

IDENTIFICATION OF INNOVATION ELEMENTS IN HOMESTAY PROGRAMMES

By

NORATHIRAH BINTI MAT ISA (H20A1404)

NORATIQAH BINTI SUHAIMI (H20A1405)

NORAZIRA BINTI ISMAIL(H20A1407)

NORFILZA BINTI HARIS FADILLAH(H20A1409)

Bachelor of Entrepreneurship (Tourism) with Honors

A report submitted in partial fulfillment of the requirement for degree of

Bachelor of Entrepreneurship (Tourism) with honors

Faculty of Hospitality, Tourism and Wellness
UNIVERSITI MALAYSIA KELANTAN
2022

DECLARATION

I hereby declare that the work embodied in this study of the original research has not been submitted for a higher degree to any other university or institution.

OPEN ACESS	I agree that my report to be made immediately available
	as hardcopy or on-line open access
CONFIDENTIAL	Contains confidential information under the Official Secret Act 1972
RESTRICTED	Contains restricted information as specified by the organization where research was done

I acknowledge that University of Kelantan Malaysia the right as follow

- 1. The report is the property of Universiti Malaysia Kelantan.
- 2. The library of Universiti Malaysia Kelantan has the right to make copies for the purpose of research only.
- 3. The library has the right to make copies of the report for academic exchange.

	Certified by
Signature	Signature of supervisor
Group Representative:	Name: Dr Nor Syuhada Binti Zulkefli
Date:	Date:

Note* If the report is CONFIDENTIAL OR RESTRICTED, please attach the letter from the organization stating the period for confidentiality and restriction.

TABLE OF CONTENT

TITLE PAGE	i
CANDIDATE'S DECLARATION	ii
TABLE OF CONTENT	iii
LIST OF TABLES	v
LIST OF FIGURE <mark>S</mark>	v
LIST OF SYMBO <mark>LS & ABBRE</mark> VIATIONS	v
ABSTRACT	vii
CHAPTER 1:	
1.1 INTRODUCTION	2
1.2 BACKGROUND OF STUDY	2
1.3 PROBLEM STATEMENT	5
1.4 RESEARCH OBJECTIVES	
1.5 RESEARCH QUESTIONS	7
1.6 SCOPEE OF STUDY	7
1.7 SIGNIFICANCE OF STUDY	8
1.8 DEFINITION OF THE KEYWORDS	9
1.8.1 Community Based Tourism	9
1.8.2 Homestay Programs	9
1.8.3 Innovation concept	
1.9 SUMMARY	10
CHAPTER 2: LITERATURE REVIEW	
2.1 INTRODUCTION	
2.2 COMMUNITY-BASED TOURISM	11
2.3 HOMESTAY PROGRAMS	14

2.4 CONCEPT OF INNOVATION	
2.4.1 Production Innovation	18
2.4.2 Marketing Innovation.	19
2.4.3 Process Innovation.	19
2.4.4 Management Innovation.	20
2.5 THE RELATIONSHIP BETWEEN INNOVATION AND	HOMESTAY
PERFORMANCE	21
2.6 RESEARCH CONCEPTUAL	23
2.7 SUMMARY	24
CHAPTER 3: METHODOLOGY	
3.1 INTRODUC <mark>TION</mark>	25
3.2 RESEARCH DESIGN.	25
3.3 SAMPLING DESIGN.	27
3.4 DATA COL <mark>LECTION</mark> METHOD	
3.4.1 SEMI-STRUCTURED INTERVIEWS	29
3.5 DATA ANALYSIS AND INTERPRETATION	
3.6 CONCLUSION	34
CHAPTER 4: FINDINS AND DISCUSSION	
4.1 INTRODUCTION	35
4.2 PRODUCT AND SERVICES INNOVATION	37
4.2.1 Small Medium Enterprise (SMEs)	
4.2.2 Types of activities	
4.3 PRODUCT INNOVATION	
4.4 MARKETING INNOVATION	44
4.5 MANAGEMENT INNOVATION	45

CHAPTER 5: CONCLUSION	
5.1 INTRODUCTION	
5.2 LINK WITH PREVIUOS STUDIES	55
5.3 LIMITATION	56
5.4 RECOMMENDATION	<mark></mark> 57
5.5 SUMMARY	58
DEEEDENCES	50

UNIVERSITI MALAYSIA KELANTAN

LIST OF TABLES

Tables	Title	Page
Table 3.1	Data Collection Method	
Table 3.2	Examples of qualitative method of empirical material (data) analysis.	

LIST OF FIGURES

Tables	Title Page	Page
Tables	Title I age	1 age

Figure 2.4 Conceptual Framework

LIST OF SYMBOLS AND ABBREVIATIONS

MOTAC	Ministry of Tourism and Culture
RMK-9	Ninth Malaysia Plan
RMK-11	Eleventh Malaysia Plan
SOPs	Standard operating procedures
CBT	Community based tourism

ABSTRACT

With the growth of the experience economy in recent years, travelers have continued to propose new demands. Particularly when it comes to lodging, they are less content with standard tourist accommodations and instead place a higher value on authentic experiences and sentiments. Therefore, the only way a homestay can provide tourists a novel experience and boost its competitiveness and tourist appeal is if it is founded on its own advantages and drawbacks, heightened innovation, and exploitation of cultural connotations. The overall development status and current issues of homestay are investigated in this paper through the identification of innovative elements in homestay programmes using literature analysis, online interviews, and questionnaires. It is concluded that publicity and marketing still need to put in a lot of effort.

UNIVERSITI MALAYSIA KELANTAN

ABSTRAK

Dengan pertumbuhan ekonomi pengalaman dalam beberapa tahun kebelakangan ini, pengembara terus mencadangkan permintaan baharu. Terutamanya mengenai penginapan, mereka kurang berpuas hati dengan penginapan pelancong standard dan sebaliknya meletakkan nilai yang lebih tinggi pada pengalaman dan sentimen asli. Oleh itu, satu-satunya cara homestay boleh memberikan pengalaman baru kepada pelancong dan meningkatkan daya saing serta tarikan pelancong adalah jika ia diasaskan pada kelebihan dan kelemahannya sendiri, peningkatan inovasi, dan eksploitasi konotasi budaya. Status pembangunan keseluruhan dan isu semasa homestay disiasat dalam kertas ini melalui pengenalpastian elemen inovatif dalam program homestay menggunakan analisis literatur, temu bual dalam talian, dan soal selidik. Disimpulkan bahawa publisiti dan pemasaran masih perlu melakukan banyak usaha.

Keywords:

Homestay Programmes

1

CHAPTER 1

INTRODUCTION

1.1. INTRODUCTION

This chapter provides a general overview of the research conducted. The first part of this chapter describes the background of the study tourism industry in Malaysia, the homestay program, and the innovation concept. The next explanation involves the statement of the problem, research objectives, questions research, and research methodology. In addition, this chapter also outlines the scope of research, the importance of the study, and the definition of keywords for this study.

1.2. BACKGROUND OF THE STUDY

Developments in the tourism industry have also begun to be paid attention to one of the agendas of the Ninth Malaysia Plan (RMK-9) where the government has allocated a certain amount of budget to develop this industry in addition to increasing income levels and reducing poverty rates. (Herni, Jaafar and Rahman, 2017). Therefore, this agenda can be achieved through the development of a homestay program (EPU, 2017) which is seen as having the potential to promote rural tourism (Kasim, Kayat & Ramli, 2016). Continuation of that, the development of the homestay program as well in line with the Eleventh Malaysia Plan (RMK-11) which also focuses on efforts to transform the countryside to improve the well-being community through a strategy to improve the network of rural relationships.

The Ministry of Tourism and Culture (MOTAC) officially introduced the homestay program in 1995 through The launch of the Pure Village Homestay Program in the State of Pahang (Bhuiyan, Siwar, Ismail & Islam, 2012). This program is different from the concept of accommodation simply because it not only provides accommodation facilities, but even focuses on the experience of tourists staying together with host families, interacting, and learning the lifestyle and culture of the local community (MOTAC, 2017). In addition, the homestay program is also an initiative under the Rural Tourism Master Plan which aims to increase rural community participation in the tourism industry. This homestay concept can increase the income of the locals like traditional villagers. The homestay program is one of the strategies to develop tourism in rural areas. The homestay also provides activities for visitors where visitors can experience the true atmosphere of the village. Instead of just sleeping and letting go, visitors can follow the activities done by the villagers.

In general, the development of the homestay program can not only be seen through not only the achievement but also has an impact on the development socioeconomics of the community and local area (Salleh et al, 2014). Among them are in terms of generating income, providing opportunities for jobs, being able to produce many rural entrepreneurs, community consensus local, infrastructure improvement, and environmental beauty. Therefore, to further encourage the development of the homestay program, the innovation aspect is seen as capable of ensuring that a business can survive in the market (Sundbo, Orfila-Sintes & Sørensen, 2007).

The Malaysian homestay program considered community-based tourism is part of the Malaysian government's initiative to develop rural areas. The key characteristic of a

Malaysian homestay program is its warm hospitality by the host family that normally resides in a rural setting when the guests are taken as part of their own family members, and eventually, a foster family relationship is established. However, the current SOPs imposed by COVID-19 have an impact on these elements of 'warm hospitality' when the new norms that advocate physical distancing contradict the nature of Homestay businesses. The new norms challenge conventional homestay practices, and COVID-19 becomes a test of the Homestay program's resilience and business sustainability. Therefore, the implementation of innovation is seen as an effort to make a difference in order to have a positive impact on business performance.

Innovation is one of the initiatives that provide important input to the success of an organization through commitment and encouraging the production of new ideas in addition to fostering innovative individuals (Baregheh, Rowley, Sambrook & Davis, 2012). In the context of this study, innovation adopts a definition adopted by Hjalager (2010), Martínez-Román, Tamayo, Gamero & Romero (2015), OECD (2005), and Schumpeter (1934) which involves the implementation of ideas new through renewal and improvement of existing products for improving product quality, applying new methods, marketing, and new organizational management.

MALAYSIA KELANTAN

1.3. PROBLEM STATEMENT

Unfortunately, in late 2019, the COVID-19 pandemic impacted all nations, societies, and industries globally. The tourism and hospitality sector were amongst the worst hit when business activities came to a sudden halt, international borders closed, travel was restricted, and partial/full lockdowns were ordered (OECD, 2020). This has caused international tourist arrivals to plummet by 56 % and USD 320 billion in tourism exports were lost in the first five months of 2020 (UN, 2020). The travel and tourism sector also suffered a loss of approximately USD 4.5 – 4.7 trillion in 2020 with the GDP dropping by 49.1% (UN, 2020). A total of 62 million jobs were lost depicting a drop of 18.5% in 2020. Furthermore, new standard operating procedures (SOPs) in the hospitality industry have to be adopted to curtail the spread of COVID-19 (UN, 2020).

At the end of 2019, the covid-19 pandemic was cut off which caused all sectors to be suspended to prevent the covid-19 outbreak from spreading. It caused various sectors to suffer losses, especially in the tourism and activities sectors. This is because all business activities had to be stopped and all movements blocked and restricted by the government in 2020. As a result, most of the sectors suffered significant losses including the travel and tourism sectors, which accounted for 4.7 trillion in losses. In addition, standard operating procedures (SOPs) were introduced to prevent the covid-19 outbreak from continuing to spread. This procedure is also worn in the hospitality industry. Standard operating procedures have also been introduced in the new norm for the community to continue to maintain physical distance in each place, which has resulted in all tourism and business activities being stopped. Therefore, homestay operators need to innovate in the homestay program so that the attraction can be maintained and well-received by the

community. Homestay operators can innovate their homestays by leveraging technology and social media to promote their business online. This is an innovative one that can be implemented by homestay operators to continue their homestay program to become more sustainable.

However, due to the introduction of standard operating procedure, it was a challenge in maintaining the resilience of the homestay program and the stability of their business where it contradicted the nature of the homestay business i.e. the existence of physical distancing in the new norm. Thus, this study is based on how Malaysian homestay entrepreneurs maintained and innovated their homestay program after the outbreak of the covid-19 pandemic in 2020.

In the tourism industry, some studies have looked at the impact of innovation on homestay programs for example Keling and Entebang (2017) and Hashim, Jamalludin, Nor, Nazrin, merican and Ahmad, (2015). Based on the study Keling and Entebang (2015; 2017) in Sarawak, found that product innovation by diversifying lifestyle and cultural activities; participant innovation through more proactive and creative community engagement; and coordinator innovation in increasing monitoring and targeting the market, able to increase homestay entrepreneur income. However, most previous studies are only focusing on innovative products and services introduced in homestay programs. Therefore, this study will explore the innovation elements implemented in Homestay programs to ensure business sustainability.

1.4 RESEARCH OBJECTIVE

The objective of this study is to identify what innovations are undertaken by homestay entrepreneurs to maintain stability in their homestay program after the outbreak of covid-19. Several objectives of the study need to be achieved as follows:

- 1. To explore whether or not homestay operators are innovating in the homestay program after the covid-19 pandemic
- 2. To know what kind of innovation is done in the homestay program
- 3. To identify the effectiveness of innovation elements in the homestay program

1.5 RESEARCH QUESTIONS

In order to achieve the goal of this study, there are three research questions;

- 1. Are homestay operators innovating or not in the homestay program after the covid-19 pandemic?
- 2. What kind of innovation is done in the homestay program?
- 3. How the innovation element affects the homestay program?

1.6 SCOPE OF STUDY

This research was conducted to identify innovation in homestay programs. There are many innovations that have been done in the tourism industry. This innovation is very important so that the tourism industry can grow well. Nowadays, there are many homestay programs suffering from loss problems due to the Covid-19 pandemic. This research is also focused on the important element in the tourism business.

Entrepreneurs in the tourism industry need to be innovative so that they can survive and grow in the market.

1.7 SIGNIFICANCE OF THE STUDY

This research will provide a new perspective on the tourism industry about the potential of homestay programs In Malaysia. Most of the studies have discussed the community's involvement in homestay programs. However, research on the role of innovation in homestay programs is still limited. (Keling and Entebang, 2015). Therefore, the innovation aspect of tourism products needs to be studied in more detail in order to develop the tourism industry. Malaysia has many homestay programs that often-become tourist destinations. Homestay programs can give tourists the opportunity to experience life in the village. (Abdul Aziz, Jaafar and Hassan, (2014). Most homestays in Malaysia have their own uniqueness such as the beauty of nature and culture. Every village that participates in the homestay program has been carefully chosen and must comply with the regulations set by the Ministry of Tourism in order to become the best tourist destination in Malaysia. This can encourage more tourists to stay in homestays during their travels.

The result of this study will contribute to enhancing domestic tourism development in rural areas. The development of the homestay program in Malaysia can increase the tourism industry, especially in rural areas, and involve community engagement. (Keling and Entebang, 2015). Involvement in homestay programs also can give tourists awareness about the importance of preserving culture. Therefore, innovation in the homestay program is important to attract more tourists.

1.8 DEFINITION OF THE KEYWORDS

There were a few keywords used in this study, which are;

1.8.1 Community-based tourism

Community based tourism (CBT) is a form of tourism that seeks to empower communities to manage tourism growth and achieve community aspirations relating to their well-being, and includes economic, social and environmentally sustainable development (ASEAN, 2012). Therefore, CBT not only involves a partnership between tourism businesses and the community to deliver benefits to both, but also involves community and external support for small tourism enterprises, which in turn commit to providing support for community projects that improve collective well-being.

1.8.2 Homestay programs

"Homestay" refers to "a type of accommodation where tourists or guests pay to stay in private homes, where interaction with a host and/or family, who usually live on the premises and with whom the public space is, to a degree, shared," occurs (Lynch, 2005, p. 528). The main element in the Malaysian Homestay Program is different from people from other countries who have the option to stay overnight. A family that takes others as their own. Guests will participate in activities such as eating, cooking and participating. Adoptive families engage in various activities together, creating a two-way relationship. Different cultures come together to work harmoniously and gain knowledge and mutual benefit.

1.8.3 Innovation concept

Back in 1985, Drucker (1985) had defined innovation as the entrepreneurs' specific tool to exploit change for a diverse business or service. This innovation can be presented as a discipline which can be learned and practiced. In other words, innovation is also said as "an idea, practice, or object that is perceived as new by an individual or other unit of adoption" (Daugherty et al., 2011; Grawe, 2009; Rogers, 1995).

1.9. SUMMARY

In summary, this study managed to fill the research gap by investigating the identification of innovation elements in homestay programs. This is also a result of community development through the homestay programs in Malaysia as well as to review of the identification of innovation elements sustainability initiatives to identify the implications and their strategies in responding to the COVID-19 pandemic. This study is to identify what innovations are undertaken by homestay entrepreneurs to maintain stability in their homestay programs after the outbreak of COVID-19. This study emphasizes the importance of innovation elements during a crisis such as the COVID-19 pandemic.

MALAYSIA KELANTAN

CHAPTER 2

LITERATURE REVIEW

2.1 INTRODUCTION

This chapter will explain community-based tourism. Other than that, the second part of this chapter will talk about the homestay program and the concept of innovation. The next explanation is related to the relationship between innovation and homestay performance and also involves research concepts.

2.2 COMMUNITY-BASED TOURISM

In most developing countries, the tourism industry is used as the catalyst for development, especially in rural areas (Jurdana, Milohnić & Dadić, 2015) and the majority are operated by small-sized enterprises (Bastakis, Buhalis & Butler, 2004). Usually, this company has the potential to develop and continue to grow in an effort to improve the well-being of the economy for most countries (Foo, Bajuri & Wong, 2013). In addition, tourism activities have received a positive impact through various efforts continuously (Hjalager, 2010; Weidenfeld, 2013; Williams & Shaw, 2011) especially in responding to more specific requests by providing the best service to tourists (Novelli, Schmitz & Spencer, 2006).

In line with that, the government needs to take a more proactive approach to improve its capacity and role in the tourism industry (Set, 2013). A community is a group of people who have some responsibilities and the ability to choose representatives to make decisions.

According to Peter Wiltshier (2011), community tourism has a vision of how their home can be turned into a tourism destination that has the potential to support community development. This may be positive, such as the increased popularity and economic growth enjoyed in the homestay program. Besides, community-based tourism refers to travel where local residents usually from rural and economically marginalized invited visitors to visit or stay overnight in their communities. (Gallagher, 2021). Through community-based tourism, tourists can get the opportunity to become fully immersed in the local culture and take part in a completely unique tourism experience. Communitybased tourism can also create interaction between visitors and hosts. This can generate economic and conservation benefits for local communities the environment. Community-based tourism is one of the tourism developments that comply with the principles of sustainable tourism. (Gallagher, 2021). Basically, communitybased tourism is a tourism development strategy that emphasizes the development of local resources while protecting them for the benefit of the community. The participation of tourists in the community can enable tourists to discover cultures and wildlife that they might not have experienced in traditional travel situations. (Bagus, S. I., Imade, Nyoman, & Putu, W. S. N, 2019). Russell (2000) argues that a tourism project can be termed tourism if it has the support and participation of the local population. This program also provides economic benefits to the people living in the destination.

The concept of community-based tourism was introduced in the mid-1990s (Asker, Boronyak, Carrard & Paddon, 2010) through community involvement in providing tourism products for empowering the economy, society, and politics (Hussin & Kunjuraman, 2014). According to Jamaludin, Othman and Awang (2012), CBT is a responsibility and the community's ability to make decisions. This is considering three main criteria (1) needs to be supported by the local community through participation, (2) the economic benefits through CBT need to be felt by the local community and those who live around it, and (3) the natural environment and cultural identity local should be protected by tourism (Russell, 2000). Meanwhile, Asker et al. (2010) focused on local community cooperation through two-way communication between them and the tourists while operating the program provided. Furthermore, CBT is a tourism activity that can benefit all communities involved (Mann, 2000).

According to Goodwin and Santilli (2009), community based – tourism can be defined as tourism that is owned and run by a community and supposed to benefit a community. The development in community based – tourism can benefit the community. It offers employment opportunities and generates entrepreneurial opportunities for local communities with a variety of backgrounds, talents and experiences. (Bagus, S. I., Imade, Nyoman, & Putu, W. S. N, 2019). Therefore, participation with community can contribute to the improvement of the rural and urban economy. Communities' ownership and empowerment, the preservation of natural and cultural resources, boosting socioeconomic growth and assuring positive tourism experiences are the goals of community - based tourism (Hiwasaki, 2006). The government introduced community-based tourism as a potential tourism product during

the 7th Malaysia Plan in 1996 to 2000. (Bhuiyan, 2019). This is aimed at developing rural communities and accelerating urban and rural integration. Therefore, the policy can also encourage more community participation in the tourism sector.

2.3 HOMESTAY PROGRAMS

The concept of community-based tourism (Community-Based Tourism, CBT) was first introduced in the mid-1990s (Asker, Boronyak, Carrard & Paddon, 2010) through community involvement in providing tourism products for economic, social, and political empowerment (Hussin & Kunjuraman, 2014). According to Jamaludin, Othman, and Awang (2012), CBT is the community's responsibility and ability to make decisions.

In the context of Malaysia, a homestay can be defined as a form of lodging component of tourism that offers a village or kampong lifestyle experience for tourists or visitors (Leh & Hamzah, 2012). It refers to private accommodation that offers a fully furnished house that enables tourists to stay with a host family for a certain period (Oxford Dictionary, 2013). This homestay lifestyle involves cultural exchange, especially with foreigners as tourists from many countries around the world. Homestay is not solely a platform to generate money, but it is also a platform for villagers in rural areas to develop their entrepreneurial skills (Pusiran & Xiao, 2013). As one type of lodging that the tourists share with the homeowner with the intention to learn culture and lifestyles from the homeowner who is willing to transmit and share culture.

Homestays are public houses that provide space or rooms for rent to tourists. This homestay method was introduced to accommodate the shortage of hotel rooms in some places. Some small and secluded places do not have hotels, resorts, chalets, and so on. This homestay concept can increase the income of the locals like traditional villagers.

The homestay program is one of the strategies to develop tourism in rural areas. This program homestay is different from other homestays in that it is not just a house or a room but has a large and roomy space, and has other facilities. The homestay also provides activities for visitors where visitors can experience the true atmosphere of the village. Instead of just sleeping and letting go, visitors can follow the activities done by the villagers (Kamila, 2016).

In late 2019, the COVID19 pandemic has impacted all nations, societies and industries globally. The tourism and hospitality sector were amongst the worst hit when business activities came to a sudden halt, international borders closed, travels restricted and partial/full lockdowns were ordered (OECD, 2020). Thus, the travel and tourism sectors have suffered significant losses. Therefore, in order to revitalize the tourism sector and business activities after the covid-19 pandemic, reforms need to be made to attract the community to revitalize the economy in the tourism and business sectors including in the homestay program. Therefore, homestay operators need to innovate in the homestay program so that the attraction can be maintained and well-received by the community. Homestay operators can innovate their homestays by leveraging technology and social media to promote their business online.

This is a marketing element that homestay operators can do to continue their homestay program to be more sustainable. Next, homestay operators can introduce a new package by adding an element of Malay culture. For example, holding games and even traditional sports. Besides that, traditional dance activities as well as traditional songs are suitable for innovation in the homestay program.

This programme indirectly helps to make the tourism industry as the main and viable sector besides being a contributor to the socio-economic development of the locals and the country.

2.4 CONCEPT OF INNOVATION

The concept of innovation explains that innovation focuses on aspects of renewal and improvement. Innovation capability is an internal capability (Martínez-Román et al., 2011; Ngo & O'Cass, 2009) that refers to the potential and ability to produce innovative products or services (Laforet, 2011). This involves the use of knowledge and ideas to produce something new in order to benefit the organization and stakeholders (Lawson & Samson, 2001). Continuous improvement (Lawson & Samson, 2001; Olsson, Wadell, Odenrick & Bergendahl, 2010) is also important by adding value to existing efforts (Hogan, Soutar, McColl-Kennedy & Sweeney, 2011).

Schumpeter (1974) accurately defined innovation as "the development and introduction of a new good (product innovation), the introduction of a new method of production (process innovation), the opening of a new market (marketing innovation), new sources

in production—that is, new sources of raw material or new semi-manufactures (input innovation), and the creation of new organizational forms or industries (organizational innovation)". In the third edition of the OECD Oslo, innovation is defined as: "the implementation of new or significantly improved products (good or service), or process, a new marketing method, or a new organizational method in business practices, workplace organization or external relations".

Innovation is an important approach in the growth strategy to enter new markets in addition to improving existing markets and subsequently being competitive (Boachie-Mensah & Acquah, 2015). This approach is also in line with the economic objective which is to create innovation and difference to achieve business growth (Sundbo, 2019) as well as survive in the market (Jiménez-Jiménez & Sanz-Valle, 2011). Innovation also includes existing ideas that are reapplied or deployed in different settings for different customer groups. (Enz & Harrison, 2008).

The tourism and hospitality industry has an abundance of options from which to choose when determining which products and services will add value for their customers (Nieves et al., 2014). Therefore, as a part of the tourism industry, hospitality depends on constant changes in the tourism market, thus being forced to adapt its offer to new trends in tourism. Tourists today wish to have certain experiences associated with the tourism destination's cultural heritage. Innovative accommodation structures related to the cultural heritage which provide authentic tourist experiences, offering a story of the past in the present time, can become the source of a tourism destination competitive advantage (Ronningen, 2018).

The Schumpeterian approach to the search for innovation categories has been applied to some extent in tourism research. Some scholars also use these four types of innovation in their studies such as hospitality studies (Nicolau & Santa Maria, 2013; Nieves et al., 2014) and various tourism enterprises (Ronningen, 2010). There are four types of innovation that have been used in depth by past researchers.

2.4.1 PRODUCT INNOVATION

Product and service innovation is defined as something offered based on new ideas (Myers & Marquis, 1969) aimed at providing various options to customers (Craig & Hart, 1992). Innovation is also an initiative that parallels the development of current technology and global competition (Gunday et al., 2011). Kafetzopoulos and Psomas (2015) argued that product innovation is a continuous effort and has a function involving increasing different levels of efficiency inside and outside the organization.

In the tourism industry, product and service innovation focuses on renewal and improvements made to products and activities offered to tourists in a destination (Camisón & Monfort-Mir, 2012; Cosma et al. al., 2014; Nieves et al., 2014). The innovation carried out is important to increase tourist visits by offering more attractive packages (Keling & Entebang, 2017). Among the products and services that are often associated with innovation is accommodation (Cosma et al., 2014; MartínezRomán et al., 2015; Sakdiyakorn & Sivarak, 2016), food preparation (Keling & Entebang, 2017; Martínez-Román et al. al., 2015) and traditional cultural performances (Keling & Entebang, 2017; Sakdiyakorn & Sivarak, 2016). In addition, there is also innovation

involving a combination of products and services in the form of a more unique package (Sakdiyakorn & Sivarak, 2016).

2.4.2 MARKETING INNOVATION

Marketing innovation is the adoption of a new marketing strategy that involves significant changes in product design or packaging, product placement, product promotion, or pricing. Marketing innovations aim to better address customer needs, open up new markets, or reposition a company's product on the market, with the goal of increasing sales. (Oslo manual", Third Edition, Paris, 2005) The implementation of a marketing method not previously used by the firm distinguishes a marketing innovation from other changes in a firm's marketing instruments. It must be part of a new marketing concept or strategy that is significantly different from the firm's current marketing methods. The new marketing method can be created by the innovating company or adopted from other companies or organizations. Both new and existing products can benefit from new marketing strategies.

2.4.3 PROCESS INNOVATION

Process innovation is a business strategy that comprises modifying, introducing, and optimizing the manufacturing. A company's needs may be better served by new services, software, and equipment that are developed and introduced as part of the creative process. (Indeed Editorial Team, 2022).

Besides, process innovation is the introduction of new or significantly improved production, supply chain, and administrative processes. (Piening & Oliver Salge, 2015).

The new method "offers much-needed flexibility for accessing the public markets and is likely to encourage additional initial public offerings" (Diamond, 2017). Innovation provides an opportunity for organizations to launch techniques and technical solutions to help businesses by reducing manufacturing cost. Innovation in organizations widely becomes the main driver of organizational competitiveness. Therefore, innovation allows an organization to improve their product or service.

A business will be able to continuously address every difficulty and treat innovation seriously with the aid of a structured innovation approach. Structured innovation can simplify the process by offering solutions at each stage along the way. Structured innovation gives several benefits to an organization. Using a structured innovation process can increase efficiency and increase the likelihood that innovation results will be accepted by the market. Besides, structured innovation can also improve the performance. (Luenendonk, 2019) As a result, the structure allows using the entire procedure in an efficient way.

2.4.4 MANAGEMENT INNOVATION

The term "innovation management" is also a source of much debate. Some argue that the very definition of innovation implies that it cannot be managed, whereas others are firm believers in developing systems and processes to foster more innovation. (Jesse Nieminen, 2018). Innovation management, according to Gartner, an IT research and consulting firm, is a business discipline that aims to drive a sustainable innovation process or culture within an organization. These innovation management initiatives frequently employ a disruptive method of change to transform business.

For the innovation management process to be successful, the company must support an innovation culture and make employees feel valued. This will encourage employees to come up with good ideas in return.

Many organizations use a disciplined and cyclical approach to make innovation management a routine part of business. Ideation is the first step toward innovation, and incentives and feedback encourage a consistent flow of ideas.

In a well-managed innovation process, the next step is to identify the most valuable and viable ideas. Companies can then proceed to develop prototype products based on the shortlisted ideas and test them to see how well they work. It is critical to evaluate the outcome of full implementation to determine whether the desired business goals were met once the ideas were implemented.

2.5 THE RELATIONSHIP BETWEEN INNOVATION AND HOMESTAY PERFORMANCE

The recent developments, especially in the field of technology have given the Homestay Program operators the opportunity to gather their thoughts (Osman & Zakaria, 2020). Each homestay program has its own uniqueness such as offering various activities based on culture, food, economic activity, and location. Malaysia is rich in culture as each state has its own uniqueness. Sarawak Longhouse is one of the interesting homestay programs in Malaysia. Various activities can be done together with the community. This allows tourists to enhance their experience of the Iban tribe's culture. In addition, homestay program operators are encouraged to use innovation to address guest requests and concerns (Hussin & Kunjuraman, 2014).

The innovation can develop the tourism sector and increase the involvement of tourists in community activities. This benefit has been highlighted by the 9th Malaysia Plan as a chance for rural communities to raise income levels and narrow the poverty gap. (Suffaruddin, Jaafar and Rahman, 2021). In order to accomplish this goal and advance the socioeconomics of the communities involved, a variety of new economic generation activities have been incorporated into the homestay program (Kasim et al. 2016).

There are a few entrepreneurs who are not able to manage the homestay program well. This is due to entrepreneurs lacking experience and knowledge in managing homestays as well as a lack of exposure to innovation in the tourism industry. Due to that scenario, the number of tourists visiting the area will decrease thus reducing their income and making it difficult for them to continue operating. Product innovation is important for the tourism sector because the quality of a product can attract the attention of tourists to stay. Product innovation can open up a new market which boosts sector sales. This is seen by the creativity used to renovate the canal-side residences and convert them into homestays. (Vajirakachorn, T., & Nepal, S. K, 2014).

According to a study by Keling and Entebang (2017) found that a number of new activities have been added to Sarawak's homestay program in an effort to draw in tourists while also showcasing the way of life and culture of the region. Therefore, the innovation of the homestay program has a positive effect on the tourism sector.

KELANTAN

2.6 RESEARCH CONCEPTUAL

The research concept was developed based on previous research results. The purpose is to determine the performance of innovation in homestay programs. The research focuses on innovation aspects of generating additional income for the homestay operators and to see how these aspects were taken into consideration. Besides, research concepts were also undertaken to identify what can be done to improve the homestay experience through innovative solutions. The research seeks to redress the situation and focus on the current experiences and practices of the local homestay operators. There is a positive benefit of innovation in homestay programs and innovation aspects of generating additional income to the operator.

The expected outcome from the research will benefit the installation of knowledge to the homestay operators which can contribute as earnings to the operators and contribute to the body of academic knowledge in the tourism field in Malaysia. Thus, affordable and comfortable living places offer attention for tourists to stay at a homestay. Innovation can help homestay entrepreneurs to expand their businesses. The research conceptual for this research as shown in the figure below.

MALAYSIA KELANTAN

INNOVATION IN HOMESTAY PROGRAM

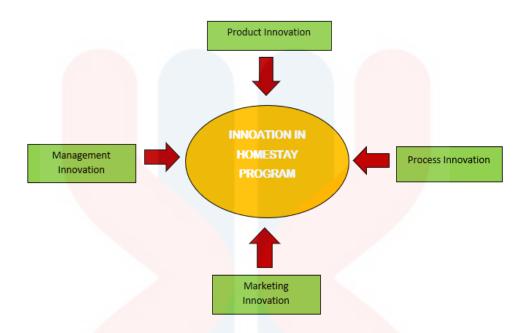


FIGURE 2.1: THE CONCEPTUAL FRAMEWORK

2.7 SUMMARY

This chapter discussed the literature overview of innovation in homestay programs. Innovation in homestay programs can make the tourism industry grow. The local homestay operators play their roles highly in order to secure a continuous visit from the other tourist.

MALAYSIA KELANTAN

CHAPTER 3

METHODOLOGY

3.1 INTRODUCTION

This chapter discusses how the research was carried out to achieve the research objectives. It includes the research framework, research design, case study approach, sampling design, data collection techniques, and data analysis. The target population and sample size of this study in the aspect of whom, where and how to be studied were explained. Then, further explanations of what types of sampling method used and how data collection was conducted. This study also describes how and where the questionnaires were distributed. Lastly, data analysis is also highlighted.

3.2 RESEARCH DESIGN

The research design refers to the option between the quantitative and qualitative analysis methods. Patrick (2015) said the qualitative approach is a method of research that summarizes phenomena based on numbers. **Qualitative approach** has been constructed as our research tool in this research. Qualitative research is used to explore the behavior, perspective, feelings, and experiences of people and stories at real-life events which are useful in exploring change and conflict (Yin, 2011). In exploring real-life events, researchers have chosen the case study as a qualitative research approach.

Creswell (2013) derives the definition of case study as "a qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g., observations, interviews, audio-visual materials and documents, and reports), and report a case description and case themes" (page 97). A case study is an empirical inquiry that investigates a contemporary phenomenon within its natural context (Yin, 2009:18).

Generally, there are three types of case studies, namely, exploratory, descriptive, and explanatory studies (Yin, 2014). The exploratory approach is the preferred one as a smaller number of previous research is conducted on a phenomenon (Mayer and Figure 4.2: Basic Type of design for case studies Source: Yin (2009) Type 1 Type 2 Type 3 Type 4 110 Greenwood, 1980). The exploratory approach of the case study is applicable for this study with a reason to examine the phenomena that clearly specify on innovation elements in homestay programmes. This study was conducted to explore the main elements of innovation in homestay programs. This study is also important to identify characteristics in homestay programs. Other than that, this study was conducted to investigate the importance of the innovation elements that influence homestay programs.

MALAYSIA KELANTAN

3.3 SAMPLING DESIGN

Qualitative data collection is a different process from quantitative and has its specific characteristics. Due to its weight, which emphasizes on quality rather than quantity, the objective was not to maximize numbers but to become "saturated" with information on the topic (Padgett, 1998). Qualitative sampling is drawn from information factors rather than the number of participants (Kayat, 2002). The qualitative material collected is guided by theoretical sampling (Jennings, 2005). Theoretical sampling leads to data collection and analysis and contributes to the determination of when to stop sampling. Interviews will be stopped when the data reach the saturation level (Seidman, 2006), or when a qualitative informational "isomorph" is achieved (Jennings, 2005). The term "qualitative informational isomorph" refers to the gathering of data until redundancy of information is reached and when the interviewees repeat the same information.

The most commonly used method in qualitative analysis is purposive sampling (Creswell, 2013; Yin, 2011). The purposive sample is defined as "having logic and power and providing rich information" (Patton 1990, p. 169). Purposive sampling was chosen for this study, whereby the researcher is interested in the informants who have the best knowledge and rich experience concerning the research topic (Creswell, 2013).

The selection of respondents is based on homestays that registered MOTAC in Kelantan, the total is 7 homestays. The number of respondents is three (3) people. The selection of respondents was based on homestay registered with MOTAC and they also participated in the homestay innovation programs.

3.4 DATA COLLECTION METHOD

Data collections are the method of collecting, measuring, and analyzing correct insights for research using preferred proven techniques. The information of the collection method can be divided into two types such as primary data and secondary data (Hox & Boejie, 2005). Primary data includes the original data that has been collected for research purposes for the first time while secondary data refers to the data that was gathered by another source other than the respondents. Data collection is one of the most critical stages in conducting research starting with deciding what kind of data is needed followed by selecting the sample from a certain population.

For the case study approach, there are various sources of techniques in collecting the data, such as documentation, archival records, interviews, direct observations, participant observation, and physical artifacts (Creswell, 2007; Yin, 2014). Data collection is a combination of activities that aim to achieve the research objective and answer the research questions (Creswell, 2009). The most appropriate research approach for this study is the interview method.

MALAYSIA KELANTAN

Table 3.1: Research question

Research questions	Resea <mark>rch</mark>	Respondents
	appro <mark>ach</mark>	
Are homestay operators innovating or not in the	Interview	Homestay
homestay program after the covid-19		provided/ owners
pandemic?		
What kind of innovation is done in the	Interview	Homestay
homestay program?		providers/ owner
How the innovation element affects the	Interv <mark>iew</mark>	Homestay
homestay program?		providers/ owner

3.4.1 Semi-Structured Interviews

To suit the need of this study, a qualitative semi-structured interview was chosen because it is an essential data-gathering method (Gale, Heath, Cameron, Rashid, & Redwood, 2013) among the government officers and SMABs in the case study areas. In this type of interview, the researcher attempts to achieve a holistic understanding of the interviewees' points of view or situations (Van Teijlingen, 2014). In this study, there were interview sessions with the homestay provided or owners that registered with MOTAC. This study also provides a few research questions to finish this study.

3.4.2 Types of interview questions

The interview guideline is categorized based on the research question in this study.

There are several questions will be asked of respondents as listed below.

- 1. What do you understand about the innovation concept?
- 2. What types of innovation have been applied in this homestay?
- 3. Did you have applied product innovation? Explain
- **4.** Did you have applied marketing innovation?
- 5. Did you have applied management innovation?
- **6.** Did you have applied process innovation?
- 7. Why do think innovation is important for homestay programmes?

All these interviews were recorded by tapes and notes and lasted between 30 minutes to 45 minutes. The interviewees were free to decide whether to do the interviews in English or Malay. Decisions for interview selection were based primarily on the availability of interviewees' which time corresponds between the selected participant and the researcher. After the interview process, the audio tape interviews will be transcribed in the original language by the researcher. During the transcription process, reference was made to the field notes to ensure accuracy. Then, the researcher will translate the interviews in English faithfully to the interviewees' meaning as possible. Therefore, any language idiosyncrasies and grammatical errors are attributed to the researcher. Complete transcriptions will be verified against the recording and corrections were made.

3.5 DATA ANALYSIS AND INTERPRETATION

Scholars have suggested that the data speaks for itself, but it must be well-organized (Gale et al., 2013). As mentioned by Patton (2002), the process of analyzing qualitative data is known for taking out rich information and narrowing it down into an actual size in order to determine usage patterns and build a framework vision from the objectives set up earlier. However, there was no single correct method for analyzing qualitative data; clearly, the course of action chosen must reflect the purpose of the study (Creswell, 2011; Patton, 2015).

Within the qualitative method, there are a variety of data analysis techniques from which to choose. The available tools include content analysis, constant comparison, successive approximation, thematic analysis, domain analysis, ideal type, event structure analysis, matrices, grounded theory, and other analytical methods (Silverman, 2006). However, choosing an appropriate technique depends on many factors, including the nature of the data and the type of research questions to be addressed. Table 4.2 shows examples of qualitative methods of data analysis.

MALAYSIA KELANTAN

Table 3.2: Examples of qualitative methods of empirical material (data) analysis.

Types of analysis	Discussions		
Content	Textual materials are read, annotated and coded. Categories are generated from reading, annotating and coding. Categories are evaluated regarding the relevance of emerging taxonomy in relation to the empirical setting from which they emerged. This involved reflection and questioning of the assignment of codes and categories and the real-world context.		
Constant comparative analysis	Constant comparative analysis two generic stages, coding and the comparison of codes to generate categories to build an ideographic representation of the study phenomenon. Theoretical sampling will also be applied to establish the repetitive presence of concepts. The method has similarities with grounded theory analysis.		
Domain analysis	Categories study units using a "cover term," "included the terms", and a "semantic relationship". Categorization is an ongoing process during data collection. Domain analysis is founded on Spradley's Participant Observation as well as the study of culture		
Event-structure analysis	The chronological ordering of events highlights the causal relationships for their occurrence.		

Grounded	Grounded theory is attributed to the work of Barney Glaser (1930)		
theory analysis	and Anselm Strauss (1916-1996). It is an inductive process, as are all		
	of the qualitative methods of empirical material analysis. In its		
	original form, the theory is produced by identifying conditions that		
	result in a phenomenon occurring, which establishes a specific		
	context, concomitant actions, and related consequences.		
Thematic	It is an approach dealing with data analysis based on emerging		
analysis	themes from interviews. The 'data' being analyzed might take any		
	number of forms – interview transcripts, field notes, policy		
	documents, photographs, video footage, etc.		

Normally researchers frequently use content analysis and thematic analysis. The content analysis uses a descriptive approach in both coding of the data and its interpretation of quantitative counts of the codes (Hsieh & Shannon, 2005). Conversely, the thematic analysis provides a purely qualitative, detailed, and nuanced account of the data 126 (Braun & Clarke, 2006). However, both of these analyses are sets of techniques and systematic processes to analyze textual data, coding, and creation of theme (Forman, Creswell, Damschroder, Kowalski, & Krein, 2008; Vaismoradi, Jones, Turunen, & Snelgrove, 2016). For the purpose of the study **thematic analysis** was used to analyze qualitative data analysis.

THEMATIC ANALYSIS

Thematic analysis (TA) is a technique for locating, examining and deciphering patterns of meaning in qualitative data. It is also known as a theme in qualitative research. This is because it offers a method or technique, unrestricted by theoretical commitments instead of a methodology. TA is distinctive in the canon of qualitative analytic approaches. TA offers simple, organized methods for extracting codes and themes from qualitative data. The smallest analytical units are called codes, and they are used to record interesting aspects of the data that (maybe) relate to the study issue. TA has been utilized by researchers to investigate a number of experience issues in positive psychology. (Clarke and Braun, 2017). This method allows the researcher to explore the innovation elements in the homestay program.

3.6 CONCLUSION

This chapter describes the method of data collection that is used to investigate the relationship between identification of innovation elements in Homestay programmes. . A qualitative approach has been constructed as a research tool in this research to gather data from the respondents using interview sessions. This research presents the research design used, number for research, sample size, and sampling method to be tested. This research mainly used the primary data in choosing a qualitative approach survey and secondary data from academic and professional journals, research papers, official reports, theses, and articles. The research instrument used in this research is Semi-Structured Interviews. The data collection and data analysis can be answered in this research.

CHAPTER 4

FINDINGS AND DISCUSSION

4.1 INTRODUCTION

This section discusses the data analysis for the objective of the first study which is to explore the types of innovations implemented in the homestay program a semi-structured interview was conducted on the coordinator for each homestay program based on four sub-themes of the type of innovation, namely the products and services of the marketing process and management data collected analysed using content analysis and classified into two levels of innovation, namely renewal and improvement Table 4.1 shows the types and levels of percentage innovation and examples of answers from respondents.

Table 4.1: Sub-Theme, Level of Innovation, Percentage and Examples of Respondent Answers

Sub Theme	Level of Innovation	Percentage Respondent (N:8) / (%)	Sample Answers of Respondents
Innovation products & service	Renewal	8 (100%)	"We have created a new accommodation named village stay"
N	Improvement	8 (100%)	"Tour activities coupled with demonstrations of manufacturing"
Innovation Process	Renewal	1 (13%)	"The tourist check-in and exit process has been carried out at the counter"
1.7	Improvement	6 (75%)	"Food preparation is carried out on a gotong-royong with tourists, it's more lively"

Innovation Marketing			Promotion we create new ways, use online"
	Improvement	8 (100%)	"We have produced more interactive brochures to attract tourists to read"
Innovation Management	Renewal	6 (75%)	"We have facilitated affairs administration by providing space specifics of the homestay"
	Improvement	8 (100%)	"All data has been recorded using a computer compared to before"

Based on Table 4.1, most respondents acknowledge that all four of these types of innovations have been carried out in their respective homestay programmes.

It was found that almost 100% of homestay programmes have implemented product and service innovation, marketing innovation and management innovation, while innovation in the process was implemented by 75% of the homestay program. Every kind of innovation that is described in more detail based on interview results and supported by observations carried out by the researcher throughout the visit.

MALAYSIA KELANTAN

4.2. Product and Service Innovation

This section describes product and service innovations in detail with respect to program-specific homestay changes and enhancements. According to the respondents' explanations, the goods and services offered can be divided into 3 categories such as small and medium enterprises (SMEs), types of activities and accommodation. The distribution of this category is further examined based on the respondents' indicated levels and types of innovation, as shown in Table 4.1.1.

Table 4.2. : Category, level of innovation, form of innovation and homestay are involved.

Category	Level of Innovation	Form of Innovation	Homestay are Involved
Small medium enterprise (SMEs)	Improvement	The variety of product	A, B, D, E, F, G and H.
Types of activities	New creation	The creation of leisure and recreational activities	A, B, C, D, E, F, G and H.
IIIN	Improvement	Cultural sustainability	A, B, C, D, E, F, G and H.
Accommodation	New creation	Introduce the concept of kampung stay	A, C, D, E, F, G and H.
M_{λ}	Improvement	The improvement of basic needs	A, B, D, E, F and H

4.2.1 a) Small Medium Enterprise (SMEs)

Small and Medium Enterprises (SMEs) are important drivers of economic growth.

One innovative program developed by local businesses is the homestay program, which has the potential to significantly increase the variety of product output.

i) Improvement: The Variety of Product

The homestay program can improve small businesses by increasing the demand and variety of locally produced products such as food-based, handicrafts and health products. This gives tourists the opportunity to experience local culture, traditions and cuisine. Through this homestay programme, local food from the village is being marketed. It is claimed that sales to incoming tourists helped this traditional food succeed in breaking into foreign markets. Additionally, they create new versions of classic drinks that are healthier, such as coffee honey kelulut. This product has a place in the market and is successfully sold to other nations, like Thailand and Singapore.

There are also improvements to agricultural-based products such as plants, farms and fisheries. It was found that Homestays A, B, E, and G have shown innovation regarding this type of production. Plant development can be seen at Homestay B and E where they have strawberry farms and local fruit orchards. This demonstrates how the crops being produced are expanding to fulfil the demand of travellers who wish to taste the fruits.

Based on Homestay A, they have developed a farming product where the respondent explained, "Here there is a commercialised product which is a lobster farming project of 60 ponds and kelulut honey," said the respondent.

The lobster farming project can attract tourists to taste the deliciousness of seafood.

This not only benefits the farmers and entrepreneurs involved but also contributes to the tourism industry.

There is also a homestay programme where SME handicrafts contribute to the output, as stated by respondent Homestay F: "Craft industry companies have been producing wood carvings for sale and as gifts to visitors from outside. This involves customising the designs of daggers and wood carvings. So, tourists can experience how to produce their own handicrafts".

The handicraft industry is one of the efforts to introduce rural industry to local or international tourists. The homestay H community also produces handicrafts including house replicas and items from newspapers. Meanwhile, Homestay A entrepreneurs also diversify their products such as health products. Homestay A claims "we produce honey products such as face soap and health drinks. The course to create the product was also attended by a group of women in this area". As a result, a lot of marketing has been done to attract tourists.

4.2.2 (b) Types of Activities

The variety of activities in the homestay program depends on culture, food, economic activity and location. It was found that each homestay program has implemented various innovations to attract tourists. According to the data provided by the respondents, the reforms implemented include the development of leisure and recreation activities. Improvement is cultural sustainability.

i) New Creation: The creation of leisure and recreation activities.

Data study reveals that all homestay programmes have a propensity to develop new leisure and recreational activities. The Homestay B respondent said, "We need to make changes to attract young people to the village, like offering extreme activities." Respondent Homestay C's statement that "Now, we have to follow the changes and interest of tourists. Sometimes there are visitors who like adventure activities". In an effort to attract tourists to the eco-tourism area, Homestay A, D, E, F and G have also created various interesting activities. According to respondent A "The most recent activity is traversing the river and crossing the forest. Recently, we also do activities to climb Mount Ganu with cooperation of the Forest Office and forest rangers".

This initiative also gives other homestays the opportunity to provide the package to visitors. "Respondent Homestay D stated that "The newest activity is "teambuilding," which is offered to university students, corporate organisations including Produa, Maybank, and Toyota, as well as school students. We also offer family day packages and explore tours. The packages provided allow organisations to hold annual activities in their homestay.

When tourists are taken to nearby interesting locations, Homestay C, E, F and H also design new packages. For example, a respondent from Homestay C said, "We offer activities such as river cruises, so that tourists can travel, fish or visit the area around Kuala Langat District up to Jugra. In addition, this location is a global paragliding site". Other initiatives that are also carried out such as taking tourists to some interesting tourist attractions.

Homestay respondent F said "We also arrange tours to the waterfall area, smile cave, elephant conservation centre, and deer enclosure for tourists."

In addition, to attract more visitors Homestay E has collaborated with various organisations such as MARDI and agricultural businesses such as tea farms, vegetables and flower gardens. By showcasing these partnerships, they can educate visitors about attractive travel destinations and provide unique experiences that highlight local culture and nature.

4.3 Process Innovation

This section describes the process innovations found based on the reforms and improvements made in the homestay program. Based on respondents' descriptions, process innovation is often linked to products and services offered. Among them are reforms in terms of providing registration counters and improving methods of preparing food and transportation for tourists. The table below shows the level and form of process innovation carried out. Next, explanations from respondents are discussed further.

Table 4.3: Types of process innovation, form of innovation and homestay involved.

Level of innovation	Form of innovation	Homestay involved
Renewal	enewal Registration counter preparation	
Improvement	Food preparation method	C, D, E, F and H
NE	Transportation preparation	A, C and F

4.3.1 a) Renewal: provision of registration counters.

The most significant process innovation is the provision of a registration counter to facilitate the entry and exit of tourists. This innovation was found in homestay F through the respondent's statement that "tourists who come will go to the counter provided. So, all check-in and check-out happen here". This counter is based in the kampungstay area which is equipped with computers and software to record tourist data including use for all administrative and marketing matters. This finding is also supported by the observations made by the researcher and found that there is a counter created to facilitate the tourist registration process and it is managed by an employee who is skilled in the field of technology. This reform can make it easier for tourists who come by only having to deal at the counter.

4.3.2 b) Improvement: food preparation method.

The interviews conducted found that the improvements made to the process can be seen through the method of food preparation. It was found that homestay F has highlighted the gotong-royong method with the respondent's description, "Recently we have provided 'rewang' activities depending on the size of the group that comes and the timing. We have also involved foreign tourists as many as 40 people with a feast that took place in this village. Tourists have the opportunity to do slaughter activities together with the village community".

This kind of activity is quite different from before, in which food preparation is only served by the host. This improvement was also implemented by homestays D, E and H in offering packages to tourists. Further explanation was given by homestay respondent H. "Tourists provide provisions to buy items according to the menu. So, we buy fish or

meat to cook a traditional dish, which is asam pedas. There is a chef who will show how to cook fish, and wash rice. Then they will cook together and taste their own cooking".

While homestay C made a difference by organising a demonstration activity to produce the ingredients found in nasi ambang. This event is said to be very lively with the antics of tourists and the community. In addition, homestay A introduces a different way to enjoy a meal. Respondent explained that "What is popular now is eating in the village and in the river. In the village, we bring food there especially during the fruit season, in the river, we can cook and eat there. Tourists will feel more relaxed with a fun atmosphere".

4.3.3 c) Improvement: transportation provision.

The findings of the study found that there are homestay programs that make a difference by providing transportation during tours. For example, as homestay respondent C explained, "every house is provided with bicycles for tourists to patrol to see the atmosphere of the village. So far, we have 40 bicycles".

This is also provided by homestay A and F. The respondent of homestay A elaborated further, "The most recent activity is cycling in the village. Bicycles were received as part of the sustainable village project in 2013 and received as many as 34 bicycles. Tourists will cycle to the kelulut farm for breakfast, then to the shrimp pond and patrol around the village. Tourists are more relaxed and enjoy the atmosphere of the village". This improvement is seen as one of the efforts in diversifying the process of carrying out activities for tourists.

KELANTAN

4.4 Marketing Innovation

For the purpose of promoting and differentiate the programme, draw in more visitors, and improving the overall guest experience, marketing innovation is used in the context of homestay programmes.

4.4.1 Experience-based advertising.

Create immersive marketing campaigns that give prospective guests a taste of what the homestay has to offer. This can be done by showcasing the homestay's features, activities, and cultural experiences through virtual tours, interactive videos, or livestreaming streaming events. You can pique visitors' interest and promote bookings by giving them a taste of the experience.

4.4.2 Continuous Improvement and Guest Feedback

Create a system for gathering customer feedback before, during, and after their visit. Utilise this feedback to address issues, improve the overall guest experience, and make improvements. Demonstrating a dedication to ongoing improvement demonstrates responsiveness and guest-centricity, which can enhance the reputation of the homestay programme.

A homestay programme can stand out from rivals, draw in more visitors, and create memorable, immersive experiences for tourists by embracing marketing innovations.

4.5 Management Innovation

This section discusses management innovations that emphasise to reform and improvement of all matters relating to administration of the homestay program. Refers to the description of the respondent, the innovation of which can be classified into three categories, namely (1) Administrative structure Systematic; (2) Improvement of information management system; and (3) Construction administrative infrastructure. Each of these categories is further analysed according to the level and form of innovation stated by the respondent as summarised in Table 4.4.1. Next description from the respondent is discussed more.

Table 4.4: Categories, Levels and Forms of Innovation, and Homestays Involved

Category	Level of Innovation	Form of Innovation	Homestay are Involved
Structure administration systematic	Renewal	Recruitment of skilled workers	E and F
Т	Improvement	Body establishment executor	A, B, D, E, F and G
	DIMIN	Appointment of committee	A, B, C, D, E, F, G and H
Improvement system management information	Renewal	Existence of application reservation system	F
mormation	Improvement	Data coordination method	A, B, C, D, E, F, G and H
Construction infrastructure administration		Establishment of operation center	A, B, C and G
		Preparation of internet centre	B and G

4.5.1 Systematic Administrative Structure

The administrative structure is important in mobilizing an organization. The same goes for the homestay programme where the respondent has described in detail the reforms and improvements made. Reforms of the administrative structure can be seen in terms of the ability to hire skilled workers, while improvements include the establishment of implementing bodies and the appointment of committees.

i) Reform: Hiring Skilled Workers

Skilled workers are an important asset in a business for launching a better management journey. It's also in the program homestays where the initiative to hire skilled workers is a renewal which has been highlighted by Homestay E and F to improve the quality of human resources Human. The Homestay E respondent explained "My son is undergoing courses and is practical in hospitality and now has a degree. We also have someone with experience doing office work. So, they were taken for help managing this homestay".

This initiative is in line with Homestay F which also recruits skilled workers and is further explained by the respondent:

"Now the people who manage this homestay are villagers, siblings and cousins. Some are also drawn on expertise and have two years of experience in the Ministry of Tourism.

Then serve here to share ideas in the field of tourism".

The homestay programme is also able to hire permanent and part-time employees consisting of the villagers. This is a reform that can prove the development of a homestay programme so that it is able to hire and employ workers.

ii) Improvement: Establishment of an Implementing Body

It was found that six homestay programs had made changes to the administration by establishing an implementing body to manage their respective homestay programmes. For example, Homestay E, where according to the respondent, "We have come under our own association which is set up solely to manage homestays". This approach is in line with Homestay A and G where they have established cooperatives to assist governance. According to Homestay G respondents, cooperatives are important in improving the quality of management with community cooperation. The respondent explained:

"Initially, this homestay was under the village committee. But in 2011, we were asked to submit a report every month and this was a bit complicated. So, let's remodel and create Koperasi Parit Tengah Guyup to manage the homestay only. Now it is easier to collect income and other homestay-related matters".

In addition, this body also assists in financial matters as stated by the respondent of Homestay A, "Now, it is possible to use the name of the homestay cooperative to apply for assistance" and this includes "payment by using the Local Order (LO) by the government". This innovation has been facilitating the obtaining of sponsorships and encourage program participation homestays from various agencies.

As for Homestays B, D and F, they have improved the administration of the program homestay by setting up a company. According to Homestay D respondents, "Originally this homestay was in the name of volunteering. But it didn't go well and we created a company to expand the field of work".

The company is under the supervision of its respective coordinators with the consent of all entrepreneurs and communities. Homestay F respondents explained further:

"This homestay is placed under the company SR Tourism Management Consultant Sdn Bhd. I am the owner of the company and all the results determined by the company. This is easier and can avoid disagreements with the villagers. We don't change anything, just innovate its structure. Now income we're on the rise because agents are starting to get to know this company".

The Company has been entrusted with making any decision and can reduce the burden of the community by handing over all affairs to the company.

Meanwhile, Homestay C and H are still under the management of the village committee. However, Homestay C has gone through a phase of change where according to the respondent, "Now we are under the Federal Village Development and Security Committee (JKKKP) as its parent". This change was said to be due to the exchange of politics and the state administrative system.

Different from Homestay H where this situation is due to this homestay program only involving only one village with a relatively small area and thus facilitating dealings with the community.

iii) Improvements: Appointment of Committees

The Committee is important as it involves the division of duties and the role of the community. Based on the respondent's statement of Homestay C, "The hospital has its own committee such as the financial recording division. The community here is easy to manage by giving everyone a schedule and they already know each other's work".

The improvements made through the appointment of this committee are said to be able to make the management system more systematic. Homestay B respondents said:

"We now have committees such as welfare, activities and culture. About 70 percent are village committees which helps a lot to mobilize the homestay program. When there's a program, they already know tasks like manga preparation and food".

This is in line with Homestays A, D, E, F, G and H. The community is also said to be more fun when given the task and trust to be involved in running the homestay program. This includes the younger generation as highlighted by Homestay A respondents, namely, "Right now, we call young people to be a committee". This initiative is an effort to continue the involvement of the future legacy.

4.5.2 Improvement of Information Management System

Information management systems are essential for coordinating and recording business-related information. In the homestay program, there was an improvement in the information management system in terms of renewal and Improvement.

The reforms can be proven through the existence of a booking system application to facilitate the management of tourist bookings while improvements refer to improved data coordination methods to streamline the recording of information. This initiative is dependent on the expertise and capabilities of the respective homestay programs.

i) Renewal: Existence of Booking System Application

The most significant reform made to the information management system is to create this booking system application has been proven by homestay F through the respondent's statement:

"Formerly all used manuals until there was an overlap of bookings and had to look for accommodation in hotels seri malaysia to give to tourists now already using the system and have sop (Standard Operating Procedure). A schedule of duties is provided to maintain the system and manage follow-up bookings".

The application is also said to have made it easier for travellers to book, make payment or cancel their holiday without having to contact the homestay.

ii) Improvem<mark>ent: Data C</mark>oordination Method

It was found that the majority of homestay programs have made improvements to the data coordination method. Among them is the tourist arrival record where the Homestay F respondent stated, "Formerly, manually recorded and now, we already have a more systematic way". These improvements are done Aims to facilitate self-storage records and delivery arrangements report to MOTAC. This is supported by the statement of Homestay A respondents through the respondent's description:

"We have a computer in the office and everything has become easy. Previously, we only wrote a list of tourists on paper and stored them in a file. Now, everything is recorded on the computer. If there are agencies that need information, we can just email".

Therefore, the use of computers is said to facilitate the preparation of reports and analyze tourist arrival statistics. This is in line with the initiatives undertaken by Homestay B, D, E and F.

In addition, the financial data was also adjusted involving the matter of recording income and expenses. Homestay E respondents commented, "When we record in and out of money, we can calculate the amount of profit. This report can also be sent to MOTAC at the end of the month". This innovation is different where Previously, the distribution of money continued to be made to the community without any records. In addition, the respondent also elaborated on more effective financial management:

"Tourists who come to sit at this homestay, we take some percent for the tube. For example, the room price is RM100, we only give it to the RM80 entrepreneur and the balance is put into the fund. With this money, we can use it as a souvenir to an agency. come and pay the annual fee".

The same goes for Homestay B and H where the proceeds are managed by the treasurer by recording the financial reports and presented on a monthly basis. For Homestays A, C and G, the renewal is in terms of bank account opening. According to Homestay C respondents, "We get a lot of programs brought by Ministry. They need an account to make payments. So, we set up a homestay account to facilitate the money channel". This is supported by Homestay G by insisting the advantage of this innovation is that the homestay program can know their profits.

In addition, the opening of a bank account also facilitates payment by turnover. This was stated by Homestay A respondent, "if a government agency comes, we can already use Local Orders (L/O)". This effort can be encouraging multi-agency involvement as described by Homestay D respondents: When using LO, we receive a lot of visitors from agencies such as government departments, corporate bodies, schools and universities, who also use LO for a fee".

This method is also used by Homestay H in an effort to attract the involvement of all parties to participate in the homestay program.

4.5.3 Construction of Administrative Infrastructure

Infrastructure is an important aspect in carrying out administrative work. It was found that innovations were also carried out on the administrative infrastructure by making three reforms, namely the establishment of an operating center and the provision of an internet center.

iv) Renewal: Establishment of Operation Centre

The operations center is the place to carry out all administrative matters. It was found that four homestay programmes had created an office-shaped operation centre in their place. According to Homestay C respondents,

"Before, we had no office and it was difficult because all the work was done in the coordinating house. Now everything is managed in the office and makes it easier for the community to get involved".

The findings suggest that the establishment of an operating centre is an initiative that It's important to make sure things go well. In addition, it is in line with the observations of the researchers who found that an office for the operation of the homestay was developed in the village. The findings were supported by the researchers' observations throughout the visit and evidenced by photographs the homestay centre taken in the Figure below:



Homestay Operations Center

Source: Researcher Collection

Operation center is also equipped with a computer, chair, meeting desk and air conditioning. The reforms were also found in Homestays A and G. However, they are different from Homestay B where they share an office with the administration village, but have dedicated operating space for the homestay program. These reforms are said to have made it easier for the committees to perform their duties in comfortable conditions.

v) Renewal: Provision of Internet Center

The provision of the internet is an innovation that aims to make things easier online. Therefore, Homestay B has created an internet center for management and tourist use. Respondent comments, "...looking at development of this homestay, we have applied to develop a mini RTC (Rural Transformation Center) aims to provide computer courses and marketing training for the youth here". This construction follows a victory the village in the North Zone Village Product Award. The same innovation has been identified as happening at Homestay G through the respondent's statement, "Before the

building this is MID (Medan Infodesa). In 2014, we requested that it be replaced by mini RTC". Awareness of this need is said not only for use community, even giving satisfaction to tourists.



CHAPTER 5

CONCLUSION

5.1 INTRODUCTION

This chapter is related to the conclusions about the research conducted. It also includes links to previous studies. Next, it is also included with the limitations related to restrictions in the homestay program.

5.2 LINK WITH PREVIOUS STUDIES

Based on Karki, Chhetri, Chaudhary, & Khanal, 2019; Walter, Regmi, & Khanal, 2018) said that homestays are an accommodation format in which the residential architecture, ecological environment and local culture are comprehensively transformed. They are also an important alternative to traditional accommodations (Yuan, Tsai, & Chang, 2018). Based on Jamal, Othman, and Muhammad in 2011, it can not only meet guests' personalised accommodation needs but also play key roles in promoting economic growth, protecting traditional culture and art, and other areas (Karki et al., 2019; Walter et al., 2018). Today, homestays have become a critical part of tourism in many countries (Yuan et al., 2018) and even an important local tourist attraction (Tsujii, Takahashi, Fujita, & Tsuda, 2014), receiving great attention and support from many countries. The number of homestays in some countries (i.e., India, Thailand) has increased sharply (Kulshreshtha & Kulshrestha, 2019; Kontogeorgopoulos, Churyen, & Duangsaeng, 2015), and that in China increased by 126% from 2016 to 2019 (data from the "2020

Annual Research Report on the Homestay Industry" officially released by the China Tourism and Homestay Development Association). In a fiercely competitive market, creating unforgettable accommodation experiences for homestay guests is beneficial to homestay development. Positive lodging memories can not only increase guests repurchase willingness and word-of-mouth (Coelho, Gosling, & António, 2018; Kim, Ritchie, & McCormick, 2012) but is also a key to improving the competitive advantage of homestays for their hosts (Kim & Ritchie, 2014). However, creating positive experience memories for homestay guests is always difficult for the homestay industry (Pan, Lin, & Wang, 2016), and it urgently requires extensive attention from both academia and industry.

5.3 LIMITATION

Homestay programmes can provide uncommon and genuine experiences, but they also have some restrictions. Here are some typical restrictions connected with homestay programmes:

First, there is a limited supply. There are frequently only a few lodging options available for homestay programmes. There might only be a small number of host families or hotel rooms available for visitors, depending on the area and demand. This makes it difficult to accommodate all potential visitors, especially during the busiest travel times. Second, there is no privacy. In comparison to lodging in a hotel or private rental, guests participating in homestay programmes may have less privacy because they share living quarters with host families. The daily schedule and way of life of the host family may require guests to adapt, which may not meet everyone's preferences or expectations.

Secondly, limited independence and flexibility. In most cases, the host families or the programme itself will impose guidelines or limitations on homestay programmes. There may be set mealtimes, curfews, or other house rules that guests must follow. For visitors who would prefer more independence during their stay, this restricted flexibility and independence might be seen as a negative.

It is important for homestay programs to address these limitations proactively, communicate clear expectations to guests, and continuously strive to improve the overall experience to ensure guest satisfaction.

5.4 RECOMMENDATION

The findings of this study should also have a large impact and contribute significantly to the efforts of other homestay programs to innovate. This effort can expose the community to innovation and development that can generate the economy. Next, more rural entrepreneurs can be born based on the emphasis on innovation that has been done in the homestay program. Each participant of the homestay program is advised to be more sensitive to the environment that can be a determining factor for innovation to realise this innovation. As a result, coordinators, businessmen and communities are urged to put more emphasis on the importance of innovation, which requires preparation and a variety of creative ideas.

KELANTAN

5.5 SUMMARY

In summary, this study managed the research by investigating the identification of innovation elements in homestay programs. This study has identified several innovations that were made to the homestays involved. Several reforms and improvements have been made and it has been well received by tourists. This innovation has also helped smooth the relationship between homestay operators and tourists. For example, check-in and check-out of tourists at the registration counter. This study emphasizes the importance of innovation elements at homestay programs.

UNIVERSITI MALAYSIA KELANTAN

REFERENCES

- Aldebert, B., Dang, R. J., & Longhi, C. (2011). Innovation in the tourism industry: The case of Tourism. Tourism Management, 32(5), 1204-1213.
- Alsos, G. A., Carter, S., & Ljunggren, E. (2014). Kinship and business: how entrepreneurial households facilitate business growth. Entrepreneurship & Regional Development, 26(1-2), 97-122.
- Asker, S., Boronyak, L., Carrard, N., & Paddon, M. (2010). Effective Community Based Tourism: A Best Practice Manual. Australia: Sustainable Tourism Cooperative Research Centre.
- Aziz, N. I. A., Hassan, F., & Jaafar, M. (2014). Exploring tourist experiences in Kampung Beng Homestay programme. *Asia-Pacific Journal of Innovation in Hospitality and Tourism (APJIHT)*, 3(1), 1-20.
- Bagus, S. I., Imade, S. U., Nyoman, S. I. A., & Putu, W. S. N. (2019). Community based tourism as sustainable tourism support. Russian Journal of Agricultural and Socio-Economic Sciences, 94(10), 70-78.
- Bhuiyan, M. A. H. (2019). Homestay for Community Based Tourism Development at Kampung Jelawang in Kelantan, Malaysia. *Soc. Sci. J*, *3*, 73-81.
- Boachie-Mensah, F. & Aquah, I.S.K. (2015). The effect of innovation types on the performance of small and medium-sized enterprises in the Sekondi-Takoradi Metropolis. Archives of Business Research, 3(3), 77-98.
- Cosma, S., Paun, D., Bota, M., & Fleseriu, C. (2014). Innovation—a useful tool in rural tourism in Romania. *Procedia-Social and Behavioral Sciences*, *148*, 507-515. https://doi.org/10.1016/j.sbspro.2014.07.073

- Gallagher, K. (2021, May 14). What is community-based tourism? definition and popular destinations. Treehugger. Retrieved December 14, 2022, from https://www.treehugger.com/what-is-community-based-tourism-5181555.
- Gunday, G., Ulusoy, G., Kilic, K., & Alpkan, L. (2011). Effects of innovation types on firm performance. *International Journal of Production Economics*, 133(2), 662-676. https://doi.org/10.1016/j.ijpe.2011.05.014
- Hashim, A. M., Jamalludin, N., Nor, M. N. M., Nazrin, N., Merican, F. M. I. & Ahmad,
 S. S. (2015). Langkawi Homestay: Exploring an innovation aspect in homestay industry. Journal of Tourism, Hospitality and Sports, 8, 14-19.
- Hussin, R. & Kunjuraman, V. (2014). Pelancongan mapan berasaskan komuniti (CBT) melalui program homestay di Sabah, Malaysia. GEOGRAFIA Malaysian Journal of Society and Space, 10(3), 160-174
- Kafetzopoulos, D., & Psomas, E. (2015). The impact of innovation capability on the performance of manufacturing companies: The Greek case. Journal of Manufacturing Technology Management, 26(1), 104-130.
- Kahn, K. B. (2018). Understanding innovation. Business Horizons, 61(3), 453-460.
- Kamila, D. (2016, July 11). *Homestay Malaysia Yang Unik, Lain Dari Yang Lain!* SirapLimau.com., from https://siraplimau.com/homestay-malaysia-senarai-unik/
- Kasim, M.M., Kayat, K. & Ramli, R. (2016). Sustainability criteria for the Malaysia Homestay Program. International Review of Management and Marketing, 6 (S7), 250-255.
- Kayat, K. (2011). Homestay Program as a Tourism Product in Malaysia. Sintok: UUM Press.

- Keling, W., & Entebang, H. (2017). Dayak homestay entrepreneurs innovation characteristics. Ottoman: Journal of Tourism and Management Research, 2(2), 101-112.
- Mapjabil, J., Ismail, S. C., Ab Rahman, B., Masron, T., Ismail, R., & Zainol, R. M. (2017). Homestays-community programme or alternative accommodation? A reevaluation of concept and execution. Geografia-Malaysian Journal of Society and Space, 11(12), 1-8.
- Martínez-Román, J. A., Tamayo, J. A., Gamero, J., & Romero, J. E. (2015). Innovativeness and business performances in tourism SMEs. *Annals of Tourism Research*, *54*, 118-135. https://doi.org/10.1016/j.annals.2015.07.004
- Myers, S. & Marquis, D. (1969). Successful Industrial Innovation: A Study of Factors

 Underlying Innovation in Selected Firms. Washington: National Science

 Foundation.
- Nair, V., & Hamzah, A. (2015). Successful community-based tourism approaches for rural destinations. *Worldwide Hospitality and Tourism Themes*, 7(5), 429-439. https://doi.org/10.1108/WHATT-06-2015-0023
- Nieves, J., Quintana, A., & Osorio, J. (2014). Knowledge-based resources and innovation in the hotel industry. *International Journal of Hospitality Management*, *38*, 65-73. https://doi.org/10.1016/j.ijhm.2014.01.001
- Piening, E. P., & Salge, T. O. (2015). Understanding the antecedents, contingencies, and performance implications of process innovation: A dynamic capabilities perspective. *Journal of Product Innovation Management*, 32(1), 80-97.
- Ramele, R., Juchi, Y., Ibrahim, M. N., Isnin, Z., & Safiee, L. S. (2017). The Evolution of Homestay Tourism in Malaysia. Pertanika Journal of Social Science and Humanities, 25, 301-306

- Resilience and Sustainability Strategies of Malaysian Homestay Program from http://journalarticle.ukm.my/19828/1/53265-184772-1-PB.pdf
- Robinson, P., & Wiltshier, P. (2011). Community tourism. *Research themes for tourism*, 87-99.
- Ronningen, M. (2010). Innovation in the Norwegian Rural tourism industry: Results from a Norwegian survey. The Open Social Science Journal, 3, 15-29.
- Sakdiyakorn, M. & Sivarak, O. (2016). Innovation management in cultural heritage tourism: experience from the Amphawa waterfront community, Thailand. Asia Pacific Journal of Tourism Research, 21(2), 212-238
- Silverman, D. (2006). Interpreting Qualitative Data: Methods for Analyzing Talk, Text and Interaction. London: SAGE Publications
- Suflarruddin, S. H., Jaafar, M., & Rahman, S. (2021). Keupayaan Pelaksanaan Inovasi
 Produk dalam Program Homestay di Semenanjung Malaysia. Jurnal Pengurusan,
 61, 109-120.
- Vajirakachorn, T., & Nepal, S. K. (2014). Local perspectives of community-based tourism: case study from Thailand's Amphawa Floating Market. *International Journal of Tourism Anthropology*, *3*(4), 342-356.
- Yiamjanya, S. (2016). Endogenous and Exogenous Factors for e-Marketing Technology and Innovation in Homestay Establishments: A Case Study of Samut Songkhram Province, Thailand. Journal of Economics, Business and Management, 4(1), 40-46.
- Yin, R. K. (2014). Case Study Research. Design and Methods, 5th ed. California: SAGE Publications



UNIVERSITI
MALAYSIA
KELANTAN