

The Innovation Elements of Homestay Programmes on the East Coast of Malaysia

Nor Syuhada Zulkefli

Universiti Malaysia Kelantan, Malaysia
syuhada.z@umk.edu.my

Zaimatul Awang

Universiti Malaysia Kelantan, Malaysia
zaimatul@umk.edu.my

Suhaida Herni Suffarruddin

Universiti Malaysia Kelantan, Malaysia
suhaidaherni@usim.edu.my

A lack of awareness among homestay operators regarding the significance of innovation implementation contributes to the incompetence of some homestay programmes. This study intends to investigate the types of innovative homestay programmes that were implemented to be sustainable and competitive in the advanced sector. This study applied the qualitative approach, in which in-depth interviews were conducted with the homestay coordinators focused on the impact of innovation implementation, and the collected data were analysed using the content analysis technique. There were seven registered homestay programmes with fourteen respondents on the East Coast of Malaysia which met the criteria of this study. The results indicated that the homestay programmes have adopted product innovation regarding lodging, activity packages, and businesses. According to the findings, homestay programmes have four types of innovation: (1) product and service innovation; (2) marketing innovation; (3) management innovation; and (4) process innovation. This study will aid in enhancing the quality of the accommodation experience for homestay visitors and will guide the sustainable growth of the homestay business. This research contributes to the body of knowledge through the innovation types of homestay programmes. This finding is beneficial to the industry players as a benchmark for stakeholders in planning the strategies of homestay programme development.

Keywords: homestay programmes, innovation, qualitative, East Coast of Peninsular Malaysia

 <https://doi.org/10.26493/2335-4194.16.233-246>

Introduction

With the rapid growth of the nation's economy, tourism development is also rapidly evolving, and travellers continue to have new demands for tourism items.

One of the components of tourism activities is 'living,' which continuously evolves, introducing new ideas. The growth of homestays has partially satisfied the needs of some tourists. Homestays are a type of lodg-

ing in which the house design, ecological surroundings, rural environment and local culture (Karki et al., 2019; Walter et al., 2018). They are also an essential alternative to conventional lodgings (Yuan et al., 2018). It can play crucial roles in fostering economic growth, preserving traditional culture and art, and other sectors (Jamal et al., 2011) in addition to meeting the tailored accommodation demands of guests (Karki et al., 2019; Walter et al., 2018).

Today, many nations recognize and actively promote homestays as an integral sector of their tourism industries (Yuan et al., 2018), with some even recognizing them as a major local tourist attraction (Kunjuraman, 2019). One of Malaysia's most popular forms of ecotourism is the homestay programme. Homestay tourism is one of the significant sectors of Malaysian community-based tourism in which the aim is to increase the society's income from tourism activities and sharing the tourism profits and benefits with every part of the rural areas.

The Homestay Programme organization in Malaysia was founded in 1995 to provide visitors with a unique and enjoyable experience, including lodging, food and drink preparation, activity packages, and community product enterprises (Ramele & Yamazaki, 2020; Suffarruddin et al. 2020). Such speedy progress, particularly in the technological sphere, has provided openings for Homestay Programme operators to grow their businesses (Osman & Zakaria, 2020). However, the Ministry of Tourism, Art, and Culture (MOTAC) data shows that from 2011 to 2019, nearly 60% of homestay programmes consistently declined visitor numbers (MOTAC, 2021). MOTAC is the main actor in the programme and manages the procedure of homestay registration.

Considering that tourist consumers' needs and expectations are always evolving, the tourism industry's market structure is inherently fluid and difficult to predict (Durán-Sánchez, 2019). Given this, the tourism industry player must keep up with the times by incorporating new ideas. For the tourist industry, which is subject to constant transformation, innovation is considered the key to maintaining a competitive edge and achieving high levels of performance (Ambrož & Omerzel, 2018; Isik, 2022; Krizaj, 2020). So, it is crucial

that those who provide the tourist offer, including the hotel offer, think about how they might incorporate new products, services, and procedures (Brooker et al., 2012). When new ideas are put into action, differentiation opportunities emerge through the development of core competencies, and creative features in the homestay industry are shaped. It is well acknowledged that innovations are a major contributor to success in the business world. Increased global competition, shorter product life cycles, improved technology capabilities, and ever-rising consumer demands are all contributing to a heightened awareness of their significance in today's world. According to Schumpeter, innovation is the creation of new opportunities for added value, taking into account not only the usual product or process innovation of manufacturing but also market, organizational, and resources input innovation (Martínez-Ros & Orfila-Sintes, 2009; Krizaj, 2020).

A recent study has shown that the manufacturing sector is more likely to be the centre of innovation than the tourism industry (Martinez-Roman et al., 2015; Sakdiyakorn & Sivarak, 2016; Boachie-Mensah & Acquah, 2015; Kafetzopoulos & Psomas, 2015; Rosli & Sidek, 2013). The majority of tourism innovation studies have only dealt with the topic on a theoretical level, focusing on the topic of demands and barriers to innovation (Birgit et al., 2018). Therefore, this research aims to investigate how homestay programmes might use novel strategies to ensure their long-term viability and competitiveness in the modern hospitality sector. There have been significant shifts in the hotel and tourism sector in recent years. The necessity to provide innovation is influenced by external variables like rivalry, rising visitor demand and novel distribution channels. According to Ambrož and Omerzel (2018), business innovation is a difficult and complicated process. Also, it is a systematic process that can help the organization do well in new markets, with new customers, in specific market positions, and by giving existing customers something new. Thus, to a great extent, innovation studies in tourism still rely on explorative and qualitative situations where the phenomenon is studied and described from a number of viewpoints where rigid definitions are less prominent.

Literature Review

Homestay Programmes

The concept of community-based tourism (CBT) was first introduced in the mid-1990s (Asker et al., 2010) through community involvement in providing tourism products for economic, social, and political empowerment (Sustainability Leaders United, 2020). According to Jamaludin et al. (2012), CBT is the community's responsibility and ability to make decisions. CBT is a community development strategy that improves rural communities' capacity to organize and manage tourist resources while assuring local participation (Nair & Hamzah, 2015). In a Malaysian homestay programme, visitors live with the host family and become fully absorbed in the culture and way of life of the country (Sustainability Leaders United, 2020). A homestay is a type of housing offered as part of tourism that gives travellers or visitors a taste of rural or kampong living (Nair & Hamzah, 2015). It is a type of private lodging that allows guests to stay with a host family for a certain amount of time in a fully equipped home. Homestay programmes in Malaysia, unlike those in other parts of Southeast Asia, are typically run in rural settings and are governed by the government in terms of certification, training, monitoring, and financial assistance (Sustainability Leaders United, 2020). However, they face competition from commercial homestays operated by the community in both urban and rural areas (Kunjuraman, 2019), where the hosts do not always live together with the guests.

In Malaysia, the homestay programme was placed under the Rural Tourism Master Plan in 2011, which aims to encourage the involvement of rural communities in the tourism industry (Ismail & Daud, 2020). This is in line with Malaysia's tourism policies that have been formulated and given attention by the government to develop the homestay programme. However, the government statistics report shows almost 36 per cent (70 homestay programmes) experienced a decline in tourist arrivals over the last five years from 2011 to 2016 (Suffarruddi et al., 2021; MOTAC, 2021). As a result, nearly ten homestay programmes had either withdrawn or dropped their MOTAC business registration. Kasim et al. (2016) found that the decline in tourist arrivals has affected the income of homestay

operators to the point where they are no longer able to survive in the business. In addition, one of the most prominent contemporary challenges is to ensure the sustainability and competitiveness of homestay programmes (Gossling et al., 2020; Janjua et al., 2021). As part of the tourism industry, hospitality services, such as homestay programmes, must adopt innovative elements and offer new trends in their business operation because their services are dependent on constant changes in the tourism market (Ismail & Daud, 2020). Tourism is a dynamic sector that requires innovations to answer the changing and demanding needs of tourists. Therefore, it is important that providers of tourist services take into consideration new products, services, and processes (Brooker et al., 2012).

Domestic and international research on homestays is extensive. Kunjuraman (2019) examined the impact of information technology and customer relationship management practices on the performance of homestays and recommended that homestays strengthen customer relationships, enhance homestay performance, and enhance information technology in order to be more competitive in the industry. In addition, Sakdiyakorn & Sivarak (2016) discovered that local people's lack of understanding and awareness in managing the community's attractions in sustainable ways has led to a slow reduction in the traditional. Previous studies in Malaysia have highlighted the limitations of indigenous human capital. The development of community-based Homestay tourism may be hindered by a lack of education, information, skills, and experiences in tourism, which adds to unsustainable tourism (Kunjuraman, 2019).

Concepts 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., 2015; Ngo & O'Cass, 2009) that refers to the potential and ability to produce innovative products or services. This involves the use of knowledge and ideas to produce something new in order to benefit the organization and stakeholders. Continuous improvement is also important through adding value to existing efforts (Hogan et al., 2011).

Schumpeter (1934) 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 Organisation for Economic Co-Operation and Development (OECD) (2015), 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; Esquivel et al., 2021). This approach is also in line with the economic objective, which is to create innovation and difference to achieve business growth (Sundbo, 2009) as well as survive in the market (Jiménez-Jiménez & Sanz-Valle, 2011). Existing concepts that are reused or implemented in different contexts for diverse client groups constitute another aspect of innovation. When considering which products and services would offer value for their customers, the hotel industry has a multitude of possibilities from which to pick (Nieves et al., 2014). 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. Today’s tourists desire particular experiences linked with the cultural history of a destination. The competitive advantage of a tourism destination can be derived from lodging structures that are innovative in relation to the destination’s cultural history and offer tourists unique experiences that tell the tale of the past in the present.

In tourism research, the Schumpeterian approach to search for innovation categories has been implemented to some extent. Some scholars also use these four types of innovation in their studies, such as hospitality studies (Nieves et al., 2014; Esquivel et al., 2021)

and various tourism enterprises (Ronningen, 2010). There are four types of innovation that have been used in depth by past researchers.

Product and Service Innovation

Product and service innovation is defined as something offered based on new ideas (Myers & Marquis, 1969) and aims to provide various options to customers. Innovation is also an initiative that parallels the development of current technology and global competition (Gunday et al., 2011). The production of new products and services also refers to originality and uniqueness, which involves modifying an existing product to attract the attention of consumers (Boachie-Mensah & Acquah, 2015). Furthermore, the reform of existing products and services to new products and services can bring change (Rosli & Sidek, 2013).

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 another context, Danneels and Kleinschmidt (2001) looked at product innovation from the perspective of customers and firms. From the customer perspective, innovation aims to attract the attention of new customers (Hassan et al., 2013) by making modifications to existing products according to their needs. Product innovation has also become one of the important sources of competitive advantage for a firm (Camisón & Villar-López, 2014) because it improves product quality and at the same time contributes to increasing market distribution and business performance (Hassan et al., 2013).

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., 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 are accommodation (Uran Maravić, 2016; Martínez-Román et al., 2015; Sakdiyakorn & Sivarak, 2016), food preparation (Keling & Entebang, 2017; Martínez-Román et 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). The findings suggest that innovation of products and service improvement initiatives are important in the tourism industry, including for small businesses in rural areas.

Process Innovation

Process innovation means the implementation of new elements and improvements in production techniques or delivery methods (OECD, 2015). Polder et al. (2010) defines process innovation as the introduction of novel production techniques, management strategies, and technology that may be utilized to enhance production and management processes. In other words, process innovation refers to remodelling and improving internal operations of business processes (Boachie-Mensah & Acquah, 2015). This includes the improvement of equipment, technological advances, skill techniques, and the latest software used to improve production and delivery methods (Hassan et al., 2013; Oly Ndu-bisi & Iftikhar, 2012).

Process innovation involves many aspects related to firm functions such as technical design, research and development (R&D), manufacturing, management, and commercial activities (Hassan et al., 2013). In the tourism industry, process innovation involves significant changes in techniques, equipment, and software that can reduce costs while improving production quality (Aldebert et al., 2011) and solving technical problems (Camisón & Monfort-Mir, 2012). Based on previous studies, process innovation refers to the delivery method of output, the use of technology to improve the quality and effectiveness of services, and the application of new technology and equipment (Martínez-Román et al., 2015). In cultural heritage tourism, process innovations are included in the new methods in providing a more interesting experience to tourists through different and unique alternatives (Sakdiyakorn and Sivarak, 2016). Thus, this study highlights that the innovation process is a way or method to improve and accelerate to stay competitive in the industry.

Marketing Innovation

Marketing innovation is defined as the renewal and improvement of new marketing techniques (Hassan et al., 2013) that enable firms to enter and penetrate the target markets. The implementation of marketing innovation involves an increase in advertising and promotion activities. Marketing innovation also involves the firm's ability to introduce and sell products according to consumer needs, competitive conditions, costs and benefits and the level of innovation acceptance (Yam et al., 2011). Atalay et al. (2013) and Gunday et al. (2011) stated that marketing innovation can increase sales through the implementation of something better in meeting customer needs, opening new markets or changes in product placement in the market. Therefore, firms need to bring marketing innovation to produce a more efficient business (Polder et al., 2010). Previous research has focused on empirical studies to see the relationship between marketing innovation and performance. For example, studies in the manufacturing sector have proven that marketing innovation and business performance have a strong positive relationship (Boachie-Mensah & Acquah, 2015; Hassan et al., 2013; Kafetzopoulos & Psomas, 2015).

Similarly, researchers in the tourism industry also emphasize marketing innovation as an effort to give satisfaction to customers and increase sales (Aldebert et al., 2011). This innovation involves the renewal and improvement of promotional techniques and channels, the use of new media, and product placement and market prices (Cosma et al., 2014; Nieves et al., 2014; Ronningen, 2010; Sakdiyakorn & Sivarak, 2016). Sakdiyakorn and Sivarak (2016) proved marketing innovation as an opportunity to attract tourists to cultural heritage tourism. This is followed by a study by Yiamjanya (2016), who found that technological progress has contributed to the development of homestay and business programmes in local tourism destinations.

Management Innovation

Management innovation is a terminology synonymous with organizational innovation that was introduced by Schumpeter (1934). Furthermore, many recent scholars have adopted the term 'management

innovation' in their studies (Damanpour & Aravind, 2012; Sakdiyakorn & Sivarak, 2016). Management innovation is studied in various disciplines such as strategic management, entrepreneurship, and marketing.

In the tourism industry, management innovation is an effort to implement new changes involving management methods that can improve the company's effectiveness (Cosma et al., 2014; Ronningen, 2010). Previous studies were done on the renewal and improvement of information management systems (Camisón & Monfort-Mir, 2012), administrative structures (Booyens, 2012), and collaborative relationships (Booyens, 2012; Camisón & Monfort-Mir, 2012; Nieves et al., 2014; Sakdiyakorn & Sivarak, 2016), human management (Booyens, 2012; Camisón & Monfort-Mir, 2012; Sakdiyakorn & Sivarak, 2016) and workplace organization (Nieves et al., 2014; Sakdiyakorn & Sivarak, 2016).

In conclusion, most studies have used all four types of innovation – product or service innovation, process innovation, marketing innovation, and management innovation – as an effective strategy to meet consumer needs while maintaining a competitive advantage. Innovation is seen as an important aspect of differentiating services' success and survival in many international markets (Hanaysha & Hilman, 2015).

Methodology

A qualitative approach using face-to-face interviews has been undertaken with the homestays' providers. In Malaysia, the East Coast is one of the most remote areas but still rich in natural resources, uniqueness of culture, distinctive rural living, and active commercial activities, making it very attractive and competitive as a tourist destination. According to MOTAC (2021), the homestay programmes located in the East Coast of Malaysia have received higher demands from international tourists for rural homestays. According to statistics of the Homestay Provider report by MOTAC in 2021, there are 16 homestay programmes in the East Coast of Peninsular Malaysia registered with MOTAC. There were four criterion selections used for this study, which are (1) the homestay is still active with MOTAC; (2) has received the highest number of tourists/guest arrivals after COVID-19; (3) has received awards; and (4) have enough time to participate in the interview

Table 1 Profile of Respondents

No./homestay	Location	Sex	Age	Position
1 Homestay A	Terengganu	Male	40	Manager
		Male	47	Owner
2 Homestay B	Terengganu	Male	45	Admin
		Female	38	Admin
3 Homestay C	Terengganu	Female	39	Manager
		Male	49	Host
4 Homestay D	Pahang	Female	46	Admin
		Female	37	Host
5 Homestay E	Pahang	Male	46	Manager
		Male	52	Technician
6 Homestay F	Kelantan	Male	48	Manager
		Female	38	Admin
7 Homestay G	Kelantan	Female	40	Manager
		Male	46	Host

conducted. Therefore, the study conducted in-depth interviews with fourteen operators of the Seven (7) homestay programmes on the East Coast of Malaysia in May 2022. The respondents were interviewed in person in Malay and each interview was recorded. Table 1 shows the profile of respondents involved in this study.

The questions for semi-structured interviews have been developed based on Schumpeter's (1934), which are included four categories of tourism innovation. Products and services innovations, management innovations, marketing innovations, and process innovations were the four categories of innovations that these queries tried to distinguish. Most interviews lasted between thirty minutes to one hour, and then data collected afterwards, or transcripts of the interviews were evaluated. Table 2 shows the types of interview questions for this study.

The interviews were recorded and then transcribed by hand to extract the most important information. The tapes were listened to many times to ensure the accuracy of the transcribing process. For the sake of familiarity and to get ready for coding, the raw data were read many times. Second, open coding was used to create the code frames. Nvivo 8.0 was used to or-

Table 2 Interview Questions

Types of Innovation	Types of questions	Sources
Product	How are the products and services offered? Based on Mr./Mrs. experience over X years, have there been any reforms and improvements made to the products and services offered? If yes, explain. What is the uniqueness of this homestay programme compared to other homestays?	Keling & Entebang, (2015; 2017); Martínez-Román et al. (2015); Nieves et al. (2014); Ronningen (2010); Sakdiyakorn & Sivarak (2016)
Management	What has been the management system of this homestay programme from the beginning of its establishment until now? Based on Mr./Mrs. experience over X years, have there been reforms and improvements made to management activities? If yes, explain.	Ronningen (2010); Sakdiyakorn & Sivarak (2016)
Process	Are there processes carried out in the homestay programme such as the production and delivery of products and services using new technology? Based on the experience of Mr./Mrs. Over X years, have there been reforms and improvements to the process? If Yes, explain.	Martínez-Román et al. (2015); Nieves et al. (2014); Ronningen (2010); Sakdiyakorn & Sivarak (2016)
Marketing	How are the marketing techniques used to promote this homestay programme? Who is involved or is there a responsible party/member? Based on Mr./Mrs.'s experience over X years, have there been reforms and improvements made to marketing activities? If Yes, explain.	Sakdiyakorn & Sivarak (2016); Yiamjanya (2016)

ganize the transcribed interviews. For analysis purpose, the researcher was given access to both numeric and non-numerical, unstructured data. One method utilized to ensure the accuracy of the transcripts was member checking, which involved submitting preliminary findings to interviewees for confirmation.

Results and Discussion

This paper analysed the data obtained from the interview transcripts according to four categories of innovations. Category A involved product and service innovation; Category B is marketing innovation; Category C was about management innovation; and Category D involved process innovation as shown in Table 3.

Category A: Innovation Products and Services

Based on the respondents' explanations, the products and services offered can be classified into four categories, namely (1) The creation of a new concept

of accommodation; (2) Rural activity experience; (3) Hospitality; and (4) Small and Medium Enterprises (SMES).

Accommodation is the main product offered by providing space or room as a place for tourists to stay, where each house has a different number of rooms. This study found that seven homestay programmes have carried out this reform where, according to the respondent Homestay C, 'By the era after 5 to 10 years, the accommodation has changed towards *kampungstay*. Most of the tourists who come are those who live in *kampungstay*.' He also explained the form of *kampung stay*, that is, 'there are several rooms built next to the homestay house.' According to the respondent, 'There are various types of rooms made of wood and also in the form of cabins. We provide standard and family rooms. So, tourists can choose the type of room they like.'

Traditional and modern house-themed accommodation has been developed with the addition facilities,

Table 3 Themes and Sub-Themes of Innovation in Homestay Programmes

Themes	Sub-themes of innovation	Density
Product and services innovation	Creation of a new concept of accommodation	14
	Rural activity experience	14
	Hospitality	13
	Small and Medium Enterprise	10
Marketing innovation	Dissemination through traditional media	12
	Participation in commercial programmes	6
	Interweaving business ventures of external agencies	8
	Use of the digital medium	10
Management innovation	Systematic administrative structure	11
	Improvement of the information system management	13
Process innovation	Improvement of food service	14
	Improvement of the registration process	10

Notes $n = 14$.

such swimming pool in order to provide a different and exciting experience to tourists. This transformation is seen as an effort to guarantee loyalty and meet the needs of tourists who prefer private accommodation (Suffarruddin et al., 2021) and at the same time to be able to provide a variety of accommodation options (Ramele & Yamazaki, 2020).

The village activity experience provided is in the form of a package that has its own uniqueness depending on the advantages of each destination. It was found that all homestay programmes have implemented various forms of innovation to attract tourists. The result shows that all homestay programmes tend to create new activities in the form of leisure and recreation. According to R4 (Homestay B), 'We need to make reforms to attract young people to the village, such as offering rugged activities.' This was supported by R8 from Homestay D by stating, 'Now, we have to follow the changes and interests of tourists. Some people like to go to the hills, the forest, and the sea.' This innovation is an initiative to attract the attention of tourists who are in the eco-tourism area. Meanwhile, there are some homestays that create new packages by taking tourists to visit interesting places around the area. For example, R10 from Homestay E explained, 'We provide activities such as river cruises where tourists can go around, want to fish [sic], visit the surround-

ings of Kuala Langat District up to Jugra. There is also an international paragliding place here.' This effort is parallel to Homestays A and C which take tourists by bus to some interesting tourist destinations. Suffarruddin et al. (2021) emphasize that such activities are usually able to offer natural enjoyment to tourists and are abundant in rural areas that are rich in natural resources.

Hospitality is something that is often paid attention to by all homestay programmes in providing the best service to tourists. The results of the analysis found that the innovations carried out can be divided into two levels, namely renewal in terms of hall construction and improvements involving the addition of hall facilities and improved service techniques. Respondent Homestay A commented on this need: 'When it is successful and tourists increase, we make the paperwork for the construction of the hall. This is for cultural performances because the existing hall is quite small.' According to Homestay A respondents, 'Improvements among homestay operators have increased in terms of welcoming guests.'

It was found that all homestay programmes tend to increase various types of output such as food, agricultural products, handicrafts, and health products. The variety of food-based products has been intensified by SMES Homestays A and D where the respondent

of Homestay A stated, 'We used to focus on traditional cakes such as *bahulu* and *tempeyek*. Now we have produced fish and pickled meat. This is village food that is produced by [the village] itself and sold through this homestay programme.' This heritage food is said to have managed to enter the overseas market through sales to tourists who visit. This initiative can give tourists a different experience to enjoy the beauty of the village (Sakdiyakorn & Sivarak, 2016). This proves that process innovation is very important to ensure that the products and services offered to tourists can be infused with a difference that has its own uniqueness.

Category B: Marketing Innovation

Marketing is also a key aspect of destination competitiveness. Based on the respondents' explanations, the marketing innovations found can be classified into four techniques, which are (1) Dissemination through traditional media; (2) Participation in commercial programmes; (3) Interweaving business ventures of external agencies; and (4) Use of the digital media.

This study found that four homestay programmes implement this reform in an effort to promote their packages. According to Homestay C respondents, 'Malaysian Radio and Television Stations are synonymous with us. In 2014, we recorded the preparations for *Aidiladha* and broadcast it in the *Nasi Lemak Kopi O* slot. Then in 2015, we showed the first Eid atmosphere [sic] recorded at the chairman's house through the programme *Selamat Pagi Malaysia*.' The display of this atmosphere is said to be able to attract viewers to the homestay programme to see and feel for themselves the package offered. Suffarruddin et al. (2021) found that broadcasting stations are an easy channel for tourists to obtain information about homestay programmes. However, in this study, this innovation was only carried out by a small number of homestay programmes, because it required relatively high preparation and expense costs.

Most of the respondents who responded also said that the website needs to be better kept up to date and maintained: some of the people who were listed on the website had already left. It was also decided that brochures, maps, and pamphlets with a list of the ac-

tivities available in the homestay package were needed. These pieces of advertising help people who might want to visit know more about what they can do there. Also, tourists who drive themselves to homestays will find it easier to locate each one thanks to better signs. This idea is shared by the five homestays that were studied. According to the R4 from Homestay B, 'In addition to using the website provided by MOTAC, we also created our own website to facilitate promotion.'

This means that they will manage marketing according to their own wishes. This new creation is also implemented in Homestays D and F through developing their own website. Besides that, Homestays E and H rely on the entrepreneur themselves and according to the response by R13 (Homestay G), 'There are also the offspring of entrepreneurs who are skilled at advertising online. Therefore, they will create their own website.' This innovation is the entrepreneurs' effort to enhance the advertising of their homestays. This finding is in line with previous findings involving homestays in Thailand (Yiamjanya, 2016) and other tourism industries (Camisón & Monfort-Mir, 2012; Cosma et al., 2014; Sakdiyakorn & Sivara, 2016), who also showed significant marketing innovation in their business.

Category C: Innovation Management

Referring to the respondents' explanations, the innovations found can be classified into three categories, namely (1) Systematic administrative structure; and (2) creating a new management organization.

The study discovered that competent people are a vital asset in a company in order to start a better management journey in terms of the systematic administrative structure. The same is true for the homestay programme, where Homestays E and F have emphasized the reform of hiring competent workers as a way to raise the calibre of human resources. 'My son went through a course and practice in the hospitality business and now he has a degree,' said Respondent 11 from Homestay E explained that they have someone with previous office experience. They were therefore employed to assist in running this homestay. This result is consistent with other research that discovered this initiative is crucial for enhancing human resource management (Sakdiyakorn & Sivarak, 2016; Camisón &

Monfort-Mir, 2012), especially through hiring knowledgeable and skilled workers (Ronningen, 2010).

The result showed that there are four homestays that have made changes to their administration by establishing an executive body to manage their respective homestay programmes, for example, in Homestay E, where according to the respondent, 'We have been under our own association that was formed solely to manage homestays.' This approach is parallel to Homestays A and G where they have established a cooperative to help with administration. Besides that, the homestay management might also consider encouraging the local youth to be more actively involved in the programme. Most of the homestay programme operators are in their 40s and 50s. According to R3,

In my opinion, most of the people who participate in homestay activities are adults over the age of 40. I hope that the management can find a way to get more local youth to take part in the homestay programme so that they can continue to run it in the future.

This finding is in line with the findings from Cami son and Monfort-Mir (2012), Sakdiyakorn and Sivarak (2016), and Nieves et al. (2014) in the study of management innovation for other tourism industries as an effort to improve the quality of the workplace. Although only one homestay implemented this innovation, the innovation has proven that the management of the homestay programme is the area to focus on as management innovation can keep the homestay business more alive compared to other tourism products.

Category D: Innovation Process

Referring to the respondents' explanations, the innovations process found can be classified into two categories, namely (1) improvement of food services, and (2) improvement of the registration process.

Based on the respondents' explanations, process innovation is often linked to the products and services offered. Among them are reforms in terms of providing registration counters and improving the method of preparing food and transportation for tourists. The most significant process innovation is the provision of

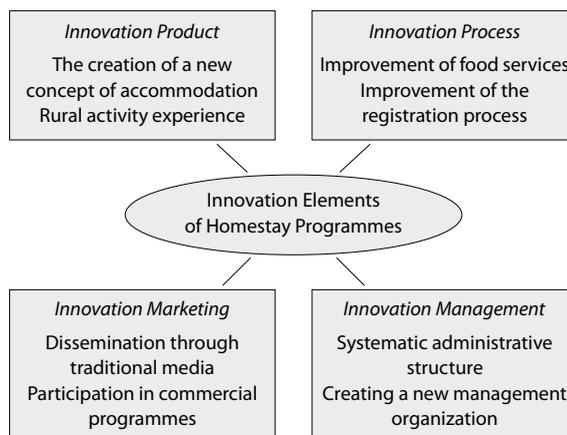


Figure 1 The Innovative Elements of Homestay Programmes in the East Coast of Malaysia

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-ins and check-outs happen here.' This counter is based in the kampung stay area, which is equipped with computers and software to record tourist data, including use for all administrative and marketing matters. The respondents explain that 'All data has been recorded using a computer.'

Online booking was another much sought-after feature identified by the visitors which could have made their booking experience easier. Booking.com allows the homestay owner to interact directly with prospective guests and makes it easier to communicate with the guests prior to arrival and see guest reviews after staying in the homestay. For example, one of the Homestay programmes, encompassing Homestays B and D said that 'We have simplified administrative affairs by providing a specific space for homestay managers...'

This innovation is in line with Aldebert et al. (2011) and Yiamjanya (2016), who find that the software and system used can reduce costs and improve business quality. However, this innovation is only found in a small number of homestay programmes, according to their respective ideas and abilities. Furthermore, this initiative requires individuals with expertise in

the field of technology (Booyens, 2012; Hjalager, 2010; Ronningen, 2010).

Concisely, Figure 1 illustrates the innovative elements of Homestay Programmes.

Conclusion

As suggested by Mapjabil et al. (2015), the need to focus more on the innovation of homestay programme to become a competitive industry and improve homestay performance to achieve better live for community. The role of community and agency is important and crucial for this programme to sustain and develop in the near future. An innovative aspect of the programme needs to be explored in terms of providing more variety and alternatives in tourism products. Innovation is important to ensure the sustainability of small and medium community businesses. In addition, the business expansion in homestay programmes needs to explore their unique character in local culture (Ye et al., 2018). Homestay businesses should thus make extensive use of local cultural values in their designs, with the result being establishments that accurately convey the nature and character of a genuine rural community-based service.

Despite the problem concerning the homestay operators, some possible explanations and solutions were identified in this study. Most of the homestay operators never experienced being tourists nor they have ever been exposed to foreign cultures and foreign homestay experiences. Most of them have come about operating a homestay through learning from others' experiences. The aesthetics of the homestay environment and generating a distinctive homestay atmosphere are highly valued in this research. As a result, homestay hosts should pay attention to how the setting is created to fully satisfy guests' needs for their aesthetic satisfaction throughout their stay. Thus, hosts should first thoroughly explore the aesthetic elements of life in combination with accommodation products (such as space design, decoration style, catering plates, toiletries, etc.) and homestay activities. Additionally, to establish a distinctive 'host culture,' homestay hosts should concentrate on a particular aspect rather than overtly pursuing the cohabitation of innovation and authenticity. As a result, homestay hosts should pro-

vide experiences and activities that reflect the local culture, such as educating visitors on how to prepare unique products like local food and local crafts. This could make the hosting homestay more competitive and adapt to the change in tourist demand.

Besides this, hosts of homestays should create their own marketing channels. To improve communication and connection with visitors, these channels can be utilized to promote certain special activities, such as contests for creative solicitations and writing. The use of social media like TikTok, Instagram and Facebook are platforms that can be used by homestay operators to promote their products and services. The use of this platform could reach many tourists in all parts of the world. A catchy and interesting promotion should be posted on a regular basis to make the homestay accommodation look lively and interesting.

The small sample size, a result of time constraints, could be considered a drawback of this study. This study may not be able to determine every contributing variable or explain every process by which the surrounding environment influences the development of pleasant memories of homestay experiences. Thus, to better understand the function of the environment in the construction of good accommodation memories, future studies can combine quantitative and qualitative study methodologies.

The results of this study prove that the implementation of innovations is very important in rural areas of the East Coast of Peninsula Malaysia, including a homestay programme. The effect of innovation elements is important to encourage community engagement and involvement. It offers the experience of living in the village or countryside with the villagers, the learning process of culture, and the enjoyment of natural and beautiful ambiance. Thus, innovations are part of improving the tourism destination to sustain and be competitive in the tourism industry. In the future, the implementation of innovation for each homestay programme can be studied for the impact of innovation not only visible in the performance of the homestay programme, such as the increasing number of tourist arrivals and income generation, but even involve the achievements of the homestay. The homestay programmes' innovative elements need to be ex-

plored in terms of providing more variety and alternatives in terms of product, marketing, management, and process in the tourism industry. Meanwhile, the impact of innovation can be seen through the increase of homestay entrepreneurs, including entrepreneurs' accommodation and SME entrepreneurs.

Acknowledgments

This paper has been written in the frame of the research grant with the title 'Exploring Innovation Elements in the East Coast Homestay Programmes.' This research has been financially supported by the Universiti Malaysia Kelantan with code research R/FUND/A1100/01868A /001/2022/01009.

References

- Aldebert, B., Dang, R. J., & Longhi, C. (2011). Innovation in the tourism industry: The case of Tourism. *Tourism Management*, 32(5), 1204–1213.
- Ambrož, R., & Omerzel, D. G. (2018). Business model innovation in tourism: How to survive in highly competitive environments. *Academica Turistica*, 10(2), 175–183.
- Asker, S., Boronyak, L., Carrard, N., & Paddon, M. (2010). *Effective community-based tourism: A best practice manual*. Sustainable Tourism Cooperative Research Centre. https://www.apec.org/docs/default-source/Publications/2010/6/Effective-Community-Based-Tourism-A-Best-Practice-Manual-June-2010/210_twg_CommunityBasedTourismWEB.pdf
- Atalay, M., Anafarta, N., & Sarvan, F. (2013). The relationship between innovation and firm performance: An empirical evidence from Turkish automotive supplier industry. *Procedia-Social and Behavioral Sciences*, 75, 226–235.
- Birgit, P., Mike, P., & Chung-Shing, C. (2018). Needs, drivers and barriers of innovation: The case of an alpine community model destination. *Tourism Management*, 25, 53–63.
- 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.
- Booyens, I. (2012). Innovation in tourism-a new focus for research and policy development in South Africa. *Africa Insight*, 42(2), 112–126.
- Brooker, E., Joppe, M., Davidson, M. C., & Marles, K. (2012). Innovation within the Australian outdoor hospitality parks industry. *International Journal of Contemporary Hospitality Management*, 24(5), 682–700.
- Camisón, C., & Monfort-Mir, V. M. (2012). Measuring innovation in tourism from the Schumpeterian and the dynamic-capabilities perspectives. *Tourism Management*, 33(4), 776–789.
- Camisón, C., & Villar-López, A. (2014). Organizational innovation as an enabler of technological innovation capabilities and firm performance. *Journal of Business Research*, 67(1), 2891–2902.
- Cosma, S., Paun, D., Bota, M., & Fleseriu, C. (2014). Innovation: A useful tool in rural tourism in Romania. *Procedia-Social and Behavioral Sciences*, 148(6), 507–515.
- Damanpour, F., & Aravind, D. (2012). Managerial innovation: Conceptions, processes and antecedents. *Management and Organization Review*, 8(2), 423–454.
- Danneels, E., & Kleinschmidt, E. J. (2001). Product innovativeness from the firm's perspective: Its dimensions and their relationship with project selection and performance. *Journal of Product Innovation Management*, 18(6), 357–373.
- Durán-Sánchez, A., Álvarez-García, J., Cruz del Río-Rama, M. de la, & Rosado-Cebrián, B. (2019). Science mapping of the knowledge base on tourism innovation. *Sustainability*, 11(12), 3352.
- Esquivel, M. H., Martínez, E. E. V., Cruz, A. D., & Hincapié, J. M. M. (2021). Sustainable innovation: Concepts and challenges for tourism organizations. *Academica Turistica*, 14(2), 175–187.
- Gossling, S., Scott, D., & Hall, C. M. (2020). Pandemics, tourism and global change: A rapid assessment of COVID-19. *Journal of Sustainable Tourism*, 29(1). <https://doi.org/10.1080/09669582.2020.1758708>
- 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.
- Hanaysha, J., & Hilman, H. (2015). Product innovation is a key success factor to build sustainable brand equity. *Management Science Letters*, 5(6), 567–576.
- Hassan, M. U., Shaukat, S., Nawaz, M. S., & Naz, S. (2013). Effects of innovation types on firm performance: An empirical study on Pakistan's manufacturing sector. *Pakistan Journal of Commerce and Social Sciences*, 7(2), 243–262.
- Hjalager, A. M. (2010). A review of innovation research in tourism. *Tourism management*, 31(1). <https://doi.org/10.1016/j.tourman.2009.08.012>
- Hogan, S. J., Soutar, G. N., McColl-Kennedy, J. R., & Sweeney, J. C. (2011). Reconceptualizing professional service firm innovation capability: Scale development. *Industrial Marketing Management*, 40(8), 1264–1273.

- Isik, C., Aydın, E., Dogru, T., Rehman, A., Sirakaya-Turk, E., & Karagöz, D. (2022). Innovation research in tourism and hospitality field: A bibliometric and visualization analysis. *Sustainability*, 14(13), 7889.
- Ismail, M., & Daud, N. (2020). Post Covid-19: Developing a homestay business by adopting a social entrepreneurship approach. *International Journal of Academic Research in Business and Social Sciences*, 10(9), 33–43.
- Jamal, S. A., Othman, N. A., & Muhammad, N. M. N. (2011). Tourist perceived value in a community-based homestay visit: An investigation into the functional and experiential aspect of value. *Journal of Vacation Marketing*, 17(1), 5–15.
- Jamaludin, M., Othman, N., & Awang, A. R. (2012). Community based homestay programme: A personal experience. *Procedia-Social and Behavioral Sciences*, 42, 451–459.
- Janjua, Z. U. A., Krishnapillai, G., & Rahman, M. (2021). A systematic literature review of rural homestays and sustainability in tourism. *SAGE Open*. <https://doi.org/10.1177/21582440211007117>
- Jiménez-Jiménez, D., & Sanz-Valle, R. (2011). Innovation, organizational learning, and performance. *Journal of Business Research*, 64(4), 408–417.
- 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.
- Kasim, M. M., Kayat, K., & Ramli, R. (2016). Sustainability criteria for the Malaysia homestay program. *International Review of Management and Marketing*, 6(7), 250–255.
- Karki, K., Chhetri, B. B. K., Chaudhary, B., & Khanal, G. (2019). Assessment of socio-economic and environmental outcomes of the homestay program at Amaltari village of Nawalparasi, Nepal. *Journal of Forest and Natural Resource Management*, 1(1), 77–87.
- Keling, W., & Entebang, H. (2015). Innovation within the Sarawak homestay programme: The perspective of Dayak's homestay entrepreneurs. In M. Mahdzar, S. M. Ling, M. B. Nair, & A. Shuib (Eds.), *Proceedings of the international conference on natural resources, tourism and services management 2015, Sabah, Malaysia, 15–17 April 2015* (pp. 253–262). Universiti Putra Malaysia.
- Keling, W., & Entebang, H. (2017). Dayak homestay entrepreneur's innovation characteristics. *Journal of Tourism and Management Research*, 2(2), 101–112.
- Krizaj, D. (2020). Integration of quality, continuous improvement, and innovation in tourism: The QCII model. *Academica Turistica*, 13(1), 97–110.
- Kunjuraman, V. (2019). Kajian terhadap syarat dan fenomena semasa dalam pembangunan program homestay di Malaysia. *Geografia-Malaysian Journal of Society and Space*, 15(1), 84–97.
- Mapjabil, J., Ismail, S. C., Ab Rahman, B., Masron, T., Ismail, R., & Zainol, R. M. (2015). Homestays-community programme or alternative accommodation? A re-evaluation of concept and execution. *Geografia*, 11(12). <http://journalarticle.ukm.my/9551/1/1.geografia-si-nov15-jabil-edam.pdf>
- 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.
- Martínez-Ros, E., & Orfila-Sintes, F. (2009). Innovation activity in the hotel industry. *Technovation*, 29(9), 632–641.
- MOTAC. (2021). *Program Pengalaman Homestay Malaysia*. <https://www.motac.gov.my/en/programme/tourism/homestay>
- Myers, S., & Marquis, D. (1969). *Successful industrial innovation: A study of factors underlying innovation in selected firms*. 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.
- Ngo, L. V., & O'Cass, A. (2009). Creating value offerings via operant resource-based capabilities. *Industrial Marketing Management*, 38(1), 45–59.
- Nieves, J., Quintana, A., & Osorio, J. (2014). Knowledge-based resources and innovation in the hotel industry. *International Journal of Hospitality Management*, 38, 65–73.
- Oly Ndubisi, N., & Iftikhar, K. (2012). Relationship between entrepreneurship, innovation and performance: Comparing small and medium-sized enterprise. *Journal of Research in Marketing and Entrepreneurship*, 14(2), 214–236.
- Osman, Z., & Zakaria, Z. (2020). Factors influencing intention to adopt internet technology among rural homestay operators in Malaysia. *Journal of Technology Management and Business*, 7(1), 25–35.
- Organisation for Economic Co-Operation and Development (OECD). (2015). *The innovation imperative: Contributing to productivity, growth and wellbeing*. OECD.
- Polder, M., Leeuwen, G. V., Mohnen, P., & Raymond, W. (2010). *Product, process and organizational innovation: Drivers, complementarity and productivity effects*. CIRANO – Scientific Publications.
- Ramele, R., & Yamazaki, J. (2020). The Malaysian homestay program and the Japanese minshuku: A comparison

- tive study. *Environment-Behaviour Proceedings Journal*, 5(512), 55–60.
- Ronningen, M. (2010). Innovation in the Norwegian rural tourism industry: Results from a Norwegian survey. *The Open Social Science Journal*, 3(1), 15–29.
- Rosli, M. M., & Sidek, S. (2013). The impact of innovation on the performance of small and medium manufacturing enterprises: Evidence from Malaysia. *Journal of Innovation Management in Small & Medium Enterprise*. <https://www.doi.org/10.5171/2013.885666>
- Sakdiyakorn, M., & Sivarak, O. (2016). Innovation management in cultural heritage tourism: Experience from the Amphawa waterfront community, Thailand. *Asia Pacific Journal of Tourism Research*, 2(12), 212–238.
- Schumpeter, J. A. (1934). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle*. Oxford University Press.
- Suffarruddin, S. H., Jaafar, M., & Rahman, S. (2020). Inovasi produk dalam program homestay: Penerokaan di wilayah Pantai Timur Persekutuan Tanah Melayu, Malaysia. *Jurnal Peradaban* 13(1). <https://doi.org/10.22452/PERADABAN.vol13no1.x%20>
- Suffarruddin, S. H., Jaafar, M., & Rahman, S. (2021). Keupayaan pelaksanaan inovasi produk dalam program homestay di semenanjung Malaysia. *Jurnal Pengurusan*, 61(1), 109–120.
- Sundbo, J. (2009). Innovation in the experience economy: A taxonomy of innovation organisations. *The Service Industries Journal*, 29(4), 431–455.
- Sustainability Leaders United. (2020, April 28). *Amran Hamzah on Community-Based Tourism in Malaysia and Building Resilience in the Aftermath of COVID-19*. <https://sustainability-leaders.com/amran-hamzah-interview/>
- Uran Maravić, M. (2016). To have or not to have an accommodation classification system in Slovenia. *Academica Turistica*, 9(2), 65–76.
- Walter, P., Regmi, K. D., & Khanal, P. R. (2018). Host learning in community-based ecotourism in Nepal: The case of Sirubari and Ghalegaun homestays. *Tourism Management Perspectives*, 26, 49–58.
- Yam, R. C., Lo, W., Tang, E. P., & Lau, A. K. (2011). Analysis of sources of innovation, technological innovation capabilities, and performance: An empirical study of Hong Kong manufacturing industries. *Research policy*, 40(3), 391–402.
- Ye, S., Xiao, H., & Zhou, L. (2018). Commodification and perceived authenticity in commercial homes. *Annals of Tourism Research*, 71, 39–53.
- 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.
- Yuan, J., Tsai, T., & Chang, P. (2018). Toward an entrepreneurship typology of bed and breakfasts. *Journal of Hospitality & Tourism Research*, 42(8), 1315–1336.