

## INVESTIGATING THE OPERATIONAL ISSUES OF ISLAMIC HOTEL BUSINESS IN MALAYSIA: A CONCEPTUAL PAPER

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### Abstract

*The increasing demand over Shariah compliant services since past one decade has significantly contributes to the development of Islamic hotel business in Malaysia. Several factors such as the increasing number of global Muslim population, high disposable income among Muslims and high awareness on getting Shariah compliant services becoming the main contributors to the growing of this business segmentation. However, it is reported by many scholars that this business segment is still not stable since there are loopholes mentioned by previous scholars found in the operational side of Islamic hotel business. Concerned to determine the extent to which this business segment is still not stable, several journal articles was selected and reviewed by this research. It is hope that this paper will be able to provide a comprehensive information related to the inadequacy in the Islamic hotel business in Malaysia and at the same time serving as an idea for future research in this area of interest.*

## INTRODUCTION

The tourism industry of Malaysia becoming the second income contributor to the country after the manufacturing industry and also expected to becoming the biggest national income contributor in the next 10 years (Salleh, Hamid, Hashim & Omain, 2014). In fact, the numbers of hotels available in Malaysia are keep growing year by year. Based on data provided by the Department of Statistic Malaysia in 2019, there are in total 3,182 hotels registered and operated in Malaysia as at June 2018 to support the tourism activities of Malaysia. To compare, there are only 2,826 accommodation premises reported by the Ministry of Tourism and Culture Malaysia available and registered in 2014 (Aziz & Salleh, 2017). The increasing number of hotels from 2014 to 2018 proves that the tourism industry of Malaysia is currently progressing well (Albattat, Ahmad Pitra, Mahendran & Azmi, 2018). According to Yusof & Muhammad (2013), the positive progression achieved by local tourism industry of Malaysia becoming one of the main factors that boosts the number of tourist arrival in Malaysia. Significantly, it contributes to the development of Islamic tourism products and services in Malaysia (Markham 2014).

Islamic hotel is an example of Islamic tourism products that is available in Malaysia. Islamic hotel is defined by Shaharuddin, Kassim, Yusof, Bakar & Talib (2018) as a hotel operation that provide

accommodation services that is conforming to the Shariah principles. The introduction of Islamic hotel operation in Malaysia is due to the need to cater the fastest growing demand created by Muslim market (Putit, Muda, Mahmood, Taufek & Wahib, 2016). Therefore, the main target market of this operation are those customers who requires for Shariah compliant hotel's services (Albattat et al., 2018). Since this kind of hotel provide services that is in accordance to the Shariah principles, this kind of hotel is also widely known as a Shariah compliant hotel (SCH) (Ibrahim & Jamal, 2016). Based from Islamic Tourism Centre Malaysia record, there were in total 283 Islamic hotels available in Malaysia as at 2015 (Aziz & Salleh, 2017). The details of Islamic hotels available in Malaysia in 2015 are shown at table 1.

Table 1: Number of Islamic Hotel in Malaysia in 2015

No.	Malaysia States	Numbers of Hotel
1.	Kuala Lumpur	44
2.	Johor	33
3.	Melaka	22
4.	Negeri Sembilan	23
5.	Pahang	14
6.	Selangor	32
7.	Perak	15
8.	Penang	30
10.	Perlis	-
11.	Terengganu	13
12.	Kelantan	3
13.	Sabah	28
14.	Sarawak	15
	<b>Total</b>	<b>283</b>

Adopted from: Aziz & Salleh (2017)

Referring to table 1, the Islamic hotel is available in 13 out of 14 states in Malaysia. Thus, it is fair to be said that the Islamic hotel business is now capturing the interest of hotel's entrepreneurs from all over Malaysia for venturing into this business segment (Mustaffa, 2016). However, this business segment is still new and not stable even though the business concept is now becoming one of the attractive business segment in the tourism industry of Malaysia (Yusof & Muhammad, 2013). This statement is not just an assumption made by researchers but it is proven by the finding of negative remarks made by previous scholars' available in the literature. Generally, most of the previous scholars mentioned that there are loopholes (inadequacy) in the operational side of Islamic hotel business in Malaysia (Shaharuddin et al., 2018; Karim, Ahmad & Zainol, 2017; Idris & Wahab, 2015; Shafaei & Mohamed, 2015). Therefore, with the intention to identify the inadequacy and determine the extent to which this business segment is still not stable, this paper investigates the operation of Islamic hotel business in Malaysia. With the said aims, it is hopes that this paper will be able to provide a comprehensive information related to Islamic hotel in Malaysia and at the same time serves a useful tips for future research that will be conducted in this field of interest.

## METHODOLOGY

Essentially, this paper acts as a tentative proposal that serves as an idea for future research to define the research focus and obtain early feedback in the research area related to Islamic hotel business. The main medium of data collection in this research is via secondary data collection method. The main reasons of using this method is due to the information obtained is greatly reliable, faster and efficient for the introductory type of research as compare to the primary data collection (Sekaran & Bougie, 2016). In addition, the secondary data are obtained from various databases such as Emerald,

ScienceDirect, ProQuest and Researchgate. In total, there are (23) journal articles, one (1) online newspaper's article and three (3) government official website was reviewed by this research.

## **THE CONCEPT OF ISLAMIC HOTEL BUSINESS**

The implementations of Islamic hotel concept need thorough considerations from both the management and operational side. Hence, the attributes of Islamic hotel should be clear and ready before the concept's adoption begins (Shafaei & Mohamed, 2015). Discussing on the operational attributes of Islamic hotel, there are few general statements has been made by scholars pertaining to the attributes of Islamic hotel. Basically, the Islamic hotel is a type of hotel that focus on assisting Muslim travelers to achieve bless from Allah while travelling and getting a worldliest Shariah compliant vacation (Ahmat, Ridzuan, Din, Zainol & Razali, 2015). According to Karim et al. (2017), most of the essential facilities in the Islamic hotel especially the room is the same with what that is available in the conventional type of hotel. However, the thing that makes both type of hotels different is the availability of Islamic related facilities that provided by the hotel operator for the uses of Muslim customers (Karim et al., 2017).

Generally, Islamic hotel provide a praying mat, Al-Quran, show the direction of Mecca, operates non-alcoholic and pork free restaurant and provide different utensils for Muslim guest dining activities (Jurattanasan & Jaroenwisan, 2014). Besides, the Islamic hotel is also required to disallow the unmarried couples to check in into the same room (Shakona, Backman, Backman, Norman, Luo & Duffy, 2015). The Islamic hotel is also a must to be free from any drug dealing activities within the premises (Ibrahim & Jamal, 2016). Added by Samori, Ishak & Kassan (2014), the source of funding for the Islamic hotel should come from Shariah compliant contracts and the business owner is required to pay zakat every year. Therefore, it is fair to be noted that the Shariah practices covers the whole aspects in the operation of Islamic hotel starting from the phase the hotel obtaining the business funds until the zakat payment (Battour, Battor & Bhatti, 2013). However, it is found in the literature that some scholars mentioned that the formal concept of Islamic hotel is still not available (Shaharuddin et al., 2018; Salleh et al., 2014; Jurattanasan & Jaroenwisan, 2014). According to Ahmat et al. (2015), the operation of Islamic hotel in Malaysia is currently runs based on the management's own thought and understanding towards the Islamic hotel operation. This bring to the curiosity whether what that currently offered by the Islamic hotel in Malaysia is in line with the Shariah principles or not (Karim et al., 2017). Stressed by Yusof and Mohammad (2013), in order to ensure smooth progress, the operating concept of Islamic hotel should be clear and available at the first place before the implementation taking its place.

## **THE OPERATION OF ISLAMIC HOTEL IN MALAYSIA**

The operation of Islamic hotel in Malaysia is endorsed by SIRIM (Standard and Industrial Research Institute of Malaysia) and being applied based on MS1900:2005 (Malaysian Standard for Quality Management System Requirements from Islamic Perspectives). According to Salleh et al. (2014), obtaining the certificate of MS1500:2009 (Malaysian Standard of Halal Food Production, Preparation, Handling and Storage) is a must prior to the MS1900:2005 application and certification. Since the operation of Islamic hotel is a must to obtain the Halal certificate, the Islamic hotel also is always referred and known as a Halal hotel operation (Samori & Rahman, 2013).

Similar to other business or even another type of hotel operation, the Islamic hotel business is also associated with the needs to meet the customer satisfaction Shafaei & Mohamed (2015). According to Putit et al. (2016), meeting customer's satisfaction will lead to the success of running a hotel business. In the sense of Islamic hotel, the availability of Islamic elements such as Halal food, sign of Mecca direction, praying time notification and as well the prayer mat inside the Islamic hotel building will play a significant roles in satisfying the customer needs (Samori, Rahman & Zahari, 2017). Besides, it is mentioned by (Albattat et al., 2018).that the management of Islamic hotel should also devote an extra efforts to make their manpower realize that providing a warm service to their customer is imperative to their profession. Therefore, providing a warm service to customer and maintaining the Islamic related attributes in the hotel's building can be considered as the key determinant factor that need to be focused

by the Islamic hotel operator in order to meet the customer's satisfaction (Salleh, 2015). However, it is revealed by Razalli, Ismail & Yaacob (2015) that the Islamic hotel segment in Malaysia is still lacking in term of having a solid consensus facts to guide the Islamic hotel operation in Malaysia. This statement is also agreed by Jais and Marzuki (2018) whereby they mentioned the operating system of Islamic hotel in Malaysia comprising the government policy, law and regulations is absence. Added by Idris & Wahab (2015), the operating manual, procedures, implementation guidelines, quality standards, circulars and term of references are elements that is considered important in the Islamic hotel business but found missing in the case of Malaysia. As mentioned by Salleh et al. (2014), the absence of having a solid system in the Islamic hotel segmentation becoming the main challenge faced by the Islamic hotel operators in Malaysia that potentially to harm the quality of service offered to the customers.

In addition, the studies of Salleh et al. (2014) has found that the government's approach that making the Islamic hospitality service certificate as a compulsory requirement to cater the government function has creates dissatisfaction felling among the hotel operators in Malaysia. From the hotel operators' point of view, they are forced to obtain the Islamic hospitality certificate without the government at the first place providing a proper guidance and consultation on how the Islamic hotel operation in Malaysia should be. Further, it is mentioned by Salleh (2015) that the dissatisfaction feeling among the hotel operators were also derived from the high level of uncertainty that is found in the SCH's policy and system in Malaysia. Referring to above statements, it fair to be highlighted by this paper that the policy and system related to Islamic hotel operation in Malaysia is still weak and need to be strengthen (Jais and Marzuki, 2018; Samori et al., 2017; Karim et al., 2017). Indirectly, the issue related to the weak policy and system in the Islamic hotel operation in Malaysia has led some hotels in Malaysia "self-claiming" that their operation is an Islamic hotel without knowing the real practice of Shariah compliant business (Othman et al., 2015). The matter becoming worse when anyone could declare their operation as an Islamic hotel since no legal repercussion or even any action can be taken to them by any authority body in Malaysia (Jais & Marzuki, 2018).

Besides, it is found in the studies of Henderson (2010), that the international hotels such as Starwood, Hilton and Inter-Continental hotels group are not interested to switch their operation to the Islamic hotel's concept. To them, the Islamic hotel concept is still lack in stability, unpredictable and changeable ((Shaharuddin et al., 2018). Apart from that, the studies Shakona et al. (2015) has found several additional factors such as too many restriction, gender separation areas, high cost of renovation (due to large space needed for gender segregation) and poor understanding towards Shariah compliant practices lowering the interest of international hotels to operate Islamic hotel business in Malaysia. Added by Ahmat et al. (2015), the international hotels is also afraid losing their total food and beverages revenue since alcoholic based products is prohibited strictly by the Shariah law. Therefore, it can be said that the Islamic hotel operation is not a business concept that friendly to the non-Muslim group (Henderson, 2010).

## **CONCLUSION AND RECOMMENDATION**

Islamic hotel operation is now can be considered as one of the most popular business concept in the tourism industry of Malaysia. The services provided by Islamic hotel are not just limited to providing a halal food service, but it also accounts to various aspects in the hotel's operation (Aziz & Salleh, 2017). Nevertheless, the Islamic hotel business in Malaysia is still at the beginning stage of its introduction (Yusof & Muhammad, 2013) and there are loopholes found to be in the operational side of Islamic hotel business in Malaysia (Albattat et al., 2018; Idris & Wahab, 2015; Razalli et al., 2015). There are some points considered as an inadequacy has been identified by this research and need to be taken into consideration by future researcher that wanted to research this field of interest.

At the first place, it is fair to be highlighted that the actual concept of operating the Islamic hotel is still not exists. There some studies negatively describing the Islamic hotel business in Malaysia is still lacking and weak especially in the matters related to the business standardization and operational requirements (Samori et al., 2017; Salleh et al., 2014). This creates difficulty to hotel operator in

Malaysia to operates and adopt the Shariah compliant related practices in their operation. In addition, the absence of having a solid system to ensure the operation of Islamic hotel in Malaysia moves smoothly becoming another big issue currently faced by the Islamic hotel operators in Malaysia (Jais and Marzuki, 2018; Idris & Wahab, 2015). According to Salleh et al. (2014), the absence of having a solid system to guide the operation of Islamic hotel will potentially harming the quality of service offered to the customers. Lastly, it is also important to be noted that the government's policy on Islamic hotel business is not well accepted by the hotel operators in Malaysia which indirectly reduced the interest of local and international hotels to adopt the Shariah compliant practices in their operation (Henderson, 2010). Therefore, it is fair note this business segment and as well the Islamic hotel operation in Malaysia is still underdeveloped (Karim et al., 2017).

As for recommendation, it will be a good idea for future researcher to expand the discussion on this topic to the concept and systematic system development. Besides, the exploration on government's policy related to the operation of Islamic hotel in Malaysia is also needed to measure the extent to which the government's policy producing difficulty to the hotel operators in Malaysia to operates the Islamic hotel.

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