



# The Issues And Challenges Of Homestay Business Sustainability In Selangor And Perlis: In The Lens Of Social, Economic And Environmental Factors

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## ARTICLE INFO

## ABSTRACT

As the global travel industry continues to grow, there is an increasing awareness of tourism's environmental, economic, and socio-cultural impact. This study comprehensively explores sustainability practices in the context of homestays, which represent a unique and localised form of accommodation. Homestays, characterised by the integration of guests into the homes of local hosts, offer a potential avenue for sustainable tourism development. This study examines three dimensions of homestay sustainability, including environmental, economic, and socio-cultural. It investigates the economic impacts on host communities, emphasising the importance of fair economic distribution and community empowerment. Furthermore, the socio-cultural dimension delves into preserving local heritage and traditions, fostering intercultural exchange between hosts and guests. Additionally, the study explores the role of homestays in supporting and enhancing community well-being, government support and addressing issues such as social culture. A key focus of this research is identifying issues and challenges associated with integrating sustainability into homestay operations. By interviewing eleven homestay business owners and successful examples from the Selangor and Perlis regions, the study aims to provide practical insights for homestay business owners, travellers, and policymakers to foster more sustainable and responsible tourism activities. The findings of this research contribute to the ongoing discourse on sustainable tourism and offer a foundation for developing guidelines and recommendations to enhance the sustainability of homestay experiences. Ultimately, this research seeks to promote a balance between economic growth, environmental conservation, and cultural preservation within the rapidly evolving landscape of global tourism.

**Index Terms**—Economic, Environmental, Homestay Sustainability, Social, Tourism

## I. INTRODUCTION

A homestay programme is a form of alternative tourism in which foreign tourists can experience the way of life in a typical village with the local community. The experiential nature of this form of tourism is becoming increasingly popular with foreign tourists. In contrast to mass tourism, the homestay programme should preferably be low-scale, low-density, flexible, and spontaneous [1]. More importantly, the local communities should own and operate it so that the economic benefits go directly to them. As a form of community-based tourism, the homestay concept is currently well-accepted as a rural development tool in many countries.

Indonesia's tourism industry, for instance, is expanding quickly, and community-based tourism is becoming increasingly popular due to a global paradigm shift in which foreign tourists choose more responsible vacation destinations on purpose. According to [7], OMunity is an eco-homestay created in the style of a traditional Balinese house compound and founded in 2010. The community is surrounded by rice paddies,

rivers, an old Stone Age temple, and the Sekumpul Waterfall, all popular tourist destinations. At OMunity, the guests may choose to visit a local school, participate in sustainable environment activities, observe traditional ceremonies, visit a local artisan workshop, or learn how to plant and harvest rice [7]. In Thailand, rural homestays offer visitors an opportunity to see a villager's everyday life and, as such, offer an alternative to traditional tourist settings and interactions for seeing the local community [6]. According to [13], Thailand has among the most detailed homestay standards in the world, and compared with just a decade ago, the Thai government has dramatically improved its regulation, management, and promotion of homestay accommodations. According to the same study by [13], Mae Kampong, in the province of Chiang Mai, is one of the first and most successful examples of homestay tourism in Thailand and acts as a role model for other towns aspiring to have local control over the organisation, direction, and planning of tourism. According to the data from the [22], homestays are becoming a more popular option for lodging as travellers like to travel in diverse ways, enabling them to observe, experience, and learn about the residents' way of life. The previous study by [18] on homestay service in Ben Tre Province, Vietnam, highlighted four components of quality service homestays provide: reliability, responsiveness, assurance, tangibles, and customer pleasure, which impact tourist loyalty. Cultural interaction and the five elements of high-quality homestay services, reliability, responsiveness, assurance, tangibles, and empathy, also directly impact visitor pleasure.

Malaysia also offers its homestay program, and the Malaysian government, acting through the Ministry of Tourism and Culture (MOTAC), has focused more on the tourist industry to boost revenue, create jobs, and advance the nation's economic development [3]. It is demonstrable that, between 2006 and 2016, there was a relatively annual growth in the number of tourists arriving in Malaysia [21]. One of the most notable developments within this industry is the rise of homestay businesses. This burgeoning sector allows travellers to experience the authentic charm of a destination by staying in private residences hosted by local homeowners. Malaysian homestay tourism is on the rise due to the considerable efforts made by the Malaysian government to promote rural tourism [9]. As of 2022, 223 clusters of homestay programmes were established by 372 villages in both Peninsular Malaysia and North Borneo, participated by 4,313 host families, to provide 6,124 tourist rooms [16].

Tourism has become one of the National Key Economic Areas (NKEA), one of the most significant contributors to national income, and the third-largest contributor to Malaysia's growth in domestic product (GDP) behind the manufacturing and commodities industries [19]. The homestay industry in Malaysia contributes positively to the local economy by providing jobs for locals and revenue for homestay business owners [10]. Additionally, the research revealed that homestay tourism could support regional communities' growth and promote cultural heritage. According to [14], the significance of homestay tourism is the ability to raise living conditions for locals, generate employment opportunities, and support the economic growth of local communities.

This study focuses on Selangor and Perlis, two distinct states in Malaysia, each with unique characteristics, culture, and attractions. Homestays in Selangor and Perlis may differ in several ways. Selangor is a more diverse and urbanised state with many ethnicities, including Malays, Chinese, and Indians. Homestays in Selangor can provide a broader cultural experience, reflecting the state's diversity. Due to its cultural diversity, it offers a wide range of culinary experiences. Guests can expect to enjoy a variety of cuisines, from Malay and Chinese to Indian and international dishes. Selangor has numerous attractions, including the bustling city of Shah Alam, the historic Sultan Salahuddin Abdul Aziz Mosque, Sunway Lagoon Theme Park, and Batu Caves. The homestays provide convenient access to popular tourist attractions in this densely populated state, including urban and rural areas [8]. Where else, Perlis is a predominantly Malay state that strongly emphasises Malay culture and traditions. Homestays in Perlis often offer a more focused experience of traditional Malay customs and way of life. Perlis homestays typically focus on traditional Malay cuisine, which includes dishes unique to the region, such as nasi kerabu (flavoured rice) and laksa Perlis, where guests can savour authentic Malay flavours. Perlis, on the other hand, is more known for its natural beauty, such as Wang Kelian State Park, Gua Kelam Cave, and the scenic view from Bukit Mertajam. Homestays in Perlis are often situated closer to these natural attractions. Perlis is a smaller and less densely populated state, which can lead to a quieter and more peaceful atmosphere in homestay locations [8].

Previous research suggests that the survival and success of homestay businesses can vary significantly based on regional factors, such as cultural diversity, economic conditions, and tourism demand [11]. Homestay businesses also face social, economic, and environmental challenges. Hence, understanding the unique dynamics of Selangor and Perlis is crucial, as these states may have distinct challenges and opportunities that require tailored strategies for homestay survival. The significant economic contributions of homestay businesses to local economies include income generation and employment opportunities [2]. Thus, a study in Selangor and Perlis can assess the economic resilience of homestays in these states and quantify their contributions to the livelihoods of local communities. Understanding the role of homestays in preserving and promoting local cultures and traditions in Selangor and Perlis can inform efforts to enhance community

engagement and cultural sustainability. This is supported by the previous study by [12], which emphasised the importance of cultural exchange and community empowerment facilitated by homestays, contributing to social sustainability. Hence, this study will focus on the issues and challenges for homestay business sustainability in Selangor and Perlis through social, economic, and environmental lenses. The remainder of this article is structured as follows. The following section briefly reviews the literature. The following section describes the research methodology. The study's interview analysis is then given, and the final section presents the conclusions and implications of the study.

## II. LITERATURE REVIEW

Indonesia's tourism industry, for instance, is expanding quickly, and community-based tourism is becoming increasingly popular due to a global paradigm shift in which foreign tourists choose more responsible vacation destinations on purpose. According to [7], OMunity is an eco-homestay created in the style of a traditional Balinese house compound and founded in 2010. The community is surrounded by rice paddies, rivers, an old Stone Age temple, and the Sekumpul Waterfall, all popular tourist destinations. At OMunity, the guests may choose to visit a local school, participate in sustainable environment activities, observe traditional ceremonies, visit a local artisan workshop, or learn how to plant and harvest rice [7]. In Thailand, rural homestays offer visitors an opportunity to see a villager's everyday life and, as such, offer an alternative to traditional tourist settings and interactions for seeing the local community [6]. According to [13], Thailand has among the most detailed homestay standards in the world, and compared with just a decade ago, the Thai government has dramatically improved its regulation, management, and promotion of homestay accommodations. According to the same study by [13], Mae Kampong, in the province of Chiang Mai, is one of the first and most successful examples of homestay tourism in Thailand and acts as a role model for other towns aspiring to have local control over the organisation, direction, and planning of tourism. According to the data from the [22], homestays are becoming a more popular option for lodging as travellers like to travel in diverse ways, enabling them to observe, experience, and learn about the residents' way of life. The previous study by [18] on homestay service in Ben Tre Province, Vietnam, highlighted four components of quality service homestays provide: reliability, responsiveness, assurance, tangibles, and customer pleasure, which impact tourist loyalty. Cultural interaction and the five elements of high-quality homestay services, reliability, responsiveness, assurance, tangibles, and empathy, also directly impact visitor pleasure.

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can savour authentic Malay flavours. Perlis, on the other hand, is more known for its natural beauty, such as Wang Kelian State Park, Gua Kelam Cave, and the scenic view from Bukit Mertajam. Homestays in Perlis are often situated closer to these natural attractions. Perlis is a smaller and less densely populated state, which can lead to a quieter and more peaceful atmosphere in homestay locations [8].

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### III. RESEARCH METHODOLOGY

This study adopts a qualitative approach to understanding homestay businesses' issues and challenges in Selangor and Perlis, Malaysia. Data for this study was collected via interviews. Face-to-face interviews were conducted with registered homestay business owners with the Ministry of Tourism, Arts and Culture [17] (MOTAC). This study used purposive sampling to identify the subjects to be interviewed. Eleven (11) interviews were conducted with the homestay business owners who are also the homestay coordinators from six (6) villages in Selangor and five (5) villages in Perlis. All interview sessions lasted between 1 to 1.5 hours. The interviewees were asked to deliberate on the following factors:

- Overview of the homestay business in their village
- Issues and challenges faced by homestay businesses concerning their economy.
- Issues and challenges faced by homestay businesses concerning their social.
- Issues and challenges faced by homestay businesses concerning their environment.

The appropriate sample size for qualitative research depends on achieving theoretical saturation when no new or relevant information regarding a category emerges from the new data collected. The main category or theme is considered well-developed in terms of its properties and dimension at the saturation point [20]. A semi-structured interview was used for data collection in this study. The questions were mainly open-ended, allowing the researcher to probe more questions during the interview [5]. In addition, the interviewer usually has some latitude in asking further questions in response to what is seen as significant replies. The interview sessions were recorded to ensure that all relevant information was captured during the interviews. Notes were also taken by the researcher doing the interviews as a backup if the recording was not functioning well. The recorded interviews were transcribed and summarised thematically into social, economic, and environmental.

### IV. RESULTS AND DISCUSSION

#### *A. Social Issues and Challenges by homestay business owners in Selangor and Perlis*

##### **Interviewee 1**

##### **Introduction**

In 1997, we formed a village association in Banghuris, which was awarded as the best village in Selangor state. This area has a centre consisting of three villages: Kampung Bukit Bangkong, Kampung Hulu Chuchuh, and Kampung Hulu Teris. The first village is abbreviated as Bang, the second as Hu, and the third as Ris. Together, they form Banghuris, which is known for their unique culture and customs and where all the Javanese people reside. The villagers mainly rely on the tourism industry to generate their income. However, those outside the industry have their livelihoods. As we are situated in a suburban area near the Kuala Lumpur International Airport (KLIA), Putrajaya, Sepang, and Gold Coast, we must create opportunities for the villagers to improve their lives. This area belongs to the village people, and all three villages primarily focus on agriculture. It has around 12 hectares of land and is owned by a limited company that is developing it to create a tourist centre.



### **Social Issues and Challenges**

Visitors' demand and positive feedback indicate a high potential for developing the homestay programme. One of our challenges is the language barrier, which has caused some difficulties. It is all about using appropriate language to communicate. The guests often do not speak English, making it difficult for us to understand them when they use their native language. For instance, the Japanese only speak their native language, not English or Malay. They carry a small dictionary to communicate basic phrases like "good morning," "want to eat," or "want to take a bath." To ensure the accuracy of their communication, they will refer to the dictionary to confirm its correctness. This has somehow created a language barrier between us and the guests. Besides that, at our establishment, ensuring the safety and security of our guests is our top priority. We request that they avoid exploring the village independently, including cycling, to ensure their safety. As homestay owners, we hold our guests in high regard and expect them to communicate with us about any issues they encounter during their stay. We must take all necessary precautions to safeguard our guests' safety and well-being. Hence, homestay business owners are required to follow specific criteria and guidelines to ensure the safety and well-being of their guests, including ensuring they receive proper medical attention by taking them to the clinic if required.

Before implementing the Movement Control Order (MCO), our homestay used to receive visits from Chinese tourists with large group sizes of up to 5,000 individuals. However, we preferred to manage fewer guests, ranging from 200 to 500, due to our inability to handle large crowds. Serving a large number of guests, such as 1,000 or 2,000 people at a time, can be exhausting, and we may be unable to accommodate them. Despite language barriers and facilities, we strive to provide Chinese visitors with top-notch accommodations and an enjoyable stay. However, we are starting to have fewer guests with COVID-19. We are proposing an idea to the government to assist the homestay business as we are still experiencing a shortage of guests.

*"Although our homestay is not a big business and cannot provide amenities like large hotels or shopping centres, we still strive to help the village community and economy, especially during the pandemic".*

It would be beneficial if homestay business owners could attract more than 5,000 participants from all over Malaysia in a year, but currently, they are struggling with promotional efforts. Small homestay business owners in rural areas lack the resources to compete with larger hotels. However, with the assistance of government programs, more people will become aware of the benefits of staying at homestays.

### **Interviewee 2 Introduction**

Homestay Papitusulem is an acronym for Parit Tujuh Sungai Leman in Javanese. The uniqueness of this homestay is that the average population is of Javanese descent. It was established in 2002 with 32 participants who volunteered for their house to be used for homestay. The homestay is in Selangor, about 120 kilometres from Kuala Lumpur, one of the earliest destinations that will pass from the direction of Klang and Shah Alam. The homestay offers its uniqueness, where the community still firmly adheres to the customs and culture of Javanese. This can be seen with their traditional instruments, such as the flute (computing), Javanese shadow puppets, and Javanese traditional dance (zapin), which are still practised today.

### **Social Issues and Challenges**

According to the homestay coordinator, homestay emphasises staying with the locals. The homestay provides tourists with the experience of living with the locals in a kampung or traditional village. The kampungs involved in the homestay program ensure visitors experience village-style living. Added by the respondent:

*"We used to be famous for our culture. The activities we provide for tourists are fishing, visits to rice fields, braided horses and so on. However, our hospitality and courtesy are the major uniqueness we will offer tourists".*

The concept of homestays is not unique; it promotes interaction between tourists and locals. In the Papitusulem homestay community, communication is never a problem. Tourists are usually interested in learning the Malay or Javanese language and often try to speak it themselves. However, according to the homestay coordinator of Papitusulem, one of the main challenges is that operators have deviated from the original homestay concept. As a result, the homestay concept is likely to fade away, and they are inclined to the concept of Kampung Stay. Where the guests can enjoy an idyllic village atmosphere in their private rooms. Issues arose when the homestay businesses received bookings for up to 500 Japanese schoolchildren under the condition that they stay with host families. One house can only occupy a maximum of only five people. If we reject the offer for the guests to come and stay, the homestay businesses will be blocked by the MOTAC. Due to our participants' homestays no longer meeting the homestay concept, we experienced a decline, and now, finding a house is quite difficult. To get 15 homes now is very complicated.

The respondents also highlighted the difficulty of providing safety and care for foreign guests.

*"The homestay operators must take responsibility for the safety and care of the staying participants, especially for foreign guest's overnight stays. The "embassy" will contact the homestay operator if anything happens to them".* The respondent added that:

*"As a coordinator, I feel a great responsibility, particularly towards adopted families. That is why we decided to modify the original homestay concept to kampung stay".*

### **Interviewee 3**

#### **Introduction**

This interview was conducted with the Kampung Paya Guring coordinator in Perlis. This homestay started its humble beginning in 1999. During the establishment of this homestay, 22 homestay business owners were involved. The village is 6 kilometres from learning institutions such as the University Malaysia Perlis (UniMAP), Universiti Teknologi MARA (UiTM), and Polytechnic and Matriculation Institutions. The state government supported this effort by providing land and catering assistance. In 2005, the homestay concept was changed to kampung stay.

Kampung Paya Guring was a village surrounded by rubber trees with no attractions. To attract foreign guests, the homestay owners offer "kompang" or "hadra" entertainment to welcome and entertain guests. These activities are appealing to guests who are staying in a home-like environment. Initially, this project was under the Rural Integration program and became a mentor for other villages. MOTAC has selected Kampung Paya Guring as a kampung stay to hold various activities to showcase Perlis homestays, such as cooking programs with the chef, TV programs with Radio Television Brunei (RTB), and programs with the Japanese.

#### **Social Issues and Challenges**

During the interview with the coordinator of Kampung Paya Guring, it was revealed that the homestay concept might not be appropriate for Malaysians from a cultural and religious perspective, especially for the Muslim community. The guests would reside under one roof with the homestay owner. This situation poses a risk of immoral behaviour towards the homestay owner or their family members. Interacting with foreign tourists who dress conspicuously makes the homestay owner's family uncomfortable. However, a kampung stay is a perfect option to provide guests with a truly authentic village experience. Guests can enjoy the tranquil ambience of the village and stay in private rooms. The homestay owner's house will only be accessible during mealtimes. The kampung stay rooms are located adjacent to the homestay owner's house. He added that:

*"The origin of this kampung stay idea was based on the unsuitability of homestays to society in Malaysia especially when it involves Muslim family".*

Paya Guring Homestay operates on a cooperative approach, which aims to increase the economic value of its members based on cooperative principles. One of the challenges the homestay owners face is during the auditing process. Auditing becomes problematic if the homestay owners do not establish a cooperative. Since the establishment of the cooperative by the Paya Guring homestay business owners, the focus has been profit-sharing. According to this approach, 30% of the profit goes to the owner, 30% to the cooperative, and 40% to the management. In contrast, homestays in other countries like Thailand and Bangladesh operate on a community-based tourism concept, where individuals manage their homestays. He highlighted that:

*"If my homestay operates without a cooperative, there will be problems during the financial management audit at this homestay".*

Additionally, MOTAC only allocates homestays and not kampung stays. Therefore, any village that intends to establish a kampung stay must first establish and register a homestay. Although this process has only recently been reviewed, the kampung stay must be registered with MOTAC to obtain a license and receive some allocation from the government.

### **Interviewee 4**

#### **Introduction**

Starting March 2022, Family and Friends Homestay in Panggas, Perlis, started operations. The owner established the business to earn extra income for the family due to their second child's poor health. There are now four homestay units, double the number of units when the business started. According to the business owner, customers are interested in staying in homestay due to the simple concept, convenient location, and affordable prices for middle and low-tier household income earners. In addition, the homestay is near local universities such as Universiti Teknologi MARA (UiTM) and University Malaysia Perlis (UniMAP). Usually, when parents visit their children at the universities, they rent the homestay. Guests attending a wedding function in Perlis can rent this affordable homestay due to its convenient location and reasonable fee. The

homestay is situated amidst paddy fields and orchards near the Thai border at Padang Besar. In front of the homestay is a new village library, another attraction. This homestay business creates new opportunities for the local community to sell locally produced foods. After a year of operation, the owner expanded the homestay by adding two more units due to high demand.

### ***Social Issues and Challenges***

Like other homestay operators in Perlis, the Family and Friends homestay business also has the lining up issue. The succession plan is problematic because fewer young people are around the village. Young people have migrated to the cities, and their passion for business is low. The homestay operators cannot offer attractive perks as the fee charged for homestay rooms is not high, unlike the hotels. However, the young people in Perlis are attracted to work in nearby hotels.

Apart from the successor issue, the homestay operators also face the problem of finding workers to help them maintain the homestay, such as the daily cleaner. Perlis has a high percentage of dropouts. For example, in the 3rd grade, they did not take the exam; in the 5th grade, they did not take the SPM and married early. However, finding workers to work at the homestay is still a challenge. Not many locals are interested in working in the homestay. As the homestay has become a new spot for youngsters to loiter, there are complaints from the guests who are not happy when the youngsters are noisy, especially at nighttime.

*“One of the main problems is that I rent out one of the homestays to my staff. He has many kids, attracting other kids from the village to loiter near the homestay. Hence, this creates noise and uneasiness among the guests”.*

## ***B. Economic and Environmental Issues and Challenges by homestay business owners in Selangor and Perlis***

### ***Interviewee 5***

#### ***Introduction***

Homestay Kanchong Darat was established in 2000 with just two rooms for guests. Homestay means that guests will stay with the host, and we now operate 15 homes converted into homestays in the village. The Homestay Kanchong Darat is in Selangor and is near several popular attractions, such as Morib Beach, Pantai Kelanang Beach, and Istana Bandar.

Our homestay offers a range of unique local tourism products that appeal to both international and domestic markets. Our guests can experience authentic Malaysian activities, like cooking various types of cuisine using traditional methods, harvesting fruits from the orchard, and feeding livestock on the farm. They can also visit chip factories, oil palm plantations, and coffee factories and make dried flowers as decorations. We always provide activities that our guests request, such as attending Malay weddings, kite flying, and many more. Guests can spend time with the host and indulge in popular kampung games like kite flying and top spinning. Additionally, everyone who visits can enjoy the beauty of the vast paddy fields that spread across most of the village.

### ***Economic and Environmental Issues and Challenges***

One of the main challenges with unregistered homestays and hotels is that they threaten existing businesses, yet relevant parties have taken no action to address the problem. To prevent homestays from becoming extinct, the government must provide adequate financial support to existing homestays. Proper monitoring and provision of funds should be in place to assist them. Homestay owners face difficulty sustaining their business due to the significant capital required for facilities like swimming pools. As mentioned by the interviewee:

*“We are competing directly with unregistered homestay businesses and hotels. Therefore, our rooms must be equipped with air conditioning. Additionally, the beds should be comfortable and inviting, and the sheets must be high quality. By providing these amenities, we can ensure that our guests choose to stay in our homestays for their comfort and convenience.”*

The respondent stated that a well-managed homestay business could increase villagers' income, improve their living standards, and receive support from Malaysian tourism.

*“As a host, I had the privilege of taking a group of guests from Japan on a homestay for 3-4 days. During their stay, I took them to various places, such as a chip factory or a flower shop in the village. By doing so, the small businesses within the community benefited by receiving additional income”.*

The government tourism agency is aware of the homestay's development and the problems the homestay owners face. However, they have not taken any action to address the issues or suggest solutions. This lack of

guidance has slowed down the process of reviving the business. It would be helpful if the agency could arrange a meeting to discuss the problems and offer suggestions for overcoming them. Any problems encountered will be channelled to the relevant parties through the meeting. He added that:

*“Often, I will be in contact with the association and bring the issues to the superiors. Only the decision to accept or not accept is unknown to us. Selangor and Malaysia Tourism should work with MOTAC to promote monthly village activities for homestay business owners”.*

## **Interviewee 6**

### **Introduction**

Located in Haji Dorani Village, Selangor, the homestay offers visitors an opportunity to experience the natural beauty and local culture of rural Malaysia. The property is situated amidst paddy fields, coconut trees, and various perennial plants in a serene rural setting. Foreign guests can enjoy an authentic countryside experience while staying here. The homestay is deeply rooted in the community, with locals actively participating in managing and operating various aspects of the homestay. The cooperative and committee structure emphasises collaboration and participation from the village residents. Many activities are offered to guests, allowing them to engage in traditional games and arts and crafts and experience the local way of life. This indicates that Malaysian culture and traditions are attempting to be preserved. Homestay has evolved since its inception in 2000, starting as a small-scale operation with limited knowledge about tourism. In 2006, we officially started operations, and by the end of the same year, we began receiving customers from the East Coast as well as Sabah and Sarawak. Over the years, the homestay operation has gradually expanded and adapted to cater to the needs and preferences of both local and international guests.

### **Economic and Environmental Issues and Challenges**

Economic stability is a concern, mainly due to fluctuations in tourist demand. External factors such as the COVID-19 pandemic and seasonal patterns impact tourism and subsequent revenue fluctuations. Many bookings, especially during certain seasons like the Eid festival, imply that the business's economic stability heavily relies on fluctuating guest demand. The uncertainty in demand and the need to plan bookings highlight the economic concern tied to these fluctuations. Thus, it is challenging to predict and stabilise revenue.

*“After the pandemic, the potential is very bright. We have also received many bookings until the end of this year. There are many bookings from local tourists for the Eid festival season. This year (2023), we have received many bookings from foreign tourists from May onwards”.*

It is common for homestay owners to have part-time jobs or other responsibilities in addition to managing their homestay business. This indicates that they have uncertain demands from guests and rely on other sources of income to support themselves financially. As a result, it may be difficult for them to devote full-time attention to their homestay business, which could hinder its growth and development.

*“Homestay entrepreneurs work part-time only. They have other careers or duties too”.*

The reliance on government assistance, financial aid for repairs, and potential incentives signify a dependence on external support, indicating that sustaining the business independently could be challenging. Homestay business owners might struggle to afford necessary improvements or maintenance. Limited financial resources hinder potential investments that could enhance the quality and offerings of the homestay. Like small business owners, they may require financial aid to sustain their operations, especially during challenging times like the pandemic. They have to look for incentives from the government to boost their businesses, attract more tourists, and improve profitability for our business growth and development. The coordinator highlighted that:

*“Before establishing the cooperative, we operated independently and received assistance of approximately RM1000-2000 for house repair funds from higher authorities. Those who applied for assistance received aid from RM3000 to RM9000, provided only once. We also collaborated with the higher authorities to establish the cooperative.”*

## **Interviewee 7**

### **Introduction**

Bukit Cherakah Homestay is the 16th homestay established in Selangor, the latest one among all the homestays in Selangor. We set up this homestay before the government implemented the Movement Control Order (MCO) during the pandemic. We learned how to establish this homestay from the Malaysian Co-operative Institute in Petaling Jaya. The homestay comprises 15 houses, each with one room. We focus on accommodating groups of tourists, providing them with two-person rooms to make their stay more



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convenient. Our concept is to introduce various activities for guests to enjoy during their stay. All 15 houses follow the homestay concept, where guests stay with the host. If guests come in pairs or groups, the homestay operator will assign them to a suitable house.

### ***Economic and Environmental Issues and Challenges***

After conducting the interview, it became evident that addressing the issue of competition from unregistered homestays is of utmost importance. In my view, the increasing number of illegal homestays and the lack of action taken by MOTAC is alarming. To compete with these unlawful homestays, would it be suitable to establish a Kampung Stay program? Kampung Stay offers private rooms without the host present. Indeed, local tourists may not be able to fully enjoy their stay at Homestay Bukit Cherakah because they cannot interact with the host. Additionally, there are issues with the accommodation provided to guests and the location of the homestay.

When it comes to finding accommodation, there are times when we face limitations. Kampung Stay can be an excellent alternative to traditional homestays in such situations. Traditional homestays are usually limited to a single room, and it can be challenging to accommodate large groups of tourists. For instance, if two buses arrive with 80 tourists, relying solely on homestays may not be feasible. However, if we have Kampung Stay as an option, it can easily accommodate many tourists. Therefore, creating Kampung Stay can be an effective way to cater to the accommodation needs of a large group of tourists.

*“Each village has unique strengths and weaknesses, and location plays a significant role. Competition with unregistered homestays is also a factor”.*

Encouraging young people to participate in the IT industry is crucial because it can be profitable and generate income for the local community and management. To achieve this goal, the committee has established various committees, such as culture, catering, and others, offering direct involvement opportunities. The younger generation is already familiar with the technology, making it easier to find customers and communicate with guests. Additionally, leadership plays a crucial role in the success of a homestay. Sometimes, a homestay may exist due to sponsorship or support from a particular leader or government. If the leadership changes, the new representative may not be able to continue promoting the homestay, leading to its decline. Maintaining a good relationship with government agencies and travel agents is crucial to sustaining a homestay business. Succession planning is also essential, as having a capable successor can help ensure the business thrives even after the current leader steps down.

### ***Interviewee 8 Introduction***

Homestay Air Manis has been operating in Selangor since 2004, providing ten homestay units to its guests. However, due to the Movement Control Order (MCO), only eight units are available for booking. Unfortunately, the homestay project was put on hold during the MCO period, which caused the owner to feel discouraged and overwhelmed about running the business. The MCO has hurt the homestay in Air Manis, resulting in a lack of customers and a decrease in the owner's motivation to run the business. However, after the Malaysian Government's vaccination campaign, more customers have begun renting the homestay again. The owner is concerned about his age and the increased risk of infection, making accepting more customers complex.

Before the MCO, most customers who visited Air Manis were foreign guests from countries like Japan and Korea. The guests were primarily international students, with around 200 staying at once. However, only locals occupied the homestay after the MCO was implemented. In Air Manis, the homestay operates uniquely, where customers stay with the homestay business owner and experience the kampung environment, local food, and activities. The homestay concept is more about cultural tourism and not just providing bed and breakfast accommodation for guests.

### ***Economic and Environmental Issues and Challenges***

The interviewee highlighted that obtaining a homestay license from MOTAC can be a challenging and time-consuming process lasting up to three or four years. As a result, there are limited opportunities to promote homestays. According to the interviewee:

*“This lack of advertising makes it difficult to market Homestay services to local customers, as most promotional campaigns are geared towards hotels and motels”.*

Obtaining a homestay license can be a daunting and complex process that involves various procedures and paperwork. The first step is to seek approval from the village chief and then submit the application to the district office for review. Once the application is approved, it is forwarded to the tourism office. The final step involves submitting all the necessary documents to MOTAC, and approval will be granted upon completing all the requirements. This has created an opportunity for unregistered homestays to be in operation.

## Interviewee 9

### Introduction

The Nakawan homestay business in Perlis is a new project registered under MOTAC Perlis. It has 16 participants and offers a range of attractions, such as the Wan Keliang Viewpoint, Taman Herba Anggur Bukit Mata Air, and Madu Kelulut Café. The Wan Keliang Viewpoint is particularly popular, offering a breathtaking panoramic view from 304 metres. The homestay owners have welcomed visitors from various countries, including the Balkans, Europe, and other non-English speaking countries.

### Economic and Environmental Issues and Challenges

Concerning the interview findings, the long-term success of homestays depends on receiving support from government agencies, particularly MOTAC. Homestay operators are optimistic that MOTAC or other agencies can assist them in promoting their homestays on a global scale rather than just locally. It is recommended that the relevant agencies devise plans to attract more foreign guests to Perlis and consider homestays an opportunity to experience rural or village lifestyles.

*"I have not yet received a project from MOTAC. However, I heard that they create programs and projects for homestays. I aim to increase the number of programs like the one in Paya Guring. I am not limiting myself to local programs and projects, but also looking for international opportunities."*

At present, the owners of homestay Nakawan do not have access to any financial management training. However, they are obligated to report their monthly income to the relevant agencies. Since homestay Nakawan is a new venture, the owners have not yet received any incentives. Despite this, some have applied for loans from TEKUN - a government agency offering easy financing to micro-entrepreneurs.

In terms of socioeconomics, operating a homestay business can provide a significant source of extra income. While the average monthly income is around RM2000 to RM3,000, certain Nakawan homestay businesses can earn up to RM150 to RM200 per day, with some making as much as RM5,000 per month. Since the homestay business owners do not rely solely on accommodations, they also offer local products such as belacan (local paste), madu kelulut (honey), and flower jelly to sustain the homestay business. This not only enhances the standard of living for the local community but also boosts business growth in the area. It is crucial for the neighbourhood to support these homestay businesses, as some owners even open cafes and grocery shops near the homestays that serve local cuisine.

## Interviewee 10

### Introduction

Aji Heritage Farm is a resort located in Perlis, a state in northern Malaysia that offers accommodation facilities to its guests. Initially, the resort was operated as a garden house-style homestay. The land on which the resort is situated was initially a toll land, and my grandfather had paid tolls for it before the 1970s. The land was initially utilised for a rubber plantation and later for a quarry project. However, the area was eventually neglected, leading to its present state. Over the years, my family took over the land, rejuvenated it, and converted parts into a homestay and garden area. We planted mango trees, which were later grafted to produce harum manis mangoes. The area was fenced to ensure a secure and beautiful space would be created despite facing challenges with builders and budget limitations during the construction of the homestay. The landscaping work around the homestay is still in progress.

### Economic and Environmental Issues and Challenges

As owners of the homestay and café, we are responsible for covering the costs of running these facilities, such as electricity bills and maintenance. It becomes a concern when guests consume significant utilities during their stay but do not pay enough to cover them. This type of situation can negatively impact the overall financial sustainability of the business.

*"It takes over an hour to thoroughly clean the double-storey homestay due to its spaciousness, which can be quite a task. The tenants who occupy the space sometimes come with up to four cars, leading to a high gas and electricity usage. This has become a major issue as the bills are quite high."*

Managing costs while trying to expand the business and improve facilities is a challenging task. The cost of upgrades must be proportional to the potential profits, and cost control measures must be implemented to ensure the venture remains sustainable.

*"We had a budget limit for building the house. Although people enjoyed the idea of a double-storey homestay, it was too expensive for us."*

There is a limit on room fees that can be charged for homestay rentals in Perlis due to the abundance of available homestays in the local rental market. This limitation might impact the potential income a property can generate. Moreover, finding skilled and dependable workers or contractors for construction, maintenance, or improvement projects is challenging, which could affect the quality of work and lead to additional costs for rectification or improvement.

### **Interviewee 11**

#### **Introduction**

Wan's homestay in Kuala Perlis has been running homestays for 15 years. Her first homestay was a terraced house located in a housing estate. Later, she acquired a 2-unit garden house and turned it into a homestay. As demand for homestays in her village grew, she started building single-unit houses specifically for homestay purposes. However, she found that visitors from the city and Kuala Lumpur preferred staying in village houses rather than terrace houses. Thus, she started a village homestay with two units to accommodate these preferences. Nowadays, when people inquire about Wan's homestays through Facebook, they specifically ask for a kampung stay or a homestay in a kampung house. So, if you are planning a trip to Perlis, request a village homestay instead of a terrace house.

#### **Economic and Environmental Issues and Challenges**

Homestay owners often struggle to charge low fees to their guests. Many new homestay operators offer low fees despite having newly built houses and air conditioning units. Unfortunately, this often results in neglecting essential maintenance tasks such as air conditioning servicing and changing bed sheets. The homestay business owners own a terrace house with two units, which was not profitable as a monthly rental. However, she successfully converted it into a homestay due to high tourist demand. At first, she did not communicate with any government department regarding her homestay. Nevertheless, tourism Malaysia contacted her after receiving positive feedback from guests. Although she receives some support from the government, it is not significant.

According to the business owner, homestay activities must be held at the homestay location or the host's residence. The host is responsible for the expenses of these activities, which can be demanding in terms of preparation, food, and space. Establishing a cooperative and offering other homestay business owners the opportunity to participate is also essential. She highlighted that:

*“Despite having more than ten units, I could not register for a homestay. So, I contacted MOTAC to inquire about it. They informed me that setting up a registered homestay requires more than one owner's involvement”.*

However, finding others to join and register with MOTAC is difficult, as many illegal homestay operators are not interested in complying with MOTAC's requirements. To increase the number of registered operators, it has been suggested that MOTAC allow illegal homestay operators to register with the authority. This move can serve as a motivation for more homestay business owners to come forward and register.

### **CONCLUSION**

The homestay programme can enhance local quality of life through income generation, support local culture and arts and crafts business, encourage restoration of local and historic sites, and foster nature conservation efforts through community education. With many international tourists looking for rural tourism, a more systematic development of homestays will be crucial in creating a 'new brand' of tourist experience, showcasing the rural way of life, and offering an affordable form of a holiday that contains a high degree of cultural and educational elements [1]. The homestay programme's selling point is not the village's physical entity but more towards the total village experience, where the community and communal activities are influential solid factors.

The success of the homestay programme is highly dependable on a solid understanding of the basic requirements of a quality guest experience from a homestay perspective. Therefore, establishing a standard homestay is necessary, providing an opportunity to standardise a base-level understanding of a homestay and establish a minimum standard [1]. Homestays are a popular and culturally immersive accommodation option in Selangor and Perlis. These accommodations allow travellers to stay with local families or hosts, providing a unique opportunity to experience the culture, traditions, and daily life of the region they are visiting. Concluding on homestay issues and challenges from social, economic, and environmental perspectives involves recognising the various complexities of homestay. From a social perspective, homestays can lead to cultural misunderstandings and clashes between hosts and guests due to differences in customs, habits, and expectations. Guests may find maintaining their privacy and comfort in a host's home challenging, impacting their overall experience [15]. Homestay owners and guests must ensure their safety and security during the



homestay experience. Besides that, effective communication, cultural sensitivity, and mutual respect are essential for harmonious homestay experiences. Clear expectations, rules, and boundaries should be established to avoid misunderstandings.

From economic and environmental perspectives, some homestay owners may become overly dependent on income generated from tourism, which can be unstable and seasonal. The lack of clear regulations can lead to unregulated competition, affecting the livelihoods of both homestay owners and traditional hospitality businesses [16]. Additionally, government financial support is instrumental in addressing various challenges and facilitating the growth of the homestay industry. It can contribute to economic stability, enhance the quality of homestay experiences, promote sustainable practices, and ensure compliance with regulations [16]. By recognising the unique value of homestays and allocating resources accordingly, governments can help create a thriving and sustainable sector that benefits homestay owners and the community. A well-supported homestay industry can promote local tourism, preserve cultural heritage, and boost economic development. Overall, the choice between Selangor and Perlis for a homestay depends on the guest's preferences and the kind of experience they seek. Selangor offers a more diverse and urban experience, while Perlis provides a tranquil and traditional Malay cultural immersion in a serene natural setting. Despite facing challenges, it should be considered as an opportunity to improve in the future. However, it is crucial to note that this research has limitations and cannot be considered conclusive. Therefore, it is recommended that further academic research be conducted to address new challenges that may require different approaches from different angles and perspectives as time progresses and changes occur. It is important to remember that the sample used in this study is limited to Selangor and Perlis and may not fully represent Malaysia. Researchers suggest conducting more interviews with participants from different states to gather more comprehensive information.

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