

DEVELOPING A PROPER FRAMEWORK TOWARDS SHARIAH-COMPLIANT HOTEL IN MALAYSIA: IDENTIFYING OPPORTUNITIES AND CHALLENGES

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Abstract

The fast growth of Islamic industry and Islamic business in Malaysia requires the parallel progress of Islamic hospitality in Malaysia. Being a country with a majority Muslim population and good trade facilities and infrastructures, Malaysia has set a target to become a global halal hub. With this target, it is undeniably essential to have Shariah-compliant accommodation which definitely mainly targeted towards hotel industry. The purpose of this study is to illustrate the opportunities which arise in delivering of such concept of the so-called an Islamic hotel brand. Apart from that, it also targets to investigate on the existing framework practised by some hoteliers branding themselves as a Shariah-compliant hotel. Eventually, this study seeks to suggest possible recommendations for the future growth of Islamic hospitality focusing on Shariah-compliant hotel industry in Malaysia particularly and all over the globe in general. This study is important as it can provide information to the authoritative body and to industry players as well. It will indicate the importance to have adequate knowledge on availability of the opportunities and to have some preparation towards the challenges that they might be facing prior developing Shariah-compliant hotel in Malaysia.

Keywords: Shariah-compliant, Opportunities, Challenges

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Introduction

In the course of recent decades, according to The World Tourism Organization (UNTWO) (2014), tourism has encountered preceded development and extending expansion to end up one of the speediest creating economies in the world. Current tourism is firmly identified with advancement and incorporates all new destinations. Tourism advancement influences regular World Heritage Sites, including the elements and degree of various sorts of impacts from tourism in and around destinations (Borges et al., 2011). Tourism is a really worldwide industry, and it produced an expected US\$919 billion in fare profit in 2010 (Spenceley & Meyer, 2012). Tourism has been and keeps on being an essential remote trade worker to numerous nations in South East Asia furthermore in Malaysia (Samori & Rahman, 2013).

According to Muhamad Zulfikar (2016), halal tourism refers to activities that are suited to Islamic principles, with the aims of engaging more Muslims in the tourism industry. However, as the idea is still relatively new, it has only been implemented in a few parts of the world. In reality, many tourist providers seem to have a limited idea or even confusion concerning the initiative. Some even still relate Halal tourism only to Halal foods and non-alcoholic beverages. In reality, however, Halal tourism includes Halal activities, Halal hotels, as well as being held in sites that are equipped with facilities in which Muslims can worship.

Muslim tourists around the world contribute 7 per cent of the approximately USD 2.5 trillion (RM8.5 trillion) of their expenditure per year. With this figure, it shows that Muslim tourists are one of the key points to be considered in the development of the tourism industry. Therefore, Malaysia should take this opportunity to lead and explore the market needs by providing better services and facilities for travellers. Malaysia, by now, for instance, has been leading the way in the Halal tourism industry and has been successful in trying to attract Muslim tourists from all over the world, especially the Middle Eastern travellers by offering facilities in accordance with the religious beliefs of these Muslim tourists (Samori and Sabtu, 2014). According to Zain (2011) Muslim travellers can be categorised into three segments:

- i. 30% of those travellers who absolutely want a Halal friendly facilities for their travel
- ii. 50% of those who will use Halal friendly facilities if such choice exists
- iii. 20% of those who are not really looking for Halal friendly facilities

Shariah Compliant Hotel (SCH) has been the subject of interest to most of Muslim scholars. The prediction of the competitiveness of this industry derived based on increasing numbers of tourist arrival in Malaysia where the numbers of tourists from January to December 2015, which is 25.72 million (25,721,251) and RM69.1 billion tourism receipts (Ministry of Tourism, 2015).

Shariah-compliant hotel is a niche market and waiting to be explored. In addition, Muslim travellers are more readily to accept Islamic hospitality establishments. Furthermore, global travel market shows a high demand for Islamic hospitality that leads to the rapid growth of Islamic tourism. Thus, Shariah-compliant hotels are one of the products which can be further developed to cater to this growing market (Yusof, Muhammad, Muhamad and Amboala, 2013). In this context, it is very crucial for the hotel provider to satisfy tourist preferences in a competitive hotel product in particular hotel rooms and food offered (Weidenfeld, Oberauer and Hörnig, 2005). There are great awareness in Malaysia and other Muslim countries where

Muslim customers are conscious about halal foods and its ingredients. In Malaysia, the framework for halal food has been established by Jabatan Kemajuan Islam Malaysia (JAKIM) and has been accepted locally and internationally. However, it is sadly to say that, a proper framework of Shariah-compliant hotel are not yet ready and has not been emphasised as well as being provided as a guideline for hoteliers which intend to brand themselves as Shariah-compliant hotel and hence compliance to the Shariah attributes. As at 2015, over 300 hoteliers have taken initiative to comply with JAKIM Halal certificate scheme (Idris and Wahab, 2015). This figure is only amounting to 7% of total number of hotels in Malaysia which definitely represent only a small portion of number. However, this Halal certificate is only meant for Food and Beverages section in that particular hotel.

Research Gap and Study Objectives

This study will add on to the opportunities and challenges literatures, specifically on Shariah-compliant hotel towards Islamic industry and Islamic business in Malaysia. In particular, this study has four main objectives; to illustrate the opportunities which arise in delivering of such concept of the so-called an Islamic hotel brand, to investigate on the existing framework practised by some hoteliers branding themselves as a Shariah-compliant hotel, to suggest possible recommendations for the future growth of Islamic hospitality focusing on Shariah-compliant hotel industry in Malaysia particularly and all over the globe in general and to expose the possibilities of adding the value for hotels so that it can also cater the physical and spiritual needs of customer besides providing the normal overnight stay services.

Literature Review

The Shariah-compliant hotel is one of the newest editions in the conceptual hotel market trend nowadays. According to Azmin et al. (2015) Shariah-compliant hotel is a new innovative and creative services offered by hotels around the world. For instance, the introduction for Shariah-compliant hotel development in European cities have been led by Almula Hospitality in an attempt to highlight Islamic hospitality in its tourism industry (Samori and Rahman, 2013). By looking at the current scenario, Muslims cover 29% of the world's population, most living in the Middle East. This means that there are around 2 billion potential guests that will be attracted to enjoy the benefit from Shariah-compliant hotels (Saifuddin et al., 2015). In addition, global travel market shows a high demand for Islamic hospitality that leads to the rapid growth of Islamic tourism.

According to Samori and Sabtu (2014), each year, a large number of tourists especially from the Middle East countries visit Malaysia as their destination of choice. In the meantime, Halal is the fastest growing industry in Malaysia as well as the other regions whereby consumers not only wish to know the nature of what they eat, what they wear, what they put on their skin but they also looking for the type of travelling that will fulfil their needs and wants which is in accordance with Shariah attributes (Idris and Wahab, 2015). For instance, a Muslim traveller needs to perform their religious routine such as prayer (*Salah*) five times a day and consume Halal food during travelling (Salleh, Hamid, Hashim and Omain, 2014). This is clearly being defined by law of demand and supply whereby the producers must supply the goods and services that consumers want, then the market economy will be functioning (Idris and Wahab, 2015).

Shariah-compliant hotel (SCH) is a relatively new concept by which it is known as Islamic hotel that provide services in accordance to the Shariah principles (Azmat, Skully and Brown, 2014). Shariah-compliant hotel can be defined as a hotel that provides services and financial transactions are based on completely Shariah principles, not only limited to serving halal food and beverages but also for health, safety, environment and the benefits on economic aspects of all people, despite any race, faith or culture (Jurattanasan and Jaroenwisana, 2014). Not only that, this new concept also may attract tourist who really concerns on Halal and at the same time it will encourage those who are looking for new experience in their vacation especially among Muslim tourists (Saad et al., 2014; Weidenfeld, 2005).

As Malaysia is moving towards Halal hub which is a concerted effort among the Islamic countries which put a greatest concern on halal food, halal manufacturers, halal pharmaceuticals, halal cosmetics, halal packaging, halal logistics as well as halal services from all over the world (Idris and Wahab, 2015; Samori and Rahman, 2013). This is in line with the growing demand for products and services that comply with Islamic law or Shariah law which is obviously been taken into consideration whereby the trend is moving towards travelling activities (Salleh et al., 2014).

Opportunity

In Malaysia, the opportunity of Malaysia hotels to provide some facilities and activities in line with the Islamic values have come into existence. For example, some hotels promote the selection of halal food, organize the Bazaar Ramadhan, Ramadhan buffet and prayer room to perform Solat Tarawih. In response to the formation of Shariah-compliant hotel in Malaysia, there exist some hotels which serve basic facilities to fulfill the Muslim tourists' needs so called as 'Muslim friendly hotel' (Samori and Sabtu, 2014; Samori and Rahman, 2013). Most of them located in Kuala Lumpur, Shah Alam, Kelantan and Terengganu such as PNB Darby Park Hotel and Putra Hotel in Kuala Lumpur, UiTM Hotel, Shah Alam and Raudah Hotel and Perdana Hotel in Kelantan. For instance, De Palma Hotel in Ampang, Malaysia is one of the hotels that comply with the Islamic concept which positioned itself as a Shariah-compliant hotel (Sahida, Rahman, Awang and Man, 2011).

According to Siti Aishah et al. (2013), Malaysia is a safe destination for muslim travelers that can cater to their special needs. These special needs include the abundance of prayer facilities throughout the country, halal food and beverages and even the Islamic banking for business transactions. The increasing visitors coming from these Arab countries, indirectly imply a high potential demand for Islamic tourism especially in the accommodation sector. This view is also supported by Battour & Ismail (2015), who indicated that halal tourism industry could be competitive in the coming next years. It is expected that worldwide global brands in hospitality industry may address this opportunity and are expected to increase attention to halal tourism muslim countries such as Taiwan, Vietnam, China, and South Korea, Halal tourism is considered a good business opportunity.

One of the benefits and opportunities of Shariah-compliant hotel is Shariah-compliant hotel could be a competitive advantage for the hotel as the demand and needs for Islamic goods and services are highly increasing. In addition, the influx of Middle East tourists to Malaysia provides immense opportunities for Shariah-compliant hotels to be able to attract these tourists staying in their hotels that will increase their profits(Salleh et al., 2014).

According to Tourism Malaysia (2015) the number of tourist arrival in Malaysia has increase by 6% which is 25.72 million in 2013 to 27.44 million in 2014. This factor creates a positive view for hotel industry even though this industry is a very challenging market. In order to be sustained in this challenging and competitive market, hoteliers need to differentiate their business with others. Therefore, by transforming their normal hotel to Shariah-compliant hotel, they will capture tourist attention especially Muslim tourist who really put utmost concern on Halal attributes (Idris and Wahab, 2015). Moreover, Halal friendly travel is one of the fastest growing segments within the travel industry whereby Halal friendly facilities are now in growing demand (Samori and Sabtu, 2014; Salleh et. al, 2014). The benefits of SCH are many, one of which is that it could be a competitive advantage for the hotel because the demand for Islamic goods and services are increasing. In addition, the influx of Middle East tourists to Malaysia provides immense opportunities for SCH hotels to be able to attract these tourists, enabling them to increase their profits (N. Zafir et al. 2014). This view also supported by C.Tarrant (2010) who indicated that the Middle East tourists are a lucrative market because they spend more than other tourists.

Challenges

According to Samori and Rahman (2013) there are some challenges that might be facing in developing Halal Hotel in Malaysia. Among others, separation of rooms and floors to male and female including families, is argued to complicate for capacity planning and management and it give effect for architectural and interior design as well. Hotelier perception have a doubt and reluctant to implement this method because it would be faced the problem of maximization of the labor force in order to ensure staffing from both sexes are represented and how to ensure their productivity and quality services are another challenge.

Moreover, to be comply with Shariah attributes, the room must be comfortable and spacious for prayer (Samori and Rahman, 2013). Room must be suitably furnished and fitted and spaces allocated for prayer. The maximization of the labor force in order to ensure staffing from both sexes are represented and how to ensure their productivity and quality services are another challenge.

Another challenge in developing a framework towards Shariah-compliant hotel is that a Shariah-compliant hotel shall not serve alcoholic beverages and serve only halal food, must have separate entrance for women, separate recreational facilities such as swimming pool and fitness centre for separate genders (Samori and Rahman, 2013; Sahida et al., 2011; Rosenberg and Choufany, 2009). This view is supported by other literature where one of the problem may come from banning an alcohol in their food and beverage operations since alcohol bring profitable and constitute a sizeable portion of revenue for many hotels. Most of the international hotel management seems to be reluctant to operate an Islamic hotel because of the above factor. With the availability of alcohol is the major expectation of their guests. In addition, an indirect impact will occur where certainly it will reduce the number of visitors that only want to dine at the hotel and also limiting the number of tourists who wants to stay at the hotel. (Mohd Rizal Razalli et.al (2012).

In addition, a Shariah-compliant hotel is also required to pay zakat in due time and the sources of its financial assistance is from Shariah-compliant banking system alone. In short, Shariah-compliant hotels and their operation must reflect the Shariah values and attributes.

However, there is misconception among public to believe that a hotel is a Shariah-compliant hotel if it does not serve alcoholic beverages and serve halal food. In reality, it is not that simple (Yusof and Muhammad, 2013).

As per countries like Iran and Arab Saudi, hotel operators are bound by law to follow specific regulations that has been determined and guided by the government. Therefore, a Shariah-compliant hotel in these countries is not a matter of choice for either operators or guests (Henderson, 2010).

Besides that, according to Nazry Yahya (2016), there are lack of traceability of raw material sourced globally in managing halal issue in Malaysia. With respect of to a food product, traceability represent the ability to identify the farm where it was grown and sources of the input materials as well as the ability to conduct full backward and forward tracking to determine the specific location and life history in the supply chain by means of records (Suhazza Zailani et al., 2010). The global issues of slaughtering of poultry and meat produces in a manner inconsistent with the rites of Islam and food ingredients intermixed with non-halal materials. According to Zakaria Z. (2008), it is difficult to verify the halalness of food or other groceries especially when they come pre-packaged or processed. For instance, it is difficult to trace a chicken that has not been slaughtered appropriately when it has already cut into pieces. Hence, the chicken is forbidden for the Muslims for consumption. Critical issues for hoteliers when involves hotel food management. McKean (2001) suggested more transparency in food management is likely to increase consumers trust in food safety due to the increased amount of information about among others, production process, food safety controls, animal living conditions and the use of medicines. Increasing transparency is also likely to enhance the actual level of food safety as a result of the improved information flows throughout the chain especially for hoteliers.

Another challenges for hoteliers in comply with Shariah law is different viewed of halal standards because the level of understanding of halal integrity is differs from one person to another and from one country to another country. According to Azah et al., (2008), the Malaysian Muslim consumers are very much concern about the authenticity of Halal food products claimed by the food producers. There are findings that revealed the fabricating activities done by food manufacturer to post Halal logo on their product, though in reality, the food manufactured from their premises are not certified by the authorize body. (Azah et al., 2008). This is the crucial problem in Malaysia especially for hotel industry today. The Halal brands, trademarks and logo hold is no reliability or authenticity leading to possible doubts from the customers perspective. For example, a hotelier in Malaysia obained Halal Certificate from Singapore, and claimed that the business operation and the product serve in their premises as halal even though halal in Singapore is differ from Malaysian's Halal standard

Conclusion

The Malaysian based Shariah-compliant hotel concept is not a new tourism product. The main purpose of the concept of Shariah-compliant hotel is to cater for the increasing number of Muslim tourists. The concept of which deemed indispensable. Hoteliers should indicate the importance to have adequate knowledge on availability of the opportunities and to have some preparation towards the challenges that they might be facing prior developing Shariah Compliant Hotel in Malaysia. To promote the initiative, several organisations and tourist operators have arranged summits or conferences concerning Halal tourism; for example, the Halal Tourism Conference in Spain in 2014, World Halal Summit 2015 in Kuala

Lumpur, World Halal and Tourism Summit 2015 in Abu Dhabi, and Halal Tourism Congress in Eindhoven earlier this year. These efforts have helped boost the number of Halal hotels, restaurants, as well as tourism packages in many parts of the world. Not only in Muslim-majority countries like Turkey, Malaysia, Indonesia, and the GCC, but also in countries where Muslims are the minority, such as Spain and Thailand. For example, prayer rooms can be found at Trafford Centre, Manchester Airport, Heathrow Airport, and other places. Other examples are hotels that serve Halal foods and have separate swimming pools and spa facilities for men and women. Simultaneously, there has been a growing number of flights serving Halal foods and beverages, having prayer spaces, announcing prayer schedules, and incorporating religious programmes into tourism activity packages (Muhamad Zulfikar, 2016). As our recommendation, halal certification is important for business operators especially in food business, Malaysia could consider integrating and coordinating the processes and procedures for inspection and certification. Furthermore, to meet the halal requirement, food producers are encouraged to follow the standards that in line with global benchmarks such as ISO9000, Codex Alimentarius, QA, HACCP, GHP and Standard Operating Procedures (SOPs).

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