SUSTAINABLE ENTREPRENEURSHIP IN TOURISM: EXAMINING THE COMPETENCE PERFORMANCE RELATIONSHIP IN MALAYSIA'S HOMESTAY SECTOR

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Abstract: This research examines the impact of entrepreneurial skills on the sustainable performance of homestay businesses in Terengganu, Malaysia. Despite the recognised significance of entrepreneurial competencies for business success, research on their impact on sustainable performance in homestays remains limited. The research examines how entrepreneurs' skills, knowledge, and attitudes contribute to their sustainable business performance. The research employed a quantitative approach and purposive sampling to analyse 102 completed questionnaires using Partial Least Squares Structural Equation Modelling (PLS-SEM). The results revealed an unexpected outcome: While a positive attitude towards sustainability significantly influenced sustainable performance, entrepreneurial skills and knowledge did not directly impact it. These findings challenge the conventional understanding of entrepreneurial competencies, emphasising the critical role of attitude in driving sustainable performance. The study suggests that technical skills and knowledge are essential. However, they may not directly translate into sustainable performance. Hence, the study underscores the need for further research to explore contextual factors influencing the relationship between competencies and sustainable performance in homestays. These insights have crucial implications for entrepreneurial development programmes and policies in the tourism sector, particularly in fostering sustainable business practices.

Keywords: Sustainable, entrepreneur, competencies, homestay, business performance.

Introduction

The Malaysian tourism industry significantly boosts the nation's economy, contributing the second-highest portion to the national Gross Domestic Product (GDP) (Mohamad & Nasir, 2019). Recognising the potential of diverse tourism experiences, the Ministry of Tourism, Arts and Culture (MOTAC) actively promotes various sectors. This includes voluntourism, agrotourism, and the homestay programme established in the late 1980s (MOTAC, 2021). This focus on homestays aligns with the global shift towards sustainable tourism practices, which prioritise minimising negative environmental and social impacts while maximising long-term benefits for all stakeholders (UNWTO, 2019).

Homestays act as catalysts for rural economic development (Pasanchay & Schott, 2021). Tourist expenditure directly benefits homestay entrepreneurs and provides opportunities for other local businesses to provide food, transportation, and souvenirs. This economic benefit creates a ripple effect, empowering the villagers and communities, and fostering entrepreneurship. In addition, homestays contribute to preserving traditional crafts and skills by providing a platform for local artisans to showcase their work to tourists. Moreover, homestays leverage digital competencies to achieve business performance. Notably, digital skills are now essential (Kanaan, 2018) across

public and private sectors, including security, healthcare, finance, regulation, and hospitality (Javalgi *et al*., 2005). Therefore, the growing dependence on digital business necessitates the development of infrastructure and human resource capabilities (Pandey *et al*., 2020). At the same time, human resource capabilities include digital and entrepreneurial competencies that can help homestay entrepreneurs reach a wider audience, promote unique offerings, and ultimately contribute to economy and sustainability. It can attract potential guests faster and ultimately increase bookings (Xiang & Fesenmaier, 2021). Additionally, entrepreneurial and digital competencies allow entrepreneurs to remain competitive in the dynamic online tourism landscape (Morgan *et al*., 2019).

This study is crucial since the homestay sector's success in Terengganu depends on external factors such as tourist inflow and government policies, as well as significantly on the internal competencies of the entrepreneurs. Thus, by examining the relationship between entrepreneur competence and performance, this research will provide valuable insights into the key drivers of success within the sector. Comprehending this relationship is essential for various reasons. Firstly, enhancing service quality. Competence in service delivery is directly linked to customer satisfaction (Mutalib *et al*., 2019). Suppose entrepreneurs are equipped with the necessary skills and knowledge. In that case, they can offer superior service, which can lead to repeat business and positive word-of-mouth promotion, both critical for the sustainability of homestay businesses (Janjua *et al*., 2023). The findings of this study can inform government and industry stakeholders about the specific competencies that need to be developed through targeted training programmes. This is particularly relevant for initiatives aimed at improving the standards of homestay operations and ensuring that they meet international expectations.

Furthermore, improving the competence of homestay entrepreneurs can lead to better financial performance, contributing to the economic development of rural areas where many homestays are located (Ibrahim *et al*., 2010). This, in turn, supports the broader goals of rural development and poverty alleviation.

There is limited research that directly links entrepreneur competence with business performance in the homestay sector, particularly in the Malaysian context. This study aims to fill this gap by providing empirical evidence on how various aspects of competence impact the overall performance of homestay entrepreneurs.

Literature Review
Digital Marketing

The advancement of technology and the surge of digitalisation like Artificial Intelligence (AI), big data, and the Internet of Things have shifted the competitive environment of all industries (Jafari-Sadeghi *et al*., 2023). Such advancement of digital technology is increasingly being observed among firms, including the hospitality and tourism industry (Buhalis *et al*., 2019). Digital technology enables homestay entrepreneurs to access new markets, increase efficiency through automation, and improve customer experience with digital tools. This includes online ordering systems or chatbots, reducing costs by streamlining processes and operations, create more personalised products for customers using data analytics technologies like machine learning algorithms (Jafari-Sadeghi *et al*., 2023).

Digital technology allows homestay entrepreneurs to develop innovative products or services that could potentially disrupt their industry sector (Battistoni *et al*., 2023). As homestay entrepreneurs face fierce and cutthroat market competition, digital technology has emerged as a new strategy for businesses to obtain competitive advantages (Chen *et al*., 2021). This is attributed to the fact that micro and small enterprises have benefited from developing digital technologies (Reuschke & Mason, 2022). Digital technologies do, in fact, assist firms in forging closer ties with customers in order to better understand their unique demands and cater to them with ergonomically

designed goods and services (Le-Dain *et al*., 2023). Notably, numerous firms have applied digital technology, which has had a favourable impact on their productivity and business performance, elevating their supremacy (Sundaram *et al*., 2020). As for the homestay entrepreneurs, the success of digital technology will provide the prospect for innovation and entrepreneurship to expand the scope of value creation for their businesses (Nambisan *et al*., 2019; Monllor & Soto-Simeone, 2020).

Digital technology is commonly applied in marketing activities to gather customer information and reach customers more impactfully. The significant growth of digital marketing and its broad uses have necessitated the adaptation of tools and skills (Korgaonkar & Smith, 2015). For homestay entrepreneurs, digital marketing is used mainly to increase sales and connect with customers. Other advantages include cost reduction, faster customer reach, time and money savings, message accuracy, and not being bound by time zones and cross-border constraints. Accordingly, these benefits have led many firms to start using digital technology for marketing activities, as well as for other activities.

Sustainable Business Performance

Sustainability has become a strategic imperative for businesses across the globe. It extends to all societies and nations and integrates environmental, social, and economic dimensions (Tura *et al*., 2019). Many industries have increasingly used sustainability frameworks (Higgins-Desbiolles, 2018) to measure performance. This includes the hospitality and tourism sector, which adopted the "triple bottom line" concept, integrating environmental, social, and economic dimensions, emphasising the need for sustainable business practices (Agyeiwaah, 2019). This focus is demonstrably linked to positive performance and long-term business growth (Alshebami & Seraj, 2022). Furthermore, achieving sustainable business performance requires cultivating specific skills and qualities that demonstrably influence organisational success (Seraj *et al*., 2022).

Hence, sustainable business performance relates to competencies (Kozlinska *et al*., 2020). In particular, entrepreneurs with a strong social focus are well-positioned to lead the charge toward implementing sustainable practices (Volkmann *et al*., 2021). These individuals actively engage with stakeholders, including authorities, communities, and the general public to advocate for changes in laws and social norms that promote sustainability (Audretsch *et al*., 2023). Moreover, the depth of an entrepreneur's understanding and competencies determines the success and sustainability of their enterprises (Peng *et al*., 2022).

Entrepreneurial Competencies

Entrepreneurial competencies are described as a higher-level quality that includes personality characteristics, abilities, and knowledge and are viewed as the entrepreneur's overall capacity to do a task successfully (Nugraha *et al*., 2023). Studies suggest that organisations lacking entrepreneurial competencies may experience performance issues (Rehman *et al*., 2023). Conversely, the study by Yong *et al*. (2021) stated that studies assessing entrepreneurial competencies for successful homestays are scarce. It is noted that the success of a business depends heavily on entrepreneurial competencies, which are perceived as a valuable resource (Rehman *et al*., 2023).

Therefore, it is essential for this study to explore the competencies of entrepreneurs and their impact on their businesses (Mohamad & Nasir, 2019). At the same time, Fazal *et al*. (2022) noted that entrepreneurial competencies support the development of enterprises' activities in the study that focussed on competency and micro-enterprise. For example, performance can be improved when the owners and workers of small and micro firms develop specific knowledge, abilities, and entrepreneurial attributes to conduct their company operations (Nabiswa & Mukwa, 2017). Nevertheless, these competencies may be applied to provide businesses with a long-lasting competitive edge (Fazal *et al*., 2022).

This study is critical considering the limited studies focusing on entrepreneurial competencies among homestay entrepreneurs, specifically in Terengganu, Malaysia. The research conducted by Yong *et al*. (2021) used two constructs of entrepreneurial competencies for homestay entrepreneurs: Skills and knowledge that are related to managerial and technical competencies. In comparison, this study has three constructs: Skills, knowledge, and attitude. These variables are used in this study to assess the competencies of entrepreneurs. In addition, previous research has incorporated the additional variable of "attitude" to enhance the understanding of entrepreneurial traits and their impact on firm performance (Kozlinska *et al*., 2020; Sobaih & Elshaer, 2022). Attitude, which represents a person's positive or negative evaluation of a particular behaviour, serves as a key determinant in decision-making (Song & Jo, 2023). Hence, attitude is recognised as a key competency that influences the sustainability of businesses (Diepolder *et al*., 2021).

According to the research by Barazandeh *et al*. (2015), the direct correlation between entrepreneurial competencies and business performance underscores the necessity for entrepreneurs to prioritise skill development as a fundamental driver of success. Additionally, the findings of Abdelwahed and Alshaikhmubarak (2023) acknowledged that entrepreneurial competencies foster business innovation and long-term success. It is viewed to ultimately boost sustainable business performance (Seraj *et al*., 2022).

In the homestay industry, entrepreneurial competencies serve as key drivers of business success and longevity. These competencies include diverse skills, knowledge, and attitudes indispensable for a thriving homestay. The following details the competencies related.

Skills

Skill refers to the ability to provide excellent service and address guest needs effectively (Nor & Awang, 2021). This involves communication, problem-solving, and conflict resolution. This also includes proficiency in promoting the homestay via different platforms, including social media, online travel platforms, and local networks. Hence, understanding how to create compelling listings and attract guests is key. Ability to manage budgets, track expenses, set competitive pricing, and manage transactions. This includes basic accounting, financial planning, and competency in managing day-to-day operations such as housekeeping, maintenance, and ensuring a comfortable stay for guests. Efficiently overseeing bookings and reservations is also crucial (Taimenas *et al*., 2019). For cultural sensitivity, homestay entrepreneurs need to understand and respect the cultural backgrounds of guests. This includes being aware of different customs, dietary restrictions, and preferences. Therefore, the achievement of an entrepreneur is affected by his skills, which can also indirectly influence sustainable business performance. Hence, the hypothesis is as follows:

H_1: Skills have a significant relationship with sustainable business performance.

Knowledge

In this study's context, knowledge refers to in-depth information on the local culture, traditions, and attractions to offer guests a rich and authentic experience. This can include historical sites, local festivals, and traditional activities. Furthermore, knowledge of industry standards and best practices in hospitality, including health and safety regulations, hygiene standards, and guest experience enhancements is fundamental (Man & Lau, 2005). In addition, understanding the needs of travellers and adapting to changes in consumer preferences are crucial for entrepreneurial success. Moreover, homestay entrepreneurs must be familiar with local laws and regulations related to homestay operations, including licensing, insurance, and compliance with tourism standards (Frey & Ruppert, 2013). Thus, the hypothesis that can be formulated is:

H_2: Knowledge has a significant relationship with sustainable business performance.

Attitude

Attitude in this study is characterised by proactive and innovative behaviour, a willingness to take calculated risks, and exploring innovative ideas to drive business growth and competitiveness. It also encompasses adjusting to unforeseen challenges such as unexpected guest requests or evolving market dynamics. Thus, homestay entrepreneurs are recommended to have a genuine desire to provide the best facilities to the customers by demonstrating empathy, being approachable, and ensuring a memorable stay.

Furthermore, dedication to maintaining high standards of cleanliness, comfort, and overall guest experience is also significant. This requires dedication to hard work and careful precision. Additionally, the capacity to face challenges and setbacks, such as fluctuating occupancy rates or unexpected issues, with a positive attitude and determination to overcome obstacles may lead to sustainable business performance (Kyndt & Baert, 2015). Hence, the discussion leads to the formulation of the following hypothesis:

H_3: Attitudes have a significant relationship with sustainable business performance.

Methodology

This study used a quantitative research approach, using a structured survey questionnaire to investigate the relationship between digital marketing competencies and sustainable business performance (Figure 1). The selection criteria considered the state of Terengganu for the location and the subject refers to the entrepreneurs offering homestay services. Terengganu is a state strategically located on the east coast of Peninsular Malaysia. It is an attractive tourist spot and has ongoing tourism promotion efforts (Rahman *et al*., 2020). The homestay entrepreneurs in Terengganu included those registered under the MOTAC and those not registered but actively operating their homestays.

A total of 106 questionnaires were collected using purposive and convenience sampling methods, with two sets being incomplete, resulting in 104 valid responses. Two other sets of questionnaires had to be removed due to outliers. With that, a total of 102 completed questionnaires were deemed suitable for analysis. The questionnaire was divided into two sections. The first section collected demographic information while the second section focused on measuring key competencies, namely skills, knowledge, and attitude and their impact on sustainable business performance.

The questions were adapted from Jarvinen's evaluation of digital marketing performance (Järvinen *et al*., 2012). Accordingly, the questions were presented using a five-point Likert scale ranging from 1 (strongly disagree) to 5 (strongly agree) and the statistical software Statistical Package for Social Science (SPSS) 23.0 was used for data analysis. Continuously, the Partial Least Squares Structural Equation Modelling (PLS-SEM) analysis proceeded using a two-stage approach. The first stage assessed the measuring model's reliability and validity of the constructs, and the second assessed the hypothesised relationships among constructs in the structural model (Hair *et al*., 2017).
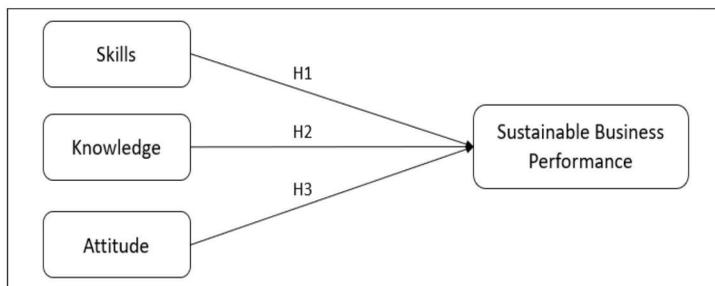

Figure 1: Research framework

Results and Discussion

Demographic Characteristics of Respondents

This section provides a comprehensive analysis of the collected data and its outcome (Table 1). More than half of the respondents were female entrepreneurs (56.9%) while 43.1% were male entrepreneurs. Most of the entrepreneurs were more than 46 years old (56.04%), followed by the age of 36 to 45 years old and 26 to 35 years old (21%), and lastly, less than 25 years old (1.96%). As for educational level, most of the entrepreneurs had high school qualifications (44.1%), a college diploma (33.4%), a university degree (19.6%), and a

postgraduate certificate (2.9%). In terms of homestay business experience, most of them are still new in the field, having less than three years of experience (58.8%), four to nine years of experience (18.6%), and more than 10 years of experience (22.6%). Interestingly, 66.7% of the entrepreneurs are not from families of business backgrounds. The location of the homestays is all over the state of Terengganu; 38.2% are in the district of Kuala Nerus, 25.5% in Besut, 16.7% in Kuala Terengganu, 10.8% in Dungun, 7.8% in Setiu, and 1.0% in Marang. These homestays

Table 1: Demographic profile of respondents

Profile	Category	Frequencies	Percentage (%)
Gender	Male	44	43.1
	Female	58	56.9
Age	Less than 25 years old	2	1.96
	26 to 35 years old	21	21.0
	36 to 45 years old	21	21.0
	46 years old	58	56.04
Educational level	SPM	45	44.1
	Diploma	34	33.4
	Degree	20	19.6
	Postgraduate	3	2.9
Business experience (homestay)	Less than three years	60	58.8
	Four to nine years	19	18.6
	Above 10 years	23	22.6
Come from a business family	Yes	34	33.3
	No	68	66.7
Tourist nationality	Local	74	72.5
	Foreigner	8	7.8
	Both	20	19.7
Homestay location	Besut	26	25.5
	Dungun	11	10.8
	Kuala Nerus	39	38.2
	Kuala Terengganu	17	16.7
	Marang	1	1.0
	Setiu	8	7.8
Homestay rooms	One	55	54.0
	Two	7	6.9
	Three	24	23.5
	More than three	16	15.6
Registered under MOTAC	Yes	59	57.8
	No	43	42.2

mostly have one room (54%), two rooms (6.9%), three rooms (23.5%), and more than three rooms (15.6%). Finally, 57.8% of the respondents are entrepreneurs registered with MOTAC.

Evaluation of the Measurement Model

This study has adhered to the recommendations of Anderson and Gerbing (1988) by evaluating the model using a two-step approach. Following guidelines from Ramayah *et al.* (2018) and Hair *et al.* (2019), this study first assessed the instruments' validity and reliability. Subsequently, it evaluated the structural model to test the developed hypotheses. Consequently, the study assessed the loadings, Average Variance Extracted (AVE) and Composite Reliability (CR). For valid measurements, factor loadings should meet or exceed 0.5, AVE should be at least 0.5, and CR should be 0.7 or higher. Table 2 demonstrates that all AVEs surpass 0.5 and all CRs exceed 0.7. Notably, most factor loadings were satisfactory, with only two falling

below the stricter 0.708 threshold suggested by Hair *et al.* (2019). Table 3 summarises the discriminant validity of the measurement scale. Concerning the standard revealed by Fornell and Larcker (1981), the AVE value is square-rooted and testified against the inter-correlation of the construct with other constructs in the research model. Note that the square root of the AVE for each construct must be greater than its correlations with other constructs (Chin, 2010).

The subsequent data analysis phase employed the PLS-SEM technique to validate the proposed hypotheses. PLS-SEM was preferred for its flexibility, as it accommodates non-normal data distributions, small sample sizes, reflective constructs, and does not require extensive theoretical underpinnings of the tested model (Hair *et al.*, 2014). The hypotheses, derived from the identified research problems and questions were evaluated for their significance through Structural Equation Modelling (SEM).

Table 2: Measurement model

Construct	Items	Loadings	CR	AVE
Skills	S1	0.891		
	S2	0.922		
	S3	0.860	0.921	0.702
	S4	0.806		
	S5	0.691		
Knowledge	K1	0.847		
	K2	0.829		
	K3	0.722	0.915	0.643
	K4	0.767		
	K5	0.771		
	K6	0.864		
Attitude	A1	0.906		
	A2	0.843	0.908	0.766
	A4	0.877		
Sustainable business performance	SPB1	0.88		
	SPB2	0.944	0.960	0.857
	SPB3	0.965		
	SPB4	0.913		

Note: Item A3 was deleted due to low loadings.

Table 3: Discriminant validity of constructs

	1	2	3	4
Attitude	0.875			
Knowledge	0.453	0.802		
Skills	0.390	0.743	0.838	
Sustainable business performance	0.615	0.226	0.161	0.926

Note: The diagonal values represent the square root of the Average Variance Extracted (AVE) while the off-diagonal entries indicate the correlations.

H_1 : There is a significant relationship between skills and sustainable business performance.

H_2 : There is a significant relationship between knowledge and sustainable business performance.

H_3 : There is a significant relationship between attitude and sustainable business performance.

Discussions

The research findings were analysed by assessing both the reflective measurement model and the structural model, alongside hypothesis testing. To verify the quality of the reflective measurement model, this study tested several key properties: The coherence of items within each scale, the reliability of individual measures, the alignment of related items, and the distinctiveness between different constructs. In evaluating internal consistency, this study employed Cronbach's Alpha, which, as Hair *et al*. (2016) highlighted, operates under the assumption that all indicators share equal reliability. Since Cronbach's Alpha can be affected by scale length and often provides lower estimates of internal reliability than warranted,

this study utilised CR instead to obtain a more accurate assessment of the consistency of the measurement model. Cronbach's Alpha value for this survey is provided in Table 4, which presents the data and results of the study as highly reliable.

The standardised item-to-factor loadings ranged between 0.5 and 0.9, indicating good loadings. Thus, CR is used in this research as a measure of internal consistency, as summarised in Table 4:

i. The CR values of latent variables are above 0.7 and below 0.9. Hence, it can be concluded that the measurement model does not exhibit a lack of internal consistency reliability.

ii. The values of AVE are above the threshold value of 0.5. This suggests that each construct accounts for over half of the variance in its indicators.

iii. The reflective measurement model exhibits adequate convergent validity.

iv. Analysis of individual indicator CR revealed that all indicator outer loadings exceeded the recommended threshold of 0.7.

Table 4: Reliability test

Variables	Cronbach's Alpha	Composite Reliability (CR)	Average Variance Extracted (AVE)
Skills	0.900	0.820	0.699
Knowledge	0.902	0.815	0.643
Attitude	0.964	0.853	0.604
Sustainable business performance	0.943	0.860	0.856

To establish discriminant validity in the reflective measurement model, this study applied two standard criteria: The Fornell-Larcker criterion and cross-loadings (Fornell & Larcker, 1981). The items this study measured demonstrated good discriminant validity, as each measure demonstrated a stronger connection to its intended construct than to any other constructs in the model. In addition, the Fornell-Larcker criterion revealed that the square root of each construct's AVE surpassed its correlations with other constructs (Table 5). These results indicate that each construct shares more variance with its indicators than with other constructs. Therefore, this study concludes that the reflective measurement model demonstrates adequate discriminant validity.

As indicated in Table 6, collinearity was evaluated to assess the structural model. The Variance Inflation Factor (VIF) values for the structural model were all below 5.00, indicating no multicollinearity issues and reliable results for the structural model (Hair *et al*., 2014). As presented in Table 6, the VIF values of the predictor constructs fell below the threshold of

Table 5: Discriminant validity (Fornell-Lacker criterion)

Variables	Attitude	Sustainable_Business Performance	Knowledge	Skills
Skills	**0.777**	-	-	-
Knowledge	0.582	**0.925**	-	-
Attitude	0.436	0.223	**0.802**	-
Sustainable business performance	0.351	0.158	0.738	**0.836**

Table 6: Collinearity assessment (VIF)

Constructs	VIF
A1	2.889
A2	2.615
A3	1.173
A4	1.830
K1	2.646
K2	2.774
K3	3.781
K4	4.830
K5	2.778
K6	2.281
S1	4.532
S2	4.405
S3	3.714
S4	2.949
S5	2.313
SPB1	2.877
SPB2	7.103
SPB3	9.252
SPB4	3.487

five, confirming the absence of multicollinearity problems in the model.

The path coefficients, which represent the hypothesised relationships between the constructs are presented in Figure 2 and Table 7.

Figure 2 displays the PLS-SEM structural model results for sustainable business performance results in a value of 0.341, which indicates that 34.1% of the variance in sustainability business performance is explained by the three constructs of skills, knowledge, and attitude. The PLS results in Table 4 suggest a significant positive relationship between attitude and sustainable business performance. Overall, only H1 of the study was supported from the perspectives of the homestay owners, indicating that the higher the values from attitude, the higher the performance to sustain the business. However, H2 and H3 were not supported from the perspective of the homestay owner. Table 4 below indicates an insignificant or negative relationship between skills and sustainable performance. Moreover, Table 4 indicates an insignificant relationship between knowledge and sustainable business performance.
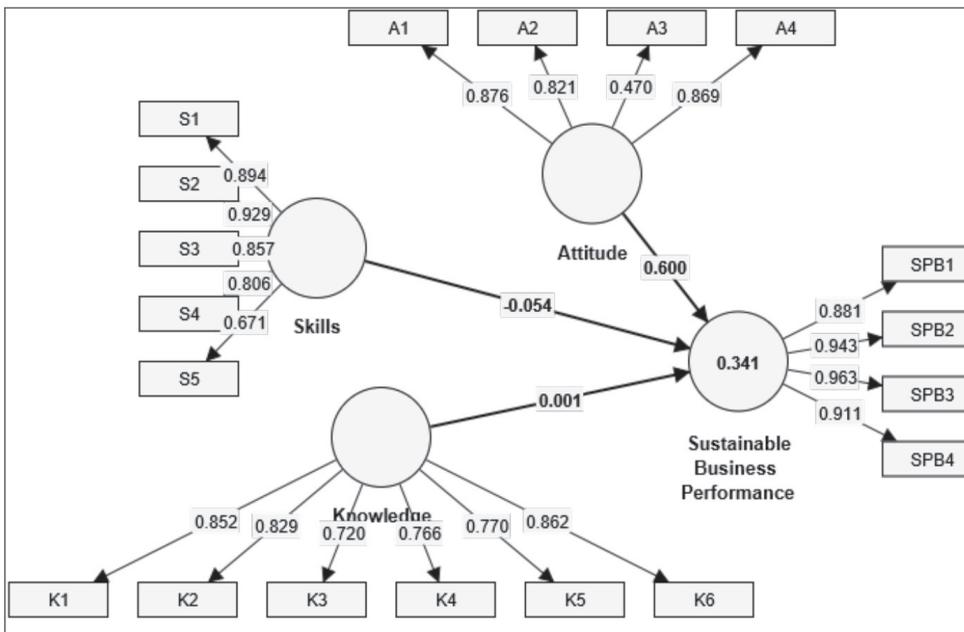

Figure 2: PLS-SEM framework for sustainable business performance

Table 7: Path coefficients and statistical significance

Hypothesis	Relationship	Path Coefficient	Standard Deviation (STDEV)	Statistics	Values	R^2	Decision
H_1	Skills ← Sustainable _business performance	-0.054	0.134	0.399	0.69		Insignificant
H_2	Knowledge ← Sustainable _business performance	0.001	0.132	0.007	0.994		Insignificant
H_3	Attitude ← Sustainable _business performance	0.6	0.096	6.228	0.00	0.341	Significant

The results of the first two hypotheses revealed no significant relationships between skill and sustainable business performance, nor between knowledge and sustainable business performance. This finding contradicts existing research which highlights the positive influence of both skills and knowledge on performance outcomes (Bala & Verma, 2018; Al Mamun *et al*., 2019; Razak *et al*., 2020; Sundaram *et al*., 2020; Etik *et al*., 2021; Olson *et al*., 2021). The researchers posit several potential explanations for this unexpected outcome. One possibility is that the specific skills and knowledge measured may not be the most relevant for achieving sustainable business performance within the context of homestays in Terengganu. Another possibility is that the influence of skills and knowledge might be moderated by other factors not considered in this study. To fully understand the results, the researchers acknowledge the importance of considering the specific context of Terengganu's homestay sector. This includes exploring how factors like access to training and educational resources might influence skill and knowledge development among homestay entrepreneurs. Thus, these findings present a valuable avenue for future research to investigate how educational initiatives and skill development programmes can be customised to meet the specific needs of the homestay sector in Terengganu.

The study's third hypothesis, examining the relationship between attitude and sustainable performance, yielded a significant positive correlation. This finding aligns with the notion that a positive attitude toward sustainable performance can drive businesses to adopt sustainable practices. Interestingly, the stronger influence of attitude compared to skills and knowledge suggests the significance of fostering a sustainability mindset among homestay entrepreneurs in Terengganu. However, further research is required to determine how attitude translates into sustainable business performance in this context.

Conclusions

In conclusion, this study on the competence and performance relationship in Malaysia's homestay sector is critical for understanding the factors that drive success in this rapidly growing industry. This research has highlighted the significant role that entrepreneur competence plays in enhancing quality, goodwill, and overall business productivity and success. Thus, by addressing the underexplored dimension in the field, this research has provided valuable insights that can inform policy and practice.

This study challenges conventional wisdom regarding the role of entrepreneurial competencies in driving sustainable performance within the homestay sector. While prior research has emphasised the significance of skills and knowledge, this study's findings in the Terengganu context reveal a more complex and intricate reality. Notably, a positive attitude towards sustainability emerges as a pivotal factor in achieving long-term success. This underscores the need for a paradigm shift in entrepreneurial development programmes, prioritising cultivating a sustainability mindset over mere skill acquisition. Accordingly, this study's findings suggest that while skills and knowledge undoubtedly contribute to business performance, their impact is contingent upon broader contextual factors.

This study suggests that targeted training initiatives and skill development endeavours are essential for improving the competencies of homestay entrepreneurs. This results in improved financial outcomes and contributes to the economic development of rural areas in Malaysia, especially in Terengganu (I. Junaid, 2021). Furthermore, the study has demonstrated that improving entrepreneur competence provides advantages to individual businesses and supports the broader goals of rural development and the sustainability of the homestay sector as a whole.

Overall, this research enhances comprehension of the internal factors affecting the performance of homestay businesses

and offers practical recommendations for stakeholders aiming to enhance the competitiveness and quality of Malaysia's homestay offerings. Hence, a continued focus on developing entrepreneurial competencies will be key to ensuring the sustained success and development of the homestay sector in Malaysia.

Future studies could examine specific dimensions of competence such as entrepreneurial skills, digital literacy, or cultural competency and their individual impact on performance. This would allow for more targeted recommendations for skills development in the homestay sector. Investigating the relationship between entrepreneur competence and customer satisfaction or loyalty could provide a more customer-centric perspective. Therefore, understanding how customers perceive the competencies of homestay entrepreneurs and how this influences their overall experience could be valuable for enhancing service quality.

Additionally, incorporating qualitative approaches, such as interviews or case studies, in future research could provide richer insights into the experiences and challenges encountered by homestay entrepreneurs. This approach could uncover nuanced insights that quantitative methods may overlook. Accordingly, by addressing these areas, future research can further enrich the insight into the elements that drive the success of homestay businesses and support the continued growth and sustainability of this vital sector in Malaysia and other countries.

While the significant impact of digital marketing in the homestay industry is acknowledged, there is an absence of research examining the intricate connection between digital marketing-related entrepreneurial competencies and sustainable business performance. Nevertheless, to fully comprehend the effect of digital marketing on homestay sustainability, future studies should investigate the interplay of homestay entrepreneurs' digital marketing proficiencies, expertise, and perspectives.

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Conflict of Interest Statement

The authors declare that they have no conflict of interest.

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