

## **An Exploratory Study on the Factors Influencing the Non-Compliance to Halal among Hoteliers in Malaysia**

Suhaiza Zailani, Azizah Omar and Simon Kopong  
School of Management, University of Sains Malaysia, 11800 Penang, Malaysia

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**Abstract:** Performance of the hotel industry is very significant contribution towards economic growth of the tourism sector. The preparations of Halal food and hygienic accommodations will give an added competitiveness advantage to the hotels in attracting the local and foreign tourists, especially those from the Middle East, West Asia and other Islamic countries. Muslim tourists, particularly from West Asia are increasingly sensitive and wanted access to more sophisticated holiday destinations and Halal dining. Nevertheless, statistics from JAKIM has shown that only 101 hotels all around Malaysia have applied and secured the Halal certificate from JAKIM, MAIN and JAIN while the rest still not doing so. It is therefore will be important to understand the reasons why most of the hoteliers are non-compliance to halal. From the exploratory study randomly conducted to 8 non-certified halal hotels, it is discovered that most of the managers are not well understood the importance of halal certification. They still can have the successful business without being certified with halal hotels as majority of their customers are non-Muslims. This results indicate that the perceived of benefits towards halal certification could be as one of the factors that influenced them not to apply for the certification. It is important for the Malaysian government to enhance the hoteliers understanding on the outcomes of having the halal certification so that the acceptance level can be improved.

**Key words:** Halal compliance, hoteliers, halal tourism, hygienic accommodations, trade deficits, Malaysia

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### **INTRODUCTION**

Jafari defined tourism as activity of people traveling away from their home community to engage in one or more of a variety of activities. He added that man away from his usual habitat, the industry which responds to his needs and the impacts that both he and the industry have on the host socio-cultural, economic and physical environments. From another perspective, tourism is defined as a dynamic, evolving, customer-driven force. It is a science and a business, attracting and transporting visitors, accommodating them and graciously catering to their needs and wants (Walker, 1996).

Tourism comprises the activities of persons travelling to and staying in places outside their usual environment for not >1 consecutive year for leisure, business and other purposes (World Tourism Organization (WTO) Recommendations on Tourism Statistics)). On the other hand, Kandampully (2000) defined tourism as a unique product in that it is composite in nature, an amalgam of the tangible and intangible that includes everything those tourists experience. He added that tourism is no longer considered a luxury confined to economically developed countries as it has now become an integral component of lifestyle and it has become a major component of the

economy of almost all countries. Due to that reasons, tourism has the following characteristics: movement, multi-purpose, exchange of money, its local, it's global, it is a massive growing industry may be a compelling motive form some may promote peace and understanding and the industry is fragmented (Kandampully, 2000).

Tourism's industry can impact on community through energy use (water and power), urban revitalization, environmental quality, economic growth, trade deficits (cars for tourists), full employment and quality of life.

**Hotel and tourism industry:** The Malaysian Tourism Promotion Board or Tourism Malaysia has a mission statement which says: Marketing Malaysia as a destination of excellence and to make the tourism industry a major contribution to the socio-economic of the nation (Internet accessed on Feb. 2005: Tourism Malaysia). Malaysian tourism industry is one of the key potential growths in Malaysian services economy. The industry has contributed a significant growth and economic value to the GDP of Malaysia.

Malaysian economic report 2004 by the Treasury under Ministry of Finance reported that the service sector contribution to GDP is projected at RM149, 680 million for

2005 compared to 2004 at RM141,534 million in 2004, increases of 5.8%. The service sector is the main bulk of share growth followed by the manufacturing sector which is projected at RM84,809 million. The hotels, restaurants, wholesale and retail trade account for 25% of the service sector growth. As commented by C.S Tan, The Star business review columnist Sept. 18, 2004 Malaysia may see a period of moderate growth for a few years as manufacturing expansion slows down and until new growth sectors in services mature to create a services-led economy.

In fact in sectors, such as private consumption and services, they have displayed relatively vigorous growth. Performance of the hotel industry is very significant contribution towards economic growth of the tourism sector. It involves labor-intensive and really a people oriented industry on labor usage. According to International Hotel Association White study on the Global Hospitality Industry for every hotel room in the world, there is one employee (Feb. 2005: International Hotel Association).

The interest in this industry is huge as witnessed in both the public and private sectors. Almost, every year Malaysian Hotel Association (MHA) organizes or jointly organizes with Tourism Malaysia and other parties, events and promotions to attract customers locally and abroad with the theme that Malaysia is the destination place of choice for Meetings, Incentives, Conventions and Exhibitions in short MICE (Feb. 2005: Tourism Malaysia).

Statistics from Tourism Malaysia has recorded continued growth in international tourist arrivals from 1999-2002. Klang Valley recorded the highest tourist arrivals followed by Johor and Penang. However in 2003, it recorded a decrease from 13.29-10.58 million. A monthly hotel survey in 2004 undertaken by DCT Consultancy Sdn. Bhd. (DCT) highlighted that Penang also recorded a decrease of international tourist arrivals of 35.1% in 2003. Overall, the tourism industry in Malaysia showed an upward trend until the onset of financial crisis in 1997.

The Tourism Development Corporation (TDC) was established in 1972 to further expand tourism through its marketing program and publicity campaigns both locally and abroad. The TDC was later replaced by the Malaysian Tourism Promotion Board with the main objective to stimulate and entice the number of tourist arrivals into the country. By 1990 with the launching of the first Visit Malaysia Year (VMY) campaign, the tourism industry had become the third major foreign exchange earner. To spur the growth in the tourism industry, investment approved for hotel and tourism related projects has increased

(Economic Planning Unit, 2007). The proliferate growth of the tourism industry led to the growth of other related activities e.g., increased number of hotels, restaurants etc. There is potential in travel and tourism, including hotels and restaurants.

Muslim tourists, particularly those from West Asia are increasingly discerning and require access to more sophisticated holiday destinations and halal dining. Muslim tourists want and expect to acquire, foods and services according to their religious tenets thus, the requirement for halal compliance has become more prevalent.

Accordingly, the Tourism Ministry aims to make Malaysia a tourism hub among the Islamic countries with efforts being made to promote the country as a main tourist destination for Muslim tourists. Ex-Tourism Minister Datuk Seri Tengku Adnan Tengku Mansor expressed confidence that Malaysia could become an Islamic tourism hub because of religious similarities and its ability to understand the needs of tourists from the Islamic countries. Islamic countries like Pakistan and Saudi Arabia have huge potential and purchasing power.

I believe, we are capable of giving them the best of services. Up to the end of last year, over 200,000 Muslims from West Asia alone visited the country (Table 1) and Middle-Easterners appreciate Malaysia for its stability and Muslim-friendly policies in every industry, including the world-class infrastructure and Muslim-friendly accommodations as a selling point. Furthermore, Henderson (2003) claims that tourism in Malaysia and elsewhere in the Muslim world have formed tourist rules on an unacceptable of tourist behavior that are forbidden by Islam, these include physical displays of affection, making love in public places, drinking alcohol, wearing scanty clothing and sun bathing naked, gambling and prostitution, handling of pork and other non-halal food by staff.

Tourism is believed as an increasingly globalised sector in which inter-destination competition is becoming greater and greater. However, according to Poon (1993), hoteliers are now found themselves in a better position to compete in international destinations which in turn results in increased international competition, not only between destinations but also between hotel establishments. On the other hand, tourists are increasingly demanding and do not only focus on the price. Within this scenario, the hotel enterprise's competitiveness must focus on improving performance through better service quality and the search for differentiation (Poon, 1993). Costa claimed that greater competitiveness has made service quality become a key factor for hospitality companies. As consequence, Kivela (1996) highlighted that among the

Table 1: Tourist arrivals to Malaysia from selected market January to December 2007

Countries of residence	January to December		Change (%) Jan. to Dec. 2007/ Jan. to Dec. 2006
	2006	2007	
Singapore	9,656,251	10,492,692	8.7
Thailand	1,891,921	1,625,698	-14.1
Indonesia	1,217,024	1,804,535	48.3
Brunei	784,446	1,172,154	49.4
China	439,294	689,293	56.9
Japan	354,213	367,567	3.8
Taiwan	181,829	201,311	10.7
Hong kong	89,577	94,495	5.5
South korea	189,464	224,867	18.7
India	279,046	422,452	51.4
West asia	186,821	245,302	31.3
Saudi Arabia	67,679	78,298	15.7
UAE	35,118	38,170	8.7
Jordan	2,657	5,192	95.4
Kuwait	13,369	17,650	32.0
Lebanon	6,885	8,523	23.8
Syria	5,772	7,598	31.6
Oman	12,292	19,525	58.8
Canada	34,730	46,903	35.1
USA	174,336	204,844	17.5
Australia	277,125	320,363	15.6
United kingdom	252,035	276,213	9.6
Turkey	7,654	9,580	25.2
Denmark	12,773	19,773	54.8
Finland	19,918	34,144	71.4
Norway	11,290	14,954	32.5
Sweden	36,280	44,746	23.3
Germany	66,171	78,598	18.8
Russia	12,945	16,868	30.3
Italy	26,248	31,576	20.3
France	49,378	59,456	20.4
South africa	20,174	21,233	5.2
Others	1,268,379	2,351,841	85.4
Grand total	17,546,863	20,972,822	19.5

Immigration Department of Malaysia (KL)

service quality for hotel are cleanliness, comfortable and well-maintained rooms and convenient location and accessibility, safety and security and room facilities. Apart from that prompt and courteous service, food and beverage quality, convenient parking as well as aesthetics are major concerns. For older tourists, additional tangible aspects of safety-related physical design features in the hotel room or public areas may signal a hotel's positive image to travelers.

In addition, Weaver and Oh (1993) looked at differences between frequent and infrequent business travelers. They found that good quality towels, free newspapers in-room safety and fax machines were amenities that were significantly more important to frequent business travelers. Meanwhile, Wilensky and Buttle (1988) gave support to findings that travelers evaluated significantly higher loadings on the standard of personal services, physical attractiveness and opportunities for relaxation, standard of services, appealing image and value for money and suitability for business guests.

On the other hand, Ching *et al.* (2005) have conducted a study on satisfaction levels of Asian and Western travelers using Malaysian hotels. Their findings, however show that the factor of halal food and beverage plays an important role in determining the overall satisfaction levels for Asian travelers especially Muslims. Asian Muslims travelers travel to Malaysia in the hope of experiencing something different; the variety and freshness of halal food they try in a foreign country could be of great importance to them. Additionally, Ching *et al.* (2005) also discovered that Asian travelers tend not to spend much on core product quality compared to their western counterparts.

The domestic hotel industry should consider additional resources to maintain the quality of hotel rooms. Resources should be directed at improving the quality of rooms, including room set-up, cleanliness, quietness and room temperature control. In this regard, hoteliers need to ensure that their hotels place emphasis on environmental concerns when serving the hotel guest.

As the hotel industry is highly competitive and homogeneous in terms of service and facilities, the availability of hygienic services can be regarded as an important attribute in a customer's future purchase behavior (Burton, 1990). Situated in a region of high accessibility, hoteliers in Malaysia should enhance the value of their offerings to achieve competitive advantage. Other hotel attributes, such as general amenities, business services, value-added services and location, seem to be comparatively less influential in determining the overall satisfaction levels of both Asian and western travelers. Nevertheless, hoteliers should ensure that the qualities of these hotel attributes are maintained to an acceptable level by constantly reviewing customers' needs. According to Le Blanc (1992) if a customer's expectations are not met or exceeded, his or her perceptions of service quality and satisfaction will be affected.

**Halal tourism:** In today's globalised world, where inter connectivity has made traveling a part and parcel of everyday life, tourism has become an important source of revenue for many countries. Halal tourism is a new product in the tourism industry. Thus, there is a need to develop tailored halal tourism products and services to cater to this dynamic and emerging market. The concept of halal, meaning permissible in Arabic is not just being applied to food but it includes any Shari'ah compliant products ranging from bank dealings to cosmetics, vaccines and in this case, tourism.

This means offering tour packages and destinations that are particularly designed to cater for Muslim considerations and address Muslim needs. Halal tourism,

as a form of religious tourism is commonly associated with Middle Eastern countries, especially when it comes to Hajj and Umrah packages for pilgrims. This niche market offers a great potential for halal tourism products and services as it has a strong inelastic demand and demonstrates high resilience. Muslims all around the world will travel for their faith annually to perform Hajj and Umrah which are pilgrimages to Mecca and Medina, even in times of insecurity.

Now a days, it has been a trend for pilgrimage packages to include an extended stay for travel beyond Mecca and Medina where these religious tourists or pilgrims extend their stay after performing their pilgrimage to visit other religious sites and learn more about the local culture or retracing the holy route taken by the prophets. Halal tourism, however is not limited to Middle Eastern East countries. The world Muslim population has been growing rapidly across the world as the years passes by. From about 1.84 billion in 2007, the global Muslim population is estimated to be approximately 3 billion in 2010. The middle easterners and these Muslims from across the globe have been traveling to many different parts of the world.

Thus with the potential for a boom and the potential to develop into one of the most resilient forms of tourism, countries around the world should start tapping into the unexploited halal tourism by providing a great holiday destination for Muslim families by ensuring that these Muslim travelers are provided with maximum convenience during their trip and being able to fulfill religious obligations whilst on holiday. One way to entice these Muslim tourists is by creating tour packages that comply with the Shari'ah rules which the Muslim families abide by. An important point to note is that Muslim tourists should not be targeted the same way as non-Muslim tourists. A major difference is to offer activities that totally eliminate gambling, drinking and all other party-related activities. Visits to mosques and other Islamic related sites could also be included in the itineraries. It is also very important to provide halal meals and to set aside time for prayers throughout the tour. Apart from that flights to these destination countries should provide a wider selection of in-flight halal meals where no pork or alcohol is served.

It would also be a better experience for Muslim tourists if the airline could announce prayer timings and broadcast religious programs as part of the entertainment on board. Having copies of the Quran on board which is made available upon request would definitely be an added value. In addition to specially, tailored tour packages and unique flight experience, the hospitality industry also plays an important role in promoting halal tourism.

International hotels should accommodate to the Muslim tourists' taste and spiritual needs on top of providing a 5-star quality environment of comfort and luxury.

This is simply about creating the right themes, ambiances, architecture and interior and exterior that would make them feel at ease during their stay. The hotel rooms should have a Qibla pointing signage stuck on the ceiling or in drawers and a prayer mat to allow the Muslim travelers to perform their religious obligations.

Besides that these hotels should have restaurants which serve halal food in accordance to the teachings of Shari'ah law and is free of any forbidden products such as pork and alcohol. It could also consider having separate swimming pools and spa facilities for men and women or go to the extent of employing people of different origins to provide translation services and other assistance that may be needed by the tourists from Muslim countries, especially those who are unable to communicate in English.

Furthermore, other simple steps such as having prayer rooms at shopping complexes and tourist attractions will make the Muslim travelers' trip a more pleasant one. Malaysia 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 travelers by offering facilities in accordance with the religious beliefs of these Muslim tourists. At a time when other countries did not really see the potential of halal tourism, Malaysia was quick enough to response to this latest trend in the tourism industry and to realize that it was indeed a marketable product. This is especially, the case since the September 11 incident. Increasing security measures and difficulties in obtaining visas for middle eastern travelers to the West are some of the several reasons these travelers have been less inclined to go on a holiday and invest their money in the US and Europe.

Thus there is shift, in how they spend their money and where they go for holidays. With all these restrictions, the middle eastern travelers redirect their attention to other different destinations. Malaysia as a Muslim majority country, seems to be the perfect destination as it is able to cater to most of their needs. From the first moment of their arrival, the middle eastern tourists will feel at home and welcomed. At the Kuala Lumpur International Airport (KLIA) they will be able to see signs in Arabic everywhere and there are also Arab-speaking staff to guide them.

They will also be provided with promotional booklets, maps and all the necessary tools that will help them during their holiday in Malaysia. Malaysia has also developed its hotels, restaurants and shopping malls to

accommodate to their needs. The hotels are equipped with all the necessary facilities required. Almost all hotels in Malaysia have a Qibla sign and a prayer mat and most do serve halal food.

The shopping malls in Malaysia usually have many halal restaurants, arabic signs and also a surau or prayer room thus, making it more convenient for these Muslim tourists to shop. Malaysian Tourism has also launched its first Arabic language website and a feel-at-home campaign specifically to target the middle east tourists. Even a Kuala Lumpur street has been given the Arabic name Ain Arabia. It is like a mini Arab town, show casing various Arabic and Middle Eastern food and cultures. Malaysia has targeted a certain time of the year in which they call the Arab season. In the month of August, it is usually really hot in the Gulf states.

In order to avoid the extremely hot weather, the middle Easterners will take a break and bring the whole family on a holiday. They usually stay for at least 3 weeks or a month and would rent an apartment or a few rooms in a hotel. While in Malaysia, besides visiting tourist attractions they will spend their money shopping or some might even start up a business or invest in properties. So clearly, Malaysia has been successful in positioning itself as one of the Middle Eastern travelers' preferred holiday destination.

Last year, it managed to attract 147 646 tourists from Middle Eastern countries which is an increase of 17% from the previous year. Thus, Halal tourism has definitely gained popularity and has become a new phenomenon in the tourism industry and countries across the globe should not miss on the opportunity to tap into this market. Based on the above discussion, the preparations of Halal food and hygienic accommodations will give an added competitiveness advantage to the hotels in attracting the local and foreign tourists, especially those from the Middle East, West Asia and other Islamic countries.

There is a high demand from Muslim consumers for health and quality products which conform to shariah requirement (Al-Harran and Low, 2008). Muslim need to take halal food because halal is not only merely allowable but also recognize hygiene, safety and quality assurance where the product must be prepare in clean, safe, well taken care of with good presentation and served in proper manner and quality for everybody. Muslim tourists, particularly from West Asia are increasingly sensitive and wanted access to more sophisticated holiday destinations and Halal dining. The increasing importance of halal concept in hotel industries has created a proliferation of research in this area of study. Nevertheless, statistics

from JAKIM has shown that only 101 hotels all around Malaysia have applied and secured the Halal certificate from JAKIM, MAIN and JAIN while the rest still not doing so (JAKIM Halal Bulletin).

It is therefore will be important to understand, the reasons why most of the hoteliers are non-compliance to halal. With regards to Halal compliance, most research has focused on manufacturing aspects that is on the antecedents and consequences (outcomes). It is believed that there is minimal empirical study with emphasis on the antecedents and consequences (outcomes) of non-compliance to halal among hoteliers' services.

Considering the size and importance of the halal tourism industry in Malaysia, it is timely to conduct a research in this context. With reference to the research problem, there is a need to understand what causes hoteliers not comply with halal requirements and the consequences of that non-compliance. Could variables such as attitude, subjective norms, perceived behavioral control and demographics play a role in causing non-compliance to halal? Does non-compliance to halal affect hotels' performance? Therefore, this study seeks achieve the following objective; to investigate and empirically tests three determinants for non-compliance to halal among hoteliers namely attitude, subjective norms and perceived behavioral control.

**Literature review**

**Principles of quality management:** Quality is gaining in importance in all areas of modern life. In tourism too, guests require products where they are sure of getting top-quality, value-for-money services. The further reasons for systematic quality management in tourism are widely documented for instance; growing competition, lack of willingness to provide a service, growing loss of individuality by standardization of products, adverse price-performance ration etc. According to Romiss, quality in tourism is an extremely complex phenomenon as shown in Fig. 1.

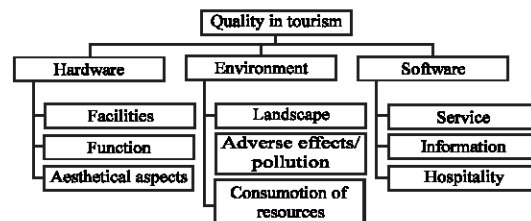


Fig. 1: Quality dimensions in tourism adapted from felizitas romeiss-stracke: service-quality in Tourisms, Munich in 1995

**Customer satisfaction:** From the marketing school of thought, the concept of customer satisfaction has a long history since Cardozo (1965)'s initial study of customer effort, expectations and satisfaction, the body of study in this field has expanded greatly with numerous researchers focusing on customer satisfaction and dissatisfaction and complaining behavior in the 1982-1990 period particularly (Perkins, 1991). Customer satisfaction is the leading criterion for determining the quality of a product or service (Vavra, 1997). Oh and Park defined customer satisfaction as a complex human process that involves cognitive and affective processes as well as other psychological and physiological influences.

Research by Churchill and Suprenant (1982) has indicated that customer satisfaction determinants differ between goods offerings and service encounters. While Jones and Sasser (1995) mentioned, there four basic elements which affect customers' satisfaction: basic factors of product or service, basic services of support, process of service refreshment and exceptional service. Hayes (1997) stated that knowledge of customer expectations and requirements is essential because it provides understanding of how customers define quality of services and products and facilitates the development of customer satisfaction questionnaires.

The disconfirmation paradigm of consumer satisfaction level is the results of interaction between the consumers' repurchase expectations and post purchase evaluation (Engel *et al.*, 1990). Studies of consumer behavior emphasize customer satisfaction as the core of the post purchase period (Westbrook and Oliver, 1991). Shostack (1977) suggested a molecular model framework for the structure of satisfaction decisions of hotel operations.

A hotel-entity according to this model, consists of both tangible and intangible elements that are all important to the guest's experience when visiting the hotel. The services marketing literature suggests that services are complex offerings because they are intangible and are often delivered by several different service providers (Lovelock, 1983). It is not easy to evaluate the product prior to experience services. The impact of loyal customers is considerable. Kirwin (1992) emphasized guest satisfaction as a means of increasing sales and profits.

The profitability of a firm increases proportionally with the number of loyal customers and up to 60% of sales to new customers can be attributed to word-of-mouth referrals (Reichheld and Sasser, 1990). Studies have found that it costs about five times as much in time, money and resources to attract a new customer as it does to retain an existing customer (Naumann and Giel, 1995).

Failure to pay attention to influential attributes in choice intention may result in a customer's negative evaluation. Hence, customer satisfaction presumably leads to repeat purchases and favorable word-of-mouth publicity. It serves as an exit barrier, thereby helping the firm to retain its customers (Cardozo, 1965; Fornell, 1992; Halstead and Page, 1992).

In fact, word-of-mouth publicity (at zero cost) is the most powerful competitive weapon that a firm possesses and has serious positive and negative consequences at the macro level of the industry.

**Literatures on halal issues:** As halal compliance is still new among Malaysian there is no published research or studies that are discussing this particular halal compliance as far as the researcher is concerned. Acknowledging the void in this area, this study is attempting in contributing a piece of thought in halal compliance domain. However, there are some studies conducted surrounding the halal issues in general. Osman and Sahidan (2002) had voiced out the concerned of Muslim consumers over the trustworthiness of the halal certifying bodies. Food consumption and selection is closely linked to religion which has acted as powerful motive for the intentions to purchase.

Religious building and rituals are important factors for the attractions for the consumer behavioral intention to purchase the food products. In fulfilling Muslim's consumers demand towards halal products, the understanding of halal concept among the producers is vital. In Malaysian context, as mentioned by Asyraf and Wan Ibrahim, most of the entrepreneurs have good knowledge and understanding on food hygiene and halal food including ways it is processed, prepared and marketed. This is a good sign for gearing up to be a regional halal hub. Suhaiza identify the factors that influence the consumer intention in purchasing halal food products using Theory of Planned Behavior (TPB) model which was significant and useful. Subjective norm component is a better predictor of intention to purchase halal food products with closest friends and families were the dominant referents. However, instead of having fundamental knowledge and understanding of the halal concept, Malaysian manufacturers are not ready to commit themselves to a higher level of halal Logo. Othman *et al.* (2004) reported that the manufacturers studied have negative perception toward ISI2020 (international acclaimed Halal Logo); they perceived that the Logo has relative low advantage, complex to implement without tangible benefits and incompatible to the company's needs and organizational operations. Most halal related research is concentrated on the downstream

stages focusing on acceptance, use and user satisfaction towards the halal certification (Pointing and Teinaz, 2004). However, there is very little empirical research focused on the upstream issues such as the adoption decision and its antecedents in relation to halal food or product in Malaysia (Othman *et al.*, 2004).

**Underlying theories:** It is important that the hoteliers to have an intention to be certified with the Halal Logo before they actually do it. Without any intention, there will be less likely for the firms to be certified with the Halal Logo. With these obstacles in mind, questions arise about to what extent non-compliance to halal among hoteliers exists in practice?

What motivated hoteliers not to comply with halal requirements? What are the actual outcomes realized by not complying with halal requirements. Drivers are defined in this study as motivators or inducements that motivate business organizations not to comply with halal requirements.

Previous studies identified numerous drivers that have a potential to motivate organizations to comply with halal requirements. These drivers generally emanate from pressures of external and internal stakeholders such as government, investors, customers, suppliers, community groups and employees as well as from organizational culture or moral values related to doing the right or acceptable things. On the other hand, outcomes are defined in this study as the results that are actually realized from not complying with halal requirements by hoteliers.

While compliance with halal requirements are considered to involve considerable costs and investments, especially during initial stages and it is against sound business strategy and a poor allocation of firm investment that generally, generate negative returns to shareholders, many scholars believe that these

initiatives are no longer a threat but a business opportunity (Othman *et al.*, 2006) and even a source of sustained competitive advantages.

## MATERIALS AND METHODS

The population of this study consists of hotels that are not applied or certified with Halal Certification from JAKIM in Malaysia. They are chosen as the research setting owing to the fact that they are the hoteliers that are non-compliance towards halal. The unit of analysis of this study is the organizational level.

Data are collected through the use of self-administered questionnaires to 8 hotels in Penang, Malaysia. The questionnaires will be passed directly to the managers of the hotels. Analysis on the responses returned from the samples will be tabled in study.

## RESULTS AND DISCUSSION

Table 2-9 show the findings from the interviews conducted in the exploratory study. As this is the exploratory study, therefore the study has interviewed 8 hotels to get the managers' inputs on the reasons why they did not apply for the halal certification. The findings are shown in Table 2-9. Performance of the hotel industry is very significant contribution towards economic growth of the tourism sector.

The preparations of Halal food and hygienic accommodations will give an added competitiveness advantage to the hotels in attracting the local and foreign tourists, especially those from the Middle East, West Asia and other Islamic countries. Muslim tourists, particularly from West Asia are increasingly sensitive and wanted access to more sophisticated holiday destinations and Halal dining. Nevertheless, statistics from JAKIM has shown that only 101 hotels all around Malaysia have

**Table 2: Findings from the interviews of managers conducted in Hotel 1**

Questions	Responses
Halal status	Not apply
Have you been entitled for halal certification?	Yes (2004-2006). Why we need to apply? We do not need. We have suppliers who provide halal goods. For example, chicken was slaughtered by the person who got certificate from JAIPP. We also got import meat from suppliers who have the halal certification from JAKIM and JAIPP. Since we get the entire source from halal suppliers, mean our hotel is halal. Our Hotel not provide a menu based on pork
Service provide by F&B?	Vistana Coffee House and Lounge. Serving a selection of local and international favourites from breakfast to dinner daily
Who are the big lodger	Most is local customer <ul style="list-style-type: none"> <li>• Chinese</li> <li>• Malay</li> <li>• Indian</li> <li>• Less foreigner</li> </ul>
Did Muslim lodger ask you about the food that you provide is halal or not if yes, how you explain to them, since your hotel not entitled for halal certificate	Yes, especially Malay. We will tell our guest that food we serve is halal. We explaining to them all the goods or ingredients such as chicken or meat is from a halal source and also cook by Malay chef

Table 2: Continue

Questions	Responses
From your understanding/picture; What is halal hotel?	For us, halal refers to food. Our food sources such as meat and poultry is from halal supplier and they (supplier) have obtained halal certification from JAIPP. We have copies of their certificates. As long as our resources are halal, we consider as halal hotel
Will you apply halal certificate in future? Yes/no; why?	Not necessary, we believe our food is halal for customer. The source is from a halal source. If we are not halal, meaning the resources is not halal. While our resources has halal certificates from JAIPP

Table 3: Findings from the interviews of managers conducted in Hotel 2

Questions	Responses
Halal status	Not apply
Have you been entitled for halal certification?	No. We don't want to put halal label to our hotel. Just simply state that we don't serve pork. It's enough for us if we were labelled as free pork. The Muslim guest is not need to worry. Chicken and meat we got from halal source. Because of that we consider our hotel/kitchen is halal
Service provide by F&B?	<ul style="list-style-type: none"> <li>• Breakfast</li> </ul>
Breakfast	<ul style="list-style-type: none"> <li>• Lunch</li> </ul>
Dinner	<ul style="list-style-type: none"> <li>• Dinner</li> </ul>
Buffet	
Who are the big lodger	Europe is our big market. That's why we give more attention to the guest of the European. Package and the location of the hotel (facing the beach) influence many tourists from the western came to our hotel
Did Muslim lodger ask you about the food that you provide is halal or not. If yes, how you explain to them, since your hotel not entitled for halal certificate	Yes. We are told that the food we provide is halal. No pork on the menu.
Will u apply halal certificate in future? Yes/no; why?	No. There is no need for us to apply. Our customer has many choices here; either chose the food that we provide or food from outside. Our guest feels happy with the hotel environment and also the service we provide to them

Table 4: Findings from the interviews of managers conducted in Hotel 3

Questions	Responses
Halal status	Waiting for approval
Have you been entitled for halal certification?	Yes, started on February 2010; Still under process; Waiting for certificate
Service provide by F&B?	<ul style="list-style-type: none"> <li>• Breakfast</li> <li>• Dinner</li> <li>• Lunch</li> <li>• Buffet</li> </ul>
Who are the big lodger	<ul style="list-style-type: none"> <li>• Local; Malay and Chinese are the big lodgers</li> </ul>
Local?	<ul style="list-style-type: none"> <li>• Muslim also the big lodger</li> </ul>
Muslim?	<ul style="list-style-type: none"> <li>• Middle eastern during the Arab season</li> </ul>
Middle eastern?	<ul style="list-style-type: none"> <li>• School holiday, Jun, end of year</li> </ul>
Time/season	<ul style="list-style-type: none"> <li>• USM- Regular customer</li> <li>• Meeting-Government agencies</li> </ul>
Do you aware with the need of Muslim consumer/lodger	Yes. That's why we apply halal certificate from JAIPP and we known Malaysia as a Muslim country
Did Muslim lodger ask you about the food that you provide is halal or not If yes, how you explain to them, since your hotel not entitled for halal certificate	Yes, specially Arab people and also Malay. Since we don't get halal certificate, our staff will explain. We told them that we get source from right person (halal)
Will you apply halal certificate in future? Yes/no; why?	Yes, We just do it now and we are waiting for it (Halal certificate from JAIPP). It is necessary because we know who our customers are. Most of them are Muslim and we know what they need

Table 5: Findings from the interviews of managers conducted in Hotel 4

Questions	Responses
Halal status	Not apply
Have you been entitled for halal certification? Why?	No. We have only one small kitchen and serve Chinese menu. It's cook by Chinese chef. So we cannot apply for halal certificate. It's important for this hotel to just maintain current condition
Service provide by F&B?	Breakfast, bread, porridge, egg, bihun, fried noodle
Who are the big lodger	Most lodgers are local people around Malaysia. There are from Perak, Kedah and Kuala Lumpur and most of them are Chinese. Only around 10% are foreigner
Did Muslim lodger ask you about the food that you provide is halal or not. If yes, how you explain to them since your hotel not entitled for halal certificate	Yes, we tell them. This hotel doesn't have halal certificate. Some of our customers are noticed. For breakfast example, they have choice. Customer can chose bread or egg if they not confident with the other menu such as porridges
Will you apply halal certificate in future? Yes/no; why?	No need, this is just small hotel. The food we provide here is halal because served by Muslim. We don't have F&B management and our facilities just few number of coffee table. We don't need to apply halal certificate for the current building. We don't need any renovation just to fulfil halal requirement. Our services now suitable for customer's especially local customer. But, we will apply the certificate for the new building
What are your core competencies that make your hotel business successful today? Excellent services, etc	First, this hotel located in a strategic location. Second, most of our customers are satisfied with the service we provide. Food is not an issue here



Table 6: Findings from the interviews of managers conducted in Hotel 5

Questions	Responses
Halal status	Not apply
Have you been entitled for halal certification (and why?)	No. We didn't see the certificate is important for us. Is there any requirement said that we should apply? Halal certificate is not a requirement. As long as our kitchen is run by Malay, our guests don't need to worry
Service provide by F&B?	Only breakfast menu were prepared. Starting from 7.45 a.m. until 10.45 a.m.
Who are the big lodger	Most of our customers are Chinese. They were coming from Penang, other state and China as well. Only a few number of western guest. There are a lot of customers during the school holiday and most of them are Chinese followed by Malay
Local?	
Muslim?	
Middle eastern?	
Time/season	
Do you aware with the need of Muslim consumer/lodger. How, when	We know the need of Muslim guest. Therefore, we appointed Malay chef to run our kitchen. We believed it will encourage more Muslim guest stay at our hotel
Did Muslim lodger ask you about the food that you provide is provide is halal or not	Yes, especially the Arabic and sometime Malay. They are more confident toward our foods if the chef is Malay. Sometime they curious about who are responsible to prepare the food. Then, the admin/reception/ waitress will answer, "It's prepared by Malay chef"
If yes, how you explain to them, since your hotel not entitled for halal certificate	
Will you apply halal certificate in future. Yes/no; why?	No, because this is just a small hotel. Here, the food that we served is halal and prepared by Muslim. We don't have any F&B management and our facilities only consist with few coffee table
So do you disagree that Halal certificate is not necessary for this hotel	It is not like that. It is really important but maybe for big Hotel. We only provide a breakfast menu. Our chefs are Malays and there are only a few coffee tables. For us, even without the halal certificate, our breakfast menu we provide still halal. Because it is cook by Malay chef
What are your core competencies that make your hotel business successful today?	Good service and package-room prices
Excellent services, etc.	

Table 7: Findings from the interviews of managers conducted in Hotel 6

Questions	Responses
Halal status	Not apply
Year of established?	In 1900. Used to be as residence of Cheong Fat Tze and base for commercial enterprise. In 1995, open for the public
Have you been entitled for halal certification (and why?)	No. It is not necessary. Here, food is not our main concern. It is because there are a lot of food stalls at the surrounding area
Service provide by F&B?	Only breakfast. The menu we have is bread, porridge, egg etc.
Who are the big lodger	Most of our guest stayed by package
Local?	From Europe; Dutch, France, Italy, England, Belgium
Muslim?	
Middle eastern?	Australian, Singaporean, Hong Kong, Japanese
Time/season	Morocco, Saudi Arabia
Did Muslim lodger ask you about the food that you provide is halal or not.	Muslim guest never asks about the kitchen. They ask about the menu. We already said that we didn't serve said that we didn't serve pork. We have Malay workers here and also Chinese, Indian and Indonesian
If yes, how you explain to them, since your hotel not entitled for halal certificate	
Since you have Muslim worker here, mean you don't have to apply Halal certificate?	Should we apply? We don't sell halal thing here. Totally non-pork here
Will you apply halal certificate in future? Yes/no; why?	Not need to apply. Because our market is not big for Muslim. Most tourist or guest came here because they are interested in historical thing and design of the building. Because when they (Muslim/Arab people) are looking at this building, the perception of them towards this building is "Chinese temple" even though we make a good publicity/advertise
So do you agree that halal certificate is not necessary for this hotel?	Agree (halal certificate not necessary). Because big market if from Europe? Muslim tourist, especially from Arab are not interested because of their misconception
What are your core competencies that make your hotel business successful today?	Services to customer and our historical building/design Promotion (part of World Heritage-Georgetown)
Etc.	Building was designed like Chinese temple, in fact its mix architecture between Scotland, English and France. Muslim tourists are not interested because when they look from outside of this building, it looks like a Chinese temple even though it is not. Because from what we see, there is a misconception about this building. There is no religious thing inside this place. Just a Chinese symbol

Table 8: Findings from the interviews of managers conducted in Hotel 7

Questions	Responses
Halal status	Waiting for approval. We have one kitchen and the halal and non-halal foods are placed separately. For non-halal food such as alcohol, it is only available in the bar (separate from kitchen). We started to apply at January 2010. JAIPP was came to check and then, they gave some feedback about what we needs to solve. We expect before the end of February, JAIPP will make their second inspection. At present, our take actions based on the feedback given by JAIPP. Recently, we have sent a letter to the JAIPP to conduct inspections at our premises (kitchen) to enable us to get halal certification. The hotel management also send a few officers from F&B, took course organized by JAKIM. The course is about how to deal by online and applying halal certification. Because we were halal hotel since the name of the Sheraton hotel, we really understood halal hotel regulation
Year of established?	2009

Table 8: Continue

Questions	Responses
Have you been entitled for halal certification?	Yes, we were applied it before and already get. But that was when this hotel under the Sheraton Hotel then changes to Dorsett Hotel. When the hotel owner turned to The Royal (owner is from Singapore), so we need to re-apply halal certification from JAIPP. For us, our kitchen is still halal but due to a conversion of hotel owners then we must re-apply
Service provide by F&B?	Breakfast <ul style="list-style-type: none"> <li>• Buffet breakfast</li> </ul> Lunch <ul style="list-style-type: none"> <li>• Executive buffet</li> <li>• Thai buffet lunch</li> <li>• Hawker's delight buffet lunch</li> <li>• Japanese light buffet</li> </ul> Dinner <ul style="list-style-type: none"> <li>• Seafood buffet dinner</li> <li>• Japanese buffet dinner</li> <li>• Chef's specialty set dinner</li> </ul>
Who are the big lodger	<ul style="list-style-type: none"> <li>• Taiwan Hong Kong</li> <li>• European</li> <li>• Middle Eastern during Arab season</li> <li>• Local people during school holiday</li> <li>• Frequent individual travel</li> </ul>
Did Muslim lodger ask you about the food that you provide is halal or not If yes, how you explain to them, since your hotel not entitled for halal certificate	Sometimes, Most of them are from middle eastern. Example, from Saudi Arabia. We told them, our kitchen is halal. We knew our operation well and the food that we served from our kitchen is halal. For Malay, halal certificate is not a problem. For them, they were more confident if the food is cook and serve by Malay
Will you apply halal certificate in future? Yes/no; why?	Yes, actually we are halal hotel before and now we are waiting for JAIPP approval. As Islamic country, we follow the government encouragement and understand the needs of Muslim consumers

Table 9: Findings from the interviews of managers conducted in Hotel 8

Questions	Responses
Halal status	Waiting for approval
Year of established?	2008
Have you been entitled for halal certification?	Yes, we were applied halal certification after the hotel started operations in 2008. Rightly, we have obtained the certificate from JAIPP by last year (2009). However, there are technical errors on the form during the application to the JAIPP. Thus, we had to make another application. At this time, we are still awaiting approval from the JAIPP
Service provide by F&B?	Breakfast; Lunch; Dinner; Buffet; Our chef Malay Muslim (led by Mr Abdul Rahim). Ingredient such as chicken and beef dishes will be purchased by our chef and buy from a halal source
Who are the big lodge	Mostly are government agencies. They organized many seminars here. In addition, domestic tourists also our big lodger and most of them are Malay and Muslim. During the USM convocation (March and August) we consider as a peak season
Did Muslim lodger ask you about the food that you provide is halal or not. If yes, how you explain to them, since your hotel not entitled for halal certificate	Customer or guest sometimes asked about the hotel halal status, We answer, "yes, our food is halal". As I said, I do not think they believe it 100%. So they will call the chef and asked the same question and chef will explained to them. Chefs sometimes come out to the banquet hall and meets customers. This time will be used by costumers to ask the questions especially about the halal status. It's make our consumers feel confident with the food we provide in terms of halal and influence them to come again. Until today, we don't receive any complaints from hotel guest or consumer regarding the halal issue in our hotel. This is because our guest and customer can meet directly with chef and got a reasonable explanation
Will you apply halal certificate in future? and why?	Yes, Bsuite started operating since 2008 and started to apply for halal certification that time. We agree that the halal status is a part marketing strategy to attract Muslim costumers today

applied and secured the Halal certificate from JAKIM, MAIN and JAIN while the rest still not doing so. It is therefore will be important to understand the reasons why most of the hoteliers are non-compliance to Halal.

From the exploratory study randomly conducted to 8 non-certified halal hotels, it is discovered that most of the managers are not well understood the importance of halal certification. They still can have the successful business without being certified with halal hotels as majority of their customers are non-Muslims. This results indicate that the perceived of benefits towards halal certification could be as one of the factors that influenced them not to apply for the certification. It is

important for the Malaysian government to enhance the hoteliers' understanding on the outcomes of having the halal certification so that the acceptance level can be improved.

Antecedents of non-compliance to halal among hoteliers are still in the early stages of research and the aim of this research is to cover this gap (Din *et al.*, 2006). Some researchers have focused only on the antecedent factors of intention to comply with halal among manufacturing companies (Othman *et al.*, 2006).

Knowing the factors influencing non-compliance to halal among hoteliers is critical as to understand both the reasons non-compliance to halal and the impact of the non-compliance to halal among hoteliers (Table 9).

## CONCLUSION

Antecedents and outcomes of non-compliance to halal among hoteliers are still in the early stages of research and the aim of this research is to cover this gap (Din *et al.*, 2006). Some researchers have focused only on the antecedent factors of intention to comply with halal among manufacturing companies (Othman *et al.*, 2006). This study goes a step further by examining both the antecedents and consequences (outcomes) of non-compliance to halal, particularly among the hoteliers. Knowing the factors influencing non-compliance to halal among hoteliers is not sufficient. It is critical to understand both the reasons non-compliance to halal and the impact of the non-compliance to halal among hoteliers.

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