

A CONCEPTUAL FRAMEWORK OF COMMUNITY PARTICIPATION AND ENTREPRENEURIAL SUCCESS TOWARDS THE HOMESTAY BUSINESS IN SABAH, MALAYSIA

Kelvin Yong, University Malaysia Sabah
Ramraini Ali Hassan, University Malaysia Sabah

ABSTRACT

This conceptual paper is to examine the relationships between community participation and entrepreneurial success in homestay business. The study will be conducted in Sabah, Malaysia. The main problem that the homestay entrepreneurs faced is to sustain their homestay business due to lack of visitors. This study applies quantitative approach to collect data by using purposive sampling in selecting the respondents. It examines the influence of community participation towards entrepreneurial success in the homestay business. The study uses Partial Least Squares (PLS) method to analyze the data. In addition, this study used social exchange theory (SET) to illustrate the relationship of community participation and entrepreneurial success. The findings of the study will be useful in providing the guiding principle and information for the academic, government, tourist association as well as related agencies in order to enhance Malaysian tourism industry. The novelty of the study will offer a guideline for future research, designing the most effective programme for homestay entrepreneurs, and provide empirical result for future research.

Keywords: Homestay Business, Frame Work of Community, Community Participation.

INTRODUCTION

The homestay business continues to grow rapidly in Malaysia. But, there is little study about the homestay business success in Malaysia, especially in Sabah. Most scholars from tourism fields focus on sustainable homestay operation and development of the homestay business, claiming that the homestay programs in Malaysia have created numerous benefits. Early studies defined homestay as a private home where spare rooms are rented for supplementing income and meeting people (Lanier and Berman, 1993). However, the Ministry of Tourism Malaysia's Homestay Program defined homestay as to provide a place to stay and serve the tourists with home cooked and delicacies and take care of the tourist like their own family members (Ariff et al., 2015). Additionally, the study between entrepreneurial success and community participation is very limited. Based on the community participation in rural entrepreneurship, entrepreneurial activity is often recognized as a channel in changing and improving the standard of living among the community members. This is to ensure the community participation in the entrepreneurial activity is deemed necessary for its effectiveness, particularly in projects initiated in the rural areas (Azlizan & Hamzah, 2012). This is because most homestay entrepreneurs' homes are located in rural areas. Therefore, this study investigates the relationship between community participation and entrepreneurial success in the homestay

business. The community participation has been promoted and studied into various disciplines of study, including planning, geography, community development and others. For the tourism field, it focuses on conventional sustainable tourism which highlights community based practice in planning, development and management in the developing world (Vajirakachorn, 2011). However for this paper, it is the earliest study to use community participation to measure entrepreneurial success based on entrepreneurship field. Entrepreneurial performance can be measured by firms' employment and wealth. However, for this study, the entrepreneurial success is measured based on the perception of the homestay entrepreneurs. Success or failure of the business performance usually referred to as survival represents a simplified view of success (Solymossy, 1998). The Malaysian homestay program was introduced in the early of 1980. Its main purpose is to reduce the income imbalances between the rural and urban areas through the creation of new economic activity, specifically tourism. This program allows participation by rural resident to be involved on the tourism sector (Kasim et al., 2016). Based on the statistic of homestay program at Malaysia in 2016, the homestay program has contributed RM 27,714,894.10 to the nation income (Unit Homestay Bahagian Pembangunan Industri, 2017). Similar studies also reveals the same result, indicated that the success of the community based tourism or homestay programs is depending on the local community participation (Kayat, 2002; Ramli et al., 2014). Therefore, this study focuses on homestay entrepreneurs rather the community itself. This research has attempted to fill the gap by investigate the predictors community participation will highly influencing the success factor of homestay success among the homestay entrepreneurs in Sabah.

PROBLEM STATEMENT

The biggest problem that homestay entrepreneurs faced is to sustain their homestay business income due to lack of visitors (Yassin & Ramlan, 2015). According to Kayat (2009), homestay programs failed because of a lack of local participation which is the community participation. The lack of participation in the planning process may cause some unexpected impacts to the local communities. Based on previous studies, community participation in entrepreneurship is still low especially in rural areas. Local people may lose their ability to recognize the potential costs and benefits of tourism, and fail to notice the benefits of tourism development in their communities (K. Simpson, 2010). Many homestay entrepreneur withdrew from being participation from the homestay program due to lack of demand from visitors or tourists and not generating income (Bureau of Innovation and Consultancy UTM, 2009).

LITERATURE REVIEW

Entrepreneurial Success

Homestay business is a small business operated by homestay entrepreneurs. However, previous studies have shown that small business success is very much linked to small business performance. Success in business is a matter of opinion and it is often linked to the degree to which objectives are met or exceeded, some of which may be critical for success. Studies found that it is difficult to separate the concept of success from performance mainly because success can be defined in terms of certain element of performance (Simpson et al., 2012). Similar explanation defined success as a specific aspect of performance (Brush & Vanderwerf, 1992). According to Jennings & Beaver (1997), success can be measured based on financial terms using

financial analysis and ratios such as sales growth, profitability, cash flow and productivity. In the entrepreneurship literature, business performance is usually measured from the economic perspective of growth in sales and employees (Buttner & Moore, 1997). According to Naman & Slevin (1993), argued that there is merit in using both subjective and objective performances simultaneously. However, business success can be measured by two measurements, which are financial success and non-financial success. Financial criteria are usually considered to be the most suitable measure for business success, but many small business entrepreneurs are motivated to start a business based on the basis of lifestyle or personal factors. Non-financial goals could lead to alternative measures of success, particularly in the small business sector (Walker & Brown, 2004). Many parameters have been used to measure the success rate of entrepreneurs. But, there are still limited studies on the measure for entrepreneurial success. However, these parameters are still debatable (Genty et al., 2015). However, little has been done to consider what factors influence individual ratings and why, in a particular setting, some entrepreneurs may be more satisfied than others. This studies hope to contributes to this important dimension of entrepreneurial success on measuring the small business enterprise which is the homestay business in Sabah.

COMMUNITY PARTICIPATION

Community participation defined as a contribution to the establishment and development of the community based on existing resources (Stone, 1989). Such participation of the opportunity consists of joining in the process of self governance, responding to authoritative decisions that impact on one's life and working cooperatively with others on issues of mutual concern (Tosun, 1999). Community participation also refers to focusing on changing and development of the community involved for a better future and improvement in the quality of life for the society (Azlizan & Hamzah, 2012). Other defined it as an involvement of local people or community with the government in planning for development. Without community participation, there is clearly no partnership, no development and no program of homestay programs (Velnisa Paimin, et al., 2014). However Amin & Ibrahim (2016) refer community participation as a form of voluntary action in which individuals face the opportunities as responsible citizens. According to Cole (2006), the members of a community are active agents to change, and they have the ability to find solutions to their problems, make decisions, implement actions and evaluate their solutions. On the other hand, Tosun (2000) observed that community participation in the tourism development process may be considered either in the decision-making process or in the benefits from tourism development.

RELATIONSHIP BETWEEN COMMUNITY PARTICIPATION AND ENTREPRENEURIAL SUCCESS

There are limited studies between community participation and entrepreneurial success. Previous studies of community participation focuses more on community based tourism and economic development. It concludes that community participation in the community-based tourism is influenced by the community members collective decision to participate (Amin & Ibrahim, 2015). According to Azlizan & Hamzah (2012), the active participation among community members, it is expected that rural entrepreneurship will be progressing toward prosperity and success in rural areas. Therefore, it will lead the homestay entrepreneurs to be successful in homestay business. Previous findings indicated that the success of homestay

program is perceived to be based on its commercial success. However, the criterion of successful homestay programs is perceived by the participants themselves and it is linked to the amount of revenue generated by the program (Ramli et al., 2014). According to Kayat (2002), future research should use quantitative approach and expand the sample to where there is a need to test and measure the integrations between motivation and participation types. Community participation is the most important element for success or failure of programs that have been in operation. The locals can gain benefit from the input and response from the activities that gave impact to the communities (Azlizan & Hamzah, 2012); (Talib et al., 2009). Based on recent studied, the findings have significant implication to community participation in tourism especially in rural area. More efforts should be made to ensure many more communities participate in tourism so as to share the benefits of tourism (Velnisa Paimin et al., 2014).

METHODOLOGY

The research will use quantitative approach to analyse the study using primary data. The framework in this study used community participation to examine the entrepreneurial success in homestay business in Sabah. The research sampling frame consists of homestay businesses that operate in Sabah, Malaysia. The sample of the respondents consists of 316 homestay entrepreneurs registered in homestay programs in Sabah under the Ministry of tourism, Arts, and Culture (MOTAC). The homestay programs cover every district in Sabah. The unit of analysis for this study is homestay operators or entrepreneurs. Survey questionnaire will be used and distributed to the respondents. The selection process for choosing the respondents is based on purposive sampling. The respondent chosen to answer the research questionnaire includes homestay operators and coordinators. The sample size is determined by consecutive sampling. Theoretical framework is based on social exchange theory (SET). After data collection, data will be analysed using Statistical Package for Social Sciences (SPSS) software and Smart Partial Least Square 3 (PLS3).

DISCUSSION FROM THE LITERATURE CITED

The outcome of this study will have a positive relationship between community participation towards entrepreneurial success. The hypothesis in this study is to test the positive relationships between community participants towards entrepreneurial success among the homestay entrepreneurs in Sabah. Since, previous findings have significant implication to community participation in tourism especially in rural areas. The communities participate in tourism because of the benefit itself. This is to ensure many more communities participate in tourism business such homestay business so they can share the benefits of tourism (Velnisa, et al., 2014). Community participant can be great predictor for entrepreneurial success in term of decision making, improvement in quality of life, and development of the homestay business (Tosun, 1999; Azlizan & Hamzah, 2012). Similar findings of successful homestay programs is perceived by the participants themselves and it is linked to the amount of revenue generated by the program (Ramli et al., 2014). Therefore, community participation is very important for business success in homestay business. However, another study reveals that a majority of the respondents agree that ecotourism development could offer the villagers economic benefits such as new job opportunities, improved family income, and improved standard of living in rural areas. The findings indicated that these economic benefits are limited because the majority of local people are still not involved in the program (Hussin & Fernando, 2008). However, some

homestay programs failed because of lack of local participation. This may cause from unexpected impacts to the local communities (Kayat, 2009). For instance, local people may lose their ability to recognize the potential costs and benefits of tourism, and fail to notice the benefits of tourism development in their communities (Simpson, 2010). However, less study has been done on community participation toward the entrepreneurial success. Since the success of the homestay program comes from the collaboration form the community members, therefore, the result will predict community participation will have positive relationships towards entrepreneurial success.

CONCLUSION

The purpose of this conceptual paper is to investigate the relationship between community participation and entrepreneurial success in homestay business in Sabah, Malaysia. It focuses on the homestay entrepreneurs in Sabah. The findings of the study will be useful for academics, government and related agencies to ensure the success of homestay business. Since previous studies indicated there is positive relationship between community participation toward entrepreneurial success. For example, with the contribution of these findings, the homestay program will be more useful for homestay entrepreneurs, where the Ministry of Tourism, Arts and Culture (MOTAC) at Sabah can offers the villager's economic benefits such as new job creation, business opportunities, improve family income, and improved standard of living as suggested by Hussin & Fernando (2008). It is also useful for policy makers, tourism associations and practitioners to enhance the Malaysian tourism industry. Previous study focuses on community of the homestay, but for this study, it focuses more on individual level which is the homestay entrepreneurs. The novelty of this study will provide a source for future researchers and providing empirical data for future research in tourism entrepreneurship. In summary, the government agencies that are involved in the homestay business can design the most effective programme for the future homestay business to be successful.

REFERENCES

- Amin, A., & Ibrahim, Y. (2015). Model of sustainable community participation in homestay program. *Mediterranean Journal of Social Sciences*, 6(3), 539–545.
- Amin, A., & Ibrahim, Y. (2016). Sustainable community participation in homestay program. *International Business Management*, 2, 65-75.
- Ariff, N., Md.Yassin, A., & Masram, H. (2015). Motivation towards homestay entrepreneurs: Case study in State of Johor. *21st Pacific RIM Real Estate Society (PRRES 2015) Conference, 18-21 January 2015*.
- Azlizan, T., & Hamzah, J. (2012). Penyertaan komuniti dalam bidang keusahawanan luar bandar. Kajian di Daerah Kubang Pasu , Kedah Community Participation in Rural Entrepreneurship : A Study in Kubang Pasu , Kedah. *Prosiding Kebangsaan Ekonomi Malaysia Ke VII*, 2(9), 738–749. <http://doi.org/ISSN 2180-2491>
- Brush, C.G., & Vanderwerf, P.A. (1992). A comparison of methods and sources for obtaining estimates of new venture performance. *Journal of Business Venturing*, 7, 157–170.
- Bureau of Innovation and Consultancy UTM. (2009). Business strategy and implementation plan for the proposed homestay and kampungstay tourism development. Final Report for East Coast Economic Region Development Council (ECERDC). Skudai, Johor: Biro Inovasi dan Konsultansi UTM. *Final Report for East Coast Economic Region Development Council (ECERDC). Skudai, Johor: Biro Inovasi Dan Konsultansi UTM.*, 2016.
- Buttner, H.E., & Moore, D.P. (1997). Women's organizational exodus to entrepreneurship: Self-reported motivations and correlates with success. *Journal of Small Business Management*, 35, 34–46. Retrieved from <http://search.ebscohost.com>
- Cole, S. (2006). Cultural tourism, community participation and empowerment. *Cultural Tourism in a Changing*

- World: Politics, Participation and (Re) Presentation*, (July), 89–103.
- Genty, K., Idris, K., Wahizat, N., Wahat, A., & Kadir, S.A. (2015). Demographic factors and entrepreneurial success : A Conceptual Review. *International Journal of Management Sciences*, 6(8), 366–374.
- Hussin, R., & Fernando, J.M. (2008). *Ecotourism and Community Participation in the Homestay Programme of Sukau Village : Long-Term or Limited Benefits ? Universiti Malaya*.
- Jennings, P., & Beaver, G. (1997). The Performance and Competitive Advantage of Small Firms: A Management Perspective. *International Small Business Journal*, 15(2), 63–75.
- Kasim, M.M., Kayat, K., Ramli, R., & Ramli, R. (2016). Sustainability criteria for the malaysia homestay programme. *International Review of Management and Marketing*, 6, 1–7.
- Kayat, K. (2002). Exploring factors influencing individual participation in community based tourism: The case of Kampung relau homestay program, Malaysia. *Asia Pacific Journal of Tourism Research*, 7(March 2015), 19–27. <http://doi.org/10.1080/10941660208722116>
- Kayat, K. (2009). Community based tourism in developing countries. *In International Seminar on Community Based Tourism, Shah Alam, Malaysia*, 4–5.
- Lanier, P., & Berman, J. (1993). Bed-and-Breakfast Inns Come of Age. *Cornell Hotel & Restaurant Administration Quarterly*, 34(2), 15-25.
- Velnisa Paimin, N.F., Modilih, S., Mogindol, S.H., Johnny, J.T. (2014). Community participation and barriers in rural tourism : A Case Study in Kiulu , Sabah. *SHS Web of Conferences*, 3.
- Naman, J.L., & Slevin, D.P. (1993). Entrepreneurship and the concept of fit : A model and empirical tests, 14(October 1992), 137–153.
- Ramli, R., Kasim, M.M., Ramli, R., Kayat, K., & Razak, R.A. (2014). Evaluation of criteria for sustainability of community-based rural homestay programs via a modified pairwise comparison method. *AIP Conference Proceedings*, 1635, 651–656. <http://doi.org/10.1063/1.4903651>
- Simpson, K. (2010). Current Issues in tourism strategic planning and community involvement as contributors to sustainable tourism development strategic planning and community involvement as contributors to sustainable tourism development, (February 2013), 37–41.
- Simpson, M., Padmore, J., & Newman, N. (2012). Towards a new model of success and performance in SMEs. *International Journal of Entrepreneurial Behavior & Research*, 18(3), 264–285.
- Solymossy, E. (1998). Entrepreneurial Dimensions: the Relationship of Individual, Venture and Environmental Factors To Success. *Entrepreneurship: Theory & Practice*, 24(4), 79. Retrieved from <http://proxy.lib.chalmers.se/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=buh&AN=3679500&site=ehost-live&scope=site>
- Stone, D. A. (1989). Causal Stories and the Formation of Policy Agendas. *Political Science Quarterly*, 104(2), 281. <http://doi.org/10.2307/2151585>
- Talib, A., Bin, K., Jusoh, H., & Ibrahim, Y. (2009). Penyertaan komuniti luar bandar dalam bidang keusahwanan melalui program gerakan daya wawasan. *Prosiding Perkem IV, Jilid 2 (2009) 369-384*, 2, 369–384.
- Til, V. (1984). The Future of Public Decisionmaking. *Policy Studies Review*, 3(2), 150-165.
- Tosun, C. (1999). Towards a typology of community participation in the tourism development process. *Anatolia*, 10(2), 113–134. <http://doi.org/10.1080/13032917.1999.9686975>
- Tosun, C. (2000). Limits to community participation in the tourism development process in developing countries. *Tourism Management*, 21(6), 613–633. [http://doi.org/10.1016/S0261-5177\(00\)00009-1](http://doi.org/10.1016/S0261-5177(00)00009-1)
- Unit Homestay Bahagian Pembangunan Industri. (2017). Statistik Terkini Program (April 2017). Retrieved July 7, 2017, from <http://www.motac.gov.my/en/download/category/11-homestay>
- Vajirakachorn, T. (2011). *Determinant of Success for community based Tourism : The Case of Floating Markets in Thailand*.
- Walker, E., & Brown, A. (2004). What success factors are important to small business owners? *International Small Business Journal*, 22(6), 577–594. <http://doi.org/10.1177/0266242604047411>
- Yassin, A.M., & Ramlan, R. (2015). Homestay entrepreneurs-Drivers and Barriers. *Advanced Science Letters*, 21, 5-25.