

Tourist perception towards homestay businesses: Sabah experience

Jati Kasuma^{1,*}, Mohammed Irsyad Esmado², Yusman Yacob¹, Agnes Kanyan¹, Hawa Nahar¹

*Faculty of Business Management, University Technology Mara Sarawak, Malaysia
Undergraduate student, Faculty of Business Management, University Technology Mara Sarawak, Malaysia*

Abstract: Homestay was established in Malaysia since 1980's. It has brought a potential economic activity to the country in tourism sector in Malaysia. Sabah as one of the states in Malaysia is a leading tourist destination in Malaysia that requires more efforts to boost this sector to be continuously competitive towards achieving Vision 2020. This study focused on the tourist perception towards homestay businesses in Sabah. To be specific is to understand the relationship between tourist perception towards the element of service quality, infrastructure, promotion and product they have experienced. With the returned questionnaires of 319, only 300 were valid and usable. From the regression analysis, the result shows there is a moderate strong relationship between tourist perception towards service quality, infrastructure, promotion and product of homestay business. Service quality and promotion were found to influence more on tourist perception that leads to satisfaction. This study provides a greater understanding of the tourist perception that relates to service quality, infrastructure, promotion and products.

Key words: Homestay; Tourism sector; Sabah; Tourist perception; Service quality; Infrastructure; Promotion; Products; Satisfaction

1. Introduction

Homestay was established in Malaysia since 1980's. In Sabah, homestay was a new idea for accommodation in the tourism industry. It was a potential economic activity in tourism sector. It becomes popular to the tourists who desire to know and interact with the local people, cultural attractions, social cohesion, natural resources and ecosystem (LTSN Hospitality, Leisure, Sport and Tourism, 2003). Locally owned and operated homestay constitutes a suitable tourist accommodation for the local community to participate in tourism activities (Wall and Long, 1996). Studies have shown that economic considerations have been the primary motivating for the local people to be involved in tourism development. With the increase of the tourists, more local houses became homestay operations which appeal to the budget tourists because of price (Hinch and Butler, 1996). Initially in a country, operating a homestay was not regarded as an economic activity and the local governments paid little attention to it.

Additionally, homestay operators in Malaysia managed to rake in accumulated earnings of RM 16.5 million in 2012, compared to the RM 12.4 million in 2010. To date, a total of 228 homestays operators have been registered by the Ministry of Sabah to provide 438 accommodation facilities. The

accommodation provided was either in the form of individual traditional houses.

The operators come from several ethnic groups in the state and the homestays' package also includes a variety of cultural activities and nature trips. Sabah was one of the leading tourist destinations in Malaysia. As the result of this, it has attracted a number of hotels and homestay organizations which have been motivated as service facilities to the tourists. There were 16 homestays, 228 homestay entrepreneurs and 438 rooms registered with the Tourism Ministry.

The location of the homestay in Sabah ranges from the Tip of Borneo to the west coast and the interior, around the foothills of Mount Kinabalu to the East coast and along the banks of the Kinabatangan River. In fact, tourists were usually driven by value for money when they plan to travel. With the birth of low cost carries within the region, and the improving economic position, Malaysia has recorded breaking 25.03 million tourists in 2012, which slightly surpassed Tourism Malaysia's target of 24.71 million, marking an overall 1.27% increase from 2011. Sabah visitor's arrival was increasing from year 2009 until 2011. Furthermore, total tourism receipts in Malaysia including Sabah and Sarawak were slowly increasing in year 2012. Visitors' perception on the service quality is essential for the successful destination management and marketing.

* Corresponding Author.

Return visits and generation of income also depend on how the tourists value the quality they gained during their stay. Receiving excellent service reinforces the loyalty of current customers and increases the prospect of attracting new ones (Baker and Crompton 2000).

Backman & Veldkamp (1995) stated that quality of service is an essential factor involved in a service provider's ability to attract more customers. The quality of service involved with tourism plays an important role in the process of delivery (Wyllie, 2000) and thus is the standard used to assess the effectiveness of a particular leisure service agency, including the tourism service sector (Godbey, 1985). Service quality is an intangible, but crucial, area of interest to travel service providers. Since a major characteristic of tourism is that it is a "people industry" (Vogt & Fesenmaier, 1995), meaning that the personal or individualized care of the participants is "the index for the quality of service" (Peters & Waterman 1982, as cited in Vogt & Fesenmaier, 1995).

In order to safeguard visitors' lodging interests, choices of recreational commodities and its safety, as well as maintaining the quality of recreational activities while enjoying the vacation, appropriate evaluation items for homestay quality validation should be set up by weighing up multi-aspect evaluating items so that applicable, impartial validation assessment and criteria could be accordingly established. On top of these, homestays can provide functions like sport, recreation, amusement, and so on to make visitors fully enjoy their leisure time. Yen et al. (2006) studied the homestay evaluation indicators, whose measure aspects were infrastructures, service quality, features of resources, and the association with communities.

The homestay program is a tourism product that has been given special emphasis by the Malaysian government through the Ministry of Tourism. They stated that the Malaysian homestay is a rest-house based on community participation where the price of staying is low and that the tourists have to stay with their hosts.

The Malaysian homestay program can be regarded as a rural- cultural-community based tourism product, and it was introduced by the Ministry of Tourism, Malaysia in 1988 as an effort to diversify the tourism products through the provision of an alternative accommodation for tourists.

The tourist product has been transformed over time from being completely dominated by mass tourism to an industry that is quite diversified and caters more to the individual needs of its participants, for example, the niche market has become an important factor in the tourism industry reflecting the need to diversify and customize the industry and ensure the sustainability of the product. The main niche markets such as sports travel, spa and health care, adventure and nature tourism, cultural tourism, theme parks, cruise ships, religious travel and others hold great potential and are

developing rapidly. So, suppliers will have to pay more attention to the way people think, feel and behave than they have done hitherto.

Tourism market is highly competitive, a tourism enterprise has to make sure to provide the product or services that the tourist wants so that they get right quality at right time. This leads to customer satisfaction and achieving desired profit. Quality service leads to more repeated visits by the tourists and greater sales revenue. This enables staff on performance related pay to earn more and enhance the quality of their service to the customer. The extra profit generated can be reinvested in upgrading facility, new projects and in training schemes.

Thus, based on the above argument there is a need for the researcher to investigate further on the relationship between service quality, infrastructure, promotion and product with tourist perception towards homestay businesses in Sabah.

2. Literature review

2.1. Service quality

One of the critical success factors for Sabah homestay was service quality. More careful generalization is required for the case of 'Tourism' regarding its complex characteristics. Backman & Veldkamp (1995) stated that quality of service is an essential factor involved in a service provider's ability to attract more customers.

Unlike the quality of goods, which may be measured objectively by such indicators as durability and number of defects, service quality is an elusive construct that is difficult to measure (Crosby 1979). Mackay and Crompton (1990) defined service quality as "the relationship between what customer's desires from a service and what they perceive that they receive".

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In general, service quality promotes customer satisfactions, stimulates intention to return, and encourages recommendations. In a highly competitive homestay industry, individual operator of Sabah homestays must find ways to make their products and services stand out among the others. To achieve this, operator of Sabah homestays must understand the critical success factors for homestays in Sabah and their customers' needs – and then set out to meet (or exceed) these needs. Parasuraman (1985) and his co-researches had published a breakthrough research in service quality where they had used a measurement instrument, called SERVQUAL, to survey customers' expectations and perception of services of various organizations, i.e., a bank, a credit card company, a repair and maintenance company, and a long-distance.

2.2. Infrastructure

Tourism infrastructure and facilities also required upgrading. Currently there was a lack of mid-range hotels, poor public transportation, absence of lay-bys and rest-stops along roads, and inefficient information distribution such as road signage and tourist maps. Policymakers in these developing countries often perceived the revenues from tourism as vital for improving local airports, roads, sewerage and other infrastructures (Urbanowicz, 1989). In Sabah, the state government's continuous effort in bringing development to every part of Sabah has resulted in more facilities being built—roads, airports and landing strips were building or improved. The development of these facilities consequently provides access to even the most remote areas in the interiors, leading of the opening up of more longhouse or natural areas for tourism destinations.

3. Promotion

According to Kotler (2002), promotion as the activities a company performs in order to communicate to its existing and potential customers. Multiple channels were used to communicate to different parties (Distributors, customers) and different means could be used to do promotion. The Ministry of Tourism's state office was targeting to make the homestay business the main product for the Sabah Tourism market in 2010 for its uniqueness and vastly increasing performance in revenue.

Homestay was one of the tourism products, and homestay was an interesting experience to be. But this interesting program was still not growing in the industry. Many tourists have not realized about the programs. This is because of the weaknesses of the program that have chances to improve and lack of promotion. One of the objectives of this research was to make homestay more profitable and grow more in the industry.

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The core component of the Malaysian homestay programs, which differentiates it with homestay elsewhere, is the element of staying together with host families or adopted families. The guests have the opportunities to interact, gain knowledge, and

experience the life style and culture of the host family as well as the local community.

4. Tourist Perception towards Homestay

The idea of the homestay program is to accommodate tourists in a village with a local family, thus enabling the tourist to learn about local lifestyle, culture, nature (Louise Gai Hjulmand et al., 2003). The core component of the Malaysian homestay programs, which differentiates it with homestay elsewhere, is the element of staying together with host families or adopted families. The guests have the opportunities to interact, gain knowledge, and experience the life style and culture of the host family as well as the local community.

This element involves the guests eating, cooking, and engaging in many activities together with their adopted families, thus allowing two parties with different cultural backgrounds to interact and learn from each other. Unlike regular bed and breakfast establishments, the homestay program in Malaysia allows the guests to participate in the hosts' daily activities. Indeed, this can be considered as an important strength of this particular product; no other tourism product in Malaysia offers a similar experience of Malaysian rural societies as that offered by the home stay program (Kalsom, 2009). Through homestay program, tourists would be able to experience the daily life of the ordinary people of a community. The homestay program is a non-commercialized entity, as opposed to a hotel, a bed and breakfast, or a homestay run by an individual homeowner in a residential area.

5. Methodology

The methodology used in this study is based on a survey questionnaire adopted from previous studies. It consists of two parts namely demographic profile and tourist perception towards service quality, promotion, product and infrastructures. The scale of measurement for measuring was a 5 points Likert type scale; with scoring of 1 (Strongly Disagree) to 5 (Strongly Agree). The questionnaire was prepared in both English and Malay language. Simple random sampling technique was used to collect the data among the tourists in Sabah. Questionnaire was distributed among the operators of Sabah homestays, tourist either foreign or local, and government agencies such as Sabah Tourism Board (STB). The sampling method of Krejcie and Morgan (1970) was applied and it greatly helps to simplify the sample size.

For the purpose of this study, 340 questionnaires were distributed; however only 319 were returned back which 300 were usable and the other 19 were not completed questionnaire. Sekaran (2000) agrees with Roscoe that for most studies, a sample size between 30 and 500 would be sufficient. Data was then analyzed using SPSS. Rate counts and percentages will be applied on the variables of the survey. The statistical technique used descriptive

statistics that consists of scale descriptions, reliability checks, mean and standard deviation.

In addition, frequencies, multiple regressions were used to measure the relationships between dependent and independent variables. Before analyzing the data, the data collected from the respondents will be checked first for error such as item non-responded or double answer.

6. Findings and discussion

Overall from the 300 respondents, it showed the total local tourists were 221 respondents which represent 73.7 percent. The totals of foreign tourists were 79 respondents which represent 26.3 percent. Therefore, local tourist is more likely to visit the Sabah homestay. 55.7 percent were male respondents and 44.3 percent were female. Respondents' age between 31 - 40 years old were collected as the highest sample which 133 people (44.3%) from the whole sample size. Respondents' age between 51 years and above represents the lowest sample for overall research. The highest

respondents answering the questionnaire were Malay respondents representing 73.7 percent of the respondents. Other races were from 79 respondents (26.3%) who were from foreign countries; America (8.7%) and Europe (17.7%). All the respondents were married. Additionally, all the 300 of Sabah Home stay Visitors stated that they have been staying at the homestay within 1 to 5 times. Besides that, the purpose of visit from all the 300 respondents of Sabah Homestay was on vacation. Moreover, they were also willing to spend money on Sabah Homestay between RM 100 to RM 200 per visit. Most of the respondents visited Sabah Homestay was accompanied by their families. The least respondents visited Sabah homestay accompanied by friends were 79 respondents (26.3 %). Continuously, the highest percentage of visitor who prefers Sabah homestay was 49.3 percent or 148 respondents followed by resorts which representing 43 percent respondents and farm stay 7.3 percent.

Table 1: Model summary of regression

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.563 ^a	.318	.308	.325

a. Predictors: (Constant), Service Quality, Infrastructure, Promotion, Product

Based on the Table 1, the adjusted coefficient of determination or also known as R Square represents the value of .318. The score indicates that 31.8% of the changes in the dependent variable (TOURIST

PERCEPTION) can be explained by the independent variables (Service Quality, Infrastructure, Promotion and Product). This result was.

Table 2: Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients			
	B	Std. Error	Beta	t	Sig.	
1	(Constant)	4.051	.576		7.031	.000
	Service Quality	.220	.139	.119	1.587	.000
	Infrastructure	-.457	.127	-.207	-3.603	.000
	Promotion	.544	.069	.528	7.847	.000
	Product	-.325	.094	-.196	-3.468	.001

a. Dependent Variable: Tourist Perception,
Notes: Variables significant at level $p < 0.05$

Table 2 above showed the findings of significant value for each variable. The result shows that only three independent variables had relationship and one independent variable have no relationship with the dependent variable. According to Sekaran (2006), the significant below of $p < 0.05$ is generally accepted conventional level in social science research. Based on the unstandardized coefficient, the B value for the first independent variable (SERVICE QUALITY) is .220 and the significant value is .000.

This means the relationship between SERVICE QUALITY on TOURIST PERCEPTION is statistically significant because $p < 0.05$. Therefore H1 is accepted; there is a relationship between Service Quality and Tourist Perception. The relationship also further evidence of validity and reliability of measurement scales used in this research (Barclay et

al., 1995; Hair et al., 2006). In other words, the result indicates that most important service quality practice on customer satisfaction was assurance (i.e. with highest scores of correlation), which goes to prove that assurance was perceived as a dominant service quality. The finding displayed that the respondent who perceived a greater awareness of service quality practice exhibited positive reactions in favour of customer satisfaction. The finding is consistent with Roldan Leal (2003) which found a significant relationship between system quality and end-user satisfaction. In this study, the attributes affecting system quality include easy to use, easy to learn, adaptable for user and easy to become skilful. For the second independent variable (Infrastructure), the B value is -.457 and the significant value is .000. The value showed there is a relationship between Infrastructure and TOURIST

PERCEPTION since it was statistically significant, where the $p < 0.05$. Therefore the H2 is accepted; there is a relationship between Infrastructure and Tourist Perception. This result was supported by Dwivedi, Khoubati, Williams, Lal and Gharavi (2007). The result is not congruent to the study conducted by Limao and Venables (2001) who found that poor communication infrastructure entails higher transport costs per kilometre thus increase the costs for trade. These findings provide evidence that with the improvements in communication and utilities infrastructure would have a positive impact to nation by having a good access to information and resources, reduce the costs and thus enhance trade between trading partners. The third independent variable (Promotion) showed the Promotion has a positive value with $B = .544$ and the significant value is $.000$. Due to the significant value for Promotion lower than p value < 0.05 , the relationship between Promotion and TOURIST PERCEPTION is statistically significant. So, the H3 is accepted; there is positive relationship between Promotion and Tourist Perception. This result supported by the work Dwivedi, Williams, Weerakkody, Lal and Bhatt (2007). Stimulating and promoting entrepreneurship for tourism development amongst Malaysian homestay entrepreneurs will help generate growth and serve as a vehicle for innovation and change in the tourism sector (Sabah Tourism Ministry, 2011).

Tourism creates economic development with an opportunity to provide sustainable economic growth.

For the fourth independent variable (Product), the B value is $-.325$ that showed Product and the significant value is $.001$. The value showed there is a relationship between PRODUCT and TOURIST PERCEPTION since it was statistically significant, where the $p < 0.05$. Therefore the H4 is accepted; there is a relationship between Product and Tourist Perception. This result was supported by Dwivedi, Khoubati, Williams, Lal and Gharavi (2007).

7. Recommendation and conclusion

The result of the study indicates the important of tourist perception towards homestay businesses in Sabah. Among the four dimensions, "Service Quality" was rated as the most important of tourist perception towards homestay businesses in Sabah. Being the most significant aspects that affect the guest's satisfaction scale; the service quality and promotion shall be given extra attention since it can affect the visit. Therefore improving service quality and promotion of the homestays in Sabah was very crucial so as to satisfy guests' wants.

As referring to the analysis that has been done, recommendation for the managerial shall be on the aspects of service quality, infrastructures, product, tour and promotion. Besides that, the development of tourism sector will also lead to the development of other related industries. On the local front, Sabah Tourism Board will need to work closely with

players of the tourism industry to intensify their promotions as well as development of their products and services in meeting the expected influx of tourists into Sabah. Future studies should be looking at other factors that may lead to tourist perception by applying qualitative approach.

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