

**THE SERVICE MEASUREMENT OF PROMOTION & MANAGEMENT TO
SUSTAIN HOMESTAY BUSINESS IN MELAKA**

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Report submitted in fulfilment of the requirement for the degree of Bachelor of Technology
Management (Hons) in Technopreneurship

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DECLARATION

“I declare that this project is the result of my own research except as cited in the references. The research project has not been published for any degree and is not concurrently submitted in candidature of any other degree.”

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ABSTRACT

Homestay is an especially attractive form of accommodation for stays that range from a few weeks to several months. It is an opportunity to live in a friendly home with local family, experience the local lifestyle and culture up close, and practice local language skills. In Malaysia, homestay program was originally launched nationwide in 1988 at Temerloh, Pahang and subsequently include various states including Sabah and Sarawak at the later years. Even some homestay program is well established and develops, some others is fail to survive whether in terms of organizing or management. A proper plan and formulation should be implemented to ensure that this program is effective and success. Therefore, this study discussed on the service measurement of promotion and management to sustain homestay business in Kg.Morten. It is hope that this study may give some idea and nature of homestay program in Melaka and a way to enhance it. This study was conducted to improve understanding of the research by referring to books, articles, journals and other reading resources available in the library and the Internet as well as previous studies. The data use will be collected through a questionnaire, where all information related to the research were gathered and analyzed by using two main software which were Microsoft Excel and Statistical Package for Social Sciences (SPSS).

ABSTRAK

Homestay adalah sebuah tempat penginapan yang menarik kerana boleh didiami selama beberapa minggu atau beberapa bulan. Ia merupakan satu peluang untuk tinggal di sebuah rumah serta bermesradengan keluarga tempatan, merasai cara hidup dan budaya tempatan dengan lebih dekat serta mengamalkan kemahiran bahasa tempatan. Di Malaysia, program homestay pada asalnya dilancarkan di seluruh negara pada tahun 1988 di Temerloh, Pahang dan kemudiannya masuk ke beberapa negeri termasuk Sabah dan Sarawak pada tahun-tahun kemudiannya. Bahkan beberapa program homestay adalah mantap dan berkembang, sebahagian yang lain adalah gagal untuk hidup sama ada dari segi menguruskan atau pengurusan. Satu pelan dan pengubalan yang perlu dilaksanakan untuk memastikan bahawa program ini adalah berkesan dan berjaya. Oleh itu, kajian ini membincangkan pengukuran perkhidmatan promosi dan pengurusan untuk mengekalkan perusahaan homestay di Kg.Morten. Adalah diharapkan kajian ini boleh memberi sedikit gambaran dan jenis program homestay di Melaka dan satu cara untuk meningkatkannya. Kajian ini dijalankan untuk meningkatkan pemahaman penyelidikan dengan merujuk kepada buku-buku, artikel, jurnal dan sumber bacaan lain yang terdapat di perpustakaan dan Internet dan juga kajian-kajian lepas. Penggunaan data akan dikumpul melalui soal selidik, di mana semua maklumat yang berkaitan dengan kajian yang diperolehi akan dianalisis dengan menggunakan dua perisian utama iaitu Microsoft Excel dan Pakej Statistik Untuk Sains Sosial (SPSS).

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CHAPTER 1

INTRODUCTION

1.1. Background

Homestay is defined as an accommodation where visitors/tourist stays with host families that have registered in the program to experience the daily life of the local community. It is an opportunity to live in a friendly home with local family, experience the local lifestyle and culture up close, and practice local language skills.

Homestay programme, which was introduced in 1988, has become the ironic rural tourism product highlighting Malaysian cultural and traditional ways of life. The concept of homestay is whereby a tourist stays together with the host family and interacts with the local community for a reasonable charge. Due to the potential of Homestay in providing additional income and employment within the community, more participants have become motivated and encouraged to run the homestay programme.

In Malaysia, the home stay establishments that have emerged recently do not have such a traditional reliance on geographical proximity to major tourism attractions and establishments for clientele sources. As a part of government rural development initiatives, they are typically village-based and sustain themselves as independently, usually using local endowments such as social elements, cultural motifs and natural resources.

The Homestay Program is actively promoted by the Ministry of Tourism as a type of community based tourism in Malaysia. It is realized by the government as a catalyst for rural community development, particularly from a socio-economic perspective. The benefits of community based tourism can be further developed through the participation of women, youth and retired people. To realize the potential of the Homestay Program, the Malaysian Rural Tourism Master Plan 2001 was formulated. In the Malaysian Plan 2006-2010, one of the points of focus by the government is on community development; rural tourism is one of the mechanisms, Hamzah et.al, (2011).

Usually, homestay is an especially attractive form of accommodation for stays that range from a few weeks to several months. Even some homestay program is well established and develops, some others is fail to survive whether in terms of organizing or management, Abd Aziz et.al, (2006). A proper plan and formulation should be implemented to ensure that this program is effective and success. It is hope that this study may give some idea and nature of homestay program in Malacca and a way to enhance it. This study focused on the enhancement of Homestay in Melaka which is how they sustained and promoted their Homestay to tourist. With the increase in tourists, more local houses became home stays operation which appeal to the budget tourists because of price, Hinch, Butler, (1996).

1.2. Problem Statement

This study is about the service measurement of management and promotion to sustain the homestay business in Kg. Morten Melaka. The problem indicated by homestay Kg. Morten is they have less of customer. Due to Homestay Kg. Morten have lack of cultural activities to serve to their guest. By providing more cultural activities guest will be very glad to try and they can learn more about Malaysian unique culture.

1.3. Research Question

The purpose of this study is to evaluate how to sustain management, promotion activities and quality of service given by owner of the homestay. In evaluate the statement, this study attempts to answer the following questions:

RQ₁: What are the best promotion activities to attract tourist to stay in homestay?

RQ₂: What is the best quality of service that needed by the tourist?

RQ₃: What is the good infrastructure needed by the tourist?

1.4. Research Objective

This study is intends to find out why tourists more interests to stay in homestay when they come to Malacca. There is several factors give impact to attract tourist to stay in homestay such as promotion activities, quality of service

and good infrastructures offers by the homestay owner. The objective of this study is to make homestay more profitable and growth more in the industry.

1.5. Scope and Limitation of Study

Scope of this study is limited to survey in Melaka. Kg. Morten is chooses as the focused area because Kg. Morten is a traditional village located at the heart of Melaka City, where the average population is Malay. The village is regarded as a living museum since many people still practice a way of life that has not changed much and a lot of custom design showcases the uniqueness of their home.

1.6. Summary

This introductory chapter provides an outline of the study and the problem, the formulation of the research questions and objectives, and significance of the study. Chapter 1 also elaborated about the aims and goals of the study during the researcher's preliminary reading and consideration of the problem.

CHAPTER 2

LITERATURE REVIEW

2.1. Introduction

A literature review is an evaluative report of information found in the literature related to researcher selected area of study. The review should describe, summarize, evaluate and clarify this literature. It should give a theoretical base for the research and help researcher determine the nature of their research.

2.1.1. Definition of Homestay

There are various definitions and terms used to define 'homestay' in different countries. Clarke, (1996) mentioned the fact that the early definition of farm tourism was broad in scope. People tend to define certain words in terms that are beneficial to them, hence the variety of definitions. Rural tourism is probably one of the hardest forms of special interest tourism that one is able to define Collier, (2003). Brochures published by Tourism Malaysia, (2004) stated that a homestay program is "the involvement of tourist in the village-style of living, to be part of a family and engage in all authentically Malay activities". However, Southern Alberta Institute of Technology calls it as, "those person living together in the home".

Some also define that a homestay as a "tourism explicitly farm-related and most usually associated with tourism involving staying in farm accommodation and seeking experiences from farm operators and attractions" Roberts, Hall; (2001). However, Inskip, (1991) defines a homestay as "working farms that supplement their income with some form of tourism business, most commonly for accommodation by renting extra guest rooms in the farm house to tourist or converting a separate farm building to accommodation unit". Homestay provides a unique opportunity to experience the way of life of the local people of an area along with the indigenous and traditional cultures within a comfortable homely setting (Boonratana, 2010; Kamisan, 2004; Kamisan et.al, 2007).

Paul Lynch, (2009) gave a broader definition of Homestay by referring it as commercial homes whereby visitors or guests pay to stay in private homes where interaction take place with a host or family. It is a very unique characteristic as this concept promotes interaction between host families and tourists and acting as a development tool to raise awareness on the cultural exchange and respect for the host's culture Jamilah et.al, (2007).

2.1.2. Homestay in Malaysia

In Malaysia, the Homestay Program can be traced back to the early 1970s at the then 'drifter enclave' of Kg. Cherating Lama in Pahang, where a local lady by the name of Mak Long took in long staying drifters/hippies and provided breakfast, dinner and accommodation within her humble house, Amran, (1997). Subsequently, small villages or otherwise known as 'kampongs' followed a similar arrangement to gain the benefits of the influx of domestic and international tourists who are looking for a different travel experience to learn and experience culture through Homestay.

Back in 1988, the first homestay program began at Desa Murni Homestay which consists of five villages namely as Desa Murni Sanggang, Desa Murni Sonsang, Desa Murni Kerdau, Desa Murni Ketam and Desa Murni Perangap. These villages are located about 15 minutes' drive from an east coast state in Malaysia, Temerloh, Pahang. These local village communities worked together to create a Homestay programme and its success has had a dramatic effect on the local economy in terms of financial benefits, Kalsom, (2007; 2009). Following the success of the program, in 1995 under the National Plan for Rural Development, the Malaysian Government took key measures in developing the tourism sector with the involvement of rural communities, Liu, (2006). The Malaysian Government through the Ministry of Culture, Art and Tourism had provided a specific fund to assist in the growth and expansion of the homestay program.

In 1993, the Minister of Culture, Arts and Tourism (MOCAT) formed a special unit to oversee the growth of the Homestay Program which was officially launched on December 3rd, 1995 by MOCAT. The official definition of the Homestay Program, according to MOCAT (currently the Ministry of Tourism or MOTOUR), is where tourists stay with the host's family and experience the everyday way of life of the family in both a direct and indirect manner MOCAT, (1995). Unlike regular bed and breakfast establishments, the Homestay Program in Malaysia allows guests to participate in the host's daily activities. Indeed, this is an important strength of this particular tourism product; no other tourism product in Malaysia offers a similar view of the culture of Malaysian rural societies as is made possible by the Homestay Program, Kayat, (2009).

Since the beginning of this concept in Malaysia, some operators have aggressively promoted and marketed their homestay product to the overseas

markets. As a result, their homestays have gained popularity especially among Japanese, Korean and Singaporean tourists Jamilah et.al, (2007). As the programmed seems to become more and more popular, it garnered the confidence of many newcomers to join the industry, MOTOUR (2009, 2011). Unfortunately, it was defined that some operators were really successful and some were not Wilson et.al (2001); Nor Ashikin, Kalsom; (2010); Sriprasert et.al, (2011). The Malaysian Homestay is uniquely different with the full involvement of the guest to learn and experience the daily life of the host from the day they arrive to the day they leave place. The immersion of the guest with the homestay operator and the local community is highly expected as there are many cultural activities involved throughout their stay.

In general, homestay is very different compared to other modes of accommodation such as a hotel, motel or bed and breakfast which is normally located in the city or suburban areas whereas the location of the Homestay is normally situated in rural areas, Salamiah et.al, (2011) where the whole community is still practicing the traditional way of life and embracing strong culture and traditional practices.

2.2. Tourism

United Nations Statistics Division (UNSD) defined 'Tourism' as a part of travel. Travel is the activity of travelers moving between different geographic locations for any purpose and any duration, UNSD, (2008) and tourism can be considered as a form of recreation, which is distinguished by relatively long lengths of staying away from home and relatively large distance travelled Britton, (1979).

Neopopulist theory suggests that local communities should be central to tourism planning and management, and it encourages the voices of those most affected by tourism to be heard. This may be achieved by formalized systems of local level planning which actively involve local communities, or at the other extreme, protests by community groups dissatisfied with the way tourism is impacting their societies and environments, Scheyvens, (2002).

Further explanation by Mill and Morrison, (1992) viewed tourism as an activity engaged in by people who travel. This encompasses everything from the planning of the trip, the travel to the place, the stay itself, the return, and the reminiscences about it afterwards. It includes the activities the traveler undertakes as a part of the trip, the purchase made, and the interactions that occur between host and guest. Moving further into the industry, Hudman, Hawkin, (1989) suggested that the success of tourism should include the sum of all the relationship arising from the interaction of tourists, businesses, tourist government, and host government and communities. The concept of tourism is multidimensional, multifaceted activity, which touches many lives and many different economic activities. With the dynamic development tourism activities started with the temporary movement to destination outside the normal home and workplace, the activities undertaken during the stay and the facilities created to cater for the need of tourism, Cooper et.al, (1993).

Local involvement is a critical element of successful community based tourism. It has become critical in dialogue concerning community involvement in tourism planning or tourism ventures. The debate is currently not one of whether local communities should be involved in the development of tourism to their areas, but how they should be involved and whether involvement means control, Cater, (1995). Without community participation, there are no partnerships, no developments and no program, Aref, (2009).

Tourism is the leading and the single largest industry in the world of today. This sector has been recognized as one of the main important service industries in the world Schumacher, (2007). Tourism has become one of the world's largest and fastest growing industries. The tourism industry is globally a rapid growing industry and contributes to the economic enhancement as well as generates employment opportunities, apart from contributes to the development, especially in a developing country like Malaysia.

Moreover, according to Abd Aziz et.al, (2006) tourism industry had brought a great contribution to the country economic and socio cultural. The tourism growth in Malaysia is seen to be more sloping upwards in the future since the government with participation of private sector, have keeping more efforts in this industry. One of the efforts that the government develops is to create a variation of tourism in Malaysia, where the government through Ministry of Tourism had launch a 'Homestay Program' where grouped under 'alternative tourism concept'.

Tourism is a potential matter in social, environmental and economic levels of many government agendas. Government sees tourism as a tool of development giving priority to protect the environments and traditions with minimum negative impacts Liu, Wall, (2006). Tourism sustainability not only concerns resource conservation and environment protection but also the local community's welfare. The money making activities of tourism has the potential to the local economy and bring tourist taxes for state and federal governments provided that policies and guidelines are established in ensuring the sustainable development, Yassin et.al, (2010).

Governments view tourism as a tool for infrastructure development, job opportunities, earning foreign exchange, balance of payments, regional

development and generating benefits for local communities, Glasson et.al, (1995). Tourism development can increase individual's income and revenues for host countries, Ahn et.al, (2002). This industry effects positively on the Malaysian economy for increasing foreign exchange earnings, and employment opportunities, Bhuiyan et.al, (2011). Malaysia has secured third position in tourist arrivals among the Commonwealth countries after Britain and Canada. According to the statistics of 2005, tourism is contributing over 40% in the balance of payment of Malaysia and becomes the key foreign exchange earner of the country, Tourism Malaysia, (2006).

Yassin et.al, (2010) tourism sustainability not only concerns resource conservation and environment protection but also the local community's welfare. The money making activities of tourism has the potential to the local economy and bring tourist taxes for state and federal governments provided that policies and guidelines are established in ensuring the sustainable development. Tourism enterprise may be sustainable by dealing with the conservation of local cultures and customs. It is necessary to establish the network adjusting the local government and community people with knowledge and understanding of tourism, Saeng-Ngam et.al, (2009).

Participation in village government committees, conservation activities, tourism-revenue-sharing programs and other planning and management programs are reported the effect of local people on tourism areas, Mehta, Heinen, (2001).

2.3 Promotional Tools

Promotion is one of the elements of marketing mix. Promotion activity involves disseminating of information about a product and services, products line, brand and company. Promotion consists of four subcategory direct marketing, personal selling, sales promotion, public relation and included advertising. Effective promotion strategy must specify how much attention to pay to each promotion mix. A promotion strategy can be develop to achieve specific objective including to increase sales, new product acceptance, creation of corporate image etc. Promotion is therefore a critical tool to be used by organizations to communicate with consumers with respect to their product offerings, Rowley, (1998).

Mill and Morrison, (1992) viewed promotion as communication which therefore requires the exercising of developing the promotional mix. Through explicit communication, language is used in as an attempt to promote a common understanding between the sender and receiver message without neglecting the role of nonverbal means, such as gestures and facials expressions. The end goal of promotion is behavior modification. The task is to initiate a purchase where none has been made before, initiate a change in purchase behavior by having the tourist “buy” a different destination, package, or service, or reinforce existing behavior by having the tourist continue to purchase the services being promoted. Informative promotion is more important during the early stages of the product life cycle when, for example, a new destination, and potential visitors must have sufficient knowledge of it before they can be expected to buy. Persuasive promotion seeks to get a tourist to buy.

According to Mohd Rafien et.al, (2011) the development of homestay industry in Melaka as well as the others state in Malaysia is still new. There

are a lot of promotion activities that have done by Ministry of Culture, Arts and Tourism to introduce this homestay program inside and outside Malaysia.

2.3.1. Advertising

According to Mansor et.al, (2011) advertising is the most relevant tool in any promotional activities uses a number of forms to attract attention, arouse interest, convey information, and to induce the potential traveler to act in a specific manner. The outdoor advertising is generally seen in three areas: first, in areas of high visibility (on public transportation vehicle such as buses and taxis), second on benches (particularly along public transportation routes) and third, billboard (used extensively along highways to create awareness of the hotels, motels, service stations, restaurants and campgrounds that are ahead). In cities billboard and signs are seen along major transportation routes to and from airport, and other arteries traveled by local residents. Sales promotion have becomes very common today with free ticket to special events, trade shows, exhibits and for trips. Travel shows are common form of sales promotion, and they take in many forms. Travel agencies and tour operators will gather travelers together to promote a specific place and accommodation. Fairs and other events such as conferences and conventions, bring together a large number of prospective tourists for a specific time, display visuals (such as slide show and short film), poster, brochure, leaflets are available.

According to Tourism Malaysia, the homestay program promotion under their banner which would give guests to experience the rustic life in a village, experience the activities of their host daily life, try home-cooking lesson, harvest fruits during fruit seasons, play traditional games. Traditional games such as kite flying, tops spinning, and 'congkak' which are still

practiced in the villages. The guest could also experience going to the paddy field to harvest the rice or follow the host out to the sea for fishing. These activities promote bonding between the host and the guests. Other than the daily activities, the guest could also experience a mock traditional wedding ceremony, and participate in traditional dances.

2.3.2. Promotion

This activity is best described as a specific, usually short-term, promotion that is over and above what owner would normally provide to their customers. Sales promotions are a good way of attracting new customers. There are several types of sales promotion marketing technique to easily achieve the goal; better sale, such as price cuts, couponing, competitions and free samples.

2.4 Quality of Service

2.4.1. What is service?

There are many definitions of services in the literature may depend on the author and focus of the research, Gronroos, (2001). However, one of the most important and unique characteristics of services is that services are processes, not things, which mean that a service firm has no product, only interactive process, Gronroos, (2001) offer a comprehensive definition of services where services is an activity or series of activities of a more or less intangible nature than normal, but not necessarily, take place in the interaction between the customer and the service employees and/or physical

resources or goods and/or systems of the service provider, which are provided as solution to customer problems.

Demand for service in the hospitality industry is generally clustered around peak periods, Sasser et.al, (1978) and these peaks create an environment which makes it difficult to provide consistent service quality.

2.4.2. What is quality?

According to Juran, (1988) there are definitions of quality derived from uncountable authors. Juran's definition "fitness for intended use" basically says that quality is "meeting or exceeding customer expectations". However, from reviewing articles on quality, it has been found that early research has been focusing on defining and measuring the quality of tangible goods and products, Garvin, Juran, (1988) while the more challenging service sector was disregarded.

Quality service has been derived from the field of marketing which values the human interaction between a business and its customers. Quality service is so intangible that objective measurement is impossible; the challenge lies mostly in managing appearance and perceptions, Harvey, (1998).

According to Denburg, Kleiner, (1993) while technology makes products similar, it is quality service that differentiates them in the market. The importance of quality service is well recognized in the hospitality industry, which is part of the tourism industry since hotels cannot survive intense competition without satisfying their customers with quality service.