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Statistically Validated Component- and Indicator-Level Requirements for Sustainable Thai Homestay Businesses

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Abstract: This research proposes an updated version of homestay indicators for 10 existing component-level homestay requirements. The updated indicators were aimed to replace the decade-old original indicators for Thai homestay businesses. Besides, the 31 original homestay indicators were not statistically validated. In this study, structural equation modeling (SEM) was used to determine the statistical relevancy between the updated homestay indicators and the components. The SEM analysis involved two steps: exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). The EFA statistically regrouped the 31 updated indicators by six new homestay components. The six components and 31 updated indicators were further validated by CFA to determine the factor loadings and statistical reliability of the components and indicators. The factor loadings indicate the levels of importance that homestay guests attach to different homestay components and indicators. Therefore, Thai homestay operators should give priority to the components and indicators with high factor loadings.

Keywords: homestay; indicator standard; validation; tourism management

1. Introduction

Tourism and hospitality are a major contributor to Thailand’s economy, with tourism revenue accounting for 17.7% of the country’s gross domestic product (GDP) (Ministry of Tourism and Sports, 2019). Thailand is renowned for unique cultures, traditional cuisine, and beautiful nature [1]. Homestay is a form of hospitality and lodging where guests or visitors are afforded with opportunities to observe and experience local culture and ways of life, in addition to accommodation and basic amenities [2].

Homestay tourism offers visitors the opportunity to learn and experience local ways of life and cultures (Oranratmanee [3]. To be attractive and sustainable, homestay operation should be of small scale, flexible, and run by local community members. The determinants of the success and sustainability of homestay businesses include, e.g., homestay host family, authenticity, safety, location, accommodation, and activities [4].

According to Kontogeorgopoulos, Churyen [5], homestay is a means to monetize unused space in places of residence for economic return. In addition, homestay is a form of accommodation that combines the experiences of a family member’s home and conventional lodging facilities. A study by Takran, Chartrungruang [6] found that a majority of native homestay operators failed to meet the minimum requirements or standards of homestay business due to limited access to relevant information sources.

Homestay tourism contributes to local economic betterment and strengthens social capital of the local community [7]. From the perspective of homestay guests, homestay tourism provides them with opportunities to learn and experience firsthand local cultures, customs, and livelihoods. According to Jiang [8], local cultures and ways of life play an essential role in homestay tourism development.

Cultural resources are part of the cultural heritage of destinations and are largely related to customary practices, livelihoods, and local identity [9]. Meanwhile, tourism is...
largely viewed as a leisure-related activity separate from local culture and traditional ways of life [10,11]. However, recent decades have witnessed the convergence of culture and tourism (i.e., culture-oriented homestay tourism) as cultural heritage has been increasingly used as unique selling propositions to attract travelers to the tourist destinations [11].

Homestay tourism is a source of income for local community members, especially in destinations with unique attractions or cultures [12]. Homestay tourism increasingly emphasizes the preservation of local ecosystems and ways of life of community members [13]. Besides, homestay tourism satisfies the unique needs of travelers who prioritize quality over quantity. Travelers increasingly attach more importance to local culture and ecosystem [14]. Active participation of local community members in homestay tourism operation and management contributes to inclusive local economic development [15].

However, if improperly regulated, homestay tourism could have negative impacts on local communities and the environment [16,17]. As a result, the Ministry of Tourism and Sports of Thailand in 2011 introduced the homestay requirements or standards for Thai homestay businesses. The homestay requirements are instrumental for preservation of local ways of life and the environment [18]. The standards also provide homestay operators with guidelines to streamline the operation and administration of homestays [19,20].

The success and sustainability of homestay businesses are largely determined by the extent to which the homestay operators meet the basic requirements or standards, such as authenticity, safety, location, activities. As a result, the standards for homestay businesses would serve as a guideline for homestay operators with regard to basic requirements and expectations of homestay guests. The standards also promote collaboration between diverse groups of stakeholders [21,22].

The homestay standard of the Ministry of Tourism and Sports consists of 10 components and 31 indicators. However, the existing indicators were not statistically validated to determine their relevancy to the components. As a result, this research proposes updated homestay indicators, and statistical validation was carried out by using exploratory factor analysis. The homestay components and indicators were further validated by confirmatory factor analysis to determine the factor loadings and statistical reliability. In this research, factor loadings indicate the levels of importance that homestay guests attach to different homestay components and indicators.

2. Research Methodology

Table 1 tabulates the component- and indicator-level standards or requirements for homestay businesses in Thailand by the Ministry of Tourism and Sports. There are 10 component-level requirements and 31 related indicator-level requirements (i.e., original indicators). The 10 components include accommodation and amenities; food and beverage; safety to life and belongings; hospitality of host and family members; travel information and tour guide; natural resources and the environment; cultural heritage and livelihood; addition of value to local merchandise; homestay operation and management; marketing communication and promotion.

The original homestay indicators have been in use for nearly a decade (since 2011). Given rapid technological advancements and changes in travelers’ preferences over the past decade, modifications are necessary to remain relevant. Moreover, no statistical validation was carried out on the 31 original indicators to determine their relevancy to the 10 components.

As a result, this research proposes an updated version of homestay indicators (31 updated indicators) for 10 component-level requirements (Table 1). In the study, the updated indicators were transformed into a 31-question questionnaire (Appendix A) and validated with 337 Thai and international guests of homestays across Thailand. The questionnaire respondents were guests of a random sample of 12 homestays, all of which met the ministry’s homestay standards. According to Dawson, Peppe [23], a proper sample size should be at least 10 times the total number of questions. Given that the number of questions was 31, the sample size was thus 337 homestay guests. The data collection was...
conducted by homestay operators between March and May 2018, which coincided with Songkran water festival in Thailand. Songkran marks the beginning of the traditional Thai New Year and the celebration covers a period of three days: 13–15 April.

In data collection, respondents were asked by homestay operators for their views on the importance of different updated indicators for the success of homestays, based on a 5-point Likert scale where 1, 2, 3, 4, and 5, respectively, denote unimportant, of little importance, moderately important, important, and very important. According to Bayraktar, Tatoglu [24]; Na-nan, Chaiprasit [25]; Ismail Salaheldin [26]; Thanvisithpon, Shrestha [27], a measure scale could be used with self-assessment questions.

Structural equation modeling (SEM) was used to determine the statistical relevancy between the updated homestay indicators and the 10 component-level requirements. The SEM analysis involved two steps: exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). In this study, the EFA statistically regrouped the 31 updated indicators by six new homestay components rather than by the original 10 components (Tables 2 and 3).

The six new components and 31 updated indicators were further validated by CFA to determine the factor loadings and reliability of the components and indicators (Table 4). Factor loadings indicate the levels of importance that homestay guests attach to different homestay components and indicators. A high factor loading suggests that the component or indicator plays an important role in the success and sustainability of homestays.
Table 1. Component- and indicator-level requirements for Thai homestay businesses by the Ministry of Tourism and Sports of Thailand.

| Component-Level Requirements/Indicator ID | Original/Existing Indicators | Indicator-Level Requirements | Updated/Revised Indicators | References Pertaining to Updated Indicators |
|-----------------------------------------|------------------------------|-----------------------------|----------------------------|-------------------------------------------|
| **Component 1: Accommodation and amenities** |                             |                             |                            |                                           |
| A1                                      | Functionality focused accommodations and basic amenities | In addition to functionality and provision of basic amenities, guests’ privacy should be taken into consideration in the accommodation layout | [28,29] |                               |
| A2                                      | Cleanliness and accessibility | Cleanliness, accessibility, and guest-centered hospitality | [30–32] |                               |
| A3                                      | Proper sanitation and sewage management | Proper sanitation procedure and ecologically friendly sewage management | [5,31,33] |                               |
| A4                                      | Common area on the premises for guests’ relaxation | Common area on the premises where homestay guests could observe or partake in traditional ways of life of the local community, in addition to relaxation. | [5,32,34] |                               |
| **Component 2: Food and beverage**      |                             |                             |                            |                                           |
| F1                                      | Types of dishes and cooking ingredients | Types of dishes and cooking ingredients | [35] |                               |
| F2                                      | Provision of clean drinking water | Provision of clean drinking water and appliances for modern living | [5,33,35,36] |                               |
| F3                                      | Clean food containers and tableware (e.g., dishware, glassware, cutlery) | Environmentally friendly and clean food containers and tableware | [5,33,35] |                               |
| F4                                      | Clean food preparation area and kitchen utensils | Provision of traditional cooking utensils and local condiments (with instruction), in addition to clean food preparation area and modern kitchen utensils | [33,35,37] |                               |
| **Component 3: Safety to life and belongings** |                             |                             |                            |                                           |
| S1                                      | Availability of first aid kit | Availability of first aid kit | [29,38–40] |                               |
| S2                                      | Provision of security for guests and their belongings | Provision of security for guests and their belongings | [29,38–40] |                               |
| **Component 4: Hospitality of homestay host and family members** |                             |                             |                            |                                           |
| R1                                      | Warm and cordial reception by homestay host and family members | Warm and cordial reception by homestay host and family members as well as by local community members for the long-term sustainability of homestay business | [19,30,32,34] |                               |
| R2                                      | Activities initiated by homestay host to promote local culture and traditional ways of life | Multisector collaboration (i.e., homestay host, other local businesses and community members) to create activities that promote local culture and traditional ways of life | [19,30,41,42] |                               |
| **Component 5: Travel information and tour guide** |                             |                             |                            |                                           |
| T1                                      | Travel information and local destination highlights with community consensus | Travel information and local destination highlights with community consensus and seasonal updates | [41,43] |                               |
| T2                                      | Local community oriented travel activity | Local community oriented travel activity that respects traditional ways of life | [32,41,42] |                               |
| T3                                      | Provision of tour guides with knowledge of local community | Provision of tour guides with knowledge of local community. The aim is to create economic opportunities for community members, including developing new skills, finding jobs, and starting new businesses. | [14,41,44] |                               |
| Component-Level Requirements/Indicator ID | Original/Existing Indicators                                                                 | Indicator-Level Requirements                                                                 | Updated/Revised Indicators                                                                                                                                 | References Pertaining to Updated Indicators |
|-----------------------------------------|------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------|
| N1                                      | Availability of local attractions and/or nearby tourist destinations                      | Availability of local attractions and/or nearby tourist destinations that embody local culture and traditional ways of life | [1,9,41,43,44]                                                                                                                                              |                                          |
| N2                                      | Proper supervision and maintenance of tourist destinations                               | Proper supervision and maintenance of tourist destinations with emphasis on environmental conservation and long-term sustainability | [14,45,46]                                                                                                                                               |                                          |
| N3                                      | Strategic plans to mitigate the impacts of homestay tourism on local community and global warming | Strategic and action plans to mitigate the impacts of homestay tourism on the environment and ways of life and identity of the local community | [9,14,45]                                                                                                                                               |                                          |
| N4                                      | Implementation of the strategic plans to mitigate the impacts of homestay tourism on local community and global warming | Action plans to lessen the impacts of homestay tourism on local natural resources and environment with the goal to reduce global warming | [45,46]                                                                                                                                                 |                                          |
| C1                                      | Preservation of cultural heritage of local community                                     | Incorporating local culture and traditions into homestay offerings and hospitality services   | [19,44,47]                                                                                                                                               |                                          |
| C2                                      | Preservation of local livelihoods and ways of life                                       | Action plans to preserve traditional livelihoods and local ways of life                       | [44,47,48]                                                                                                                                               |                                          |
| V1                                      | Availability of a wide selection of local merchandise for sale to visitors                | Availability of a wide selection of local merchandise for sale to visitors, and the offerings should be diverse to minimize price competition. | [49,50]                                                                                                                                                 |                                          |
| V2                                      | Addition of value to local merchandise                                                  | Procedure that engages local government and community members in value creation and addition to local merchandise | [19,49]                                                                                                                                                 |                                          |
| M1                                      | Forming a group of homestay operators                                                   | Forming an alliance of homestay operators with organizational structure and specific duties for representative members | [14,19,33,47,51,52]                                                                                                                                     |                                          |
| M2                                      | Establishment of board of directors (BOD) for the group                                  | Establishment of board of directors (BOD) for the alliance, and the board should consist of representatives from the local community. | [33,51–53]                                                                                                                                               |                                          |
| M3                                      | Duties and responsibilities of BOD                                                      | Duties and responsibilities of BOD                                                            | [33,52]                                                                                                                                                 |                                          |
| M4                                      | Economic gain from homestay tourism proportionately distributed among stakeholders       | Inclusive distribution of economic gain from homestay tourism in proportion to effort and contributions | [12,33,53,54]                                                                                                                                              |                                          |
| M5                                      |                                                                                         |                                                                                             |                                                                                                                                                    |                                          |
Table 1. Cont.

| Component-Level Requirements/Indicator ID | Original/Existing Indicators                                      | Indicator-Level Requirements                                                                 | Updated/Revised Indicators                                                                                   | References Pertaining to Updated Indicators |
|------------------------------------------|------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------|---------------------------------------------|
| M5                                       | Homestay reservation and cancellation policy                      | Creating an online hub where visitors are able to make reservations for a variety of services offered by local community businesses (e.g., local transport, tour guide, tourist attractions), in addition to accommodation reservation. Itemized price list of offerings and services to minimize dispute and build trust | [19, 52, 55]                                                                                               |                                             |
| M6                                       | Itemized price list of offerings and services                    |                                                                                               |                                                                                                             | [33, 54, 55]                                |                                             |
| Component 10: Marketing communication and promotion |                                                                     |                                                                                               |                                                                                                             |                                             |
| P1                                       | Availability of print marketing or promotional material           | Adoption of offline and online media platforms for marketing communication to promote homestay tourism and tourist destinations in the local community |                                                                                                             | [14, 43, 47]                                |                                             |
| P2                                       | Distribution of print marketing or promotional material            | Marketing communication strategy that emphasizes inclusivity (i.e., all stakeholders contribute to the strategy formulation) and evaluation of the strategy effectiveness |                                                                                                             | [42, 47, 56]                                |                                             |
Table 2. Exploratory factor analysis (EFA) of the updated indicators and component-based factor weight scores.

| Indicator ID | Common Factor | Component-Based Factor Weight Scores * |
|--------------|---------------|----------------------------------------|
|              |               | Component 1 | Component 2 | Component 3 | Component 4 | Component 5 | Component 6 |
| A1           | 0.589         | 0.778       |             |             |             |             |             |
| S1           | 0.676         | 0.774       |             |             |             |             |             |
| T2           | 0.874         | 0.927       |             |             |             |             |             |
| C1           | 0.845         | 0.967       |             |             |             |             |             |
| M4           | 0.813         | 0.896       |             |             |             |             |             |
| P2           | 0.837         | 0.905       |             |             |             |             |             |
| A2           | 0.481         | 0.666       |             |             |             |             |             |
| S2           | 0.496         |             |             |             |             |             |             |
| T1           | 0.693         | 0.831       |             |             |             |             |             |
| C2           | 0.874         | 0.927       |             |             |             |             |             |
| M3           | 0.788         | 0.879       |             |             |             |             |             |
| P1           | 0.731         | 0.836       |             |             |             |             |             |
| R1           | 0.745         |             |             |             |             |             |             |
| T3           | 0.826         |             |             |             |             |             |             |
| V1           | 0.917         | 0.949       |             |             |             |             |             |
| M1           | 0.758         |             | 0.864       |             |             |             |             |
| M5           | 0.752         |             |             |             |             |             |             |
| A3           | 0.579         |             |             |             |             |             |             |
| F1           | 0.848         |             |             |             |             |             |             |
| F3           | 0.879         |             |             |             |             |             |             |
| N2           | 0.815         |             |             |             |             |             |             |
| N4           | 0.801         |             |             |             |             |             |             |
| A4           | 0.549         |             |             |             |             |             |             |
| F2           | 0.887         |             |             |             |             |             |             |
| F4           | 0.881         |             |             |             |             |             |             |
| N1           | 0.846         |             |             |             |             |             |             |
| N3           | 0.706         |             |             |             |             |             |             |
| R2           | 0.876         |             |             |             |             |             |             |
| V2           | 0.867         |             |             |             |             |             |             |
| M2           | 0.894         |             |             |             |             |             |             |
| M6           | 0.779         |             |             |             |             |             |             |
| Initial Eigenvalues | 6.186 | 4.610 | 3.997 | 3.645 | 3.251 | 2.666 |
| % of Variance | 19.955 | 14.872 | 12.894 | 11.758 | 10.487 | 8.599 |

* EFA statistically regrouped the 31 updated indicators by six homestay components rather than by the original 10 components.
Table 3. Descriptions of the EFA-validated components and indicators.

| Component                                                                 | Indicator ID | Factor Weight Scores | Descriptions of Updated Indicators                                                                                                                                                                                                 |
|---------------------------------------------------------------------------|--------------|-----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Component 1: Congruence with local ways of life and inclusive local      | A1           | 0.667                 | In addition to functionality and provision of basic amenities, guests’ privacy should be taken into consideration in the accommodation layout.                                                                                   |
| economic development                                                      |              |                       | Provision of security for guests and their belongings                                                                                                                  |
| Homestay businesses are required to make available safe facilities and     | S2           | 0.914                 | Local community oriented travel activity that respects traditional ways of life                                                                                           |
| basic amenities for guests [61]. In addition, the establishment of        |              |                       | Action plans to preserve traditional livelihoods and local ways of life                                                                                               |
| homestays minimally disrupt local ways of life and traditions [33,62].   | T2           | 0.904                 | Inclusive distribution of economic gain from homestay tourism in proportion to effort and contributions                                                                   |
| Homestay tourism should also attach importance to inclusive local          | C2           | 0.993                 | Marketing communication strategy that emphasizes inclusivity (i.e., all stakeholders contribute to the strategy formulation) and evaluation of the strategy effectiveness |
| economic development where the majority of community members benefit from  | M4           | 0.879                 | Cleanliness, accessibility, and guest-centered hospitality                                                                                                               |
| the scheme to guarantee the success and sustainability of the business    | P2           | 0.884                 | Availability of first aid kit                                                                                                                                       |
| [63,64].                                                                  |              |                       | Travel information and local destination highlights with community consensus and seasonal updates                                                                      |
| Component 2: Homestay operation and hospitality management                | A2           | 0.554                 | Incorporating local culture and traditions into homestay offerings and hospitality services                                                                            |
| Homestay guests are entitled to basic amenities during their stay and     | S1           | 0.673                 | Duties and responsibilities of BOD                                                                                                                                  |
| should be afforded with opportunities to observe traditional ways of life  | T1           | 0.787                 | Adoption of offline and online media platforms for marketing communication to promote homestay tourism and tourist destinations in the local community                  |
| or partake in local activities [65]. Homestay operation should preserve   | C1           | 0.953                 | Warm and cordial reception by homestay host and family members as well as by local community members for the long-term sustainability of homestay business using local community |
| and promote local culture and ways of life. In addition, active           | M3           | 0.880                 | Provision of tour guides with knowledge of local community. The aim is to create economic opportunities for community members, including developing new skills, finding jobs, and starting new businesses. |
| participation from community members should be encouraged in the          | P1           | 0.834                 | Availability of a wide selection of local merchandise for sale to visitors, and the offerings should be diverse to minimize price competition.                      |
| operation and management of local homestay tourism [33].                 | R1           | 0.817                 | Forming an alliance of homestay operators with organizational structure and specific duties for representative members                                                 |
| Component 3: Roles of local stakeholders in homestay tourism longevity   | T3           | 0.908                 | Creating an online hub where visitors are able to make reservations for a variety of services offered by local community businesses (e.g., local transport, tour guide, tourist attractions), in addition to accommodation reservation. |
| Active participation and contributions from local community members and   | V1           | 0.982                 |                                                                                                                                                                      |
| other stakeholders play a crucial role in the success and sustainability  | M1           | 0.779                 |                                                                                                                                                                      |
| of homestay tourism [42,66,67]                                            | M5           | 0.811                 |                                                                                                                                                                      |
Table 3. Cont.

| Descriptions of Components | Indicator ID | Factor Weight Scores | Descriptions of Updated Indicators |
|-----------------------------|-------------|----------------------|-----------------------------------|
| **Component 4: Cleanliness, infrastructure, and the environment** |            |                      |                                   |
| In satisfying the needs of homestay guests, the impact of homestay tourism on the environment and local community should be minimized. The sustainability of tourist destinations is dependent upon environmental concerns and conservation of local stakeholders [42,68]. Construction of homestay accommodations and the operation should attach importance to eco-friendliness and long-term sustainability [69]. Moreover, use of locally-grown cooking ingredients in guests’ meals should be encouraged to reduce transport-induced carbon footprint and global warming [70]. | A3          | 0.718               | Proper sanitation procedure and ecologically friendly sewage management |
|                            | F1          | 0.827               | Types of dishes and cooking ingredients |
|                            | F3          | 0.971               | Environmentally friendly and clean food containers and tableware |
|                            | N2          | 0.896               | Proper supervision and maintenance of tourist destinations with emphasis on environmental conservation and long-term sustainability |
|                            | N4          | 0.775               | Action plans to lessen the impacts of homestay tourism on local natural resources and environment with the goal to reduce global warming |
| **Component 5: Local identity and carrying capacity of homestay** |            |                      |                                   |
| Homestay tourism should go beyond basic amenities (e.g., electricity, clean water) to incorporate culture and ways of life of local community members [69,71,72]. Long-held local traditions, custom practices, and beliefs could be unique selling propositions to attract travelers (Edgell, et al. 2008). Moreover, local traditions and practices could be incorporated into homestay designs and offerings/services to promote the identity of local community [67]. | A4          | 0.691               | Common area on the premises where homestay guests could observe or partake in traditional ways of life of the local community, in addition to relaxation. |
|                            | F2          | 0.927               | Provision of clean drinking water and appliances for modern living |
|                            | F4          | 0.917               | Provision of traditional cooking utensils and local condiments (with instruction), in addition to clean food preparation area and modern kitchen utensils |
|                            | N1          | 0.902               | Availability of local attractions and/or nearby tourist destinations that embody local culture and traditional ways of life |
|                            | N3          | 0.820               | Strategic and action plans to mitigate the impacts of homestay tourism on the environment and ways of life and identity of the local community |
|                            | R2          | 0.923               | Multisector collaboration (i.e., homestay host, other local businesses and community members) to create activities that promote local culture and traditional ways of life |
|                            | V2          | 0.927               | Procedure that engages local government and community members in value creation and addition to local merchandise |
|                            | M2          | 0.941               | Establishment of board of directors (BOD) for the alliance, and the board should consist of representatives from the local community. |
|                            | M6          | 0.876               | Itemized price list of offerings and services to minimize dispute and build trust |
| **Component 6: Stakeholder involvement strategy** |            |                      |                                   |
| A collaborative alliance between homestay operators and other local community businesses should be forged to better satisfy the diverse needs of visitors and to develop local homestay tourism [42,67,73]. | R2          | 0.923               | Multisector collaboration (i.e., homestay host, other local businesses and community members) to create activities that promote local culture and traditional ways of life |
|                            | V2          | 0.927               | Procedure that engages local government and community members in value creation and addition to local merchandise |
|                            | M2          | 0.941               | Establishment of board of directors (BOD) for the alliance, and the board should consist of representatives from the local community. |
|                            | M6          | 0.876               | Itemized price list of offerings and services to minimize dispute and build trust |
Table 4. Confirmatory factor analysis (CFA) of EFA-validated components and indicators.

| Component (Latent Factors) | Homestay Indicators | $R^2$ * | Validity of Homestay Components |
|----------------------------|---------------------|---------|---------------------------------|
|                            |                     |         | Composite Reliability (CR) **   | Average Variance Extracted (AVE) |
| Component 1 (Factor loading = 0.398) | A1 | 0.444 | 0.953 | 0.773 |
|                            | S2 | 0.835 |       |      |
|                            | T2 | 0.883 |       |      |
|                            | C2 | 0.986 |       |      |
|                            | M4 | 0.773 |       |      |
|                            | P2 | 0.781 |       |      |
|                            | A2 | 0.307 |       |      |
|                            | S1 | 0.453 |       |      |
| Component 2 (Factor loading = 0.454) | T1 | 0.620 | 0.926 | 0.678 |
|                            | C1 | 0.907 |       |      |
|                            | M3 | 0.774 |       |      |
|                            | P1 | 0.696 |       |      |
|                            | R1 | 0.668 |       |      |
|                            | T3 | 0.825 |       |      |
| Component 3 (Factor loading = 0.372) | V1 | 0.965 | 0.948 | 0.787 |
|                            | M1 | 0.608 |       |      |
|                            | M5 | 0.658 |       |      |
|                            | A3 | 0.515 |       |      |
| Component 4 (Factor loading = 0.449) | F1 | 0.684 | 0.940 | 0.759 |
|                            | F3 | 0.943 |       |      |
|                            | N2 | 0.803 |       |      |
|                            | N4 | 0.600 |       |      |
|                            | A4 | 0.435 |       |      |
|                            | F2 | 0.793 |       |      |
| Component 5 (Factor loading = 0.444) | F4 | 0.961 | 0.931 | 0.732 |
|                            | N1 | 0.840 |       |      |
|                            | N3 | 0.551 |       |      |
|                            | R2 | 0.873 |       |      |
| Component 6 (Factor loading = 0.338) | V2 | 0.798 | 0.955 | 0.841 |
|                            | M2 | 0.869 |       |      |
|                            | M6 | 0.731 |       |      |

* $R^2$ indicates the reliability of homestay indicators, given that $R^2 > 0.3$ is statistically acceptable. ** CR indicates the reliability of homestay component, given that CR > 0.6 is statistically acceptable.

3. Results and Discussion

Table 2 tabulates the EFA results and component-based factor weight scores of the 31 updated homestay indicators. The updated indicators were regrouped by six EFA-validated homestay components. The 1st component consisted of six updated indicators: A1, S2, T2, C2, M4, and P2 with the factor weight scores of 0.762–0.976. The 2nd component consisted of six indicators: A2, S1, T1, C1, M3, and P1 (0.666–0.933), and the 3rd component comprised five indicators: R1, T3, V1, M1, and M5 (0.858–0.949). The 4th, 5th, and 6th components consisted of A3, F1, F3, N2, N4 (0.749–0.919); A4, F2, F4, N1, N3 (0.691–0.927); and R2, V2, M2, M6 (0.876–0.941), respectively. The descriptions of the updated indicators are provided in Table 1.

The factor weight scores of the 31 updated homestay indicators were greater than 0.3, given that a factor weight score $>0.3$ is statistically valid [57–60]. The eigenvalues of the revised six components were 6.186, 4.610, 3.997, 3.645, 3.251, and 2.666, respectively, given that an eigenvalue $>1.0$ is acceptable, with the corresponding percentage of variance of 19.955, 14.872, 12.894, 11.758, 10.487, and 8.599. Table 3 presents the six EFA-validated homestay components and indicators.

In Figure 1, the factor loadings of six validated homestay components and 31 updated indicators were 0.338–0.454 and 0.554–0.993, respectively. According to Kim and Mueller [74], a factor loading greater than 0.3 is statistically significant.
In Figure 1, the factor loadings of six validated homestay components and related indicators were 0.338–0.454 and 0.554–0.993, respectively. According to Kim and Mueller [74], a factor loading greater than 0.3 is statistically significant.

Figure 1. The factor loadings of six validated homestay components and related indicators.

In addition, the chi-square = 10901.185, degree of freedom (df) = 465, \( p = 0.000 \), goodness of fit index (GFI) = 0.900, root mean square error of approximation (RMSEA) = 0.047, adjusted goodness of fit index (AGFI) = 0.963, NFI Delta = 0.943, confirmatory fit index (CFI) = 0.975, incremental fit index (IFI) = 0.975, Tucker–Lewis index (TLI) = 0.967, and root mean square residue (RMR) = 0.034. According to Baumgartner and Homburg [75],
Gatignon [76] and Hooper, Coughlan [77], GFI, AGFI, NFI Deltal1, CFI, IFI, and TLI should be close to 1, while RMSEA and RMR should not exceed 0.05.

Table 4 presents the CFA results of the six validated components and 31 updated homestay indicators. The reliability (R²) of the indicators under the 1st component were 0.444–0.986, and those under the 2nd component were 0.307–0.907. The R² of the indicators under 3rd and 4th components were 0.608–0.965 and 0.515–0.943. The R² of the indicators under 5th and 6th components were 0.435–0.961 and 0.731–0.873, given that R² > 0.3 is statistically acceptable. The full descriptions of the updated indicators were provided in Table 3.

The composite reliability (CR) of component 6 (stakeholder involvement strategy) was the largest (0.955), followed by component 1 (congruence with local ways of life and inclusive local economic development; 0.953), component 3 (roles of local stakeholders in homestay tourism longevity; 0.948), component 4 (cleanliness, infrastructure, and the environment; 0.940), component 5 (identity and carrying capacity of homestay; 0.931), and component 2 (homestay operation and hospitality management; 0.926). The corresponding average variance extracted (AVE) was 0.678–0.841. According to Fornell and Larcker [78], the CFA construct component is statistically valid if CR > 0.6 or AVE > 0.5.

A high factor loading indicates the indicator that homestay guests attach considerable importance and thereby plays a crucial role in the success and sustainability of local homestay businesses. In Figure 1, the indicator C2 (action plans to preserve traditional livelihoods and local ways of life) under component 1 had the highest factor loading (0.993). Specifically, local ways of life and cultures of tourist destinations have been increasingly adopted as a differentiation strategy by many homestay businesses [33,62,64]. Culture-oriented homestay tourism helps promote local culture and traditions and is a potential source of income of local community, which in turn supports and strengthens cultural production and creativity [44,47,48].

The indicator V1 (availability of a wide selection of local merchandise for sale to visitors, and the offerings should be diverse to minimize price competition) under component 3 had the second highest factor loading (0.982). Culture-oriented homestay tourism promotes local traditions and also serves as a marketing tool to sell locally made crafts and services to visitors [66,79]. As a result, an increasing number of local tourist destinations integrate local cultures into their offerings and services to appeal to visitors’ unique needs [49,50].

4. Conclusions and Recommendations

This research proposed an updated version of homestay indicators associated with 10 component-level homestay requirements to replace the 31 original indicators for homestay businesses in Thailand. The original indictors have been in use for nearly a decade, and no statistical validation was carried out to determine the relevancy to the 10 components. The existing 10 components were accommodation and amenities; food and beverage; safety to life and belongings; hospitality of host and family members; travel information and tour guide; natural resources and the environment; cultural heritage and livelihood; addition of value to local merchandise; homestay operation and management; marketing communication and promotion.

Structural equation modeling (SEM) was used to determine the statistical relevancy between the updated homestay indicators and the components. The SEM analysis involved two steps: exploratory factor analysis (EFA) and confirmatory factor analysis (CFA). In this research, the EFA statistically regrouped the 31 updated indictors by six new homestay components instead of by the original 10 components. The six new homestay components were congruence with local ways of life and inclusive local economic development; homestay operation and hospitality management; roles of local stakeholders in homestay tourism longevity; cleanliness, infrastructure, and the environment; local identity and carrying capacity of homestay; stakeholder involvement strategy.

The six components and 31 updated indicators were further validated by CFA to determine the factor loadings and reliability of the components and indicators. A high
factor loading suggests that the particular indicator plays an important role in the success and sustainability of homestay tourism and local community. The CFA results revealed that the indicators C2 (action plans to preserve traditional livelihoods and local ways of life) and V1 (availability of a wide selection of local merchandise for sale to visitors, and the offerings should be diverse to minimize price competition) had the highest (0.993) and second-highest factor loadings (0.982).

The findings indicated that homestay guests attached considerable importance to both homestay indicators. As a result, Thai homestay operators should take into consideration local cultures and ways of life in the formulation and implementation of their business plans. Furthermore, the research findings are consistent with [33,62,64], who found that homestay businesses increasingly adopt the local ways of life and cultures as the differentiation strategy to attract visitors. The findings are also consistent with [44,47,48], who reported that culture-oriented homestay tourism helps promote local culture and traditions and is a potential source of income of local community.

The research findings are expected to contribute to improvement in homestay operation in Thailand as the owners could refer to the resulting factor loadings to identify the requirements or standards that are currently inadequate or lacking in their homestay operation. The shortcomings could then be addressed by immediate and long-term action plans, with priority given to the homestay indicators with high factor loadings. Moreover, the statistically validated homestay indicators could be further developed into a standardized checklist to evaluate and grade homestay businesses in terms of the extent to which they satisfy the homestay standards.

In this current research, the homestay indicators were validated by using a sample of 337 homestay visitors who stayed in a homestay in the central region of Thailand. To address the issue of limited geography, future research will cover several geographical regions and longer periods of data collection (from three months to one year). In addition, future participating homestay operators will be offered a brief training session to avoid incomplete and incorrect data collection.

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Appendix A. Thai Homestay Business Indicator Satisfactions

Appendix A.1. Demographics and Generic Information

1.1. Gender

- Male
- Female

1.2. Age (years)

1.3. Education level

- Below primary
- Primary school
- Lower Secondary
- Upper secondary
- University

1.4. Occupation

- Private company employee
- Self-employed
- Student
- Government
- Business owner
- Other
Appendix A.2. Thai Homestay Business Indicator Satisfactions

The Thai homestay business indicator satisfactions have an 5-point Likert scale, 1 represents not related, 5 strongly disagree, and 10 strongly agree.

| Indicator ID | Description | 1 Strongly Disagree | 2 | 3 | 4 | 5 |
|--------------|-------------|---------------------|---|---|---|---|
| A1           | In addition to functionality and provision of basic amenities, guests’ privacy should be taken into consideration in the accommodation layout. |               |   |   |   |   |
| A2           | Proper sanitation procedure and ecologically friendly sewage management |               |   |   |   |   |
| A3           | Common area on the premises where homestay guests could observe or partake in traditional ways of life of the local community, in addition to relaxation. |               |   |   |   |   |
| F1           | Types of dishes and cooking ingredients |               |   |   |   |   |
| F2           | Provision of clean drinking water and appliances for modern living |               |   |   |   |   |
| F3           | Environmentally friendly and clean food containers and tableware |               |   |   |   |   |
| F4           | Provision of traditional cooking utensils and local condiments (with instruction), in addition to clean food preparation area and modern kitchen utensils |               |   |   |   |   |
| S1           | Availability of first aid kit |               |   |   |   |   |
| S2           | Provision of security for guests and their belongings |               |   |   |   |   |
| R1           | Warm and cordial reception by homestay host and family members as well as by local community members for the long-term sustainability of homestay business |               |   |   |   |   |
| R2           | Multisector collaboration (i.e., homestay host, other local businesses and community members) to create activities that promote local culture and traditional ways of life |               |   |   |   |   |
| T1           | Travel information and local destination highlights with community consensus and seasonal updates |               |   |   |   |   |
| T2           | Local community oriented travel activity that respects traditional ways of life |               |   |   |   |   |
| T3           | Provision of tour guides with knowledge of local community. The aim is to create economic opportunities for community members, including developing new skills, finding jobs, and starting new businesses. |               |   |   |   |   |
| N1           | Availability of local attractions and/or nearby tourist destinations that embody local culture and traditional ways of life |               |   |   |   |   |
| N2           | Proper supervision and maintenance of tourist destinations with emphasis on environmental conservation and long-term sustainability |               |   |   |   |   |
| N3           | Strategic and action plans to mitigate the impacts of homestay tourism on the environment and ways of life and identity of the local community |               |   |   |   |   |
| N4           | Action plans to lessen the impacts of homestay tourism on local natural resources and environment with the goal to reduce global warming incorporating local culture and traditions into homestay offerings and hospitality services |               |   |   |   |   |
| C1           | Incorporating local culture and traditions into homestay offerings and hospitality services |               |   |   |   |   |
| C2           | Action plans to preserve traditional livelihoods and local ways of life |               |   |   |   |   |
| V1           | Availability of a wide selection of local merchandise for sale to visitors, and the offerings should be diverse to minimize price competition. |               |   |   |   |   |
| V2           | Procedure that engages local government and community members in value creation and addition to local merchandise |               |   |   |   |   |
| M1           | Forming an alliance of homestay operators with organizational structure and specific duties for representative members |               |   |   |   |   |
| M2           | Establishment of board of directors (BOD) for the alliance, and the board should consist of representatives from the local community. |               |   |   |   |   |
| M3           | Duties and responsibilities of BOD |               |   |   |   |   |
| M4           | Inclusive distribution of economic gain from homestay tourism in proportion to effort and contributions |               |   |   |   |   |
| M5           | Creating an online hub where visitors are able to make reservations for a variety of services offered by local community businesses (e.g., local transport, tour guide, tourist attractions), in addition to accommodation reservation. |               |   |   |   |   |
| M6           | Itemized list of offerings and services to minimize dispute and build trust |               |   |   |   |   |
| P1           | Adoption of offline and online media platforms for marketing communication to promote homestay tourism and tourist destinations in the local community |               |   |   |   |   |
| P2           | Marketing communication strategy that emphasizes inclusivity (i.e., all stakeholders contribute to the strategy formulation) and evaluation of the strategy effectiveness |               |   |   |   |   |

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