UNIVERSITI PUTRA MALAYSIA

MULTI-DIMENSIONAL PERSPECTIVE OF HOMESTAY SUSTAINABILITY IN MALAYSIA MODERATED BY CARRYING CAPACITY

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By

ANN SELVARANEE BALASINGAM

Thesis Submitted to the School of Graduate Studies, Universiti Putra Malaysia, in Fulfillment of the Requirements for the Degree of Doctor of Philosophy

February 2018

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Abstract of thesis presented to the Senate of Universiti Putra Malaysia in fulfillment of the requirement for the degree of Doctor of Philosophy

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February 2018

Chair: Associate Professor Jamil Bojei, PhD
Faculty: Economics and Management

The sustainability of the Malaysian homestay program that has been in existence for the last 30 years is questionable due to several issues surrounding the program. Firstly, are the economic issues of competition from the rising number of unregistered homestay operators, employment, and the multiplier effect. Secondly, are the institutional issues of the lack of governance at the federal, state and village level of administration. Thirdly, is the lack of environmental concerns within the homestay program and fourthly, are the sociocultural issues related to the lack of youth involvement, the extent of sociocultural understanding and tourist safety and security. The objective of this study is to investigate homestay sustainability from four stakeholders' perspectives; homestay owners, relevant government officials, local residents, and tourists from four dimensions; economic, institutional, environmental and sociocultural (EIES) moderated by carrying capacity. The theory underpinning this study is the Theory of Development and the Stakeholder Theory.

This study employed the quantitative research method using a five-point Likert scale. The sampling strategy is random probability cluster sampling for the homestay owners and non-probability sampling for the government officials, local residents and tourists. A total of 254 homestay owners, 115 government officials, 57 local residents, and finally 96 tourists responded to the survey questionnaires. This study was done across multiple states in West Malaysia. IBM SPSS Statistics and Partial Least Square (PLS) approach to Structural Equation Modeling (SEM) were utilized to analyze the data and justify the three main hypotheses.

There are three main hypotheses and four specific hypotheses for this study. The first main hypothesis states that there is a significant relationship between each EIES dimension and homestay sustainability. From the first main hypothesis, there are four specific hypotheses. The first specific hypothesis is that there exist a significant relationship between the economic dimension and homestay sustainability. The second specific hypothesis is that there exist a significant relationship between the institutional dimension and homestay sustainability. The third and fourth specific hypothesis are

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that there exist a significant relationship between the environmental dimension and homestay sustainability and that there exist a significant relationship between the socio-cultural dimension and homestay sustainability. The second main hypothesis is that the carrying capacity moderates the relationship between the economic, institutional, environmental and socio-cultural dimensions and homestay sustainability. The third main hypothesis states that there is a significant relationship between homestay owners' years of involvement and homestay sustainability.

This study confirms the significant relationship for the first, second and third hypothesis.The findings of this study provide theoretical and practical contributions. The main theoretical contributions are the use and validation of the institutional dimension through a local level homestay sustainability framework. Secondly, four uniquely identified indicators; destination competitiveness, biophysical characteristics, social factors and management policies with limited past empirical evidence were tested and resulted in statistical significance. Finally, the use of SEM PLS provides added empirical analysis for research related to sustainable tourism. The practical contribution is primarily for the homestay owner to be more focused on promoting the uniqueness of the Malaysian homestays. The policy implications for the government at the federal level is to regulate the Malaysian homestay program formally. Lastly, the area that lacks awareness and concern is the environmental dimension.

In conclusion, this study has directly contributed to the program development and suggest policy and procedural improvements towards the sustainability of the Malaysian homestay program.

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Abstrak thesis yang dikemukakan kepada Senat Universiti Putra Malaysia
sebagai memenuhi keperluan untuk ijazah Doktor Falsafah

PERSPEKTIF MULTIDIMENSI TENTANG KEMAMPANAN INAP DESA DI MALAYSIA YANG DIMODERASI OLEH DAYA TAMPUNGAN

Oleh

ANN SELVARANEE BALASINGAM

Februari 2018

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Kemampanan program inap desa Malaysia yang telah wujud sejak 30 tahun yang lalu kini dipersoalkan disebabkan oleh beberapa isu yang berkaitan dengan program tersebut. Pertamanya ialah isu-isu ekonomi yang berkaitan dengan persaingan daripada peningkatan bilangan inap desa yang tidak berdaftar, pekerjaan dan kesan pengganda. Keduanya ialah isu institusi berkaitan dengan kekurangan tadbir urus di peringkat persekutuan, negeri dan kampung. Ketiganya ialah kekurangan perhatian tentang alam sekitar dalam inap desa, dan yang keempat ialah isu sosiobudaya yang berkaitan dengan kekurangan penglibatan belia, tahap perkongsian sosiobudaya dan keselamatan pelancong. Objektif kajian ini adalah untuk menyiasat kemampanan inap desa dari perspektif empat pihak berkepentingan iaitu pemilik inap desa, agensi kerajaan yang relevan, penduduk tempatan dan pelancong dari empat dimensi kemampanan: ekonomi, institusi, alam sekitar dan sosiobudaya (EIES) yang dimoderasi oleh daya tampungan. Teori yang mendasari kajian ini ialah Teori Perkembangan dan Teori Pihak Berkepentingan.

Kajian ini menggunakan pendekatan kaedah penyelidikan yang menggunakan skala Likert lima mata. Strategi pensampelan yang digunakan adalah pensampelan kebarangkalian berkelompok (secara rawak) untuk pemilik inap desa dan strategi pensampelan bukan kebarangkalian (secara tidak rawak) untuk pegawai kerajaan, penduduk tempatan dan pelancong. Sejumlah 254 pemilik inap desa, 115 pegawai kerajaan, 57 penduduk tempatan, dan 96 pelancong telah menjawab soal selidik ini. Kajian ini telah dijalankan di beberapa negeri di Malaysia Barat. Pemodelan berstruktur mengunakan IBM SPSS Statistics dan SEM-PLS, untuk menentukan hubungan tiga hipotesis dalam rangka kerja penyelidikan konsep kemampanan inap desa.

Kajian ini terdiri daripada tiga hipotesis utama dan empat hipothesis khusus. Hipotesis pertama menyatakan bahawa terdapat hubungan yang signifikan antara keempat-empat dimensi EIES dan kemampanan inap desa. Daripada hipotesis pertama yang utama,

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terdapat empat hipotesis yang khusus. Hipotesis khusus yang pertama adalah terdapat hubungan yang signifikan antara dimensi ekonomi dengan kemampanan inap desa. Hipotesis khusus yang kedua adalah terdapat hubungan yang signifikan antara dimensi institusi dengan kemampanan inap desa. Hipotesis khusus yang ketiga dan keempat adalah terdapat hubungan yang signifikan antara dimensi persekitaran dengan kemampanan inap desa serta terdapat hubungan yang signifikan antara dimensi sosiobudaya dengan kemampanan inap desa. Hipotesis kedua yang utama ialah daya tampungan mempunyai kesan sebagai moderasi antara keempat-empat dimensi dengan kemampanan inap desa. Hipotesis ketiga yang utama adalah terdapat hubungan yang signifikan antara jangka masa penglibatan pemilik inap desa dengan kemampanan inap desa.

Kajian ini mengesahkan hubungan yang signifikan bagi hipotesis pertama, kedua dan ketiga. Dapatan kajian memberikan sumbangan teori dan praktikal. Sumbangan teori yang utama ialah penggunaan dan pengesahan dimensi institusi melalui suatu kerangka kerja kemampanan inap desa di peringkat tempatan. Sumbangan kedua ialah pengesahan signifikan empat petunjuk yang mempunyai kurang pengesahan empirical dari kajian-kajian sebelum ini untuk menguji hubungan kemampanan inap desa iaitu daya saing destinasi, akademik biofisik, faktor sosial dan dasar pengurusan. Sumbangan teori yang terakhir ialah penggunaan SEM PLS sebagai alat analisa data telah menambah kepada kesusasteraan pelancongan yang sedia ada. Dari segi sumbangan praktikal, sumbangan pertama ialah terutamanya bagi pemilik inap desa untuk lebih fokus kepada usaha pemasaran dan promosi yang menampilkan keunikan inap desa Malaysia. Sumbangan teori dan practical hanya berkesan sekiranya implikasi dasar dilaksanakan oleh pihak kerajaan di peringkat persekutuan untuk membangunkan dasar dan tatacara inap desa. Sumbangan kajian juga mencadangkan, kawasan yang mempunyai kurang kesedaran adalah dimensi alam sekitar yang memerlukan perhatian yang lebih terperinci oleh ke-empat empat pihak berkepentingan dalam program ini.

Kesimpulannya, kajian ini telah menyumbang secara langsung kepada pembangunan program homestay berdaftar dan penambahbaikan presedur dan dasar ke arah kemampanan jangka panjang inap desa berdaftar di Malaysia.

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I certify that a Thesis Examination Committee has met on 20 February 2018 to conduct the final examination of Ann Selvaranee Balasingam on her thesis entitled "Multi-Dimensional Perspective of Homestay Sustainability in Malaysia Moderated by Carrying Capacity" in accordance with the Universities and University Colleges Act 1971 and the Constitution of the Universiti Putra Malaysia [P.U.(A) 106] 15 March 1998. The Committee recommends that the student be awarded the Doctor of Philosophy.

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LIST OF ABBREVIATIONS

UNWTO	United Nations World Tourism Organisation
MOTAC	Ministry of Tourism and Culture Malaysia
ETP	Economic Transformation Programme
EPU	Economic Planning Unit
WTTC	World Travel and Tourism Council
STD	Sustainable Tourism Development
UNEP	United Nations Environmental Programme
MOTAC	Ministry of Tourism and Culture
EU	European Union
EIES	Economic, Institutional, Environmental and Sociocultural

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CHAPTER 1

PREVIEW CHAPTER

This chapter presents an overview of the entire thesis, which includes the background of the study, the problem statement, and the research objectives. This chapter also introduces the significance of the study, and subsequently the organization of the thesis.

1.1 Background of the Study

1.1.1 Overview of the Global Travel and Tourism Industry

The global travel and tourism is the third largest industry in the world and has become an important socio-economic contributor through export revenues. This industry is the creator of jobs and enterprises as well as infrastructure development (United Nations World Tourism Organisation [UNWTO], 2015). In 2015, the tourism industry contributed 9.8% (USD$7.2 trillion) to the global Gross Domestic Products (GDP). It provided 284 million direct jobs and generated 7% of total tourism exports or USD 1.5 trillion. Within the area of global services, tourism services contributed to 30% of total exports (UNWTO, 2015).

Global tourist arrival statistics as reported by UNWTO (2015) indicate a steady increase of 25 million tourists in 1950, 278 million in 1980, and 1133 million in 2014. This growth is due to the global expansion and diversification of the industry by the opening up of new destinations within emerging countries that have altogether boosted the development of the industry (UNWTO, 2015) . The future expectation of the industry is also looking upward with positive projections in the number of global tourist arrivals reaching 1.8 billion by 2030 (UNWTO, 2015).

Narrowing to the global tourism industry growth in Asia and the Pacific region, the Asia Pacific region is one of the fastest growing regions. Based on tourist arrivals and receipts, the Asia Pacific region is second in ranking next to the advanced economies of Europe and Americas (UNWTO, 2015). Malaysia as a nation within the Asia Pacific region also enjoys positive tourism industry growth. The World Economic Forum [WEF] has ranked the Malaysian Tourism Industry number 26 based on industry competitiveness in the global industry (WEF, 2015). The World Travel and Tourism Council [WTTC] ranked Malaysia 23rd in contribution to GDP and 24th in its contribution to direct employment (WTTC, 2015). Malaysia's rich cultural resources, price competitiveness, and policy environment that are conducive for tourism development contributed to these strong rankings.

Within Malaysia, the tourism industry is the second highest foreign exchange earner in the country, next to the manufacturing sector. The tourism industry is governed by the

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Ministry of Tourism and Culture [MOTAC] since 1972 (Nair, Munikrishnan, Rajaratnama, & King, 2014). As noted in the Fifth Malaysian Plan 1986-1990, there has been a significant contribution by the Malaysian tourism industry to the country's economic and social development from the years of 1981-1985 (Economic Planning Unit [EPU], 2017).

Table 1.1: Key Performance Indicators of the Malaysian Tourism Industry, 2008 – 2017

Key Statistics	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Contribution to GDP (%)	11.2	12.7	12.6	12.4	12.5	13.1	14.9	14.4	13.7	17.9
Tourist Arrivals (Million)	22.5	23.7	24.6	24.7	25.0	25.7	27.4	25.7	26.75	21.5
% of Tourism employment to total employment	15.7	16.1	15.6	16.4	16.4	13.6	13.0	16.1	12	13.8
Tourism receipts (RM billion)	49.6	53.4	56.5	58.3	60.6	65.4	72	69.1	82.1	114

Adapted from Department of Statistics Malaysia, 2014, Department of Statistics Malaysia, 2015; EPU, 2013; MOTAC, 2015; The Sun Daily, 2015; Tourism Malaysia,2018; WTTC, 2015, 2017

Table 1.1 displays the significance of the Malaysian tourism industry in terms of its economic contribution from the years 2008 to 2017. Table 1.1 shows a positive and promising performance of the industry with a steady incline in contribution to GDP, tourist arrivals, proportion of tourism related employment to total employment and tourism receipts within the years of 2008 to 2017. In the years 2015 and 2016, the industry has experienced a slight decline in contribution to GDP due to the global economic slowdown, haze, riots, aviation industry tragedies, and security issues in Sabah (Tourism Malaysia, 2016). However, the tourism industry has recovered in 2017.

In line with the positive industry performance, the federal government envisions the nation to become a high income and globally competitive nation by the year 2020 (EPU, 2013). In addition, the government has forecasted tourist arrivals to reach 36 million or RM 168 billion in tourist receipts by the year 2020 (EPU, 2013). If the current industry performance persists as in the years of 2008 to 2017, this vision is achievable through strategic planning and implementation by the federal government (Hamzah, 2004). Thus, Malaysia's strategic planning incorporates sustainable tourism development as a government agenda in the 9th Malaysian plan from 2011-2015 that integrates global action for sustainability (EPU, 2013).

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Malaysia's strategic plan towards sustainable tourism precedes the decision by the United Nations [UN] to utilize the global tourism industry as 'one of the ten sectors to drive the change towards a Green Economy' (UNWTO, 2013c). The UN (2012), Rio+20 Outcome Document identified that the tourism industry is capable of making a significant contribution to sustainable development (UN, 2012; UNWTO, 2013c). In 2015, the 2030 Agenda for Sustainable Development and its Sustainable Development Goals (SDG); decent work and economic growth, responsible consumption and production and life below water was incorporated into the existing Malaysia's New Economic Model (NEM) and 11th Malaysian Plan (2016-2020) (United Nations Department of Economic and Social Affairs [UN-DESA], 2015; UNWTO, 2018). The adoption of the SDG goals is also evident in the National SDG Roadmap (EPU, 2017b). The adoption of the SDG goals answers the question on how long the tourism industry can continue to maximize the positive tourism impacts and how the same can minimize the negative impacts within in the context of industry sustainability. The adoption of SDG goals in the National SDG Roadmap is through two goals; Goals 8 and 12. Goal 8 concerns decent work and economic growth and Goal 12 concerns responsible consumption and production. These goals outlines the latest detailed plan in the National Key Economic Area for tourism in 2014 towards a more sustainable tourism industry (ETP, 2013).

Tourism impacts are categorized as having positive and negative impacts. Positive economic impacts include an increase in tourist arrivals and receipts, employment, and the multiplier effects (Weaver & Lawton, 2010) . Typical negative economic impacts are poor working conditions, economic performance susceptible to influences on source markets, such as economic conditions, natural events, and security concerns (Weaver & Lawton, 2010). Standard positive sociocultural impacts are the promotion of cross-cultural understanding, preservation of local culture and heritage and promotion of social stability (Weaver & Lawton, 2010). Common negative sociocultural impacts are inadequate visitor management practices, restricted access to land and resources leading to an increase in crime, sexual exploitation, and threats to social and cultural traditions and values (Weaver & Lawton, 2010). Frequent positive environmental impacts are motivations to preserve and protect the tourism destination. Negative environmental impacts of the tourism industry include air pollution as the industry contributes to 5% of global CO2 emissions and pollution of land and water from poor management of solid and liquid waste. In addition, accommodation businesses are often major users of non-renewable and precious resources, such as land, energy, and water (UNWTO, 2013c). These impacts have driven the Malaysian tourism industry to incorporate tourism sustainability within its national strategic plan to boost industry performance. This research intends to measure homestay sustainability by measuring the impacts within homestay tourism component. The next section will address the size and scope of Malaysia's homestay tourism component.

1.1.2 Malaysian Tourism Components

This section provides an overview of the Malaysian tourism components since the 1980s and the way homestay fits into this research. These components are the tourism products that Malaysia offers to the world that comprise retail trade, food, and

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beverage, accommodation, local transport, culture, sport, and recreation (Department of Statistics Malaysia, 2014).

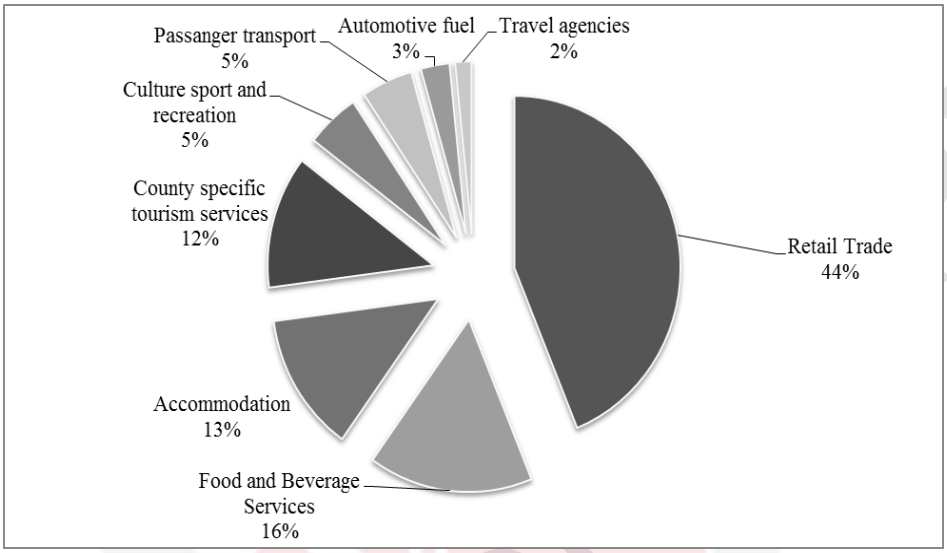

Figure 1.1: Malaysian Tourism Industry Components' Contribution
(Source: Department of Statistics Malaysia, 2017)

Figure 1.1 displays the composition of the Malaysian tourism industry and the contribution of each component. The largest component is retail trade contributing 44%, followed by food and beverage 16% and accommodation contributing 13% of the tourism receipts.

The accommodation component in Malaysia includes luxury hotels, budget hotels, motels, chalets, rest houses, guesthouses, hostels, bed and breakfast to homestay packages (Department of Statistics Malaysia, 2014). The big cities are populated with luxury to budget hotels and motels. Smaller cities and towns have mid-range to budget hotels, motels, chalets, rest houses, guesthouses and bed and breakfast and the rural areas concentrate on homestay accommodation (EPU, 2013). The number of homestays in Malaysia totals 193 clusters, with 3800 homestay operators involved and generated RM27.7million in tourist receipts in 2016 (MOTAC, 2017). This component has grown at an average rate of 6% over the last 9 years with a contribution of RM27.7million of total tourism receipts in 2016 (Ahmad, Jabeen, & Khan, 2014; Che Leh, & Hamzah, 2012; Department of Statistics Malaysia, 2013; EPU, 2013; Kayat, 2008; MOTAC, 2015, 2016; The Star Online, 2013; The Sun Daily, 2015; Tourism Malaysia, 2015a; WTTC, 2015). This growth has raised research concern of sustainability of homestays, as alongside the growth, numerous problems have risen regarding the Malaysian homestays. The following section addresses these issues and provides a better understanding of the purpose of this research.

1.2 Problem Statement

The Malaysian homestay program started officially in 1985 by the Ministry of Tourism and Culture Malaysia (MOTAC). After 32 years of development, the program has achieved its objective with a continual increase in tourist arrivals, tourism receipts, and has been recognized internationally as the recipient of the UNWTO Ulysses Award for Innovation in Public Policy and Governance in 2012 (Malaysian Observer, 2012). In spite of the homestay achievements, past literature reviewed indicates a gap in the quantity of empirical research to measure homestay sustainability from the economic, institutional, environmental and socio-cultural dimensions collectively or individually. The research methods previously employed are qualitative and content analysis research methods (Acharya & Halpenny, 2013; Ibrahim & Razzaq, 2009; Kayat, 2008, 2010; Pusiran & Xiao, 2013) rather than quantitative research methods (Agyeiwaah, 2013). Further qualitative research via focus group discussion will further enhance the qualitative data. This research however will be able to address the gap by conducting quantitative data to support findings of the past exploratory research. Academicians will benefit from both qualitative and quantitative data on homestay sustainability.

Gaps between the current literature reviewed on homestay sustainability also reveals that the concept of homestay sustainability is a concept that is under researched and past research largely focused on the economic perspective (Ahmad et al., 2014; Bhuiyan, Siwar, Ismail, & Islam, 2012; Department of Statistics Malaysia, 2013; EPU, 2013; Jamal, Othman, & Muhammad, 2011). For a comprehensive assessment of homestay sustainability, the economic, institutional, sociocultural, and environmental dimensions collectively need to be reviewed and tested. The lack of testing one dimension results in a limited understanding of the concept of homestays sustainability (Kayat, 2008; Kayat & Zainuddin, 2016; Kayat, Zainuddin, Ramli, & Kasim, 2016; MOTAC, 2015;) .

Although the economic dimension is widely researched, indicators liks destination competitiveness, employment opportunies and multiplier effect has limited empirical evidence when testing the significance with homestay sustainability. Destination competitiveness is related to the economic prosperity of the residents (Buhalis, 2000; Crouch & Ritchie, 1999; Dwyer & Kim, 2003) and qualifies as an economic indicator because destination competitiveness is able to measure the extent of the competition due to the rising number of unregistered homestays (Loh, 2016; Ahmad et al., 2014; Guttentag, 2013; Pusiran & Xiao, 2013). Employment opportunities and multiplier effect also both have limited quantitative research (Bhuiyan et al., 2012; Kayat, 2010; Mohamad & Hamzah, 2013; Shahudin, Abdullah, Radam, Latif, & Yacob, 2017) .

Secondly, the institutional dimensional issues raised has limited empirical evidence to substantiate the problems related to poor governance at the federal, state and village level. Poor governance has contributed to homestay owners' over-dependence and lack of commitment to the programs' success (Kunjuraman & Hussin, 2017; Liu, 2006; Nor Ashikin & Kayat, 2010). Homestays are governed by eight federal and state level bodies that provide continual funding, training, and marketing assistance (Pusiran & Xiao, 2013). The initial access to funding and support from the government enabled the

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program to mature to its current stage. However, continuous support from the government eventually led to homestay owners' overdependence on the governing bodies and minimal leadership effort at the village level to become independent entrepreneurs (Kayat, 2008, 2010). Currently, there is lack of emprical evidence to justify the institutional problems raised.

From the environmental dimension, there is limited awareness of environmental conservation efforts by homestays stakeholders. Knowledge and implementation of environmental conservation efforts will benefit the homestay owners financially as well as attract tourists who favor establishments that adopt environmental initiatives (Zhang, Joglekar, Heineke, & Verma, 2014). The environmental conservation efforts has limited empirical research to support this dimension.

From the sociocultural perspective, the three most challenging sociocultural issues faced by the registered homestays are the lack of involvement of the youth, lack of sociocultural exchange and safety and security concerns for tourists (Pusiran & Xiao, 2013). There are deficiencies in knowledge about the extent of youth participation as youth involvement ensures program continuity for the next generations to come. The lack of sociocultural exchange between the hosts and guests towards promoting sociocultural understanding and safety and security concerns were reported because some tourists perceived unregistered homestay as registered homestays (Ahmad et al., 2014) and became a cause of concern when an unregistered homestay operator breached the privacy of a tourist (Chan, 2014; Pusiran & Xiao, 2013). There is limited empirical data to determine if socio-cultural issues are related to homestay sustainability.

The moderating effect of carrying capacity is the impact of tourists visiting homestays. Carrying capacity as a moderator is intended to strengthen relationships between each latent variables as opposed to mediating or intervening the relationship of the exogenous latent variable to the endogenous latent variable. If the moderating effect of carrying capacity of each EIES dimension strengthens, weakens or remains, these results will affect the findings of this study (Namazi & Namazi, 2016). There is limited past research with empirical evidence that has tested the moderating effect of carrying capacity between between the EIES dimensions and homestay sustainability. Personal communication with homestay operator Samad bin Mat Yassin of Homestay Pachitan indicates that tourists groups visiting Homestay Pachitan has reached saturation point (Mat Yassin, S., personal communication , October 28, 2017). Empirical evidence will confirm if carrying capacity strengthens the interaction effect between the EIES dimensions and homestays sustainability and substantiate the statement made by the homestay operator.

In addition, past research on tourism sustainability obtained one, two or three stakeholder perspectives (Kayat, 2008; Nair et al., 2014; Poudel, Nyaupane, & Budruk, 2014). There are a limited number of studies with four stakeholder perspectives (Byrd, Bosley, & Dronberger, 2009). Research on four stakeholders as conducted in this study will provide greater insights to policy makers for planning and decision-making

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purposes. Socio-demographic factors like age and level of education were commonly researched in the past. However, the years of involvement is a socio-demographic factor with limited past research and warrants further research.

In conclusion, the issues regarding the registered Malaysian homestay program highlights the gaps in the homestay program. Past literature was primarily exploratory and lacks quantitative research to support the qualitative findings. The gaps identified is the limited empirical evidence of each dimension, which warrants further research. The moderating effect of carrying capacity also has limited empirical evidence. In addition, past research tends to focus on one or two stakeholder perspectives that result in a limited understanding of the true nature of the issues faced. This research will empirically confirm the sustainability of the registered Malaysian homestay program from four dimensions and years of involvement.

1.3 Objectives of the Study

General and specific objectives have been developed for this study, based on the gaps identified in the problem statement.

1.3.1 General Objective

The main objective of this study is to investigate homestay sustainability (HS) in Malaysia from four dimensions, which includes the economic, institutional, environmental, and sociocultural (EIES). These will be moderated by carrying capacity from four stakeholders' perspectives; homestay owner, government officials, local residents, and tourist.

1.3.2 Specific Objectives

Based on the general objectives, the specific objectives that this study intends to achieve are:

1. To examine the relationship between the economic, institutional, environmental and sociocultural dimensions (EIES) and homestay sustainability (HS)

    1a. To examine the relationship between the economic dimension (ED) and homestay sustainability (HS) in Malaysia.

    1b. To determine the relationship between the institutional dimension (ID) and homestay sustainability (HS) in Malaysia.

    1c. To investigate the relationship between environmental dimension (EDV) and homestay sustainability (HS)

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1d. To examine the relationship between sociocultural dimension (SCD) and homestay sustainability (HS)

2. To examine if carrying capacity (CC) has a moderating effect between the economic, institutional, environmental, and sociocultural (EIES) dimensions and homestay sustainability (HS).

3. To determine the relationship between years of involvement (YI) and homestay sustainability (HS).

1.4 Research Questions

In addressing the objectives mentioned, research questions were developed as listed below:

1. Is there a significant relationship between the economic, institutional, environmental, and sociocultural dimensions (EIES) and homestay sustainability (HS)?

   1a. Is there a significant relationship between economic dimension (ED) and homestay sustainability (HS)?

   1b. Is there a significant relationship between the institutional dimension (ID) and homestay sustainability (HS)?

   1c. Is there a significant relationship between environmental dimension (EDV) and homestay sustainability (HS)?

   1d. Is there a significant relationship between sociocultural dimension (SCD) and homestay sustainability (HS)?

2. Does carrying capacity(CC) have a moderating effect between the economic, institutional, environmental, and sociocultural (EIES) dimensions and homestay sustainability (HS)?

3. Is there a significant relationship between homestay owners' years of involvement (YI) and homestay sustainability (HS)?

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Table 1.2: Summary of Research Issues, Research Objectives, and Research Questions

Research Issues	General Research Objectives	Specific Research Objectives	Main and Specific Research Questions
Homestay Sustainability	The main objective of this study is to investigate homestay sustainability (HS) in Malaysia from four dimensions; economic, institutional, environmental and sociocultural (EIES), and moderated by carrying capacity from four stakeholders' perspectives (homestay owner, government officials, local residents and tourist).		
EIES Dimensions		To examine the relationship between the economic, institutional, environmental, and sociocultural dimensions (EIES) and homestay sustainability.	Is there a significant relationship between the EIES dimension and homestay sustainability?
Economic Dimension		To examine the relationship between the economic dimension and homestay sustainability in Malaysia.	Is there a significant relationship between economic dimension and homestay sustainability?
Institutional Dimension		To determine the relationship between the institutional dimension and homestay sustainability in Malaysia.	Is there a significant relationship between the institutional dimension and homestay sustainability?
Environmental Dimension		To investigate the relationship between environmental dimension and homestay sustainability.	Is there a significant relationship between environmental dimension and homestay sustainability?
Sociocultural Dimension		To examine the relationship between sociocultural dimension and homestay sustainability.	Is there a significant relationship between sociocultural dimension and homestay sustainability?
Carrying Capacity as a Moderator		To examine if carrying capacity has a moderating effect between the economic, institutional, environmental, and sociocultural dimensions and homestay sustainability.	Does carrying capacity have a moderating effect between the economic, institutional, environmental, and sociocultural (EIES) dimensions and homestay sustainability?
Years of Involvement		To determine the relationship between years of involvement and homestay sustainability.	Is there a significant relationship between homestay owners' years of involvement and homestay sustainability?

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1.5 Scope of the Study

Tourism sustainable development has received widespread attention for the efforts in place by UNWTO, EU and international bodies promoting tourism sustainability efforts. However, tourism sustainability includes the economic, environmental, sociocultural, and institutional dimensions for sound validation of the concept (Butler, 1999; Hall, 2011; Tosun, 2001). This study is set in the rural areas of West Malaysia and with a niche focus on homestay tourism component. The study focuses on four primary stakeholders; homestay owners, government officials, local residents and tourists. This study intends ultimately to decide if the homestay tourism component is sustainable. The findings will prove useful in further developing and maintaining the long-term success of this product nationally as well as globally.

1.6 Significance of the Study

In the context of sustainable tourism of Malaysian homestays, the research to-date is primarily exploratory research. This study will be based on quantitative data to validate the issues raised and fill the research gaps identified. As the homestays are currently contributing RM27.7million to the total tourism receipts, it is a valuable tourism product to the industry with future growth potential. To ensure that this product maintains its growth and contributes to tourism sustainability, it is imperative that the challenges and issues identified be resolved and practical solution be developed for the stakeholders to prevent this product from getting to a decline stage of tourist demand. The research is significant to the academicians, practitioners, and policy makers. The significance of this research to academicians is the development of a local level conceptual framework for Malaysian homestays. The importance to the practitioners primarily the homestay owner is the identification of the unique selling point of the Malaysian homestay to market and promote this component globally. The significance to the policy maker is the realization for stronger governance structures.

1.7 Terminologies

Tourism terminologies are specific to the field of study. To crystalize understanding, the table below will summarize the commonly used terminologies within this thesis.

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Table 1.3: Definition of Terminologies

Term	Definition
Sustainability	Development that meets the needs of the present without compromising the ability of future generations to meet their own needs (Gossling, Hall, & Weaver, 2009).
Homestay	A place where tourist stay with the host's family and experience the everyday way of life of the family in both a direct and indirect manner (Ibrahim & Razzaq, 2009).
Registered Homestays	Homestays registered by MOTAC and have an official license and plaque at the entrance of each home.
Unregistered Homestays	Homestays not registered with MOTAC and have no license and do not need to adhere to the homestays guidelines imposed on the registered homestays.
Sustainable tourism	"Used interchangeably with tourism development and is defined as tourism development which meets the needs of the present without compromising the ability of future generations to meet their own needs" (Gossling et al., 2009, p.2).
Homestay Sustainability	Homestay sustainability is the application of sustainable tourism to the homestay sub-component to minimize the negative EIES dimensional impact and maximize the positive EIES dimensional impact of homestay activities to meet the tourism development needs of the present tourism stakeholders without compromising the ability of future generations of tourism stakeholders' to meet their own needs (Butler, 1999; World Commission on Economic Development, [WCED], 1987; Weaver, 2006).
Economic Dimension	The stability of economic growth, the maintenance of benefits generated in terms of generating prosperity at different levels of society and addressing the cost effectiveness of all economic activities and the viability and activities of enterprises to sustain for long-term (Hall, 2011; Jitpakdee & Thapa , 2012).
Institutional Dimension	The governing policies at all levels of governance to protect the industry which includes the international, national and local level (Hall , 2011).
Environmental Dimension	Conserving and managing resources, especially those that are not renewable or are precious in terms of life support (Hall, 2011).
Sociocultural Dimension	A means of respecting human rights and equal opportunities for all in the society that requires equitable distribution of benefits with a focus on alleviating poverty. There is an emphasis on local communities, maintaining and strengthening their life support systems, recognizing and respecting different cultures and avoiding any form of exploitation (Hall, 2011).
Carrying Capacity	Saturation point where the number of visitors does not lead to unacceptable deterioration of the environment, resources, tourist satisfaction, and sociocultural aspect (Mathieson & Wall, 1982; McCool & Lime, 2001; Salerno, Viviano, Manfredi, Caroli, Thakuri, & Tartari, 2013).

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1.8 Organisation of the Thesis

Chapter 1 begins with an overview of the industry and tourism sustainability. Next, the issues surrounding Malaysian homestay program are highlighted that leads to the problem statement, which eventually leads to the aims and objectives of this study. Finally, the significance and the contributions of the study are addressed.

Chapter 2 provides a literature review to support the conceptual framework. The literature reviews the Malaysian homestays in comparison to global homestays and the variables and indicators used to develop a conceptual framework for this study. The two theories underpinning the study is also reviewed.

Chapter 3 describes the procedures involved to implement the research design selected, the sampling strategy, the research instruments used, the pretesting results of the questionnaire followed by the justification for the chosen statistical tools used for data analysis.

Chapter 4 describes the data analysis process used to collect data for analysis. Two analytical tools have been used; SPPS in which descriptive assessment of the mean of the respondents was analyzed for a general overview of the data. PLS-SEM was also used to obtain further insights into the significance in relationships between each of the EIES dimensions and homestay sustainability by analyzing path coefficients and hypotheses. This chapter also provides a detailed discussion of the statistical findings based on the hypotheses and research objectives stated in Chapter 1. The justification for the findings is supported by the literature reviewed in Chapter 2.

Finally, Chapter 5 concludes and summarizes the entire study and provides the contributions of the study for the academician, practitioners and policy makers. The study ends with recommendations for future researchers to further their passion in this area of knowledge and practice towards a sustainable Malaysian homestay program.

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