

## **Homestay Industry –Drivers and Challenges in the State of Johor, Malaysia**

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### **ABSTRACT**

The growth in Malaysian tourism industry has led to high demand for homestay as a tourism product, albeit indirectly. With that growth, it has been acknowledged that homestay accommodation business plays a significant role in aiding the success of the tourism industry in Malaysia. There are already a large number of registered homestay entrepreneurs and the number is growing. The main aim of this paper is to examine the factors that contribute to the growth of homestay industry in Johor. The concepts introduced while the drivers and barriers to the business are also discussed in this paper. A literature review was earlier undertaken on homestay entrepreneurship around the world to offer some measure of comparison.

**Keywords:** Barriers, Concept, Challenges, Drivers, Homestay

### **1.0 INTRODUCTION**

Service sector forms a major component of the economy in Malaysia together with the other sectors i.e. industrial, manufacturing and agriculture. According to Malaysian Investment Development Authority (MIDA), tourism industry has significant importance towards Malaysia's economy in general and the service sector in particular, apart from banking and financial services, and trading services, real estate and telecommunication services (MIDA, 2012). Malaysia's tourism sector saw a jump in improvement, from being fifth to the third highest Gross National Income (GNI) contributor in 2014 despite the declines in tourist arrivals and receipts (Bernama, 2016). Due to high potential of tourism industry as an encourager and stimulator of the country's socio-economic development, the government of Malaysia in 2004 restructured the Ministry of Arts, Culture and Tourism (MOCAT) into three new ministries which include the Ministry of Tourism Malaysia (Amran, 2004). The Ministry was assigned mainly to coordinate and implement government policies and strategies pertaining to tourism industry. As a result of the continuous efforts of the Ministry of Tourism, the tourism industry had experienced a rapid growth and gained importance in Malaysian economy. Apparently, the sub-industries of tourism that contributed to this growth are eco-tourism, medical tourism and cultural or heritage tourism. These sub-industries are supported by various tourism products one of which is homestay.

The Malaysian government took an initiative to upgrade tourism industry by introducing Malaysia Homestay Programme which was launched officially by Ministry of Tourism Malaysia on 3rd December 1995 in Temerloh, Pahang. The main aim of introducing homestay programme under Rural Tourism Master Plan is to encourage rural participation in the tourism sector (Ministry of Rural and Regional Development, 2010). The Homestay Programme gained its popularity only in recent years (Ministry of Tourism Malaysia, 2010). Thus this study aims to offer a preliminary insight into the homestay industry in Malaysia through an examination of the concept, drivers and challenges, and factors that promote the growth of the sector in Johor.

## **2.0 HOMESTAY AND HOMESTAY BUSINESS**

Homestay was earlier defined as a private home in which unused rooms are rented for supplementing income and meeting people (Lanier and Berman, 1993). In Malaysia, homestay concept accommodation was first identified around 1970s in Kampung Cherating Lama, Pahang where a local lady called 'Mak Long' accepted a long staying 'drifter enclave' and provided breakfast, dinner and accommodation within her village house (Yusof *et al.*, 2012). In the beginning, the pioneers of homestay were located on sites along the beach. During 1980s, the homestay concept took another dimension when local families accepted Japanese youths to stay with them under an exchange programme. Since then, the Ministry of Agriculture had been using homestay as a catalyst for rural development (Yusof *et al.*, 2012).

The homestay programme in Malaysia was initially organised by communities in rural areas as a specific form of rural cultural tourism promoted by the Malaysian government (Musa *et al.*, 2010). Visitors then would have the opportunities to visit rural villages and attractions and experience hosts' culture, while the hosts have the opportunities to be a part of the tourism product and to receive more of the socio-economic benefits from it. The Ministry of Tourism Malaysia (2010) has also expressed homestay as an arrangement that provides accommodation for students and tourists in the home of host family in exchange for payment where the packages include a homestay in a traditional village, accommodation arrangement for students and school groups; and live with a local family in homestay and learn the language and culture of the locals.

### **2.1 Registered Homestay vs. Unregistered Homestay**

Registered homestays are registered under the Malaysia Homestay Programme as required by the Ministry of Tourism Malaysia. The registered homestay entrepreneurs are the homestay coordinators and homestay operators who manage, handle and run the homestays as a source of income. Unregistered homestays are meant to operate as a guesthouse where only lodging accommodation are provided for tourists but at rates cheaper than for hotel and other means of accommodation. The unregistered homestay operators are those who run the homestay in a residential or housing area without any licence from the Ministry of Tourism Malaysia and local authorities and not following the concept as indicated in the Malaysia Homestay Programme's Homestay Guidelines.

### **2.3 Concept of Homestay – Malaysia vs International Context**

In Malaysia, homestay is a tourism product which is not categorised as an accommodation facility. It focuses more on experience, lifestyle, culture and economic activities. Each homestay is meant to offer different activities based on the culture, traditional food, economic activities of the place (Malaysia Tourism Ministry, 2011). Malaysian Homestay Programme aims to share the benefits of tourism industry with all walks of life in Malaysia by encouraging participation of rural community in the tourism industry. The

benefits are to comprise the following: to increase income and improve the living standard of rural community by providing a chance to make income through tourism industry; to produce tourism entrepreneurs in rural community; to provide a unique experience to tourists or visitors who are keen to experience life and culture of rural community; and to create rural hospitality tourism products with competitive price and international standard (Malaysia Tourism Ministry, 2011).

In international context, homestay can be distinguished from other types of accommodation that are being offered in terms of the specific culture associations such as private homes, interaction with a host or host-family, sharing of space which thereby becomes public. Homestay is a private home where the tourist pays directly or indirectly to stay (Lashley & Morrison, 2000). In international market, Homestay Programs are used as an accommodation option for foreign students who coming to study in their countries and the international students are considered as the new niche for the homestay industry.

In western countries, the rural tourism concepts are also known as agriculture tourism or agro-tourism which enables tourists to enjoy the lifestyle of a farmer (Roberts and Hall, 2011). Agro-tourism is different from normal homestay programmes because it doesn't involve a whole community of the village in arranging tourism activity since the farms are well off located within a large land area. So, agro-tourism only involves the families of the farmers in arranging the tourism activities.

Table 2 below provides a summary of the homestay practices from different countries.

**Table 2: Homestay Practices from International Approach**

Country	Details
Canada	<ul style="list-style-type: none"> <li>• Homestay Programme is conducted in the rural areas or farm areas.</li> <li>• These rural areas are situated in an area where there are no transportation facilities available and the visitor has to depend on the host or travel by their own vehicle.</li> <li>• The most attractive aspects about the Canadian Homestays are the dynamic of Canadian families where the family members usually have deep discussion, good communication and strong family bond among each other. Other aspects that attract a lot of tourists to the homestay are a lot of quality time spent with hosts family and the chance to participate in the recreational and cultural activities such as camping, eating North American food and easy access to nature (Crealock <i>et al.</i>, 1999).</li> </ul>
<b>Australia</b>	<ul style="list-style-type: none"> <li>• In Australia, homestay provides services that are called "home away from home" to students and tourists for weeks or months where the homestay is referred to as bed and breakfast accommodation or student accommodation (Akbar <i>et al.</i>, 2004).</li> <li>• In Australia, the students can only stay in homestays that are selected and approved by Australian government.</li> <li>• Homestay is the best option of accommodation because it enables interaction between different types of culture which indirectly promotes multicultural understandings.</li> <li>• The Australian Homestays are giving importance to safety factors where the hosts undertake to get police clearance before they open their houses to tourists.</li> <li>• Staying in a homestay is the best way to learn how to live in Australia and is also</li> </ul>

Country	Details
<b>Japan</b>	<p data-bbox="461 352 1382 384">much cheaper and safer compared to other accommodations that are available.</p> <ul style="list-style-type: none"> <li data-bbox="428 405 1430 506">• Homestay has gained popularity in Japan because the Japanese want their country and culture to be known worldwide and the homestay is the best medium of accommodation which can make this possible compared to the expensive hotels.</li> <li data-bbox="428 516 1430 617">• Japan Homestay Programme provides the tourists and students with the opportunity to become a part of local Japanese family and learn and experience their language, culture, customs and lifestyle personally.</li> <li data-bbox="428 627 1430 728">• The homestay host families are carefully selected by the International Homestay Organisation and all the selected homestays are registered under the Japan Homestay Programme (Kleipinger, 1995).</li> <li data-bbox="428 739 1430 869">• There are a lot of benefits in staying in homestay in Japan, especially for students – they can practise the Japanese language they learn at education institutes while staying with the host family, get the chance to listen to the native speaking Japanese language and learn to cook Japanese foods.</li> <li data-bbox="428 879 1430 1010">• There are several forms of homestay services provided in Japan such as short-term study abroad programme that lasts from 2 months to years, weekends homestays, university exam homestays, corporate training homestays and working holiday homestays .</li> </ul>
<b>India</b>	<ul style="list-style-type: none"> <li data-bbox="428 1041 1430 1142">• The Indians love to have guests in their houses due to the belief ‘Athiti Devo Bahva’ which means guests are equal to god and feel honored to have guests in their homes.</li> <li data-bbox="428 1152 1430 1226">• This is why Indian hospitality is so famous around the world and a homestay is the best place to experience it.</li> <li data-bbox="428 1236 1430 1346">• The homestay concept in India is as same as “Bed and Breakfast” concept of western countries where the guests are accommodated in the host’s house or quarters nearby.</li> <li data-bbox="428 1356 1430 1499">• The homestay of India enables the guests to personally experience and develop a healthy relationship with the hosts through courtesy and the warmth of home-cooked foods served showed by the hosts will surely touch the souls of the guests (Gangotia, 2013).</li> <li data-bbox="428 1509 1430 1583">• The homestay in India began from Kerala a decade back and ever since it has shown a significant growth in number until today.</li> <li data-bbox="428 1593 1430 1766">• The charm of homestay is that it allows the tourists to enjoy the hospitality of real India in terms of uniqueness of accommodation, personalized service, practical local information on travelling places and reasonable fair prices, home-cooked food and enjoy various activities which they will otherwise miss by choosing to stay in hotels (Gangotia, 2013).</li> <li data-bbox="428 1776 1430 1885">• In India, there are several cities that have created a niche for themselves in homestay industry besides all the other homestays through the hospitality and desirability of the homestays.</li> </ul>

Country	Details
	<ul style="list-style-type: none"> <li>• In India, the homestay programme is provided widely for international students who come to study there to enable them to develop Hindi language skills and get the chance to eat their traditional foods.</li> <li>• The host families for the homestay programme are chosen from the middle- and upper-middle class communities who have professional backgrounds (Gangotia, 2013).</li> </ul>

## 2.4 Growth of Homestay Industry in Malaysia

In Malaysia, homestay tour packages are receiving good response and have been growing in demand in recent years. Most of the tourists prefer to choose the homestay whenever they visit the country as they are more interested in getting to know and experience the culture and lifestyle of the local community. Since they would not have the opportunity to experience and learn the culture and way of life of the locals if they were to stay in hotels, these tourists prefer to stay in homestay. With this consideration, the government has given support and encouragement to the development of homestay as the tourism product and now almost every state in Malaysia has its own Homestay Program (Ibrahim, 2010).

The most successful homestay programme in Selangor is Kampung Banghuris of Sepang District programme. The main attraction of this place is its agricultural activities as 90% of its land area is used for agriculture. This programme has managed to attract a variety of tourists from Britain, Japan, China, other Asian countries as well as those from the Eastern regions to Malaysia. This homestay programme has become a model homestay to other state governments who are interested in carrying out similar programmes.

The homestay programme has attracted a lot of tourists to Malaysia ever since it was first implemented (Yahaya & Fauzaw, 2008). By 2011, the number of homestays that registered under Ministry of Tourism Malaysia as shown in Table 1 had increased to 150 throughout Malaysia (Tourism Malaysia, 2011).

**Table 1: Malaysia Homestay Statistics (Until December 2011)**

State	Number of Homestays	Number of Villages	Number of Participants	Number of Rooms
Perlis	3	3	56	64
Kedah	14	19	296	393
Pulau Pinang	9	9	200	227
Perak	6	30	231	308
Selangor	15	18	458	660
Melaka	7	7	115	173
Negeri Sembilan	9	27	231	354
Johor	16	35	478	623
Kelantan	6	7	133	133

Terengganu	6	6	104	106
Pahang	14	19	249	376
Sarawak	26	28	353	357
Sabah	16	25	228	438
Labuan	3	3	79	97
<b>TOTAL</b>	<b>150</b>	<b>236</b>	<b>3211</b>	<b>4309</b>

Source: Homestay Unit (2011)

With the growth of the homestay industry, it has been acknowledged that a homestay accommodation business plays a significant role in aiding the success of the tourism industry in Malaysia (Ahmad et.al., 2014). As the state of Johor has the highest number of homestays as shown in the above table, this study has examined the drivers and challenges that are faced by the operators as entrepreneurs of these homestays.

### 3.0 METHOD OF STUDY

The study has conducted a questionnaire survey on homestay operators to collect information about the respondents' background and experience in the homestay business which was administered on 214 respondents from the six (6) sample homestays from four (4) districts of the State of Johor namely Homestay Kampung Sri Paya, Kulai; Homestay Felda Semenu, Kota Tinggi; Homestay Kampung Lukut, Kota Tinggi; Homestay Kampung Temenin Baru, Kota Tinggi; Homestay Kampung Sinaran Baru, Johor Bahru; and Homestay Kampung Perigi Acheh, Pasir Gudang. These six (6) registered homestays were chosen based on geographical factor which are situated near to each other at all the four (4) districts and had offered several attractive activities (refer Appendix 1 - the village-based agro-tourism activities offered in homestay).

Descriptive survey was conducted to identify the factors that contribute to the growth of homestay industry in the State of Johor. The factors that contribute to the growth of Malaysia homestay in the State of Johor are categorised into four categories based on the mean value range; namely, most dominant factors (mean = 3.50 to 4.00), dominant factors (mean = 3.00 to 3.49), moderately dominant factors (mean = 2.99 to 2.5) and least dominant factors (less than 2.49).

### 4.0 RESULTS AND DISCUSSION

The findings indicate that the most dominant reasons for the rural community to engage in the homestay industry are as follows: potential in the business (mean = 3.77), pursuit of own interest (mean = 3.70), flexibility to manage time (mean = 3.59), desire to generate more income (mean = 3.54) and personal satisfaction (mean = 3.53). Other factors that are under consideration also include the following: having balance between work and family (mean = 3.43), passion in business (mean = 3.36), want to have a balanced lifestyle (mean = 3.33), having desire to own a business (mean = 3.30), encouragement by friend (mean = 3.13) and wanting to prove ability to succeed (mean = 3.06). It is undeniable that other internal factors such as having been inspired by friend's success (mean = 2.99) and wanting to have control over own action (mean = 2.70) are also substantial motives for deciding to involve in this emerging industry.

These findings also suggest that the homestay entrepreneurs are not being forced to the homestay industry by any external forces. Rather, the prime motivation is because those entrepreneurs are able to see the opportunity or potential of the homestay industry and fondness to pursue something they enjoy doing.

There are four common problems that are addressed by the 214 homestay operators. The main problem faced by the homestay operators in running the homestays is communication difficulty where 169 operators (79%) claimed that they face difficulties in communicating directly with the tourists due to their lack of proficiency in spoken English even with the help of language booklet provided by the Ministry of Tourism Malaysia. Other problems include dealing with tourists who are over demanding (9%), homestay yields inconsistent with income (8%) and time constraint (4%) where homestay operators sometimes couldn't find time to entertain their guests due to workloads or receiving relatives in their homes. It is important to identify relevant solutions to sustain the growth of the homestay industry in the future.

## 5.0 CONCLUSION

This paper aims to explain homestay business in Malaysia; to identify the concept, drivers and barriers that encourage homestay business and finally to share an experience from international approach in selected countries. From the literature review done, much information had been gathered and discussed in this paper. Generally, within Malaysia and many countries throughout the world share almost similar concept of homestay which provides services in form of accommodation where guests stay with host family under one roof or an arrangement that provides accommodation for students or tourists in the home of a family in exchange for payment. There were several factors that motivated the homestay business in Malaysia including the potential in the business, pursuit of own interest – to own business, flexibility to manage time, desire to generate more income, personal satisfaction, passion in business, balance life style, wanting to prove ability to succeed, and inspired by friend's success.

On the other hand, it is evident that the homestay entrepreneurs faced some problems and challenges in managing and operating the homestay business in the State of Johor. Due to that, it is important to take necessary steps to solve those problems to ensure that the management and operation of the homestay business is more systematic and sustain its income.

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## "Appendix – 1"

## Activities Offered By Each Homestay

No	Area	Number of homestay	Homestay	Activities
1	Pontian	1	Homestay Kampung Puteri Menangis	Pineapple, herbs and oil palm plantation
		2	Homestay Tg. Piai	National Park; Coconut Square; 'Gasing' square; Bugis meseum; Bee farm; "kelong" farming; chalet
		3	Homestay Kg. Permatang Pasir	Pineapple and palm oil plantation; Fruit factory
2	Johor Bahru	1	Homestay Kg. Sri Gunung Pulai	Tropical fruit orchard; Hydroponic farm; Mushroom farm; Rubber and oil palm plantation; Aquaculture; Local handicraft; Gunung Pulai Recreational Park Orchid valley
3	Batu Pahat	1	Homestay Kg. Sg. Sarang Buaya	Paddy field; Rubber tapping & oil palm plantation; Pineapple & tropical fruit farm; Fresh coconut juice; Mangrove swamp; River cruise tour; Handicraft & cottage industry; Water sports; Grisek Hot Spring; Palm sugar processing
4	Muar	1	Homestay Kg. parit Bugis	Grisek Hot Spring; Rubber Tapping & Oil Palm Plantation
		2	Homestay Kg. Batu Baru 28	Small & medium industry; Rubber tapping and oil palm Plantation; Malay culture
5	Kluang	1	Homestay Kg. Sri lukut	Kahang Organic Eco Farm; Resort; "Pusat Ternak Haiwan Padang Hijau"; Zenxin Organic Park; Mountain climbing at "Gunung Lambak"
6	Mersing	1	Homestay Kg. Air Papan Laut	Turtle sanctuary; Paddy field; Batik; "keropok lekor"; Island Tour
7	Kota tinggi	1	Homestay Kg. lukut	Tropical Fruit Orchard; Lukut Fishing; Gunung Pantu Rainforest; Rubber tapping
		2	Homestay Felda	Fish, goat and cow farming; Frozen traditional industry (small & medium industry); Plantation

			Semenchu	pitaya, chilli and mushroom
		3	Homestay Kg. Temenin Baru	Tropical fruit orchard; Fruit and vegetable farm; Jungle trekking; Coffee processing; Waterfall; Rubber and oil palm plantation
	Kulai	1	Homestay Felda Sg. Ara	Kayaking; Boat ride; Fishing; Karaoke; Cycling
	Skudai	1	Homestay Kg. Sinaran Baru	Mushroom farm; Fruit farm; Rubber and oil palm plantation
	Kulai Jaya	1	Homestay Kg. Sri Paya	Mushroom farm; Local food; 'Tempe' Enterprise
	Pasir Gudang	1	Homestay Kg. Perigi Aceh	Camp site; River Cruise; "Panglima Aceh" grave; Recreational Forest Mangrove Tree; "Perigi Aceh"; Local food – leman, seafood, ketupat; Crocodile farm