homestays. Thus, Homestay operators must keep focusing on creating unique business strategies to increase the performance of the homestay program (Devadas and Jayasooriya, 2021). This is essential so that they can effectively market their homestays on social media and bring in more tourists from all over the world to enjoy their warm hospitality.

**Social Media:** In the era of globalization, the majority of firms operate in a rapidly changing technological environment (Acciaro, Renken, and El Khadiri, 2020), which makes it challenging to stay competitive in the marketplace. As a result, they need to use technologies to assist their commercial activities, as technology is considered an important instrument for improving economies (Tidd and Bessant, 2018) and a significant source of competitive advantage (Sivarajah et al., 2020). Social media is one of the various types of technology that can be used by organizations. It can affect the way firms operate and lead to corporate transformation (Baptista, Wilson, Galleries, and Bynghall, 2017). In the context of the tourism industry, the use of technology has produced tremendous results and revenue (Khan et al., 2020). The use of this technology by the Homestay program, on the other hand, has been inconsistent, varying in different countries and among different businesses (Ing, Osman and Arin, 2020). According to Rafi and Roostika (2020) stated that technology can improve competitiveness and provide better market access, expand business prospects and contribute to economic growth. Furthermore, the ever-increasing competitive pressure and the growing need for more effective operation and control tools are particularly acute in the homestay industry (Ateljevic, 2017). Investing in ICT innovation, which will eventually lead to social media adoption, is one approach to achieving a good Homestay performance. The use of social media in the tourism industry provides destination management organizations with the ability to directly reach tourists and prospects (Agegnehu, Lemi and Mulatu, 2019).

Technologies can help the Homestay program by providing new prospects for business development (Ramli et al., 2019). To prosper in the program, the homestay operator should become efficient and have access to the latest smart technology services (Noor, Mahmud, Nga and Mail, 2017). The majority of Homestay operators believe that using existing structures, processes and methods allows them to stay in their comfort zone while avoiding many obstacles (Hayat, 2019). Nevertheless, technology can offer more distinct alternatives and its use provides modern firms with additional benefits and worldwide competitiveness (Rizal et al., 2018). Meanwhile, social media platforms have risen to prominence as a key digital communication medium via which customers learn about, exchange information about and connect with the companies they are considering, purchasing and evaluating (Baptista et al, 2017). The Homestay operator can engage in two-way conversations with current and potential consumers through social media and get unmediated consumer feedback faster than ever before. They also understand the significance of social media networking, brand recommendations and information sharing (Yong and Hassan, 2019). According to Facebook, the average Facebook user has 130 friends and people who learn about a product or service via a friend are 15% more likely to become customers than those who learn about it through other methods (Luo et al., 2018). Additionally, through viral or quick dissemination of product and service experiences and opinions, social media has the potential to generate awareness and interest for a customer to buy and try the product (Muninger, Hammeci and Mahr, 2019).

**Relationship between Social Media and Homestay Performance:** Social media is important in many sides of tourism, particularly in the Homestay program (Leiner et al., 2018). In addition, the government is taking action to encourage rural homestay operators to become computer savvy and use it to manage and run their
businesses (Kunjuraman, 2021). This is in line with Osman and Zakaria (2021), who mentioned that the usage of social media platforms is anticipated to help homestay operators market their programs to a wider audience. According to Boon (2018), rural tourism has grown to be one of Malaysia's most developed sectors of the industry and has given various economic benefits to the countryside. Furthermore, as the homestay industry moves to digitalization, the operators will be able to market their homestay and execute transactions more efficiently (Osman and Zakaria, 2021). Besides that, Kunjuraman, (2021), found that the internet helped the homestay program raise revenue from foreign guests and shift business strategy from offline to online. Moreover, Osman and Zakaria, (2021) argued that although the technology could increase the performance of the homestay, however, there is some operators are still hesitant to integrate social media into their everyday operations. Hence, this study aims to assess the performance of homestay programs to adopt social media platforms in their business.

3. Research Methodology

This paper proposes a quantitative approach to analyze the study using primary data. The population of this study is the Cluster Homestay and the sample of the respondents consists of Homestay operators who act as the representative to represent the Cluster Homestay. Survey questionnaires will be used and distributed to the respondents. The selection process for the selection of respondents is based on purposive sampling. After data collection, the data will be analyzed using Statistical Package for Social Sciences (SPSS) software and Smart Partial Least Square (PLS). The theoretical framework for this study is based on Technology, Organization, Environment, (TOE) theory. This theory explains the variables impacting social media adoption and performance. Omar, Kasuma, Asit, Achan, and Mojilou (2015), thought that TOE is a well-known theory that examines how particular actions are performed to identify elements that influence homestay performance. His point of view was further supported by the fact that the adoption of e-business and the homestay industry has a substantial impact on all three TOE components and can significantly improve their performance. Thus, this paper proposes to investigate the relationship between social media adoption and homestay performance.

Figure 1: Conceptual Framework

4. Implication of the Study

The findings of this study have significant implications for a variety of participants, including researchers, MOTAC, homestay operators and the tourism industry. In addition, this study also will aid the homestay operators in understanding the factors influencing the performance of the homestay program. Social media has become among the most effective Internet networking platform that allows homestay operators and customers to communicate with each other indefinitely. However, the lack of adoption on social media platforms to promote homestay has been the main criticism leveled at the underperformance of the Homestay Program. Even though, Pasanchay and Schott, (2021); and Murniati et al. (2023) claimed that most of the homestay operators already have some basic knowledge of social media. Yet, the majority of their abilities are limited. Therefore, there is an immediate demand for comprehensive training for homestay operators to improve their social media skills, particularly in terms of social media marketing. This is critical so that they can use social media to promote their homestays to tourists systematically and effectively. Thus, Homestay operators should apply social media as a platform to improve their business performance.

5. Limitations and Recommendations

The primary objective of the study was the adoption of social media on homestay performance. Several limitations need to be identified and explored in the directions for future research. Firstly, the study has focused on Facebook as one of the social media platforms. Thus, the results cannot automatically be extended to another platform. Therefore, future research should explore and compare other social media platforms that have different features such as TikTok and Instagram, since these two platforms have more creative and lively connections in consumer communications that can reach a larger audience. Next, the present study just
concentrated on the performance of the homestay. As a result, this research recommended that future empirical studies investigate another perspective, such as safety, leadership and management of the homestay.

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