

## Local Homestay Operator Dilemma: Business Intention or Family Intention

*Merlyn Rita Buncha, Sidah Idris, Rostika Petrus Boroh and Rozaidy Mahadi*

Universiti Malaysia Sabah, Faculty of Business, Economics & Accounting, 88400 Kota Kinabalu, SABAH, MALAYSIA

**Abstract:** Entrepreneurship is a behavioural trait produced by an individual that motivates by future benefits generated by producing products or services. Most of homestay located at Ranau, Sabah have possesses entrepreneurial traits in manoeuvring his business through various difficulties and challenging times. After running the business for three years, the homestay operator has decided to rejuvenate his business to ensure the business continue to survive which it change his original motive to develop the homestay from family reasoning. Despite that effort, unprecedented natural calamity, the earthquake struck at Ranau Sabah in early June 2015 and putting most of Sabah's tourism activities on risk. The disaster has not only brings destruction upon the land but it also pushed away tourists from coming to the affected areas. This unprecedented disaster requires effective recovery plans to cope with after effects occurrence. However, post-disaster recovering not only requires times, cost and energy, but the most important is how to soften tourist's fear and retract them to visit Ranau again. Although this case is based on facts, some parts have been fictionalized in order to maintain the confidentiality and convey certain theoretical concepts.

**Background:** Tourism sector is one of the contributors to economic growth in Malaysia. According to Tourism Malaysia [1], the arrivals of domestic and international tourists has showed a significance importance of the sector as it had generates MYR60.6 billion (USD 46.26 billion) in expenditure, that is represents 15.03 million tourists that arrived in the country. This study is willing to identify survival level and willingness of local homestay operator to compete in tourist attraction area in Sabah.

**Key words:** *business management practices, business growth, hospitality*

### INTRODUCTION

The arrival of the tourists is also interrelated with the country or the state's role in promoting the country's tourism sector to other countries through various efforts and initiative [2]. In effort to develop the sector, involvement of local community is required. The involvement may include such program like homestay. Since 1995, the Malaysian government has recognised the potentials of homestay tourism as a development tool and had widely promoting homestays in rural villages throughout Malaysia. Under the National Plan Policy for Rural Development and Rural Tourism Master Plan, Malaysia's homestay programme is aimed to encourage the participation of rural communities in the tourism sector [3].

Homestay program is one of the community-based tourism activities which have potential to expand and develop rural communities'

socio-economic. This programme was introduced by the Ministry of Tourism Malaysia (formerly known as Ministry of Culture, Arts and Tourism Malaysia)[1] in 1998 as one of the alternative accommodation means which offered to the tourists [2]. Besides that, the Malaysian government also stresses homestay programme as one of the products that need to be empowered by various related parties to ensure its survival [4].

The main idea of Homestay program is to provide in-house experience to the tourist. The hosted families are working collectively with other in an organized way. They also encouraged promoting cultural activities to the tourist who participate with their program. Homestays offers distinctive style of living with emphasis on warm and friendly hospitality within private and enclosed concept of accommodation. Sabah's homestay operators are required to undergone training on

**Corresponding Author:** Sidah Idris, Universiti Malaysia Sabah, Faculty of Business, Economics & Accounting, 88400 Kota Kinabalu, SABAH, MALAYSIA. Mobile No.: 60128034204/088320000(ext.1614)/Email: syaidah@ums.edu.my @idahnadia2@gmail.com

homestay’s management seminar so both they are able to serve the guest properly. Homestay houses in Sabah are certified by the Ministry of Tourism Malaysia and this program has been initiated by the Sabah Ministry of Tourism, Culture and Environment (KEPKAS) [5] in 2012, monitored by Sabah Homestay Association in term of their management, development and promotions.

Each Homestay Program has a unique identity and product to be offered with, and each of them has co-ordinator (by district) who works with the authority’s permission. To get the government certification, certain standards and requirements should be fulfilled by the host. Those requirements are:

1. Follow homestay standards set by the Ministry of Tourism Malaysia.
2. Provide a wide range of tourism products and activities to tourist.
3. Pass the inspections done by the authority
4. Attend training courses held by the authority

Sabah’s homestay offers unique cultural experiences that distinctively different with other state in Malaysia. With more than 33 ethnic groups living at different parts of Sabah, each district offered their own unique culture, beliefs and way of life. Hence, visitors would be experienced different lifestyles in each of the Homestay they stayed.

**Table 1: List of Homestay in Sabah**

No	Location	Name
1	Kota Belud	<ul style="list-style-type: none"> <li>• Taginambur Homestay</li> <li>• Melangkap Homestay</li> <li>• Homestay Kampung Lobong</li> </ul>
2	Penampang	<ul style="list-style-type: none"> <li>• Evehomestay</li> </ul>
3	Papar	<ul style="list-style-type: none"> <li>• Kuposizon Homestay</li> </ul>
4	Kudat	<ul style="list-style-type: none"> <li>• Misompuru Homestay</li> </ul>
5	Tambunan	<ul style="list-style-type: none"> <li>• Tambunan Village Homestay</li> <li>• Kampung Bayangan Homestay</li> </ul>
6	Keningau	<ul style="list-style-type: none"> <li>• Kampung Bayangan Homestay</li> </ul>
7	Kundasang	<ul style="list-style-type: none"> <li>• Walai Tokou Homestay</li> </ul>
8	Tamparuli	<ul style="list-style-type: none"> <li>• Pukak Homestay</li> <li>• Mitabang Homestay</li> </ul>
9	Sandakan	<ul style="list-style-type: none"> <li>• Miso Walai Homestay</li> <li>• Balai Kito Homestay</li> <li>• Homestay Kampung Tanjung Aru, Sandakan</li> <li>• Abai Homestay Moido Waloi Toko</li> <li>• Homestay Kampong Bilit</li> <li>• Homestay Kampung Dagat</li> </ul>
10	Sipitang	<ul style="list-style-type: none"> <li>• Long Pasia Homestay</li> </ul>
11	Ranau	<ul style="list-style-type: none"> <li>• Slagon Homestay</li> <li>• Walai Tokuo</li> </ul>
12	Beufort	<ul style="list-style-type: none"> <li>• Homestay Kota Klias</li> </ul>

Source: [www.go2homestay.com](http://www.go2homestay.com)

## THE HOMESTAY

An interview method utilising was employed to get the information. The unit of analysis used in this research is a host-families homestay operated by local. Hence, this study targeted a person within a firm who is actively involved in the decision-making process relating to the homestay operations. An interview was employed as the aims to get information from the respondent.

The business is owned by local native of Ranau, age of 40s and lived in Ranau, Sabah. He has been involved with the homestay business for more than three years. With the motive to increase family wellbeing, he opened his own homestay and

took a challenge competing with other established hotels, resorts and inn in Kundasang and Ranau.

The homestay was located near to tourism attraction areas such as Kinabalu Park, Mount Kinabalu, Poring Hot Water, Kettle Farm, Sabah Tea garden and Sungai Tagal in Kampung Luanti. With this advantage on hand, he has received a warm demand from local and foreign tourists that come from various countries.

Start with only single occupancy, the respondent existence was known through words to words among its customers. Located at strategic location at Ranau, surrounded by cold Kundasang climate and near to Poring Hot Water of Ranau served him with precious competitive advantage and coupled with a reasonable pricing and comfortable ambience to his customers.

**FINDINGS AND DISCUSSION**

*Findings*

Comfort With the aims to provide more excitement and welcoming stay in Sabah’s homestay, the tourists were advised to follow "Do's" and “Don'ts” set by the local people before sending them to their host families. Respecting the culture, beliefs and customs of others have been the ways of life of Sabahan as they lived in a multi-cultural society.

As been practiced by other homestay operators, the respondent has offered simple version of homestay where’s basically referring to the cosy ambience of staying in family house. Supporting the idea of alternative accommodation, the respondent nurture it own strategy and idea that promote business growth and success.

However, lack of business skill and experience in managing homestay has never got into his way to excel in his road to better off his family wellbeing. Even though he has no formal education or experience in handling a business, he seems to have a decent knowledge of how to handle a small business. In this obstacle never bother him and he believes that he still will be succeed even without having a professional qualification. Moreover, the homestay operator also never attended any homestay training program or any business management training, but surprisingly he able to handle his with limited capacity is something that he always proud of.

With the support and encouragement from the family and friends, critics and suggestions from customers, plus his own efforts and determination to run the homestay, he finally manage to improve his living standard and he able to earn extra incomes.

Currently, the respondent has seven standard rooms. Two rooms with attached bathroom will be at the price RM75.00 per room, and the remaining 5 rooms is merely a bedroom with a single be and with RM50.00 price tag. Each room was equipped with basic facilities such as television, small table and chair and complete bed set with pillow and blanket. Towel is also provided with additional charge of RM3.00 per towel. To ensure sure the comfort of his customers, bathroom and

toilet also been provided outside the house.

A set of kitchen with complete cooking utensil and gas was serve and ready to be used for free. He also provides instant foods and drinks that can be found in kitchen. A small box was placed next to the instant food and drinks so that the customers able to check the prices. Dining spaces were located at both inside and outside of the kitchen together with tables and chairs. All these amenities were properly prepared to ensure his customers are able to cook and use the facilities easily.

The centre of the house was turned to be a lounge with sofa and coffee table. The homestay also placed a television set at lounge so the customers can entertain themselves with movies or news. Rooms’ keys are available at the designated place (hanging outside at the key holder) so it’s easier to the customers to place and leave the key at their own convenience. Extra facilities such as a mini-pool and an external bathroom have become a major advantage for this Homestay. With a reasonable room’s pricing (according to type of room), customers are not only feel at home but experiencing extra facilities that might not available at other homestay. Guest book also provided in order to get some data of his previous customers.

The owner still remembers, it was not his plan to start a business but the opportunity appears to be a good one, as this kind of opportunity may not always come easily. Originally, his plan is only to extend the house and provide extra and comfortable room for their extended family members who came and stayed during the festive seasons and school holidays. This idea was originated from his father intention to provide a comfortable stay to his family members.

The Homestay customers’ are come from various backgrounds. Mostly are family and an individual. Occasionally, this Homestay also received special customers who stayed there for couple of months. Sometimes the homestay was booked by an organization. There are few times, his homestay has been selected as an official accommodation for sport carnival where the event had taken place only near to the homestay.

**Table 2: Major activities in the homestay programme**

Culture and way of life	Economic activities
<ul style="list-style-type: none"> <li>• History</li> <li>• Dance, songs and traditional food</li> <li>• Games and local sports</li> <li>• Culture: wedding, gathering, open house</li> </ul>	<ul style="list-style-type: none"> <li>• Rubber tapping</li> <li>• Aquaculture</li> <li>• Agriculture: cocoa</li> </ul>
Leisure	Nature conservation
<ul style="list-style-type: none"> <li>• Sightseeing</li> <li>• Jungle tracking</li> <li>• White water rafting</li> <li>• Visiting local tourism spot</li> </ul>	<ul style="list-style-type: none"> <li>• Tree Planting Program: Tourists are encouraged to plant trees at their homestays with the aim of preserving the environment and further beautifying the landscape of the homestays.</li> </ul>

### *Discussion*

The homestay should develop strategy of attempting to counter seasonality by targeting the local community, for example by providing a local coffee hour, open a restaurant that served various types of local and international meals, providing area for local sport activities, and provide karaoke area. For small business like homestay, this kind of extra services served as a competitive advantage to the business.

As the owner believe that growth has close relationship with marketing and recognition of the importance of quality operations. Moreover, promotional tools such as discounts, implementing business-wide quality, designing management programs to improve service and market retention will always become a focus area for small business operators to deal with. Reflecting his current business practices, the problems that the owner had faced right now is due to the lack of human and capital resources. As he explained the situation;

*“I know people say all the time, ‘I like working with people’, and I correct them, and I said ‘well you’re not going to be working with people, you’re going to be working for people’, because our guests, when they come into the homestay, they expect you to take care of them, they don’t expect you to be their buddy.”*

Normally in hospitality industry, customers profile and database are crucial in tracking the business trends. Thus, ICT was increasingly important to establishment business profiles, marketing purposes, room and restaurant reservation, purchasing, stock management, customer billing, management information and payroll. However, at the moment, based on the Homestay practice, they only has guest book, that functioning as a database for him to keep on track on the numbers of booking at his homestay. Since the occupancies somehow came from single and individual customers, it is easy for him to trace the repeat customers based on their names and contact numbers.

In term of customer communication, it is essential to have build an effective interaction with the customers. Quality Functions Deployment (QFD) is a process for capturing and translating customer requirements into company requirements at each stage. QFD has two fundamental purposes: to improve the communication of customer requirements throughout the company, and to improve the completeness of specifications and to make the specifications directly traceable to customer requirements and needs. The owner believes:

*“We do get impatience guests on the phone as well, but you’re not face to face with them. So,*

*basically they not see your body language, they can hear if you are a little upset as well over the phone through your voice. But it’s not as stressful as being at the front desk. Because people can read your body language, let say you’re at the front desk and an impatience guest comes to you with complaints and you cannot replied with ‘kind of’, ‘y’know’, slouching and like ‘whatever’ kind of thing. When you’ at t front desk basically you have to be very conscious of your facial expression.”*

Continuously listen to individual request and demand has nurture him to be more customers oriented kind of people, even though it takes more times to accommodate request from his customs, he still keep improving his way of treatment towards his customers. His excellent communication skill has become his forte that outshined his competitors. He always makes a point to communicate and shared his experience with this close friends and customers who stayed at his homestay. Through this approach, he managed to get new ideas and suggestions on improvising his business operation.

In services industry, new technology has been used in food preparation and storage. Nowadays, homestay operators were using internet for marketing purposes, and most had developed their own websites. Most of hotels or homestay operators had invested more heavily in sophisticated software such as yield management and estates management, customer recognition, automated billing and room-cleaning sign-offs in rooms.

Presently, the owner do not have proper makerting channels and inefficient customers database systems. His Homestay still realies on manual operational system. This due to size of the homestay, there was no computerised reservation or booking system. Booking were placed by fax and phone and direct or through walk in customers.

Payroll was done in-house and payments made without computer, and the owner pay invoices manually. Payments only in cash and paid directly to him or his family members when he is not around. He was currently upgrading the homestay’s payment mechanisms. Small hotel operators were less likely to have made substantial capital-intensive investment or to see such investment will serve potential value and they are concious to involve with such investment. The Homestay average sales are around RM1,020 a month. If he failed to achieve his sales target, he still satisfied and feels happy if all the seven rooms are occupied for two or three days in a month. For him, it is sufficient for him to achieve break-even-point sales. Since he did not have a proper financial record, his current capital is undetermined.

Moreover, he is not hiring any staff, all this while, his mother and children are the one who always supporting and giving hand to manage his

business. In reality, he is the one who handling all the business daily activities. Regardless his busy schedule, he tries his best try fulfill his responsibility to make sure his not neglecting either his permanent job and his business. He is lucky to have a mother who's willing to help him especially during weekend; his children also helping him with the operational activities. He expressed his feelings:

*"I'm the manager and I'm the staff who runs the business. It is no doubt the job is exhausting since I have to be all rounder. For example, doing the log of database (booking), updating the account from cash payment made by the customers, cleaning the room as they leave and this task even sometimes become so challenging especially if the time gap with another booking is only few hours or a day, but it is all worthwhile as I want this business to continue, and all customers is my priority."*

That is what he has in mind whenever how difficult the situation is especially running the business without professional workforce including marketing and business financial. It turns out that this business has improves family's life standard of living. It is clear that he has possesses entrepreneurial traits. Despite of all the unavoidable challenges like competition factors, weather and unsatisfactory road condition (towards his homestay, as the homestay located at the centre of the village) did not weaken his passion and determination to pursue his business. He shared his secret of success. According to him, in business, you have to make customers needs as the main and first priority. Charging the room at a very reasonable price has becoming his competitive points in doing business. He then stressed:

*"It is alright to charge low as long as it's lawful".*

## CONCLUSION

Even though doing the business is not his main idea, the intention to involve in such business start when he encounters opportunity to provide comfortable life to his family. Extending the house (that he currently staying in) made extra room for his extended family served him an opportunity to utilize the unoccupied rooms and turned it into money making business.

However, unprecedented tragedy occurred in early June 2015, a natural calamity brings Ranau

into disaster and economic collapsed. A 5.9 scale richter earthquake struck Sabah, and Ranau become its epicenter had bring destruction onto the land generally and tourism industry specifically. With this unpredicted incident, the Homestay received a huge blow that hurts its business. As a result, this incident has put on hold his plans to rejuvenate and improve his business. With his current operational obstacles and unprecedented incidents, can he sustain in the business at this challenging environment? Is it necessary for him to find other alternatives to run his business? All these questions have always lingers in his mind. He has to make the best decision in order to sustain and survive at today's challenging business environment.

## ACKNOWLEDGEMENTS

First of all, the authors wish to acknowledge their gratitude to the anonymous reviewers who gave freely time and effort, constructive recommendations that enhanced the value of this manuscript. The authors also would like to express deepest thanks and appreciation to the Homestay owner for his willingness to becomes as our respondent and providing information.

## REFERENCES

- [1] The Ministry of Tourism Malaysia ([www.motac.gov.my/en/](http://www.motac.gov.my/en/))
- [2] Rosazman, H., & Velan, K. (2014). Sustainable community-based tourism (Cbt) through homestay program in sabah. Proceeding of the Social Sciences Research ICSSR 2014.
- [3] Kasim, A., & Ismail, A. (2012). Environmentally friendly practices among restaurants: drivers and barriers to change. *Journal of Sustainable Tourism*, 20(4), 551-570.
- [4] Mapjabil, J., & Che Ismail, S. (2012). Program Homestay di Sungai Semilang, Pulau Pinang: Pembangunan dan Perubahan Persekitaran, Dalam Mapjabil, J., & Din, KH. *Pelancongan di Malaysia: Isu-isu Penyelidikan Terpilih*.
- [5] Sabah Ministry of Tourism, Culture and Environment (KEPKAS) ([kepkas.sabah.gov.my/](http://kepkas.sabah.gov.my/))
- [6] [www.go2homestay.com](http://www.go2homestay.com)