

Investigating the Barriers and Success Factors in Implementing Shariah Compliant Hotel Operations

Noor Azimin Zainol, Rozila Ahmad and Nurhazani Mohd Shariff
School of Tourism, Hospitality and Environmental Management,
Universiti Utara Malaysia, 06010 Sintok, Kedah, George Town, Malaysia

Abstract: Shariah compliant concept has received a special interest in various operations nowadays as people are more aware of the niche market that Islamic tourism has brought forward. However, the concept of Shariah compliance is seen as not well understood by the public, alas the implementation in the hotel operations is still mediocre. This study seeks to examine the practice of Shariah compliant concept not only by examining the barriers that mitigate the implementation of the practice but also investigating the success factors in implementing the concept in hotel operations. Qualitative stance was applied and based on the emerging themes, the barriers include “lack of awareness of Shariah compliant concept”, “negative perception of Shariah compliant operations among non-Muslims” and “operational issues of Shariah compliance concepts”. The success factors were identified as “demand and support from various sectors”, “acceptance from the guests and staff” and “instilling awareness of Shariah compliant concepts”.

Key words: Shariah compliance concept, hotel operations, success and barrier factors, protection, Shariah, sectors

INTRODUCTION

Shariah compliance concept has received much attention now a days as the Islamic tourism phenomenon made its way by offering specialized Muslim-friendly travel packages. Not withstanding its target market who are on majority serving the Muslim consumers there is also increasing demand on non-Muslims who have special interest in experiencing the Muslim-friendly products on offer. However, there is still vague understanding on the application of Shariah compliant concept which has resulted in sceptical perception among travellers alike as Shariah concepts are largely connected to extreme Islamic standings and beliefs.

While people still have dubious understanding of Islamic beliefs with many unforeseen negative events connected to Islamic terrorism happening around the world, this has led to the creation of a niche market. This niche market was the root of Islamic tourism development whereby Muslims are sceptical to travel to western countries and began to find alternative destinations to travel. Malaysia has recognized this niche and had played a major part by being the most visited destinations by Muslim tourists around the world (Standard and Crescentrating, 2012).

This is confirmed by the annual statistics recorded by which Malaysia is seen as the highest visited country in three years in a row (Standard and Crescentrating, 2012). Measures are being taken by the industry to equip more accommodations with Shariah compliance concepts, not only to cater to the international tourists but also the locals alike. Although, Malaysia is a predominantly Muslim country, there are other races and religions residing with the Chinese and Hindus making the second and third largest ethnic combination and others as minority groups.

Due to this mixture, the understanding of Shariah compliance is still questionable as differing perceptions occur. Further in relating the Shariah-concepts to hotel operations, there is scarce evidence that this concept has received a wide recognition as there are still many hotels in Malaysia which declines to adapt to this concept. Hence, this research will try to investigate the barriers that the hotel industry face in implementing this concept while also tend to explore the success factors which hoteliers could benefit by practicing the concept in their operations.

Literature review: Shariah compliant hotel is a hotel that provides services in accordance to the Shariah principles

where it is not only limited to serve halal food and drink but also to ensure the entire operation throughout the hotel would also operate in accordance with the Shariah principles. To add on, the Shariah compliant hotels touches on the 'Islamicity' of the offering. The demand for Islamic hospitality is high due to increasing numbers of tourists from Middle East and Europe hence opening the opportunitieis for destination marketers to develop tourism products based on Islamic requirements (Battour *et al.*, 2011). Eventhough Malaysia is recognized by the world as one of the modern Muslim countries, however operating a Shariah compliant hotel here is still a novel idea because of limited awareness of how important the Shariah compliant hotel to the locals and foreigh tourists.

Being a Muslim country, Malaysia has an important role in managing lodgings in accordance to syariah law. There is no formal criteria, rules, classifications or an established model for Islamic hotel (Rosenberg and Choufany, 2009; Samori and Rahman, 2013). The challenge in the formation of the Shariah compliant concept in hotel which is the separation of rooms and floors according to gender may increase the costs as more workers are needed and become more difficult too because they need to select how many male and female staffs to be located in the separation of rooms and floors as nowadays the employee turnover in the hotel industry is high (Samori and Rahman, 2013).

In the Malaysian context, the hotel operations aspect has not been categorized as entirely Muslim friendly. This is seen through not all resorts and hotels provide the Qibla direction (markers in the rooms indicating the direction of Mecca), uncomfortable prayer areas, food served are not according to Muslims requirements and unfriendly toilet facilities for Muslims to clean themselves and also perform their ablution. Further, it is hard to find a hotel management that is based on syariah. A report revealed that five-star hotels belonging to non-Muslim entrepreneurs have minimal awareness of the importance of to obtain halal certificates for their kitchen. In addition, negative activities such as gambling and prostitution are strictly prohibited by Islam but it has become part of tourism activities and income generators.

As there is very limited investigation regarding the Shariah compliant hotels in Malaysia, the current study intends to investigate the barriers and success factors in the implementation of Shariah compliant practices in the hotel operations.

The barrier factors: Most researchers provide guidelines that narrows down on Shariah compliant services offered by the hotels, however they fail to see and meet the actual

needs of Muslim guests and ignoring the management aspect of syariah compliant hotel (Salleh *et al.*, 2014). Further, the banning of alcohol in their food and beverage operations is one of the problems that may arise because alcoholic beverages are very profitable and brings revenue to many hotels. Thus this leads to a crucial barrier to the international hotel brand chains located in Malaysia to adapt Shariah compliance concept.

As mentioned, there was also a report which revealed that five-star hotel and resorts owned by non-Muslims have minimum awareness of the importance of obtaining halal certificates for their kitchen. This indirectly poses unclear questions of the acceptance of the non-Muslims customers on this Shariah compliant conceptperhaps due to unfavourable images towards Islamic countries such as being extremism and abide to straight punishment and violating human rights.

Is it thus seen that the implementation of Shariah compliant practices in a hotel is not an easy agenda especially when dealing with non Muslims guests which have various backgrounds and different levels of understanding and acceptance of this Shariah compliant hotel. This will become even worse when the hotel operators themselves have different perspectives, understanding, misconception and many more about the concept. Some argue that this concept need special renovation and modification by the hotel management which involves a large amount of costs.

Researchers noted that there are three challenges in applying syariah compliant hotel (Rosenberg and Choufany, 2009). The first is the capacity management as the challenge by the requirement of gender isolation. Secondly, the hotels with floors dedicated to a particular type of guest (family, groups, single man and woman) may cause loss revenue and turn away demand because that demand does not match with the availability of rooms. Moreover, the segregation of staffing according to gender will lead to staffing schedules to be more difficult and might result in the need to increase of costs and the number of employees.

However, they concluded that the real challenge is to provide services to these customers who are rich enough to allow competitive comfort and luxury but at the same time maintaining standards of spiritual quality which is demanded by the Muslims. It means that this Shariah compliant concept requires deep understanding by the hoteliers and this might be even more difficult and hard especially to the western hotel chains in Malaysia.

The success factors: The increasing halal economy offers opportunities to the world. Islamic tourism has created a phenomenon which saw many countries opting to offer

specially packaged products which are Muslim-friendly. In lieu with this increasing trend, the Malaysian government also supports this industry by granting various facilities to develop the Shariah compliant concepts. Malaysia is considered as a safe and preferable destination to visit for Muslim travelers especially due to the accessibility of mosques and halal food outlets which makes it easy for travellers to fulfil their basic and special needs during travelling.

The emergence of Shariah compliant hotel concept internationally triggers hotel operators in Malaysia to open up such hotels in Malaysia to fulfill the demand, with De Palma Hotel Ampang being the first Shariah compliance hotel being established. Nevertheless, this awareness is still in doubt due to the customer knowledge on syariah compliant is little and misconceptions occur amongst international and local travellers, especially amongst non-Muslim travellers.

MATERIALS AND METHODS

In order to provide a better understanding on investigating the barriers and success factors in implementing Shariah compliant hotel operations in Malaysia, an exploratory stance was applied. An exploratory method is conducted when there are few or no earlier studies to refer in predicting an outcome. The focus is on gaining view and familiarity for later investigation or undertaken when research problems are in a preliminary stage of investigation. Qualitative data collection techniques was used as the primary research method for this study.

Purposive sampling was being applied from selected hotels. Purposive sampling can be very useful for conditions or situations where you need to reach a targeted sample fast and immediately and where sampling for proportionality is not the main concern. The subjects are selected because of the certain characteristics. The participants in this research were not focused on Muslims only but also non-Muslims too. This can also help to gather their responses and opinions to this research. The respondents of this study were the top and middle management executives in selected hotels.

Nine respondents were interviewed which is from three to five selected hotels in Kedah, Kelantan, Perlis, Perak and Pulau Pinang. The selected hotels involved were rated as two, three, four and five stars. The instrument applied was semi structured interview protocols while data collection method was by face-to-face interviewing. Permission was seek from the respondents via emailing them through their official email and a few follow-up sessions until permission was granted.

RESULTS AND DISCUSSION

This study presents the results of the demographic profile together with the barriers and success factors in implementing Shariah compliance practices in hotel operations in Malaysia. As mentioned in the methodology section, qualitative stance was adopted in investigating the barriers and success factors of Shariah compliance implementation in hotel operations. The interviewing technique has provided rich data which allowed for transcribing and data analysis. Although, the transcribing process is time consuming, it was a necessary stage to emerge common themes in answering the research objectives.

The respondent’s demographic profile consists of age, gender, race, level of education, position, working duration and position duration. All nine respondents were hotel employees, whom were executive management personnels from selected hotels. The profile is summarised in Table 1.

The barrier factors in implementing Shariah compliant operations:

After a rigorous transcribing stage, some common themes emerge from the analysis being done. Three main common themes regarding the barriers in implementing Shariah compliance concepts in hotel operations emerged from the analysis. The first theme is “lack of awareness of Shariah complaint concept”. These were mentioned repeatedly by four respondents (respondents 1, 2, 7 and 8). It was seen that some of the clients were not aware and exposed to the Shariah compliance operations as there was less promotion regarding the Shariah compliance operations. They mentioned that the information of Shariah compliance was limited. Example include:

“The client and hotel owner not exposed to the Shariah compliance concept client have minimal awareness of Shariah compliance as there is less promotion of the Shariah compliance”
respondent 1

The second theme is “negative perception of Shariah compliant operations among non-Muslims”. This is

Table 1: Demographic profiles of respondents (n = 9)

No.	Age	Gender	Race	Education level	Post	Work year
R1	46	F	Malay	Diploma	F/O exec	5
R2	50	M	Indian	SPM	F&B exec	10
R3	26	F	Malay	Degree	Sales	2
R4	30	F	Malay	Degree	HR exec	5
R5	54	M	Malay	Master	GM	15
R6	40	F	Malay	NA	GM	4
R7	36	M	Christian	SPM	RD exec	4
R8	26	F	Malay	Diploma	Acc. exec	2
R9	33	F	Malay	Degree	HR exec	2

being mentioned by respondents 1, 2, 5 and 6. By this theme, some respondents claimed that the term portrays “being too Islamic” or “being too prohibited” which will affect guest’s acceptances. Most of the respondents perceptions toward Shariah compliance were positive. Only two respondents were saying that the Shariah compliance might not be suitable for non-Muslims as they were not exposed to it. These were the feedbacks from the non-Muslim personnels. Example include:

“Client set their mind set were afraid SCH too Islamic” respondent 1

The third theme is termed as “operational issues of Shariah compliance concepts”. These issue are being forwarded by respondents 3, 4 and 5. This includes issues such as not serving alcoholic beverages and “not selling non-halal products will reduce their operating profits”. Further, guests often feel angry and annoyed for not having alcoholic drinks in the premise and will complaint through social medias like Facebbok or TripAdvisor. Some also mentioned that the prayer amenities in the hotel were incomplete. Example include:

“Not selling non-halal products decrease the hotel profit” respondent 3

Success factor in Implementing Shariah compliant operations: In referring to the success factors of implementing Shariah compliant concept, there are three themes which emerged based on the analyses done. The first theme is “demand and support from various sectors”. This is being mentioned by respondents 1, 2, 3, 4 and 8. They agreed that the high demand from government sector, local and foreigners were big contributors to apply Shariah compliance concept.

Further the demands from Islamic travel agents from international markets also contributed to this. This is in line with the notion that the demand for Islamic hospitality is also high due to increasing number of tourists from Middle East and Europe. Due to this, it is timely for destination marketers to develop Muslim-friendly tourism products while also offering Islamic hospitality. Example include:

“Government and Non-Governmental Organization (NGO) help and support the SCH operations” respondent 4

The second identified theme is “acceptance from the guests and staff”. This theme has contributed to the

success of Shariah compliant concept based on positive feedbacks. Respondents were in the agreement that there is positive respond and acceptance from the guests and staff which contributes to the success of the Shariah compliance concept. R2 and R9 have the same opinion which was the client was not against this and didn’t mind as long as they have a place to stay. Making people understand what is Shariah compliat concept is also one of the success factor so that it will educate others and the power of word-of-mouth will deliver messages to attract all types of people to stay at our Shariah compliat concept. Meanwhile, R6 says as for the staff of the hotel, their team work, good research and positive thinking also contributed in implementing the SCH operations in Malaysia. Example include:

“Client is not against this...they don’t mind as long as they have place to stay” respondent 9

The third theme is “instiling awareness of Shariah compliant concepts”. These have been forwarded by respondents 1, 3, 5 and 9. Respondents argue that people in general should be a made aware and understand the concepts of Islamic hospitality and halal compliant. When customers are made aware of the criteria of Shariah compliant operations, they will understand why certain regulations are being posed and abide to them. This will minimise misunderstandings and misconceptions. For example, guests will understand there should be strictly no alcohol in the premises either the guests bring in or the hotel sell it if the hotel is operating a Shariah-compliant concept. Example include:

“Is making people understand what is Shariah compliant hotel to define what is Shariah-compliant. There must be educated messages to the clients and employees” respondent 5

Based on the feedbacks received, it is interesting to learn that a theme that emerge from both barrier and success factors were related to awareness issue. This instills the imperative concern that awareness on the Shariah compliant concept should be looked into so that guests understand and are well informed on the kind of operations they are experiencing. This is not only critical to minimise negative perceptions and expectations but also to target the right market segments.

CONCLUSION

Shariah compliant concept has received much attention as the Islamic tourism phenomenon is gaining

popularity by the global community. Most people are aware of the term Shariah compliance however they are unsure of the differing definitions that surrounds the concept. It was seen that the majority of feedback given mentioned that Shariah complaint is a good application towards hotel operations. Most of the respondents mentioned that awareness on the definition of Shariah compliance is the major successful factor in implementing this concept.

Another contributing success factor is the high demand from the government sectors which seek to patron Muslim-friendly operations. Inbound and outbound Islamic travel agents also supports these operations as the demand from Muslim countries are arising. In addition, the understanding of the Shariah compliant concept amongst internal customers in terms of the application are also a winning situation in order for the practice to be successful. Conversely in order to be successful, the barriers in implementing this concept should be emphasized especially in terms of instilling awareness amongst non-Muslims about Shariah compliance operations so that misconceptions are minimized.

These findings on the barriers and success factors appeared to support the criteria listed by previous researchers. The definitions of Shariah compliant concept and the criteria need to be clarified in order to have a complete guideline so that the Shariah compliant concept development in Malaysia will improve better than before.

IMPLICATIONS

The implications of this study is to give awareness, ideas and information to the related parties such as

hotel's management teams, the owners and the staff about what Shariah compliant means. Further researches could look into areas of awareness and other issues relating to implementation of Shariah compliant concept to aid in further understanding especially concerning to business operations.

ACKNOWLEDGEMENT

This research supported in part by University Utara Malaysia's Grant Scheme S/O code: 13113.

REFERENCES

- Battour, M., M.N. Ismail and M. Battor, 2011. The impact of destination attributes on Muslim tourist's choice. *Intl. J. Tourism Res.*, 13: 527-540.
- Rosenberg, P. and H.M. Choufany, 2009. *Spiritual Lodging the Sharia-Compliant Hotel Concept*. HVS Global Hospitality Services, Dubai, U.A.E.,.
- Salleh, N.Z.M., A.B.A. Hamid, N.H. Hashim and S.Z. Omain, 2014. The practice of Shariah-compliant hotel in Malaysia. *Int. J. Trade Econ. Finance*, 5: 26-26.
- Samori, Z. and A.F. Rahman, 2013. Establishing Shariah compliant hotels in Malaysia: Identifying opportunities, exploring challenges. *West East J. Soc. Sci.*, 2: 95-108.
- Standard, D. and L.L.C. Crescentrating, 2012. *Global Muslim Lifestyle Tourism Market 2012: Landscape and Consumer Needs Study*. Press & Announcements, Francisco, California,.