

Opportunities to Enhance Homestay Operators' Value Chain in Bario

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Abstract

Tourism in Malaysia is a contributing factor in the Government's Economic Transformation Programme. Led by Dato' Sri Idris Jala, the chief executive officer of the Performance Management and Delivery Unit (PEMANDU), part of this aim is to grow and nourish the tourism industry in Malaysia, including Sarawak. This paper leverages a chain concept to dissect the areas of enhancement opportunities for homestay operators in Bario. The quantitative research method is used to determine the current expectation and satisfaction levels of tourists in Bario based on several tourism dimensions including homestay operators' services. A survey with mainly closed ended questions was developed and distributed. 235 legible and valid responses were received. Respondents provided data of why they visited the Kelabit Highlands through a Likert scale driven questionnaire. The results from hypotheses testing were fully accepted after detailed analysis and testing. The study revealed a strong correlation between tourist expectations and satisfaction. The fulcrum which stands between tourists and their satisfaction levels predominantly lies in the influence of homestay operators. As it stands, the homestay operators' role is a very important aspect in tourism delivery. Homestay operators are poised as an added catalyst for socio economic development for Bario and its community.

Keywords: Bario; Ecotourism, Homestay, Sarawak Tourism, Tourist Satisfaction, Value Chain.

Introduction

Malaysia, a developing economy in Asia, has a Gross Domestic Product (GDP) which is mainly supported by its services (34%) manufacturing (25%) mining and agriculture (18%) sectors (Economics Trading, 2015). Tourism with a GDP of RM161 billion or 14.9% was the sixth highest contributor to the Malaysian economy in 2014. Amar Shah Mohsen (2015) reported Malaysia experienced a new record, where tourism arrivals grew by 6.7 per cent to 27.4 million. Tourism receipts grew from RM 65.4 billion in 2013 to RM72 billion in 2014. The state of Sarawak contributed an average of 13.5% to tourism revenue for the same period.

The past decade, saw the commencement of the tourism industry beginning to take flight in highland in Sarawak, particularly Bario. It is famous for its highland rice, salt and delicious pineapple. Bario's natural captivation is in its landscapes of paddy fields, rolling hills and a year-round temperate climate of 12°C to 24°C. There are numerous trails and rivers which allows for outdoor adventure activities such as hiking, mountain biking, kayaking and trail running. This makes Bario a natural attraction for ecotourism, rural tourism and cultural tourism (Harris, 2009).

One of the best ways to experience Sarawak's tourism diversity within a reasonable budget is by spending several days in a local homestay. Homestay programmes support rural tourism as it creates an opportunity for visitors to get closer to the rural beauty of a destination, to its culture and heritage, as reported by Salamiah and Nik (2011) when they researched community-based tourism in Malaysia. The purpose of homestay tourism is to accommodate visitors in a village with a local family, enabling the visitors to discover local life, nature, and culture as stated in Ahmad, Ammar, Salmiah and Khairun (2015) research on rural tourism. According to the Sarawak Homestay Operators Association (SHOA) there are 32 registered homestays in Sarawak (Ringgit, 2015). Unfortunately, none of these were registered homestays from Bario. What surfaces from this question is whether the Bario located homestays continue to receive relevant support from the federal or state tourism bodies.

Objectives of research

The main objective of this paper is to identify opportunities to enhance homestay operators' value chain in Bario. The paper involves a complementary sub objectives: -

- i. To study tourists' expectations and satisfaction in Bario.

Research questions

This study focuses on the opportunities to enhance tourism value chain in Bario by improving satisfaction levels among tourist through the delivery of better service quality among homestay operators:

The research problem includes the following:

- i. What are tourists' expectations and satisfaction when they visit Bario?

Theoretical Background

Porter (1985) introduced the concept of the value chain, in the business arena in 1985. This concept was introduced to analyse the value chain framework for the purpose of strategic planning and to position an organisation with a competitive advantage. All organisations consist of activities that link together to develop the value of the business, and together these activities form the organisation's value chain. Porter's theory can be applied in purchasing, manufacturing, distribution and marketing of the company's products and

services. The aim of the value chain framework is to maximise value creation while minimizing costs. This can be applied to the manner homestay operators conduct their activities on a day to day basis. Figure 1.1 describes value chain framework which can be applied to enhance a generic tourism business.

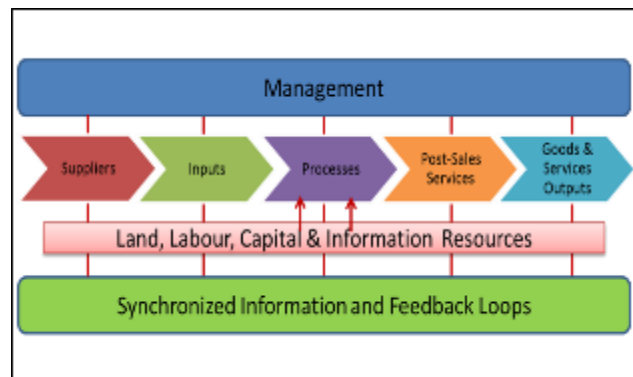


Figure 1. The value chain framework (Collier and Evans, 2007).

Porter (1985) cites that the value chain begins with suppliers' inputs before goods or services are produced through networks of processes. To get a better perspective of how this applies to the homestay operators in Bario, the value chain framework, described in Figure 1.2, is customised to i) gain a larger market share of customers; ii) enhance delivery of better value; iii) gaining customer loyalty.

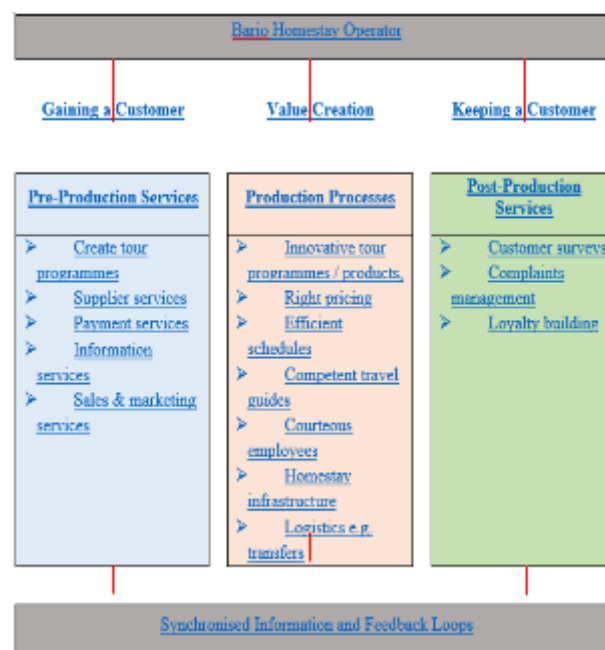


Figure 2. Pre and post-service view of the value chain.

While all three components in the value chain framework are important, none are as crucial as the Production Process which is essentially how a homestay operator delivers its services to customers. There are various approaches on how value can be created from the aspects of creating innovative tour programmes, focusing on cost competitiveness, delivering quality services through competent and courteous employees and ensuring logistical

effectiveness. These are the factors that will be scrutinized for opportunities to enhance the value chain of homestay operators.

Research Model

Variables

- Independent variables bring about change in this research 'to enhance homestay operators' value chain in Bario' (the cause)
- Dependent variables are repositioned and changed by independent variables in this research 'to enhance homestay operators' value chain in Bario' (the effect)

The propose research model in Figure 1.3 summarises the research problem of how tourist expectation and satisfaction impact homestay operators' performance. The effects of tourist expectations and satisfaction of their experiences in Bario such as attractions, activities, facilities, safety and security and service delivery contribute to the research problem being studied.

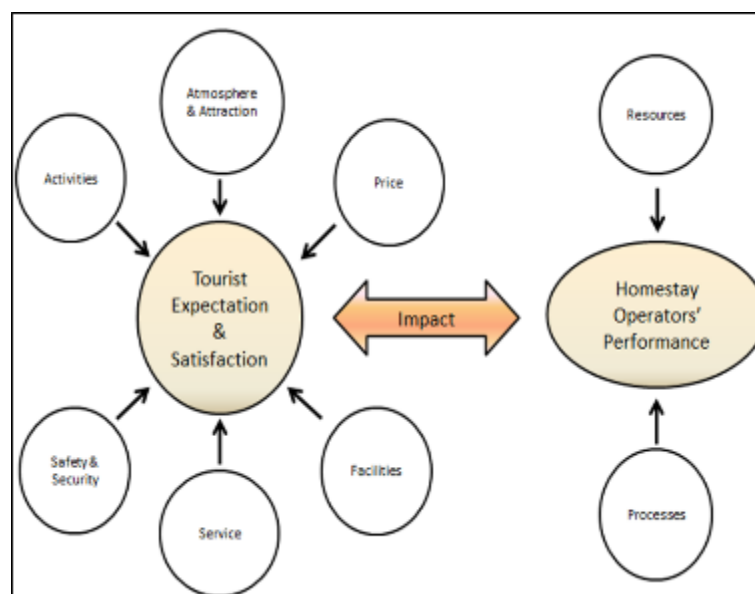


Figure 3. Proposed research model to enhance homestay operators' value chain

The resources and processes which support the homestay operators' value chain are studied to develop a correlation between tourist expectation and satisfaction and homestay operators' performance.

Hypothesis

Meeting tourists' value chain expectations influences tourist satisfaction.

Literature Review

It is discovered that homestay operators in Malaysia provide limited services, limited accommodation and food arrangements (Shaista, Lo & Wee, 2014). There is a broader aspect in the tourism value chain where homestay operators can extend its services by developing and packaging homestay programmes for their guests. Mariam, Norain & Abdul (2012) stated there are opportunities for homestay operators to reposition themselves as tour planners and not just service providers for accommodation and food.

Wang, Law, Hung and Guillet (2014) added that consumer trust and hospitality have linkages to rural tourism. The community benefits created are through socio economic factors which include the achievement of sustainable income and lifestyle. This is directly linked to the Bario homestay operators' motivation in moving closer towards being a progressive and developing community.

The research study includes a combination of tourist and homestay operators' expectations in the value chain and how tourism plays a role within a community-based tourism industry.

Value Chain

Academics state that value is the perception of benefits associated with goods, service, or bundles of goods and services rendered to a buyer or customer in exchange for a payment or fee (Collier and Evans, 2007). A value chain is a set of activities that a firm operating in a specific industry performs in order to deliver a valuable product or service for the market. It is a network of facilities and processes that describe the flow of goods, services, information, and financial transactions from suppliers through the facilities and processes that goods and services are created from before it is delivered to customers (Oakland, 2014).

Research studies in community-based tourism highlight the importance of meeting customer needs as factors to promote rural tourism. Recognising the parameters within the value chain can lead to greater customer satisfaction. Without understanding the complexity of the value concept, it would be difficult to quantify the perceived and consumer value (Mariam et al., 2012). There are two dimensions among journal authors on perception and consumer value which have been investigated for the tourism industry. Firstly, the dimension of hospitality related context. Secondly, the exploration of relationship between value drivers which determines overall perceived value, satisfaction and loyalty among consumers (Gallarza, Arteaga, Chiappa & Saura, 2015)

Value Chain in Tourism

Academics state that the main value chain components comprises Suppliers, Inputs, Processes, Goods and Service Outputs and Post-Sale Service (Oakland, 2014 & Porter, 1985). Porter (1985) cites that the value chain begins with suppliers' inputs before goods or services are produced through networks of processes. Chang (2009) research of outbound tour programmes in Taiwan states that suppliers are categorically divided into upstream or downstream activities. Upstream activities include the actual delivery of services to tourists which include homestay operators, hotels, food and beverage outlets, transport providers or tour guides. Downstream activities include travel agents, travel information websites, airline, road transportation and accommodation reservation systems (website portals) or tourist information centres.

Companies or organisations provide services to resolve post-sales issues such as warranty claims, product exchanges or billing services. Pre-sales focus on attracting the customer, while post-sale services focus on keeping the customer. Post-sales services complete the ownership of the value chain. The success of good service outcomes depends on the management on all aspects in the value chain cycle. Therefore, it is important to maintain a stream of information flow through the value chain coupled with feedback gathering at each stage to ensure factors such as product, quality and costs are measured.

Tourist Expectations

Research on service expectations in the tourism industry highlights that personal reactions and feelings felt by consumers using a service is very subjective (Syed, Fauzia & Khan, 2014). First time tourists are more likely to have their expectations set by word of mouth experiences of others or may have gained their knowledge through travel website or portals (Campo-Martínez, Garau-Vadell & Martínez-Ruiz, 2010). Repeat tourists are expected to have a better calibrated image of a destination than first-timers. Consequently, for repeat tourists, there is less likely to be a discrepancy between their experiences and their expectations (Chang, 2009).

Researches unanimously state that home tourism is a new value chain service in the tourism industry (Lo, Abang, Songan & Yeo, 2012, Harris, 2009, Syed et al., 2014) especially since Malaysia has diverse cultures to excite tourists. The homestay accommodation business is fast changing, and tourists' demands, and expectations are altering very quickly. The motivators in the push-pull model, researched by Syed et al (2014) for homestay operators and entrepreneurs, keep changing over time. The impact of the change is primarily influenced by growing tourist expectations which emphasises on providing more hospitality experience including efficiency, quality, experience, play and environmental aesthetics, as pointed out by Gallarza et al. (2015) who researched tourism dimensions.

In researching consumer trust and hospitality in tourism, Wang et al. (2014) stated that the emphasis for rural tourism benefits the community through economic, socio economic and sustainable lifestyles. This is linked to the Bario homestay operators' motivation in moving closer towards being a progressive and developing community.

Research Methodology

This paper used a non-random quota sampling technique to make inferences, with various degrees of confidence, about the larger study population, sampling was conducted among tourists visiting Bario and those who had visited Bario within the last five (5) years. A total of 235 respondent samples were collected.

Data collected from the sample which were legibly completed and reliable were entered into SPSS software in the data view tab, once the data variables were created. Detailed analysis through descriptive and correlation analysis was conducted. Descriptive statistics provided simple summaries about the samples and relevant observations are narrated. Quantitative summary statistics and simple-to-understand graphs form the basis of the initial description of the data. More extensive statistical analysis using reliability analysis (Cronbach Alpha), correlations, Sample-T test and regression analysis were exploited for the purpose of this research.

Findings and Discussion***Hypothesis***

Meeting tourists' value chain expectations influences tourist satisfaction:

The literature review signified a strong relationship which links tourist expectations to tourist satisfaction in this research study. The cumulative survey questionnaire from case C1 to case C25 returned a mean tourist expectation level of 3.55. This rating was positioned between a Moderate and High for the tourist dimensions stated above. The result of 235 respondents on their overall satisfaction level, computed an outcome of a 4.00 rating. This

rating demonstrated that tourists who visited Bario from this research study were satisfied. The dependant variables from the descriptive statistics for expectations and satisfaction were normal. Refer to the Table 1.

Table 1

Descriptive statistics between tourists' expectation and tourists' satisfaction

Descriptive Statistics			
	Mean	Std. Deviation	N
Expectation	3.55	.656	235
Satisfaction	4.00	.529	235

Pearson and Spearman Rho's correlation test were further conducted to support this hypothesis. The result of Pearson and Spearman Rho's correlation test showed that the direction of the relationship was positive, returning values of .286 and .287, accordingly. The correlation was tested as significant and the strength of the correlation fell in the range of small. Table 2 and Table 3 illustrates these results.

Table 2

Pearson correlation between tourists' expectation and tourists' satisfaction

Correlations			
		Expectation	Satisfaction
Expectation	Pearson Correlation	1	.286**
	Sig. (2-tailed)		.000
	N	235	235
Satisfaction	Pearson Correlation	.286**	1
	Sig. (2-tailed)	.000	
	N	235	235

**. Correlation is significant at the 0.01 level (2-tailed).

Table 3

Spearman Rho's correlation between tourist expectation and tourist satisfaction

Correlations				
			Expectation	Satisfaction
Spearman's rho	Expectation	Correlation Coefficient	1.000	.287**
		Sig. (2-tailed)	.	.000
		N	235	235
	Satisfaction	Correlation Coefficient	.287**	1.000
		Sig. (2-tailed)	.000	.
		N	235	235

**. Correlation is significant at the 0.01 level (2-tailed).

The Kruskal-Wallis non-parametric statistic test was conducted to explore the influence of tourist expectation on tourist satisfaction by the various demographic groups visiting Bario and their respective ranks.

Table 4

Influence of expectations by various tourist groups

Ranks			
	Main_Reason	N	Mean Rank
Expectation	rest and relax	115	123.11
	homestay experience	10	159.25
	ecotourism activities	10	75.50
	cultural experience	25	103.00
	visiting family or relatives	55	109.14
	food experience	10	161.75
	business	10	103.00
	Total	235	
Satisfaction	rest and relax	115	134.20
	homestay experience	10	121.75
	ecotourism activities	10	134.25
	cultural experience	25	150.00
	visiting family or relatives	55	73.23
	food experience	10	138.00
	business	10	58.00
	Total	235	

The Kruskal-Wallis test revealed a statistically significant difference in expectation and satisfaction levels across the seven (7) groups of tourists. The rankings attained were as follows:

- a) Highest ranked expectation levels
 - i. groups enjoying the food (n=161.75) and homestay experience (n=159.25)
- b) Highest ranked satisfaction levels
 - i. groups who enjoyed the cultural (n=150) and food experience (n=138)

The interpretation of this result means that any value chain improvements which are affected on tourist dimensions can have a positive significance of tourist satisfaction levels.

Table 5

Significance of influence of expectation on satisfaction by various tourist groups

Test Statistics ^{a, b}		
	Expectation	Satisfaction
Chi-Square	15.051	45.276
df	6	6
Asymp. Sig.	.020	.000

a. Kruskal Wallis Test

b. Grouping Variable: Main_Reason

The results presented in Table 5 confirmed the hypothesis that meeting tourist value chain expectations influences tourist satisfaction.

Conclusion

The results to prove and provide evidence for the hypotheses have been forthcoming as the hypotheses were validated and accepted. The research study on the objectives, sub objectives

and hypotheses provided further understanding on each tested tourist dimension. Some of these tests understate revealing facts that although Bario seems to explode in tourism activities in the past five years it can become a melting pot of issues and problems. These issues can easily tarnish Bario's tourism potential. Tourist satisfaction levels can dwindle very quickly if tourists are left on their own devices and without the care of the community.

The tourism value chain needs to be refuelled in order to gain more customers, to improve tourism services and to build a rapport which can be sold confidently to international markets. In summary, the tourism blueprint in Bario needs improvements. The under tapped potential to grow tourism lies in its people, the community of Bario and in particular, the homestay operator. These are the same resource which feed and nurtures the tourist value chain.

This paper is a fundamental check and balance on tourist expectations, satisfaction levels on the tourism dimensions and how this relates improving the value chain of the homestay operators' performance. A good number of journals during the literature review have reported how progressive the people in Bario were. Although this is very encouraging literature questions remain unanswered as to how tourism is assisting in developing and contributing to the social and economic stature of the community. There seem to be a lack of statistical evidence to support this hypothesis.

Tourism in Bario continues to advance in a positive direction. The researcher is positive that more improvements can be made to strengthen the value chain within pertinent aspects which this local industry needs. In particular, the offering of more organized tour programs and value-added services which encourage the creation of more jobs in this community. Once the source of revenue opportunities increases it is envisaged that more youth and working adults can be attracted back to Bario.

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