

The Relationships Between Social Media Marketing and Entrepreneurial Success: A Conceptual Study on Homestay Business in Sabah, Malaysia

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ABSTRACT

This conceptual paper is to examine the relationships between social media marketing and entrepreneurial success in homestay business. The study will be conducted in Sabah which is located on the northern portion of Borneo Island, Malaysia. Despite the various incentives offered by the government to the homestay programme, the homestay programme still remains as a slow growth market. The main problems that the homestay entrepreneurs faced are to sustain their homestay business due to lack of visitors. This study applies quantitative approach to collect data by using purposive sampling in selecting the respondents. It examines the influence of social media marketing toward entrepreneurial success in the homestay business. The study uses Partial Least Squares (PLS) method to test the hypothesis. In addition, this study used resources based view (RVB) to magnify the relationship of social media marketing and entrepreneurial success. Entrepreneurial success can be enhanced through the use of social media marketing in homestay business. It also helps them to identify the effective platform of the available social media, to improve the performance of the homestay business to be successful. The findings of the study will be useful in providing the guiding principle and information for the academic, government, tourist association as well as related agencies in order to enhance Malaysian tourism industry. The novelty of the study will offer a guideline for future research, designing the most effective programme for homestay entrepreneurs, and provide empirical result for future research.

Keyword: Social media marketing, homestay, entrepreneurial success and homestay business.

1. INTRODUCTION

At present, there is a little research about the homestay business success in Malaysia, especially in Sabah, a northern portion of Borneo Island. Most scholars from tourism fields focus on sustainable homestay operation and development of the homestay business, claiming that the homestay programs in Malaysia have created numerous benefits. Furthermore, the Malaysian homestay program can be considered as a community based tourism (CBT). This gave the opportunity to the local communities to contribute to local economic and poverty reduction by Kasim, Kayat, Ramli, & Ramli. (2016). Moreover, this is the early investigations to quantify entrepreneurial success in the homestay business, since a little attention of this study been overlooked in the literature. It endorsed the homestay program to improve the homestay business to be successful.

Previous research demonstrates that the SMEs business performances would depend significantly on internal and external factors including financial and non financial measurement by Sajilan, Tehseen, & Adeyinka-Ojo, (2015). Homestay business is similar with SMEs business. Therefore, this study focuses on the internal factor which is the social media marketing. Where, it is a tool to examine the success factor of homestay business.

Besides that, it assumed that homestay entrepreneurs in the tourism industry have unique goals and performances measurement which they assess their success Reichel & Haber (2005) . Entrepreneurial performance can be measure by firms', employment and wealth. However, for this study, the entrepreneurial success is measured based on the perception of the homestay entrepreneurs. Success or failure of the business performance usually referred to as survival presents a simplified view of success (Solymossy, 1998). Tourism has become a major source of income and also a mechanism for the economic development in Malaysia. The tourism industry is a fast growing sector; contribute greatly to the national income. Over the past decades, tourism has experienced persist continues growth and diversification to become one of the largest and most economies in most countries. This is because tourism sector is an important sector and has great potential to grow Yusnita, Amin, & Muda, (2012). There is a huge potential in tourism sector in Malaysia, the government has formulated tourism transformation plan for 2020. This is to promote creativity and innovation in tourism industry to achieve the target 36 million tourist arrivals and revenue 168 billion ringgit Malaysia to the years of 2020 by Amin & Ibrahim (2015). In Malaysia, one of the tourism products is the homestay program. A homestay program gives tourists the opportunity to stay with a chosen family, link up and experience the daily life of their homestay family and learn the culture and lifestyle of the rural community in Malaysia Ministry of Tourism & Culture Malaysia (2016). Furthermore, there was a high demand from tourists and locals to be involved in homestay program. Most of the visitors come from Europe, Japan, china, Hong Kong, Singapore as well as from peninsular Malaysia by (New Straits Times, 2014).

Table 1: Homestay in Sabah, Malaysia

Year	Homestay coordinator	Homestay operator
2009	18	225
2011	16	228
2012	16	228
2013	17	242
2014	17	242
2015	21	293
2016	22	293
2017	24	316

Source : (Pelancongan, Kebudayaan, Industri, & Homestay, 2017)

2. PROBLEM STATEMENT

Despite the numerous incentives offered by the government to the homestay programme, the homestay programme are still remains a slow growth market. The primary challenge that homestay operators faced is to sustain their homestay business income due to lack of visitors Yassin & Ramlan, (2015). Previous study found that homestay operators are lacks in promotion and marketing. This is because previous studies stressed that homestay entrepreneurs have difficulty to sustain due to lack of strategy marketing than

purposely to promote and commercial their products. The effort that homestay operators put to promote and marketing their business is not attracting more tourists to visit their homestay according to Ahmad, Ibrahim, & Zakaria, (2011). Similar finding explained homestay program does not enjoy certain economic benefit. The issues is include lack of visitor, local of promotion and inability to utilize technology are the issues been rise (Truong & Hall, 2013). Based on table 2, it is found that the number of tourists that visiting homestay in Sabah keeps decreasing which affects their total income in 2012 to 2014. It concluded that the homestay business performances in Sabah, is getting slowing down and not performance well. However, from 2015 and 2016 the homestay business slowly increasing their income and number of visitors. It indicated that Sabah homestay business continues to grow. However, they still not performing well and still a have a weaknesses.

Table 2: Statistic of Sabah Homestay performance

Year	Income(RM)	Domestic	International	Total Visitor
2010	2,461,145	12,052	5,476	17,528
2011	3,059,462	20,608	6,060	26,668
2012	2,651,841	19,997	4,977	24,974
2013	2,433,501	13,030	5,002	18,032
2014	2,052,043	17,131	2,999	20,130
2015	2,329,718	23,449	4,143	27,592
2016	2,678,772	24,623	5,219	29,842

Source : (Pelancongan, Kebudayaan, Industri, & Homestay, 2017)

3. LITERATURE REVIEW

3.1 Entrepreneurial Success

Previous studies usually define success in contracted discussion, accountancy terms using criteria based upon financial analyses and ration such as sales growth, profitability, cash flow and productivity Jennings & Beaver, (1997). In this study, homestay business is literally a small business operated by homestay entrepreneurs. However, previous studies shown small business success is very much linked to small business performance. Success in business is a matter of opinion and it is link to the degree to which objective are met or exceeded, some of which have may be critical for success. Studies found that it is difficult to separate the concept of success from performance mainly because success can be defined in term of certain element performances Simpson, Padmore, & Newman, (2012). According to Brush & Vanderwerf (1992), they define success as a specific aspect of performance. In the entrepreneurs literature business performance is usually measure from the economic perspective of growth in sales and employees Buttner & Moore, (1997). There are many existing literature shows several approaches in measuring business success. This is include notorious issue and highly debated in literature, regarding the conceptualization of the entrepreneur success among scholars. Many parameters have been used to measure the success rate of entrepreneurs. But, there are still limited studies on measure on entrepreneurial success. However, these parameters are still debatable Genty,

Idris, Wahizat, Wahat, & Kadir, (2015). Previous studies, mention measuring the success of the small business is likely to replicate the fusion of personal characteristics and attributes of the small business owner, which is the entrepreneurs itself together with their reason for starting a business Walker & Brown, (2004). According to Naman & Slevin, (1993) ,argued that there is merit in using the both subjective and objective performances simultaneously. However, business success can be measured by two measurement which financial success and nonfinancial success. Financial criteria are usually considered to be the most suitable measure of business success, but, many small business entrepreneurs are motivated to start a business based on basis of lifestyle or personal factors. Non-financial goals could lead to alternative measures of success, particularly in the small business sector Walker & Brown, (2004). According to Walker & Brown (2004) ,suggested that financial and nonfinancial measures match each other and provided a richer description of actual performance. According to (Solymossy, 1998), success is found to have two distinct dimensions which is economic success and the entrepreneurs satisfaction. For this research, it focuses on entrepreneurs' perspective toward the satisfaction of the homestay business.

3.2 Social Media Marketing

Social media marketing means a system that allowing marketer to connect, cooperate with each other, interact and exploit collective intelligent crowd sourcing for marketing purposes Chikandiwa, Contogiannis, & Jembere, (2013). It allows them to create strong relationship and lasting relationships through marketing communication elements. Social media marketing defined as process that allows individuals to present their own web sites, products or services through online social channels to communicate in large community and to listen to that community. In which is not possible with the traditional advertising channels (Weinberg, 2009). In the fashion industries, marketing communication using social media such as twitter, Facebook and Youtube to promote luxury fashion brands. However ,traditional designer usually provide live broadcasting fashion shows on their blogs such Louis Vuitton Kim & Ko, (2012). This are the gaps need to be investigate, how social media marketing can be useful for homestay business. However, firm that have a well designed website is no necessity means a guarantee of success. Secondly, the condition is that marketing firm and the company back office are in perfect shape and it is up for the jobs (Efthymios, 2014). Literally, Social media is very important because it allow users to immediately obtain and share information. Social media avenues such as Facebook and YouTube, its permits users to share content with friends, and Blogs, which are user created and permits individuals to also share information (Hensel & Deis, 2010). According to (Akar & Topcu, 2011) , Social networks such Facebook, photo sharing site such as flicker , online communities, micro blogging tools such as twitter, newsreader such as Google reader, and video creating and sharing services such as Youtube are example of social media. These platform services help users instantly sent text, images, audio and video without any technical knowledge. The concept of Social Media is top topic for many business executives nowadays. Decision makers, as well as consultants, try to identify ways in which firms can make profitable use of applications such as YouTube, Facebook, and Twitter (Kaplan & Haenlein, 2010).

3.3 The Relationship Between Social Media Marketing and Entrepreneurial Success

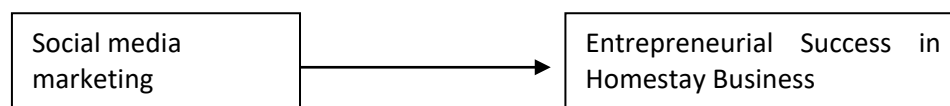
Social media is positively influence customer orientation activities, which it positively brings impact sales performance. Therefore, it give potential power of social media has on sales performance and provided useful managerial implication for the study Rodriguez & Ajjan, (2014). Social media has become widely popular in current marketing mix in general and in promotion mix specifically. Adapting some form of marketing online through social media is vital for all businesses. These have a significant impact on handicrafts and fashion industries where trends are rapidly replaced by new coming. Even though the social media has been a physically powerful and convenient marketing strategy, because of the less awareness and technicality involved in it, most of the businesses are not much aware of the concept or does not give any attention by Samarasinghe, Suwandaarachchi, & Ekanayaka, (2016). Past studies on the relationship between technology and performance has been well conducted and supported. Therefore, to increase the use of technology from the sales perspective, current research has focused on the relationship between technology and sales performance this technology could be using social media to enhance sales performance which lead to business success Rodriguez & Ajjan, (2014). A conceptual paper by (Vlachvei & Notta, 2015) ,indicated that social media can bring benefit for companies performance. First, goals are to bring brand building awareness such as increasing traffic visitor, improved reach, and gain visibility. Secondly, community building or engagement such as recommendations, share, Facebook friends, twitter follower and mention about the business. Lastly, customers services satisfaction such as customer complaints, customization and listening to conversations. However, it is lack on empirical data to justify the result. Another investigation uncovers that SMEs does not utilize the maximum capacity of the new digital tools, such as not getting the advantage of the opportunities they give like the social media. The results also raise the question of whether SMEs have understood the fundamental change in the nature of communication brought about by digitization it is strongly encourage researchers to examine SMEs to measure the benefits from using social media as a two-way communication channel. The deployment of social media in SMEs is challenging as few SMEs are media houses, and in most cases are not capable of creating interesting content on the various platforms available to them like a blog, Facebook or Twitter Taiminen & Karjaluo, (2015). However, previous findings revealed the benefit of using website and social media sites will increase in awareness and inquiries, enhanced relationships with customers, an increase in the number of new customers, enhanced ability to reach customers on international level, and promotion of the local businesses that will improve the image of small businesses, the study explore the role and economic impact in the internet, particularly websites and social media on small businesses. It aims to investigate the benefits available from the use of the internet and social media sites for small businesses that operate in underserved regions Jones, Borgman, & Ulusoy, (2015). Starting with Facebook platform will helps company maximize profit. Numerous growing businesses are making Facebook an important channel to communicate with potential customer and regular customers. Most large and small businesses are using Facebook as part of their marketing strategy. This is how social media marketing help homestay business to be success in the long run business (Indrupati & Henari, 2012).

4. METHODOLOGY

Purposive sampling methods were used in selecting the respondents which consists of homestay entrepreneurs that participate in the homestay program in Sabah, Malaysia. This form of sample is often used in small sample Neuman, (2013). The homestay

entrepreneurs were chosen because they are well known about problem in the homestay industries. The theoretical framework for this study is based resources based view theory (RVB). This theory explains the relationships between social media marketing and entrepreneurial success in the homestay business. Resource-based theory examines the performance differences of organizations based on their resources Peteraf & Barney, (2003). Based on resource based theory, a resource can be defined as anything that could be thought of as strength for an organization. The resources in this study is based on technologies which homestay operators are using the social media platform to do the marketing (A.Miles, 2012). It is a quantitative approach. According to Ministry of tourism of Malaysia , Pelancongan et al., (2017), currently, there are 316 active homestay entrepreneurs that registered in Sabah, Malaysia. All respondents will be selected based on consecutive sampling to avoid biased result. For the purpose of this study, after data collection, it will be analyzed using the statistical package for the social sciences version 23 (SPSS 23) and Smart PLS 3.0. The first step for data collection is to meet up with the homestay coordinators in every district of Sabah, Malaysia. This is to ask permission to give the questionnaire to the homestay entrepreneurs. Finally, the questionnaires were distributed to the respondents for personally administered. The process of distribution and collection of questionnaires will carried out over a period of 3 months.

Table 3: Conceptual Framework



5. IMPLICATION OF THE STUDY

The findings of this study is important for theoretical and practical implication both scholar and practitioner, especially towards the entrepreneurial success of the homestay business in Sabah. The result of the study will help Homestay Program function as a community development tool that manages tourism resources. It also help them to increase their skill using the social media marketing to promote and sales their services. Thus, it also helps the community to improve the local economy and creating job opportunities in rural area In addition, the Unit Peneraju Agenda Bumiputera (TERAJU) is aiming to upgrade the homestay industry in Sabah judging from the potential of economic in improvement the homestay industry in this state. It is to ensure the resilience and sustainability of homestay, particular in Sabah New Sabah Times, (2013). In addition, study had been done on exporting firms actual adoption of social media technology and it expected to have a positive effect on performance Alarcon, Rialp, & Rialp, (2015). The contribution in theory is based on resource based theory (RVB). Based on resources view theory, resource can be defined anything that can be the strength of the organisation. This included skills and knowledge in utilizing the technology of social media platform, for example Facebook, Instagram, Twitter, Blog and Youtube. Additionally, the Malaysian homestay program is marked as the alternative tourism product to domestic and international travellers. Therefore, there are many roles that involved in its policy and development. The key player included Malaysian Homestay association (MHA), tourist association, Institut kemajuan Desa (INFRA) and Sabah homestay association. The finding is to provide a better understanding of the homestay business, which determines the

entrepreneurial success of the homestay business among the homestay entrepreneurs in Sabah, Malaysia.

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