

**THE ROLE OF ENTREPRENEURIAL
ORIENTATION AS A MEDIATOR IN THE SOCIAL
MEDIA USAGE ON BUSINESS PERFORMANCE OF
HOMESTAY INDUSTRY IN MALAYSIA**

SHARON ANN A/P MICKLE

UNIVERSITI SAINS MALAYSIA

2025

**THE ROLE OF ENTREPRENEURIAL
ORIENTATION AS A MEDIATOR IN THE SOCIAL
MEDIA USAGE ON BUSINESS PERFORMANCE OF
HOMESTAY INDUSTRY IN MALAYSIA**

by

SHARON ANN A/P MICKLE

**Thesis submitted in fulfilment of the requirements
for the degree of
Master of Arts**

September 2025

ACKNOWLEDGEMENT

This thesis is the outcome of my journey during my master study to final level. At the end of my thesis, I would like to express my gratitude to all those who contributed in many ways to the success of this study and made it successful for me. I also would like to express my sincere appreciation and gratitude to my supervisor, Dr. Hasliza Saad, for her guidance, support, and encouragement through this challenging period. I would like to express my gratitude also to School of Management, Universiti Sains Malaysia for giving me this opportunity to embark on this journey. In addition, my deepest appreciation to those who mean the most to me - my family for their invaluable love and understanding.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS.....	iii
LIST OF TABLES	vii
LIST OF FIGURES	viii
LIST OF ABBREVIATIONS	ix
LIST OF APPENDICES	x
ABSTRAK	xii
ABSTRACT	xiv
CHAPTER 1 INTRODUCTION	1
1.1 Introduction of social media	1
1.2 Homestay Industries in Malaysia.....	2
1.3 Background of the Study	5
1.4 Problem Statement	11
1.5 Research Objectives	16
1.6 Research Questions	16
1.7 Significance of the Study	17
1.8 Definition of Key Words.....	18
1.9 Organization of the Report.....	19
1.10 Summary	20
CHAPTER 2 LITERATURE REVIEW	21
2.1 Introduction	21
2.2 Social Media Usage (SMU)	21
2.3 Social Media Usage in Homestay Industry	25
2.4 Business Performance in Tourism Industry	27
2.5 Business Performance in Homestay Industry	29
2.6 Entrepreneurial Orientation (EO)	30
2.7 Theories	31
2.7.1 Resource Based View Theory (RBV)	31

2.7.2	Dynamic Capabilities (DC)	34
2.7.3	Summary of Literatures of Social Media influences on business performance (BP)	36
2.8	Theoretical Framework and Hypotheses	41
2.8.1	Price Capability	42
2.8.2	Marketing	45
2.8.3	Customer Relation and Service	47
2.8.4	Information Accessibility	48
2.9	Impact of SMU on Entrepreneurial Orientation (EO).....	50
2.10	Impact of SMU on Business Performance (BP)	52
2.11	EO as a mediator between SMU and business performance	54
2.12	Summary	56
CHAPTER 3 RESEARCH METHODOLOGY		57
3.1	Introduction	57
3.2	Research Design	57
3.2.1	Type of Study.....	57
3.2.2	Nature of The Study.....	58
3.2.3	Research site.....	58
3.3	Population, Sample Size and Sample Technique.....	58
3.4	Data Collection Procedure	60
3.5	Pre-test	61
3.5.1	Pilot Study.....	61
3.6	Variables	63
3.6.1	Independent variables (IV).....	64
3.6.2	Dependent variables (DV)	64
3.6.3	Mediating variables (Me).....	64
3.7	Questionnaire Design	65
3.8	Questionnaire Translation	65
3.9	Scales and Measurement	66
3.9.1	Demographic Profile.....	67

3.9.2	Measurement of Social Media Usage (SMU).	67
3.9.3	Measurement of Pricing (PC).	68
3.9.4	Measurement of Marketing (MK).	70
3.9.5	Measurement of Customer Relation and Service CRS).	71
3.9.6	Measurement of Information Accessibility (IA).	72
3.9.7	Measurement of Entrepreneurial Orientation (EO).	73
3.9.8	Measurement of Business Performance (BP)	76
3.10	Statistical Data Analysis	77
3.10.1	Goodness of Data Entry.	77
3.10.2	Factor Analysis.	78
3.10.3	Validity and Reliability	78
3.10.4	Descriptive Analysis	80
3.10.5	Regression Analysis	80
3.11	Methodology Diagram	82
3.12	Summary	83
CHAPTER 4	ANALYSIS AND RESULT	85
4.1	Introduction	85
4.2	Samples and Profiles	85
4.3	Goodness of Measure	89
4.3.1	Factor Analysis.	89
4.3.2	Reliability of Measurement.	91
4.3.3	Descriptive analysis	92
4.4	Hypotheses test	92
4.4.1	Correlation Analysis.	92
4.4.2	Multiple regression 1.	93
4.4.3	Multiple regression 2	95
4.4.4	Multiple regression 3.	96
4.4.5	Multiple regression 4	98
4.5	Evaluation of structural framework	100

4.5.1	The Relationships among the determinants of social media usage, entrepreneurial orientation, and business performance.....	101
4.5.2	Coefficient of Determination (R^2).	105
4.5.3	Level of Effect Size (f^2).....	107
4.6	Mediation of Entrepreneurial Orientation	108
4.7	Summary of Hypothesis Testing Results	108
4.8	Summary	109
CHAPTER 5 DISCUSSION AND CONCLUSION		110
5.1	Introduction	110
5.2	Recapitulation of the Study	110
5.3	Discussion of Major Findings	111
5.3.1	Key determinants of social media usage.....	111
5.3.2	Relationships between social media usage and entrepreneurial orientation	114
5.3.3	Relationships between social media usage and business performance.	115
5.3.4	The mediating role of entrepreneurial orientation.	117
5.4	Implications	117
5.4.1	Theoretical Implication.	117
5.4.2	Practical Implication.	120
5.5	Final Model with Accepted Hypotheses	123
5.6	Limitation	124
5.7	Conclusion and Recommendations for future Research	125
REFERENCES		128
APPENDICES		
LIST OF PUBLICATIONS		

LIST OF TABLES

	Page
Table 2.1 Summary of reviewed literatures on social media (SMU) influence on business performance	36
Table 3.1 Pilot Test Analysis Result	63
Table 3.2 Measurement items of SMU	68
Table 3.3 Measurement items of PC	69
Table 3.4 Measurement items of MK	71
Table 3.5 Measurement items of CRS	72
Table 3.6 Measurement items of IA	73
Table 3.7 Measurement items of EO	75
Table 3.8 Measurement items of BP	77
Table 4.1 Profiles of respondents	86
Table 4.2 Location, occupancy rate and social media usage among homestay owners	88
Table 4.3 Result of factor analysis	90
Table 4.4 Summary of reliability analysis results	91
Table 4.5 Descriptive Statistics of the Variables	92
Table 4.6 Pearson Correlation Coefficients of the Variables	93
Table 4.7 Result of multiple regression 1	94
Table 4.8 Result of multiple regression 2	96
Table 4.9 Result of multiple regression 3	97
Table 4.10 Result of multiple regression 4	99
Table 4.11 Result of path coefficient	105
Table 4.12 Result of coefficient of Determination (R^2)	105
Table 4.13 Result of coefficient of Determination (f^2).....	107
Table 4.14 Result of hypothesis testing on mediation	108
Table 4.15 Summary of the findings	109

LIST OF FIGURES

	Page
Figure 2.1 RBV Diagram	33
Figure 2.2 DC Diagram	35
Figure 2.3 Theoretical Framework	42
Figure 3.1 Methodology Diagram	83
Figure 4.1 Result of multiple regression 1	95
Figure 4.2 Result of multiple regression 2	96
Figure 4.3 Result of multiple regression 3	98
Figure 4.4 Result of multiple regression 4	100
Figure 4.5 Structural model framework	106
Figure 5.1 Accepted hypotheses framework	124

LIST OF ABBREVIATIONS

SMU	Social Media Usage
EO	Entrepreneurial Orientation
BP	Business Performance
PR	Pricing
MK	Marketing
CRS	Customer Relation and Service
IA	Information Accessibility
ICT	Information and Communication Technology
RBV	Resource Based View
DC	Dynamic Capabilities
SPSS	Statistical Packages for the Social Sciences
SMEs	Small Medium Enterprises
MRRD	Ministry of Rural and Regional Development
MOA	Ministry of Agriculture and Agro-based Industry
GDP	Gross Domestic Product
MCO	Movement Control Order
RMCO	Recovery Movement Control Order
UNTWO	World Tourism Organization
NTP	National Tourism Policy
CRM	Customer Relationship Management
PLS-SEM	Partial-Least-Square-Structural-Equation Modeling
VRIO	Valuable, Rare, Imitability, Organization
VRIN	Value, Rarity, Inimitability, and Non-substitutability
NGO	Non-Governmental Organization

LIST OF APPENDICES

Appendix A	Consent letter
Appendix B	Pilot Test Questionnaire - English Version
Appendix C	Soal selidik Pilot Test – versi Bahasa Melayu
Appendix D	Pilot Test Result
Appendix E	Final Questionnaire - English Version
Appendix F	Surat Kebenaran
Appendix G	Soal selidik Terakhir – versi bahasa Melayu
Appendix H	Numbers of registered homestays 2023 in Malaysia
Appendix I	Homestay statistics from year 2017 to 2022 in Malaysia
Appendix J	Profile of respondents
Appendix K	Factor analysis
Appendix L	Reliability analysis
Appendix M	Descriptive analysis
Appendix N	Pearson correlation analysis
Appendix O	Normality test
Appendix P	Multiple regression 1
Appendix Q	Multiple regression 2
Appendix R	Multiple regression 3
Appendix S	Multiple regression 4
Appendix T	PLS-SEM analysis
Appendix U	Structural model framework (PLS-SEM)
Appendix V	Mediator analysis (PLS-SEM)
Appendix W	Krejcie and Morgan (1970) sample size table
Appendix X	Measurement items of SMU
Appendix Y	Measurement items of Pricing
Appendix Z	Measurement items of Marketing
Appendix AA	Measurement items of CRS

Appendix AB	Measurement items of Information Accessibility
Appendix AC	Measurement items of Entrepreneurial Orientation
Appendix AD	Measurement items of Business Performance
Appendix AE	List of Registered homestays in Malaysia

**PERANAN ORIENTASI KEUSAHAWANAN SEBAGAI PENGANTARA
DALAM PENGGUNAAN MEDIA SOSIAL INDUSTRI RUMAH INAP DI
MALAYSIA**

ABSTRAK

Media sosial telah menjadi alat paling popular dalam industri pelancongan. Walau bagaimanapun, terdapat kajian terhad mengenai penggunaan media sosial dalam operasi homestay. Penyelidikan ini adalah gambaran keseluruhan pilihan kesusasteraan lepas dan memberi tumpuan mendalam kepada penyebaran teknologi maklumat dan komunikasi (ICT) terutamanya media sosial dalam industri homestay di Malaysia. Untuk memahami cara penggunaan media sosial boleh membawa evolusi kepada industri homestay, adalah penting untuk menentukan faktor utama yang mempengaruhi penggunaan media sosial untuk prestasi perniagaan homestay. Lebih-lebih lagi, terdapat kurang kajian mengenai kesan media sosial terhadap prestasi perniagaan. Penyelidikan ini akan cenderung untuk mengkaji peranan perantaraan orientasi Keusahawanan (EO) antara penggunaan media sosial dan prestasi perniagaan homestay. Dengan menggunakan Resource Based View (RBV) dan Dynamic Capabilities (DC), kajian ini juga dapat menentukan kesan penggunaan media sosial dalam orientasi keusahawanan (EO) dan prestasi perniagaan (BP). Data telah dikumpul daripada jumlah 198 responden homestay berdaftar di Malaysia dan dianalisis menggunakan teknik statistik iaitu IBM SPSS (Statistical Packages for the Social Sciences) dan pemodelan persamaan struktur kuasa dua terkecil separa (PLS-SEM) menggunakan SmartPLS untuk menguji hipotesis. Keputusan menunjukkan bahawa SMU mempunyai kesan terhad ke atas prestasi perniagaan. Walau bagaimanapun, apabila EO diperkenalkan sebagai faktor pengantara, kesan media sosial terhadap prestasi meningkat

dengan ketara. Keputusan ini menampilkan kepentingan memupuk EO untuk memanfaatkan alat media sosial dengan lebih baik untuk pertumbuhan perniagaan dalam sektor homestay. Kajian ini menyumbang kepada peningkatan literatur mengenai pemasaran digital dengan mengkaji secara empirikal peranan penggunaan media sosial dalam meningkatkan prestasi perniagaan dalam sektor homestay, khususnya dalam konteks ekonomi membangun seperti Malaysia. Penemuan ini memberikan cerapan yang boleh diambil tindakan untuk pengendali homestay, menyerlahkan cara penggunaan strategik platform media sosial boleh mengukuhkan penglibatan pelanggan, keterlihatan jenama dan akhirnya, hasil perniagaan.

**THE ROLE OF ENTREPRENEURIAL ORIENTATION AS A MEDIATOR IN
THE SOCIAL MEDIA USAGE ON BUSINESS PERFORMANCE OF
HOMESTAY INDUSTRY IN MALAYSIA**

ABSTRACT

Social media emerged as the most popular mechanism in the tourism industry. However, there is little research on the adoption of social media in the homestay operation. This research is an overview of a selection of past literatures and deeply focuses on the diffusion of information and communication technologies (ICTs) particularly social media in the homestay industries in Malaysia. In order to understand how social media usage (SMU) can bring evolution to homestay industries, it is vital to determine the main determinants that influence SMU for homestay business performance. Moreover, there is very less studies on the social media impact on business performance. This research will examine the intermediate role of Entrepreneurial orientation (EO) between social media usage and homestay business performance. By using Resource Based View (RBV) and Dynamic Capabilities (DC), this research is also able to determine the impact of SMU in entrepreneurial orientation (EO) and business performance (BP). Using quantitative approach, data were collected from total 198 respondents of registered homestay in Malaysia and analyzed using statistical technique which is IBM SPSS (Statistical Packages for the Social Sciences) and partial least squares structural equation modeling (PLS-SEM) using SmartPLS and its tools to test the hypotheses. The results reveal that SMU alone has a limited impact on business performance. However, when EO is introduced as a mediating factor, the effect of social media on performance significantly improves. These findings highlight the importance of fostering entrepreneurial behavior

to better leverage social media tools for business growth in the homestay sector. This study contributes to the growing body of literature on digital marketing by empirically examining the role of social media usage in enhancing business performance within the homestay sector, particularly in the context of developing economies like Malaysia. The findings provide actionable insights for homestay operators, highlighting how strategic use of social media platforms can strengthen customer engagement, brand visibility, and ultimately, business outcomes.

CHAPTER 1

INTRODUCTION

1.1 Introduction of social media

According to Foltean et al. (2019), digital technologies are radically altering business settings, markets, and marketing communication tactics. The exchange of value between consumers and organizations has changed because of digitalization, opening up new channels for communication and market cooperation. In the current digital landscape, social media usage (SMU) is extremely important and is acknowledged as a key component of a digital transformation strategy (Galindo-Martin et al., 2019; Augusto and Torres, 2019). Academic research on this topic has increased dramatically in tandem with the rapid expansion of SMU for business purposes (Aral et al., 2013).

The utilization of SMU has led to significant expansion in many nations (Chokpitakkul and Anantachart, 2020), and its circulation is opening new path for entrepreneurs in many fields (Kaplan and Haenlein, 2010; Song et al., 2019). Some of the social media sites, such as YouTube, LinkedIn, Facebook, Twitter, and Instagram have been attracting popularity within the nation and are influencing the the actions and procedures taken by businesses and organizations (Fischer and Reuber, 2011; Parveen et al., 2016). Social media's importance in business development cannot be overstated. SMU will help the entrepreneurs and organizations to encourage transparency (Macnamara and Zerfass, 2012; Kane, 2017). These platforms will also contribute to the expansion of organizational processes for idea capture and management, as well as the acceleration and effectiveness of innovation processes (Archer-Brown and Kietzmann, 2018). According

to some scholars (Kane, 2017; Nisar et al., 2019), these platforms provide some advantages related to knowledge management and learning processes that can positively impact organizational performance.

Finally, many entrepreneurs have used and are leveraging SMU to benefit their businesses (Fischer and Reuber, 2011; Kietzmann et al., 2011; Mumi et al., 2019). Among these advantages, SMU enables entrepreneurs to form relationships and partnerships (Quinton and Wilson, 2016; Rathore et al., 2016), improve communication with a limited number of stakeholders (Parveen et al., 2016), and improve business performance (Alarcon-del-Amo et al., 2018). The utilization of use of social media among business and non-profit organizations and government entity is very usual for either marketing or public communication, or direct connection with stakeholders. Understanding of various social media platforms is crucial for individuals, businesses, and organizations in building successful online engagement and increasing their presence in the digital world (K. Chitra and Kalaiselvi, 2021).

1.2 Homestay Industries in Malaysia

Homestay defined as the experience of tourist of staying together with a host family while sharing and experiencing the daily routine of the family including the culture and lifestyle (Nor, A.M., & Kayat, K., 2005; Amran, H. 2008; Phonwiset et al., 2008; Saad, 2009; Ministry of Tourism and Culture Malaysia, 2011). According to (Jamal, et.al. 2011), homestay is a type of tourism which has been attractive in tourism segment where the tourist's wish to experience it in term of culture, nature, and local customs. According to Kuhzady et al. (2020) and Kulshreshtha & Kulshrestha (2019), homestays are recognized for offering travelers a sense of belonging, interaction with the host family,

first-hand relationships with local communities, the experience of the local culture, and less expensive lodging. The emergence of homestay in Malaysia has founded in early 1970s at Kampung Cherating Lama in Pahang where a woman called as Mak Long Teh who stayed at traditional Malay Kampung to supply morning breakfast, dinner and provide a sleeping facility in her village house for long -stay tourist (Hamzah & Ismail, 2003). Homestay is one of the accommodations which was used in rural areas that extracted from the concept of bed and breakfast (Hamzah, 1997). In 1980's, this Malay Kampung were used for homestay program during the arrival of Japanese youngsters for exchange activity (Hamzah, 2008). Various terms, including farm stay, cultural homestay, heritage homestay, education homestay, voluntary homestay, private accommodation, leisure stay, and cottage, are also used to refer to homestays (Albaladejo-Pina & Diaz-Delfa, 2009; Barnett, 2001; Gu & Wong, 2006; Pearce, 1990).

Homestay program gives an opportunity to the tourist to stay with a family that gives the accommodation facilities to interact and get a taste of the customs and traditions of Malaysia's rural areas (MOTAC, 2014). Every homestay provides a different type of foods, activities and expose the tourist to different kind of culture. Some examples of activities offered at homestay program are traditional dances and foods, traditional games, wedding ceremony according to the culture, sacrifice of animal for festival purpose, rubber tapping, agricultural activities such as paddy field and palm oil.

The Ministry of Tourism, Arts and Culture (MOTAC) has implemented the Malaysian Homestay Program as a tourism project for most of the rural villages including in Sabah and Sarawak which has become as one of the rural tourism projects which can include few governmental bodies such as MOTAC, Ministry of Rural and Regional

Development (MRRD), Ministry of Agriculture and Agro-based Industry (MOA) and some other at national phase (MOTAC, 2019). In 1995, this program was started officially and encourage participation from all the rural villages in Malaysia when MOTAC noticed that the growth of the homestays in Malaysia and the possibilities of Malay Kampung to become as a tourism initiator. The motive of this program is to encourage the involvement of rural communities in tourism industry. In such scenario, this program indirectly will help the in the development by creating awareness.

Given the sharing economy's rapid expansion in the travel industry, homestay has become one of the contributions in it, has captured a higher number of demands since tourist prefer to mingle in a meaningful connection with domestic people to obtain an authentic experience at a destination (Hasan, Sabtu, Sahari, 2016; Tussyadiah & Pesonen, 2016). Through homestay, travelers can share their foods with the homestay providers and the travelers also will be treated as their own family members as well (Gu & Wong, 2006; Kayat, 2010; Richardson, 2004). For the homestay providers, this business is a source of their income, employment, and a chance to build a good long -term relationship between the homestay provider and the tourist.

Homestay is one of the key elements of tourism which is rich in cultural, and it is the tremendously expanding accommodation sector in tourism field (Wang, 2007; Rizal, Yussof, Amin, & Chen-Jung, 2018). As per 2023, there are 217 officially registered (with MOTAC under homestay program) homestay programs implemented within the country which include 483 villages, and 3306 host families (MOTAC ,2023) as presented in Appendix H.

1.3 Background of the Study

Tourism industry is an important industry in hospitality field in developed and developing countries (Sharpley, 2020). In recent years, tourism has evolved into one of the world's most important service businesses, contributing significantly to the global economy. Aside from directly contributing to government profits, national income, and foreign exchange gains, the tourism industry creates job and business opportunities in local areas (Saner, Yiu, and Filadoro, 2019). Malaysia has recently emerged as one of the world's most popular tourism destinations. Prior to the Covid-19 outbreak, Malaysia's tourist industry was a pillar industry that generated RM240.2 billion in revenue, accounting for 15.9% of the country's GDP. (Ministry of Tourism, Arts, and Culture, Malaysia, 2019). According to Hussin and Buchmann (2019), the Malaysian government has made a significant contribution to the development of the tourism industry by establishing the Sixth Malaysia Plan (1991-1955) and the first National Tourism Policy (NTP) to provide related parties with guidelines for planning and improving the Malaysian tourism industry. Malaysia is well-known for its unique cultural heritage, breathtaking landscapes, and bustling cities, and it attracts many international tourists each year.

However, the globe has come to a standstill because of the unexpected coronavirus (COVID-19) epidemic, which has particularly badly affected the travel and hospitality sector. Millions of lives and jobs have been lost as a result of severe travel restrictions and border closures in the majority of the world's nations. A projected 5.5 trillion of travel and tourism GDP was lost in the current year due to extended travel restrictions and Movement Control Orders (MCO) imposed by the countries; in the tourism and hospitality sector alone, 100 million jobs had already been lost, putting over 197 million more at risk (World

Travel and Tourism Council, 2020). In Malaysia, the Movement Control Order (MCO) was enforced by the government from March 18, 2020, to December 31, 2020, when the Restricted Movement Control Order (RMCO) stage was implemented since the effect of this virus has halted the Visit Malaysia 2020 campaign. In 2019, 458,899 tourists, both domestic and foreign, visited the homestays, generating about RM30 million. However, in year 2021, only 49,622 tourists who mostly came from within the country, visited the homestays, generating only RM4.6 million (Ramele, 2022).

The tourism sector was said to have lost over RM100 billion because of the MCO, which went into effect in March. This not only impact the tourism industry as whole, but also small and medium-sized enterprises (SMEs) such as homestays. Ministry of Tourism, Arts, and Culture (MOTAC) has recorded a reducing number of tourists of using homestays since 2020 after the Covid-19 pandemic, which has become the factor of losing incomes for the participating homestay owners (Ramele, 2022). This loss included the loss of 3.5 million jobs and the closure of all types of lodging, large and small (Haroon, 2020).

Given that China, Singapore, and Indonesia account for 64% of Malaysia's tourist arrivals, these countries have also been badly affected by the epidemic, which has resulted in a major decrease in and cancellation of travel to Malaysia (Foo, Chin, Tan, & Phuah, 2020; Ganesan, 2020). The tourist industry has been significantly impacted by the COVID-19 pandemic as well (Parvin et al., 2022). This is because people sought safety and comfort in less crowded areas, such as towns and metropolitan cities, during the epidemic. It has been established that even when the COVID-19 pandemic crisis passes, travelers will not feel as at ease as they formerly did when visiting tourist destinations, dining out, or staying in hotels (Gursoy & Chi, 2020). Recently, after the COVID-19

pandemic taken under control, all tourism activities has returned to normal (Biju & Kumar, 2022).

Homestays are part of the larger tourist and hospitality sector, and they are distinguished by their intangibility, variety, and inseparability (Sun & Ghiselli, 2010). Malaysia's Ministry of Tourism and Culture (MOTAC) oversees homestay operations. The Malaysian government has demonstrated a strong commitment to foster the growth and sustained expansion of the homestay sector by implementing several proactive measures (Abas et al, 2022). Janjua et al. (2021) analyzed the literature on homestays and found more than a hundred publications published in 35 top academic journals between 2010 and 2020. The authors of these books concentrated on important topics that are not often discussed such as entrepreneurship, branding, information and communication technology (ICT) proficiency, and the training and development of homestay operators. This showed that scholarly interest has been mainly directed toward the advantages and difficulties of homestay travel, especially its eventual loss of authenticity and its development into a mass market commodity, which hasn't gotten much attention up to this point.

Hotels and homestays must adapt to the new norm by improving business models, implementing new practices such as refurbishments to align with Standard Operating Procedures (SOP), contactless check-in, hygiene protocols, and digitalization such as online payment gateways, digital presence, and digital marketing (Ministry of Finance, 2020; Liang, 2020). Technological advancements have brought a revolutionary change into homestay industries and enabled homestay operators to provide rooms to a worldwide consumer marketplace (Babu, S. & Mukhopadhyay, D. 2020). Since technology has

altered many parts of human existence, it has also had an impact on how tourism activity providers conduct business when interacting with visitors (Meiliana, Irmanti, Hidayat, Amalina & Suryani, 2017). Similar circumstances exist in Malaysia, where technology applications in the travel field have a significant effect on changing visitors' experiences and providing them with a memorable and significant encounter (Osman, 2022). The government has worked hard to promote technology literacy among rural homestay operators so they can better manage and run their businesses.

Embracing technological support is crucial for homestays in Malaysia to stay competitive and enhance overall tourists' satisfaction. Homestay businesses can benefit from technological advancements and acquire a competitive advantage (Kumar, 2020; Balasingam and Bojei, 2019). According to previous studies of (Lama, 2018), it has been confirmed that the probable advantages of adopting and utilizing technological sites more than hotel industries rather than the homestay field. More research on technology adherence and innovation has been undertaken in small and medium-sized enterprises (SMEs) (Murphy, 2004) but there is very little research about the technological adoption in homestay industry. Technology adoption expected to allow a significant change in business tactics toward price convergence and a restructuring of business circles in the travel and tourist industry (Pencarelli, 2020). According to the findings, the homestay industry has little funding for social media and little capacity to use it (Prabawa, 2018). Majority of social media research papers concentrate on the general usage of social media rather than addressing the particular elements that businesses consider when using social media for marketing (Braojos- Gomez et al., 2015; Culnan et al., 2010). Furthermore, the majority of previous research (Bruhn et al., 2012; Godey et al., 2016; Kim and Ko, 2012;

Stephen, 2016) concentrated on the attitudes and behaviors of consumers regarding social media marketing, neglecting to take into account the significance of a company's social media marketing proficiency (Paniagua and Sapena, 2014; Smith et al., 2015).

Social media usage has emerged as a vital tool of communication in the context of the present trends (Stieglitz, Mirbabaie, Ross and Neuberger, 2018). It is anticipated that social media use will enable homestay operators to advertise their businesses to a larger audience, particularly overseas tourists who want to experience the distinctive traditional culture and way of life that a homestay would offer (Osman, Z., & Zakaria, Z. 2020). According to Ciasullo et al. (2021), Del Chiappa (2011), Fotis et al. (2012), Verma et al. (2012), the utilization of social media in revolutionizing the hospitality sector is regarded as more reliable than information from travel agencies, official tourism websites, and publicity. When it comes to how travelers make decisions and reserve lodging, social media has a significant influence on the tourism industry. This is why using it effectively is essential (Chang et al., 2019; Baruza and Civre, 2012; Fotis et al., 2012; Al Mana and Mirza, 2013). But research on social media, especially in the homestay industry, is extremely scarce (Yong and Hassan, 2019; Dawayan et al., 2021). Most of the major organizations in Malaysia already start utilizing social media as a marketing tool (Shahizan et al., 2012). Malaysian homestays now have many opportunities to improve their performance due to the rapid advancement of technology (Osman and Zakaria, 2020). When businesses deliberately gather, grow, and apply resources to grasp opportunities and obtain a competitive advantage, social media influences homestay performance (Krishnapillai and Rehman, 2022). According to Yong and Hassan (2019),

social media usage plays a crucial role in ensuring that homestay participants succeed and maximize their productivity.

Despite social media's potential as a beneficial marketing tool, many SME business owners still perceive it as untrustworthy and uneasy (Kanapathipillai, 2021; Aristana & Putra, 2020). SME Corporation Malaysia, 2012-2020 reports that Malaysian SMEs lack the initiative to engage in online marketing campaigns or retain the services of a qualified marketing consultant (Alias et al., 2022). As of right now, it has been verified that less than 28% of Malaysian rural homestay operators use social media platforms for their operations (MOTAC 2018). Over time, the significance of this instrument has increased due to the increasing dependence of brands on social media, which has altered the marketing communications landscape and increased the brands' reliance on mobile channels and social media platforms (Alalwan, Rana, Dwivedi and Algharabat, 2017; Nisar, Prabhakar and Strakova, 2019). According to the findings, the homestay industry has little funding for social media and little capacity to use it (Prabawa, 2018).

In Malaysia, there are still a lot of homestay providers; of these, 72% still oppose integrating social media into their regular business processes (Osman and Zakaria, 2020). Furthermore, there is a dearth of evidence regarding the actual utilization of social media in homestay businesses, which is limited and vulnerable to situational problems (Agyeiwaah, 2019; Siti Nabiha, Nordin, and Poh, 2021). According to Dawayan and Annuar, (2021), owners of homestays must take the initiative to improve their current business plan in order to avoid falling behind. This involves how they use information and communications technology (ICT) to support their decision-making, business performance, and acquisition of a competitive advantage. (Osman and Zakaria, 2020).

Homestay operators have found that the program's success to be appealing, as it allows them to extend their business and increase community involvement in the area. Homestay operators must be more inventive and entrepreneurial in this tough business climate to differentiate themselves from the competition and carve out a long-term niche for themselves in the market (Rothaermel, 2008; Shirokova et al., 2016). According to Baker and Sinkula (2009), entrepreneurial orientation (EO) is a company's strategic orientation and its ability to identify entrepreneurial attributes of decision-making styles, processes, and practices. Three characteristics are typically linked to entrepreneurial orientation: inventiveness, proactivity, and risk-taking (Shirokova et al., 2016). Organizations with EO, according to Wiklund and Shepherd (2005), are more likely to concentrate their attention and efforts on opportunities. Entrepreneurial opportunities and its attributes to deal with risks and uncertainty highly influences the innovation capability (Ferreira et al., 2020).

1.4 Problem Statement

The Covid-19 outbreak has presented an unprecedented challenge for the business, and for a speedy recovery in the new norm which includes adjusting to the most recent travel and tourism trends where the government must provide strong planning and guidance (Dewan, M. 2021). Following the Covid-19 pandemic, consumers favored contactless services that were backed by digital tools and intelligent technology. It is anticipated that these services would persist (Hao et al., 2020). To offer contactless service and reassure the customers of service safety, homestays must develop technological solutions (Vija Kumaran et al., 2023). Haroon (2020) mentioned that the government is planning to utilize social media channels as part of its integrated marketing effort in

addition to branching out into digitalization for tourism. This statement is supported by the announcement made by Ministry of Tourism, Arts and Culture (MOTAC) where they focus on social media to assist in enhancing the country's tourism section, which has been struggling due to the Covid-19 outbreak. According to Deputy Minister of Tourism, Arts and Culture Datuk Jeffrey Kitingan, 49% of customers trusted suggestions from social media influencers, and 71% of consumers who were pleased with a company's social media presence were likely to recommend it to friends and family (Malay Mail, 2020).

Osman and Zakaria, (2021) claimed that although the performance of the homestay may improve with the use of technology, some homestay operators continue to refuse to incorporate social media into their daily operations. Even though social media usage gives a new despite the potential advantages and benefits for organizations, research indicates that many social media promoting campaigns launched by small and medium-sized businesses (SMEs) often fail (Weber, 2009). While a lot of research has been done on social media marketing, less has been done on how companies use social media to increase profits (Kanapathipillai, 2021). The failure of SMEs to use social media effectively and boost the effectiveness of their marketing campaigns is the root cause of this problem (Kanapathipillai, 2021; Schjoedt & Shaver, 2019; Effing & Spil, 2016).

Social Media Landscape 2020/21 reports that forty percent of Fortune 500 companies have social media accounts, but they haven't yet incorporated them into their websites (Alias et al., 2022). There have been a few studies that look at the challenges that SMEs face when using social media marketing, like not having a clear strategy, struggling with technology, and not knowing how to take advantage of social media's opportunities

(Nakara et al., 2012). Thus, it is vital to understand the impact of social media usage to enhance business performance of the homestay industry.

According to Ismail (2020), homestay operators face many challenges in managing their business and one of them is pricing issues. In general, social media marketing activities have a significant impact on consumer engagement and purchasing decisions. As per home rental platform, homestay entrepreneurs in Malaysia are using income from hosting to support the rising cost of living (Chin, 2022). According to the Department of Statistics, Malaysia's consumer price index (CPI) increased by 2.3% in April 2022 compared to a year earlier because of higher food prices. Since the Covid-19 pandemic has had an effect on businesses and livelihoods, causing the cost of living to rise across Malaysia, income earned through hosting has become a critical part of overcoming these challenges. (Chin, 2022). By staying informed about market trends and consumer preferences, homestay owners can fine-tune their pricing structures to align with guest expectations and maximize profitability. The majority of research studies has concentrated on how social media is used and how it affects various skills, including marketing (Tajvidi & Karami, 2017), sensing (Huang et al., 2020), consumer relationship management (Trainor et al., 2014; Wang & Kim, 2017), and market and technological knowledge (Cheng & Krumwiede, 2018). However, as there aren't enough studies on how social media affects a company's ability to set prices, thus, it is vital for the homestay operators to understand on how pricing capability plays a crucial role to enhance homestay industry performance by using social media.

Besides this, Malaysian homestay entrepreneurs struggle to maintain their business over the long term because the operators are lack of branding and promoting

expertise, connections, and resources needed to draw in tourists (Balasingam and Bojei, 2019). It's true that most SMEs establishments, such as homestays left behind in their marketing strategies compared to large organizations (Dayawan, 2022). According to a statement from Ahmad, Ibrahim, & Zakaria (2011), the homestay entrepreneurs' efforts to market and promote their business are not attracting more tourists. In conclusion, the problems that have emerged include a lack of tourists, a lack of local promotion, and a lack of technological proficiency (Truong & Hall, 2013).

According to Razalli (2008), one of the ineffective homestay management components that leads to their poor performance in terms of average occupancy rates and low service quality levels. Social media platforms act as an essential digital communication that customers use to connect, learn about, and exchange information with businesses they are thinking about, buying, and assessing (Baptista et al., 2017). If homestay industry is not involving in any of the social media site activities, homestay business is losing out on the great opportunity in digital marketing. Though, it is crucial for the homestay business to understand the environment of their business and the current state of services marketing in order to be successful.

According to Osman and Zakaria (2020), they explained that more than 70% of homestay owners in Malaysia were not interested to utilize social media since they depend on word-of-mouth and other conventional ways to promote their business (Kunjuraman and Hussin, 2017). Only some utilization was successful due to insufficient online fresh information and active interaction (Cheuk et al., 2017). According to Pusiran and Xiao (2013), the deficiency in effective marketing strategies and inadequate promotion have been held responsible for the inadequate spread of information regarding the distinctiveness of tourists' experiences living like locals with homestay founders. Despite

this, Pasanchay and Schott (2021) and Murniati et al. (2023) argue that some homestay entrepreneurs already have a basic understanding of social media usage. However, most of their capabilities are limited. It is vital for them to have the capacity to understand the process and how they are going to make decisions and utilize these capabilities to enhance the business performance of the homestay.

Entrepreneurial orientation (EO) is an entrepreneurial behavior possessed by an organization (Covin and Slevin, 1991) which identified as a set of processes, practices, and decision-making activities (Lumpkin and Dess, 1996). There is high attentiveness on the responsibility of social media in influencing the entrepreneurial orientation (EO) of organization (Parveen et al., 2016). Even though earlier research has shown interest in social media for firms, there is very limited research available that attempts to explore the impact on organizational performances that use social media (Alawamleh & Murthy, 2020). Thus, to fill in this gap, this research aims to identify the impact of social media usage on entrepreneurial orientation of homestay business in Malaysia. Besides, the number of homestay runners in Malaysia has been escalating from 2017 until 2021. However, the number has reduced in the year 2022. This can be due to the homestay operators still lack in innovativeness, risk-taking, and proactiveness in their business performance (Supian, K., et al. 2022). Therefore, it is important for the actors in homestay industries to understand how social media usage indirectly affect the performance of homestay industries in Malaysia through entrepreneurial orientation.

1.5 Research Objective

RO1. To determine the determinants of social media usage in homestay operation in Malaysia.

RO2. To investigate the relationship between social media usage and entrepreneur orientation of homestay operation in Malaysia.

RO3. To investigate the relationship between social media usage and business performance of homestay operation in Malaysia.

RO4. To evaluate the mediating role of entrepreneur orientation between social media usage and business performance of homestay operation in Malaysia.

1.6 Research Question

RQ1. What are the key determinants of social media usage?

RQ2. What is the relationship between social media usage and entrepreneur orientation of homestay operation in Malaysia.

RQ3. What is the relationship between social media usage and business performance of homestay operation in Malaysia.

RQ4. Does the entrepreneur orientation mediate the relationship between social media usage and business performance of homestay operation in Malaysia.

1.7 Significance of the Study

The study on social media usage (SMU) for homestay business performance holds significant implications for both academics and practitioners. Firstly, from an academic standpoint, understanding the dynamics and impact of SMU from the view of homestay businesses contributes to the remaining section in the fields of tourism, hospitality, and digital marketing. By identifying how homestays leverage social media platforms, scholars can gain insights into evolving consumer behaviors, marketing strategies, and the role of technology in shaping the hospitality industry as whole. This knowledge is essential for academics seeking to stay abreast of industry trends and contribute to the theoretical frameworks that guide future research in the broader domain of business and technology.

From a practical perspective, the study's findings can offer actionable insights for homestay owners and entrepreneurs in Malaysia. With a deepened understanding of effective social media usage, homestay businesses can refine their digital marketing strategies, optimize their online presence, and enhance customer engagement. Insights into which social media platforms are most effective, the type of content that resonates with their target audience, and the impact on booking patterns can guide homestay owners in making informed decisions to improve overall business performance. Finally, the importance of this study stems from its ability to bridge the gap between theoretical knowledge and practical application, providing valuable guidance for homestay operators navigating Malaysia's complex digital landscape.

1.8 Definition of Key Words

a) Social Media Usage (SMU) - The term "social media" refers to a range of user-generated platforms that facilitate communication with a wider audience, the creation of dialogue, and the distribution of engaging content. It is a community-created digital platform that encourages networking and communication on a variety of platforms, including social, professional, business, political, and marketing (Kapoor et al, 2018).

b) Pricing Capability (PC) - is the capacity to determine a price for goods or services that is competitive, keep an eye on rivals' pricing tactics, and track changes in prices in the market (Afzal, 2009).

c) Marketing (MK) – related to the company's abilities and competencies, which are connected to obtaining, exchanging, and disseminating market data within the company, introducing successful new products, and improving relationships with suppliers and customers (Ripolles and Blesa, 2018).

d) Customer relation and service (CRS) - is one way to attract, retain, and improve customer satisfaction while also strengthening customer relationships (Tung, 1997). It also provides data and information that is related to consumers, such as shopping behavior, product consumption habits, and so on (Agrawal, 2004).

e) Information Accessibility (IA) - is used to describe information that can be read, understood, and utilized by the person or group for which it is intended (Rafi, I., et al, 2016).

f) Entrepreneurial Orientation (EO) - An organization is deemed entrepreneurial if it is creative, proactive, and willing to take risks. According to studies by Stambaugh et al.

(2017) and Wang (2008), EO is positively correlated with firm performance and closely mirrors the behavior of entrepreneurial firms.

g) Business Performance (BP) - represents the degree to which a company, as a social system with certain limited resources, accomplishes its objectives without requiring its members to exert undue effort (Taouab, O., & Issor, Z., 2019).

h) Resource Based View (RBV) – Refers to the sustained competitive advantage which is dependent on its valuable, rare, inimitable, and non-substitutable resources.

g) Dynamic Capabilities (DC) – identified as the firm's capability to integrate, generate, and reconfigure internal and external resources to determine and address the rapidly changing business environments (Teece et al., 1997, 1990).

h) SME (Small Medium Enterprise) – Refers to the companies with fewer than 500 employees are classified as SMEs (Eyre & Smallman, 1998). Based on the National Development Council, NSDC (2005) a business that satisfies the requirements of annual sales turnover and personnel count can be categorized as a microenterprise, small, or medium sized enterprise in Malaysia.

1.9 Organization of the Report

The study is divided into five chapters. The first chapter explains the study's background. This chapter includes the study's research problem, objective, and research gap to help guide its direction. Chapter 2 reviews the literature gathered from previous researchers. The theoretical framework and hypotheses were developed using the literature mentioned above. Chapter 3 discusses the methodology and data analysis

method that will be used in this research. Chapter 4 will further enhance this study by interpreting the results obtained through analysis of the data collected from respondents. Finally, this study concludes with a discussion and suggestions for future research.

1.10 Summary

This chapter compresses the history of social media and homestay industries as an introduction. Social media acts as a platform for visitors to learn about your business, share their opinions, give feedback, and raise their concerns. By interacting with customers on social media, homestay owners can create and enhance their overall experience by having a deeper awareness of their requirements and preferences. Besides, this chapter do provide valuable data that assists the readers to have clear picture about this research such as problem statement, research objective and research questions. After that, this chapter elaborates the implications of utilizing social media to the readers. Moving on to the next chapter is the literature review that is related to this research.

CHAPTER 2:

LITERATURE REVIEW

2.1 Introduction

This chapter focused on the literature reviewed from past studies, theories and presentation of theoretical framework.

2.2 Social Media Usage (SMU)

From being a technological opportunity to being a bare necessity for meeting the demands and expectations of the world's expanding population, digitization has revolved (Kraus et al., 2021). Digitalization refers to the utilization of digital technologies and data, both natively and digitally, in order to enhance business operations, generate revenue, and modify business procedures, rather than merely digitizing them. It necessitates new forms of workplace collaboration and communication. Schwarzmuller, Brosi, Duman, and Welp (2018) assert that it also fosters an atmosphere conducive to digital business. According to McGrath and Maiye (2010), digital transformation is the process of integrating digital technology into every facet and aspect of an organization's operations. This, in turn, results in changes to the infrastructure that governs how the organization operates and provides value to its clients. "Digital transformation" refers to the full integration of digital technology into an organization's operations." This process alters the infrastructure of the organization and how it provides value to its clients (McGrath & Maiye, 2010; Vial, 2019).

The Internet, social media, mobile applications, and other digital tools have become an essential part of people's daily lives around the world. According to recent data for January 2020, 4.54 billion people are active internet users, accounting for 59% of the global population (Statista, 2020a). Given the decline of traditional communication channels and society's reliance on brick-and-mortar operations, Taylor et al. (2012) and Schultz & Peltier (2013) argued that businesses need to seek out the best ways to use digital and social media marketing strategies in order to maintain and grow their market share. According to Delmastro & Splendore (2021) and Saud et al. (2020), social media offers an unmatched quantity, diversity, and speed of information. According to Pan et al. (2020), social media's engagement, immediacy, and promotional potential have been valued in the news production, distribution, and consumption process. Vazquez-Herrero et al. (2022) assert that social media is becoming an increasingly important source of news. Social media provides an easy, affordable, and efficient means of information gathering. The population of Malaysia is approximately 32.7 million, and in 2022, the country's fixed and mobile broadband penetration rates were 41.9% and 124.1%, correspondingly (Malaysian Communications and Multimedia Commission, 2022). Furthermore, according to AsiaPac (2022), Facebook (88.7%), Twitter (79.3%), and Instagram (53.8%) were the top three social networking tool used by Malaysians.

Social media platforms have become as a crucial resource for businesses among all levels (Benitez et al., 2018; Cao and Weerawardena, 2023; Charoensukmongkol and Sasatanun, 2017; Foltean et al., 2019; Olanrewaju et al., 2019; Trainor et al., 2014; Wang and Kim, 2017; Ye et al., 2022). Social media has been recognized as a technological tool which promotes relationship building and communication (Cao and Weerawardena, 2023;

Itani et al., 2022). SMU gives clients and business owners access to a variety of informational resources that improve their comprehension of one another and the ways in which they can grab profit from these connections (Tajvidi and Karami, 2021). This provides room for SMU to act as a resource that businesses can use to gain a competitive edge by taking advantage of strong client ties (Chatterjee and Kar, 2020; Benitez et al., 2018). Furthermore, SMU helps SMEs by bringing in new business, exploring new prospects, keeping in touch with current clients, fostering positive client relations, and fostering innovation (Olanrewaju et al., 2019; Wardati & Mahendrawathi, 2019).

Additionally, many businesses used SMU platforms for a range of marketing tasks, including promotion, customer relationship management (CRM), branding, and research (Olanrewaju et al., 2019; Benitez et al., 2018; Chuang, 2020; Wardati and Mahendrawathi, 2019). Businesses can use social media to reach their target market at a low cost and consistently provide them with the most recent details about their goods and services. (Chuang, 2020; Olanrewaju et al., 2019). The tourism sector is anticipated to be highly dependent on technology, both in terms of general purposeful systems for the delivery or enhancement of services and specific interactive systems (such as travel management systems, self-check-in kiosks, and in-room entertainment) (Lehaney et al., 1999). (for instance, agency websites and mobile applications) (Slivar et al., 2019; Wani & Associates, 2017). A large percentage of the production and delivery of goods and services related to tourism are now fully automated or digitalized as a result of the introduction of technologies such as the Internet of Things (IoT), Artificial Intelligence (AI), Blockchain, Big Data Analytics, Location-Based Services, Virtual Reality (VR), and Augmented Reality (AR), and their application in the tourism industry (Peceny et al., 2019). The

Ivanov (2020). The COVID-19 pandemic has given digital technologies used in guest accommodations and receptions a further boost in development (Shumakova, 2021).

The tourism industry has already started to use digital technologies to improve their businesses and shape customer experiences through operational efficiency and personalization. Customers can use their mobile phones for self-check-in and check-out. This research mainly focuses on the social media usage compared to other booking platform such as Airbnb, Agoda or booking.com. This is because using social media has become essential to many people around the world (Dwivedi et al., 2021). In 2019, it is recorded that 2.95 billion people were actively using social media worldwide (Dwivedi et al., 2021). Social media platforms like Facebook, Twitter, YouTube, and rating and review websites like TripAdvisor are the most well-known online sources of travel-related information that have the potential to influence consumers' purchasing patterns and decision-making processes (Rouckova, 2015). Since Agoda.com and Booking.com are primarily used by hotels, this research primarily focused on social media rather than other online booking platforms. It is stated by Fong et al. (2018) that all hotel owners will use Tripadvisor, Agoda, Booking.com, and Trivago as their online hotel booking platforms. Important hotel information can be found on booking websites by using their search engine. Customers can write reviews on the website and use it to make hotel selections easier. There are many online platforms to facilitate online booking. The well-known hotel booking website are Agoda.com, Booking.com and Expedia.com (McCarter, 2016).

Moreover, there are few issues that users might face when do online booking with booking platform such as Airbnb. The first issue is that e-bookers may not be able to locate their intended page after spending a long time searching through online pages, implying