



Financial challenges faced by homestay owners in heritage tourism destination with special reference to Cochin City

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Abstract

In this study the main focus is given to the homestay business and the Major challenges faced by them. It helps to determine to what extent heritage tourism contribute to the economic growth and what are the financial challenges faced by the homestay owners in Cochin City. The study covers a period of 10 years from 2006 to 2015 tourist arrival statistics in Cochin City. Both Primary data and secondary data were used for the study. The primary data were collected from the homestay owners, DTPC officials, tourist information centers based on personal interview and using scheduled questionnaire. The secondary data for the purpose of the study were collected from books, reports, government publications and internet. There are 174 government approved homestay owners in Cochin City. From which the sample is taken from the three integrated heritage zone i.e. Fort Kochi, Mattanchery, Fort Vypeen which consist of 63 homestay in which I have concentrated for homestay owner in Fort Kochi which is reduced to 61. based on the study the financial challenges faced by homestay owners are high commercial tax, maintenance expenses, staff expenses, no stable income due to seasonal business. The tools used for data analysis are descriptive statistics, ANOVA, Factor analysis.

Keywords: tourism business, heritage tourism, homestay, government organization, financial challenges, homestay owners

Introduction

The tourism industry in Kerala is highlighted with a brand name of "god's own country". Kerala is one of the hottest tourist destinations of the world, attracting both domestic as well as international tourists. According to the tourism industry in India, Kerala is considered as the most beautiful state with immense possibilities to promote tourism. Kerala is situated on the south western coast of India, a country in south Asia. It enjoys a unique natural richness of Arabian Sea, a part of the Indian Ocean on the west and the Western Ghats on the east. Among the districts in Kerala, Ernakulam is considered as a booming business metropolis. It is a fascinating mixture of the old and new; the district comprises many interesting cities including Kochi (Cochin), the commercial capital of Kerala. Kochi is experiencing an incredible pace of tourism development and heritage tourism is one of the tourism branches that have contributed to appeal the tourist destination and act as an important marketing tool to attract tourist especially with special interest in heritage and arts. One of the major business relating to tourism in fort Kochi is homestay business. There are both government approved and unapproved homestays functioning in Fort Kochi. Its main aim is to facilitate household to earn an income from tourism directly. This study mainly focused on government approved homestays in Fort Kochi.

Objectives of the study

1. To study the heritage tourism in Cochin and the financial challenges faced by the owners of homestay.
2. To study the motivational factors behind owners of homestay business in heritage tourism programme.
3. To find out the problem associated with institution in heritage zone of Cochin and suggest remedial measures.

Literature Review

1. The role of homestays in promoting rural tourism Mr. Venkatesh R

The study provides a brief discussion of homestay and rural tourism development. It focused on the potentialities of homestay for rural tourism development and also discussed the positive outcomes of promoting homestay at the rural and remote areas. It revealed that homestay operation could be created alternative accommodation opportunities and a tool for promoting rural tourism and its benefits to the local community, economy and art and culture of the region.

2. Hospitality industry: issues and challenges (A study with special reference to Agra) Dr Suryakant D. Koshti and Ms. Sonal Gaurav Sharma

The study focus on the issues and challenges of tourism in and around Agra city. The study highlighted the current issues of tourism industry based on human resource practices, operational practices and various financial challenges.

3. Socio-economic Impacts of Home Stay Accommodations in Malaysia: A Study on Home Stay Operators in Terengganu State Md.; Anowar Hossain Bhuiyan, Chamburi Siwar & Shaharuddin Mohamad Ismail

Home stay accommodation gives focus on traditional life style, local culture and customs to attract the tourists. The present study examines the economic potentialities of home stay for operators. The study also analyzes socio-economic impact of this accommodation from the perception of operator's. Home stay accommodation can be one of the major activities for economic development in this state. Local communities can benefit from this program as economically, socially and environmentally and culturally. Home stay accommodation increase the visitors' awareness of sustainability. It encourages the tourists to deliver culturally acceptable behavior towards locality. It also helps to reduce the environmental pollution as well as social degradation. So, local government can give emphasize home stay accommodation for the economic development of local people.

4. Home stay program and rural community development in Malaysia

Yahaya Ibrahim, Abdul Rasid Razzaq. The homestay program is a tourism product that has been given special emphasis by government through the ministry of tourism. Due to the potential of homestay program to provide additional income and employment the number of homestay provider in Malaysia has been increased. This paper discuss the concept and evaluation of Malaysian homestay program, its growth, institutional framework of planning and implementation as well as its contribution towards rural community development in Malaysia.

Theoretical Framework

The Homestay Concept

According to Wipada (2007), Homestay is defined as one type of lodging that tourists share with the homeowner with the intention to learn culture and lifestyle from the homeowner who is willing to transmit and share their culture. The homeowner is the one who prepares lodging and food for the tourists with reasonable pay. Lynch, McIntosh and Tucker (2009), give a broader definition of Homestay by referring to it as commercial homes whereby visitors or guests pay to stay in private homes where interaction take place with a host or family. It is a very unique characteristic as this concept promotes interaction between host families and tourists and acting as a development tool to raise awareness on the cultural exchange and respect for the host's culture (Jamilah and Hamzah, 2007).

Likewise, DoT (2011) has identified a homestay as a private residence with paying guests who enjoy staying in the comfort and security of a family home. In addition, these guests will stay in the family home for an extended period of time. Ideally, homestay is a home owner-occupied private residence where the primary aim is residence and the secondary purpose is providing accommodation to a few guests who pay to stay in the home. It is considered as safe and affordable housing for visitors looking to experience and learn the host's

lifestyle. In general, homestay is very different compared to other modes of accommodation such as a hotel, motel or bed and breakfast which is normally located in the city or suburban areas whereas the location of the homestay is normally situated in rural areas where the whole community is still practicing the traditional way of life and embracing strong culture and traditional practices (Salamiah, Othman and Maheran, 2011).

Homestay business provides an opportunity for the guest to stay with the host family and explore their tradition and culture. It is an alternative accommodation to the tourist where they can explore the actual essence of the local people and culture of that area.

In this type of accommodation the guest can also participate and contribute to the unique interest of homestay owners. The host families help their guest to explore their place from every nook and corner.

Advantages of homestays business

Homestay have grown exponentially as a profitable business for it offers a number of advantages to its owners, such as:

- 1. Investment is less:** Homestay guest-houses can be easily started with minimal investment as the biggest investment i.e. property, is already possessed by the owner. Owners only need to invest in utensils, electric equipments and simple furniture.
- 2. Location:** In case of any other business, the primary step is to look for a suitable location but one can avoid these hassles before kick starting a homestay business. A spacious house in a place visited frequently by tourists is all you need to start a homestay guest house.
- 3. Interaction with Different People and Culture:** Homestay owners meet people from different parts of the world, with different cultures and who speak a different language. Though, with a homestay business, there are enough opportunities to meet new people and interact with them.
- 4. Flexible Business Operations:** A homestay business is extremely flexible with its operations. During scanty tourism, an owner can always cut down or entirely shut down the business operations while he can also, conveniently resume it during vacations or peak business season.

Ten year statistics of tourist arrival in Cochin City

Table 1

Year	Domestic (No.)	Foreign (No.)
2006	1,080,591	1,31,767
2007	1,109,644	1,65,125
2008	1,509,686	1,93,013
2009	1,818,748	2,39,364
2010	1,987,743	2,77,674
2011	2,169,426	3,08,674
2012	2,351,631	3,30,390
2013	2,545,573	3,52,314
2014	2,724,718	3,72,997
2015	2,897,894	3,83,643

Source: (statistics of Kerala tourism organization)

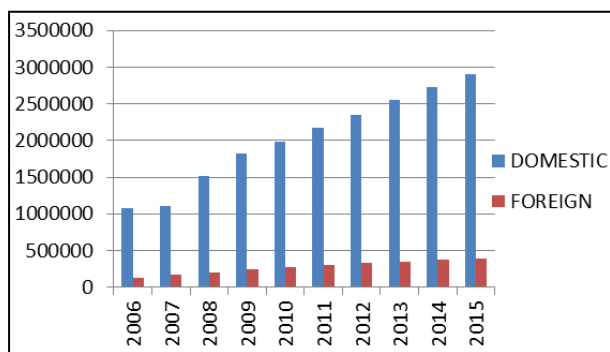


Fig 1

From the above table it is clear that there is an increasing trend in tourist arrival in Cochin City. The ratio of domestic tourist is higher than the ratio of foreign tourist arrival. As shown in the table domestic tourist arrived in 2015 is 2,897,894 numbers where as foreign tourist arrived is 3, 83,643 numbers though the 10 year statistics of foreign tourist arrival is also showing an increasing trend. In order to generate foreign income there should be a high rate of increase of foreign tourist is required. Kerala Tourism these days is experimenting with new ideas to promote the growth of domestic and foreign tourist arrivals. Tourism clubs are made at each destination for the promotion of tourism. The state has 400 active tourism clubs among schools and colleges. These tourism clubs in the state can play a significant role in promoting heritage tourism.

Hypothesis of the study

Ho: Demographic factors of owners have no significant effect on homestay business.

Ho: Gender of homestay owner has no significant affect on

Ho: Motivation factor of the business Challenges faced by homestay business has no significant effect on heritage tourism.

Research Methodology

This research is based on primary data and the secondary data. Primary data is collected through questionnaire. The data is collected from 61 government homestay owners in fort Kochi. Convenience sampling is used in selecting the sample of the study. Whereas secondary data has been collected from various websites, journal, magazines etc.

Analysis and Interpretation

Table 2: Gender Wise Classification of Homestay Owners

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	male	38	62.3	62.3	62.3
	female	23	37.7	37.7	100.0
	Total	61	100.0	100.0	

Source: Primary data

Inference

62.3% of respondents are male and 37.7% of respondents are female. Homestay business is a family run business which

cannot be associated to single owner i.e. male or female. The above analysis indicated the extent of interest shown by the family member in this business.

Age wise classification of homestay owners

Table 3

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	30-34	3	4.9	4.9	4.9
	35-40	4	6.6	6.6	11.5
	40-44	9	14.8	14.8	26.2
	45-49	20	32.8	32.8	59.0
	50 and above	25	41.0	41.0	100.0
	Total	61	100.0	100.0	

Source: Primary data

Inference

This business is mostly run by those who are in the age group of 50 and above i.e.41% of the population. It states that it is the most preferred business to earn a profitable income during retirement time of owners.

Education wise classification of homestay owners

Table 4

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Professional	4	6.6	6.6	6.6
	Graduation	46	75.4	75.4	82.0
	High School	11	18.0	18.0	100.0
	Total	61	100.0	100.0	

Source: Primary data

Inference

From the above statistics it is clear that it is a profitable business opportunity, for those who are having high school level of education. Owners are able to communicate and deal with foreign guest irrespective of their educational level.

Annual income wise classification of homestay owners

Table 5

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	less than 1lakh	13	21.3	21.3	21.3
	1lakh to 5 lakh	41	67.2	67.2	88.5
	6lakhto 10 lakh	6	9.8	9.8	98.4
	above 10 lakh	1	1.6	1.6	100.0
	Total	61	100.0	100.0	

Source: Primary data

Inference

The above statistics shows that it is a profitable business even though it is considered as seasonal business because this business mostly functions from the month of November to February. From the fig it is clear that only few owners are enjoying profitable income.

Type home for homestay business

Table 6

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Heritage home	14	23.0	23.0	23.0
	Modern home	47	77.0	77.0	100.0
	Total	61	100.0	100.0	

Source: primary data

Inference

This indicates that modern buildings are more than the heritage buildings. This 23% of the owners are preserving their heritage buildings and contributing towards heritage tourism.

Factor analysis for financial challenges faced by homestay owners

Table 7: KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.683
Bartlett's Test of Sphericity	Approx. Chi-Square	243.018
	Df	66
	Sig.	.000

Table 8

Rotated Component Matrix^a				
	Component			
	1	2	3	4
Chge_Local	.881			
Chge_Com.Skill	.880			
Chge_Guide	.844			
Chge_Clean	.558			
Chge_Demand		.801		
Chge_Comm		.732		
Chge_Finsupport		.636		
Chge_Backpacker			.785	
Chge_Attitude			.672	
Chge_Ethnic			.632	
Chge_Legislation				.878
Chge_Com.Rent				.691

Interpretation

Challenges faced by owners like support from local people = 0.881, communication skill = 0.880, travel guide =0.844, demand for luxury =0.801, legislation problem =0.878.

Inference

The idea of rotation is to reduce the number of factors on which the variables under investigation have high loading. Challenges faced by owners like support from local people, communication skill, travel guide, cleanliness are substantially loaded on Factor (component) 1. Demand luxury, Commission, financial support is loaded on Factor 2. Backpacker, attitude, ethnic services are loaded on to Factor 3. Legislation, commercial rent on to factor 4.

Component Transformation Matrix

Table 9

Component	1	2	3	4
1	.819	.358	.449	.029
2	-.280	.670	-.068	.684
3	.451	-.457	-.497	.583
4	-.219	-.463	.740	.437

Source: Primary data

Interpretation

From the above table MSA = .683. Since this value falls above .45 we can conclude that each of the variables meets the fundamental requirements for factor analysis

Inference

The KMO measures the sampling adequacy (which determines if the responses given with the sample are adequate or not) which should be close than 0.5 for a satisfactory factor analysis to proceed. Kaiser (1974) recommend 0.5 (value for KMO) as minimum (barely accepted), values between 0.7-0.8 acceptable, and values above 0.9 are superb. Looking at the table above, the KMO measure is 0.683. This value indicates that each of the variables meet the fundamental requirements for factor analysis. Bartlett's test is another indication of the strength of the relationship among variables. From the same table, we can see that the Bartlett's Test of Sphericity is significant (0.000). That is, significance is less than 0.05. In fact, it is actually 0.000, i.e. the significance level is small enough to reject the null hypothesis.

Gender and Motivation factor of homestay owners

H0 = Gender of homestay owner has no significant affect on motivation factor of the business

Table 10: Test of Homogeneity of Variances

	Levene Statistic	df1	df2	Sig.
M_Income	.343	1	59	.560
M_Culture	8.951	1	59	.004
M_Preserve	.339	1	59	.562
M_Promotion	2.902	1	59	.094
M_Exp	1.356	1	59	.249
M_Demand	.269	1	59	.606
M_Lessinvest	.900	1	59	.347
M_Leisure	1.872	1	59	.176

Source: Primary data

Interpretation

The above table shows that motivation factor interacting with different culture has significantly different variance according to levene statistic and showing significant level of only 0.001 (which is below 0.05 for 5% level of significance) as such anova result may not be valid for this variable.

Table 11

		ANOVA				
		Sum of Squares	df	Mean Square	F	Sig.
M_Income	Between Groups	.065	1	.065	.114	.737
	Within Groups	33.738	59	.572		
	Total	33.803	60			
M_Culture	Between Groups	.498	1	.498	2.126	.150
	Within Groups	13.830	59	.234		
	Total	14.328	60			
M_Preserve	Between Groups	.002	1	.002	.006	.939
	Within Groups	23.047	59	.391		
	Total	23.049	60			
M Promotion	Between Groups	.223	1	.223	.462	.499
	Within Groups	28.466	59	.482		
	Total	28.689	60			
M_Exp	Between Groups	.077	1	.077	.313	.578
	Within Groups	14.481	59	.245		
	Total	14.557	60			
M_Demand	Between Groups	.781	1	.781	1.736	.193
	Within Groups	26.531	59	.450		
	Total	27.311	60			
M_Lessinvest	Between Groups	.445	1	.445	.403	.528
	Within Groups	65.195	59	1.105		
	Total	65.639	60			
M_Leisure	Between Groups	5.490	1	5.490	6.562	.013
	Within Groups	49.363	59	.837		
	Total	54.852	60			

Interpretation

The above table shows that f test values along with significance. Comparing the f test and significance value we see that not all the variables in anova comparisons are in favour of acceptance of null hypothesis. The significance values of all the variables are greater than 0.05 except one motivation factor spending leisure time profitably i.e. 0.013

Inference

From the above two table we can reject the null hypothesis. Hence gender of homestay owner has a significant effect on motivation factor for homestay business.

Findings

- 62.3% of respondents are male and 37.7% of respondents are female. Homestay business is a family run business which cannot be associated to single owner i.e. male or female. It indicates the extent of interest taken by the family member in this business. This ultimately provides an earning and business opportunity for the women.
- This business is mostly run by those who are in the age group of 50 and above i.e.41% of the population. It states that it is most preferred business for retired people to earn profitable income and do something productive to the society as well.
- Owners are able to communicate and deal with foreign guest irrespective of their educational level.
- 21.3% of owners having annual income less than 1 lakh, 67.2% are having 1 lakh to 5 lakh annual income,9.8% of them are having 6 lakh to 10 lakh and only 1.6% are having annual income above 10 lakh. Because it is a seasonal business proper assistance and support should be given to those owners whose main source of income is

from homestay business. Because directly or indirectly they are contributing towards tourism promotion.

- 19.7% of the owners generate a profitable income by letting 6 rooms compared to others. the level of generating income varies according to the number of rooms used for the business.
- 23% of homes are heritage home and 77% of homes are modern home. This indicates that modern buildings are more than the heritage buildings. Only 23% of the owners are preserving their heritage buildings and contributing towards heritage tourism.
- Challenges faced by homestay owners are reduced to 4 components. Support from local people, communication skill, travel guide, cleanliness are substantially loaded on Factor (component) 1. Demand luxury, Commission, financial support is loaded on Factor 2. Backpacker, attitude, ethnic services are loaded on to Factor 3. Legislation, commercial rent on to factor 4.
- According to the ANOVA test conducted on motivation factor in comparison with gender are not in favour of acceptance of null hypothesis. Therefore we reject the null hypothesis gender of homestay owner has no significant effect on motivation factor of the business.

Suggestions

- All the homestay owners who are doing this homestay business should to aware of the importance of heritage tourism and preservation of heritage building and customs. Proper awareness and training must be given to the owner before starting this homestay business.
- Government approved homestay owners should get electricity concession if they fulfill the conditions set by the government. Luxury tax must be exempt to those who

- are preserving heritage buildings and being a part of heritage tourism promotion.
3. Support must be given to those homestay owners who are retired and main source of income is from homestay business.
 4. Bank loan with low interest rate should be given to homestay owners for the maintenance of heritage building and promote homestay business. Special training programs must be introduced for the benefit of homestay owners. Which include learning of different foreign languages, innovative ideas for diversify their business opportunities.
 5. Government should take necessary step to get all homestay business under government approved. By providing them with necessary support and benefits.

Conclusion

Homestay business is getting an increasing trend in hospitality industry. This study is made to analysis the working of homestay business and its challenges, impact of homestay in culture. The tourism industry is suffering from voluminous financial challenges like charging high commercial rent, Backpacker tourists, low management system, poor infrastructure and unsatisfied tourist. The Government should also take steps for the maintenance for the heritage tourism destination. Steps should be taken to restore the ancient splendor of the monuments. Sincere efforts could help to further develop the Indian tourism industry.

Limitation and Further Research

This study has future research possibility as it mainly focused on homestay accommodation. We can also have a comparison between hotel accommodation and homestay accommodation. This study can be widened by taking more regions where homestay business functions effectively and contribute a major share in tourism promotion.

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