

Strategic of Empowerment to Improve the Success of the Business Owners' Coastal Homestay¹

Ayat Taufik Arevin²

Ma'mun Sarma³

Pang S Asngari²

Pudji Muljono²

²The Department of Community Development & Communication Sciences

Faculty of Human Ecology

³The Department of Management

Faculty of Economics and Management

Bogor Agricultural University

Jalan Kamper, Kampus IPB Darmaga, Bogor 16680, Indonesia

Abstract

The homestay is one of the tourism businesses that can be pursued by coastal communities. homestay as a micro-business, According to the concept of community-based tourism (CBT), plays an important role in rural development. Service family-oriented, adaptable to the environment and local culture, and relatively affordable price makes the homestay as a trend for foreign tourists. This study aims to formulate a strategic of empowerment to improve the success of the business owners' homestay. Sample was 160 persons in five of KSPN (the Strategic Areas of Indonesian National Tourism) are Pangandaran-West Java, Parangtritis-Yogyakarta, Karangasem, Bali, Untung Jawa Island-Jakarta, and Tanjung Lesung and Ujung Kulon National Park, Banten. The research was conducted between June 2013 and February 2014. Analysis of the data was performed using Pearson product moment correlation analysis, and Structural Equation Modeling (SEM) by SmartPLS 2.0 M3. The results of SEM analysis showed that the success of the business owners' homestay is influenced by: (1) the extension process (the correlation coefficient value is .365); (2) entrepreneurial behavior (.417); and (3) Empowerment (.405) were previously affected by occupational competence (.359). The extension process and entrepreneurial behavior have not been able to increase of empowerment. There are four strategies of empowerment in tourism extension programs: (1) an understanding of internal and external problems; (2) the establishment of the organization/groups; (3) an increase of in occupational competence and entrepreneurial behavior; and (4) develop the ability to compete through promotion.

Keywords: the tourism extension, occupational competence, entrepreneurial behavior, empowerment

Introduction

Indonesia has beautiful beaches along approximately 81,000 kilometers, but the local people are only able to work as fishermen. They have not seen the tourism business opportunities which can be pursued. The homestay business is a small micro enterprises (MSEs) in line with the concept of CBT, has an important role in rural development. Homestay is a term of accommodation associated as a private home with a particular culture, the interaction with the host or family, any space into a public area (Lynch and MacWhannell, 2000). In addition to an authentic experience and the architecture of the host culture, homestay can provide the cultural experience (Cole, 2007).

¹ paper as part of the dissertation, presented at the seminar IPB Graduate School

The existence of a homestay business does not conflict with Indonesian government regulation, on the management of coastal areas. homestay business also supports community development through tourism program, on the establishment of the KSPN.

Homestay is the provision of accommodation such as a private home occupied by owners and used partly for rent, give an opportunity to the tourists to interact in the owners activity (Regulation of the Indonesian Minister of Culture No.: PM.86/HK.501/2010).

Soekadijo (1997) explains that the homestay is owned by individuals with use of a private residence that was not really meant to accommodate tourists. Homestay concept could play an important role in rural development invites the public to participate in the tourism business, because it can be integrated with all components tourism, to develop rural tourism industry (Tzschentke *et al.*2004).

Homestay become a trend for foreign tourists, due to the characteristics of family services, easily adapt to the environment and local culture, and the rental prices are relatively cheap. Homestay owners are important person; perform a dual function as the host and operator (Kayat, 2007). The owner role as the host, for handling reservation and reception, and provide general information. General information for tourists, eg local tourist sites, how to get to that location, and the local craft center, where the sale of souvenirs. Role as operator homestay is that maintaining cleanliness, health, and safety following lodge rooms so livable. Also provide room service in the form of presentation of food and drink in the room, as well as the need for complementary facilities guests staying at the lodge. As a result of these two roles is not functioning, causing homestay not able to grow and compete with other industries such as hotel accommodation, *villas, bungalows, cottages*, and large-scale accommodation.

This study aims to: (1) describe the current condition of homestay owners; (2) analyze the factors associated with and influence the success of the business owner's homestay; (3) formulate empowerment strategies to improve the success of the business owner's homestay.

Framework

Soekartawi (1988) explains there are 11 variables that affect the process of diffusion and adoption of innovations: age, education, courage to take risks, the pattern of relationships, attitudes towards change, operating revenues, extensive business, ownership status, public prestige, resources used and the type of innovation. Ife (2002) asserts that environmental factors can influence the behavior for someone, sometimes the impact force greater than the individual characteristics possessed, so that environmental forces capable of changing a person's behavior and orientation.

Extension activity should be able to create the conditions of active and empowered communities in improving the quality of life. The essence of the purpose of extension development is the emergence of active community participation in development programs or motion to address the social issues (Slamet, 2003).

Spencer and Spencer (1993) defines competence as a character attitudes and behavior, or individual abilities are relatively stable when faced with a situation at work. Lasmahadi (2002) suggested that competence is defined as the personal aspects of a worker who allows him to reach superior performance. Personal aspects of this, including the nature, motives, system values, attitudes, knowledge, and skills. Competence will drive behavior, and behavior will result in performance.

The results of the study Karsidi (1999) found that the main problems that hinder the improvement of the welfare of MSEs are their traditional lifestyle, complacency, lack of responsiveness to opportunities, and lack the ability as an effect of low educational background. Wijandi (1988) reveals that entrepreneurial behavior includes three things: knowledge, attitude and skills as well as mental alertness attitude that is a blend of elements of knowledge and mental attitude towards the future.

Empowerment derived from the basic power, according to Slamet (2003) has the same meaning as helpless to know, understand, understand, motivated, had the opportunity to see the opportunity, to take advantage of opportunities, energetic, able to work, know the various alternatives, able to make decisions, dare to confront the risks, able to find and capture information and able to act on the situation.

According to Bird (1996) there are four elements that make up the entrepreneurial behavior: individual factors, organizational factors, environmental factors, and process factors. According Haryadi *et al* (1998), the success of a business can be measured in several ways, including: operating income, the scale efforts, an increase in the quantity, of the number of employees, increase in sales turnover and others.

Methodology

The study was designed as a research causality, change of a variable will result in changes in another variable, using a survey approach. The study population numbered 241 persons that homestay owners who have rooms comprise less than 10. Determination of the total sample of 160 person.

Using the formula of Slovin (Sevilla *et al.* 1993) with a maximum standard error of 6%, sampling was done by cluster random sampling in Pangandaran 40 person, Parangtritis 30 persons, Karangasem 37 persons, the Untung Jawa island 32 persons, and Tanjung Lesung-UKNP 21 persons. Primary data collection by questionnaires, interviews and direct observation. Secondary data were obtained from agencies, organizations, and groups related. Data analysis was performed using *Pearson Product Moment* correlation analysis, and structural equation analysis (*Structural Equation Modeling*) with the help of software *SmartPLS 2.0 M3* (Ghozali, 2008).

Result and Discussion

Description of Study Variables

Individual characteristics showed that the distribution of age, the owners of homestay are in productive age category 41 to 55 years of age as much as 72%. The education levels are in the low category is nine years old, were among elementary-school graduates (44%), and high (45%). Related technical training experiences are very low (91%). Work experience high levels (66%). In general (50%) of respondents agree that the homestay can help meet daily needs and provide income. The levels cosmopolitan are middle (71%).

Environmental characteristics showed high family support (57%). Community leaders in the field of religion has a moderate role (72%) in terms of imaging, security and safety of tourists. Systems of cultural values moderate (49%) are still there solidarity maintain order and cleanliness of the environment. Market opportunities in the medium category (59%), and each region has a tourist with the background and purpose of the visit in accordance with the kind of tourist.

The role of extension institutions are in the category of low-moderate (46%), despite being qualified extension method (74%). Extension workers have not had a background in the tourism business, especially homestay. So the extension has not been directed towards improving occupational competence, entrepreneurial behavior, and empowering of the capital. Occupational competence of owners homestay include: (1) ability to work with colleagues and customers are low (36%); (2) the ability to handle the reservation medium (59%); (3) low front services (62%); (4) moderate *housekeeping* services (71%); and (5) the owner has not been able to homestay (69%) utilize *roomservice* as an additional source of profit.

In terms of entrepreneurial behavior, they have integrity moderate (61%), moderate accountability (43%), moderate transparency (43%), moderate discipline (42%), moderate accuracy (53%), moderate work rate (54%), moderate persistence (46%), and moderate levels of customer focus (50%). Owners homestay has never gained coaching to have accountability, transparency, discipline, and perseverance in the work. The level of empowerment homestay owners in middle category, include: the ability to access technology being (51%), access to capital was (61%), access to market information medium (62%), and business network access medium (51%). Table 1 shows the success rate of business owners homestay in five areas measured by five indicators, namely: income level, number of customers, customer loyalty, market share expansion, and the ability to compete.

Factors Influence the Success of the Business Owners' Homestay

The results of the evaluation of the outer model measurement, using a standard model of reflective values yielded three testing phases, from the seven constructs with a total of 34 indicators (Figure 1), which has eliminated 16 indicators *loading factor* value <0.50. A total of 18 indicators that reflect (Figure 2): (1) individual characteristics by age and level cosmopolitan; (2) characteristics environment by the role of community leaders and cultural value systems; (3) process of the extensions by the role of extension institution and extension methods; (4) occupational competency by handling reservations, reception services and housekeeping service provision; (5) Entrepreneurial behavior by transparency, discipline, diligence, and perseverance; (6) empowerment by access technology capabilities, access to market information, and access to business networks; and (7) business success by customer loyalty, and the ability to compete.

Here are the results of Pearson Product Moment correlation analysis (Table 2) the factors that influence the success of the business owners' homestay:

- (1) Age proved to be significantly correlated negatively to occupational competence (-.198*) and the success of the business (-.191*). This means that the higher the age of the work competence and entrepreneurial behavior is getting low.

Table 1: The Average Value Homestay Owners Business Success

Indicators	Level of category:	A r e a										Total	
		Pangandaran		Parangtritis		Karangasem		Pulau U.Jawa		Tj.Lesung-TNUK		n	percent
		n	percent	n	percent	n	percent	n	percent	n	percent		
Income level	Low	0	0%	0	0%	0	0%	0	0%	7	33%	7	4%
	Medium	17	43%	4	13%	7	19%	13	41%	13	62%	54	34%
	High	23	58%	26	87%	30	81%	19	59%	1	5%	99	62%
Total		40		30		37		32		21		160	
Number of customers	Low	10	25%	8	27%	4	11%	15	47%	16	76%	53	33%
	Medium	27	68%	21	70%	20	54%	16	50%	4	19%	88	55%
	High	3	8%	1	3%	13	35%	1	3%	1	5%	19	12%
Total		40		30		37		32		21		160	
Customer loyalty	Low	19	48%	6	20%	0	0%	15	47%	1	5%	41	26%
	Medium	21	53%	20	67%	22	59%	3	9%	1	5%	67	42%
	High	0	0%	4	13%	15	41%	14	44%	19	90%	52	33%
Total		40		30		37		32		21		160	
Market share expansion	Low	0	0%	0	0%	0	0%	7	22%	0	0%	7	4%
	Medium	33	83%	12	40%	16	43%	21	66%	13	62%	95	59%
	High	7	18%	18	60%	21	57%	4	13%	8	38%	58	36%
Total		40		30		37		32		21		160	
Compete ability	Low	40	100%	8	27%	12	32%	15	47%	8	38%	83	52%
	Medium	0	0%	22	73%	15	41%	11	34%	7	33%	55	34%
	High	0	0%	0	0%	10	27%	6	19%	6	29%	22	14%
Total		40		30		37		32		21		160	

- (2) Cosmopolitan levels proved significantly correlated in the occupational competence (.348**), entrepreneurial behavior (.346**), empowerment (.332**) and the success of the business (.406**). This means if cosmopolitan level increases, occupational competence, entrepreneurial behavior, empowerment, and success of the business will also increase and vice versa.
- (3) The role of community leaders shown to correlate significantly on the occupational competency (.255 **), but the lower correlation to other variables. The role of community leaders shown to correlate significantly on entrepreneurial behavior (.180 *), but no significant effect on empowerment (.069) and the success of the business (.017). This means if the level the role of community leaders to increase the occupational competence and entrepreneurial behavior will increase and vice versa, but this does not correlate with the level of empowerment and success of the homestay business.
- (4) Cultural value system proved significantly correlated in the all independent variables, that are the occupational competence (.394**), entrepreneurial behavior (.437**), empowerment (.295**) and the highest value to business success (.479**). This means that if the influence of cultural value systems increases, occupational competence, entrepreneurial behavior, empowerment, and success of the business will also increase and vice versa.
- (5) The role of extension institutions proved significantly correlated in negative occupational competency (-.359**), empowerment (-.520**) and the success of the business (-.165 *). This means the role of the higher The role of extension institutions that work competence and entrepreneurial behavior is getting low.
- (6) Extension methods shown to correlate significantly in the occupational competence (.405**) and entrepreneurial behavior (.431**). However, no extension method is shown to correlate to the empowerment (.121) and even negatively correlated to the success of the business (-.037). This means that if the quality of extension methods that will improve workplace competencies and entrepreneurial behavior, but it did not occur to empowerment, while the success of the business is precisely the opposite of decline.

- (7) Occupational competence correlated significantly on the entrepreneurial behavior (.524**), empowerment (.370**), business success (.388**). This means that if the work increases, the competence of entrepreneurial behavior, empowerment, and success of the business will also increase and vice versa.
- (8) Entrepreneurial behavior shown to correlate significantly on the occupational competence (.524 **) and the success of the business (.257 **), but shown to correlate significantly to empowerment (.173 *). This means that if entrepreneurial behavior increased, as well as on occupational competence, empowerment, and success of the business and vice versa.
- (9) Empowerment proved to be significantly correlated in the success of the business (.374**) that means if empowerment increases is also an increase in the success of the business and vice versa.

Table 2: Correlation Coefficient between Variable Factors Influence of the Success of the Business Owner's Homestay

Indicators	Occupational Competence (Y ₁)	Entrepreneurial Behavior (Y ₂)	Business Empowerment (Y ₃)	Business Success (Y ₄)
Age (X ₁₁)	-.198 *	-.126	-.191 *	-.106
Cosmopolitan level (X ₁₆)	.348 **	.346 **	.332 **	.406 **
Role of community leaders (X ₂₂)	.255 **	.180 *	.069	.017
Cultural values system (X ₂₃)	.394 **	.437 **	.295 **	.479 **
Role of extension institutions (X ₃₂)	-.359 **	-.076	-.520 **	-.165 *
Extension methods (X ₃₂)	.405 **	.431 **	.121	-.037
Occupational competence (Y ₁)	.000	.524 **	.370 **	.388 **
Entrepreneurial behavior (Y ₂)	.524 **	.000	.173 *	.257 **
Business empowerment (Y ₃)	.370 **	.173 *	.000	.374 **

Description: **. Correlation is significant at the 0:01 level (2-tailed).

*. Correlation is significant at the 0:05 level (2-tailed).

Factors Empowerment Strategies for a Successful Business Owners' Homestay

Reflective measurement model (outer model), used to assess the validity and reliability of the model. An indicator is valid if it has a loading factor above 0.50 against the intended constructs. Testing the validity of the reflective indicator using the correlation between the scores of items with a construct score. Measurements with reflective indicators show a change in an indicator in a construct if other indicators in the same construct changed (or removed from the model). The characteristics of individual are reflected negatively by age, as well as the extension process reflected by the negative role of the extension institution. This means that the age factor is not a concern in the extension process, and the higher the age the lower the level of occupational competence. The role of extension institution in this study proved to be very low.

Furthermore, reflective indicators are also tested discriminant validity by cross loading. An indicator is valid if it has the highest loading factor to construct the intended loading factor compared to the other constructs. All indicators reflected, have a factor loading values on average above 0.70.

Another method is to look at the discriminant validity by looking at the value of the square root of average variance extracted (AVE). AVE output results that show that all AVE values > 0.50 which means that the resulting model is good because it is able to meet the rules of validity.

Reliability test is done by looking at the value of the composite reliability of the indicators that measure the construct block. The results reinforced composite reliability with Cronbach's Alpha, showed satisfactory value because the value is above 0.60. Composite reliability values for X₁ and X₂ lower due retaining a negative value. However, it is still acceptable because after testing the structural model (inner model) with a bootstrapping technique to prove the T-statistic greater than the T-table (1.96) which means significantly.

The estimated value of the path coefficients are all positive value means to have a unidirectional influence. The high value of the coefficient estimates prove that the strong effect workplace competence (.590) against the owner of homestay empowerment, as well as the extension of the competence of the work (.505). The direct influence of low ie between individual characteristics on occupational competence (.177) and entrepreneurial behavior (.123). The direct influence of the other low illumination to the entrepreneurial behavior (.162).

The most effective path to success in the process of empowerment is the owner of homestay individual characteristics and environmental characteristics become very good if the input through the extension process. Furthermore, after the owner of the homestay undergo extension process will strengthen the level of occupational competence. Occupational competence Homestay owners has a very strong role for the empowerment and the ability to change the level of entrepreneurial behavior Homestay owners, so as to strengthen the success rate Homestay owners.

Based on the results of a descriptive analysis of the study variables, and analysis of critical success factors homestay owners, which is reinforced by the owners homestay model of empowerment, empowerment strategies can be formulated to enhance the success of the business owner's homestay. Figure 2 illustrates the evaluation strategy consists of: (1) evaluation of internal and external issues; (2) evaluate the policies, potential, and access to resources that contribute to the intensity of the process of empowerment through education; (3) step begins with motivational extension through a comparative study, the empowerment of institutions, improvement of extension functions, team building, building institutional system, create conditions "Sapta Pesona" (excellent service), managerial capabilities, and the ability to access; (5) evaluation of access technologies, the expansion of access to markets, capital, business networks; and (6) an evaluation of the success of the business include increased revenue, number of customers, customer loyalty, market share expansion, and the ability to compete.

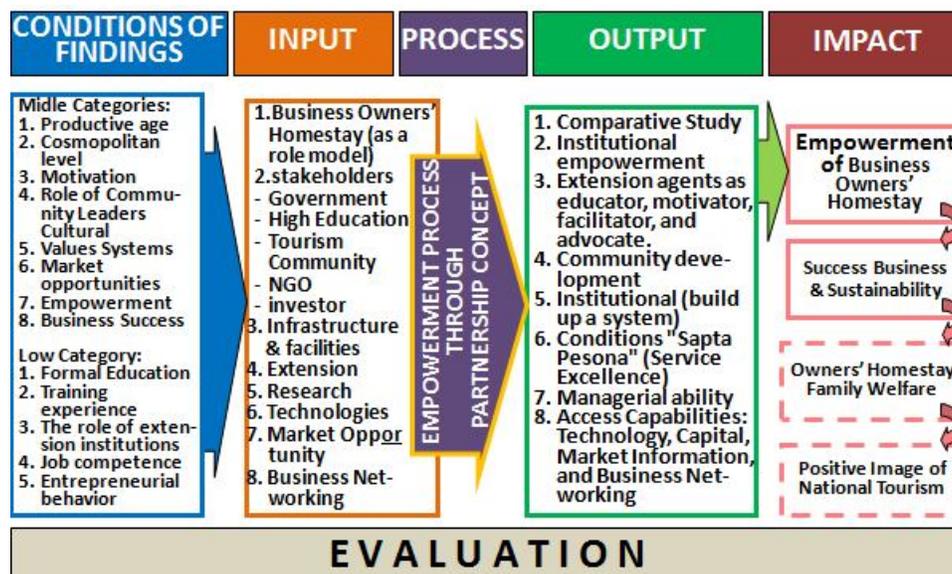


Figure 1: Empowerment Strategies for a Successful Business Owners' Homestay

Conclusion

The level of revenue and number of customers do not reflect the success of the business owner's homestay, is closely linked to low levels of empowerment in the use of renewable technology, market information, business networks, and capital to progress its business. The success of a business is directly affected by: (a) the extension process; (b) entrepreneurial behavior (influenced by the characteristics of the individual and the environment); and (c) empowerment. Occupational competence greatly influences the level of empowerment and entrepreneurial behavior; indirectly reinforce success business owners' homestay. Strategies to increase business success as follow by increasing the extension agency which will affect the work competence, which further strengthens the level of empowerment and entrepreneurial behavior.

Recommendations

Program owner homestay empowerment through extension activities should be able to contribute to the improvement of occupational competence, especially in terms of collaboration with colleagues and customers, as well as service delivery room service. Guidance on entrepreneurial behavior in order to improve the integrity, accountability, speeds of work. homestay owners need to be made aware of the importance of forming a group/organization in order to use order to facilitate access to capital, expand access to markets, and strengthen business networks.

Empowerment through partnership, involving stakeholders from the Government, Universities, Organizations and Professional Associations, Banking Institutions, tourism activator group and other institutions.

References

- Bird, MJ 1996. *Entrepreneurial Behavior*. Singapore [SG]: Irwin Mc Graw Hill.
- Ghozali, I. 2008. *Structural Equation Modeling*. Alternative methods with the help of Partial Least Square (PLS). Semarang [ID]: UNDIP Publisher.
- Harris, C., A.McIntosh and K.Lewis. *The commercial home enterprise: Labour with love*. Original Scientific Paper Vol. 55 No. 4/2007 / 391-402
- Haryadi, D., EE.Chotim, and Maspiyati. , 1998. *Stage Development of Small Business: Dynamics and Growth Potential Map*. Bandung [ID]: AKATIGA Foundation
- Ife, J. 2002. *Community development*. Ed.2th French Forest. New South Wales [AU] Pearson Education Australia.
- Jain, N., Rinchen W., and R Jackson. , 2003. An Assessment of CBT and Homestay Sites in Spiti District, Himachal Pradesh. Supported by: United Nations Educational, Scientific and Cultural Organization (UNESCO) August 19, 2003.
- Kayat, K. 2007. *Customer Orientation among Rural Homestay Operators in Malaysia*. On ASEAN Journal of Hospitality and Tourism. Vol. 6, # 2, July 2007. Pp.. 65-78.
- Lasmahadi, A. 2002. *Systems Management Competency-Based Human Resources*. Journal of Psychology. <http://www.sdm.go.id/> [Jan. 29, 2007]
- Lynch, P A. 1999. *Hosts Attitudes towards Guests in the Homestay Sector, Tourism and Hospitality Research*. The Surrey Quarterly Review, 1 (2), 119-144.
- Lynch, P A. 2000. *Networking in the homestay sector*. *The Service Industries Journal*; July 2000; 20, 3; ABI / INFORM Global. pg. 95.
- Indonesian Government Regulation No. 50 year 2011 about National Tourism Development Master Plan (RIPPARNAS) Year 2010-2025.
- Indonesian Minister of Culture and Tourism Regulation No.: PM.86/HK.501 / 2010 on Procedures Business Registration Accommodation [ID].
- Presidential Regulation No. 36 of 2010 about Investing, annex II field of Culture and Tourism [ID].
- Slamet, M. 2003. *Shaping the Development of Human Behavior*. Editor Ida Yustina and Adjat Sudrad. Bogor [ID]: IPB Press.
- Soekadidjo, RG 1997. *Anatomy of Tourism*. Jakarta [ID]: PT Gramedia Pustaka Utama
- Soekartawi. 1988. Principles of Agricultural Communications. Jakarta [ID]: UI-Press.
- Spencer, LM and SM Spencer. , 1993. *Competence at Work: Models for Superior Performance*. New York [U.S.]: John Wiley & Sons, Inc..
- Tzschentke, N. David K, and Paul AL. , 2004. *Reasons for going green in serviced accommodation establishments*. *International Journal of Contemporary Hospitality Management*; 16, 2; ABI / INFORM Global. pg. 116
- Wijandi. 1988. *Introduction to Entrepreneurship*. Bandung [ID]: Sinar Baru Publisher.