

Leadership and business performance: A study of homestay entrepreneurs in Sabah Malaysia

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Abstract

Purpose: This paper investigated the leadership impact on the income performance of homestay entrepreneurship.

Design/methodology/approach: A mixed qualitative and quantitative (QUAL→quan) methodology. The performance of leadership was analysed based on the Full-Range leadership theory (FRLT) and the Managerial Grid Leadership Model.

Findings: Qualitative studies revealed entrepreneurs regarded themselves as leaders carrying out their duties in homestay coordination with a preference for a mix of transformational and transactional leadership styles. The quantitative survey showed positive and intense relationships between transformational and transactional leadership styles and business performance. The transformational leadership style is significantly more related to a business's non-financial performance, while the transactional leadership style is more related to a business's financial performance than the passive-avoidant or non-transactional, laissez-faire leadership.

Research limitations/implications: The study focused on applying a local dialect to secure a working relationship with the villagers to gain their trust in responding to the research. A direct approach to the officers in charge of the homestay development program, leaders who are the coordinators, and entrepreneurs running the business.

Practical implications: More than half of Sabah homestay business's performances are not meeting the minimum Malaysian Household annual income of RM70,000 according to the Population and Housing Census Malaysia (2019) making it, a critical study towards a more sustainable future.

Originality/value: A mixed-method philosophy of 'pragmatism', allowed a paradigm that philosophically embraces the use of phases using a (QUAL→quan) sequential exploratory design contribution to a body of knowledge identifying the importance of 'leadership capability building for the policymakers.

Keywords: Homestay business, homestay entrepreneur, leadership style, business performance.

Introduction

Homestay programmes in Sabah have grown over the last decade under various government's initiatives. Nevertheless, the performance of the homestay businesses in Sabah, as reported by the Ministry of Tourism Arts and Culture (MOTAC) shows that most homestay entrepreneurs are performing low annual income. It is of outmost importance to understand the reason for the uneven pattern of income of all homestay villages in Sabah despite the similar support they received for homestay development. This research aimed to investigate the homestay entrepreneurs in Sabah in terms of their perception of the leadership style and the influence on homestay business's performance. With the identified issues on low business's performance, which are below the standard of the monthly average Malaysian household income, and there are no current standards of expectation of a leadership style, it is significant to study the basic leadership styles (transformational and transactional), which may be a factor that could influence the performance of the homestay business in Sabah. A dedication, especially to the overall history, foundation, and status of Sabah's homestay industry within the rural tourism with the primary data from the study with the Government Homestay Development Agencies (HSDAs) in Sabah. This study presented a comprehensive overview of Sabah's homestays' business sector, the history and foundation of Sabah's homestay entrepreneurship, the business's performance, and finally, the leadership and its impact on the homestay business's performance.

This study identified managerial issues of homestay business, which are not from the literature reviews, nor results of the qualitative and quantitative study but direct source from the perspective of the HSDAs responsible for the development of homestay businesses. The initial background study has been achieved to understand homestay businesses and business's performance in Sabah from the reports provided by the HSDAs. This study provides insights on the emerging issues regarding the business's performance of the homestay businesses in Sabah, focusing on the leadership of the homestay entrepreneur leader, which then sheds light on the need for conducting in-depth interviews with the homestay entrepreneur leader to understand further the leadership and business's performance of their homestay businesses. In conclusion, the initial background study highlighted that leadership is one of the essential factors in managing a homestay business towards performance. Leadership's impacts on business's performance are in line with previous research, which suggested a person's capability to lead an enterprise and possession of specific leadership, behaviour might influence enterprise performance. This study adopts and adapts Bass and Avolio's Full Range Leadership model (FRLM) to identify, evaluate, develop, and relate transactional and transformational leadership styles.

In Sabah, the Malaysian homestay businesses was first introduced in 1999 under homestay registration with MOTAC. The pioneers were: (i) homestay Miso Walai in Kinabatangan, (ii) homestay Misompuru in Kudat, (iii) homestay Kuposizon in Papar and (iv) homestay Tambunan Village in Tambunan (SHA, 2018). Table 1. illustrates 30 homestays registered under the MOTAC's Malaysian homestay businesses.

Table 1: Ministry of Tourism, Arts, and Culture (MOTAC) 's Registered Homestay Entrepreneurs in Sabah 2020

SN	HSD District	District	Name Village / Homestay Sabah	HSE	Rooms	Tourist Arrivals			Income
						Domestic	International	Total Arrivals	Total RM
1		Beaufort	KG Suasa	10	20	6,981	20	7,001	60,768.10
2	2	Beaufort	Kota Klias	11	25	145	25	170	10,250.00
3	1	Inanam	Desa Cinta Kobuni	14	20	542	106	648	60,025.00
4		Kinabatangan	Miso Walai	19	31	2,176	1,946	4,122	1,284,726.20
5		Kinabatangan	Moido Walai Toko Kg Abai	4	7	161	442	603	91,959.70
6		Kinabatangan	Seratu Balai Gabpi	11	23	90	102	192	46,820.00
7	4	Kinabatangan	Balai Kito	12	22	27	140	167	38,191.00
8		Kota Belud	Taun Gusi	10	24	2,228	78	2,306	117,139.05
9		Kota Belud	Tanak Nabalu	8	12	79	488	567	81,126.00
10		Kota Belud	Melangkap	9	22	762	4	766	59,070.00
11		Kota Belud	KG Padang Pulau	14	28	424	63	487	55,825.00
12		Kota Belud	Napungguk	10	10	237	2	239	35,750.00
13		Kota Belud	Guas Nabalu	10	10	248	137	385	30,584.00
14		Kota Belud	Taginambur	11	15	381	-	381	23,165
15	8	Kota Belud	Aki Nabalu	11	27	127	-	127	3,105.00
16	1	Kota Marudu	Marudu Bay	10	10	730	35	765	34,640.50
17	1	Kuala Penyu	Borneo Kuala Penyu	10	13	125	27	152	31,723.00
18	1	Kudat	Misompuru	34	68	17,165	3,911	21,076	2,233,792.00
19		Kundasang Ranau	Mesilou Atamis	10	10	37,324	684	38,008	1,358,061.38
20	2	Kundasang Ranau	Walai Tokou	14	40	2,825	442	3,267	609,633.20
21		Lahad Datu	Dagat	4	9	6	9	15	8,704.50
22	2	Lahad Datu	Felda Sahabat	12	39	5	-	5	200.00
23		Papar	Seri Serbang	17	26	8,190	47,093	55,283	1,653,095.50
24	2	Papar	Koposizon	20	41	70	180	250	60,325.00
25	1	Penampang	Penampang Village	18	32	766	27	793	35,660.00
26	1	Spitang	Long Pa Sia	15	28	26	4	30	5,420.00
27		Tambunan	Sunsuron	10	10	255	26	281	12,222.00
28	2	Tambunan	Tambunan Village	10	19	48	-	48	1,970.00
28		Tuaran	Mitabang	12	22	534	4	538	27,040.00
30	2	Tuaran	Pukak	8	15	-	-	-	-
30		TOTAL		368	678	82,677.00	55,995.00	138,672.00	8,070,991.13

Source : MOTAC (2020); KePKAS (2020).

Homestay development in Sabah received much attention from the government particularly in providing financial and technical support for Malaysian homestay business participations through several HSDAs including MOTAC, KePKAS, INFRA, TM and SHA. The MOTAC was appointed, as a monitoring board for the homestay businesses in Malaysia. For Sabah, MOTAC was assisted by KePKAS, INFRA and SHA to provide training and empowering programmes for rural people to be involved in the Malaysian homestay businesses; for example, one pilot promotion of the Malaysian homestay businesses in Sabah was initiated in 2002.

The History and Foundation of Homestay Businesses in Sabah, Malaysia; Homestay business is regulated by five crucial key players: (i) MOTAC, (ii) KePKAS, (iii) INFRA, (iv) TM and (v) SHA. According to the official of SHA, the leading role of the homestay entrepreneur

leaders is to lead, coordinate, manage and work together. They must work with at least ten homestay entrepreneurs to look after the service of homestay facilities to the guests. Their roles are acting, as the middleman between the community. The role of homestay agencies is different between the five government agencies to ensure that all homestay businesses in Sabah is compliant with the standard set up by MOTAC using the Malaysia Homestay Experience Program Registration guidelines. Table 2. illustrates the function of key players involved in the Malaysian homestay businesses in Sabah, Malaysia.

Table 2: The Function of Key Players' Involvement in Malaysian Homestay Businesses in Sabah, Malaysia

No.	Community Involved in Homestay Business	Role
1	Homestay Entrepreneur Leaders	<ul style="list-style-type: none"> • Coordinate the homestay entrepreneurs under their village and cluster. • Assist and monitor the homestay activities during tourists' stays.
2	Homestay Entrepreneurs	<ul style="list-style-type: none"> • Host homestay guests in the same house. • Facilitate guests' experiences with products, services and interaction with the family and community.
3	Head of the Village	<ul style="list-style-type: none"> • Promote rural developments. • Hold administrative rights to represent the community in Native Courts, religious, security and local councils. • Role model of the local community. • Promote awareness of the benefit of the rural's community-based tourism industry.
4	The Community	<ul style="list-style-type: none"> • Support the local community leadership. • Support Malaysian homestay businesses and activities. • Promote environment and cultural heritage conservation. • Promote pride for innovation and beautification of the village. • Understand tourist arrival benefits bring in revenue to the village. • Develops entrepreneurship and social engagement in the community.
5	The government agents' roles and involvement in homestay businesses in Malaysia	<ul style="list-style-type: none"> • MOTAC formed the Malaysian homestay business's constitution, supports homestays, small enterprises, rural development, identifies the infrastructure needed for budget proposal and approval, and collaborates with other related government departments to promote music, festivals, arts, and cultural activities. • KePKAS supports MOTAC, ensures regional compliance to Federal authorities. KePKAS leads inspection team to check new development of household units, reports to the federal government, recommends certification and budget requirements to the federal department, and writes invitation to the

		<p>audit team, which comprises of the MOTAC, District Officer, Health Officer, to grade if the proposed units) is suitable to be licensed; implements Malaysian homestay businesses; develops new homestay and conducts introduction of site briefing.</p> <ul style="list-style-type: none"> • INFRA provides vocational training for new and current homestay entrepreneurs, provides an international centre for research and development, and facilitates rural management programmes. • Tourism Malaysia (TM) promotes homestay businesses; incorporates cultural, arts, festivals, and events; and monthly, regional, and national events. • SHA looks after homestay entrepreneurs' welfare and interest, arranges, and conducts homestay meetings, and works with travel agents, Non-profit Organisation (NGOs), and local community leaders.
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Source: MOTAC (2017); KePKAS (2017); SHA (2017)

The Malaysian Rural Tourism Master Plan 2001 was possible to realise the homestay business's potential. Rural tourism was one mechanism, and the government's focal point was community development in the Malaysian plan (2006-2010). All homestay businesses that participate with the MOTAC should adhere to the guidelines provided under the Malaysian homestay businesses including the location, facilities, hygiene, and safety. The policies facilitate homestay entrepreneurs in providing service to tourists in an orderly and controlled system. By the end of May 2022, 4,313 entrepreneurs and 223 homestay entrepreneur leaders from 372 villages participated throughout Malaysia's 14 states, offering 6,124 rooms. There is a growth of income of 2.1 million in 2021, as compared to 1.9 million in 2020, which dropped from 7.9 million in 2019 (MOTAC 2022). That was the Malaysian Government's effort to promote Malaysia in the global media. Homestay businesses are supported by agro-ecotourism programmes by the government and non-government organisations (NGOs). Homestays usually are community-based and are implemented, as one development strategy in most third-world countries. Therefore, rural community-based tourism aims to empower communities, especially the employed and retirees, to control the development level and implement regulations to protect the environment. A homestay business is defined, as a community-based tourism enterprise with the above definition.

The development of homestay businesses in Malaysia has been encouraged and supported by the MOTAC through the Malaysian homestay businesses (Kayat *et al.*, 2016) based on the 'lifestyle and experience' tourism concept. Under this program, a homestay village includes homestay entrepreneurs, usually the house owner and homestay entrepreneur leaders, who coordinate the homestay village's business operations. According to the Malaysian homestay registration guidelines by MOTAC, the participating homestay village should comprise at least ten houses to make it viable to be operated, as a registered homestay cluster under a responsible entrepreneur leader (MOTAC, 2019). Only registered homestays are allowed to display the homestay logos, as illustrated in Figure 1.



Figure 1. Logo of Registered Malaysian Homestay

Homestay entrepreneur leaders and homestay entrepreneurs are generally found among the locals, who registered their homestay businesses with the KePKAS and MOTAC, and they are to report directly to these government organisations. Based on the informal conversation with the HSDAs and MOTAC's officials about the background of homestay businesses in Sabah's homestay entrepreneurs and homestay entrepreneur leaders can be regarded, as entrepreneurs because they perceive they possess a favourable personality and the ability to undertake a business (MOTAC, 2019). The informal conversation lays insights on the emerging issues of homestay businesses in Sabah and provides a valuable overview of the current situation of homestay businesses in Sabah. Table 3 illustrates the summary of insights on the emerging issues of homestay businesses in Sabah based on the background study (reports and informal conversation) undertaken with the HSDAs in Sabah: the management issues; for example, policies, coordination of businesses and leadership, marketing issues; a lack of marketing campaign, poor homestay product packaging and business operation issues; a lack of support from villagers and coordination among associations and agencies. It is posited that the emerging issues could influence the business's performance of homestay businesses.

Table 3: Summary of the Emerging Issues of Homestay Businesses in Sabah –Insights from the Background Study.

Sources	The Emerging Issues
MOTAC	<p>Management Issue: for example, no standard policies, a lack of support and initiatives from the community/association, a lack of good homestay entrepreneur leaders, leadership is the key factor for homestay business's performance.</p> <p>Marketing Issue; for example, poor marketing of homestay products.</p>
KePKAS	<p>Management Issue: for example, a lack of coordination between homestay entrepreneurs and agencies, a lack of support from the leaders (homestay coordinator/head of the community).</p> <p>Homestay</p> <p>Business Operation: for example, need to attract more villagers to participate, and poor operation of the house and surroundings.</p> <p>Marketing Issues; for example, a lack of campaign, homestay package less attractive.</p>
INFRA	<p>Management Issues: for example, a lack of cooperation among homestay entrepreneurs, a lack of business and management skills among entrepreneurs, a lack of support from homestay entrepreneurs to attend courses, inadequate focus on enhancing their leadership skills.</p>

SHA	Management Issues; for example, a lack of coordination between homestay entrepreneur leaders and entrepreneurs, not serious about reporting their financial performance timely and accurately.
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Sources: The Emerging Issues Business's Performance of the Homestay's programmes in Sabah

According to MOTAC, KePKAS, SHA (2018) statistics show that more than half of the entrepreneurs reported their homestay's annual income, as low and below the cut-off income level of RM 70,000.00 despite the government's motivations for financial and nonfinancial support to the development of the homestay programmes. The Malaysia's average monthly gross household income is RM 5,873.00, as reported by the Population and Housing Census of Malaysia (2019). The homestay business in Sabah has increased, since 2000. In 2022, there were 436 homestay entrepreneurs registered in 52 villages around Sabah, led by 32 Malaysian homestay entrepreneur leaders. The increasing numbers of Sabah's homestays were influenced by tourist arrivals to Malaysia, which have a growth of 51% from 288 entrepreneurs in 2010 to 436 entrepreneurs in 2022 (MOTAC, 2022). Compared with other states in Malaysia, Sabah and Sarawak are among the most registered homestay entrepreneurs and villages. In West Malaysia, the highest number of registered homestays are in the state of Johor with 557 homestay entrepreneurs in 54 homestay villages with 759 rooms. The state of Perlis has the least registered homestays with 56 homestay entrepreneurs, in three villages with 64 rooms (MOTAC, 2022). This explains the current Sabah's homestay business's performance.

This study seeks to investigate the leadership style of homestay entrepreneurs and business's performance. The focus is on leadership because it is one of the most critical driving forces for the business's performance, as mentioned in the literature (Kayat et al., 2016; Kunjuraman and Hussin, 2017; Pusiran and Xiao, 2013). Nonetheless, there is still a lack of studies focusing on leadership styles among homestay entrepreneurs. Thus, this research seeks to fill the gap on the scale of homestay leadership and business's performance in the scope of Sabah, Malaysia. Sabah is selected because it has proven to generate the highest international tourist homestay patronage compared to the other states of Malaysia, the Ministry of Tourism, Arts, and Culture (MOTAC, 2022). Leadership has been studied in establishments, but it is lacking in Sabah's homestays. Sabah is selected because Sabah's homestays are richest in tourism products (BNN Journalist, 2021). Sabah has furthermore proven to generate the highest international tourist homestay patronage compared to the other states of Malaysia, the Ministry of Tourism, Arts, and Culture (MOTAC, 2020). Table 4. illustrates the highest Malaysian Homestay income from highest international and domestic guests' patronage in Malaysian homestays in 2022.

This research aimed to investigate the performance of the homestay business in Sabah, as it raised the question of what factors influenced high or low performance. The homestay business's performance can be measured in both financial and nonfinancial factors; for example, the nonfinancial factors were an increase in the number of guests or an increase in homestay entrepreneurs; and the economic factors were an increase in the business's profit. Data was curated from qualitative interviews conducted with the HSDAs, which was presented based on the results of HSDAs interviews and secondary data statistical report from (i) MOTAC, (ii) KePKAS, (iii) INFRA, (iv) TM and (v) SHA, but not from any literature reviews. The homestay business's critical performance did not have enough tourists' support from the entrepreneurs' perspective. The critical issue here is that, in both years 2018 and 2019, there was about 83 percent of the 30 entrepreneur leaders performed less than the average Malaysian household income.

Table 4: Cumulative Income Performance and Tourist Arrivals of the Malaysian Homestay Experience Program 2022, as of May 31, 2022



**KUMULATIF PRESTASI PENDAPATAN & KEDATANGAN PELANCONG
PROGRAM PENGALAMAN HOMESTAY MALAYSIA 2022
SETAKAT 31 MEI 2022**

BIL.	NEGERI	JUMLAH PENDAPATAN	PELANCONG DOMESTIK	PELANCONG ASING	JUMLAH PELANCONG
1.	Perlis	39,080.00	424	0	424
2.	Kedah	334,294.03	6,365	0	6,365
3.	Pulau Pinang	326,532.00	14,314	0	14,314
4.	Perak	261,005.00	2,304	4	2,307
5.	Selangor	270,002.00	3,212	48	3,260
6.	Melaka	801,284.00	4,715	0	4,715
7.	N. Sembilan	485,885.00	1,514	0	1,514
8.	Johor	844,837.00	32,544	0	32,544
9.	Kelantan	90,563.50	1,146	0	1,146
10.	Terengganu	154,560.00	516	0	516
11.	Pahang	1,989,699.00	29,314	0	29,314
12.	Sarawak	526,246.00	5,207	5	5,212
13.	Sabah	2,014,678.79	50,436	285	50,721
14.	Labuan	159,315.00	1,024	0	1,024
	JUMLAH	8,297,981.32	153,035	342	153,376

Source : MOTAC (2022)

Table 5 shows the homestay business income performance in Sabah for 2019 and 2018. Overall, the income performance was categorised into three groups under the leadership of homestay entrepreneur leaders for 2019 and 2018. In 2019, four (13%) achieved high performance (HP); one (1%) achieved mid-performance and the balance of 24 (80%) achieved only low performance. One (3%) inactive with, no performance at all, as compared to 2018. Two (7%) achieved high performance (HP). Three (10%) achieved mid-performance. The balance of 22 (86%) achieved only low performance with two (7%) inactive with, no performance at all (KePKAS, 2018). The analysis explained in Table 5 for 2019 & 2018, 6 for 2019 and Table 7 for 2018 were based on the original data gathered from KePKAS, SHA, and MOTAC.

Table 5: Homestay Business Income 83% Low Performance in Sabah for 2019 and 2018

Homestay Income	Sabah Homestay Entrepreneur Leaders				
Status of Performance	2019		2018		Variance
HP-High Performance	4	13%	2	7%	6%
MP-Mid Performance	1	3%	3	10%	-7%
LP-Low Performance	24	80%	22	76%	4%
NP-Nil Performance	1	3%	2	7%	-4%

Total HSC	30	29	
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Table 6: Analysis of Homestay Business Income Performance in Sabah for 2019, KePKAS (2020); SHA (2020)

SN	Village	District	Name Village/ homestay Sabah	H S E	Rooms	Tourist Arrivals			Income Total RM	AVG Room Rate RM	HSE Average Income per Yr	Variances Btw Avg HSE Income and Avg Tot Rev	HSC Share of Total Income	HSC Avg Income Overall	Variances Income Performance per HSC	Income Category	Avg Income per Mth per HSE
						Domestic	International	Total Arrivals									
1	1	Kudat	Misompuru	34	68	17,165	3,911	21,076	2,233,792.00	32,849.88	65,700	45,820	27.68%	269,033	1,964,759	HP	5,475
2		Papar	Seri Serbang	22	34	8,190	47,093	55,283	1,653,095.50	48,620.46	75,141	55,261	20.48%	269,033	1,384,062	HP	6,262
3		Kundasang Ranau	Mesilou Atamis	20	23	37,324	684	38,008	1,358,061.38	59,046.15	67,903	48,024	16.83%	269,033	1,089,028	HP	5,659
4		Kinabatangan	Miso Walai	19	31	2,176	1,946	4,122	1,284,726.20	41,442.78	67,617	47,738	15.92%	269,033	1,015,693	HP	5,635
5	2	Kundasang Ranau	Walai Tokou	16	40	2,825	442	3,267	609,633.20	15,240.83	38,102	18,223	7.55%	269,033	340,600	MP	3,175
6		Kota Belud	Taun Gusi	20	41	2,228	78	2,306	117,139.05	2,857.05	5,857	(14,022)	1.45%	269,033	(151,894)	LP	488
7	4	Kinabatangan	Moido Walai Toko Kg Abai	4	7	161	442	603	91,959.70	13,137.10	22,990	3,111	1.14%	269,033	(177,073)	LP	1,916
8		Kota Belud	Tanak Nabalau	8	12	79	488	567	81,126.00	6,760.50	10,141	(9,739)	1.01%	269,033	(187,907)	LP	845
9		Beaufort	Suasa	10	15	6,981	20	7,001	60,768.10	4,051.21	6,077	(13,802)	0.75%	269,033	(208,265)	LP	506
10	2	Papar	Koposizon	20	41	70	180	250	60,325.00	1,471.34	3,016	(16,863)	0.75%	269,033	(208,708)	LP	251
11	1	Inanam	Desa Cinta Kobuni	14	19	542	106	648	60,025.00	3,159.21	4,288	(15,592)	0.74%	269,033	(209,008)	LP	357
12		Kota Belud	Melangkap	10	26	762	4	766	59,070.00	2,271.92	5,907	(13,972)	0.73%	269,033	(209,963)	LP	492
13		Kota Belud	KG Padang Pulau	17	33	424	63	487	55,825.00	1,691.67	3,284	(16,595)	0.69%	269,033	(213,208)	LP	274
14		Kinabatangan	Seratu Balai Gabpi	11	23	90	102	192	46,820.00	2,035.65	4,256	(15,623)	0.58%	269,033	(222,213)	LP	355
15		Kinabatangan	Balai Kito	12	22	27	140	167	38,191.00	1,735.95	3,183	(16,697)	0.47%	269,033	(230,842)	LP	265
16		Kota Belud	Napungguk	13	13	237	2	239	35,750.00	2,750.00	2,750	(17,129)	0.44%	269,033	(233,283)	LP	229
17	1	Penampang	Penampang Village	18	32	766	27	793	35,660.00	1,114.38	1,981	(17,898)	0.44%	269,033	(233,373)	LP	165
18	1	Kota Marudu	Marudu Bay	10	19	730	35	765	34,640.50	1,823.18	3,464	(16,415)	0.43%	269,033	(234,393)	LP	289
19	1	Kuala Penyu	Borneo Kuala Penyu	14	21	125	27	152	31,723.00	1,510.62	2,266	(17,613)	0.39%	269,033	(237,310)	LP	189

20	8	Kota Belud	Guas Nabalu	10	17	248	137	385	30,584.00	1,799.06	3,058	(16,821)	0.38%	269,033	(238,449)	LP	255
21		Tuaran	Mitabang	12	22	534	4	538	27,040.00	1,229.09	2,253	(17,626)	0.34%	269,033	(241,993)	LP	188
22		Kota Belud	Taginambur	11	15	381	-	381	23,165.00	1,544.33	2,106	(17,773)	0.29%	269,033	(245,868)	LP	175
23	2	Tambunan	Sunsuron	10	20	255	26	281	12,222.00	611.10	1,222	(18,657)	0.15%	269,033	(256,811)	LP	102
24	2	Beaufort	Kota Klias	11	11	145	25	170	10,250.00	931.82	932	(18,947)	0.13%	269,033	(258,783)	LP	78
25	2	Lahad Datu	Dagat	4	9	6	9	15	8,704.50	967.17	2,176	(17,703)	0.11%	269,033	(260,329)	LP	181
26	1	Spitang	Long Pasia	15	28	26	4	30	5,420.00	193.57	361	(19,518)	0.07%	269,033	(263,613)	LP	30
27		Kota Belud	Aki Nabalu	11	11	127	-	127	3,105.00	282.27	282	(19,597)	0.04%	269,033	(265,928)	LP	24
28		Tambunan	Tambunan Village	10	19	48	-	48	1,970.00	103.68	197	(19,682)	0.02%	269,033	(267,063)	LP	16
29		Lahad Datu	Felda Sahabat	12	29	5	-	5	200.00	6.90	17	(19,863)	0.002%	269,033	(268,833)	LP	1
30	2	Tuaran	Pukak	8	15	-	-	-	-	-	-	(19,879)	0.00%	269,033	(269,033)	NP	-
TOTAL – 3			-	406	716	82,677.00	55,995.00	138,672.00	8,070,991.13	11,272.33	19,879	-	100%	-	-	-	1,657

Table 7: Analysis of Homestay Business Income Performance in Sabah for 2018, KePKAS (2020); SHA (2020)

	Homestay Sabah	Tourist Arrivals			Total Revenue homestay			Total HSE	HSE Average Income	Variances Between Avg HSE Income and Avg Tot Rev	HSC Share of Total Income	HSC Avg Income Overall	Variances Income Performance per HSC	Income Category	Avg Income per Month per HSE
		Domestic	International	Total Arrivals	Homestay Package	Other Revenue	Total RM								
1	Misompuru	19,219	1,996	21,215	1,347,352	308,009	1,655,361	34	48,687	31,043	23.81%	239,721	1,415,640	HP	4,057
2	Seri Serbang	805	39,746	40,551	1,370,216	-	1,370,216	22	62,283	44,638	19.71%	239,721	1,130,495	HP	5,190
3	Miso Walai	2,192	2,087	4,279	28,579	983,690	1,012,269	19	53,277	35,633	14.56%	239,721	772,547	MP	4,440
4	Mesilou Atamis	23,390	461	23,851	957,692	-	957,692	20	47,885	30,240	13.78%	239,721	717,970	MP	3,990
5	Walai Tokou	3,120	470	3,590	718,456	67,392	785,848	16	49,116	31,471	11.30%	239,721	546,127	MP	4,093
6	Taun Gusi	2,914	132	3,046	151,010	3,340	154,350	20	7,718	-9,927	2.22%	239,721	-85,371	LP	643
7	Koposizon	67	189	256	98,492	50,656	149,148	20	7,457	-10,187	2.15%	239,721	-90,573	LP	621
8	Suasa	6,457	69	6,526	142,932	-	142,932	10	14,293	-3,351	2.06%	239,721	-96,789	LP	1,191
9	Tanak Nabalu	149	971	1,120	109,404	32,459	141,863	8	17,733	88	2.04%	239,721	-97,858	LP	1,478
10	Melangkap	874	-	874	71,349	-	71,349	10	7,135	-10,510	1.03%	239,721	-168,372	LP	595
11	Balai Kito	80	280	360	29,222	31,638	60,860	12	5,072	-12,573	0.88%	239,721	-178,861	LP	423
12	Seratu Balai Gabpi	82	113	195	55,945	-	55,945	11	5,086	-12,559	0.80%	239,721	-183,776	LP	424
13	Marudu Bay	931	8	939	49,691	-	49,691	10	4,969	-12,675	0.71%	239,721	-190,030	LP	414
14	Borneo Kuala Penyu	256	4	260	40,896	8,061	48,957	14	3,497	-14,148	0.70%	239,721	-190,764	LP	291
15	Penampang Village	2,560	15	2,575	40,059	500	40,559	18	2,253	-15,391	0.58%	239,721	-199,162	LP	188
16	Teginambur	199	36	235	29,360	6,800	36,160	11	3,287	-14,357	0.52%	239,721	-203,561	LP	274
17	Mitabang	109	6	115	11,420	24,400	35,820	12	2,985	-14,659	0.52%	239,721	-203,901	LP	249
18	Naponguk	499	8	507	16,785	15,009	31,794	13	2,446	-15,199	0.46%	239,721	-207,927	LP	204

19	Guas Nabalu	256	165	421	27,902	2,600	30,502	10	3,050	-14,594	0.44%	239,721	-209,219	LP	254
20	Desa Cinta Kobuni	858	45	903	10,362	14,100	24,462	14	1,747	-15,897	0.35%	239,721	-215,259	LP	146
21	Mantanani	227	31	258	23,395	-	23,395	17	1,376	-16,268	0.34%	239,721	-216,326	LP	115
22	Moido Walai Toko Kg Abai	63	76	139	23,012	-	23,012	4	5,753	-11,891	0.33%	239,721	-216,709	LP	479
23	Kota Klias	166	93	259	13,170	3,470	16,640	11	1,513	-16,132	0.24%	239,721	-223,081	LP	126
24	Dagat	4	22	26	3,411	9,320	12,731	4	3,183	-14,462	0.18%	239,721	-226,990	LP	265
25	Sunsuron	172	19	191	9,380	-	9,380	10	938	-16,706	0.13%	239,721	-230,341	LP	78
26	Tambunan Village	100	6	106	7,160	-	7,160	10	716	-16,928	0.10%	239,721	-232,561	LP	60
27	Long Pa Sia	19	2	21	3,827	-	3,827	15	255	-17,389	0.06%	239,721	-235,894	LP	21
28	Aki Nabalu	-	-	-	-	-	-	11	-	-17,644	0.00%	239,721	-239,721	NP	-
29	Pukak	-	-	-	-	-	-	8	-	-17,644	0.00%	239,721	-239,721	NP	-
Grand Total		65,768	47,050	112,818	5,390,479	1,561,444	6,951,923	394	17,644		100%		239,721.50		1,470

According to the HSDAs, despite high homestay participation in Sabah, the homestay business's performance was not progressing. The performance in different villages is not meeting the average minimum Malaysian household income. Some homestay villages move more financially than others, and some perform less despite similar government support. East Malaysia, Sabah and Sarawak have 30 and 41 homestay entrepreneur leaders, respectively and, as of 2020, there are 51 village communities provided 716 rooms in Sabah, which are managed by 406 homestay entrepreneurs and led by 30 homestay entrepreneur leaders in Sabah throughout 14 central districts, specialising in the homestay business (MOTAC, 2020). Most homestay entrepreneurs in Sabah participate in the homestay business part-time; 99.7% are bumiputras, and 20% are women homestay entrepreneur leaders. Each of Sabah's 30 homestay entrepreneur leaders (coordinators) looks after an average of 13.53 entrepreneurs, 0.47 number of districts, 1.7 number of villages, 23.87 rooms, 4622 tourists, and RM269,033 in annual income. The average monthly spending per tourist was RM58.20 with an average room rate of RM30.88 inclusive of activities and food. The annual average income per entrepreneur was only RM19,879 with an average of RM1,657. The study of homestay leadership could enhance homestay product and service quality and the community's financial gain and livelihood. The core component of the Malaysian homestay business differed from homestays in other countries. The core value is staying together with host families or 'adopted' families. The analysis of the income performance shows that international tourists brought a higher revenue than domestic tourists. This finding raises questions on the leadership of homestay business on how to have target marketing, product, and service improvement.

Literature Review

The study by Ramli et al. (2018) illustrates that the Ministry of Tourism, Arts, and Culture (MOTAC) is committed to the future development and planning for the homestays registered with the Malaysian homestay experience and other homestay programmes. The concept of 'Moving Towards Community-Based Tourism' was created to promote all homestays in Malaysia to encourage host families and other villagers to participate in community entrepreneurship and community networking. All homestays are encouraged to build their businesses or cooperative bodies to increase income from Malaysian homestay businesses. Thus, the Ministry of Tourism, Arts, and Culture (MOTAC) could train and build leadership capacity to implement the ASEAN Homestay Standard. Leadership is a vital resource for operations and business development (Tian et al., 2016).

A critical evaluation of the present knowledge and understanding of identified theories, methods and gaps of the previous studies relating to the leadership style and other factors that, could influence small enterprises, such as homestay business's performance. This study introduces the purpose of the written knowledge on the topic focused on homestay leadership and business's performance, the main theories of how entrepreneurs' leaders contribute to the business's performance and the relationship of leadership style impact on its business's performance. It explained a homestay business, as a community-based enterprise and its definitions and concepts. It further explained, the homestay entrepreneurs and their characteristics mentioned in the works of the previous studies, such as the leadership styles, of transformational and transactional. Entrepreneurial leadership was also reviewed with the business's performance with financial and nonfinancial. A conceptual framework is developed for this research based on the literature reviews on the Full Range Leadership theory, the model and concepts used and the relationship of transformational and transactional leadership style to the study of its financial and nonfinancial performance. This framework tests the 'leadership style' and 'performance' variables with financial and nonfinancial performances.

The Full-Range Leadership model (FRLM) is derived from transformational leadership and was used in many studies to understand leaders' general characteristics, actions, and behaviour (Lenka and Kar, 2021; Bennerson et al., 2021; Khan and Busari, 2021). Transformational leadership was empirically shown to be the preferred leadership style for leaders in small manufacturing enterprises (SMEs) of different sizes and types of industries in Malaysia. The Full Range Leadership model (FRLM), which is a complete approach to leadership styles that covers low to high engagement leading to different leadership efficiency is chosen in this study because rural community homestay businesses may require a more complex leadership than a small private business. Over the last decade, the full range model has become the most researched and validated model in leadership literature and has been proven to be an accurate guide for developing exemplary leadership diverse cultures organisations, and leadership positions (Avolio, 2010). Figure 2. illustrates the Full Range Leadership Model.

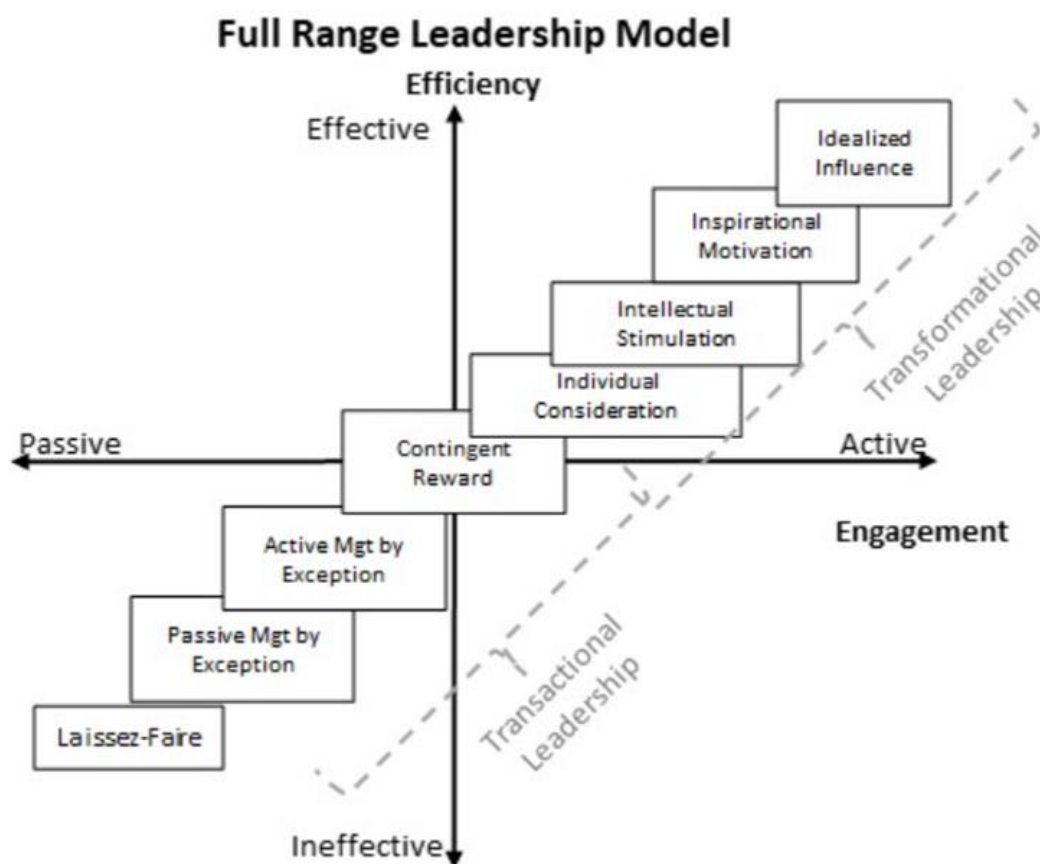


Figure 2: Full Range Leadership Mode, Lindberg (2021)

The leadership model and concepts concluded that although the selected Multifactor Leadership Questionnaire (MLQ) was designed with the 360-degree feedback method and, as the most globally used survey instrument, to assess all the nine-factors of the Full Range Leadership theory, MLQ correspondingly allows individuals to measure how they perceive their specific leadership styles (using the leader and self-form). Therefore, the summary on the concept of leadership is the importance of leadership in a small community-based enterprise, which may require a more refined leadership style of management to drive the sustainability of the homestay businesses. The Full Range Leadership concepts and theories of leadership concluded the critical requirements of good leadership in driving a sustainable homestay

business to build the brand of Malaysian homestay niche tourism products. However, this model lacked a provision for the internal and external factors evolving within the competitive environment and the Managerial Grid Leadership model was interpreted, as a form of culture.

i. Managerial Grid Leadership Model

One of the new conceptions of leadership that emerged for leadership, as the management of influence processes is the Managerial Grid theory of leadership. The Managerial Grid model offered a leadership model consistent with this new conception. In an era of "cross-functional teams", "learning organisations" and "continuous quality improvement", where the emphasis was squarely on the dynamic interactions within teams, the grid, as a model of the leadership culture deserved to be seriously reappraised by leading this study and practice (Blake and Mouton, 1985). As an initial step in the re-appraisal of the grid, research focused on measuring and differentiating the five fundamental grid leadership cultures and establishing whether teamwork and leadership culture represented the "one best way" (Molloy, 1998). In summary, the Managerial Grid theory of leadership is a framework that may help homestay entrepreneurs determine what leadership style they should best practice. The question is does it solve a common dilemma faced by many leaders on if they should focus on tasks or people? One example is if homestay entrepreneurs have a group of visitors to manage, the Blake and Mouton Management Grid may help entrepreneurs to apply situational leadership by selecting between the two dimensions of leadership behaviour on (1) task-oriented and (2) people-oriented approaches (Mindapa, 2022).

With the underpinning theory of FRLT and model, this study will focus on the basics of transformational and transactional leadership styles simply because there is no current expectation of a leadership standard among homestay entrepreneur leaders. Figure 3. illustrates the concept of leadership, as follows:

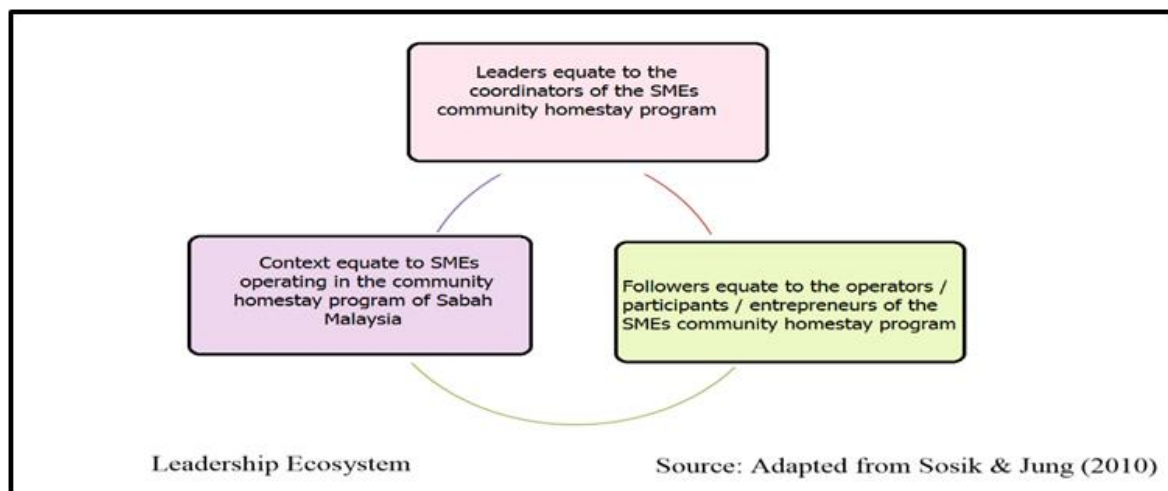


Figure 3. The Concept of Leadership, Sosik and Jung (2011)

Table 8. shows the keyword to guide this study in developing codes of the leadership style of homestay entrepreneur leaders in leading their homestay business. Based on the literature, three main keywords of the role of homestay entrepreneur leader or leader were developed, as depicted in Table 8: (i) working together, (ii) motivating and mentoring others (iii) serving, as 'community leader' and (iv) providing information, communication, instructions, training, and meetings.

Table 8: Keyword for Leadership Style, as mentioned in Literature Review

Leadership Style	Definition/Keyword	Sources
Transactional	<ul style="list-style-type: none"> ● Provide information, communication, instructions, training, and meetings. Instruct and provide information on guest bookings, tell how to set up the rooms, provide activities, such as local food tours, for the tourists and handle complaints. ● Three factors were used to assess transactional leadership: contingent reward, management-by-exception active (practice, whereby only the information that, indicates a significant deviation of actual results from the budgeted or planned results is brought to the management's notice) and management-by-exception passive. 	<ul style="list-style-type: none"> ● Chaiyakhet, 2014; Hater and Bass, 1988; Rahman <i>et al.</i>, 2009; Rowe, 2001; Ulrich <i>et al.</i>, 2009; Bass and Avolio, 1994; Vargas, 2015.
Transformational	<ul style="list-style-type: none"> ● To work together, motivating and mentoring, serve, as a community leader. ● Five factors were used to assess transformational leadership styles: idealised influence, attributed styles, inspirational motivation, intellectual stimulation, and individualised consideration. 	<ul style="list-style-type: none"> ● Chaiyakhet, 2014; Gupta <i>et al.</i>, 2001; Hater and Bass, ● 1988; Hejazi <i>et al.</i>, 2012; Rahman <i>et al.</i>, 2009; Ulrich <i>et al.</i>, 2009, Lim, 2016, Rani <i>et al.</i>, 2008, Muenjohn, 2012; Xenikou and Simosi, 2006; Bass and Avolio, 1994; Vargas, 2015.
Mixed transactional and transformational	<ul style="list-style-type: none"> ● Provide information, communication, instructions, training, and meetings. Instruct and provide information on guest bookings, tell how to set up the rooms, provide activities, such as local food tours, for the tourists and handle complaints. To work together, motivating and mentoring, serve, as a community leader. 	<ul style="list-style-type: none"> ● Burns and Harper, 1978; Yukl, 1989; Bass and Avolio 1990; Antonakis <i>et al.</i>, 2003; Lenka and Kar, 2021; Bennerson <i>et al.</i>, 2021; Khan and Busari, 2021; Arham, 2014; Bass and Avolio, 1994; Vargas, 2015.

Table 9. illustrates the keywords based on the literature on small business's performance: (i) Earnings and Income, (ii) Awards and Recognition and (iii) Growth and Development.

Table 9: Keyword for Performance, as Mentioned in Literature Review

Performance	Definition / Keyword	Sources
Financial	<ul style="list-style-type: none"> ● Earning and Income, result of the firm's operations in monetary, objective, or economic measures, Sales (Turnover) growth, Profitability growth. 	<ul style="list-style-type: none"> ● Afonso, Santana, Afonso, Zanin and Wernke, 2018 ● Kellen, 2003 ● Stam, Arzlanian and Elfring, 2014
Nonfinancial	<ul style="list-style-type: none"> ● Nonfinancial goals could lead to alternative success measures tiny business, fostering a better living and healthier lifestyle with the improved community and socio-economic environment. 	<ul style="list-style-type: none"> ● Fabeil, 2013 ● Walker and Brown, 2004 ● Shahudin, 2017 ● Kellen, 2003 ● Ittner, Larcker and Randall, 2005 ● Al-Dmour, Abbod and Al Qadi, 2018)

		<ul style="list-style-type: none"> ● Dess, Lumpkin and Covin 1997 ; Gupta and Dutta, 2018
Overall Business's performance	<ul style="list-style-type: none"> ● Financial and nonfinancial measures match each other and provide a more detailed description of actual performance. 	<ul style="list-style-type: none"> ● Liu, Kim, Lee and Yoo, 2022 ● Walker and Brown, 2004 ● Velimirovic <i>et al.</i>, 2011 ● Marimuthu <i>et al.</i>, 2007 ● Schayek, 2011 ● Thrikawala, 2011

Hypothesis Development

To address the need to have a better understanding of the impact of business performance focus in the entrepreneurs' leadership styles, this paper attempts to present an overview of the current leadership styles against their business performance. This paper aims to answer the following research questions: -

Research Question 1

How does the homestay entrepreneur leader view the leadership style and business's performance?

Research Question 2

Does the leadership style of a homestay entrepreneur influence business's performance?

A conceptual framework was established after the homestay entrepreneur leaders' consultation. This framework tests the 'leadership style' and 'performance' variables. It is hoped that the final framework could be of comprehensive coverage to support the phase two to meet the homestays' leadership style situation in the actual practice of entrepreneurial performance. This study supports Stevenson *et al.*, (1989) and Fernald *et al.*, (2005)'s argument that, entrepreneurship is an approach to management, where 'promoters' are business leaders, whose strategic direction is driven by the perception of opportunity and 'trustees,' are managers, who are driven by the resources they currently control. Others emphasise both management and leadership skills play important roles in determining the performance of a small business. The research objectives aim to specifically identify the leadership style and measure its relationship with the homestay business's performance which is attainable from the perspective of the homestay entrepreneurs in a reliable financial performance level within the period of 2018-2019. To fill the missing knowledge gap of what leadership style and if it has any relationship with the current business's performance. The research problem is aligned with the conceptual framework and hypotheses are formulated to test the gap with the research questions. The research framework is intended to investigate the concise statement of the study hypothesis and the connection between the variables to be tested.

The framework of measuring transactional and transformational leadership style and business's performance relates to the questions based on the Transforming Leadership theory, Burns and Harper (1978) which identified two types of leadership: transformational and transactional. According to HSDAs, there is no requirement for any leadership style for homestay entrepreneurs (MOTAC, 2019). The two most popular transformational and transactional leadership styles to assess the relationship between the current level of business's performance among homestay business's entrepreneurs may provide insight into the importance of leadership skills toward achieving the goal of meeting the minimum Malaysian household income. The independent variables of mixed, transformational, and transactional leadership styles were the predictors to achieve the dependent variables of financial and nonfinancial performance. This explained the formation of the hypothesis and research conceptual framework, as illustrated in Figure 4.

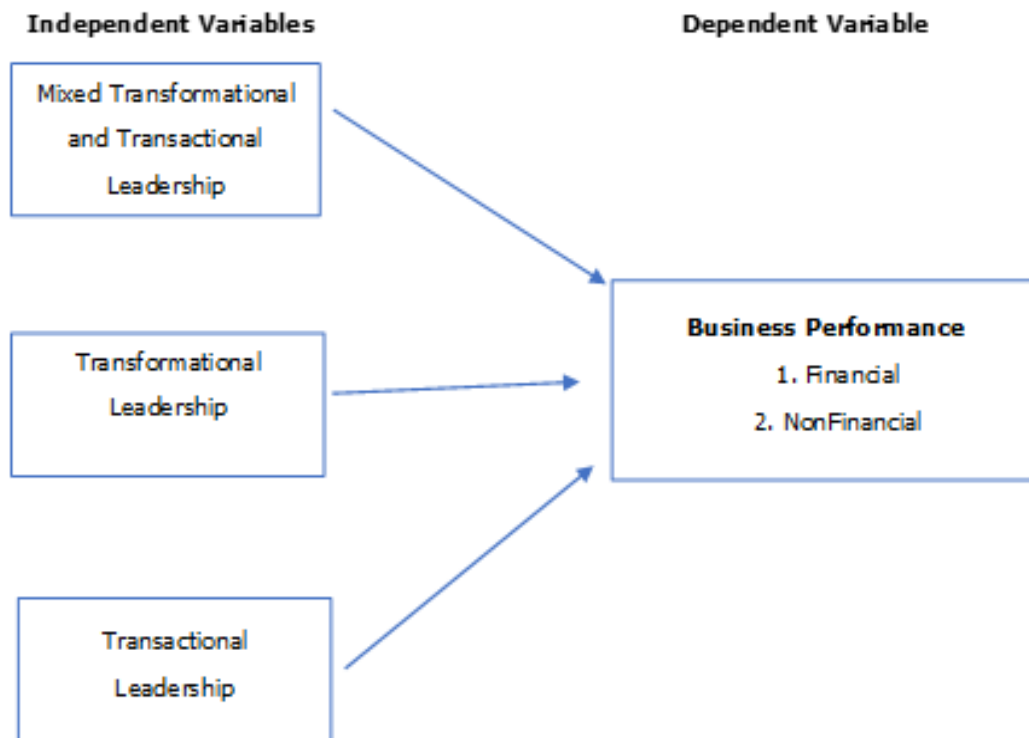


Figure 4: Conceptual Framework, Bass and Avolio (1940) and Browner (2002)

Methods

The research framework of this study was guided by the emerging issues gathered from the background study about Sabah homestay, and reviews of leadership theories and works of literature. This study applied the mixed method approach: qualitative and quantitative (QUAL→quan), which involved two stages of fieldwork: stage one involved qualitative depth interviews with 16 homestay entrepreneur leaders (homestay coordinators), and stage two involved the quantitative survey with 128 homestay entrepreneurs (homestay operators).

This study framework is designed to adopt and adapt the Full-Range Leadership Model (FRLM), Burns and Harper (1978), which focused on two fundamental conceptions of transactional and transformational leadership to measure its relationship with homestay business's financial and nonfinancial performance. Notably, the study was organised into two phases using a (QUAL→quan) sequential design, starting with an in-depth interview (qualitative), as the primary method in the phase one and followed by a questionnaire survey (quantitative), as the complementary method in the phase two.

The qualitative in-depth interviews were carried out with 16 entrepreneur leaders to understand how they coordinate, lead and drive performance in their enterprises from the entrepreneur leaders' point of view. It also identified the factors that, encouraged or inhibited their influence on the business's performance using a qualitative survey and complementing with a quantitative survey. This study aimed to understand the specific context of the homestay entrepreneur leaders in coordinating and leading the entrepreneurs in homestay business activities. The qualitative fieldwork analysis was carried out by coding and categorising the interview transcript into a theme related to the research objective. Meanwhile, the quantitative data was analysed using a hypothesis testing to determine whether there is enough statistical

evidence in favour of significant influence of leadership style on the business's performance. The mixed-method design analysed and examined the dynamic processes related to their development and implementation. Sequential implementation was the most used in the analysed studies complementary to the mixed-method survey process (Molina-Azorín et al., 2012).

Phase two fieldwork was conducted via a survey, using a structured questionnaire with 128 respondents among the 394 homestay entrepreneurs. The design of the questionnaires was adopted and adapted from The Full-Range (FRLT) by Bass and Avolio (1994). Furthermore, SPSS V24 is applied because it can create tables and charts containing frequency counts or summary statistics over (groups of) cases and variables. The output of Cronbach's Alpha values was to conduct the internal reliability test, as evidence that, the research data leadership theory is consistent and trustworthy. The above explained the process of the research methodological approaches for the study on how and why a sequential mixed method was employed to investigate the influence of the leadership style of homestay entrepreneurs on their business's performance.

The multi-phases field studies using a (QUAL→quan) sequential mixed-method design provide a solid relationship between the leadership style of the entrepreneur leaders and its business's performance from the perspectives of the entrepreneurs, entrepreneur leaders and the officers in charge of the HSDAs. Table 10. Illustrates the methodological design for this study showing two phases using a (QUAL→quan) sequential design, starting with an in-depth interview (qualitative), as the primary method in the phase one and followed by a questionnaire survey (quantitative), as the complementary method in the phase two.

Table 10: Methodological Design for the Study

Phase	Phase one	Phase two
Time	Sept 2016-Feb 2017	March 2017- Feb 2019
Design	Qualitative (QUAL)	Quantitative (Quan)
Method	In-depth interviews	Survey
Research Objective	Investigate the leadership style and performance of the homestay business in Sabah.	Examine the relationship between leadership styles on business's performance of the homestay business in Sabah.
Instrument	Interview guide (semi-structured)	Structured questionnaire
Data Collection Methods	Qualitative in-depth interviews via face-to-face interviews and video calls using unstructured questionnaires.	Quantitative survey via Google Forms, face-to-face and audio video calls using unstructured questionnaires.
Target Respondents	Selection of the 29 homestay coordinators registered with MOTAC under the Malaysia Homestay Program, was based on the income categories of low, medium, and high-income earners from 11 districts of Sabah.	394 homestay operators registered with MOTAC to run the homestay business. They are the potential respondents (i.e., homestay entrepreneurs) for this study.
Sample Collected	16 (55.2%) out of the 29 homestay coordinators in Sabah (i.e., entrepreneur leaders). Only 16 samples were finally gathered by the researcher, as suggested by MOTAC, based on their active operation and the availability of the respondents to be interviewed.	128 (32.5%) out of 394 homestay entrepreneurs were finally gathered by the researcher, as suggested by MOTAC, based on their active operation and the availability of the respondents to be interviewed.

Analytical method	<ul style="list-style-type: none"> • Transcribing data from audio records were transcribed into a written document (Word doc). • Coding and categorising the interview transcript into a theme. • Developing a schematic diagram related to the research objective. 	<ul style="list-style-type: none"> • Responses from the questionnaire were analysed with IBM Statistical Package for the Social Sciences (SPSS) output version 24. • Reliability and Validity test: Factor Analysis, Reliability Analysis and Multivariate Test Tools, Exploratory Factor • Analysis, Cronbach's Coefficient Alpha • Descriptive and Relationship test: Descriptive Statistics and Pearson Correlation Analysis and Multiple Regression Analysis for Hypothesis testing. • Constructing tables and figures using the Publication Manual of the American Psychological Association, Sixth Edition (2010), as the guide for formatting.
Output	i) List of codes and categories ii) Visual display (Schematic analysis)	Research framework: Transformational leadership significantly influences the nonfinancial performance business. Transactional leadership influences the financial performance of the business.

The primary objective of this research was to understand the entrepreneur's leadership style and business's performance in the format of SMART (specifically two objectives, measurable using the most popularly surveyed basic transformational and transactional leadership styles, attainable and reliable using the Multifactor Leadership Questionnaire (MLQ) measurement tool, and timely with the phase one and two stages). The research was organised into two phases in this study using a (QUAL→quan) sequential mixed-method design. Moreover, the use of multiple phases and a mixed-method design has been widely mentioned in many studies, as a method for understanding-depth phenomena under investigation (Molina-Azorín *et al.*, 2012; Creswell, 2012; Creswell and Clark, 2011; Goertz and Mahony, 2012; Morgan, 2007; Onwuegbuzie *et al.*, 2011; Tashakkori and Teddlie, 2011; Timans *et al.*, 2019). In addition, the sequential mixed method design was the most common implementation used by many researchers in entrepreneurship studies, whereby the fieldwork was conducted in phases (Creswell, 2013; Molina-Azorín *et al.*, 2012; Subedi, 2016). The rationale for conducting a sequential mixed method for this study is to better understand the phenomena under investigation. The phase two results of the quantitative survey were used to enhance and clarify the findings from the phase one qualitative in-depth interview. Many scholars viewed this method, as advantageous through its 'complementarity' role that, is seeking elaboration, illustration, enhancement, and clarification of the results from one method with the findings from another method (Creswell, 2013; Molina-Azorín, López-Gamero, Pereira-Moliner and Pertusa-Ortega, 2012). The reason for applying a mixed method is based on the researcher's chosen philosophy of pragmatism, which embraces both positivism and interpretivism paradigm of research. Figure 5. illustrates the research approach by stages.

Acknowledging the principle of integration in mixed-method research highlighted by Creswell and Clark (2011), this study employed a 'two phases sequential mixed method' using a (QUAL→quan) type with qualitative method (in-depth interviews), as the dominant method. Both methods examine different facets of the phenomenon under investigation (Creswell, 2013), i.e., the research objectives. mixed methods research (integration of quantitative and qualitative methods) (Creswell and Plano Clark 2007).

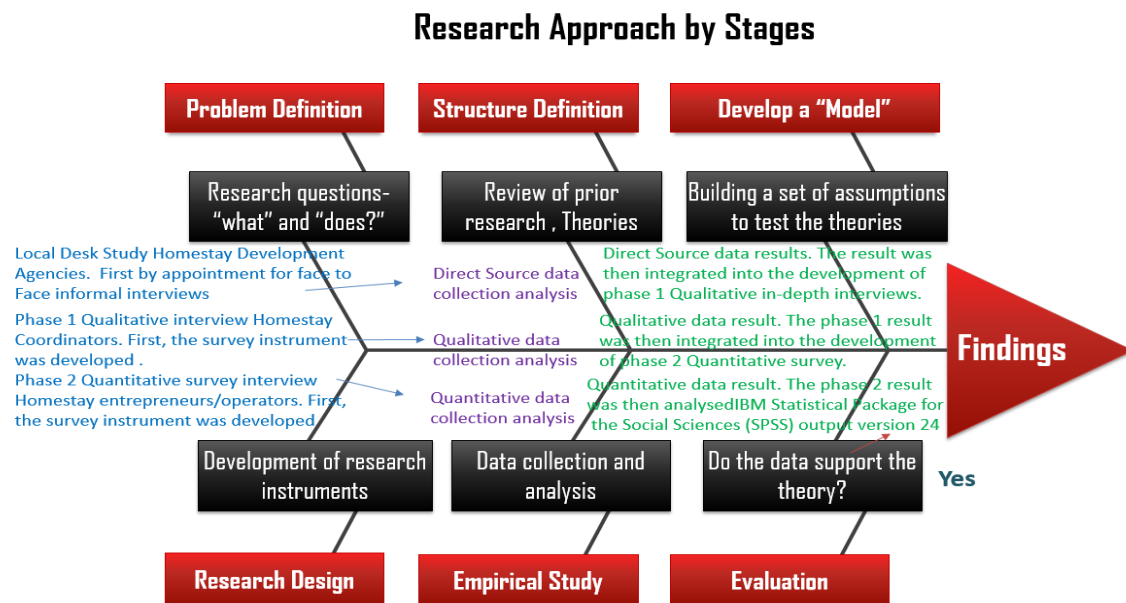


Figure 5. Research Approach by Stages

Findings

The results of phases one and two show that, both leadership styles have considerable influence on homestay business's performance; transformational leadership style is more likely to influence nonfinancial performance, while transactional leadership style is more likely to influence financial performance. This research findings provide some insight that, it supports the entrepreneurial leadership style, as mentioned by Rahim et al., (2016); a mixed leadership style with an entrepreneurial mindset had a positive effect on organisational performance. The mixture of transformational and transactional leadership can be regarded, as an 'entrepreneurial leadership style' (Ejere and Abasilim, 2013; Akinniyi and Adebakin, 2021). The literature about 'entrepreneurial leadership style' supports the results of the phase two quantitative survey from the perspective of the homestay entrepreneurs of their leaders (Bertello et.al., 2022; Burrell et al., 2021; Purwati et al., 2021). The results of the initial background study with HSDAs provided valuable insights into Sabah's homestay business managerial and performance issues. The officials of several HSDAs interview were from: (i) The Ministry of Tourism, Arts; and Culture (MOTAC); (ii) The Ministry of Tourism; Culture and Environment Sabah (KePKAS); (iii) Institute for Rural Advancement, The Ministry of Rural and Regional Development (INFRA); (iv) Tourism Malaysia (TM); and (v) Sabah Homestay Association (SHA). There were emerging issues that, raised the question of the leadership of the entrepreneur leaders. These issues were raised by several agencies in supporting the Malaysian homestay business in Sabah. The Homestay Development Agencies, (HSDAs)' study furthermore analysed financial and nonfinancial performance despite the growth of 406 homestay entrepreneurs. The significant figure was that 83% of the 394 to 406 entrepreneurs performed less than the average income per entrepreneur. Regarding the summary of the studies homestay developing agencies, the emerging issues identified are a) Managerial issues, b) Support and initiatives, c) Leadership issues and d) Performance issues.

According to the Ministry of Tourism, Arts, and Culture (MOTAC), leadership is the key factor for homestay business's performance (MOTAC, 2018). The Full-Range Leadership Model focused on two fundamental conceptions of transactional and transformational leadership to measure its relationship with homestay business's financial and nonfinancial performance.

The field studies were conducted in two phases using a (QUAL→quan) sequential design. It started with an in-depth interview (qualitative), as the primary method in the phase one. Then, it was followed by a questionnaire survey (quantitative), as the complementary method in the phase two. The study examined how the preferred leadership styles could affect the business's performance of small and medium enterprises, such as homestays, in Sabah, Malaysia. A qualitative study in the phase one identified that, most of the current leadership preferred a mixture of transformational and transactional leadership styles. This study's significant conclusions of the quantitative survey complemented the majority the entrepreneur leaders' preferred mix leadership style and its relationship with the business performance. A mixed transformational and transactional leadership produces financial and nonfinancial performance results, which affects its relationship with their business's performance.

Moreover, the qualitative studies in the phase one revealed that, the entrepreneur leaders regarded themselves, as leaders carrying out their duties in homestay coordination. Their leadership role in managing the homestay business showed a preference of a mix of transformational and transactional leadership styles. The quantitative survey results from the phase two showed positive and intense relationships between the leadership styles (transformational and transactional) and business's performance. The transformational leadership style is significantly more related to business's non-financial performance, while the transactional leadership style is more related to business's financial performance than the passive-avoidant or non-transactional, laissez-faire leadership.

These findings identified that, the leadership style had a significant positive relationship with a business's performance, which agreed with the outcomes from previous studies (Pusiran and Xiao, 2013; Razzaq et al., 2011; Mizal et al., 2014; Hamzah and Mohamad, 2012; Kontogeorgopoulos et al., 2014; Che Ismail et al., 2014; Mizal et al., 2014; Hamzah and Mohamad, 2012). According to Kayat et al., (2016), homestay entrepreneurs perceived leadership, as a more predominant factor than community support in ensuring the performance of their homestay. The survey results show positive and intense relationships between the leadership styles (transformational and transactional) and business's performance. As the leadership styles (transformational and transactional) increase; the business's performances similarly increase. A mixed leadership style with an entrepreneurial mindset had a positive effect on organisational performance according to Rahim et al., (2016); Akinniyi and Adebakin (2021); Ejere and Abasilim (2013), which is in line with the findings of this research. This study concluded that, homestay entrepreneur leaders' leadership styles could influence homestay entrepreneurs' business success and sustainability. Consequently, the transformational leadership style is significantly more related to a business non-financial performance, and alternatively, the transactional leadership style is more related to a business' financial performance. This study has achieved the methodological design of a mixed (QUAL→quan) to understand the entrepreneur's leadership style and business's performance in the context of Sabah homestay entrepreneurship. The findings from the phase one method have provided the insights of the preferred leadership style; and the feedback of their business achievements and challenges, which is used to build the second stage of the research design. Ultimately, the qualitative findings provide an informed need for a quantitative data collection approach for the final stage to complement the results of the first stage (Berman, 2017; Blaike and Priest, 2016). The purpose is to discover the truth by confirming the findings of what the homestay business leaders described their preferred leadership style with the qualitative

confirmation and its relationship with the business performance with the quantitative confirmation by the followers who are the entrepreneurs.

The schematic analysis shows that, the homestay entrepreneur leader perceived their Business's performance indicators are financial (money / income), nonfinancial, growth and development, which is explained in the sections below. See figure 6. The respondents were asked about what indicates whether their homestay business is performing or not. The homestay entrepreneur leaders highlighted their achievement of awards and their homestay business's performance level, the size of their team homestay entrepreneurs, the number of rooms and its financial revenue. However, more than half of the homestay entrepreneur leaders reported their homestays' annual income at RM 70,000 and below. This can be considered low income (SHA, 2018). Only a quarter of them were considered high performing and few had a moderate income. Some examples of their perception of their nonfinancial performance were driven by their leadership vision and goals for award achievements.

Discussion and Conclusion

The study reveals that transformational and transactional leadership styles significantly impact the performance of homestay businesses, both financially and non-financially. Transformational leadership is more likely to influence non-financial performance, while transactional leadership is more likely to influence financial performance. This research supports the entrepreneurial leadership style, as a mixed leadership style with an entrepreneurial mindset has a positive effect on organisational performance. The Full-Range Leadership Model was selected to measure the relationship between transactional and transformational leadership in homestay businesses. The study conducted in two phases using a (QUAL→quan) sequential design, with qualitative interviews and quantitative surveys. The results showed that a mixed transformational and transactional leadership style produces financial and non-financial performance results, which affects its relationship with business performance. The transformational leadership style is more related to non-financial performance, while the transactional leadership style is more related to financial performance. The leadership style had a significant positive relationship with a business's performance, which aligns with previous studies.

The study examines the relationship between leadership style and the performance of homestay businesses in Sabah, Malaysia. The government promotes homestay development programs under the 9th Malaysia Plan to encourage local participation. However, the research found that homestay business performance in different villages is not progressing at the same pace. The findings aim to examine the impact of leadership style on homestay business performance.

A background study on the development and performance of homestay businesses was conducted with the Homestay Development Agencies (HSDAs) in Sabah, Malaysia. The study found that in 2019, 51 registered homestay villages in 14 districts of Sabah, consisting of 30 homestay entrepreneur leaders and 406 entrepreneurs, provided 716 rooms, patronised 138,672 tourists, and generated an annual income of RM8,070,910. Despite growth, most entrepreneurs earn less than the Malaysian annual household income. The study revealed that leadership is crucial for managing a homestay business, and 83% of entrepreneurs earn less than the average monthly income of RM1,657. Some homestay villages are not performing well in terms of financial income despite agencies' support. The HSDAs also viewed effective coordination and cooperation between homestay entrepreneur leaders and entrepreneurs as critical factors influencing business performance. The leading role of homestay entrepreneur leaders is to lead, coordinate, manage, and work together with at least 10 entrepreneurs to ensure compliance with MOTAC's standards.

The study highlights the importance of providing proper training to improve entrepreneurial leadership skills among entrepreneur leaders and entrepreneurs. Factors affecting business

performance include lack of regular meetings, lack of emphasis on leadership trained skills, lack of structure for building relationships with community, government, NGOs, and travel agents, challenging writing communication and financial literacy due to education levels, and inability to attract younger village youth. Different skills training is needed to upgrade knowledge and capabilities. NGOs could help with volunteer work, but support from government and village heads needs to be structured towards district goals. The study also suggests improved support for wildlife and environment conservation among palm oil operators. Figure 6. shows the schematic diagram of leadership role and style, as perceived by homestay entrepreneur leader.

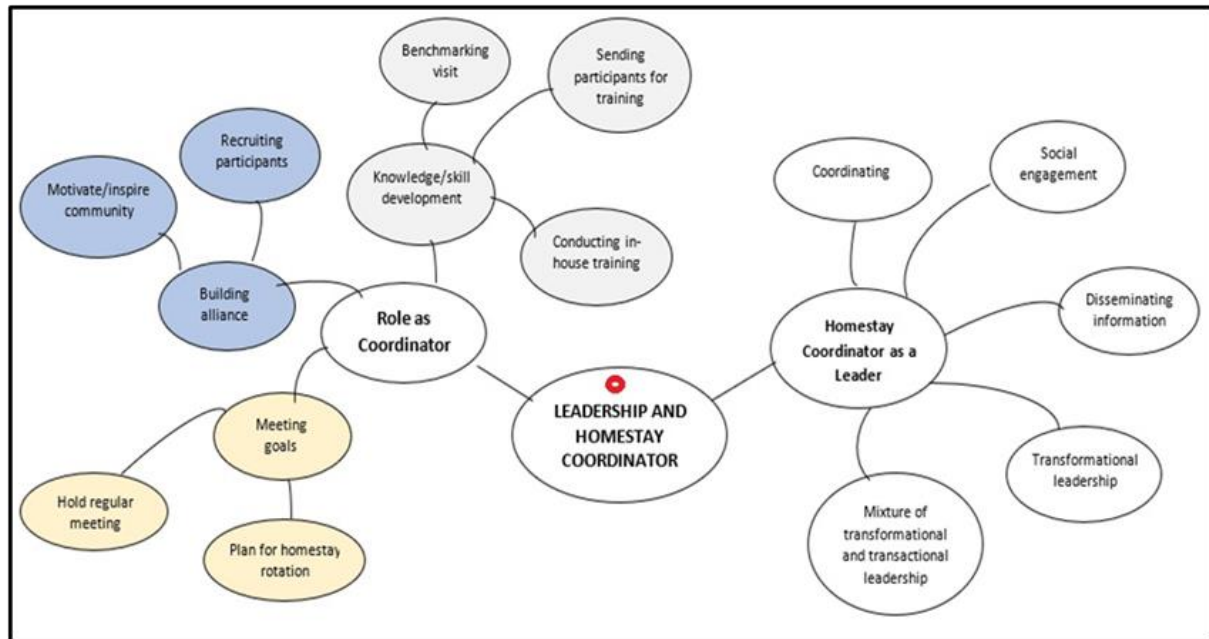


Figure 6. Schematic Diagram of Leadership Role and Style, as perceived by Homestay Entrepreneur Leader's Role as a Coordinator.

The study focuses on the relationship between leadership style and homestay performance among entrepreneurs in Sabah. The results show that a mix of transformational and transactional leadership styles significantly affects the overall business's performance. A mixed leadership style with an entrepreneurial mindset has a positive effect on organisational performance. This aligns with previous research, which found that leadership is a more predominant factor than community support in ensuring homestay performance. Most current Sabah homestay leaders use a combination of these leadership styles. Figure 7. shows the schematic diagram of leadership and business performance from homestay entrepreneur leader's perspective.

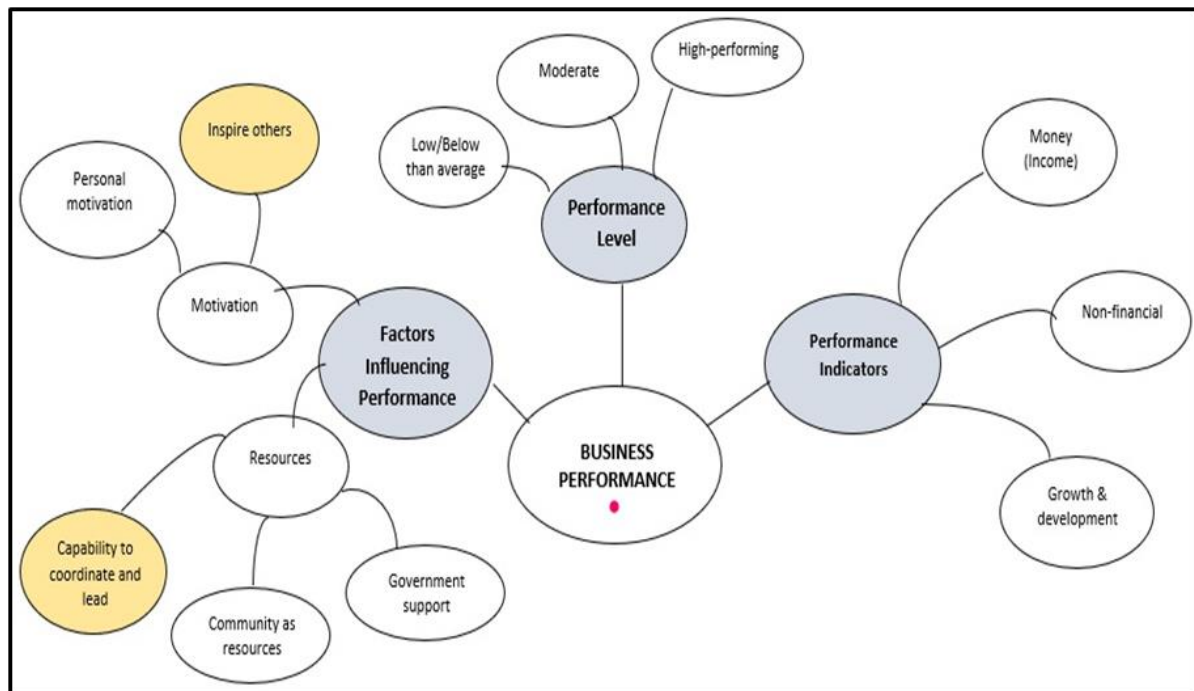


Figure 7. Schematic Diagram of Leadership and Business Performance from Homestay Entrepreneur leader's Perspective

The study also identified motivation and barriers in homestay programs, suggesting that selective leaders can drive superior business performance. The mixed coordination leadership style yields the best performance results. In Sabah, Malaysia, homestay operators must work with rural communities to accomplish shared objectives and foster entrepreneurial leadership. A leader with these qualities, an entrepreneurial mindset, and upholding social and ethnic values can have a favourable impact on the company's financial performance.

Theoretical Implications

This study provides insights to the current leadership of the Sabah homestay entrepreneurs and its impact on their business performances. Academically, the study contributes to the knowledge about the importance of leadership capacity among homestay entrepreneurs. Theoretically, this research contributes insights based on the resource-based perspective; leadership, as one of the significant resources for homestay businesses towards performance. The adoption of the mixed method to study the leadership in homestay business allowed the exploration of data from the experiences of the entrepreneurs, that is, the homestay entrepreneur leaders and the homestay entrepreneurs. The first case to study in details, the origin and development of Sabah's homestay businesses are to conduct 'face-to-face direct sources with government HSDAs, homestays' entrepreneur leaders and homestays' entrepreneurs. The first usage of a sequential mixed method design on qualitative research with the homestay entrepreneur leaders to add in-depth to the quantitative research from the entrepreneurs in one study on the relationship between homestay leadership style and business's performance. This study presents the original contributions of research towards the conceptualisation and methodology, data collection and formal analysis and writing original draft preparation of the homestay business sector in Malaysia from 2013-2022.

Practical and Social Implications

The study of homestay entrepreneurship has experienced great growth, receiving extensive attention among scholars, and contributing to understanding all those factors that explain the

success of entrepreneurs in undertaking an entrepreneurial activity. This study provides insights into the influence of homestay business transformational and transactional leadership styles on financial and nonfinancial business's performance. As there is no expectation of a leadership style in the current coordination to assess the current level of business's performance among homestay business. Therefore, this study seeks to identify the basic leadership styles of transactional and transformational leadership, which are the most popular, widely adopted and evaluated (Specchia, Cozzolino, Carini, Di Pilla, Galletti, Ricciardi and Damiani, 2021). It provides a better understanding of how transformational and transactional leadership style promotes financial and nonfinancial performance in homestay business from the perspectives of homestay entrepreneurs. With the over 30 years of international and local tourism and hospitality management experience of the researcher; this selected study provided a wealth of insights into the need for homestay policy changes for leadership capacity building; policy and procedures to regulate the standardisation of homestay business; selection of leaders in charge of homestay business; adoption of community model, empowerment of the local community; application on the minimum criteria of ASEAN Homestay Standard; ASEAN Community-Based Standards ASEAN Ecotourism Standard For Accommodation; incorporating cooperatives; collaboration bodies between government agencies with academic and industry players; income and capital gain tax exception; compulsory insurance for public liability; work and safety procedures; proposal to encourage palm oil plantation transformation to agro-ecotourism destinations in Sabah.

Limitations and Suggestions for Future Research

This study focuses on the relationship between homestay leadership style and business performance in Sabah, Malaysia. Future research should cover the 14 states and examine the relationship between financial and non-financial performance, entrepreneurial leadership, and cooperative registration. The findings can help policymakers improve homestay financial performance, enhance the Malaysian homestay brand, and improve living standards. Future research should examine a leader's construct and leadership development to provide community-based entrepreneurs and micro-business managers with necessary skills. The study should also extend to other industries like tourism, hospitality, and tourism-related hospitality. Further research on leadership skill training and leadership culture is crucial for the sustainability of future quality leaders. The goal is to improve Malaysian homestay branding and business performance in community-based enterprises in the 14 states.

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