

Sustainability of community-based tourism through the lens of homestays operators in rural area of Penang, Malaysia

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Abstract

As a form of lodging, homestays enable individuals or families to host visitors to their homes, providing a unique opportunity for personalized experiences and cultural immersion. This alternative housing option fosters a sense of community and facilitates cross-cultural interactions, both of which benefit the tourism sector. The objective of the study is to provide recommendations for improving the sustainability of Community-Based Tourism (CBT) in rural area homestays in Penang, Malaysia. The sample for this study comprises 13 homestays managed by the local homestay association. Data collection involved qualitative research instruments: focus group discussion, observation, document analysis, and semi-in-depth interviews. The findings from all instruments were analysed through content analysis using a conceptual framework. The main findings of the study suggest that homestay operators overly rely on government funding, lack good marketing strategies, and poorly manage their finances, which leads to inadequate income generation. Through this study, researchers have developed seven tourism packages and a website to aid in marketing in rural areas, thereby increasing homestay operator income in rural Penang.

Keywords: Collaboration and partnerships, community-based tourism, empowerment of local communities, financial viability, homestay, operator

Introduction

The homestay program is an initiative of the tourism sector in rural areas. Many foreign countries have encouraged the development of homestay programs to improve their tourism sectors, such as Iran (Pakshir & Nair, 2011), Nepal (Walter et al., 2018), Thailand (Kontogeorgopoulos, 2015), Vietnam (Giampiccoli & Mtapuri, 2021), and New Zealand (Cheng, 2022). In addition to lodging, tourists can enjoy cultural events and interact directly with the homestay owner's family and residents (Hairal & Hussin, 2021; Mapjabil et al., 2011). The homestay program promotes a sustainable lifestyle by encouraging tourists to live without waste and minimising the use of available resources (Jamaluddin, 2019). Interactions in all aspects of the environment, economy, and society in rural areas can generate economic benefits for the local population (An & Alarcón, 2020).

In Malaysia, the Ministry of Tourism, Arts, and Culture (MOTAC) fully supports the involvement of rural communities in the homestay program, as it can improve the economy and standard of living of the community (Kunjuraman, 2019). However, many homestay operators

struggle to penetrate the main market without government assistance due to inadequate skills, particularly in financial management. Moreover, the guidance provided by relevant parties with knowledge, such as homestay management courses or workshops, could offer more encouraging counsel (Abdullah et al., 2013). In addition, the quality of service is also one of the things that homestay operators must prioritize. This is because this matter will have an impact on the level of satisfaction of homestay customers (Othman & Buang, 2021). The reason why this happens is that homestay operators need to gain skills related to the tourism industry and have experience in homestay management. Most homestay operators are in rural communities and need more exposure to hospitality management (Othman & Buang, 2021).

This case study involves the management and operators of Homestay Area X, located in Area X, Penang. The location of the study cannot be explicitly mentioned due to unethical aspects found in the research. It is better to conceal it than to disclose the location. The paper aims to address three research questions: [RQ1] How can local communities in Area X area be empowered? [RQ2] How do collaboration and partnerships with related parties occur between homestay operators to make community-based tourism successful in Area X? [RQ3] What methods can be used to stabilize the income of homestay operators? Based on these research questions, the objective of the study is to provide recommendations for improving the sustainability of community-based tourism in rural homestays. Through this study, researchers offer assistance in increasing homestay income compared to previous years.

Literature review

Community-Based Tourism

Community-Based Tourism (CBT) is an approach to tourism that emphasizes the involvement of local communities in the development and management of tourism activities (Bagus et al., 2019). Using this tourism model offers local communities an opportunity to manage natural and cultural resources to promote the local economy and generate greater benefits (Lo & Janta, 2020). It must also embrace individual initiatives within the community (WWF, 2001). Overall, Dodds et al. (2018) categorize CBT into three categories:

1. A project where job opportunities are rotated among community members, and revenues are given back to the community in the form of dividends.
2. A community-based project that incorporates family group-oriented activities.
3. A cooperative effort between a family or neighborhood and an external business associate.

Dodds et al. (2018) also state that, in accordance with the definition of CBT - an alternative type of tourism that includes community participation as the main element - containing important elements, namely 1) participatory planning; 2) collaboration and partnership; 3) local management or empowerment of community members; 4) establishment of environmental or community goals; 5) relief of related parties such as government, funding agencies, and the private sector; and 6] focus on generating additional income for the community in the long run. By involving local communities in the planning and management of tourism activities, CBT seeks to ensure that the benefits of tourism are distributed more equitably, and that the negative impacts of tourism are minimized (Dangi & Jamal, 2016).

Recent studies have shown that CBT initiatives, such as homestays, can bring several economic, social, and environmental benefits to rural communities (Kayat & Zainuddin, 2016). Economically, homestays contribute to a community's economic growth by generating income for local businesses and households (Gu & Wong, 2006). Socially, homestays can lead to increased engagement between tourists and the local community, fostering a positive exchange of ideas, culture, and knowledge (Ibrahim & Razzaq, 2010; Pusiran & Xiao, 2013; Tiberghien et al., 2017). Environmentally, CBT initiatives can lead to the sustainable management of natural and cultural resources, including biological diversity, water, forests, cultural landscapes, monuments, etc. (Islam, 2010). Not only that, but homestays are also a great way for tourists to learn more about a particular culture, and they are particularly important in rural areas.

Homestay sustainability

Homestays provide tourists with an opportunity to immerse themselves in and experience the culture of their host communities while also providing the community with income (Guttentag & Smith, 2017). Participating in a homestay also provides a more intimate and unique experience compared to other forms of tourism (Dey et al., 2020). Homestays are an example of the practice of commercialising a home to use residential space. Homestays are a type of lodging that sits in between the private spaces of a friend's or relative's home and the strictly commercial, informal settings present in hotels and other more traditional lodging establishments (Kontogeorgopoulos et al., 2015). Kayat and Zainuddin (2016) conclude that the Systematic Literature Reviews (SLR) have been done. Unfortunately, the available literature needs to address significant issues such as homestay branding, homestay and entrepreneurship, homestays and Information and Communication Technology (ICT) competency, and homestay operator's training and development regarding sustainability. These four things are also stated by Dodds et al. (2018) as elements for CBT success, which have six things and as barriers to successful CBT, which have five things.

Six elements for CBT success from Dodds et al. (2018) are;

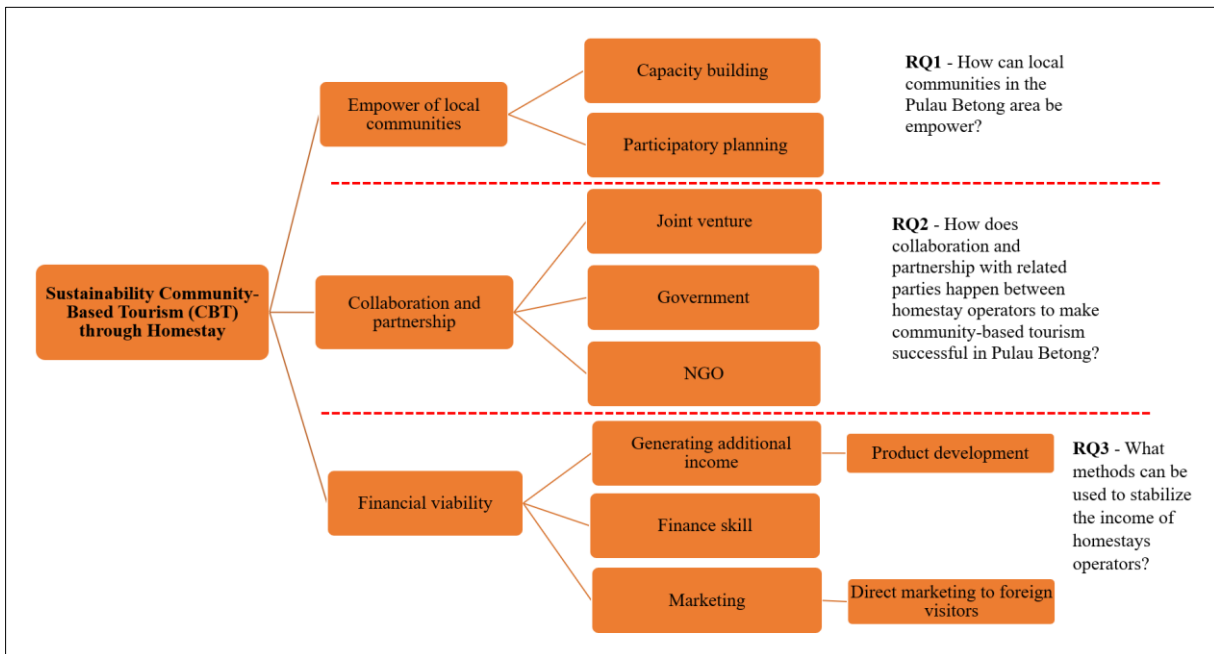
1. Participatory planning
2. Collaboration and partnership
3. Local management or empowerment of community members
4. Establishment of environmental or community goals
5. Relief of related parties
6. Generating additional income for the community in the long run.

Five barriers to successful CBT from Dodds et al. (2018) are;

1. Financial viability - lack of funding and finance skills
2. Marketing – little direct marketing to foreign visitors
3. Product development - non-market-ready product
4. Capacity building - lack of access to markets
5. Land management/governance - lack of empowerment of local communities (or centralised governance)

Six elements for CBT success and five barriers outlined by Dodds et al. (2018) were chosen to be the conceptual framework in this study. However, the researcher has modified all those

elements by combining them into a conceptual framework to be used in this study. This element is important to be seen comprehensively so that CBT projects that want to be implemented can sustain well as planned. The same goes for the homestays encouraged by MOTAC to grow in Malaysia. The modified elements are synthesised into a conceptual framework that delineates the relationship between the research questions and the framework:



Source: Authors, adapted from Dodds et al., 2018

Figure 1. Connectivity between conceptual framework sustainability of community-based tourism with research questions

Research methodology

Location and sample of study

This study was conducted in a confidential rural area, referred to as Area X, located in Penang (Department of Statistics Malaysia, 2023). The sample used in this study comprises 13 homestays managed by the local homestay association, with reservations being managed by the association chairman. The reason why the specific rural area cannot be mentioned in this study is confidentiality concerns. This study cannot clearly mention the location of the study because there are unethical things found and sensitive issues in this study. This unethical matter will be explained in the findings of this study.



Figure 2. The position of Penang state on the map of Malaysia, which is the focus area of the study

Instruments and measures

The data collection for this study was conducted in four phases, each designed to address specific research questions. This research used four qualitative research instruments, namely, focus group discussion (FGD), semi-in-depth interviews, observation, and document analysis.

This study employed a purposive sampling method by selecting all homestays in Area X as the study sample to represent the overall homestay population in Malaysia. The observation method was applied to all homestays in the area, totalling 13 homestays. The main method of data collection in this study was two Focus Group Discussions (FGDs) that were conducted. The first FGD with 13 homestay operators and the second FGD with the chairman, treasurer, and secretary of the association.

The total population of registered homestays under MOTAC in Area X consists of 13 homestay owners. Furthermore, these entrepreneurs are members of the local homestay association, which collectively manages all aspects related to homestay management in the area. The following details pertain to the intended homestay association:

Name of association:	Area X Homestay Association	
Chairman	Mr. Amir	
Secretary	Ms. Sarah	
Treasurer	Mr. Rosli	
Members	Mr. Ahmad	Mr. Sabri
	Ms. Rosnah	Ms. Jazni
	Ms. Aminah	Mr. Zabidi
	Mr. Roslan	Mr. Hasan
	Mr. Khairi	Mr. Khalid

In addition, semi-in-depth interviews were also conducted with the association chairman specifically and a staff member from the Ministry of Tourism, Art and Culture (MOTAC). That staff member is responsible for overseeing the development and management of homestays in Penang. The interviews conducted are a triangulation method to support the data obtained from the interviews.

Each method of data collection that has been done aims to answer the three research questions in this study. The themes found in the conceptual framework will be used to answer

every research question that arises. A flowchart illustrating the data collection process is presented in Figure 3.

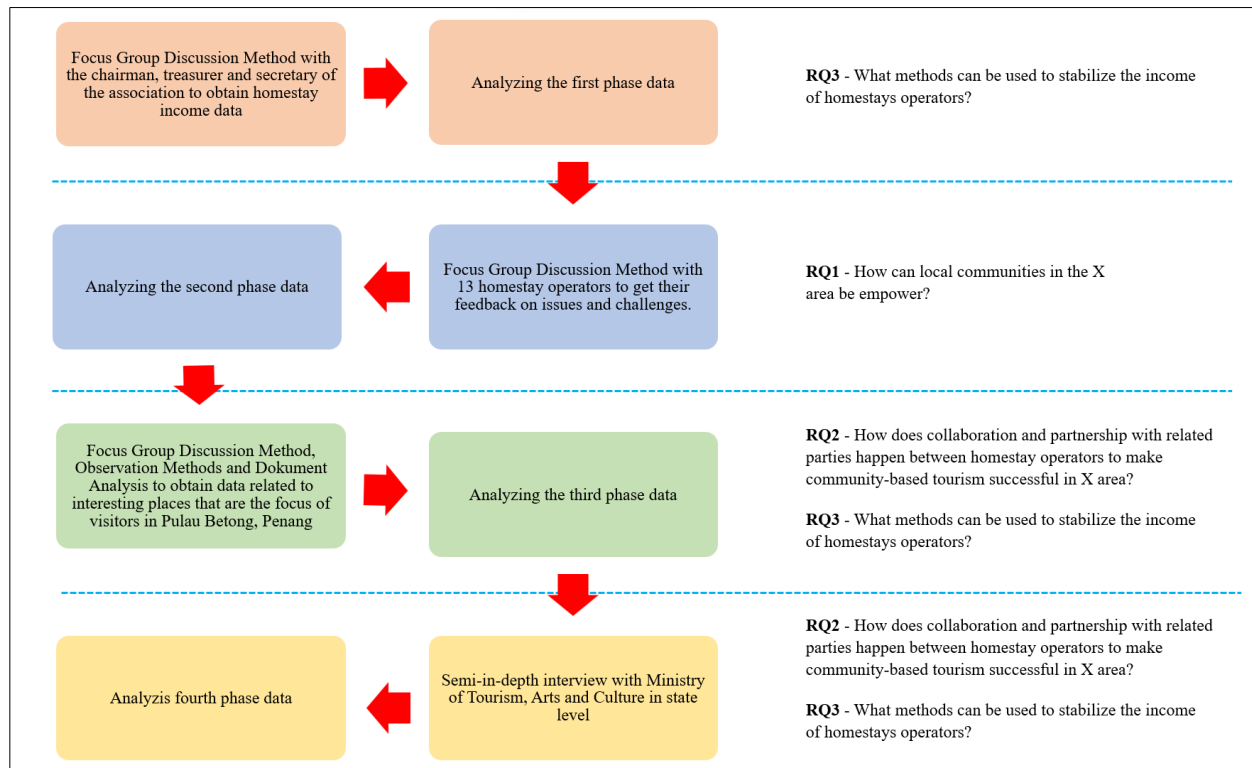


Figure 3. Data collection flow chart research for community-based tourism in the rural tourism industry through the lens of homestay operators in rural areas Penang

Data analysis

The study's findings are analysed through content analysis, which involves applying codes or categories to the content and identifying patterns, themes, and trends based on the study's conceptual framework. This framework is developed through a literature review and serves as the basis for the analysis. The content analysis includes creating a coding scheme to classify key ideas and concepts, a framework to summarise conclusions, and a collection of significant quotations. Coding is a method of indexing or classifying text according to the conceptual framework.

Results and discussion

Before delving into the study findings, it's important to highlight the unique nature of Community-Based Tourism (CBT) in Malaysia, especially in Area X. According to MOTAC, homestays and kampung stays are the two categories that homestays are divided into. A kampung stay is a house that is booked, but the owner is presentable. At the same time, a homestay is a room booked from a house where tourists will follow the activities arranged by the owner of the homestay. The study found that there are 10 homestays and three kampung stays in Area X.

Furthermore, CBT in Area X offers various activities that generate income not only from homestay bookings but also from other sources such as catering, handicrafts, boat rentals, bicycle rentals, ATV rentals, and cultural performances. From these various activities, it has succeeded in empowering the local community in that area. The discussion in this study will be divided into three main themes based on the conceptual framework, namely empowerment of local communities, collaboration and partnerships, and financial viability.

Empowering local communities

To empower local communities in CBT, two things need to be implemented: capacity building and participatory planning. The discussion is as follows:

a. Capacity building

According to the findings of the study, capacity building is crucial for homestay operators to provide the best service to their visitors. Homestays should have their unique attractions, just like motels or chalets. During the observation, it was found that the existing homestays only had a one-star rating because they did not meet the required standards. Homestays should have a proper layout of furniture, provision of beds, and organised bathroom facilities. In addition, since most homestay owners are elderly, their use of technology is very limited. This situation requires the registration of visitors to be managed entirely by the association's chairman. Feedback from visitors is also recorded by the chairman rather than being written by the visitors themselves. The visitors themselves fill out feedback forms. This is in contrast to the majority of homestays, motels, and hotels, which have guests fill out feedback questionnaires. This issue has also been emphasised by the MOTAC (2020b), which has provided feedback forms to registered homestay operators in Malaysia.

The situation is quite different for Kampungstay, as all of the Kampungstay establishments meet the standards of a four-star motel. Additionally, their registration and feedback systems are well-designed. This is because Kampungstay operators run their businesses full-time, while homestay operators do it to fill their leisure activities. It is even more unfortunate that some homestay operators use their homestays to obtain government funds. This occurs when the government of Malaysia allocates funds to improve registered homestays with MOTAC (2020c). This finding was obtained during an interview conducted with the chairman of the association who stated

“...Most entrepreneurs are actually not serious about working on homestays. They just want to get funding from MOTAC. When they found out that MOTAC wanted to give money, many people signed up to become homestays...”

Recognising this, some operators take advantage of the situation by registering their homes as homestays to obtain these funds. This situation is detrimental to the government, as the allocated funds may fail to achieve their intended objectives (Platteau & Gaspart, 2003). The study's findings reveal that this cannot be substantiated, as the facts were obtained solely from the perceptions of certain parties within the homestay association.

The research findings also revealed that homestay operators need a specific system for registering visitors compared to kampungstay. All the information is entered manually by the

association chairperson, who is also responsible for determining the suitable homestay for tourists or visitors. Visitors cannot contact the homestay owner directly; instead, they have to go through the association chairperson. Ensuring fair allocation of homestay premises is also the responsibility of the chairperson. According to the homestay association chairperson, the homestay booking system is designed in such a way because not all homestay owners are willing to accept tourists due to various factors such as their health condition, homestay conditions, or other constraints. The association chairperson will seek approval from the homestay owner before confirming the booking, which may cause a delay in the process. Over-reliance on a single individual to make decisions in an organisation should be avoided in the long run, as it may have negative consequences (Singh & Greenhaus, 2004). Thus, to sustain and develop a successful CBT in the long run, the dependence on a single person to make most of the decisions within the CBT needs to be avoided.

Additionally, the registration process should be improved to avoid delays in registration. Such delays can decrease visitors' interest in staying at homestays, which can indirectly harm the homestay's reputation. By improving the registration process, homestays could enhance their reputations, increase their visibility, and attract more visitors. In CBT, the local community is empowered to take a leading role in the management of the tourism project. Havadi Nagy and Espinosa Segui (2020) point out that innovative CBT strategies emerge in rural areas as a result of entrepreneurially minded charismatic leaders building on the preexisting social, natural, and cultural capital. Capacity building among Area X communities can enhance the community's sense of ownership and promote the long-term sustainability of the project.

b. Participant planning

In addition to capacity building, participant planning is also an essential element that needs to be emphasised to empower local communities in CBT. Based on observations and focus group discussions conducted, participant planning in the Area X community was found to be well-implemented. The homestay association established by the community has helped in participant planning not only among its members but also with the local community. Through the association, each homestay entrepreneur assists in managing the needs and weaknesses of each member. In this situation, team members' performance impacts the bottom line of an organisation. For this reason, it is the responsibility of organisational leaders to be aware of the importance of training and development's impact on the performance and evaluation of team members (Rodriguez & Walters, 2017). The association also holds meetings when there is a significant influx of visitors, especially from abroad. This collaborative effort contributes to the success of CBT in the area, and it highlights the importance of participant planning in empowering local communities.

The researcher observed the collaboration among service networks in the Area X community was found to be informal in nature. This is because there are no formal agreements in place, and the cooperation is facilitated solely by the chairperson, who acts as a liaison between visitors' needs and available services, such as renting fishing boats, bicycles, and ATVs. The reason for this situation is that CBT in Area X, particularly among homestay operators, is seen to generate income from leisure activities. This mindset hinders the development of CBT and prevents homestay owners from fully committing to its development. In contrast, kampung stay owners who view their properties as a supplementary source of income exhibit a different attitude. The income generated by kampung stay and homestay accommodations provides further insight. The data indicates that 95.8% (equivalent to RM101,250) of the revenue comes from the booking

of kampung stay accommodations. In comparison, only 4.16% (equivalent to RM4,210) comes from homestay bookings during the period from January 2019 to June 2022. During a focused group discussion, it was revealed that they need to be made aware of their significantly lower income compared to kampung stay owners. This lack of awareness may be because some homestay owners view their business as merely a leisure activity and rely solely on government funds. As a result, they may not be as passionate about running their business as kampung stay owners. To prevent this right from recurring, MOTAC should carefully select individuals who are truly eligible to receive funds from the government. Interviews and investigations need to be done for that purpose so that government funds are not leaked and wasted.

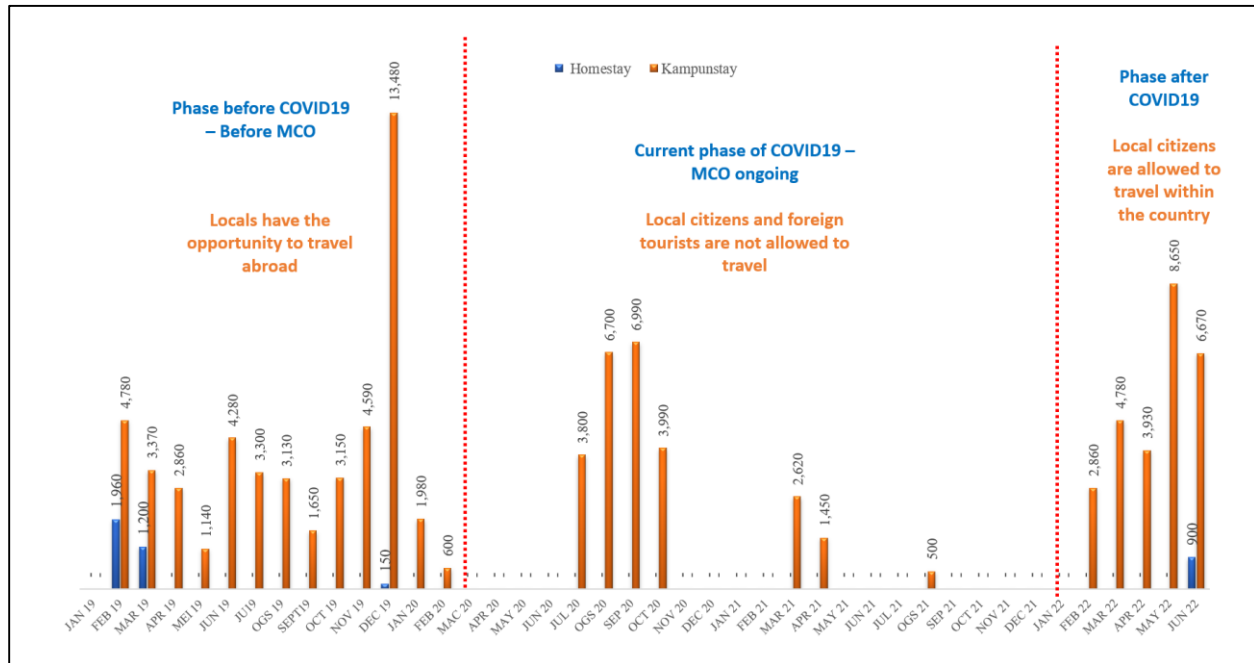


Figure 5. Entire monthly income (Ringgit Malaysia) of Homestay and Kampungstay, Area X (2019 – June 2022)

Findings also show that domestic tourists prefer to stay in kampung stays rather than homestays because they want to avoid being tied to the activities of the homestay host. The results of the FGD with the chairman, secretary, and treasurer of the association are as follows:

Chairman: This homestay is actually more accepted by foreigners (international) than our people (local). Our people just want to share a room because it's cheaper than a hotel. Foreigners come here because they want to know our culture.

Secretary: Our people don't want to rent a homestay instead of staying in a village because they want privilege. They want a toilet and an entrance to a foreign house from the main house. That's why MOTAC has now allowed making a special toilet and door for the rental room. In the past, MOTAC was not allowed to do that.

Chairman: Now our people want to rent a homestay. Many homestays are currently undergoing renovations so that there are separate doors and toilets.

Based on these findings, kampungstay facilities that provide private space for the whole family, like a hotel, also make domestic tourists choose kampungstay because it is much cheaper than staying in hotels, motels and chalets. Compared to a homestay, tourists have to share private spaces such as the toilet, sitting room, dining room, laundry and kitchen. Domestic tourists apparently do not favour this matter compared to international tourists.

In fact, Osman (2022) highlighted that domestic tourists are more likely to visit friends and family, while international tourists are more likely to discover new places. Domestic tourists are also often wealthier than international tourists, leading to different types of experiences. That purpose also affects the demand for renting homestays and kampungstays. Domestic tourists usually look for an affordable place to stay for their entire family, making kampung stay a more suitable option with a variety of amenities. On the other hand, international tourists are more interested in experiencing the culture of the local people, which makes homestay a better choice. This claim is supported by research conducted before the COVID-19 pandemic when the country's borders were open to international tourists. The results of the research indicate that the income of homestay is not comparable to that of kampung stay owners, as the majority of tourists who visit Area X are domestic tourists who prefer to stay in kampung stay to attend life events like weddings, funerals, or indulging in recreational activities with friends such as fishing and high-powered motorcycles. It is different from international tourists who come to participate in volunteering activities and cultural tourism packages to get to know the culture and biodiversity of Area X.

Overall, through capacity building and participatory planning, local communities can be given the ability and opportunity to empower themselves to carry out CBT activities better and more effectively (Thetsane, 2019). Several actions can be taken to overcome the weaknesses in the homestay that have been identified. To enhance their skills and knowledge in homestay operators' management, training or courses on technology skills and homestay operators' management can be provided. This training includes backlinks and has been reinforced by the social mobilisation process, including local business planning and skills development training (Pandey, 2013). This can help them understand the standards that homestays should achieve, as well as ways to improve the quality of services provided to tourists (Azimovna et al., 2022). The local association can help by providing support in the implementation of capacity building and participatory planning, including promoting training or courses for homestay operators and encouraging the local community to participate in the participatory planning process (Li et al., 2020).

In addition, the association can develop a wider network with the owners of homestays and other services such as fishing boats, bicycles and ATVs and enter into formal agreements with them to ensure better and more organised cooperation. In the long run, this will reduce the risk of depending on the chairman of the association. The association can also introduce training to ensure that more members can help manage homestay activities (Li et al., 2020) and be a link between tourists and services. In this way, the association will be able to reduce the workload that is too dependent on one individual and guarantee efficiency and stability (Spagnoli et al., 2020) in homestay operations.

Participant Planning in CBT involves the active participation of local communities in the planning and development of tourism projects (Thetsane, 2019). This approach fosters a sense of ownership and responsibility for the project, aligns with the community's needs, and promotes sustainable tourism development (Duxbury, 2021). By involving the community in decision-making, CBT promotes community empowerment (Scheyvens, 1999), enhances social capital and fosters positive relationships between the tourism industry and the local community (Rocca &

Zielinski, 2022). Therefore, tourism planners and policymakers must adopt the CBT approach to enhance the sustainability and inclusivity of their projects (Zapata et al., 2011).

Collaborating and partnership

Dodds et al. (2018) encourage that CBT also requires mature collaboration and partnership among industry players. According to them, three types of collaboration and partnership can be implemented, which are joint ventures in the same or different industries and government and non-government organisations (NGOs).

a. Joint venture

The findings of the study found that the homestay association has a good joint venture with services that offer various activities to visitors. The intended services are such as boat rentals for fishing or squid fishing, transportation rentals such as vans and buses, bicycle or ATV rentals to enjoy the pleasant atmosphere around the rice fields and mangrove forests, dance and company teams for cultural performances, catering services, traditional game rentals such as congkak, batu Seremban and sepak takraw. However, this joint venture was done informally with no agreement. When this service is needed, the chairman of the association will contact the owner of the service to make a reservation as required by the visitor. In addition, the homestay association also has a good cooperative relationship with foreign travel agencies from Japan. Each year, at least two visits will be received from Japan, with a total of at least 20 tourists staying at the homestay and enjoying other services provided during the week they are in Area X.

The Area X Homestay Association has done some good things to strengthen the homestay industry in their area. Good collaboration and partnership with other industry players, government and tourism agencies can help improve the homestay services provided and provide better benefits to tourists (Kimbu & Ngoasong, 2013). Joint ventures done by homestay associations with other services, such as boat, van and bus rental, as well as traditional games and other activities, are good actions to attract tourists and expand the coverage of homestay services. However, it is recommended that this action be done with a formal agreement to ensure effective and fair cooperation between both parties (Kayat, 2011; Kimbu & Ngoasong, 2013). Cooperation with overseas travel agencies, such as Area X's homestay association with Japanese travel agencies, is a good opportunity to expand market reach and increase the number of foreign visitors to their homestays. It is recommended that homestay associations look for more opportunities to establish cooperation with other overseas tourism agencies (Kayat, 2011).

b. Government

The homestay association has a strong connection with MOTAC, a ministry responsible for developing and promoting the tourism industry in Malaysia. MOTAC played a key role in promoting the establishment of homestays all over Malaysia, including in Area X. Along with the joint venture, this relationship has been beneficial for the homestay association. MOTAC has assisted in the form of training and financial resources to upgrade selected homestays to achieve supposed homestay standards. The upgrades carried out by MOTAC to these selected homestays include providing financial assistance to install air conditioning, renovate toilets and rooms, and paint the house. In addition, MOTAC also assists in the form of providing appropriate pillows and

comforters. However, the Area X homestay has yet to collaborate with any NGO to help them empower the homestays they work on. As explained earlier, the funds allocated by MOTAC are a grab for residents to register their homes as homestays.

In addition, partnerships with the government and agencies such as MOTAC can also provide great benefits to homestay associations and the homestay industry as a whole. Financial aid and training provided by MOTAC can help homestays improve their service standards and quality (Bhuiyan, 2019). However, it is recommended that the Area X homestay association also establish partnerships with NGOs related to tourism and the environment to help improve the sustainability of homestays and strengthen environmentally friendly practices.

c. Non-Government Organisations (NGOs)

Overall, the Area X homestay association has done some good things to strengthen its homestay industry. However, there are still opportunities to improve cooperation and partnership with other industry players, governments and NGOs to achieve greater success. In CBT, the benefits of tourism activities should be distributed equitably among the various stakeholders involved (Abukhalifeh & Wondirad, 2019). This approach promotes the sustainability of the project by ensuring that everyone involved is satisfied with the benefits received (Yanes et al., 2019).

In order to address these challenges, Van der Duim Caalders's (2008) findings pointed out that donors, policymakers, and NGOs should focus their attention and resources on supporting and stimulating conditions for local and endogenous development. They also thought this could be done by providing the necessary resources, such as access to microcredit, land, ideas, contacts, ownership, influence, knowledge, and skills, for people experiencing poverty to take advantage of local entrepreneurship, develop and market products, and make linkages with local supply chains. By doing so, communities can better leverage their resources and become more self-reliant in their tourism development efforts.

Financial viability

A CBT will be stable and sustainable in the long term when it has strong financial viability (Dodds et al., 2018). Based on the conceptual framework, three things in financial viability need to be paid attention to by the homestay, namely generating additional income, finance skills and marketing.

a. Generating additional income

Based on findings related to generating additional income, homestay operators only provide accommodation and food for tourists. Other activities offered are left to other joint venture parties to manage them. The income of the population must be the income of the population. The income of the population mustn't be concentrated on the part of the population alone, but rather, those who also participate get side income from the effort. This situation is also the concept of CBT introduced to the population. However, product development must continue to improve existing services. The study found that product development is done by something other than CBT; they only depend on existing service products.

Having become aware of the challenges faced by homestay associations in product development is not done, the research team has contributed to the development of seven distinct tour packages, which are intended to be offered by homestays to tourists visiting Malaysia, with a

particular focus on Penang state. The tour packages consist of separate activity packages, two half-day packages, two two-day-one-night packages, and two three-day-one-night packages. In addition to the tour packages, the researchers have also aided in the creation of a website to promote ecotourism and cultural tourism in Penang, specifically highlighting the attractive rural area of X. This initiative is expected to facilitate the growth of tourism in the region and provide a unique experience to visitors interested in exploring the rich cultural heritage and natural beauty of Penang. The products were developed as part of a development initiative aimed at promoting CBT in the X area and showcasing its various attractions and activities. The research team conducted a study to identify potential draws for tourists to visit rural areas in Penang, leading to the creation of tour packages and a website. The result has not only generated additional income for CBT in the X area but has also provided opportunities for homestay owners to receive guests in their accommodations.

During the interview with MOTAC, it was revealed that the packages offered require the association to be registered as a Tourism Agency with a valid Companies Commission of Malaysia (SSM) registration. Additionally, a minimum paid-up capital of RM50,000.00 is mandatory. Failure to register as a travel agency before offering a package may result in a court order and penalty, as it would be considered conducting business beyond the capacity of an association or homestay. However, this information is not known to the association. According to the chairman, it is deemed impossible for them to acquire RM50,000 as capital to launch the business seriously. This is because their primary objective in building homestays is to generate side income, rather than engaging in a serious business venture. Despite being aware of MOTAC regulations, they persist in their efforts to attract tourists to Area X, even though they are cognizant of the risks they face if they do not register their activities as a travel agency.

The regulations imposed by MOTAC should be reconsidered, given that the income of the association is not solely dependent on homestays. Registering as a tourism agency demands a significant commitment from all villagers involved, even those who aren't full-time entrepreneurs for every activity offered in the area. Additionally, the arrival of tourists is seasonal, resulting in fluctuating income for the association.

CBT and homestay operators also need to consider expanding their products. This can be done through the provision of additional facilities and services such as seminar and business facilities or recreational and sports facilities. By expanding their products, homestays can attract more diverse visitors and further expand their sources of income. In CBT, one of the primary goals is to generate additional income for the local community in the long run (Dodds et al., 2018). This approach promotes the socio-economic development of the community and encourages the long-term sustainability of the project.

b. Finance skill

Financial proficiency is an individual's capacity to comprehend, administer, and oversee financial aspects concerning personal or business matters. This encompasses expertise in financial administration, investment, financial planning, and financial risk management, as well as the skill to read and interpret financial reports (Dodds et al., 2018). Competence in financial matters is crucial for both individuals and organisations as it ensures financial stability and facilitates the accomplishment of both short-term and long-term financial objectives. The financial acumen of homestay operators in Area X is sporadic. Although the chairman of the association keeps the statement account and records it in full, the findings reveal that the association's disorganised

financial records could be more organised and better managed. Detailed records of incoming and outgoing funds need to be maintained. Furthermore, unclear documentation regarding certain activities makes it difficult to explain the gains or losses incurred.

According to an interview conducted with MOTAC, the Area X homestay association is regarded as one of the best homestay associations in all of Penang. They submitted all required documents and statements to MOTAC as scheduled, which reflects positively on the homestay association in Area X. However, upon reviewing the association's account statement, only the debit entries are recorded, while there are no corresponding credit entries. This suggests that only incoming money is documented, and outgoing expenses are not accounted for. Consequently, the profit recorded in the homestay association's financial statement is inaccurate. This issue needs attention and improvement to ensure that their account statements accurately reflect the financial transactions.

To ensure the stability and sustainability of the CBT homestay in the long run, the management must pay special attention to the matters of financial viability mentioned in the conceptual framework. The management needs to enhance their financial skills by comprehending and mastering the principles of financial management, including investment, financial planning, financial risk management, and reading and understanding financial reports (Oseifuah, 2010). As a first step, the management can attend courses or receive guidance to improve their financial skills. Additionally, they need to maintain the accuracy of financial records and report them regularly to the association members. Overall, the homestay management must give special attention to matters of financial viability and take appropriate action to ensure the stability and sustainability of the CBT homestay in the long run.

c. Marketing

The homestay market currently needs to be stronger, making it challenging for operators to attract tourists. Only kampungstay operators have regular tourists because they actively promote their kampungstay. However, the focus of kampungstay operators is more on domestic tourists. The association also does not have tourism packages that can be advertised and needs an active website and social media. It is very different from kampung stay operators; although they do not provide tour packages, they are very active in promoting their kampung stay for tourists.

Homestay operators need to improve their marketing efforts. They can take the initiative to increase the homestay's visibility through social media, websites, and other appropriate marketing channels. Management also needs to ensure that homestay marketing is carried out effectively and efficiently by focusing on the right market segment and carrying out consistent promotional activities.

The situation where the market for homestay operators could be stronger is a major challenge that needs to be overcome to ensure the long-term success and stability of CBT. In this case, effective promotion and marketing are crucial to attract tourists to the homestay. To overcome this challenge, the association needs to improve its marketing skills and have an effective marketing strategy to promote homestay. They also need to have attractive and varied tourism packages to attract more tourists, especially international tourists, because international travellers prefer the homestay concept. In contrast, domestic tourists prefer to stay at Kampungstay. Developing an active website and social media can also help increase the promotion and outreach of the homestay to a wider audience. Researchers have done this through packaging activities that attract visitors to Area X. Seven tourism packages have been developed through this

study. Additionally, researchers have also helped build a website to promote CBT products in Area X.

In addition, homestay entrepreneurs need to be trained and guided by the government in marketing so that they can promote their homestays more effectively and efficiently. The association also needs to provide support and assistance to homestay operators to improve their marketing skills. In this regard, participation in marketing courses and workshops can help improve their skills and knowledge.

Conclusion

This study discusses various aspects that can help the management and operators of Homestay Area X to increase their income and promote their homestay. The study found several issues, including low local and international tourist traffic, inadequate homestay promotion, inactive promotion, lack of an official website, poorly organised tourism packages, no customer feedback platform, and no promotional brochures or posters. To address these issues, the researchers proposed and assisted the management and owners of Homestay Area X in implementing the proposed solutions. Through the implementation of these solutions, the management and owners of the homestay can improve their management and address any shortcomings. The researchers also assisted the homestay and CBT as a whole in building a website and developing seven tourism packages to promote and increase income for the homestay in rural areas, especially in Area X.

Therefore, this study provides insight for the management and owners of homestays in addressing issues related to homestays. The recommendations and assistance provided by the researchers can guide the management and owners of homestays in providing satisfaction to every tourist and becoming successful homestay entrepreneurs. In conclusion, the study proposes a framework for community-based tourism that emphasises participatory planning, collaboration, and empowering local communities. The framework highlights the importance of setting environmental and community goals, relieving related parties, and generating additional income for the community in the long run. The framework provides a useful guide for tourism planners, policymakers, and other stakeholders involved in the development of CBT projects.

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