

SYARIAH COMPLIANT HOTEL: THE CONCEPT AND PRACTICES

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ABSTRACT

The current tourism trends boost up the demand for and supply of Islamic hospitality services. It is believe that the successful stories of Islamic financing is one of the driving factors of Syariah Compliant hotels besides the increasing number of Arab and Muslim travellers and their high purchasing power. Howbeit, detailed guidelines need to be introduced in constructing this concept since there are diverse opinions and contradiction in understanding the concept and practices among the hotel operators and Syariah scholars. Recent studies confirmed that currently there is no comprehensive standardization being introduced yet and hotel operators came out with their own interpretation of compliant strategies. Some are overly exposed their Syariah Compliant concept through marketing strategy and concentrating too much on to be the pioneer without knowing the part and parcel of the true Syariah Compliant. With that, this study will be discussing on the awareness and acceptance level of the customers on Syariah Compliant hotel concept and practices.

Key words: *Awareness, hotel industry, Syariah compliant*

INTRODUCTION

The concept of Syariah Compliant was already established in the Middle East countries for the past few years. It was introduced by the hotel operators to cater the niche market who are sensitive about Islamic religion aspects. Nevertheless, the push factor for this concept was due to the increasing number of Arab and Muslim travelers so as their growing of purchasing power (Henderson, 2010; Stephenson, Russel, & Edgar, 2010). In Malaysia, this Syariah Compliant hotel is said should be promoted aggressively as it could stimulate the tourism industry (Mohd Yusof & Muhammad, 2010; Razalli, Abdullah, & Hasan, 2012). The demand for Syariah Compliant hotel is increasing and Middle East is known as one of the fastest growing regions and had spent more than \$4.9million USD per year during their travelling period (Bahrain Tribune, 2008). This is an opportunity for our country to build more Syariah Compliant hotels to cater for Islamic market.

Findings from Che Ahmat, Ahmad Ridzuan, and Mohd Zahari (2012a; 2012b) indicated that the adaptation of a true Syariah Compliant is still vague because hotel operators mostly are not really comprehend about the concept, hence leads to misinterpretation. Some hotel operators are confused between Islamic hotel and Syariah Compliant hotel concept when they assumed both concepts are the same thing but actually they are not. Being a dry hotel, no alcohol allowed, or served only halal food cannot be claimed as Syariah Compliant hotel. The enforcement of Halal certificate is not effective enough because they will obtain the certificate just to fulfil the requirement for government events (Md Salleh, Abdul Hamid, Hashim, & Omain, 2014). Also, hotel cannot simply self-proclaimed themselves by using a tagline ‘providing Muslim-friendly services’ as their marketing tactic to attract customers. Among the attributes developed by previous scholars which commonly accepted by the hotel operators that a Syariah Compliant hotel must have besides serving halal and non-alcoholic beverages inside the premises are separate swimming pool and floors for ladies and gentlemen, prayer room, *Quran*, prayer mats and arrows indicating the direction of Mecca in the room, mainly Muslim staffs, no entertainments like nightclubs, other than Islamic funding and giving back to the community through *zakat* (Henderson, 2010; Rosenberg

& Choufany, 2009, Jurattanasan & Jaroenwisan, 2014). With some modification, De Palma hotel has adapted the concept and claimed themselves as a pioneer in Syariah Compliant concept in Malaysia with Halal Journal Award 2011 (Sahida, Ab Rahman, Awang, & Che Man, 2011). It is clear that the positive prospect for this concept should not be neglected, and Malaysia should encourage hotel operators to learn from De Palma hotel in terms of their ideas and implementation of Syariah Compliant concept.

Despite the good initiative of Universal Crescent Standard Center in developing an Islamic quality standard (IQS) as a mechanism to standardize the compliance of Islamic principle, it is arguable on to what extent hotel operators are willing to comply with the standard. Nevertheless, it is hope that their guidelines will cover every aspect from interior design, operations, and financial (Henderson, 2010; Rosenberg & Choufany, 2009) and not merely categorize hotels into seven level of ratings from basic to super excellent luxury. By examining the gap exist with regards to the mutual understanding of the concept and implementation, the concept of Syariah Compliant hotel demand further explanation in terms of its definition and attributes for the purpose of standardization and what constitutes a Syariah Compliant hotel (Mohd Yusof & Muhammad, 2010). In fact, most of the literatures were merely discussed on the concept and attributes of Syariah Compliant hotel while dearth study is looking on the awareness of the customers. Therefore, this study will examine the customer awareness and acceptance level toward the concept and practices of Syariah Compliant hotel which could further help the hotel operators to overcome the challenges and strategize their strategies to tailor the need of Muslim and non-Muslim customers.

LITERATURE REVIEW

Syariah Compliant Hotel Development in Malaysia

The emergence of Syariah Compliant hotel in Malaysia can still be considered as at infant stage due to small-scale of hotel applying this concept in their establishment. It was found that, largely hotels in Malaysia who serve basic facilities to fulfil the needs of Muslim

tourists' are between 3 and few 4-star hotels only while majority of 4 to 5-star hotels are owned by outside operators such as Hilton, Starwood, and InterContinental hotels group, for instance. Those international brands refused to opt for Syariah Compliant because the implementation of the concept need a proper planning as it involves high cost due to large space needed for gender segregation between men and women, for example (Economist, 2009; Henderson, 2010; Rosenberg & Choufany, 2009) and some outside operators even lamented that the concept will affect the total food and beverages revenue as most of the conventional hotels generate high income from selling alcoholic beverages (Husain, 2007a). These supported by initial loss in revenue faced by De Palma hotel around 20 percent after rebranding to fully Syariah Compliant hotel but fortunately the hotel now earned more than their original sales (HalalMedia Admin, 2011). Even so, not many hotel operators are a risk taker in rebranding their hotel.

A recent study done by Md Salleh et al., (2014) revealed that Syariah Compliant concept is applied based on MS1500:2009 which is Malaysian Standard of Halal Food Production, Preparation, Handling, and Storage (Halal certification by JAKIM) and MS1900:2005 which is Malaysian Standard for Quality Management System Requirements from Islamic Perspectives in running the hotel. This positive updates shows that the country are in the verge of developing a standardize guidelines to ensure that every hotels fulfil the criteria set by the ministry to comply with Syariah Compliant concept. In addition, the ministry should also thoroughly examine the elements that need to be considered, not just focusing solely on *Halal* food but also the operational aspect, interior design, and funding to follow the Islamic principles. This permits a complete guideline set by the authority and training to be given to hotel operators to ensure a proper implementation of the concept.

Furthermore, due to the enforcement of *Halal* certificate by the government, some hotel operators said that the Syariah Compliant concept is only applicable in the restaurant business. This is not the only assumption, but there are many versions of Syariah Compliant hotel practices exist in Malaysia setting. It could be said that many hotel operators claimed themselves a full-Syariah Compliant hotel without understanding the term Syariah itself. Even some hotels

promote Syariah Compliant hotel as their marketing strategy or selling point and not as the concept of the hotels in actual fact. It is important to realize that Syariah Compliant concept should be developed based on the Islamic perspective of doing business and not as a tag line only.

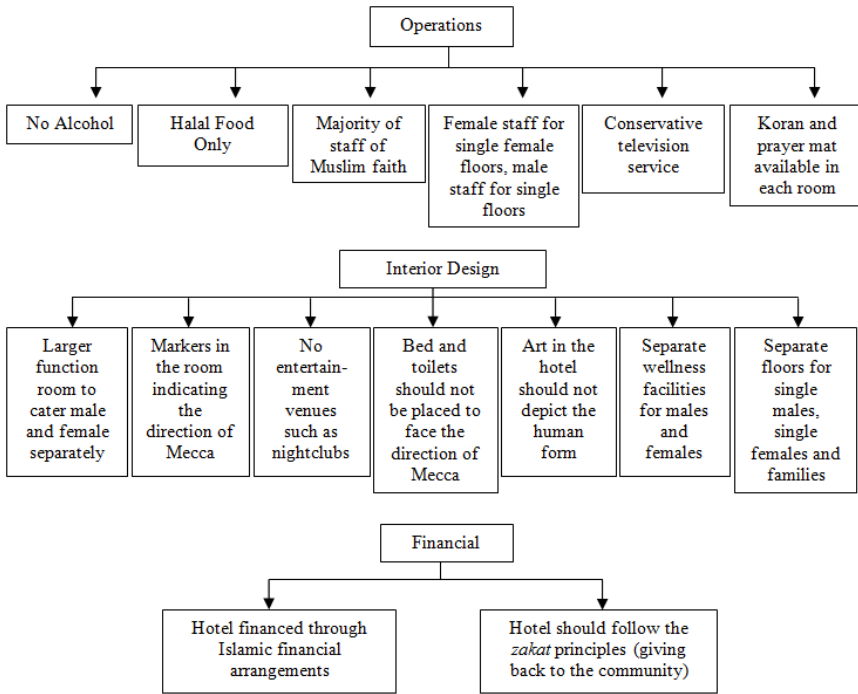
Syariah Compliant Hotel Concept and Practices

Abdullah (2010) define Syariah Compliant as an Arabic word which means the 'way' or 'path' referred to both Islamic system of law and the totality of the Islamic way of life as Syariah deals with many things including politics, economics, banking, business, family, sexuality, hygiene and social issues. Meanwhile, Muhammad (2009) specifically outline Syariah Compliant hotel as hotels where products, services offered, and financial transactions are fully obeyed Syariah principles, from serving halal food and beverages to implement all parameters of Islamic values for health, safety, environment, and the benefits on economics to all mankind regardless of race, faith, or culture. It is clear that Syariah is a law which covers each aspect of life from *aqidah*, *fiqh*, and *akhlak* where it allows and prohibits certain things in addition to a set of guidelines that need to be followed by all Muslims. In initiating the guidelines or requirements for hotel operators, it is recommended to include the five Maqasid (foundational goals) of Islamic principles which are to preserve the religion, life, lineage, intellect, and property. When hotel operators consider these five elements in their interpretation of Syariah Compliant hotel concept, it will attract the Muslim customers especially as it is evidently an important part of higher objectives of Syariah which all Muslim must obey to it.

Based from the aforesaid definitions, Syariah Compliant not merely concerned on the operational side which includes the product and services offered to the customers, but actually it starts from the initial stage of designing the hotel and the most critical part is to make sure the financial transaction to strictly comply with the Islamic principles. It is worth mentioning that, it is easy to observe if the hotel operators follow the concept and practices in their operation and interior design because it is visible rather than the financial part as it involves more back-of-the-house administration which requires thorough checking to ensure a transparent process. Figure 1 outlines

the criteria of Syariah Compliant hotel developed by Rosenberg and Choufany (2009) which later been simplified into thirteen attributes by Henderson (2010). It is said that De Palma hotel has adapted and improved the requirements to suits with their hotel strategic planning (Sahida et al., 2011). Nonetheless, the findings of the study discovered that De Palma hotel only focusing on the operation and interior design elements while neglecting the financial aspect which is the utmost crucial in executing a transparent Syariah Compliant hotel.

Figure 1: Syariah Compliant Attributes



Extensive researches can be found scrutinizing the Syariah Compliant in terms of its concept and practices. However, not much empirical data can be gathered mainly in Malaysia other than case studies on De Palma hotel. It is very important to examine the concept and practices from the eyes of the authorities, the hotel operators, and the hotel customers as these three agents will contribute significantly to the success of a Syariah Compliant hotel.

METHODOLOGY

A descriptive study using cross-sectional method was conducted to investigate the customer awareness and their acceptance level towards the implementation of Syariah Compliant in the hotels and was measured through quantitative self-administered questionnaires. The instrumentation was adapted from Henderson (2010), Rosenberg and Choufany (2009), and Tarrant (2010) which were studied and screened in relation with the research study. With regards to the content of the instrument, three parts were created. Part I measured the customer awareness on Syariah Compliant concept while Part II measured the Syariah Compliant practices in hotel industry. Part III examined the customer acceptance towards the concept and the practices of Syariah Compliant. Respondent were required to indicate their level of agreement on six-point Likert Scale ranging from one (1) with “Strongly Disagree” to six (6) with “Strongly Agree” for Part I and Part II. For Part III, respondents were required to indicate their level of acceptance on six-point Likert Scale ranging from one (1) “Absolutely Not/Low to six (6) with “Absolutely Yes/High”.

Non-probability sampling approach was used to ensure that not every element of the target population has a chance to be selected as a sample (Hair, Money, Page, & Samouel, 2007). With that, domestic or local tourists comprises of Malays, Chinese, Indians and others communities in Malaysia were selected because the researchers want to evaluate the local perspective first before moving on to international tourists. Pilot test was conducted among academicians at Universiti Teknologi MARA, Pulau Pinang campus. For major data collection, the survey was conducted in Penang area, in line with the opening of Halal hub by the government in that state. Statistic from Tourism Malaysia (2013) revealed that total domestic tourists in Penang for the year 2012 was 2, 996, 282 million which represent the third highest for hotel guests by state in Malaysia, hence the decision to conduct the study in Penang was justified. Surveys were conveniently distributed at the shopping malls, hotels, recreational parks, and through online survey with the help of research assistants where respondents were randomly selected to participate in this

study. Approximately 300 respondents were chosen to represent the total populations.

FINDINGS AND DISCUSSION

From the 71.3 percent response rates, most of the respondents are within 25 to 34 years old (n=115) and majority are women (n=137). Most importantly, the purpose of their visit to the hotel was mostly for leisure (n=143) and business (n=71). From the total respondents, only 62 persons have experienced staying in Syariah Compliant hotel which portrayed that majority of the respondents still prefer conventional hotels. For that reason, it is valuable to identify the reason why these customers refuse to stay in Syariah Compliant hotel. In addition, the income level of the respondents are mainly between RM3001 to RM5000 (n=101). Due to few constraints and lack of cooperation, more than 50 percent of the respondents are Muslims and others are Chinese and Indians.

Exploratory factor analysis has been conducted and was thoroughly discussed in Che Ahmat et al. (2012b). Here, researchers will explain on the mean scores and standard deviations of the tested variables.

Based from the scores tabulated in Table 1, the respondents were slightly agree that they are aware about Syariah Compliant hotel concept ($M=3.35$) and mostly they know about Syariah Compliant through reading materials ($M=3.28$). On top of that, the respondents are not aware of the Syariah Compliant hotel problems and consequences ($M=3.00$) and not even discussing with their friends about the concept ($M=2.96$). In sum, it could be said that the respondents were not really aware of the Syariah Compliant hotel concept thus, it is the responsibility of the Ministry of Tourism and hotel operators to educate the people to make sure they understand the concept to avoid misconception.

Table 1: Mean Scores and Standard Deviations for Syariah Compliant Concept (SCS) (n=214)

Items	<i>M</i>	<i>SD</i>
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Items	<i>M</i>	<i>SD</i>
I read about the problems due to the application of Syariah Compliant hotel	2.88	1.482
I follow news and developments about the Syariah Compliant hotel concept	2.89	1.425
I discuss with friends and people around me about Syariah Compliant concept	2.96	1.445
I am aware of the Syariah Compliant hotel problems and consequences	3.00	1.567
I know about Syariah Compliant through friends and relatives	3.05	1.584
I fully aware about Syariah Compliant hotel concept	3.35	1.605
I know about Syariah Compliant through reading materials	3.28	1.558
I have experience staying in Syariah Compliant hotel concept	2.79	1.618
My families or relatives have experience staying in Syariah Compliant hotel concept	2.84	1.551
I seek advice from third party whether I should stay in Syariah Compliant hotel or not	2.54	1.393

According to the figures in Table 2, the respondents are aware that Syariah Compliant hotel must serve only halal food ($M=5.74$) and no alcoholic drinks in the room ($M=5.65$). Moreover, it was agreed that *Quran* and prayer mats should be available in the room for the convenience of Muslim customer ($M=5.60$). However, some respondents argued that the staff should not be primarily for Muslim people because other than it will sounds bias, the hotel operators should give an equal chance to other religions to work in Syariah Compliant hotel ($M=3.93$). Hotel operators should provide training to enhance the workers understanding on the do's and don'ts of the concept to ensure effective implementation. Briefly, it could be said that most of the customers are aware of Syariah Compliant practices in hotel when it comes to operation.

Table 2: Mean Scores and Standard Deviations for Syariah Compliant Practices (SCP) (n=214)

Items	<i>M</i>	<i>SD</i>
Art in the hotel should not depict the human form	5.34	1.014
Larger function rooms to cater to males and females separately	4.50	1.376
No nightclubs entertainment	5.20	1.270
Furnishings should follow according to Islamic rules and regulation	4.95	1.207
Segregated prayer rooms	5.49	0.876

Items	<i>M</i>	<i>SD</i>
Separate male and female wellness facilities such as “hammams”, spas and gyms	5.43	0.985
Separate floors for single males, females and families	4.48	1.534
No alcoholic drinks in the minibar in the rooms	5.65	0.926
Beds and toilets should not be placed to face the direction of Mecca	5.31	1.073
Quran, prayer mats, “subha” in each room or available at the reception	5.60	0.897
Alcohol should not be served in the premises	5.57	0.930
Staff to be predominantly Muslim	3.93	1.621
International standards of service combined with the traditions of authentic middle eastern hospitality	4.68	1.246
Only halal food should be served	5.74	0.753

Referring to the Table 3, the respondents are closed to absolutely trust the benefits of the Syariah Compliant concept ($M=5.50$) as the demand for Islamic goods and services are growing (Md Salleh et al., 2014). Besides they like this concept very much ($M=5.49$), they also are willing to choose and stay in this type of hotel ($M=5.48$). Furthermore, customers found that this hotel is highly valuable to them ($M=5.43$) and the concept and practices are highly applicable ($M=5.15$). Though, they were unlikely will choose to stay in other conventional or regular hotels even Syariah Compliant hotel exist ($M=3.20$). All in all, it could be hypothesized that customers can accept this Syariah Compliant hotel concept.

Table 3: Mean Scores and Standard Deviations for Customer Acceptance (n=214)

Items	<i>M</i>	<i>SD</i>
Please indicate the likelihood that you would choose Syariah Compliant hotel concept	5.32	0.931
How likely would you choose such hotels rather than a “regular” hotel for each of a series of different travel occasions	4.92	1.065
To what extent do you insist on staying in the Syariah Compliant hotel	4.93	1.096
To what extent do you insist on particular hotel brand names when make decision on which hotel to choose	4.50	1.198
This Syariah Compliant concept is applicable	5.15	1.016
I trust the benefits of the Syariah Compliant concept	5.50	0.809
This Syariah Compliant concept keeps customers’ best interests in mind	5.36	0.880

Items	<i>M</i>	<i>SD</i>
I am willing to stay in Syariah Compliant hotel	5.48	0.887
Overall, I find this Syariah Compliant concept is interesting	5.49	0.809
The content of this Syariah Compliant concept is valuable to me	5.41	0.929
I think this Syariah Compliant hotel is valuable to me	5.43	0.945
I have great experience staying in conventional or regular hotels	4.44	1.036
I will choose to stay in other conventional hotels even Syariah Compliant hotel exist	3.20	1.587

CONCLUSION AND RECOMMENDATION

The aim of this paper is to glean on the customer awareness regarding the concept and the practices of Syariah Compliant hotel. From the findings, researchers will investigate the level of customer acceptance to help the hotel operators in designing or improvising the true Syariah Compliant guidelines. Based from the discussion, seems like the customers are not really comprehend the real concept of Syariah Compliant due to lack of consensus among hotel operators and no standard being imposed by the authorities but merely understand it through hotel practices or what are visible to their eyes. Something has to be done to evade misinterpretation from customers' side. The development of Islamic Quality Standard (IQS) is a good initiative though. Although awareness is still low on the concept, little by little the literature is becoming rich in addressing the concept of Syariah Compliant in Malaysian hospitality industry. This low concept awareness could also be due to minimal publicity in Malaysia and not many well established hotels go for this concept. Findings indicated that customer acceptance level will highly influenced by their awareness of the concept and practices (Che Ahmat et al., 2012b). Hence, hotel operators should bear in mind that developing positive perceptions on the concept and practices is vital to increase the acceptance level. Malaysian government, specifically the Ministry of Tourism could set in place an extensive strategy to promote the Syariah Compliant hotel concept and practices in its policy making, practice, and information as this could provide a niche to the country's tourism industry. They need to consider the best way to accommodate the needs of both Muslims and non-Muslims in mutually satisfactory ways so that both target

groups could accept the concept like any other conventional hotels. Future researchers could explore more on this Syariah Compliant hotel looking from different perspectives and due to the fact that alcoholic beverages and entertainments contributes to the major income of the hotel, hence it is vital to investigate how the application of Syariah Compliant could affect the hotel performances especially in financial aspect so as to examine on the transparent process of funding in Syariah Compliant hotel.

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