# DETERMINANTS OF SHARIA HOTEL MARKET IN INDONESIA

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## ABSTRACT

**Purpose:** This study is to get an overview what are the actors that influence consumer decisions to choose Sharia hotels in Indonesia.

**Theoretical Framework:** The emergence of Sharia hotels has received attention from both managerial and academic aspects. Several countries are developing Sharia hotels to attract large numbers of Muslim tourists.

**Design/methodology/approach:** The data used are primary data obtained from interviews and questionnaires with a purposive sampling technique. The data analysis technique uses path analysis with the help of the SPSS version 23 program.

**Findings:** The results of the study found that there were three groups of people who were interested in staying at the Syariah Hotel. The first group is people who are motivated by seeking new experiences. The second group is those driven by benefit maximization who consider the hotel’s functional attributes (i.e., price, location, convenience). The third group is people who vote because of Sharia compliance.

**Research, Practical & Social implications:** This study implies many Muslim tourists, both domestic and foreign, choose to continue practicing their habits during their trips and holidays, such as praying and consuming halal food, as well as using products and services with a halal concept. Because the concept of halal must be applied in every aspect of a Muslim's life, including in terms of choosing hotel accommodation.

**Originality/value:** The originality of this study lies in the use of the path analysis model as a model used to analyze primary data that has been obtained from observations in several hotels that implement pure Sharia, semi-Sharia, and the concept of halal kitchens spread across four provinces, namely DKI Jakarta Province, Riau Province, South Kalimantan Province, and South Sulawesi Province.

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## RESUMO

**Objetivo:** Este estudo tem como objetivo obter uma visão geral dos fatores que influenciam as decisões dos consumidores de escolher hotéis da Sharia na Indonésia.

**Estrutura teórica:** O surgimento dos hotéis da Sharia tem recebido atenção tanto do ponto de vista gerencial quanto acadêmico. Diversos países estão desenvolvendo hotéis com a Sharia para atrair um grande número de turistas muçulmanos.

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Determinants of Sharia Hotel Market in Indonesia

Projeto/metodologia/abordagem: Os dados utilizados são dados primários obtidos de entrevistas e questionários com uma técnica de amostragem intencional. A técnica de análise de dados usa a análise de caminho com a ajuda do programa SPSS versão 23.

Conclusões: Os resultados do estudo revelaram que havia três grupos de pessoas interessadas em se hospedar no Syariah Hotel. O primeiro grupo é formado por pessoas motivadas pela busca de novas experiências. O segundo grupo é formado por pessoas motivadas pela maximização de benefícios que consideram os atributos funcionais do hotel (ou seja, preço, localização, conveniência). O terceiro grupo é formado por pessoas que votam devido à conformidade com a Sharia.

Implicações sociais, práticas e de pesquisa: Este estudo implica que muitos turistas muçulmanos, tanto nacionais quanto estrangeiros, optam por continuar praticando seus hábitos durante suas viagens e férias, como rezar e consumir alimentos halal, bem como usar produtos e serviços com um conceito halal. Porque o conceito de halal deve ser aplicado em todos os aspectos da vida de um muçulmano, inclusive em termos de escolha de acomodações em hotéis.

Originalidade/valor: A originalidade deste estudo está no uso do modelo de análise de caminho como um modelo usado para analisar dados primários que foram obtidos a partir de observações em vários hotéis que implementam a Sharia pura, a semiSharia e o conceito de cozinhas halal espalhados por quatro províncias, a saber, a província de DKI Jakarta, a província de Riau, a província de Kalimantan do Sul e a província de Sulawesi do Sul.

Palavras-chave: Conformidade com a Sharia, Valor para o Cliente, Marca, Interesses e Hoteis Sharia.
of travel by domestic visitors are visiting relatives and friends (41.9 percent), shopping (31.1 percent), vacations, recreation or relaxation (13.2 percent), entertainment, attending special events, or sports (5.8 percent) and medical or health care (3.6 percent) (Department of Statistics Malaysia, 2018). As tourists need some form of accommodation facilities to rest and refresh throughout their journey. Thus, accommodation appears to be a basic need (Fletcher et al., 2018)

Sharia-based hotel accommodation is a major requirement for Muslim tourists. This relates to how sharia hotel service providers can maximally serve the needs and desires of tourists in sharia. Most hotel management needs to ensure that the concept of halal is not only implemented in the context of food but also in other operational aspects of the accommodation that are shariah compliant. The presence of non-halal food can make Muslim customers uncomfortable (Saktia et al., 2023). The principles of halal and haram in the Muslim lifestyle are not only limited to food and drink, but also apply to their clothing and accessories, marriage, and work-related activities (Al-Qardhawi, 1995).

In the context of hotel operations, sharia hotels are not only required to serve halal food and drinks but operations in all hotels must also be managed according to sharia principles (Sahida et al., 2011.). In this perspective, the concept of halal is not tied to halal certificates, but will also involve operations, human resources, marketing, and the hotel's financial system as a whole. In other words, hotel facilities must be comprehensively operated based on Sharia principles.

Malaysia is the first country to have a halal tourism industry (Idris & Abdul Wahab, 2015). For this purpose, the Malaysian government established a national accreditation body, the Department of Islamic Development Malaysia (JAKIM) which determines whether a hotel meets halal requirements (Samori & Rahman, 2015). According to Westeastinstitute (2018), 102 hotels in Malaysia have been certified as sharia hotels by JAKIM. With more than 102 hotels accredited by JAKIM, and even more non-accredited hotels seeking to offer Halal services, Muslim tourists visiting Malaysia have many choices (Battour & Ismail, 2016).

In Indonesia itself, the government has designated a province as a halal tourist destination namely West Nusa Tenggara Province, Aceh Province, and West Sumatra Province. Then followed by the Riau Islands Province, Jakarta Province, West Java Province, Central Java Province, Yogyakarta Province, East Java Province, South Sulawesi Province, South Kalimantan Province, and North Maluku Province. Each of these provinces has the most popular destinations with a variety of natural, historical, and religious tourism products and
some have even been classified by UNESCO as world heritage sites, also supported by the social conditions of the people who are predominantly Muslim.

Several sharia-concept hotels in provinces that are halal tourist destinations in Indonesia are starting to grow and develop. However, the number of sharia hotel accommodations is far behind the number of conventional hotel accommodations. Based on available data, the number of sharia accommodations is only 243, while the number of public accommodations reaches 8,626 (Ministry of Tourism of the Republic of Indonesia, 2018). The small number of sharia hotel accommodations indicates that there are opportunities that are still wide open, especially with Indonesia's population being predominantly Muslim. But on the other hand, the limited number of sharia hotel accommodations is suspected of still having wrong perceptions and a low level of public trust in sharia hotel brands.

Several things have created distrust of brands, including consumers being more cynical about the brand, consumers having bad experiences with related products, how the company structure is, non-standard quality, decreased service quality, and too many choices offered by the company (Lantieri and Chiagouris, 2009). Regarding sharia hotels, researchers observe the tendency of tourists, whether they will always stay at conventional hotels, or will they switch to sharia hotels. Based on these observations, it turns out that some tourists switch from conventional hotels to sharia hotels for several reasons, namely: consumers want services according to what they need. Besides that,

On the other hand, the small number of sharia accommodations is due to the perception that sharia hotels are still a sideline and a complement to hotels in general. The many requirements for staying at a sharia hotel make reluctance people do not choose sharia hotels. The services provided by sharia hotels have little meaning because sharia hotels are still trying to find their identity so that they can develop properly (Kartini, 2014). It is difficult to find sharia hotels (El-Gohary, 2016). In layman's view, sharia hotels are sometimes still considered as a service business that is only devoted to the Muslim market. Sharia hotels do not only accept Muslim guests, but also non-Muslims.

LITERATURE REVIEW

Based on the 2018 Global Muslim Travel Index (GMTI) bases four main criteria for providing halal tourism services, namely: 1). Access, 2). Communication, 3) Environment, and 4). Services (hotels). According to the 2017 domestic tourism report, the top five destinations of travel by domestic visitors are visiting relatives and friends (41.9 percent), shopping (31.1
percent), vacations, recreation or relaxation (13.2 percent), entertainment, attending special events, or sports (5.8 percent) and medical or health care (3.6 percent) (Department of Statistics Malaysia, 2018). As tourists need some form of accommodation facilities to rest and refresh throughout their journey. Thus, accommodation appears to be a basic need (Fletcher et al., 2018).

Sharia-based hotel accommodation is a major requirement for Muslim tourists. This relates to how sharia hotel service providers can maximally serve the needs and desires of tourists in sharia. Most hotel management needs to ensure that the concept of halal is not only implemented in the context of food but also in other operational aspects of the accommodation that are shariah compliant. The principles of halal and haram in the Muslim lifestyle are not only limited to food and drink, but also apply to their clothing and accessories, marriage, and work-related activities (Al-Qardhawi, 1995).

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Several hotels with sharia concepts in each province which are halal tourist destinations are starting to grow and develop. However, the number of sharia hotel accommodations is far behind the number of conventional hotel accommodations. Based on available data, the number of sharia accommodations is only 243, while the number of public accommodations reaches 8,626 (Ministry of Tourism of the Republic of Indonesia, 2018). The small number of sharia hotel accommodations indicates that there are opportunities that are still wide open, especially with Indonesia’s population being predominantly Muslim. But on the other hand, the limited number of sharia hotel accommodations is suspected of still having wrong perceptions and a low level of public trust in sharia hotel brands.

Several things have created distrust of the brand, including consumers being more cynical about the brand, consumers having bad experiences so they often remember it, how the company structure is, uneven quality/standards, decreased service quality, and too many choices offered by the company (Lantieri and Chiagouris, 2009).

Researchers observe the tendency of tourists, whether to stay in conventional hotels or will switch to sharia hotels. Based on these observations, it turns out that some tourists switch from conventional hotels to sharia hotels for several reasons, namely: consumers want services according to what they need. Besides that, the influence of preferences from friends and family also influences them to switch from conventional hotels to sharia hotels. Study Alshammare et al. (2022) show that the main factors that influenced individual users to share positive reviews about hotels online were their confidence in the website's security (e-trust), level of contentment with their experience, and the quality of the hotel's website.

On the other hand, the small number of sharia accommodations that complement halal tourism is more because there is still an assumption that halal tourism is still a sideline and a complement to only the Umrah package. Many requirements for staying at a sharia hotel make reluctance people do not choose sharia hotels. The services provided by sharia hotels have little meaning because sharia hotels are still trying to find their identity so that they can develop properly (Kartini, 2014). It is difficult to find sharia hotels (El-Gohary, 2016). In layman's view, sharia hotels are sometimes still considered as a service business that is only devoted to the Muslim market. Sharia hotels not only accept Muslim guests but also non-Muslims.
METHODOLOGY

Types and Nature of Research

The research method is a scientific way used to obtain data with a predetermined goal. This research uses the descriptive analytical method, which describes a phenomenon that occurs in the object of research, and explanatory methods, to determine the relationship between one variable and another.

The research was carried out from February to October 2020. The unit of analysis/research subjects of this study were para 1). Sharia hotel managers in Indonesia, namely the Sri Indrayani Hotel in Pekanbaru, the Pesonna Hotel in Pekanbaru, the Sofyan Hotel in Jakarta, the Grand Dafam Syariah in Banjarbaru, South Kalimantan, DW Hotel in Banjar Masin, South Kalimantan. Hotel Al-Badar Makassar, South Sulawesi, Hotel Aston in Makassar, South Sulawesi, and Hotel Pesonna in Makassar, South Sulawesi.2). Muslim community in Indonesia. While the observation units studied were perceptions of sharia compliance, customer value, brand trust, and interest in choosing sharia hotel brands.

Data Source

To collect data and information obtained in this study, the authors use the following data sources:

Primary data

In this study, researchers obtained primary data, namely data obtained from direct observation through interviews with hotel managers and Muslim communities.

Secondary data

In addition to primary data, the authors also use secondary data as support in the research that the authors conducted. Secondary data is in the form of information from various sources presented (articles, magazines, newspapers, etc.).

Method of Collecting Data

The data collection method in this study is as follows:
Observation method

Some of the information obtained from the results of observations is space (place), actors, activities, objects, actions, events, or incidents. Observations were made on sharia hotel operations in Indonesia.

Interview method

Interviews were conducted with policymakers in the development of sharia hotels (managers, operational divisions) in each sharia hotel in Indonesia.

Documentation method

Documentation is done by collecting related information in the form of related articles, and documentation of physical evidence of sharia hotels.

Questionnaire method

Questionnaires were given to the Muslim community to obtain perceptual information about sharia hotel brands.

Population and Sample

The population in this study is sharia hotels in Indonesia which are designated as halal tourism provinces in Indonesia. The sample used is sharia hotels located in halal tourism provinces:

1. Riau Archipelago: Hotel Pesonna and Hotel Sri Indrayani.
2. Jakarta Hotel Sofyan
3. South Kalimantan: Hotel Q Daffam and Hotel DW
4. South Sulawesi: Hotel Al Badar, Hotel Pesonna and Hotel Aston

Analysis Techniques

The analysis technique in this study uses path analysis (path analysis) using SPSS software version 23.
RESULTS AND DISCUSSION

Factors Influencing Consumers to Choose Sharia Hotels in Indonesia

Many Muslim tourists, both domestic and foreign, choose to continue practicing their habits during their trips and holidays, such as praying and consuming halal food, as well as using products and services with a halal concept. Because the concept of halal must be applied in every aspect of a Muslim's life, including in terms of choosing hotel accommodation.

Based on the results of the study, shows that perceptions of sharia compliance, customer value, and brands have an indirect effect on the intention to choose sharia hotels moderated by the brand trust.

Based on the results of path analysis calculations, it can be explained as follows:

1. The magnitude of the contribution of public perceptions of sharia compliance (X1) which directly and significantly influences the intention to choose sharia hotels (Z) is 0.196 in a positive direction, while the magnitude of the contribution of the indirect influence of public perceptions of sharia compliance (X1) on the interest in choosing (Z) through brand trust (Y) of 0.3264.

2. The magnitude of the contribution of customer value perceptions (X2) which directly and significantly influences the intention to choose sharia hotels (Z) is 0.162 in a positive direction, while the magnitude of the contribution of the indirect effect of customer value (X2) on the interest in choosing sharia hotels (Z) through brand trust (Y) of 0.1162 with a positive direction.

3. The amount of brand affect contribution (X3) which directly and significantly influences the intention to choose in sharia hotels (Z) is 0.233 in a positive direction, while the magnitude of the contribution of the indirect influence attribute brand affect (X3) on the interest in choosing sharia hotels (Z) through brand trust (Y) of 0.798 with a positive direction.

4. The magnitude of the contribution of public perception on sharia compliance (X1), customer value (X2), and brand affect (X3) simultaneously and significantly influence the intention to choose in sharia hotels (Z) is 27.4%. The remaining 72.6% is influenced by other factors not explained in the study.
Contribution of Sharia Compliance to Brand Trust and Its Impact on Interest in Choosing a Sharia Hotel

The public perception variable on sharia compliance has a value of t count > t table or 2.988 > 1.286 meaning that people's perception of sharia compliance has a significant effect on their interest in choosing a sharia hotel. The magnitude of the contribution of members' perceptions of sharia compliance is 0.196 in a positive direction. This means that the higher the public perception of sharia compliance in sharia hotels, the more it influences the public to choose sharia hotels. While the magnitude of the contribution of indirect influence through brand trust is 0.3264.

The results of this study can be explained that people choose sharia hotels because they are following sharia perceptions. The public in general also expects that sharia hotels can implement sharia compliance optimally. Sharia hotels that implement sharia compliance optimally will increase high brand trust in these sharia hotels, it will have an impact on the number of visits to sharia hotels, both in transit, leisure, and business destinations.

Customer Value Contribution to Brand Trust and Its Impact on Interest in Choosing a Sharia Hotel

The customer value variable has t count < t table, namely 2.771, > 1.286, meaning that customer value has a significant effect on interest in choosing sharia hotels. The magnitude of the contribution of the influence of customer value on choosing a sharia hotel is 0.162 with a positive direction. This means that the higher the perception of community customer value, the greater the interest in choosing sharia hotels.

Meanwhile, the contribution of indirect influence through brand trust is 0.1162. The results of this test can be explained that a higher perceived customer value can increase people's interest in choosing sharia hotels. This can increase one's trust in sharia hotel brands.

Brand Affect Contribution to Brand Trust and Its Impact on Interest in Choosing a Sharia Hotel

The variable attribute perception of brand affect has t count > t table or 6.771 > 1.286 meaning that perceived brand affect has a significant effect on the intention to choose sharia hotels. The magnitude of the contribution of the influence of customer value perceptions is 0.463 in a positive direction. This means that the higher the perception of brand affect, the higher the public's interest in choosing sharia hotels. Meanwhile, the contribution of indirect
influence through brand trust is 0.798. The results of the brand affect perception test affect increasing interest in choosing sharia hotels. The more positive the public's perception of sharia hotels, the higher the brand trust of sharia hotels which has an impact on choosing sharia hotels.

This research is in line with several other studies, on the factors that influence the decision to choose a sharia hotel. According to Ulfa (2018), several factors influence tourist preferences in choosing sharia hotels, including religiosity and sharia values. Other research shows that the value of service from an Islamic economic perspective can have a significant impact on customer satisfaction and this will provide a good image for the company (Salma, 2015). While other studies state that a strong brand image can lead to an increase in profitability and vice versa, a weak brand image and hotel service will affect customer interest. In addition, when making purchasing decisions by consumers three variables greatly influence, namely: the maker's image, the user's image, and the product image (Prasetya, 2018). Sharia values and brand image have a positive and significant effect on the decision to stay (Hamdan Fathoni, 2018).

**CONCLUSION**

What are the factors that influence people to choose Syariah Hotels in Indonesia? The purpose of this research is to get an overview what are the actors that influence consumer decisions to choose Sharia hotels in Indonesia. The results of the research show that individuals tend to behave according to what they consider important in life. The three influencing factors are; seeking novelty, maximizing benefits, and adhering to one's own beliefs as a Muslim. This study found that personal values held by individuals cause behavior (interest). The limitation in this study is using the SPSS analysis tool and the scope is limited in Indonesia. It is hoped that Sharia hotel managers will continue to improve Sharia compliance performance, customer value, and brand effect. It is expected that Sharia hotel managers carry out intensive and continuous education and training for all hotel employees to improve superior service.

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