Homestays and Socio-Economic Development at Kodagu

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ABSTRACT
Homestays embrace the principle of eco-tourism and community development. They have also evolved as an instrument for economic development and employment generation at the local community. Kodagu, a district in Karnataka state has attracted tourists all over the country and encouraging the homestay business. The present study is to test the contribution of homestays for the economic development of local community at Kodagu. The study uses primary data collected from 197 homestay owners and operators using selection sampling technique. The socio-economic development of homestays have been studied from major areas such as number of homestays, average investment made, average income earned, number of jobs created and women entrepreneurs evolved over the two decades. Correlation and regression analysis are used to test the hypotheses framed and for drawing conclusions. The study showed a positive impact of economic development of homestay owners and operators as well as the local community by creating jobs to support homestay business.

Keywords: Homestays, Community development, Socio-economic development, Kodagu

INTRODUCTION
Tourism is regarded as the only industry in the globe where the ‘goods’ or ‘services’ is consumed at the place of production. For this reason, local people are both at an advantage to reap the benefits associated with the sector, but also at risk from exclusion or even the negative impacts it can bring. There is a necessary for a well-planned, synchronized and responsible tourism to move resources from all levels of people at the large scale. Community tourism activities provide an opportunity for local people to participate in direct employment, in providing goods and services to tourism businesses through the supply chain, but also in direct interaction with the tourist.

According to Hinch and Butler (1996), studies have shown that economic considerations have been the primary motivating force for the local people to become involved in tourism development.

Homestays are distinct from other forms of developments by offering the traveller a unique experience that combines ones basic needs (food, shelter) with the host’s culture. Homestays directly empower and benefit the same community members with a vested interest in preserving their surrounding environment. Dahles (2000) indicates that in most cases, the homestay operation is a source of supplementary income for the operators since they often take on other forms of employment and also maintain their social and religious responsibilities. The local community's perception of their heritage.
also undergoes change as they now realize the importance of preserving their heritage to be shared with the global community. Ideally, the homestay program allows the local people to experience other people's cultures from all over the world without leaving their own homes. Indeed this can be considered as an important strength of this particular product, no other tourism product offers a similar experience (Kayat, 2009).

According to Bhuiyan, Siwar, Ismail and Islam (2011), homestays provide job opportunities for local communities and improves qualities of life of local people. Further, Chaiyatorn, Kaoses and Thitphat (2010) found that homestays can ensure economic, social and cultural benefits for local communities as well as sustainable development. Lynch (2003) identifies a potential boost (or creation) of supply chain inputs that work directly towards facilitating a successful homestay program. These can range from provision of cleaning services to production of finer home goods and/or small local food supplies i.e. services that supplement a visitors’ stay. While it is true that those working at this stage of the chain will necessarily earn less income than the direct service provider (in this case the homestay family), he also points out that these jobs may be the only income generating activity for these individuals. In addition, because rural areas are less accessible and certain commodities may be difficult to find, suppliers can charge higher prices to visitors based on the higher level of demand and low level of supply.

Moscardo (2008) assumes that because the tourism industry offers job opportunities in rural areas, it decreases the amount of people that leave small communities to search for jobs in bigger cities. This not only keeps local intellectual capital in communities, but also helps to prevent overcrowding in major urban hubs. Tourism also produces a sort of multiplier effect on communities. As Lynch, (2003) explains, when tourists spend money within local economies, they raise regional incomes sometimes by even more than the value of their spending. This demonstrates a monetary increase in the community overall but also alludes to social and cultural benefits.

As Bhuiyan et al (2012) substantiate, the homestay program enables homestay operators to contribute in various programs for improving the life standards of rural communities because the program gives focus to economic development and social advancement of the operators. Colton and Whitney-Squire (2010) conclude that the homestay program has the potential to address many of the economic, environmental and socio-cultural challenges that communities face. Precise benefits include preservation of cultural and natural heritage, increased training and capabilities in business development and tourism, education, increased economic diversification, enhanced environmental integrity, sharing of local culture, improved infrastructure, and allowance of traditional ways of living in a sustainable way, and diminishment of existing social problems.

The significant question therefore is, do the local people in Kodagu recognize that the homestay business has brought benefit to them and to the community? To find an answer to this quest the present study is carried out to identify the socio-economic development took place due to the establishment of homestay business in Kodagu district.

OBJECTIVES

1. To analyze the impact of homestays on socio-economic status of homestay owners and operators.
2. To examine the contribution of homestay business on socio-economic development of community at Kodagu.

HYPOTHESES

H 1: Homestays have positive impact on the socio-economic status of the homestay owners and operators.

H 2: Homestay business has a potential socio-economic impact on community development.
METHODOLOGY

The data for the study is collected through structured questionnaire from 197 homestay owners and operators using Selected Sampling technique. The collected data was analysed using correlation and regression statistical tools.

RESEARCH ANALYSIS AND FINDINGS

The homestays have grown over the last two decades in Kodagu district. As per the data collected the homestays are present since 20 years i.e., its establishment in 1996, where only 10 were started. The number of homestays had grown 100% in 10 years of its inception, which can be analysed as the popularity of homestay attracted more people to try their hands in this business. As the popularity grew, word of mouth marketing strategy gave rise to a establishment of homestay business as a full-fledged commercialised business, 86 registered homestays evolved during the period of 2006-11 in which the growth rate was at its highest, 330%. Then on the number of homestays have grown to 81 during the year 2011-16, but the growth rate has reduced by 6%, which is mainly due to the involvement of Department of Tourism, Government of Karnataka on guidelines and restrictions for establishing the homestay business.

Socio-economic development due to homestays has been studied from two perspectives. One is how these homestays have impacted on the socio-economic status of the homestay owners and operators. The second perspective is the contribution of these homestays on the community development.

I. Impact of Homestays on the socio-economic status of the homestay owners and operators

The main beneficiaries of homestay business are the owners and operators. As the number of homestays increased over the period the individual investment also has grown. In the year of inception, the average amount of investment on homestays was only ₹ 4,80,000, which lead to a growth of 122% i.e., ₹ 10,66,000 during the year 2001-2006, this is due to popularity and booming business at Kodagu. The period of 2006-2011 witnessed an increased average investment of ₹ 15,47,674, but the growth rate is only 45%, which further reduced to 40 % with an increased average investment of ₹ 21,67,160. The reason for reduced growth rate irrespective of higher amount of investment is mainly due to the optimum utilization of existing capital assets, which is the main feature of homestay investment.

The average earning of an individual in 2017 in India was ₹ 1,03,219 and in Karnataka, ₹1,32,880 and Kodagu ₹1,14,746. The average earning of homestay owners and operators is ₹ 4,80,247. This shows that the people opted for homestay business have definitely increased their economic status through homestay business earnings. To substantiate this, the following hypothesis is framed:

Ho: Investment on Homestay has no positive impact on total household income.
H1: Investment on Homestay has a positive impact on total household income

To test this hypothesis income from homestay business and income from other occupations contributing to the total household income is compared, as shown in Figure No.1.
The above graph shows the income earned both from other sources and homestay, which varies only by 10%. The total average household income would be ₹13,77,157, out of which 55% is contributed from other sources and 45% is contributed from homestay business. Therefore, it can be derive from the facts that 45% of the income could be increased if homestay investment is undertaken, which reflects the positive impact on the total household income.

**Statistical Testing**

To test the above hypothesis correlation tool is used to find if there is any relationship exists between the two variables i.e., income from homestay business and other sources and its contribution to total household income.

**Table No. 1 Correlation analysis**

<table>
<thead>
<tr>
<th></th>
<th>Annual Income from Homestay business</th>
<th>Other sources</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Income from Homestay business</td>
<td>Pearson Correlation: 1</td>
<td>.294**</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>197</td>
<td>197</td>
</tr>
<tr>
<td>Annual Income from Other sources</td>
<td>Pearson Correlation: .294**</td>
<td>1</td>
</tr>
<tr>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td>N</td>
<td>197</td>
<td>197</td>
</tr>
</tbody>
</table>

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

The correlation result shows a significance value of 0.000, which is less than p value at significant level of 0.05. Therefore, alternative hypothesis(H1) is accepted, i.e., the investment on homestay and revenue generated from therein has a positive impact on total household income of the homestay owners and operators.
II. Impact of Homestays on Socio-economic development of Community at Kodagu

Socio-Economic Impact analysis is often include qualitative community impacts such as quality of life benefits and competitive impacts; and the impacts include demographics, land use and economy. The research study identifies the following socio-economic impacts of investment on homestay business on the community at Kodagu:

1. Shift in the occupation
2. Job opportunities, and
3. Women empowerment

The hypothesis to test the potentiality of investment on homestay and its Socio-economic impact on the community is framed as follows:

H2o: Investment on Homestay has no potential impact on community development.
H2: Investment on Homestay has a potential impact on community development.

To validate this main hypothesis, the following sub-hypotheses are framed to test the potentiality through above identified impacts which helps in analysing how homestay investment has lead to the betterment of the community.

a) The Impact on Occupation Shift

The main occupation at Kodagu is agriculture and coffee plantation. Due to the increased cost of living and higher labour costs, there aroused a need for an additional income where is homestay pitched in to fill the gap. There was a shift from prime occupation to homestay business. The trend in the occupation has been studied over the period of two decades. The following figure shows the pattern of shift from homestay being secondary occupation to primary occupation. It is not a complete change but slowly it is emerging, which could be at the best if utilized efficiently and follows sustainability approaches.

Figure No.2 The pattern of shift from homestay being secondary occupation to primary occupation

Source: Survey data.

The above figure shows the trend of homestay being the secondary occupation moving towards primary occupations. If the same trend continues, in a short period there might be only homestay being a prime occupation along with other occupation such as agriculture and coffee plantations. Further, when the initial investment made and income earned, the difference is found, shown in the following figure:
Figure No. 3 Reasons for Homestay investment and Annual Income from Homestay business and Initial Investment

![Graph showing reasons for homestay investment and annual income from homestay business and initial investment.](image)

Source: Survey data.

It is clear from the above graph that while deciding on the reason for investment, the major reason is towards primary occupation, but when seen from the income earned, the secondary occupation is more favorable. The following sub-hypothesis is framed to test the impact of investment on homestay and its impact on the occupation shift, and is tested through correlation statistical tool.

**H2ao:** Investment on Homestay has no positive impact on the occupation shift.

**H2a:** Investment on Homestay has no positive impact on the occupation shift.

To test this sub-hypothesis, the variables annual income from homestay, its initial investment and reasons to take homestay business are analysed and the resultant is shown in Table No.2:

<table>
<thead>
<tr>
<th></th>
<th>Annual Income from Homestay business</th>
<th>Initial Investment Made</th>
<th>Reasons to run Homestay</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Income from</td>
<td>Pearson Correlation 1 0.056</td>
<td>0.185**</td>
<td>0.009</td>
</tr>
<tr>
<td>Homestay business</td>
<td>Sig. (2-tailed) 0.434</td>
<td>197</td>
<td>0.013</td>
</tr>
<tr>
<td></td>
<td>N 197</td>
<td>197</td>
<td>197</td>
</tr>
<tr>
<td>Initial Investment</td>
<td>Pearson Correlation 0.056 1</td>
<td>0.178*</td>
<td></td>
</tr>
<tr>
<td>Made</td>
<td>Sig. (2-tailed) 0.434</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 197</td>
<td>197</td>
<td>197</td>
</tr>
<tr>
<td>Reasons to run</td>
<td>Pearson Correlation 0.185** 0.178 1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Homestay</td>
<td>Sig. (2-tailed) 0.009 0.013</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>N 197</td>
<td>197</td>
<td>197</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.05 level (2-tailed).

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

Source: Survey data.
The above statistical results shows a positive relation between reason to invest in homestay business and their initial investment i.e., 0.013 and income from homestay business i.e., 0.009, which is less than the p value at a significant value of 0.05. Therefore alternative hypothesis (H2a) is accepted, i.e., there is a positive significance of occupation shift due to the investment on homestays and their income earnings.

b) The Impact on Job Creations

The research showed the significant job creation due to homestay investments. It has primarily created unskilled jobs such as cook, housekeeping, gardeners and tour guide. It also has created opportunity for skilled employees such as homestay managers. Following figure shows the distribution of labours or employees hired at homestays undertaken for research study.

![Figure No. 4 Distribution of Labours and Employees hired at the Homestays](Image)

Source: Survey data

The study showed that there are 139 homestay owners who have hired labours or employees to operate their business. Out of this, 71% have hired cook to assist in providing food to the guests. 79% are the housekeeping staff who are engaged in cleaning and maintaining the homestay premises. As the homestay is well known for its green environment, the owners have also hired gardeners to maintain their garden and beautifying the surroundings upto 32%. When the guests arrive through public transport, the owners make sure that their guests don't confront any issues with transportation, therefore 35% of the owners have hired drivers to facilitate easy commutation of guests and also 27% have hired tour guides to help their guests. As some of the owners find difficult to manage their business all alone then they have hired manager to look after their operations, which constitute for 39%.

The following sub-hypothesis is framed to test the positive impact of homestay business in job creation:

**H2bo:** Investment on Homestay has no positive impact on the job creation.

**H2b:** Investment on Homestay has a positive impact on the job creation.

To test if there exists any impact of job creation by homestay investment, the following statistical tests are conducted:

<table>
<thead>
<tr>
<th>Table No. 3 Regression Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>289a</td>
</tr>
</tbody>
</table>

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Table No. 4 ANOVA Results

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>3.423</td>
<td>1</td>
<td>3.423</td>
<td>17.800</td>
<td>.000</td>
</tr>
<tr>
<td>Residual</td>
<td>37.501</td>
<td>195</td>
<td>.192</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>40.924</td>
<td>196</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

In regression analysis table, Investment made is independent and labour employed is dependent variable. Under this method, R square value is 8.4 percentage of the variation in hiring labours or employees is explained through initial investment. So the model is significant. Under ANOVA table, it shows a significance i.e., 0.000 which is less than p value at a significant level of 0.05. Therefore, alternative hypothesis (H2b) is accepted, i.e., there is a significance impact of job creation due to investment in homestays.

c) The Impact on Women Empowerment

The Homestays have gained thrust among women as they can utilise their spare time to showcase their potentiality in providing hospitality, cooking food and spreading the local culture through this business. It is also necessary for some women to financially support their family by earning an additional income to the household income. Therefore, definitely homestay business has contributed to the socio-economic upliftment of women in Kodagu.

The following hypothesis is framed to identify the same:

**H2co:** Investment on Homestay has no positive impact on women empowerment.

**H2c:** Investment on Homestay has a positive impact on women empowerment.

To test the potentiality of women empowerment, the gender classification based on the income earned is analysed through Chi-Square test.

Table No. 5 Chi-Square Tests

<table>
<thead>
<tr>
<th></th>
<th>Value</th>
<th>df</th>
<th>Asymp. Sig. (2-sided)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pearson Chi-Square</td>
<td>8.407a</td>
<td>3</td>
<td>.038</td>
</tr>
<tr>
<td>Likelihood Ratio</td>
<td>8.601</td>
<td>3</td>
<td>.035</td>
</tr>
<tr>
<td>Linear-by-Linear Association</td>
<td>8.345</td>
<td>1</td>
<td>.004</td>
</tr>
<tr>
<td>N of Valid Cases</td>
<td>197</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The above result shows significance value of .038 which is less than p value at a significant level of 0.05. Therefore, there exists a positive impact of investment on homestay on the women empowerment. Further, analysis shows the earning potential from homestay business of the women are higher than that of the men, shown in the following table.
Table No. 6 Gender-wise Comparison of Average Annual Income Earned in Homestays

<table>
<thead>
<tr>
<th>Gender</th>
<th>Average Annual Income Earned (in ₹)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>551000</td>
</tr>
<tr>
<td>Female</td>
<td>698969</td>
</tr>
</tbody>
</table>

Source: Survey data.

The women homestay owners are earning 21 percent of higher income as compared to men. Therefore, the study accepts the alternative hypothesis (H2c), i.e., investment on homestay has positive impact on the women empowerment.

Summary on Socio-economic development of Community at Kodagu

The socio-economic development of homestays have been studied from major areas such as number of homestays, average investment made, average income earned, number of jobs created and women entrepreneurs evolved over the two decades are assessed in the following table:

Table No.7 Socio-Economic Impact of homestays on Socio-economic development

<table>
<thead>
<tr>
<th>Year</th>
<th>No. of Homestays</th>
<th>Average Investment (in ₹)</th>
<th>Average Income (in ₹)</th>
<th>Jobs Created</th>
<th>No. of Women entrepreneurs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1996-2001</td>
<td>10</td>
<td>4,80,000</td>
<td>6,00,000</td>
<td>47</td>
<td>08</td>
</tr>
<tr>
<td>2001-2006</td>
<td>20</td>
<td>10,66,000</td>
<td>8,25,000</td>
<td>86</td>
<td>16</td>
</tr>
<tr>
<td>2006-2011</td>
<td>86</td>
<td>15,47,674</td>
<td>7,15,116</td>
<td>118</td>
<td>49</td>
</tr>
<tr>
<td>2011-2017</td>
<td>81</td>
<td>21,67,160</td>
<td>4,80,247</td>
<td>141</td>
<td>24</td>
</tr>
<tr>
<td>Total</td>
<td>197</td>
<td></td>
<td></td>
<td>393</td>
<td>97</td>
</tr>
</tbody>
</table>

Source: Survey data

From the above table it is evident that there is a development of socio-economic status in various forms due to an investment on homestay business. The number of homestays have increased due to their popularity, and providing comfort accommodation to the increased demand from the tourists. As the number of homestays increased, the average investment has also mounted up where people are even spending huge capital on setting up a separate unit with modern amenities to facilitate guests. Due to increased investments, the income earning also has raised over the year, proving approximately 393 job opportunities in the form of cooks, gardeners, drivers, housekeepers, tour guides and managers. Homestays have also given opportunity for women especially home-makers to become entrepreneurs and contribute to the total household income. Therefore, homestay has definitely become a mode for socio-economic development in Kodagu district.

CONCLUSION

Homestay is a potential means for successful community development at Kodagu. The Socio-Economic status of the homestay owners and operators have enhanced in the form of higher household income. The socio-economic impact of investment on homestays are shift in the occupation of agriculture and coffee plantation to homestay business with an intention of earning an additional income, Creation of skilled and unskilled employment opportunities at the locality, and most importantly women empowerment by providing an opportunity for homemakers to utilize their hospitality nature to become financially independent and support the family. Therefore it can be
concluded that the investment on homestays have a positive impact on socio-economic status of homestay owners and operators, which helps improving qualitative community in Kodagu district.

**FUTURE STUDY**

The study has covered only selected registered homestays for analysing and deriving the output on socio-economic development due to investment on homestays at Kodagu district. Further research can include all homestays including unregistered, which are larger in number across the district for providing an opportunity for better generalisation of the research outcome. The study included only selected socio-economic variables, which can be expanded for getting enhanced validity. The study can also be applied in other parts of the state and country to test the community development through homestays.

**REFERENCES**


