

## An Analysis on Successfulness of Homestay Operation in Cultural Heritage Destinations in Sri Lanka

M.A.J. Ruwindra Dias<sup>1</sup>, K.M. Mubarak<sup>2</sup>, M.S. Ishar Ali<sup>3</sup>

<sup>1</sup>MTEHM, University of Colombo

<sup>2</sup>Department of Marketing Management, South Eastern University of Sri Lanka

<sup>3</sup>Department of Business and Management Studies, Trincomalee Campus, Eastern University, Sri Lanka

### Abstract

Many tourists choose to spend their vacation money on homestays so they can live like a local for a few days. It is currently a very fashionable place for both foreign and domestic visitors to stay. The primary goal of this research was to examine what factors influence the success of homestay businesses in Sri Lanka's cultural heritage hotspots. Two hundred homestay owners in and near Sigiriya, Polonnaruwa and Anuradhapura cultural heritage sites were surveyed for the study. Primary data in the form of questionnaires were used to compile this study. The purpose of the questionnaire is to gather primary data from the home stay business owner. The information was analyzed using a combination of regression and correlation techniques. Personal traits, Human capital, Social capital, and strategic considerations were the independent variables examined, while effective home stay operation was the dependent variable. All independent variables are significantly associated with the dependent variable, as shown by the correlation analysis. The regression analysis examines the impact of independent variables on dependent variable. According to the results of the regression analysis, individual traits are the most significant factor in determining the success of a homestay. The second way in which social capital influences the effectiveness of home stay operations is through its effect on the quality of the home stay itself. Thirdly, human capital affects how effective homestay programs are. In the end, strategic considerations have an impact on how well homestay businesses perform. The ability to take calculated risks is essential for a homestay entrepreneur's success. Despite having the backing of financial institutions and the government, many new enterprises have failed due to a lack of training and understanding.

**Key words:** *Personal characteristics, Human capital, Social capital and strategic factors*

## **1.0 Introduction**

Tourism has become one of the most important drivers of economic growth and development in many countries because it opens up so many business and job opportunities. It is the business of finding people who travel and stay outside of their home towns for work or fun and meeting their needs, (SLTDA, 2018). Sri Lanka, which is in the third world and is still developing, has shown that it can take advantage of many opportunities in the homestay tourist business. Homestays are becoming more popular with tourists because they are a new way to travel. Homestays are great tourist attractions that help towns grow by bringing in more money and preserving the culture and environment of the area. The simple lives of the locals have become a big reason why tourists want to try homestay. In Sri Lanka, homestays have been set up in every part of the country (SLTDA, 2016).

Even though Ministry of Tourism data shows that there are many more Homestays on the list, many studies focus on the success of Homestay and only look at a few well-known Homestay destinations (Kalsom, 2002; Nor Ashikin & Kalsom, 2011; Ibrahim, 2004). So, more research is needed to add to the body of knowledge by looking into other Homestay areas to learn more about their niche and possible problems that Homestay operators might face.

Many studies have shown that the things that make a business successful are different from the things that make an entrepreneur successful. Many academics have said that entrepreneurs who don't know what they're doing and don't have the right skills are to blame for the failure of many small businesses (Kiggundu, 2002). Beaver and Jennings (2005) say that the reason a homestay business fails is because of irrational business management. In this situation, it was important to have entrepreneurial skills to lessen the effect of outside factors on business success (Wasilczuk, 2002). Because of this, it is important to know what makes homestay entrepreneurs successful. But there are no studies done in Sri Lanka that try to figure out what makes entrepreneurs in the homestay industry there successful.

Since each Homestay community is likely to offer different packages, they may face the same or different problems when running the business. So, most of the research that has been done could be biased because it is based on a small number of samples that may not be representative of the whole Homestay program in Sri Lanka. It seems like the problems might be very different from one Homestay community to the next. So, the goal of this study is to look at the factors that affect how well a homestay business does, with a focus on cultural heritage destinations in Sri Lanka. This study aimed to fill this gap by looking at what factors affect the success of homestay operations in Sri Lanka's cultural heritage destinations?

## **2.0 Literature Review**

### **2.1 Homestay Definitions and Concepts**

Homestay is defined by the Malaysian Ministry of Tourism (2007) as "an arrangement that provides accommodation for students or tourists in the home of the family in exchange for payment where the trip includes a homestay in a traditional village, accommodation arrangement for students and school groups; and live with a local family in homestay and learn the local language and culture." Homestay entrepreneurship has special qualities.

It is an efficient and less expensive way to experience local culture while supporting the tourism industry (Gunaratna, 2014); homestays are designed to give visitors a place to stay, feed them home-cooked meals, and treat them like members of their own family (Scheyvens, 1999); it gives visitors a chance to stay with a chosen family, connect with them, and learn about their way of life (Scheyvens, 1999).

A homestay program offers the opportunity to stay with a carefully chosen host family. Informally, the homestay concept was first popularized in Cheating, Pahang, in the 1970s. Many of the villages in Cheating, Pahang, had already begun to offer lodging to visitors who wished to stay for an extended amount of time to take in the splendor of Cherating beaches. The house owners supplied breakfast for the visitors who stayed at their house, and the villagers welcomed the tourists and allowed them to remain with their families (Amran, 2004).

## 2.2 Entrepreneurial success of homestay

Homestay entrepreneurs actually run a tiny business called "homestay business." However, past research has demonstrated that the performance of small businesses is closely related to small business success. Business success is subjective and related to the extent to which goals are accomplished or exceeded, some of which may be essential for success. Because success can be defined in terms of specific element performances, studies have revealed that it is challenging to disentangle the concepts of success and performance. Newman, Padmore, & Simpson (2012).

Success is defined by Brush & Vanderwerf (1992) as a particular facet of performance. In the literature on entrepreneurship, firm effectiveness is typically evaluated from an economic standpoint based on increases in revenue and employee numbers. Existing literature demonstrates a variety of methods for assessing corporate success. Regarding how academics conceptualize the success of entrepreneurs, this is a well-known problem that is hotly disputed in the literature. The success rate of entrepreneurs has been evaluated based on a variety of factors. However, research on how to assess business success is still in its infancy. These parameters, though, are still up for debate, ( Wahizat et al., 2015).

A small business owner's personal qualities and attributes, as well as their motivation for beginning a business, are likely to be combined in measuring the success of the small business, according to prior studies. Brown & Walker (2004). Naman & Slevin (1993) made the case that using both subjective and objective performances at once had advantages. However, both financial and non-financial performance can be used to gauge a company's success. Many small business owners are driven to establish a firm on the basis of lifestyle or personal factors, yet financial criteria are typically thought to be the most appropriate indicator of business success. Alternative measurements of success, particularly in the small business sector, may result from non-financial aims Walker & Brown (2004).

According to Walker & Brown (2004), financial and nonfinancial measurements complement one another and give a richer picture of actual performance. Economic success and entrepreneur pleasure are two distinct characteristics of success, according to (Solymossy, 1998)

### 2.3. Relationship between independent variables and dependent variables

#### *2.2.3.1 Personal Characteristics*

Devadas & Jayasooriya (2021) Communication skills, negotiation skills, patience, determination, sociability, perseverance, innovative thinking, confidence, creativity/creative thinking, pleasantness, friendliness, self-efficacy, restraint, proactiveness, courtesy, and persistence are the primary personality traits and behavioral factors of homestay entrepreneurs.

Personal qualities, such as a positive attitude towards work, seriousness, and prudence, are crucial for a successful entrepreneur. Personal qualities are vital for a successful entrepreneur. Entrepreneurs must have the proper approach to their business, be diligent and serious. They must possess the will, confidence, and enthusiasm for their work, as well as the spirit of adventure and determination, creativity, patience, the capacity to question, strategic vision, and operational detail, etc. 1) Adaptability and commercial acumen; 2) Innovative thinking and inventiveness; 3) Confidence; 4) Adventurous spirit and determination; 5) Patience; 6) Capacity for generalization; 7) Punctuality; and 8) Learning eagerness. In addition to adaptability, originality, self-assurance, an adventurous spirit, patience, generalizability, punctuality, and a desire to learn, an entrepreneur must also possess confidence. Additionally, personality qualities of entrepreneurs have been found to affect organizational effectiveness (Robinson & Sexton, 1994).

#### *Social capital*

The ability to save time and money while gaining access to necessary resources through social networks and partnerships is what we mean when we talk about the positive effects of social capital on the growth of new businesses (Ossai & Lucky, 2012). The term "social capital" refers to "the networks of interactions among the people who live and work in a specific society" (Dana & Light, 2012). People's mental capacity to recognize opportunities and foster entrepreneurial leadership is further bolstered by their membership in different social networks (Dana & Light, 2012). Constricting social networks reduce the availability of social capital. Information trends spread rapidly on social media, which is a boon for business owners trying to make it in today's economy (Fairlie, 2014). The participants are able to build a support system that reduces the risks associated with starting a business, achieving mediocre results, and accepting a lower return (Dana & Light, 2012).

#### *Human Capital*

One of a small business's most valuable assets is its human capital (Chawla, Khanna, & Chenn, 2010). Entrepreneurial businesses rely heavily on human capital, which includes the education, experience, and skills of business owners (Saqib, 2018). Investing in people's human capital (their skills, knowledge, and experience) is a smart move for the economy in many ways. In light of EET's rapid global expansion, governments are becoming increasingly concerned with its ability to effectively shape human capital through the medium of entrepreneurship (Bruce et al., 2012).

It was found that human resource strategies, also known as the systematic management of human resources in the organization for the success of the organization, include retaining talented employees by providing educational and training opportunities for employees (Mathis

& Jackson, 2012). Human resource management, it is argued, has far-reaching implications for the entirety of a company, not just its employees (Mathis & Jackson, 2011). Success is unquestionably influenced by human capital, which is linked to strategic and risk planning (Unger et al., 2011).

### *Strategic Factors*

One form of strategy, known as "strategic planning," is concerned with the creation and execution of an organization's long-term goals and objectives (Chawla, Khanna, & Chenn, 2010). In order to adapt to the ever-evolving and competitive business environment, an entrepreneurial mindset is a crucial success factor because it fosters creativity, initiative, and a willingness to take calculated risks (Hakala, 2015). Innovative conservation strategies can be sparked by different types of marketing capabilities, as noted by Mariadoss et al. (2011). Product, service, operational performance, and financial results of the company are evaluated (Chittithaworn, 2011). There is a lack of risk-taking and a focus on customer service among many owner-managers, who would rather see their businesses succeed through providing excellent service and products than through making huge profits (Hanes, 2012). Devadas & Jayasooriya (2004) define "strategic factors" as "those factors that have a direct bearing on the achievement of the organization's (2021).

## **3.0 Methodology**

### 3.1 Research design

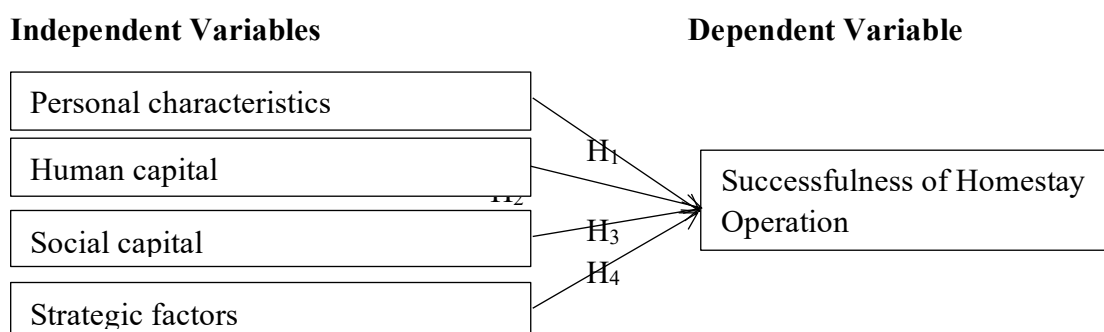
Despite the philosophical presumptions and interpretive research approach, a quantitative research approach might be thought to be appropriate for the current investigation. In light of its applicability to a theory that can be developed through numerical means, this study fits the criteria for quantitative research.

Cross-sectional studies have a very straightforward layout. The research process begins with the researcher deciding on a topic of interest, continuing with the identification of the population, followed by the selection of a sample and the subsequent collection of data.

### 3.2. Conceptual Framework and Hypothesis Development

Conceptual framework and hypotheses were developed based on the literature on the relationship between independent and dependent variable mentioned above.

Figure 3.1. *Conceptual Framework*



Adopted and modified from (Hakala, 2015; Chawla, Khanna, & Chenn, 2010; Ossai & Lucky, 2012)

H<sub>1</sub>: There is a significant influence of Personal characteristics on Successfulness of Homestay Operation

H<sub>2</sub>: There is a significant influence of Human capital on Successfulness of Homestay Operation

H<sub>3</sub>: There is a significant influence of Social capital on Successfulness of Homestay Operation

H<sub>4</sub>: There is a significant influence of Strategic factors on Successfulness of Homestay Operation

### 3.3. Population and sample

The population of the area around the cultural heritage sites of Sigiriya, Polonnaruwa and Anuradhapura in Sri Lanka is roughly 261 home stay entrepreneurs. 200 homestay entrepreneurs in these heritage sites served as a sample according to Morgan table. As a means of sampling, the Purposive sampling strategy was used. There are a few different names for the practice of sampling with a specific goal in mind. It's not a very scientific way to pick samples. It relies on the expert opinion of the researcher to select a subset of the population from which to draw a sample. Researchers in this study relied on the discretion of the homestay business owners to select their survey participants.

### 3.4. Methods of Data Collection

Both primary (from a questionnaire) and secondary (from other studies) data were used to construct this study. The purpose of the questionnaire is to gather primary data from the home stay business owner. There were five parts to the questionnaire: (1) demographic data; (2) individual details; (3) human resources; (4) social resources; and (5) strategic considerations.

The study's foundation was built on the solid ground of secondary sources. The research gap determined after conducting a literature review and a review of related literature to ensure that all of the study's components are properly explained. Secondary data for this study will be gathered from a variety of online and offline sources, including but not limited to websites, articles, research articles, case studies, etc.

### 3.5. Methods of data analysis

The study's demographic parameters were analyzed using percentages and frequency values, and the data were presented in tables. The generated descriptive statistics, such as minimum value, maximum value, mean, mode, median, variance, and standard deviation, were then utilized to explain the behavior of the questionnaire-collected data. In the study, both mean analysis and regression analysis were employed.

During reliability testing, the measuring instrument's dependability and internal consistency are determined. The Cronbach's alpha was employed for this reason. The reliability of an instrument is the degree to which it measures the desired idea.

The Cronbach's coefficient is a commonly used measure of the internal consistency of any instrument. The value of Cronbach's can range between 0 and 1. A Cronbach's value of 0.7 or greater is deemed an adequate dependability score.

According to George and Mallery (2003) following can be used as guide;

“ $\alpha > .9$  – Excellent,  $\alpha > .8$  – Good,  $\alpha > .7$  – Acceptable,  $\alpha > .6$  – Questionable,  $\alpha > .5$  – Poor, and  $\alpha < .5$  – Unacceptable”

The correlation coefficient measures the strength of the relationship between independent and dependent variables. According to Hair et al., (2006), Pearson's correlation coefficient describes the relationship between the two variables. The unit of measurement is denoted by r. This correlation coefficient is variable between -1 and 1. Positive 1 displays a perfect positive correlation, whereas negative 1 displays a perfect negative correlation. A coefficient value of 0 indicates that there is no relationship between variables.

Regression analysis facilitates the determination of the linear relationship between a dependent variable and one or more independent variables (Malhotra, 2008). Multiple regression analysis establishes the connection between two or more independent variables and a single dependent variable. According to Hair et al. (2006), the unstandardized coefficient indicates the strength of the relationship between variables. The value of R squared indicates the amount of variation in the dependent variable that can be explained by the independent variables. This will fall between 1 and 1.

### 3.6 Data Analysis and Presentation

#### *Demographic profile of the respondents*

It can be seen that 68% of the respondents were males and 32% of the respondents were female. There is much difference between number of males and females. Majority of respondent were age between 40 to 50 (48%) and between 18 to 30 is 34%. Age 40 to 50 represent 48% of the research sample and above age of 50 represent 5%.

Total working experience of the employee. 55% respondents have one to five years' experience, 33% of respondents have five to ten years of experience and 3% have more than 10 years of experience. Further, education level of the respondents' concern, 39% respondents have hotel management diploma and 35% of respondent have bachelor's degree while the other 14% of respondents passed the advance level exam. Majority of respondent received less than LKR 50000-monthly income, 21% received LKR 30000 to 60000. When it comes to the experience related to homestay, 57% have 1 to 5 years experience in home stay industry and 41% have less than 1 year experience in home stay industry.

#### *Reliability statistics*

Cronbach's Alpha was used to determine the reliability of the survey. The reliability of an instrument describes how well its measurements hold up over time and over multiple uses. A Cronbach's alpha of .70 or higher is generally considered acceptable in the scientific community.

*Table 3.1. Reliability statistics for Personal characteristics*

<b>Variables</b>	<b>Cronbach's Alpha</b>
Personal Characteristics	.944
Human Capital	.897
Social Capital	.945
Strategic Factors	.953
	.978

Based on table 3.1. The results have revealed that the internal reliability of Personal characteristics is more than 0.8, hence it revealed that very strong reliability.

#### *Correlation analysis*

Since the data follow a normal distribution, parametric statistical methods can be applied. Pearson's correlation coefficient was used to calculate the degree of association between the variables and provide an answer to the first research question. *r* value, as described by Cohen (1988), can be used to infer the strength of the relationship. This first objective of the study, "To examine the Factors Determining Success of Homestay Operation: With Special Reference to Cultural Heritage Destinations in Sri Lanka," is met here.

The success of running a homestay is correlated with the host's individual traits. There is a statistically significant positive relationship ( $r=0.826$ ,  $p0.01$ ) between individual characteristics and homestay program effectiveness. Human capital is positively associated with the success of homestay businesses ( $r=0.800$ ,  $p0.00$ ).

There is a positive relationship between social capital and home stay business success ( $r=0.855$ ,  $p0.00$ ). Strategic factors were also found to have a positive correlation with the success of homestay operations ( $r=0.810$ ,  $p0.00$ ).

#### *Regression Analysis*

The relationship between the dependent and independent factors was analyzed using multiple regressions. This study's dependent variable, homestay success, was examined in relation to the independent variables of individual characteristics, human capital, social capital, and strategic factors.

The results of a regression analysis "do not imply that the relationships are causal," as Tabachnick and Fidell (2007). Multiple regression, as Pallant (2005), "is not just one technique but a family of techniques."

$$SHO = \beta_0 + \beta_1 (PC) + \beta_2 (HC) + \beta_3 (SC) + \beta_3 (SF) + \varepsilon$$

Whereas, SHO denotes Successfulness of home stay, PC represents Personal characteristics, HC stands for Human capital, SC stands for Social capital, SF denotes Strategic factors and  $\varepsilon$  represents the error term. Results of Regression results analysis as follows,



Table 3.2: Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change in R Square	Change in F	Sig. Change	Durbin-Watson
1	.968	.936	.935	.27077	.936	1164.907	.000	1.871

a. Predictors: (Constant), PC, HC, SC, SF  
 b. Dependent Variable: SHO

Table 1.2 states that  $R^2$  represents the proportion of outlying values in the dependent variable that can be accounted for by the model. Increases in  $R^2$  value, which are always between 0 and 1, indicate an improved model fit. Larger  $R^2$  values suggest that the independent variables account for a larger portion of the total variation in the dependent variable. The model's  $R^2$  value of 93.6% indicates that this proportion of the variation in home stay success can be accounted for by the predictor variables.

Table 3.3: ANOVA Output

ANOVA <sup>a</sup>						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	341.623	4	85.406	1164.907	.000 <sup>b</sup>
	Residual	23.241	317	.073		
	Total	364.864	321			

a. Dependent Variable: SHO  
 b. Predictors: (Constant), PC, HC, SC, SF

The Table 1.3 explain the F value of the model. When the p-value associated with this F value less than .05, the independent variables in the model reliably predict the dependent variable through the model. Hence it can be established that since  $F(4,59) = 1164.907$ ,  $p < .05$ , the Personal characteristics, Human capital, Social capital and Strategic factors its predicts the successfulness of home stay operation.

Table 3.4: Coefficients value

Model		Unstandardized Coefficients		Standardized Coefficients		Sig.
		B	Std. Error	Beta	t	
1	(Constant)	.318	.056		.322	.747
	PC	.504	.038	.283	7.947	.000
	HC	.381	.041	.072	1.963	.051
	SC	.264	.041	.502	11.181	.000
	SF	.130	.034	.144	3.822	.000

a. Dependent Variable: SHO

The unstandardized B values are the coefficients in the below mentioned regression equation. Unstandardized B of PC is .504 ( $P < .05$ ), hence the training and development has significant impact on successfulness of home stay operation. If the personal characteristic is changed by one unit, successfulness of home stay operation is changed by .504 units. Unstandardized B of HC is .381 ( $P < .05$ ), hence the human capital has significant impact on employee successfulness of home stay operation. If the human capital is changed by 1 unit the successfulness of home stay operation will be changed by .381 units. Unstandardized B of SC is .264 ( $P < .05$ ), hence the social capital has significant impact on employee successfulness of home stay operation. If the social capital is changed by 1 unit, the employee successfulness of home stay operation will be changed by .464 units. Unstandardized B of SF is .130 ( $P < .05$ ), hence the Strategic factor has significant impact on employee successfulness of home stay operation. If the Strategic factor is changed by 1 unit, the employee successfulness of home stay operation is changed by .130 units.

From the findings shown in Table 4.17, the multiple regression equation is as follows:

$$\text{SHO} = \beta_0 + \beta_1 (\text{PC}) + \beta_2 (\text{HC}) + \beta_3 (\text{SC}) + \beta_4 (\text{SF}) + \varepsilon$$

$$Y = .318 + .504 (\text{PC}) + .381 (\text{HC}) + .264 (\text{SC}) + .130 (\text{SF})$$

### *Hypothesis testing*

After confirming that the model is suitable for testing the hypotheses, the hypotheses are tested using the created regression model. The findings of the regression model provide sufficient statistical evidence to test the proposed hypothesis. The four primary hypotheses developed for this study are evaluated in the sections below. The regression explains the causal relationship between each independent variable and the dependent variable. This section fulfills the study's ultimate purpose, which is "To determine the factors influencing the success of homestay operations in Sri Lanka's cultural heritage destinations."

A significant regression equation was found ( $F(4,59) = 1164.907, p < .05$ ), with an  $R^2$  of .936. Further the personal characteristic contributed significantly to the model ( $B = .504, p < .05$ ). Therefore, the personal characteristic has significant impact on the employee successfulness of home stay operation thus the  $H_1$  was accepted.

Regression equation was found ( $F(4,59) = 1164.907, p < .05$ ), with an  $R^2$  of .936. Further the human capital contributed significantly to the model ( $B = .381, p < .05$ ). Therefore, the human capital has significant impact on the employee successfulness of home stay operation thus the  $H_2$  was accepted.

A significant regression equation was found ( $F(4,59) = 1164.907, p < .05$ ), with an  $R^2$  of .936. Further the social capital contributed significantly to the model ( $B = .464, p < .05$ ). Therefore, the social capital has significant impact on the employee successfulness of home stay operation thus the  $H_3$  was accepted.

Regression equation was found ( $F(4,59) = 1164.907, p < .05$ ), with an  $R^2$  of .936. Further the Strategic factor contributed significantly to the model ( $B = .130, p < .05$ ). Therefore, the Strategic factor has significant impact on the employee successfulness of home stay operation thus the  $H_4$  was accepted.

## **5.0 Conclusion**

All independent variables show a strong, significant relationship with the dependent variable, according to the correlation analysis. Regression analysis calculates how independent factors affect the dependent variable. The results of the regression analysis showed that personal traits have the greatest influence on how well home stay operations perform. Numerous earlier investigations supported the conclusions of the present study. A competent entrepreneur must possess certain personal qualities, such as the proper attitude toward work, be serious, and be cautious. The characteristics of entrepreneurs have been found to affect organizational performance (Robinson & Sexton, 1994). They must possess the tenacity, self-assurance, and enthusiasm for their work as well as the courage to take risks, the patience to wait their turn, the capacity to think critically, the strategic vision, and the attention to operational detail (Fairlie, 2014). The skills necessary for entrepreneurs to succeed include adaptability and business savvy, creative thinking and confidence, adventurous spirit and perseverance, capacity for generality, punctiliousness, and a desire to learn (Trang, 2016). They also include a tolerance for risk and a preference for autonomy (Fairlie, 2014).

The second factor that affects how well home stay operations perform in this study is social capital. Because it allows people to access necessary resources through social networks and collaborations, social capital fosters the growth of entrepreneurship (Ossai & Lucky, 2012). The term "networks of relationships among people who live and work in a specific society" refers to social capital (Dana & Light, 2012). Participating in different social networks also improves one's capacity to see opportunities and supports one's entrepreneurial leadership (Dana & Light, 2012). Closed social networks cause barriers to social capital. Social networks quickly spread informational trends and offer several advantages for business owners to thrive in society with their enterprises (Fairlie, 2014). It aids in the formation of networks by the participants to lessen the risk, reward insecurity, and mediocrity associated with entrepreneurship (Dana & Light, 2012).

Thirdly, human capital affects how well home stay operations are run. One of the most crucial resources in SMEs is considered as being human capital (Chawla, Khanna, & Chenn, 2010). The education, experience, and abilities of entrepreneurs serve as crucial human capital for the success of entrepreneurial firms (Saqib, 2018). Education, experience, and knowledge investments in human capital have a variety of positive effects on the economy. Governments are getting more concerned about how to effectively develop human capital through entrepreneurship education and training (EET), as EET is expanding quickly around the globe (Bruce et al., 2012).

Finally, strategic factors affect how well home stay operations are run. Setting and implementing long-term organizational strategies is one strategic component that is concerned with strategic planning (Chawla, Khanna, & Chenn, 2010). To adapt to rapidly changing and dynamic markets, the entrepreneurial approach becomes another strategic aspect that encourages creativity, initiative, and risk-taking traits (Hakala, 2015). A reasonably steady individual propensity toward proactive behavior is known as proactive personality. In light of this, proactive personality has been characterized as a dispositional construct that identifies variations in how much people act to change their surroundings (Delle & Amadu, 2015).

## 6.0 Recommendation

The study has several implications. Successful home stay entrepreneurs must be well-trained, educated, and willing to take chances. Despite government and financial support, new enterprises have failed due to lack of training and understanding. The new definition pushes business owners to prioritize client satisfaction over profits. In order to maintain a successful homestay business, homestay entrepreneurs must balance their personal and professional lives. Thus, the researchers recommend a structured program to train homestay entrepreneurs in management, self-management, family management, customer care and management, and business and financial literacy. Any institutional or government program for home stay entrepreneurs can include this.

Homestay entrepreneurship growth should be a process, not a one-time endeavor, that focuses improving conditions and setting rather than financial aid. Instead of micro programs, it requires micro and macro interventions. Thus, academics advise governments to develop the homestay tourist supply and demand value chain. Because personality traits, behavioural factors, personal values, social capital, human capital, and strategic factors are all crucial to an entrepreneur's success, the researchers recommend prioritizing personality and competency development programs over financial stimulus packages, which are most commonly offered. Geographical sensitivities should inform homestay tourism business growth.

Improvements in homestay tourism environment and conditions cause the issues listed. Entrepreneurs must be agile, adaptable, and responsive. Thus, experts advise homestay businesses to learn and educate themselves to avoid such hazards. In addition, government policy planning and implementation for homestay tourism enterprises must address these broader issues. Sri Lankan Development Authority, Tourism Promotional Bureau, and provincial and urban councils should focus on homestay businesses' true nature to strengthen their business procedures. To understand the sector and create more effective policy, government policy initiatives should include homestay entrepreneurs as stakeholders. Regional and national human resource development policies must be linked to the national policy. The government should improve infrastructure to create tourist attractions across Sri Lanka to expand homestay tourism. National and regional planning makes this possible. Tourist information centers, tourism policies, and other infrastructure including restrooms, roads, safety, and transit must be developed.

Strengthening government institutions will help overcome problems. SLTDA (Sri Lankan Tourism Development Authority) can set rules for accessibility, sanitation and hygiene conditions, and cleanliness while monitoring the situation to improve quality. The federal government can facilitate industry norms and regulations.

Entrepreneurs can also get money from lenders and government entities like SLTDA. Such attempts may appeal to pension and investment programs. The right ministries can handle marketing and advertising. Thus, a website-building and site-level advertising platform may help start successful promotional operations. To impact the homestay sector and economy, societies must be involved. This is possible by spreading benefits to society, raising community awareness of the industry, and encouraging community residents to fund supportive businesses including transportation, guiding, food, craft and gift stores, and others.

The researchers suggest developing a national homestay tourism business association including all homestay entrepreneurs and other stakeholders to benefit the industry. This should be a "tripartite" agreement between homestay entrepreneurs, government, and universities. This arm will then negotiate for homestay tourism enterprises and entrepreneurs with the government, other national authorities, regional, and international entities.

### *Limitations*

There were a few flaws in this study. First and foremost, the study was restricted by its tiny sample size. By integrating homestays from two or more different regions, the sample size may have been increased. Second, due to time and budget restrictions, this study's data were gathered all at once (a cross-sectional data). As a result, the findings of this investigation were based on a single data measurement. A longitudinal study to represent how the variables under examination would alter over time, if greater resources had been available, could have been advantageous in drawing solid findings. In addition, personal interviews with homestay operators and tourists could have helped to strengthen the study.

Ideally, personal interviews could not elicit greater information regarding the issues under study. This method could not have added important qualitative data and greater insight into the participants' thoughts and opinions. Hence this study uses quantitative analysis.

Fourth, a Likert scale question about the problems homestay operators face would have helped this study more if it had been in the questionnaire. This could have given participants a chance to say what they thought about the problems they were having with the homestay program on a daily basis. This would have made the results and suggestions of this study much better. Lastly, the research data was gathered in a specific place: homestays in the cities of Sigiriya, Polonnaruwa, and Anuradhapura. This may make it hard to use the research results in other places. This will be looked into in the future.

## **7.0 Reference**

- Amran, H. (1997). The evolution of small-scale tourism in Malaysia: problem, opportunities and implications on sustainability. In M. J. Stabler (Ed.), *Tourism and Sustainability: principles and Practices* (pp. 199-218). CAB international: Wallingfor.
- Amran, H. (2010). Malaysia Homestay from the perspective of young Japanese tourist: The quest for Furusato. CIPD Monograf 2.UTM, Skudai.
- Baron, R. A. & Shane, S. A., (2007). *Entrepreneurship: A Process Perspectiv*.
- Beaver, G. & Jennings, P., (2005). Competitive advantage and entrepreneurial power: The dark side of entrepreneurship, *Journal of Small Business and Enterprise Development*.
- Bhuiyan, M.A.H., Siwar, C., Ismail, S., Islam, R.,( 2011). The role of home stay for ecotourism development in east coast economic region. *Am. J. Appl. Sci.* 8 (6), 540–546, <http://dx.doi.org/10.3844/ajassp.2011.540.546>.
- Bruce, Jeffrey, J., McNallya, & Kay, J. (2012). Examining the formation of human capital in entrepreneurship: A meta-analysis of entrepreneurship education outcomes. *Journal of Business Venturing*.
- Bygrave, W. D., (1993). Theory building in the entrepreneurship paradigm. *Journal of Small Business Management*.
- Chawla, S. K., K. D. & J., C., (2010). Are Small Business Critical Success Factors. *SIES Journal of Management*.

- Dana, L. & Light, I., (2012). Toward a Theory of Social Capital in Entrepreneurship. *International Journal of Social Sciences*.
- Dahles, H., (2000). Tourism, small enterprises and community development. In: Richards, G., Hall, D. (Eds.), *Tourism and Sustainable Community Development*. Routledge, London.
- Fairlie, E., (2014). Entrepreneurship Training, Risk Aversion and Other Personality Traits:.
- Goodwin, H., & Santilli, R. (2009). Community Based Tourism: A success? (ICRT Occasional paper 11). University of Greenwich.
- Gunaratna, H., (2014). Have homestays failed to impress? [Online]. J. Corbin, and A. Strauss. Grounded Theory Research: Procedures, Canons, and Evaluative Criteria. *Qualitative Sociology*, 1990, 13(1): 3-21.
- Ibrahim, Y. (2004). Homestay program in Malaysia: Development and prospect'. *ASEAN Journal of Hospitality & Tourism*, 3(1), 65-75.
- Kalsom, K. (2002). Exploring factors influencing individual participation in community-based tourism: The case of Kampung Relau Homestay program, Malaysia. *Asia Pacific Journal of Tourism Research*, 7(2), 19-27. <http://dx.doi.org/10.1080/10941660208722116>
- Kiggundu, M. N., 2002. Entrepreneurs and entrepreneurship in Africa: what is known and what needs to be done. *Journal of Developmental Entrepreneurship*.
- Kunjuraman, V. & Hussin, R., 2013. Satisfaction of domestic tourist with the homestay programme. Proceedings of the 3rd Regional Conference on Tourism.
- Ministry of Culture, Arts and Tourism, 2001. Rural Tourism Plan. Ministry of Culture, Arts and Tourism, Malaysia, Kuala Lumpur. Ministry of Tourism, 2013. Home-stay Statistics as at December 2012. <http://www.motour.gov.my/en/download/viewcategory/2-homestay.html>
- Ministry of Tourism Malaysia. (2009). Homestay Programme Book. Murphy, E. P. (1985). *Tourism: A community approach*. University Press, Cambridge.
- Ossai, E. & Lucky, I., 2012. Is Small and Medium Enterprise (SME) an Entrepreneurship. *International Journal of Academic Research in Business and Social Sciences*.
- Robertson, M., Collins, A., Medira, N., Slater, J., 2003. Barriers to start-up and their effect on aspirant entrepreneurs. *Educ. Train.* 45 (6), 308–316.
- Robinson, P. B. & Sexton, 1994. The effect of education and. *Journal of Business*.
- Sabah Nor Ashikin, M. N., & Kayat, K. (2010). The challenges of community-based Homestay programme in Malaysia. Proceedings of Regional Conference on Tourism Research: The state of the art and its sustainability, 13-14 Dec 2010, Penang, Malaysia, 66-73.
- Scheyvens, R., 1999. Case study Ecotourism and the empowerment of local communities, *Tourism Management, Volume 20, 245–24*.
- Tourism development strategy document (2011- 2016). Sri Lanka: SLTDA Sri Lanka Tourism Development Authority. (2014). Accommodation Guide 2015 (April-August). Sri Lanka: SLTDA Sri Lanka Tourism Development Authority. (2014). Annual statistical report 2014. Sri Lanka: SLTDA
- Trang, T. (2016). Key Success Factors of SME Entrepreneurs: Empirical Study in. *International Journal of Business and Management*, Vol. 11, No. 1; 2016.
- Tushabomwe, K., 2006. "Causes of small business failure in Uganda: a case study from Bushenyi and Mbarara Towns. *African Studies Quarterly*. Walker, A Brown. *International Small Business Journal: Researching Entrepreneurship*, International small business journal 22 (6), 577-594, 2004. 810, 2004.
- Wasilczuk, J., 2002. Advantageous competence of owner/managers to grow the firm in Poland: Empirical evidence. *Journal of Small Business Management*