

The Opportunities and Challenges to be a Shariah Compliant Hotel: A Case of LKPP De Rhu Beach Resort

Siti Aishah Binti Mohamad
 Wan Kalthom Bt Yahya
 Ilyani Bt Azer
 Hamnah Bt Che Hamzah

ABSTRACT

Shariah compliant hotel can be defined as a hotel that provides services in accordance to the Shariah principles. The Shariah compliant hotel is not only limited to serve halal food and drink but the operation throughout the hotel would also be managed based on Shariah principles. The increasing numbers of international visitors from Islamic countries particularly from Middle East create a bright prospect for tourism industry because of the Islamic identity of Malaysia and Muslim friendly services offered. LKPP DE RHU Beach resort is the only one resort hotel in Pahang that has been certified halal by JAKIM for the whole operation. It had stopped selling and serving liquor to guests since 2003. However, to be shariah compliant hotel, there are requirements in terms of financial and operations aspects to be met. Therefore, the aims of this paper are to find the opportunities and challenges of LKPP De Rhu Beach Resort to be fully shariah compliant hotel. The findings can be used by LKPP De Rhu Beach Resort to make improvement to be the shariah compliant hotel.

Keywords: *Shariah compliant hotel, Middle Eastern tourist, LKPP De Rhu Beach Resort*

Introduction

The increasing numbers of international visitors from Islamic countries particularly from Middle East create a bright prospect for tourism industry because of the Islamic identity of Malaysia and Muslim friendly services offered. After the tragedy of September 11, 2001, the arrival of Middle Eastern tourists have shown an increasing trend in Malaysia. Tourism Minister, Datuk Seri Dr Ng Yen Yen informed that the double digit growth in tourist arrivals was largely contributed by Asean countries and some of the Middle Eastern Countries. The emergence of Malaysia as a top destination for Muslim travelers had also attracted many Middle Eastern tourists. According to Ali & Mohd Safar (2012), the safety and security are extremely important factors for choosing a foreign country for long-haul travel among the Middle Eastern tourists. Their study also found that, image of Malaysia as Islamic country and beautiful destination as an important factor for visiting our country. The availability of *halal* food and facilities for prayers are also among important factors to this group. The Middle Eastern tourists are welcomed because of their high purchasing power, longer length of stay and tendency to travel in large family members (Heyer, 2008). Due to that, it is very important for the Malaysia's hotelier to grab this opportunity to provide *halal* food and *halal* hotel to cater to the demand of Middle Eastern tourists.

The Shariah Compliant Hotel

Shariah compliant hotel can be defined as a hotel that provides services in accordance to the shariah principles (Shamim, 2009). Yusuf (2009) defined shariah compliant hotel as hotels where services offered 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. The whole operation would also be managed based on Shariah principles. There are a few requirements a hotel must meet in order to be a Shariah compliant hotel. Nevertheless, there is no standard or formal criteria for this concept. According to Henderson (2010), scrutiny of statements made by industry practitioner and analysts reveal the set of attributes which are:

- No alcohol
- *Halal* food only
- Quran and prayer mats available in each room
- Beds and toilet positioned so as not to face the direction of Mecca
- Bidets in the bathrooms
- Prayer rooms
- Appropriate entertainment
- Predominantly Muslim staff
- Conservative staff dress
- Separate recreational facilities for men and women
- All female floors
- Guest dress code
- Islamic funding

It is important to note in order to be considered as shariah compliant hotel, it should ensure that the operation, design of the hotel and also the financial system of the hotel complies to Shariah rules and principles

Middle Eastern Tourist

According to the world Tourism Organization, Middle East market is consisting of several countries which are Bahrain, Palestine, Iraq, Jordan, Kuwait, Lebanon, Libyan Arab Jamahiriya, Oman, Qatar, Saudi Arabia, Syrian Arab Republic, United Arab Emirates, Egypt and Yemen. However, only seven countries are significant market to Malaysia. These countries are Jordan, Kuwait, Oman, Saudi Arabia, Syrian Arab Republic, United Arab Emirates and Egypt. The importance of these groups can be viewed from their number of arrival to Malaysia, tourism receipts, the average length of stay and potential of future tourism market.

LKPP De Rhu Beach Resort

LKPP De Rhu Beach Resort is among the popular resort in Pahang. This resort is wholly owned by *Lembaga Kemajuan Pertanian Pahang* (LKPP). The resort is located about 400 meters from the main road of Jalan Sg Karang; specifically eight kilometres from Beserah Fishing Village and twelve kilometres from Cherating Beach, and the local handicrafts centre at Teluk Cempedak. LKPP De Rhu Beach Resort has 162 rooms and can be categorized into five categories, which differ in price according to the affordability and number of guests. The resort has approximately 111 employees, which consists of locals as well as foreigners. The main attraction of this resort is its children water playground. Thirty traditional games are provided with a spacious ground for outdoor games (tele-match) are also the attraction to guest to choose this resort. This resort had stopped selling and serving liquor to guests since 2003. It is the only resort in Kuantan that holds a *halal* certification from the Department of Islamic Development Malaysia (JAKIM) for the whole operation since 5 years ago. Since Tourism Malaysia promoted new destinations to Middle Eastern tourists such as Johor, Terengganu, Pahang, Sabah and Sarawak, LKPP De Rhu Beach Resort should take the opportunity to be a unique resort and choice of local and foreign tourists. Hj Azizan Noordin, Deputy Director General for Tourism Malaysia, suggested hotelier to undergo several adjustments to suit the habits of Middle Eastern guests.

Golden Opportunities

Pahang has recorded the increasing growth 10.8 percent of tourist arrival from year 2011 - 2012 . The growing number of tourist arrival especially among the Middle Eastern, may increase the demand for halal hotel, food and facilities. In 2012, the Muslim population is estimated around 2013.62 million which is

equivalent to 2.1 billion shows that it is significant for LKPP De Rhu Beach Resort to put an effort to be shariah compliant hotel or at least the resort that have few attributes of shariah compliant hotel.

There is no shariah compliant hotel in Pahang, even Malaysia only has few hotels which provide basic facilities to fulfil the muslim tourists’ needs so called as friendly Muslim hotel (Zakiah and Fadilah, 2013). Most of the hotels located in Kuala Lumpur, Shah Alam and Kelantan such as De Palma Hotel, PNB Darby Park Executive Suite, Putra Hotel, UiTM Hotel and Ansar Hotel. With the increasing and representing 10 percent of the world tourism market (Heyer, 2008), it is significant to have another shariah compliant hotel to target for muslim market.

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.

LKPP De Rhu Beach Resort has moved few steps forward to be shariah compliant hotel by stopped selling liquor started 2003. The action gave bad effect to resort’s sales. From Figure 1, the data shows that sales of LKPP De Rhu Beach Resort drop from RM5 million in year 2003 to RM3.8 million in year 2006. According to Henderson (2010), one of the problems from banning an alcohol in food and beverages is the reducing of company’s revenue. However, the resort overcomes the difficulty by providing staff to attend to all guest needs, high quality service and warm hospitality. It resulted in resort’s sale to increase and maintain between RM5 million to RM6 million until now. This is supported with the statement by De Palma Hotels who claim that they faced initial loss of 20 percent after rebranding their hotel to shariah compliant. However, it was a temporary setback because De Palma Hotel now earned 40 percent from their original sales (Halal Media, 2011).

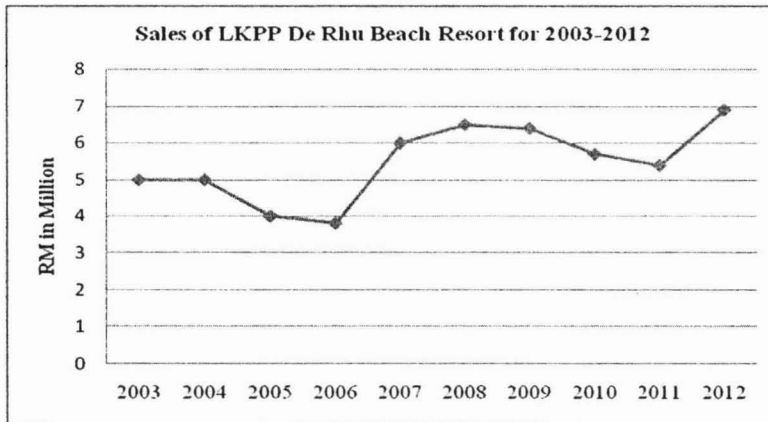


Figure 1: Sales of LKPP De Rhu Beach Resort for 2003 – 2012

Challenges to be Shariah Compliant Hotel

In spite of having some prospects in developing shariah compliant hotel, there are also some challenges that might be faced by LKPP De Rhu Beach Resort. Firstly is 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.

Gender segregation and the separation of rooms and facilities are also the issue especially at the children water playground. The children water playground just started operation in March 2012. This main attraction helps the resort to create the highest sales in 2012 as shown in Table 1. After the opening of the children water playground, the sales increase from RM377,000 in March to RM508,700 in April and reach the highest level at RM947,300 in November 2012. To implement shariah principle, LKPP De Rhu Beach

Resort has to change resort's rules and procedures such as attire at the swimming pool and water playground as well as other facilities.

Table 1: Total Sales Per Month in 2012

Month	Sales per month (RM)
January	RM395,200
February	RM377,000
March	RM508,700
April	RM527,600
May	RM615,500
June	RM706,500
July	RM505,300
August	RM451,300
September	RM477,900
October	RM581,100
November	RM947,300
December	RM816,100

Source: Report of Sales Department of LKPP De Rhu Beach Resort

Furthermore, gender segregation for all facilities needs high cost of implementation. Most of the international brand hotels refused to apply for the shariah compliant hotel because the implementation of the concept need a proper planning as it involves high cost due to large space needed for gender segregation (Rosenberg and Choufany, 2009).

Capacity management is another challenges imposed by the gender segregation. LKPP De Rhu Beach Resort has to provide a particular type of guest for example family, single man and single woman. It may cause loss of revenue and the demand will turn away from such demand since it does not match with the type of rooms provided.

Conclusion

The majority of Muslim tourists in Malaysia came from Middle East, West East and China (Zakiah and Fadilah 2013). Therefore there is a need to provide shariah compliant hotel and halal food for them. It will then attract the non Muslim tourist because this concept also benefits them since shariah is considered as a universal divine law. Customers acceptance on shariah compliant hotel also shows positive feedback. A result found by Kola (2008) showed that more than 50 percent of customers are non muslims, came from Germany and Korea who are very likely and some of them fairly likely to use shariah compliant hotel for family trip. This means that shariah compliant hotel is not only accepted by Muslim but also among non-muslim. It is concluded that there is a high potential for LKPP De Rhu Beach Resort to become successful shariah compliant hotel. Since this resort had stopped selling liquor and hold the *Halal* certification from JAKIM few years ago, the tourist already trust and confident with it Islamic environment. However, this resort has to invest more money for the operation and interior design of the hotel in order to implement shariah compliant fully.

De Palma Hotel can be a benchmark since it has successfully complied fully shariah compliant. Recognitions and achievements make this hotel brand internationally renowned and motivate other hotel or resort to branding the right shariah compliant.

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SITI AISHAH MOHAMAD, WAN KALTHOM YAHYA, ILYANI AZER, HAMNAH CHE HAMZAH.
Universiti Teknologi MARA Pahang. sitia@pahang.uitm.edu.my, wankalthom@pahang.uitm.edu.my,
ilyaniazer@pahang.uitm.edu.my, hamnahchehamzah@pahang.uitm.edu.my