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## Exploring The Challenges Faced By Homestay Business Operators In Shimla: Insights And Solutions

Rohit Khoond (Research Scholar, HPUBS)

Dr. Narender Singh Chauhan (Assistant Professor, HPUBS)

### Abstract

Homestays in Himachal Pradesh have garnered significant attention in recent years as an alternative form of accommodation that provides authentic sociocultural richness to the tourist's overall travel experience. Homestays are considered a good investment option these days. This research paper explores the emerging trend of homestays in Shimla and challenges-problems faced by homestay operators in day to day running of their business. The research is based on both primary and secondary data. Primary data were collected through the administration of questionnaires to homestay operators in the Kufri and Dhalli areas of Shimla. For nuanced measurement a five-point Likert scale was employed to assess the responses. Secondary data was sourced from existing literature, various reports and relevant publications to support and strengthen the analysis.

Keywords: Homestay Tourism, Homestay Operators, Rural Tourism, Travel Accommodation.

### INTRODUCTION

In Himachal Pradesh, homestay tourism started in 2008 with the implementation of Himachal Pradesh Homestay Scheme 2008 which defines homestay as any private house located in rural areas of the state in good condition and easily accessible in the country side i.e. within the farm house, orchards, tea gardens etc. will primarily qualify under the scheme. Homestay as the term suggests means staying in someone's home. Homestay refers to a type of accommodation where tourists or guests pay to stay in private homes, where interaction with a host and/or family, who usually live on the premises and with whom the public space is, to a degree, shared, occurs (Lynch, 2005). Rural homestays allow guests to glimpse the daily lives of village residents, enabling them to experience a local community in ways that differ from conventional tourism interactions and settings (Dolezal, 2011). The idea of homestays is fairly simple where one can give an opportunity to rent out the vacant rooms to visitors traveling in places close to one's destination. The money

at stake is lower than any other businesses if any house looks ethnic and additional rooms are available the business can be started with minimum working capital. Homestay is not a new concept it has been around for a long time.

### Homestay concept in different countries

Country	Existing Concept
United States	Agricultural home stay and educational homestay
Canada	Cultural home-stay, Heritage homestay
Australia	Farm stay, Academic stay with locals
South Korea	Educational homestay
South Africa	Leisure stay
New Zealand	Farm stay and Cottage homestay
Philippine	Cultural homestay
Thailand	Student homestay and volunteer homestay
Indonesia	Cultural home stay and leisure homestay

Source: Hamzah (2010)

Homestays provide an opportunity to the tourists to explore rural life and to get the first-hand experience of host's culture and traditions and in return host's gain economic benefits through the income generated from the services and products they offer. The Homestay programme has effectively offered tourists an alternative type of accommodation, catering to those looking for a different holiday experience than traditional tourism packages. It provides them with more options and greater flexibility in planning their travel (Chan et al., 2004). Homestay have been recognized as an industry which offers unique package of cultural elements, and local traditions and natural heritage (Intan et al., 2011). As a form of rural tourism, the programme has gained strong interest from both domestic and international travelers. Consequently, it has played a significant role in enhancing the local economy of participating communities and has contributed to the overall development of rural areas (Ibrahim et al., 2004).

## LITERATURE REVIEW

### Homestay concept

It is a type of accommodation where guests stay with a host family for a set period in a well-furnished and fully equipped home (Zulkefli et al., 2023). A homestay user is a paid guest who pays to stay in another person's home for a certain period with local services (Malla Thakuri, 2016).

### Challenges in Homestay Sector

Homestays are making good strides and delivering real benefits to local people, but research shows they also face a variety of internal and external hurdles. One of the most significant internal issues is leadership—shifts in leadership style after the year 2000 had a notable impact on visitor numbers, highlighting the necessity for strong, effective community leadership (Pusiran & Xiao, 2013). Internally, they have underqualified

employees, weak leadership structures, and little financial resources. Externally, inadequate infrastructure, safety and security issues, lax regulatory oversight, informal organizational setups, and ineffective marketing have combined to drive down visitor numbers and erode the additional income these programs once generated for local communities (Kunjuraman & Hussin, 2016). The biggest challenge is eating habits in Himalayan regions, cultural differences, lack of accommodation and lack of hospitality skills (Sanyal et al., 2023). A major issue in hospitality marketing is selecting suitable service pricing that attracts guests while being profitable. Maintaining consistent service quality without increasing labor costs is another ongoing hurdle. Variations in service can negatively affect repeat business and overall profitability (Jauhari & Rishi, 2012). Cleanliness is paramount in the hospitality sector, with guests prioritizing hygiene when selecting accommodations. Maintaining spotless, odor-free, and eco-friendly rooms is essential for guest satisfaction and loyalty. Due to very high demand in accommodation, the competition is also high in this business. New technology is also playing a huge role in attracting and retaining guests which started with the demand for free wi-fi connection but this is very much a basic need now (Nain, 2018).

## **PROBLEM STATEMENT**

There are very limited previous studies on challenges faced by homestay operators. Many previous studies have primarily highlighted the success of homestay programmes, often focusing on only a few well-known destinations (Nor Ashikin & kalsom, 2011). This indicates a need for broader research to enrich the current knowledge base by including less studied homestay locations. Such research could help uncover their unique features and their specific challenges faced by operators. The challenges encountered by homestay operators can vary significantly from one place to another.

Therefore, this study seeks to identify and analyze the key factors influencing the success and failure of homestay operations. The findings are anticipated to contribute valuable insights toward the strategic advancement of the homestay sector within rural communities and to offer actionable recommendations for prospective operators planning to venture into this sector.

## **SIGNIFICANCE OF THE STUDY**

This study holds significant value in understanding the challenges faced by homestay operators in Shimla, a region known for its growing tourism potential. Despite the increasing popularity of homestays as an alternative accommodation option, limited research has been conducted on the operational difficulties encountered by homestay hosts in Shimla region. By identifying and analyzing these challenges, the study aims to contribute to the existing body of knowledge on rural tourism and homestay tourism. The findings of this research can assist policymakers, tourism authorities, and local stakeholders in developing targeted strategies and support mechanisms to enhance the sustainability and effectiveness of the homestay programme. Furthermore, it can provide valuable insights for current and aspiring homestay operators in Shimla, helping them better prepare for the practical and managerial aspects of running a homestay. Ultimately, the study may foster economic development and community empowerment in rural areas by improving the overall viability of homestays as a source of income and cultural exchange.

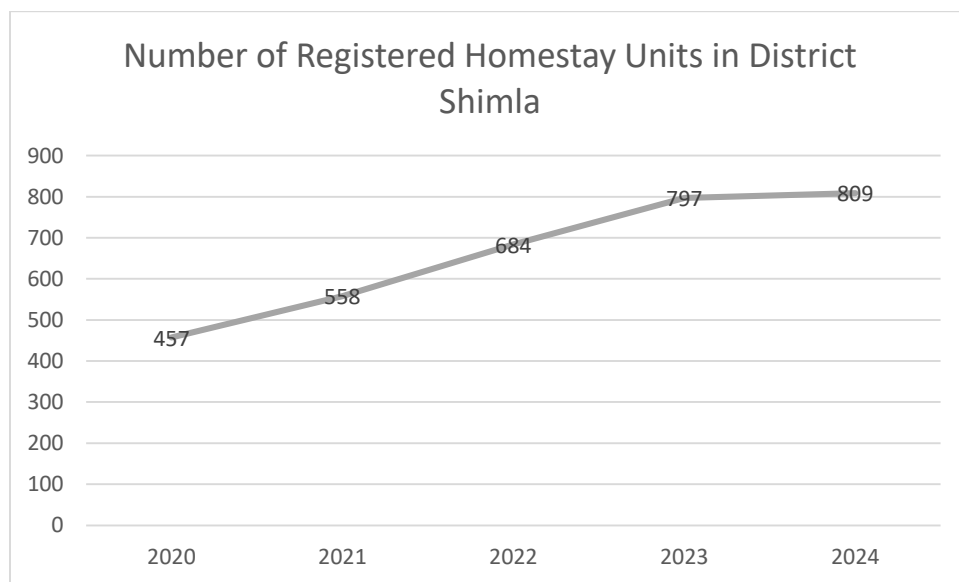
## **RESEARCH METHODOLOGY**

A system of models, procedures and techniques used to find the results of a research problem is called research methodology (Panneerselvam, 2014). The methodology employed in this study involves primary and secondary sources. Data collection is a vital component of statistical analysis and is broadly categorized into primary and secondary data. Research Methodology helps ensure that the research is valid, reliable and credible.

The study focuses on Kufri, a well-known tourist destination, and Dhalli region, both located in Shimla, Himachal Pradesh. These areas were selected due to their growing popularity among tourists and the increasing number of homestay establishments operating there. Kufri attracts a high influx of both domestic and international visitors, making it an ideal location to study the dynamics of homestay operations. Similarly, Dhalli, being in close proximity to Shimla city, is witnessing a steady rise in tourism-related activities, including homestay accommodations. The selection of these regions allows for a comprehensive understanding of the challenges faced by homestay operators in both high traffic and emerging tourist zones, offering insights into the sustainability and development potential of rural tourism in the region. Secondary data was collected from various credible sources such as government reports, tourism department publications, academic journals, official websites etc.

## RESEARCH FINDINGS AND DISCUSSIONS

### Growth of registered homestays in District Shimla (2020-2024)



Source: Department of Tourism and Civil Aviation, Himachal Pradesh.

The number of registered homestays in Shimla has shown a consistent upward trend over the past five years. From 2020 to 2024, Shimla witnessed a 77% increase in the number of registered homestays, indicating a strong and sustained growth in the sector. The most significant year on year growth occurred between 2020 and 2022, with annual increase of 22% in 2021 and 23% in 2022. In 2023, the number of registered homestays rose from 684 to 797 marking an increase of 16.5%, this indicates that while interest in homestay operations remained robust, the pace of new registrations had begun to slow compared to previous years. By 2024, the growth rate declined significantly, with registrations increasing marginally from 797 to 809 an increment of just 1.5%. This sharp deceleration could be attributed to several potential factors: market saturation, increased regulatory compliance requirements, limited infrastructure capacity, shifts in tourism demand patterns.

Major problems faced by homestay operators are competition from hotels and other forms of accommodation options in Shimla which are competitive in terms of pricing of accommodation as tourists prefer good quality service for a reasonable price. 40% operators agreed that providing parking for tourists is a major issue especially during peak season time. 70% homestay operators agreed that registration process of homestay was easy when they started their homestay. 90% homestay operators said that they are earning a satisfactory income from homestays despite ups and downs in bookings during season and offseason time and will continue in this business.



The average duration of tourist stays at homestays in Kufri and Dhalli is currently limited to one to two days. Extending the length of these stays is essential for enhancing the economic viability of homestay operators in the region. Longer stays would not only increase the revenue generated per visitor but also promote a deeper engagement with the local community and culture, thereby contributing to sustainable tourism development.

Majority of homestay operators don't spend much on advertising and promotion however they use social media for marketing and promotion of their homestays. While a significant number of tourists express interest in homestays through inquiries on social media, only a small fraction follows through with bookings, leading to reduced business opportunities for homestay operators. This discrepancy between expressed interest and conversion highlights a gap between digital engagement and consumer action. Several factors may contribute to this trend, including lack of trust, limited availability of verified information, perceived risks, or last-minute changes in travel plans. Understanding these behaviors is crucial for homestay providers seeking to optimize their digital marketing strategies and improve conversion rates from inquiries to confirmed reservations.

## **LIMITATIONS AND FUTURE RESEARCH**

Despite the valuable insights gained through this study, several limitations must be acknowledged. The scope of this research was confined to the Kufri and Dhalli areas of Shimla due to constraints related to time and financial resources. While these locations offer valuable insights into the challenges faced by homestay operators, the findings may not fully capture the broader spectrum of experiences across other parts of Shimla or the Himachal Pradesh. The socio-economic, cultural and infrastructural conditions in other tourist destinations may present unique challenges that were not captured in this study. Future research could address these limitations by conducting comparative studies across multiple regions to identify commonalities and region-specific issues. Furthermore, longitudinal studies that track changes in challenges and responses overtime would provide a deeper understanding of the evolving nature of the homestay business. Future studies may also explore the impact of digital platforms, climate change, and government initiatives on homestay sustainability and growth.

## **CONCLUSION AND RECOMMENDATIONS**

The study explored the key challenges faced by homestay business operators in Kufri and Dhalli regions of Shimla. The findings highlight several critical issues including competition from Hotels and other accommodation options, a significant decline in occupancy and revenue during the off-season, often resulting in periods of little to no business activity. This seasonal variability poses substantial challenges to the financial sustainability of these enterprises, limiting their ability to maintain consistent income. The scarcity of adequate parking space not only hampers the convenience and accessibility for guests but also contributes to congestion and logistical challenges within the area. Addressing this infrastructural deficiency is essential to improving the overall tourist experience and supporting the sustainable growth of homestay accommodations in the region.

These challenges not only hinder the sustainable growth of the homestay sector but also affect the quality of services offered to tourists. Despite these constraints, homestays hold significant potential for promoting sustainable and community-based tourism in Shimla. Operators have demonstrated resilience and a strong commitment to preserving local culture and providing authentic experiences to guests. Addressing the identified challenges can greatly enhance the contribution of homestays to the local economy and the tourism sector as a whole.

Main recommendations are: Governments and tourism department should organize regular workshops and training programs focused on hospitality management, digital marketing, and customer service to equip homestay operators with essential skills. Enhancing the water supply, particularly during the peak summer season when demand increases, and addressing winter related challenges such as pipe blockages due to snow, are essential steps. Additionally, the implementation of effective waste management systems is crucial to ensure the sustainability and quality of homestay operations. By implementations these recommendations, stakeholders can strengthen the homestay ecosystem in Shimla, making it more resilient, inclusive and capable of delivering high quality experiences to domestic and international tourists.

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