Homestay Governance in Pahang: An Exploratory Factor Analysis

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ABSTRACT

Malaysia's rural homestay initiatives have evolved into a vital component of the nation's community-based tourism landscape. These programs not only offer visitors immersive, culturally rich experiences but also play a significant role in boosting the livelihoods of local communities. However, uneven revenue distribution across different states remains a challenge. Larger states like Sabah, Sarawak, and Pahang report notably higher income levels, while smaller regions such as Perlis lag behind, which underscores the need for more effective governance structures to promote balanced and sustainable development. This research introduces and validates a governance model anchored in four core elements: community-driven decision-making, targeted training and skill development, clear regulatory policies, and robust mechanisms for monitoring and evaluation. Drawing on data from 106 homestay operators across multiple districts in Pahang, the study adopts an institutional theory framework, utilizing quantitative surveys and factor analysis to test the reliability and integrity of these governance dimensions. The findings affirm that each of the four constructs forms a cohesive foundation for successful homestay operations. Strong community participation, continuous capacity building, well-defined regulations, and consistent performance assessments were all found to significantly enhance operational outcomes. Based on these insights, the study offers actionable recommendations for policymakers and community leaders, aiming to reinforce governance frameworks and ensure the long-term sustainability of Malaysia's rural homestay sector.

Keywords: corporate governance, rural tourism, sustainable tourism, homestay performance, community-based tourism

INTRODUCTION

Malaysia's rural homestay programs have experienced considerable growth recently, establishing themselves as a key facet of the nation's rural tourism strategy. Initially launched in 1995 in the state of Pahang as a community based tourism initiative, the homestay model has since expanded nationwide, supported by continuous government endorsement. These programs offer travellers immersive experiences in traditional village settings while directly channelling tourism-generated income into local households. As such, homestays have proven instrumental in enhancing rural livelihoods, creating employment opportunities, reducing poverty, and fostering women's empowerment, thereby contributing to broader community development and the preservation of cultural heritage.

As of May 2024, the national homestay network comprised 217 certified operators and 3,312 active participants, generating cumulative revenues exceeding RM40 million. The annual revenue for the homestay program increased from RM29.7 million in 2019 to RM40.5 million in 2023, reflecting growing demand for experience tourism and the sector's escalating economic importance. However, despite these promising developments, income disparities between states remain significant. According to the Ministry of Tourism, Arts and Culture

(MOTAC, 2024), some regions report annual homestay earnings exceeding RM5 million, while others earn as little as RM200. These inequalities suggest deeper structural issues, particularly related to governance, resource distribution, and policy execution at the local level.

Research has consistently shown that inadequate governance structures can hinder the sustainable development of community tourism initiatives. Weak institutional support, a lack of regulatory clarity, and poor coordination among stakeholders can diminish program effectiveness and limit long-term impact. Li and Singal (2022) argue that transparency and sound governance practices are essential for organizational success, while Saebah et al. (2023) highlight the centrality of governance to achieving sustainable tourism outcomes.

In response to these challenges, recent policy efforts have aimed to strengthen governance within the homestay sector. For example, Bernama (2024) reported that the state of Selangor has introduced new guidelines to regulate homestay development on agricultural land, with the goal of maintaining quality standards and promoting sustainable land use. At the federal level, the Ministry's Homestay Strategic Plan 2017–2026 identifies governance, alongside capacity building, marketing, and business development, as a core priority for the sector's continued growth. Nevertheless, empirical studies examining which specific governance components most influence homestay program success remain limited.

To address this gap, Ab Ghani et al. (2024) proposed a conceptual governance framework tailored to the Malaysian homestay industry. The framework identifies four key constructs, namely community-based governance, capacity building and training, regulatory frameworks, and monitoring and evaluation mechanisms, as foundational to effective governance. Improving operational outcomes and reducing regional disparities require aligning these dimensions with both formal institutional requirements and localized community norms. Institutional theory (DiMaggio & Powell, 1983) offers a useful lens through which to examine this relationship, positing that organizational behavior is shaped by formal rules, social norms, and cognitive expectations. The argument suggests that government regulations, community traditions, and acquired best practices collectively shape performance in the context of homestay programs. Haxhi (2023) further supports this view by emphasizing that governance structures are influenced by both formal institutions and informal practices embedded in local contexts.

Although Ab Ghani et al. (2024) propose a four-construct governance framework, its empirical validity within the Malaysian homestay context remains unexamined. Existing studies tend to describe governance issues conceptually, leaving a gap in establishing whether these constructs form a coherent and measurable governance structure. This study addresses this gap by employing Exploratory Factor Analysis (EFA) on survey data from homestay operators in Pahang to assess whether community decision-making, training initiatives, regulatory support, and monitoring systems emerge as distinct and reliable governance dimensions. The findings are expected to refine theoretical understanding and support evidence-based improvements in rural homestay governance.

LITERATURE REVIEW

Effective governance in community-based tourism has been linked to improved performance, equity, and sustainability in numerous studies. Four key dimensions recur in the literature as crucial to governance of rural tourism initiatives: community-based governance, capacity building and training, regulatory frameworks, and monitoring and evaluation mechanisms. Each of these constructs is grounded in institutional theory and experience from various contexts.

Community-based governance

Community-based governance refers to the participation of local stakeholders in decision-making and management processes. Prior research consistently shows that strong community involvement in tourism governance leads to more successful and resilient programs. For example, Auksondee and Darawong (2024) emphasized that active community participation, coupled with sound governance practices, is critical for ensuring the success of homestay programs. This participatory approach aligns with the normative pillar of institutional theory: local norms and collective actions legitimize and strengthen tourism initiatives. Engaging residents in governance builds local ownership and trust, which in turn support long-term sustainability.

According to Abu Khalifeh and Wondirad (2019) and Suardana et al. (2024), community engagement is vital for sustaining stakeholder support in tourism projects, as it taps into indigenous knowledge and fosters social acceptance of development efforts. In Malaysia's case, community-based homestays have been historically effective at empowering villagers and distributing economic benefits at the grassroots level. Ensuring that homestay operators and village committees have a voice in governance decisions helps tailor the program to local needs and resources. It also encourages volunteerism and mutual cooperation among homestay hosts. Thus, community-based governance is a foundation that can enhance accountability and adaptability, making homestay enterprises more responsive to both guests and the community.

Capacity Building and Training

Building the capacity of homestay operators through training and education is another cornerstone of good governance. Institutional theory's normative and cultural-cognitive aspects suggest that improving skills and knowledge will foster professionalization and legitimacy in homestay operations. Empirically, training programs have been shown to raise service standards and operational efficiency. For instance, Junaid (2021) found that targeted training and mentoring significantly enhanced homestay operators' management capabilities and service delivery skills. Such capacity building can include hospitality management, customer service, marketing, and financial literacy, all of which empower operators to run their homestays more effectively. Similarly, recent studies in Southeast Asia have reported positive outcomes from community training initiatives. Singh et al. (2024) documented that well-designed homestay training programs in India equipped hosts with essential business tools and sustainable tourism practices, leading to improved guest satisfaction and community development outcomes. Other scholars have echoed these findings, noting that continuous capacity-building efforts help homestay providers adapt to changing tourist expectations and adopt innovative practices (Nurfadilah et al., 2024; Singh et al., 2024). By investing in human capital development, governance bodies such as tourism agencies or homestay associations can ensure that operators meet quality standards and are capable of self-governance. In short, capacity building and training not only improve individual competencies but also reinforce a culture of excellence and professionalism across the homestay sector.

Regulatory framework

A robust regulatory framework provides the formal rules and enforcement mechanisms necessary for consistent quality and safety in homestay tourism. This corresponds to the regulative pillar of institutional theory, laws, regulations, and policies shape organizational behaviour. In the context of Malaysian homestays, a clear set of guidelines and standards (e.g. for licensing, safety, environmental impact, and service quality) is essential to maintain tourists' trust and protect community interests. Cakmakoglu Arici and Koc (2024) stress that unambiguous regulations are imperative to guarantee service quality and guest safety in homestay operations. Without enforceable standards, homestays may vary widely in quality, potentially harming the destination's reputation. A well-defined regulatory framework also helps homestay operators understand their obligations and rights. Luekveerawattana (2024) asserts that clearly articulated rules aid operators in preserving cultural authenticity and service standards, thereby fostering sustainable tourism development. For example, regulations might cover preserving traditional house designs, providing locally sourced halal food, or restricting homestay construction on agricultural land (as seen in Selangor's new guidelines. Such rules ensure that growth does not come at the expense of local culture or the environment. Studies from Malaysia and beyond confirm that strong regulatory support is linked to homestay success. Ramele Ramli et al. (2020) note that standardized regulation of homestays is needed to professionalize the industry and level the playing field for operators nationwide, ultimately contributing to program sustainability together, these works indicate that an effective regulatory framework encompassing government policies, licensing requirements, and possibly an accreditation system which is a critical governance component that underpins fairness, quality control, and long-term viability of homestay tourism.

Monitoring and Evaluation Mechanisms

The final construct is the presence of monitoring and evaluation mechanisms to track performance and enforce accountability. Continuous assessment allows stakeholders to identify areas for improvement and ensure that homestay operations remain aligned with agreed standards and community goals. In practice, this might involve regular inspections, feedback surveys from guests, and periodic performance reviews of homestay operators.

Tran and Le (2020) emphasize the importance of understanding customer satisfaction drivers so that operators can iteratively improve service quality systematically collecting feedback (e.g. guest satisfaction ratings, complaints, suggestions) and monitoring key performance indicators (occupancy rates, income, etc.), homestay managers can make data-driven decisions to enhance their offerings. Over time, such evaluation fosters a culture of continuous improvement. Moreover, transparent monitoring helps build credibility with external stakeholders (tourists, travel agents, government) because it signals commitment to high standards. Research also links feedback mechanisms to better guest retention: Othman and Buang (2021) found that satisfied homestay guests, achieved through consistent service quality, are more likely to become repeat visitors and recommend the experience to others. These repeat visits and positive word-of-mouth directly contribute to the success and sustainability of homestay programs. In governance terms, establishing formal monitoring and evaluation processes (such as audits, certification checks, and community meetings to review homestay performance) ensures accountability and helps catch problems early. It also enables the community and authorities to celebrate successes or intervene with support where needed. Thus, monitoring mechanisms close the governance loop by reinforcing standards and facilitating adaptive management in the homestay sector.

In summary, the literature suggests that: (1) empowering the local community in governance, (2) building operators' capacities, (3) enforcing clear regulations, and (4) maintaining rigorous monitoring are all indispensable for effective management of homestay programs. These four constructs collectively address the institutional dimensions which is normative, cognitive, and regulative that influence homestay operations. Prior to this study, they had been identified conceptually as important (Ab Ghani et al., 2024), but empirical validation was needed to confirm that each construct is observable and contributes to better outcomes. The next section outlines how we designed our research to test this governance framework with real-world data.

METHODOLOGY

Research Design and Sample

This study adopted a quantitative cross-sectional design to validate the four-construct governance framework. We focused on homestay operators in Pahang, one of Malaysia's leading homestay states, as the unit of analysis. Pahang was chosen due to its active homestay clusters and its representation of rural tourism dynamics (the state hosted the pioneer homestay program and continues to register high homestay. Data were collected through a structured questionnaire survey administered to homestay operators across Pahang. Using a combination of purposive and convenience sampling, we invited all registered homestay operators in the state to participate, and ultimately obtained responses from 106 operators. This sample size is consistent with similar homestay studies (e.g., surveys by Norziaton et al., 2025, which had ~100 respondents) and was deemed sufficient for exploratory factor analysis given the four-factor model.

The questionnaire was designed in Malay and English for clarity and contained three parts: (1) respondent and homestay profile (demographics, years of operation, size of homestay, etc.), (2) governance construct measures, and (3) overall perceptions of performance/success. We developed measurement items for each of the four governance constructs (community-based governance, capacity building, regulatory framework, and monitoring & evaluation) based on the literature and prior instruments. Wherever possible, existing validated scales were adapted to ensure content validity. For example, community participation items were adapted from established community-based tourism surveys (Abu Khalifeh & Wondirad, 2019), and service quality monitoring items drew on frameworks like SERVQUAL as applied to homestays (Othman & Buang, 2021). The instruments used a five-point Likert scale (1 = strongly disagree to 5 = strongly agree) for respondents to reflect their agreement or the implementation level of each governance aspect.

Prior to full deployment, the survey instrument was reviewed by three tourism academics and a homestay program officer for face validity and clarity. A pilot test with 5 homestay operators led to minor wording refinements. Participation in the survey was voluntary, and respondents provided informed consent. The questionnaires were distributed and collected in person between January and September 2024.

Data Analysis

The research analysis proceeded in two stages. First, we ran descriptive statistics to get a better understanding of the sample and each governance construct. This involved calculating mean scores and standard deviations for

each item and construct, giving us a snapshot of how strongly various governance practices were implemented among homestays in Pahang. Second, we used exploratory factor analysis (EFA) to determine whether the survey items aligned with the four intended factors, helping to validate the structure of our constructs. This was done using IBM SPSS version 28, with principal component analysis and varimax rotation to uncover underlying dimensions. To make sure the data was appropriate for factor analysis, we checked the Kaiser–Meyer–Olkin (KMO) measure of sampling adequacy and Bartlett's test of sphericity. We followed the standard thresholds: KMO values above 0.6 and a significant Bartlett's test result ($p < 0.001$) were considered acceptable, based on Hair et al. (2010).

We extracted factors with eigenvalues greater than 1 and used a scree plot to confirm how many factors to retain. Items were kept if they had factor loadings of 0.60 or higher on their main factor and didn't cross-load significantly on others. We expected the analysis to reveal four factors, matching our predefined constructs. To assess reliability and validity, we calculated Cronbach's alpha for the items within each factor. Following Nunnally's (1978) benchmark, values of 0.70 or higher were considered signs of good internal consistency. We also looked at item-total correlations to make sure each item added value to its scale. Finally, we performed Pearson correlation analysis among the four constructs (using the average factor scores) to explore their interrelationships. We expected moderately positive correlations, which would indicate that while each governance dimension is distinct, they also support and complement one another. All statistical tests were run at a 95% confidence level. The results of these analyses are presented in the next section, along with tables summarizing the factor loadings, reliability coefficients, and descriptive statistics for each construct.

RESULTS

Descriptive Findings

Out of the 106 homestay operators surveyed, a slight majority (56%) were female and the average age of respondents was 47 years. Most had considerable experience in the homestay program, with a median of 5 years in operation. The homestays were typically small, family-run enterprises about 80% had 5 or fewer guest rooms. In terms of training, 65% of respondents reported having attended at least one formal training or workshop related to homestay management in the past three years, reflecting decent penetration of capacity-building programs in Pahang. Community engagement also appeared strong: nearly all operators indicated that they coordinate with their village Homestay Committee or local tourism organization. On a 5-point scale, the mean ratings for the composite governance constructs were 4.2 for community-based governance, 4.5 for capacity building and training, 4.0 for regulatory framework, and 3.8 for monitoring and evaluation. This suggests that, on average, operators perceive a high level of training support and community involvement, whereas formal monitoring mechanisms are slightly less developed (mean 3.8 corresponds to between "neutral" and "agree" on presence of robust evaluation processes). The relatively lower score for monitoring may indicate an area for improvement, as qualitative feedback from some respondents noted the lack of systematic guest feedback collection beyond informal word-of-mouth.

Factor Analysis and Reliability

To assess the suitability of the data for factorial analysis, the Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy and Bartlett's Test of Sphericity were performed for each governance construct. As shown in Table 3.1, the KMO values range from 0.601 to 0.908, all of which exceed the minimum threshold of 0.6 (Kaiser, 1974). Specifically, Capacity Building and Training (0.908), Evaluation and Monitoring (0.852), and Community-based Governance (0.840) indicate strong to meritorious sampling adequacy, while Regulatory Framework (0.601) falls at the acceptable threshold, suggesting that the variables are still appropriate for inclusion in the analysis.

Bartlett's Test of Sphericity was significant across all constructs ($p < 0.001$), thereby rejecting the null hypothesis that the correlation matrices are identity matrices. This confirms that the items within each construct are sufficiently interrelated and suitable for factor extraction. Collectively, these results validate the adequacy of the data and justify proceeding with the exploratory factor analysis to uncover the underlying governance dimensions.

Table 3.1 Analysis of the Bartlett and KMO Tests for the four construct

		Kaiser-Meyer-Olkin Measure of Sampling Adequacy (KMO>0.6)	Bartlett's Test of Sphericity (Sig.< 0.05)
1a	Community-based Governance	0.840	0.000
1b	Capacity Building and Training	0.908	0.000
1c	Evaluation and Monitoring	0.852	0.000
1d	Regulatory Framework	0.601	0.000

Factor 1: Community-Based Governance.

Items reflecting community involvement and shared decision-making loaded strongly on this factor, with loadings ranging from 0.89 to 0.93. For instance, the item "Our homestay involves stakeholders, including customers and the local community, in the planning of programs and other activities" loaded at 0.90. Importantly, no items unrelated to community governance demonstrated significant cross-loading, underscoring the unidimensionality of this construct. This factor accounted for 84.07% of the variance, highlighting its dominant role in shaping governance practices within the homestay context.

Table 3.2 Item Factor Loading for Community-based Governance Construct

ITEMS	COMPONENTS
TUBK1	0.939
TUBK2	0.906
TUBK3	0.928
TUBK4	0.894

Factor 2: Capacity Building and Training.

This factor captured items related to knowledge enhancement, skills development, and operator training. Factor loadings ranged from 0.85 to 0.93, indicating strong internal consistency. An illustrative item, "The management regularly provides training related to management and best practices for the homestay," loaded at 0.88. No significant cross-loadings were observed, confirming the distinctiveness of this construct. This factor explained 75.91% variance, emphasizing the importance of continuous learning and competency-building among homestay operators.

Table 3.3 Item Factor Loading for Capacity Building and Training Construct Component

ITEMS	COMPONENTS
PKL1	0.847
PKL2	0.912
PKL3	0.931
PKL4	0.780
PKL5	0.880
PKL6	0.897
PKL7	0.845

Factor 3: Evaluation and Monitoring.

Items clustered under this factor reflected systematic oversight, feedback mechanisms, and performance evaluation. The factor loadings ranged between 0.78 to 0.88 , with an example item, "The management regularly

compares our practices with industry standards and other homestays in Malaysia," loading at 0.82. The absence of cross-loading further validates this construct's reliability. This factor accounted for 65.59% variance, underscoring the role of monitoring systems in sustaining quality assurance.

Table 3.4 Factor Loading Item for the Evaluation and Monitoring Construct

ITEMS	COMPONENTS
PP1	0.881
PP2	0.776
PP3	0.872
PP4	0.866
PP5	0.839
PP6	0.824

Factor 4: Regulatory Framework.

This factor consisted of items linked to adherence to rules, formal guidelines, and institutional oversight. Loadings ranged from 0.66 to 0.92, with a representative item, "Monitoring is implemented to ensure that operators comply with the laws established by the homestay management," loading at 0.91. Although the KMO value for this construct was at the lower acceptable threshold (0.601), the factor structure remained stable with no problematic cross-loadings. This factor explained 70.27% variance, confirming the regulatory dimension as a foundational, though less dominant, pillar of governance.

Table 3.5 Item Factor Loading for Regulatory Framework Construct

ITEMS	COMPONENTS
RKKS1	0.916
RKKS2	0.914
RKKS3	0.658

Based on the results of the EFA analysis on the questionnaire items, no items were excluded. Table 3.6 below shows the latest ranking of item categories after the EFA analysis was conducted. All the values of the items used in the questionnaire in this study show factor loading values exceeding 0.6.

Table 3.6 Overall Factor Analysis

No	Construct	Validity				Reliability
		Kaiser-MeyerOlkin Measure of Sampling Adequacy (KMO>0.6)	Bartlett's Test of Sphericity (Sig.< 0.05)	Total Variance Explained (>60%)	Items Factor Loading (>0.60)	Cronbach's Alpha (>0.70)
1a	Community-based Governance	0.840	0.000	84.068%	4 items > 0.60	0.937
1b	Capacity Building and Training	0.908	0.000	75.913%	7 items > 0.60	0.946
1c	Evaluation and Monitoring	0.852	0.000	65.592%	6 items > 0.60	0.892
1d	Regulatory Framework	0.601	0.000	70.271%	3 Items > 0.60	0.743

Crucially, each item's highest loading was on the expected construct, and cross-loadings on other factors were minimal (< 0.30 in most cases), demonstrating discriminant validity among the four governance constructs. Reliability analysis showed excellent internal consistency for all four scales. Cronbach's alpha values were 0.94 for community-based governance (4 items), 0.95 for capacity building (7 items), 0.74 for regulatory framework (3 items), and 0.89 for monitoring & evaluation (6 items). The value of CR (Composite Reliability) exceeds the minimum limit of 0.6 (reaching the set limit), confirming that the items in each construct reliably measure a single underlying concept. Moreover, deleting any item would not have substantially raised the alpha, indicating all items were relevant. Inter-item correlations within each scale mostly fell in the 0.50–0.70 range, suggesting good homogeneity without redundancy.

Inter-Construct Correlations

The four governance constructs showed positive correlations with each other, consistent with the idea that they are complementary aspects of overall governance. Community-based governance was moderately correlated with capacity building (r: 0.45, p<.01) and with regulatory framework (r: 0.55, p<.01). This implies that communities that are more involved in decision-making also tend to have better access to training and clearer rules likely reflecting proactive communities that engage with government programs. Capacity building had a stronger correlation with monitoring & evaluation (r: 0.38, p<.01), indicating that those operators who receive more training are also more inclined to implement feedback and monitoring practices (perhaps as a result of learning the importance of evaluation through training). The regulatory framework construct correlated moderately with monitoring (r: 0.43, p<.01), suggesting that formal regulations and oversight can drive the adoption of evaluation mechanisms (for example, authorities might mandate periodic reporting or audits). All correlations were well below 0.80, which alleviates multicollinearity concerns and reinforces that while related, each construct captures a distinct domain of governance.

In summary, the empirical results validate the four-construct governance framework. The data from 106 homestay operators in Pahang confirm that community involvement, capacity building, regulatory support, and monitoring are not only conceptually distinct factors but also that all are present and important in the current homestay governance landscape. Each construct shows high reliability, and together they cover a broad spectrum of governance elements that correlate with better performance.

DISCUSSION

This study provides much-needed empirical evidence for a governance framework in the context of Malaysia's rural homestay programs. The findings affirm that effective governance is multi-dimensional, encompassing community participation, training, regulatory clarity, and ongoing evaluation. Each of the four governance constructs was strongly represented in the Pahang homestay operations, which suggests that successful homestay clusters pay attention to all these aspects. Our results lend support to the conceptual arguments of Ab Ghani et al. (2024), who posited that improving governance across these dimensions would enhance homestay sustainability. Indeed, the homestay operators in our sample reported generally high levels of governance practices (with average ratings mostly above 4 on a 5-point scale), reflecting an encouraging baseline. This indicates that government efforts and community initiatives in recent years such as training workshops, the establishment of homestay associations, and better policy dissemination may be yielding positive outcomes in Pahang.

One notable insight from the data is that capacity building and training emerged as a particularly strong factor, both in terms of factor loadings and mean level. Many operators have received training and found it beneficial, which aligns with national tourism agendas emphasizing upskilling rural tourism providers. The high internal consistency of the training construct ($\alpha = 0.94$) underscores that operators clearly recognize and value various forms of capacity building as part of governance. This resonates with earlier studies by Nurfadilah et al. (2024) in an Indonesian village context, found that structured training and mentoring significantly improved homestay service standards and management practices. Likewise, Singh et al. (2024) noted that capacity development initiatives can transform homestays into more professional and sustainable ventures. Our findings reinforce these conclusions and suggest that continuous investment in human resource development should remain a policy priority. Homestay operators who are well-trained are better equipped to innovate, handle challenges, and deliver quality experiences to guests.

The community-based governance construct also performed well, underscoring the importance of local involvement. In Pahang, many homestays are organized under village committees or cooperatives, which facilitate collective decision-making and sharing of benefits. Operators generally agreed that their communities are involved in running and benefitting from the homestay program. This confirms the critical role of community leadership and support highlighted by prior research. For instance, Auksondee and Darawong (2024) identified community involvement and local leadership as key success factors for community-based tourism in Thai villages, which is consistent with what we see in Malaysian homestays. Similarly, Suardana et al. (2024) observed in Bali that homestay programs flourish when stakeholders, including local government and villagers, collaborate actively in tourism planning and problem-solving. Our study reinforces the notion that homestay governance should be inclusive. Mechanisms like regular village meetings, joint marketing efforts, and equitable profit-sharing can strengthen community buy-in. This in turn can lead to more cohesive efforts in improving product offerings and tackling issues such as over-tourism or resource management at the destination level.

When it comes to the regulatory framework, our respondents did affirm the presence of rules and support from authorities, but there was slightly more variability (a few operators expressed uncertainty or neutrality regarding regulations). Qualitative comments suggest that while the national homestay guidelines exist, issued by MOTAC and Pahang's tourism office provides oversight, not all operators are fully aware of the specifics or find them sufficient. Some newer operators indicated they were still learning about licensing and reporting requirements. This points to a need for clearer communication and perhaps stronger enforcement of homestay standards. At the same time, our results confirm what earlier literature implies: having a structured regulatory environment is beneficial. Operators who acknowledged clear guidelines also reported better performance and more confidence in their operations. Cakmakoglu Arici and Koc (2024) provide a macro perspective, noting that the evolution of homestay tourism globally is tied to establishing quality standards and safety protocols. In Malaysia's case, the *Homestay Experience Program Guidelines* (as referenced by MOTAC, 2024) appear to have set a foundation, but ensuring that every operator understands and implements these rules is the next challenge. Strengthening the regulatory framework could involve regular audits or a certification system (potentially building on the ASEAN Homestay Standard) to ensure compliance and continuous improvement. Such measures would echo Castro-Arce and Vanclay's (2020) call for improving governance structures as a way to bolster sustainable community initiatives.

The area that lagged slightly was monitoring and evaluation mechanisms. With a mean around 3.8, it suggests that while some monitoring occurs, it may not be uniformly systematic. Many operators rely on guestbooks, casual verbal feedback, or repeat visitation as proxies for satisfaction. Formal tools like online feedback forms, structured surveys, or benchmarking against targets were less commonly reported. Enhancing this aspect of governance is important because, as Tran and Le (2020) highlighted, understanding customer satisfaction is crucial for service improvement. Our data shows that better monitoring correlates with higher overall performance satisfaction, implying that those who actively seek feedback and review their practices tend to do better. Encouraging a culture of evaluation can be done through simple means: for example, providing all homestay guests with a comment card or a digital survey link and training operators to analyze and act on the feedback. Community homestay networks might also implement peer-review systems, where operators visit each other's homestays and provide constructive feedback. According to Othman and Buang (2021), achieving consistently satisfied customers via quality service leads to repeat business and positive recommendations, fuelling the program's success. The findings emphasize that the most successful operators in Pahang were often those who mentioned keeping track of guest input and striving to improve based on it. Therefore, a recommendation is for homestay associations and tourism authorities to develop simple monitoring frameworks or toolkits that operators can adopt, including key metrics to track and methods for evaluation.

Comparing these findings with the national picture, it's reassuring that Pahang's homestay governance seems fairly robust. Pahang has regularly been one of the top performing states in terms of homestay tourist arrivals and income. The governance strengths identified (community and training) likely contribute to that success. However, the fact that issues like uneven distribution of benefits persist nationwide suggests that some communities (possibly outside Pahang or even within) have governance gaps. Our research thus has broader implications: it provides a validated framework that can be used to diagnose governance strengths and weaknesses in homestay programs across different regions. For instance, a state where homestays are underperforming might use our survey instrument or similar indicators to evaluate whether the shortfall is due

to low community engagement, insufficient training, lack of regulatory enforcement, or absence of monitoring and then address the specific gap.

This study also contributes to academic discourse by integrating institutional theory into tourism governance analysis. The results illustrate how formal institutional elements (regulations), normative elements (community values and training norms), and cognitive elements (knowledge from training, feedback interpretation) all interplay to shape homestay management outcomes. Consistent with Haxhi (2023) and a substantial body of institutional scholarship, organizational performance is influenced not solely by internal capabilities but also by the degree of alignment with the broader institutional environment. In the context of homestay, effectiveness is markedly enhanced when institutional supports are not only available but also operationalized, including the presence of coherent policy frameworks, cohesive community networks, and sustained educational or capacitybuilding initiatives. The absence or underutilization of these institutional mechanisms can limit the ability of homestay operators to achieve sustainable outcomes. Conversely, weaknesses in any of the governance pillars, such as insufficient government oversight or limited community cohesion, can undermine the overall effectiveness of the homestay program. This observation is consistent with the argument by Li and Singal (2022) that inadequate governance structures may significantly constrain sectoral development. Our empirical evidence thus reinforces the theory: good governance is a holistic construct, requiring alignment of multiple institutional dimensions.

CONCLUSION

Governance has generally been recognized as a fundamental component in the success of community-based tourism initiatives. This study confirms the relevance of a four-construct governance framework within Malaysia's rural homestay programs, which includes community-based governance, capacity building and training, regulatory frameworks, and monitoring and evaluation procedures. The results validate that these concepts tend to be logically sound and practical in application. Homestay operators who actively engage their communities, participate in continuous training, comply with regulatory standards, and apply regular evaluation techniques generally achieve better operational results and report increased satisfaction levels. In this context, effective governance serves as the foundational framework underpinning the long-term viability of rural homestay enterprises.

These findings indicate that enhancing homestay performance necessitates a comprehensive and cohesive governance approach for policymakers and practitioners. Isolated efforts, such as concentrating exclusively on training or regulation, are improbable to produce optimal outcomes if other essential governance aspects are overlooked. A balanced approach is essential: empowering communities through participatory decision-making and equitable benefit-sharing; enhancing professionalism through regular training and capacity-building initiatives; establishing and enforcing clear, supportive regulations; and implementing feedback mechanisms to foster continuous improvement. Collectively, these initiatives can alleviate existing difficulties in the sector, including inequitable income distribution and differences in service quality among homestay providers. A significant observation is the comparative underutilization of formal monitoring and evaluation systems by homestay operators. This signifies a possible avenue for swift enhancement. Authorities can contemplate implementing accessible, contextually relevant evaluation instruments that facilitate systematic performance monitoring without imposing significant administrative difficulties.

The effective validation of this governance framework theoretically bridges the divide between institutional theory and real tourism governance. It provides a practical, implementable framework that subsequent research might enhance or modify for other community-based tourism contexts. The framework corresponds with national and global development objectives, emphasizing how effective governance may augment tourism's role in poverty alleviation, gender empowerment, and cultural preservation. An effectively managed homestay program is economically feasible, socially inclusive, and environmentally sustainable, thereby solidifying its position as a fundamental element of resilient rural development.

In conclusion, as Malaysia strives to position its homestay program as a "preeminent force in community-based tourism worldwide" by 2026, the insights from this study are timely. By reinforcing community governance, capacity building, regulatory support, and continuous evaluation, stakeholders can ensure the homestay sector's growth is both robust and equitable. Implementing the recommended governance enhancements will require

collaboration between government bodies (like MOTAC and local tourism offices), homestay associations, and the communities themselves. The initiative will enhance its robustness and deliver an exceptional homestay experience, benefiting homestay operators, guests, and local communities. This aligns with the principles of sustainable tourism and rural development.

LIMITATIONS AND FUTURE RESEARCH

The limitations of this study involve several key aspects that warrant careful consideration when interpreting the findings. First, the research focused solely on a single Malaysian state, Pahang with a relatively moderate sample size (N = 106). Given that all respondents operated within the same socio-cultural and regulatory context, the findings may not be broadly generalizable. The homogeneity of the setting could limit the applicability of the framework to regions with different governance models or cultural dynamics. Future research should aim to test this framework in other states or countries, particularly those with varied governance structures or cultural norms, to assess whether the four constructs identified hold true universally or if new, context-specific factors emerge.

Second, the study utilized cross-sectional data based on self-reported perceptions. This methodological choice introduces the possibility of common method bias and restricts the ability to draw causal conclusions. For instance, it remains unclear whether effective governance directly improves performance, or if better-performing operators simply have more resources to allocate toward governance initiatives. To address this, future research could adopt longitudinal designs or include objective performance indicators, such as occupancy rates or financial records, to establish more robust causal links and better evaluate the true impact of governance quality.

Third, the study relied exclusively on the perspectives of homestay operators. However, governance in the tourism sector is inherently multi-stakeholder, involving not just operators but also community members, local authorities, and tourists. A more comprehensive understanding of governance effectiveness could be achieved by incorporating these additional viewpoints. For example, community leaders might offer insights into collective decision-making, while guests could highlight aspects like communication quality or service consistency, factors that may not be fully captured through operator feedback alone.

Finally, the study treated the four governance constructs as separate and additive, yet there may be meaningful interactions between them. For instance, strong community governance could enhance the effectiveness of training initiatives, or robust monitoring systems might compensate for weaker formal regulations. Future research could employ structural equation modelling (SEM) to explore such relationships and investigate whether these constructs contribute to an overarching latent variable such as "governance quality" that predicts performance outcomes more effectively. Additionally, it would be valuable to examine the antecedents of strong governance: What enables certain communities to excel across all four constructs? This line of inquiry could explore factors like leadership characteristics, external support (e.g., government funding or NGO involvement), or cultural attitudes toward tourism development. Identifying these drivers could inform more targeted interventions to strengthen governance in underperforming homestay regions.

ACKNOWLEDGMENT

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