

## **THE RISE OF THE SHARING ECONOMY: WILL IT AFFECT MINISTRY OF TOURISM AND CULTURE HOMESTAY SUSTAINABILITY IN SELANGOR, MALAYSIA**

Sarina Mohamad Nor<sup>1</sup> and Khairil Wahidin Awang<sup>2</sup>

<sup>1</sup> Faculty of Business Technology and Accounting, UNITAR International University, 3-01A, Level 2, Tierra Crest, Jalan SS6/3 Kelana Jaya, 47301 Petaling Jaya, Selangor, Malaysia. **Email:** dukerina22@gmail.com

<sup>2</sup> Faculty of Hospitality, Tourism and Wellness, Universiti Malaysia Kelantan, Locked Bag 36, Pengkalan Chepa, 16100 Kota Bharu, Kelantan

**Accepted date:** 31 March 2017

**Published date:** 24 June 2018

**To cite this document:** Nor, S. M., & Awang, K. W. (2018). The Rise of The Sharing Economy: Will It Affect Ministry of Tourism and Culture Homestay Sustainability in Selangor, Malaysia. *International Journal of Accounting, Finance and Business (IJAFB)*, 3(11), 58 - 71.

---

**Abstract:** *Could the sharing economy become a victim of its own success? “Sharing economy” services like Airbnb are convenient for the people who use them, but they can also have deleterious effects on the communities they operate in and spurring us to ask question about can we really condone uncertified homestay practices without harming practitioners who are certified homestay by Ministry of Tourism and Culture? Many studies done on homestay programme in Malaysia focused on measuring satisfaction level of tourists with regards to the services provided by homestay operators and sustainable rural tourism development from the perspective of local community. Study is rarely done on the supply side perspective which can guide tourism authorities and relevant government agencies in coming-up with better policies. Uncertified homestay practices are a long-standing issue because many complaints had been lodged against illegal service apartment providers. These uncertified homestay practitioners used the brand of ‘homestay’, projecting a false image of a true homestay experience to tourists. Increase in demand for homestay accommodation and greater government investment for tourism development, especially in rural tourism development, justify the needs to explore the issues of the mushrooming of uncertified homestays and the impacts caused by them. The question on how serious uncertified homestays will affect sustainability of certified homestays is a big concern. This study is exploratory in nature, using snowballing technique of collecting data. A qualitative approach was applied whereby in-depth interviews on respondents included officers from governing authorities, like MOTAC and local government, uncertified and certified homestay practitioners in Selangor, Malaysia. Hence, this study offers rich data which can improve existing guidelines on homestay business for authorities particularly MOTAC and local authorities who give out licenses for homestay businesses.*

**Keywords:** *Sharing Economy; Uncertified Homestay; Certified Homestay; Sustainable; Homestay Practitioner; Tourism Supply Side; Airbnb*

---

## Introduction

Uncertified homestay practices are a long-standing issue because many complaints had been lodged against illegal service apartment providers. These uncertified homestay practitioners used the brand of 'homestay', projecting a false image of a true homestay experience to tourists. According to Ministry of Tourism and Culture (MOTAC) (2012), there are an estimated 900 uncertified homes or budget hotels using the homestay status in Malaysia. To date, it is believed that a number of uncertified homestay practices are more than 900 as more Malaysians open their homes to tourists.

Practitioners use online platforms to both advertise and provide booking channel to tourists. One of the well-known platforms is Airbnb. Airbnb is a trusted web-based business that connect people to varieties of accommodation and travel experiences at any price point, in more than 65,000 cities and 191 countries. In Malaysia, those who advertised their homes or budget hotels on short-term rent on Airbnb are classified as uncertified MOTAC's homestay operators. These uncertified homestay operators operate their homestay business without following the guidelines and procedures stipulated by MOTAC. According to Selangor Tourism Association (2011), more than 100 homestays in Selangor operate without any endorsement from MOTAC and these uncertified homestay operators only provide normal accommodation without giving the tourists an opportunity to experience other culture and "Kampong" lifestyle with host families. The news from the Star online dated 3rd August 2014 entitled "Homestay horror for five" became viral in media due to unethical uncertified homestay operator who used a hidden CCTV camera to record woman taking bath may tarnish the good name of MOTAC's Certified homestay operators.

MOTAC's Homestay Programme was recognised internationally and announced as the winner of the UNWTO Ulysses Award on 15 November 2012 for innovation in public policy and governance. This international recognition reflects the successful of homestay programme in Malaysia. Homestay business should always maintain a high level of security, safety, cleanliness and embracing think and act tourism. MOTAC's homestay in Selangor experienced a decline in the number of certified homestay from 16 homestays in 2008 to 15 homestays in 2009 due to *Homestay Setangkas* withdrew from being certified MOTAC's homestay. Unfortunately, in the year 2015, the number of MOTAC's homestay further dropped when *Homestay Seri Kayangan* became inactive. To date, MOTAC has 14 active certified homestays in Selangor involving 423 certified operators offering 679 rooms to tourists in rural villages. Increase in demand for homestay accommodation and greater government investment for tourism development, especially in rural area, justify the needs to explore the issues of the mushrooming of uncertified homestays and the impacts caused by them. The question on how serious uncertified homestays will affect the sustainability of certified MOTAC's homestays is a big concern.

The main objective of this study is to examine key challenges faced by certified homestay operators to sustain their homestay business. Hence the specific objectives of the study are to identify the problems faced by certified homestay operators when running homestay business, to identify how far a government has progressed in improving the quality and quantity for sustainable homestay and to determine whether certified homestay business with MOTAC has financial sufficiency. Homestay financial sufficiency is one of the motivation factor if the homestay business able bringing enough profit thus homestay operator finds the business is worthwhile to keep going for the foreseeable future. Many studies done on homestay

programme in Malaysia focused on measuring satisfaction level of tourists with regards to the services provided by homestay operators and sustainable rural tourism development from the perspective of local community (Jabil et al., 2011). Study is rarely done on the supply side perspective which can guide tourism authorities and relevant government agencies in coming-up with better policies (Nor, S. M., et al., 2012) on homestay development.

## Literature Review

Many governments in developing countries including Malaysia have perceived tourism as an important means to stimulate economic growth. Focuses are given on the economic impacts of tourism development while ignoring wider issues in social and environment impacts such as a decline in traditions, materialisation, increase in crime rates, social conflicts, crowding and environmental deterioration (Tosun, 2000). Human needs and motivation factors are important and must be understood too. In 1987, the Brundtland Commission report warned that a persistent ignorance of the inseparability of these elements would constitute a mistake by global community (Wang et al., 2010). Arif et al. (2013) highlight that, any tourism destination without an adequate plan for development that addresses the economic, social and environmental functions of the tourism industry would bring negative impacts to the country image, tourism revenues, weak tourism market, unpleasant and distressing destinations thus difficult to sustain tourism.

### *The concept of homestay*

Homestay can be viewed as a means to indulge in cultural and heritage tourism whereby tourists will get the chance to stay with the chosen house-owner or host, provide the sense of being at home, communicate and go through the family's daily life and have a live experience of Malaysian cultures (Amran and Hairul, 2003). According to Cole (2007), many tourists believe that staying at homestay will give them a unique living in a new culture and allows to behave more freely, comfortably and relaxed in a foreign culture. Homestay terms would be different from one country to another country as shown in Table 1. However, the general concept of homestay is the same in all countries where tourists reside with homestay hosts in the latter's family homes located mostly in rural areas, have meals and be entertained by the cultural performances and traditional activities of homestay host and participating villagers (Salamiah et al., 2011; Abdul Rasid et al., 2011; Md. Anowar et al., 2012 and Arif et al., 2013).

**Table 1: Homestay concepts in several countries**

Country	Homestay Concepts
Australia	Farmstay
New Zealand	Farmstay
Germany	Farmstay
United Kingdom	English language
Japan	Educational homestay, home visit
South Korea	Educational homestay
South Africa	Leisurestay
Canada	Cultural homestay, heritage homestay, farmstay
Country	Homestay Concepts
United States	Agricultural homestay, educational homestay
Singapore	Urban homestay
Philippines	Cultural homestay

Continue table

Thailand	Student homestay, volunteer homestay, cultural homestay
Indonesia	Cultural homestay, leisure homestay
Cambodia	Cultural homestay

Source: adapted from Yahaya (2009), Hamzah (2010), Salamiah et al. (2011) and Mohd Zaki et al. (2011)

In Malaysia, the MOTAC's Homestay programme was launched in 1995. The concept of homestay is not about accommodation, it is for tourists to experience village life, take part in the daily activities of the villagers, allows tourists the unique opportunity to live with a Malaysian family in a rural setting, experience the beautiful simplicity of life in the "kampong" and learn about the lifestyles and cultures, unlike hotel, motel, lodging houses, inns, bed and breakfast and camping where the tourist stay by themselves and have their own activities (MOTAC, 2011). According to MOTAC (2011) homestay in Malaysia is under the community-based rural tourism. This is because homestay is one of the programs that involves local community participation, be part of the rural tourism to alleviate the standard of living, encourage the local community to work together, sustain their tradition and identity and shared benefits from the homestay.

Certified MOTAC's Homestays can be recognised via MOTAC Homestay logo exhibited in front of the premises as shown in figure 1. The MOTAC hold the copyright to the logo and prevent uncertified homestay practitioners from using it.



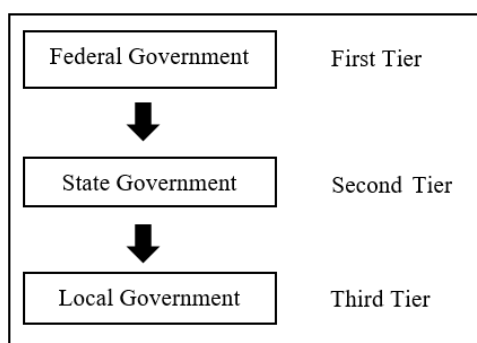
Figure 1. Homestay Malaysia's Logo

### ***Government Roles and Responsibilities in Sustainable Homestay***

In the context of homestay, governments have a critical role in creating and stimulating action to ensure homestay programme is more sustain in the future. What communities do in homestay business not only depends on the opportunities and power that they have, the incentives and prices they face but also on their access to skills, training, capital and markets are shaped by government policies, regulation and taxes (Farideh, 2015). Unfortunately, according to Rezarta (2014) and Michell et al. (2010) there have a big gap between the planning for sustainable homestay and its actual implementation as tourism development plans never turn into reality due to lack of information to support planning and lack of effective instruments to enable implementation. As stated by Yukdsel et al. (2005) policy in developing countries has been criticised as highly centralised with the concentration of authority and decision-making within the federal, state and local government resulting in increased bureaucracy and decrease in efficiency.

Dinica (2009), Wray (2009), Beaumont and Dredge (2009) highlighted that little attention has been given to purposefully investigating the roles and responsibilities of local government in addressing sustainable development within tourism destination context. Meanwhile, stated by Schilcher (2007), increased in tourist numbers do not always lead to increase in economic

opportunities by local people living in tourism destinations. In Malaysia, Malaysian government system is divided into three levels, namely federal, state and local government as shown in figure 2. The local government or local council is the lowest level in the system of government in Malaysia. Local government has the power to collect taxes, to create laws and rules and to grant licenses and permits for any trade in its area of jurisdiction in addition to providing basic amenities, collecting and managing waste and garbage as well as planning and developing the area under its jurisdiction. Apart from that, the local government often assume as the mediatory role between the different levels of governments and the people.



**Figure 2: Malaysia Government System**

Many countries faced with many challenges relating tourism development. Therefore, according to Rezarta (2014) government should provide an environment that enables and encourages the private sector, local community, tourists and other stakeholders to respond to sustainability issues and this can be achieved by establishing and implementing a set of policies for tourism development and management. Sustainable tourism planning and destination development requires the ability and institutional capacity to integrate multiple policy areas considering a variety of natural, cultural and human assets. A destination cannot successfully implement the principles of sustainable tourism strategy without the right laws and regulations in place.

Local government should have role not only in setting the direction for, but also in promoting sustainable tourism objectives within the destination by giving more voice to small and medium scale tourism enterprises in government planning and policy. In the context of homestay, the role of government according to Harun et al. (2012) and Yahaya (2004) does not only visible through allocation of homestay budget to homestay operators, providing basic infrastructure and facilities, aggressively do homestay marketing and promotion but also more on providing knowledge, guidance, advice about the industry risk in order to prepared certified homestay operators become competitive and enable them facing with any challenges in the homestay business. Study by Salleh et al. (2014) found that the encouragement by the communities and government has led the homestay operators to participate in the homestay programme as well as influenced by interest, occupy free time, increasing individual skills, gain new experiences, SME business, preserve community living, preserve traditional culture, preserve natural environment, preserve traditional houses and source of income.

### ***Homestay Income***

One of the main motivation factor and the encouragement to participate in the homestay business was the income. A study done by Abdul Rashid et al. (2011) local community participation homestay in Johor indicated almost 54% of the respondents said, they joined the

homestay business due to the income factor followed by 34% environmental factor and 12% leader role in convincing them to involve in the homestay business. In addition, he also founded that, there were changes in the income levels of communities before and after participating in the homestay programme. Based on their finding before joining the homestay business, most of the operators earned a monthly income in the range of RM500-RM1,000 and after participating in the homestay business, the incomes increased to RM1000-RM1,500. Furthermore, a study done by Yahaya et al. (2009) homestay in Negeri Sembilan found that, in general the monthly income the homestay entrepreneurs earned from the accommodation is around RM600 to RM800 and some of them managed to earn from RM2,000 to RM3,000 based on the number of rooms and other services provided such as souvenir sales, sales of local delicacies, catering services and arranging visits.

Md. Anowar et al. (2013) on his research titled socio-economic impacts of homestay accommodations in Malaysia found that the monthly incomes of the homestay operators in Terengganu are RM600 to RM2000 and most of the respondent's incomes are more than RM1000. He also indicated that most of the homestay operators have reached in break-even period within 2-3 years duration from their investment on homestay accommodation.

On the other hand, according to Liza et al. (2007) direct income earned by the homestay operators in Terengganu is very low. Average income received by the operator is only about RM51 for one-night stay or RM17 for each one of the visitors after deducting some other expenses and there also have a case of homestay operators withdrew from the homestay business due to problem in homestay management and did not receive visitors or tourists in a given period.

In addition, according to Hairul (2003), not all homestay operators who engaged in homestay business received a good income after a long involvement in the homestay business. Thus, the people quality of life involved in the homestay does not show any significant changes in terms of increasing the total of household income cause them withdrew from the homestay business. Therefore, homestay operators must be able to market and manage their homestay business aggressively to attract more visitors and helping local community set up homestays to boost their homestay income.

### ***Sharing Economy***

The sharing economy emerged a viable alternative to fulfil a variety of consumer needs. The sharing economy create a win-win situation for all the stakeholders and became the subject of considerable interest to the stakeholders and policy-makers. Fradkin et al. (2015) consider sharing economy as peer-to-peer marketplaces for the exchange of underutilized goods and services without devoting too much attention. Moreover, a review from economics commentaries see the sharing economy as a new source of beneficial competitive pressure and economic innovation that could lead to an increase in productivity through use of underutilized assets or "dead capital", create new markets through disruptive innovations and spur in turn futher innovation among incumbent industries (Koopman et al., 2014; Jenk, 2015; Thierer et al., 2015). Hence study done by Heimans and Timms (2014) on understanding 'New Power' and Matzler and Kathan (2015) on adapting to the sharing economy sum up in the business and management literature, the sharing economy emphasis on new business models expected to create new industries, revitalize traditional ones - radical transparency, openness and collaboration, wisdom of crowds, do-it-yourself and lead to sustainable economy.

In addition, according to Fradkin (2017), Airbnb is the most recognizable international brand in the emerging “accommodation sharing economy”, which refers to the growing number of property owners who are making their houses available for short-term rentals. He found that these short-term rentals compete with traditional lodging providers by offering an alternative, often cost-effective, form of accommodation in major markets reveals how consumers are using technology to maximize utility from their fixed travel budgets. Thus, this has increased elasticity of supply and demand.

## Research Methodology

This study is exploratory in nature, using a snowballing technique of collecting data. A qualitative approach was applied whereby in-depth interviews with respondents that included seventeen officers from governing authorities, like MOTAC and local government as shown in Table 2, certified and uncertified homestay practitioners in Selangor, Malaysia. Sample data from the interviews include thirty homestay businesses in Selangor, fifteen were registered with MOTAC and another fifteen were selected from Airbnb website. The selection criteria of Airbnb operators in Klang Valley as follows:

- 1) Airbnb operators must have the places of tourist attraction and well promoted in the website.
- 2) Airbnb operators must have located at Klang Valley and easy to access.
- 3) Airbnb business owners agreed to be interviewed.

**Table 2: List of Officer from Governing Bodies in Selangor, Malaysia**

No	Officer from Governing Bodies
1	Ministry of Tourism and Culture Malaysia (MOTAC)
2	Ministry of Tourism and Culture Malaysia, Selangor state office
3	Malaysia Tourism Promotion Board
4	Tourism Selangor Sdn Bhd
5	Malaysian Association of Tour and Travel Agents, Selangor State Office
6	Selangor Homestay Association
7	Ministry of Rural and Regional Development (MRRD)
8	Institute for Rural Advancement (INFRA)
9	Economic Planning Unit, Selangor State
10	Companies Commission of Malaysia, Selangor State office
11	Shah Alam City Council
12	Selayang Municipal Council
13	Sepang Municipal Council
14	Kuala Selangor District Council
15	Hulu Selangor District Council
16	Sabak Bernam District Council
17	Kuala Langat District Council

Source: Author’s finding based on the number of Selangor Local Authorities and Direct Governing Bodies Involved in Homestay Programme

## Results

Through in-depth interviews, we learned that although the evidence of those who were operating uncertified homestay was given to the municipal council, state and federal authorities but no clear action has been taken so far. It is learnt that the problem faced by MOTAC's homestay may just be the ‘tip of the iceberg’ as the number of uncertified homestays practitioners in Malaysia is keep increasing. A sustainable Certified MOTAC's homestay

cannot be achieved if there is no formal enforcement by MOTAC and the local authorities to control and monitor the increasing number of uncertified homestays. In the case of homestay, one of the main motivation factor to participate in the homestay business was the income. Not all operators who engaged in homestay business received a good income after a long involvement in the homestay business thus more certified homestay operators are likely to withdraw from the certified MOTAC's homestay (Nor, S. M., et al., 2017).

### *Certified MOTAC's Homestay in Selangor*

Certified MOTAC's homestays in Selangor experienced dropped in the number of active certified operators as well as the number of tourist who participated. Most homestays are operated by small-scale farmers and villagers with the assistance from the state government, the MOTAC, Tourism Malaysia and Tourism Selangor Sdn. Bhd. Table 3 shows that the number of certified MOTAC's Homestay operators decreased from 443 in 2015 to 423 in 2017. The number of rooms also decreased to 679 from 709.

**Table 3. Certified MOTAC's Homestays in Selangor, 2015 and 2017**

No.	Certified MOTAC's Homestay	2015		2017	
		No. of Operators	No. of Rooms	No. of Operators	No. of Rooms
1	Air Manis	17	45	17	45
2	Banghuris	80	100	80	100
3	Bouganvilles	15	20	15	20
4	Sg. Haji Dorani	20	40	20	40
5	Kanchong Darat	50	75	50	75
6	Kg. Kundang	25	55	25	55
7	Kg. Batu Laut	17	22	17	22
8	Sg. Lang Tengah	20	36	20	36
9	Papitusulem	32	79	32	79
10	Sepintas	20	20	20	20
11	Batu 23	25	30	25	30
12	Sg. Sireh	40	50	40	50
13	Kg. Endah	32	47	32	47
14	Sg. Tinggi	30	60	30	60
15	Seri Kayangan	20	30	n/a	n/a
<b>TOTAL</b>		<b>443</b>	<b>709</b>	<b>423</b>	<b>679</b>

Source: Industry Development Division, MOTAC (2018)

Note: In 2009 – Homestay Setangkas withdrew from being certified MOTAC's homestay

In 2015 – Homestay Seri Kayangan became inactive from certified MOTAC's homestay

Table 4 shows number of tourist arrivals at certified homestay and homestay income in Selangor for the year 2015 until 2017. The figure shows that certified MOTAC's homestays in Selangor experienced dropped in the number of tourist arrivals from the year to year, leading to a decrease in generated income of 2017 at RM1,831,396.



**Table 4. Certified MOTAC's Homestay Income and Tourist Arrivals in Selangor, 2015-2017**

No.	Certified MOTAC's Homestay	2015		2016		2017	
		Tourist Arrivals	Income (RM)	Tourist Arrivals	Income (RM)	Tourist Arrivals	Income (RM)
1	Air Manis	3,770	331,553	979	188,702	1,801	111,195
2	Banghunis	12,205	801,740	8,526	667,650	8,925	520,348
3	Bouganvilles	2,412	156,685	2,114	133,780	1,660	100,770
4	Sg. Haji Dorani	9,991	380,242	8,502	384,458	7,668	349,779
5	Kanchong Darat	5,991	211,650	3,854	198,234	5,568	150,880
6	Kg. Kundang	1,250	497,910	1,694	288,900	213	87,050
7	Kg. Batu Laut	400	17,100	360	28,175	891	60,420
8	Sg. Lang Tengah	932	37,790	776	28,880	519	14,030
9	Papitusulem	419	39,100	306	89,070	839	40,820
10	Sepintas	30	400	20	300	0	0
11	Batu 23	2,595	60,821	3,557	198,450	2,674	46,082
12	Sg. Sireh	9,696	468,850	6,304	389,248	6,485	281,452
13	Kg. Endah	8,710	59,270	10,483	118,660	7,726	68,570
14	Sg. Tinggi	610	64,400	600	55,650	0	0
15	Seri Kayangan	n/a	n/a	n/a	n/a	n/a	n/a
TOTAL		59,011	3,127,511	48,075	2,769,157	44,969	1,831,396

Source: Selangor Regional Office, MOTAC (2018)

The result finds that the number of active certified operators started to decrease in 2009. Being a certified operator, the income gained from homestay business was not directly received from the tourist. Certified homestays have a committee account into which all payments received from the tourists will be credited. This committee will duly pay each certified operator a certain amount that covers the expenditure cost of hosting and some profit. The average homestay income received by certified homestay operator is currently between RM80 to RM150 per month due to the lack of participate tourists. The certified operator also needed to compete among others certified operator in the village. They were not allowed to deal directly with the tourists and bring the tourist to their own house before going through the registration process with the homestay committee. The homestay committee has the authority to assign certified operator when receiving the tourist. Therefore, some of the certified MOTAC's homestay have opted to leave the homestay business as they were demotivated due to did not receive a visitor and less monetary benefits generated.

Moreover, the big gap found in homestay income between certified MOTAC's homestay and uncertified homestay as a major factor in increasing the number of uncertified homestay practitioners in Selangor. As mentioned by a certified MOTAC's operator (Respondent 5), *"We are disappointed with the big number of uncertified homestay, because of them our small income is affected and so our good names...uncertified homestay may earn between RM1,200 to RM2,000 per month compared to us it's so hard to get"*.

#### ***Strive to comply with strict MOTAC's operating guidelines***

To be a certified MOTAC's homestay, the potential certified operator must fulfil the registration requirements, such as a minimum of 10 homes per homestay, at least have 2 extra rooms to offer, easy accessibility to tourist in terms of transportation and communication, act-and-think tourism attitude, optimum level of cleanliness and safety, and community activities that involve traditional games and introduction to local culture (Nor S. M. et al., 2012). Apart from that,

certified operators must attend a basic homestay course and participate in a practical homestay experience. Moreover, potential certified operators will have a comprehensive on-site evaluation by representatives from MOTAC, Department of Health, Tourism Malaysia, Homestay Association and the *Jawatan Kuasa Kemajuan dan Keselamatan Kampung* (JKKK) to ensure that every aspect and requirements are fulfilled before success to be a certified MOTAC's homestay. After having fulfilled these conditions certified MOTAC's homestay will be inspected every three years for compliance with regulation (Nor S. M. et al., 2017).

A respondent from uncertified homestay claimed that, "*...it's hard to fulfil the requirement set by the ministry because it involves many layers of evaluation...if 5 houses success meet the requirement but the other 5 houses failed then as a whole no one can be a certified homestay...we cannot control other home-owners ...what we can control is our home*" (Respondent 17). Another respondent who was also uncertified homestay (Respondent 20), "*...Nothing to lose not being a MOTAC homestay...because we are the one who can control our business...we have the full freedom to do anything on our business...in fact, we have a lot of opportunities to earn more money without any headaches*".

### ***The rise of the sharing economy***

One of the major attractions of using a platform like Airbnb is to earn extra income. An integration of technology and the power of collaborative platforms in online marketplace has reduced transaction cost making homestay's prices are cheaper compared to hotels, allows more data on homestay accommodation and tourist preferred location to be disaggregated. Thus, encourage uncertified homestays practices to make money from their underused assets.

As mentioned by uncertified homestay operator (Respondent 28), "*Many tourists use Airbnb because it can be beneficial for both the owner of the house and the guests...we can offer our homestay price cheaper than hotel...if I rent my apartment with 12 months, monthly I just got fixed RM1800...but if I rent daily rate RM200 and I advertised via Airbnb my potential gross profit per day is RM140, per month RM4,200...sound good, right?*"

### ***Connected with widens network***

Through online marketplace like Airbnb mobile application (app), it is easy to see why so many people are opting to become uncertified homestay practitioners as Airbnb has been operating since 2008 connecting peoples to online booking accommodation in more than 65,000 cities and 191 countries. A respondent from uncertified homestay said, "*...There is not many business opportunities that I can get free marketing and access to the big number of renter... more people now opting to use Airbnb... guest looking for a 5-star home with a cheaper price...I'm renting out several apartments and rooms full time and has welcomed over 600 guests...There is good demand although I do not provide any activity*" (Respondent 22).

Unlike MOTAC's homestays, the tourists only can view the list of certified homestay practitioners from the official MOTAC's website at <https://www.tourism.gov.my>. There is a limited number of mobile website (web apps) to book certified homestay, as well as no certified homestay app, is available to download and install from an online store such as app store or google play.

Chang (2015, pp 3-4) in his study on 'Growing Pains: The Role of Regulation in the Collaborative Economy', stated that, "*A collaborative economy gives everyone the capability to access underutilised or unused assets...the collaborative economy is so powerful because people stand to gain something from their participation lead to constitute a powerful force that*

*redistributes social and economic power into the hands of the consumer...collaborative economy offers a distributed network of individuals builds upon a foundation of trust...large networks are exponentially more valuable than smaller network thus increasing the possibility of monopolising in the market".*

The effectiveness of the online homestay marketplace to connect people with a large network example like Airbnb shows the possibility of uncertified homestay practitioners monopolises the homestay market. This trend can be seen when the number of uncertified homestay practitioners is keeping increasing. Small profit and competition with the increasing number of uncertified homestays have further demotivated certified MOTAC's homestay operators to upgrade their facilities and compromised the quality of service as perceived by tourists (Nor S. M. et al., 2012 and Nor S. M. et al., 2017).

### ***Lack of homestay regulation and monitoring by the ministry and state government***

An officer from the Tourism Selangor Office said, *"...There are a lot of homestay advertisement in front of a privately- owned house as well as in the online booking...Tourists have complained of having been cheated in Homestay Programmes...Some did not fulfil the offer as promoted on the website and tourists were disappointed with the quality of service"* (Respondent 31). In addition, according to an officer from the MOTAC, *"...To be a certified homestay is on voluntary basis...there have strict criteria need to fulfil before being a certified MOTAC's homestay and promoted by MOTAC...Currently, we do not have specific laws for the ministry to act against the uncertified homestay...there is no law to compel them to be a certified homestay with the ministry"* (Respondent 32). Moreover, an officer from the MOTAC said, *"We have limited in manpower to monitor uncertified homestays...but we are aware there is a big number out there...unfortunately, no action can be taken to them because their businesses are operated legitimately...it just the matter they not register their homestay with us"* (Respondent 33). Respondent 34 an officer from Companies Commission of Malaysia (CCM) mentioned that *"We cannot stop private homestay operators because they are conducting legal activities and we cannot accuse them to be illegal homestay just because they are not registered with the MOTAC...but we can help the ministry by asking new company registrations for those using the 'Homestay' title need to attach an approval letter from the MOTAC before we proceed to process their application"*.

An officer from Sabak Bernam District Council said that, *"...In Selangor, you cannot find any district council except Sabak Bernam strictly enforce private homestay operator to register their homestay business under us...we have the authority to give them a license because their business was operated under our territories...bylaw we have act...call Local Government Act 1976...it's under our - Undang-Undang Kecil Hotel (MDSB 2007)... but we not allowed them using the homestay name like MOTAC homestay...our district council homestay name is housestay to avoid tourists confuse between MOTAC homestay with district council homestay...our first housestay is Shah Jehan housestay...by giving them license their housestay business is not classified as illegal homestay...they still have to fulfil the basic requirement like normal business...as the advantage it can be our source of revenue"* (Respondent 35).

An important distinction must be made between certified MOTAC's homestay and uncertified homestay practitioners. The role that regulatory action to regulate homestay business is mandatory as long as it is done fairly and does not overly restrict the business. In addition, there is a need to develop homestay business collaborative economy model because the business

should not be illegal. For the start-up, it will be good to benchmark what Sabak Bernam District Council did to curb uncertified homestay practitioner's issues.

## **Discussion and Conclusion**

Empirical evidence of the benefits and costs of the sharing economy and its implications for sustainability is very limited and inconclusive, particularly as regards to uncertified homestay business. The available research is too limited to give us a comprehensive and coherent picture of the sharing economy in the homestay business context and often presented by stakeholders in the current controversies. The sharing economy can have positive or negative effects for society as a whole in terms of innovation, security risks and the tax base. It has also driven entrepreneurialism and reinvigorated the concept of sharing. The exciting growth market for alternative accommodation like a homestay, encourages more people to rent out their underutilised or unused home for short-term period. Many tourists use online marketplace scouting for homestay because the prices are cheaper compared to hotels. Established certified homestay practitioner's stand to lose if the sharing economy competes with uncertified homestay practices in an unregulated market. Aware of the power of large network offer through the online marketplace as well as monetary benefits can be earned from the collaborative economy, a majority of the home-owner use online marketplace as a medium to advertise their home. This phenomenon projecting a false image of a true Malaysian homestay experience to tourists. Authorities particularly MOTAC and local authorities who give out licenses for homestay businesses must wake up and proactive in dealing with the collaborative economy, knowing no enforcement agency has stepped forward to take the lead in addressing the mushrooming of uncertified homestay.

Lodging houses business for all residential apartments, condominium, flats and the gated residential house should be regulated and have to operate the business with the license it doesn't matter the use of 'homestay' or 'housestay' terms or whether it is MOTAC, state or district council homestay. Certified MOTAC homestay operators are facing challenges to sustain their homestay and become less enthusiasm in delivering good quality of service to the tourists. As a result, more certified operators are likely to withdraw from being certified MOTAC's homestay not only because of no sufficient homestay income can be generated if compared to uncertified homestay but also felt unfair because they have striven to comply with strict operating guidelines set by MOTAC. Moreover, there will be plenty of finger-pointing as tourists have been confused with the actual homestay concept in Malaysia and should tourists have many complaints regards to unethical issues of uncertified homestay practices. This may tarnish the good name of certified MOTAC's homestay as well as the Malaysian reputation as a winner of international recognition of the UNWTO Ulysses Award for innovation in public policy and governance. Homestay business should always maintain a high level of security, safety, cleanliness and embracing think and act tourism.

## **References**

- Abdul Rashid, A. R., Mohd, Y. H., and Mohamad, Z. M. (2011). Local Community Participation in Homestay Program Development in Malaysia. *Journal of Modern Accounting and Auditing*, 7 (12), 1418-1429.
- Amran Hamzah and Hairul Nizam Ismail. (2003). *Kajian penilaian kesan sosio-ekonomi program homestay di Kampung Banghuris, Sepang, Selangor*. Report FRGS Vot 71538. Universiti Teknologi Malaysia. Skudai, Johor.

- Arif Kamisan, P and Xiao, H. (2013). Challenges and Community Development: A Case Study of Homestay in Malaysia. *Asian Social Science*, 9 (5), 1-17.
- Chang, W. (2015). Growing Pains: The Role of Regulation in the Collaborative Economy. *Intersect*, 9 (1), 1-15.
- Cole, S. (2007). Beyond authenticity and commodification. *Annals of Tourism Research* 34: 943-960.
- Cristiano Codagnone and Bertin Martens (2016). Scoping the Sharing Economy: Origins, Definitions, Impact and Regulatory Issues. *Institute for Prospective Technological Studies Digital Economy Working Paper* 2016/01. JRC100369.
- Dinica, V. (2009). Governance for sustainable tourism: A comparison of international and Dutch visions, *Journal of Sustainable Tourism*, 17 (5), 583-603.
- Farideh, A. (2015). The Priorities of the Government's Role in Rural Tourism Development in Tehran Province (from Local People, Tourists and the Authorities' Point of View). *American Journal of Rural Development*, Vol.3(1), 1-4.
- Fradkin, A. (2017). Search, Matching, and the Role of Digital Marketplace Design in Enabling Trade: Evidence from Airbnb. Retrieved on (2018, May 26) from [de.mit.edu/sites/default/files/publications/SearchMatchingEfficiency.pdf](http://de.mit.edu/sites/default/files/publications/SearchMatchingEfficiency.pdf)
- Fradkin, A., Grewal, E., Holtz, D., & Pearson, M. (2015). Bias and Reciprocity in Online Reviews: Evidence From Field Experiments on Airbnb. Retrieved from [http://andreyfradkin.com/assets/Fradkin\\_JMP\\_Sep2014.pdf](http://andreyfradkin.com/assets/Fradkin_JMP_Sep2014.pdf) (2-08-2017).
- Hamzah, A. (2010). Malaysian homestays from the perspective of young Japanese tourists: The quest for Furusato. Malaysia: CIPD Monograph.
- Harun, H., Hassan, R., Abdul Razzaq, A.R., & Mustafa, M.Z. 2012. Building Local Capacities towards Sustaining Community Based Tourism Development (CBET): Experience from Miso Walal Homestay, Kinabatangan Sabah, Malaysia. In: *Regional Conference on Higher Education-Community-Industry Engagement*, 7-9 May 2012, Kuala Lumpur.
- Heimans, J., & Timms, H. (2014). Understanding "New Power". *Harvard Business Review*, 93(12), 48-56.
- Ismar Liza Mahani Ismail, Rosyidah Muhamad & Nurulhuda Alwi (2007, November). Peningkatan taraf hidup masyarakat luar bandar melalui program homestay di perkampungan komuniti nelayan sekitar daerah di Terengganu. *Prosiding di Seminar Kebangsaan Sains Sosial, UPM*, 324-337.
- Jabil Mapjabil, Siti Asma' Mohd Rosdi, Munir Shuib and Sharmini Abdullah. (2011). Pembangunan Program Homestay di wilayah utara Semenanjung Malaysia: Profil, produk dan prospek. *Malaysian Journal of Society and Space*. 7 (2), 45 – 54.
- Jenk, J. (2015). Theory meets practice in the taxi industry: Coase and Uber. Raktas Working Paper series.
- Koopman, C., Mitchell, M., & Thierer, A. (2014). The Sharing Economy and Consumer Protection Regulation: The Case for Policy Change. Arlington: Mercatus Center, George Madison University. Retrieved on (2017, Feb 8) from Retrieved from: <http://mercatus.org/sites/default/files/Koopman-SharingEconomy.pdf>.
- Matzler, K., & Kathan, W. (2015). Adapting to the Sharing Economy MIT Sloan Management Review, 56(2), 71-77.
- Md. Anowar, H. B., Chamhuri, S. and Shaharuddin, M. I. (2012). Home Stay Accommodation for Tourism Development in East Coast Economic Region. *American Journal of Applied Sciences*, 9 (7), 1085-1090.
- Md. Anowar, H.B., Chamhuri, S., and Shaharuddin, M. I., (2013). Socio-economic Impacts of Homes Stay Accommodation in Malaysia: A Study on Homestay Operators in Terengganu State. *Asian Social Science*; Vol. 9 (3).

- Meredith Wray (2009) Policy communities, networks and issue cycles in tourism destination systems, *Journal of Sustainable Tourism*, 17:6, 673-690.
- Mitchell, J. & A, Ashley, C. 2010. *Tourism and Poverty Reduction: Pathways to Prosperity*. London: Earthscan.
- Mohamad Zaki, A., Johan, A. I., & Norria Z. (2011). Homestay as a sosioeconmic community development Agent: From UUM Tourism Management Students Perspective. *Prosiding Perkem VI*, JILID 2, 481-493.
- Narelle Beaumont & Dianne Dredge (2009) Local tourism governance: a comparison of three network approaches, *Journal of Sustainable Tourism*, 18:1, 7-28.
- Nor, S.M., Khairil, W.A., Ismail, N. W. and Radam, A. (2012). Preliminary Study on Sustainable Community Development through Homestay Programme. In A. Zainal, S.M. Radzi, R. Hashim, C.T. Chik and R. Abu (Eds.), *Proceedings of the International Hospitality and Tourism Conference* (477-482). Kuala Lumpur, Malaysia.
- Nor,S.M. and Khairil W.A. (2017). Challenges Faced by Operators to Sustain Homestay Business in Selangor, Malaysia. *International Journal of Innivation in Social Sciences*, 2 (1),1-11.
- Rezarta, B. (2014). Local Government's Role in the Sustainable Tourism Development of a Destination. *European Scientific Journal*, November 2014 edition Vol.10,103-117.
- Salamiah, A. J., Othman, N. A., and Nik Maheran, N. K. (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.
- Salleh, M., Hanim, N., Othman, R., Nordin, N., Idris, M., Hajar, S., & Shukor, M. S. (2014). The homestay program in Malaysia: Motivation for participation and development impact. *Turizam: Znanstveno-strucni casopis*, 62(4), 407-421.
- Schilcher, D. (2007). Exploring the Tourism-Poverty Nexus. *Current Issues in Tourism*, 10(2&3), 231-224.
- Star online. *Homestay Horror for Five*. Retrieved on (2015, May 26) from <http://www.thestar.com.my/news/nation/2014/08/03/homestay-horror-for-five-hidden-camera-in-resthouse-bathroom-ruins-familys-vacation/>
- Thierer, A., Koopman, C., Hobson, A., & Kuiper, C. (2015). How the Internet, the Sharing Economy, and Reputational Feedback Mechanisms Solve the 'Lemons Problem'. Retrieved on (2017, Feb 8) from SSRN: <http://ssrn.com/abstract=2610255>.
- Tosun, C. (2000). Limit to Community Participation in the Tourism Development Process in Developing Countries. *Tourism Management*, 21 (6), 613-633.
- Wang, C. K. J., Liu, W. C., Chatzisarantis, N. L. D., and Lim, B. S. C. (2010). Influence of perceived motivational climate on achievement goals in physical education: A structural equation mixture modelling analysis. *Journal of Sport and Exercise Psychology*, 32, 324-338.
- Yahaya Ibrahim. (2004). *Homestay Programme in Malaysia*. ASEAN Journal on Hospitality and Tourism. January: 3(1), 65-75.
- Yahaya and Razzaq, A. R. A. (2009). Homestay Program and Rural Community Development in Malaysia. *International Workshop on Production Process of Tourism S and Interface among Local Residents, Foreign Tourists and Foreign Workers*.
- Yukdsel, F., Bramwell, B., Yuksel, A. (2005). Centralized and decentralized tourism governance in Turkey, *Annals of Tourism Research*, 32 (4), 859-878.