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Bahaaeddin Alareeni
Allam Hamdan *Editors*

Impact of Artificial Intelligence, and the Fourth Industrial Revolution on Business Success

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Editors

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Malaysian Hotel Strategy in Compliance with Local Authority



Nurshadira Mohd Raof, Dzulkifli Mukhtar , Muhammad Ikhsan Setiawan, and Tan Chin Hao

Abstract The paper discussed current business issues and challenges, as well as the current state of Halal tourism. From both an industry and exploration perspective, the travel industry observes the growing enthusiasm for Halal in the travel industry. Halal travel refers to any item or activity that is permissible for use or participation in the travel industry, as defined by Islamic teachings. As such, the achievement of the travel industry goal of creating and promoting Halal must be guided by the inclusion of Islamic lessons and standards in all aspects of travel industry activities. This paper examines the concept of Halal in the travel industry, as well as the components that make up the business. It illustrates a selection of currently accepted procedures in broad strokes. Additionally, the opportunities and challenges associated with developing and promoting Halal in the travel industry are discussed.

Keywords Halal tourism · Local authority · Pandemic · Sustainability · Tourism industry

1 Introduction

Tourism is a critical industry in any economy, but especially in developing economies. Meanwhile, the tourism industry is in a state of relative vulnerability. Due to ongoing issues, we know which pandemic Covid-19 is viruses that appear to be affecting the global tourism industry. However, there is still hope that the tourism industry will recover as a result of the pandemic. Looking for halal tourism, given the large and

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growing number of Muslims worldwide and current tourism trends, it seems appropriate to consider their unique requirements and the challenges and opportunities that Muslim markets present for segments of the industry. The proposed study will examine authority compliance hotels, an exciting development that demonstrates several critical characteristics of the demand for and supply of hospitality services in an Islamic context. To set the scene, the account begins with a brief overview of Islam's general level of adherence and the religion's influence on daily life, including tourism. Following that, the characteristics of authority compliance in hotels are discussed, as well as evidence of increased commercial interest and the implications for hoteliers of its adoption. Finally, some conclusions about the authority-compliant model's broader applicability are presented.

Halal tourism is a subcategory of tourism that caters to Muslim families who adhere to Islamic principles (Fadzilah et al. 2013). These hotels do not serve alcohol and provide separate swimming pools and spa facilities for men and women. Malaysia and numerous other countries are attempting to attract Muslim tourists from all over the world by providing facilities that adhere to Muslim tourists' religious beliefs. We are aware that not everyone is in favour of halal tourism. Some people see the benefits of halal tourism, while others do not, owing to the fact that halal tourism is growing and interesting. Halal tourism is viewed positively or optimistically by some. This halal tourism is gaining or regaining momentum on occasion. For instance, the tsunami on Thailand's Andaman Coast, which is still recovering from the December 2004 disaster, reveals three overarching travel motivators: nature (the area's beauty), people (the residents' welcoming attitude), and value for money (Rittichainuwat 2006). Thailand is regaining its footing following the tsunami, and halal tourism is expected to increase. At the moment, no internationally recognised standards exist for Halal tourism.

Halal' tourism is a growing market segment, as Muslim travellers seek destinations that adhere to their dietary, dress, and ritual requirements. 'Halal' is an Arabic term that refers to what is permissible according to Islamic teaching. Alcohol, pork, nakedness, and gambling are all prohibited. With a growing middle class and rising disposable income, many countries – Muslim or not – are vying for these travellers' attention. Malaysia, the United Arab Emirates, Indonesia, and Turkey are some of the most popular Muslim vacation destinations. Singapore, Thailand, and the United Kingdom are among the most popular destinations for non-Islamic or OIC (Organization of the Islamic Conference) travelers (Non-muslims and Non-muslims (n.d.)). Thailand, despite being a predominantly Buddhist country with a sizable Muslim population in the south, has proven to be a popular destination for Muslims, primarily from Indonesia, seeking affordable vacations and authentic Thai cuisine. In the United Kingdom, Muslim spending is expected to reach US \$4.1 billion by 2020, despite an increase in Islamophobic attacks in the aftermath of the terror attacks in London and Manchester (Stephenson 2014).

Malaysia is the number one destination for Muslim travelers, and the country has long been a hub for Muslim travelers. Malaysia's tourism policy ensures a hassle-free travel experience for all Muslim travelers, as the country's population is over 60% Muslim. It provides them with an environment that is conducive to their way of life.

Malaysia has long been a leader in the halal industry. It was one of the first countries to recognize Muslim tourism's potential. It quickly responded by enhancing and upgrading the facilities and services available to Muslim travelers who wish to adhere to their religious beliefs. Almost all of the country's prominent hotels, restaurants, and shopping malls now have prayer rooms, prayer mats, and timetables and Qiblas signs marked in rooms for Muslim guests to pray. The majority of shopping malls include Halal restaurants and prayer rooms to ensure that Muslim shoppers have a hassle-free shopping experience. Halal food is readily available throughout the country, and an increasing number of restaurants are certified Halal. Malaysian tourism has also launched a campaign to welcome Muslim travelers from the Middle East. Visitors to Kuala Lumpur, the country's capital, will discover a distinct mini-Arab town area called Ain Arabia, which evokes the spirit of Arabic and Middle Eastern cultures.

2 Context of Local Compliance

2.1 Local Enforcement

When it comes to local enforcement, the fact that Islamic hotels are a relatively new concept has resulted in a lack of knowledge and confusion about the subject. While research into innovativeness and local enforcement in the service industry is booming, our understanding of the antecedents and consequences of these two activities in hospitality management remains hazy. To address this issue, they propose that cultural dimensions are positively correlated with local enforcement, innovativeness, and firm performance. The findings' implications are discussed, as well as their limitations and future research directions.

Currently, the literature on Islamic hotels is sparse. Although the term "Islamic hotel" is also used to refer to authority-compliant hotels (Henderson 2010; Sahida et al. 2011) and (Rosenberg and Choufany 2009), the term has not gained widespread acceptance in either the academic or industry worlds. Shariah is an Arabic term that translates as "the path upon which Muslims should walk" (Non-muslims and Non-muslims (n.d.)). Thus, a hotel that complies with local government regulations can be defined as one that provides services in accordance with Shariah principles (Salleh et al. 2014). Not only will the local authority-compliant hotel or Islamic hotel serve halal food and drink, but the hotel's operations will also be run according to Shariah principles. However, even in the Middle East, there are no formal criteria for this concept, but a cursory examination of statements made by industry practitioners and analysts reveals widespread agreement on a set of attributes suggested by Henderson (2010).

2.2 *Staffing*

Additionally, the pessimistic view of hoteliers' ability to implement a strategy based on resource scarcity. One of the most obvious obstacles is the issue of women's employment. Women are considered significant participants in the tourism labour market; however, the extent to which they participate in SCH has been a source of contention. Samori and Sabtu (2014) and Razalli et al. (2009) noted that religious ideologies have kept women out of certain professions in the tourism industry. The researchers in this issue drew attention to the attire of female staff by observing local law enforcement officials.

Human and financial resources are scarce (Mohd et al. 2021). Examining labour shortages and their impact on the industry in virtually every geographic location consistently ranks among the most difficult challenges identified by hotels. In many communities, expansion of hospitality is constrained not by capital but by human resources. According to the International Society of Hospitality Consultants, the number one challenge facing the global hospitality industry is a shrinking labour force. The society recently convened to brainstorm global issues and prioritise them (Kasim 2009). The issue of attracting and retaining qualified female employees requires an understanding of the significance and implementation of halal activities in hotel operations. This was once a localised problem, but it is increasingly becoming a global one (Salleh et al. 2014).

Contributing factors include demographics, wage levels, a failure to adequately address qualified worker satisfaction, and a reputation for long hours and low pay. Hospitality professionals who are innovative have begun to develop novel strategies for attracting and retaining high-quality employees (Handerson 2008). By establishing a foundation, the lack of agreement among hotel operators and academics on the concept leads to specific interpretations of the exact requirements of a Local Authority Compliant hotel. Hotel operators are excessively focused on being the first, at the expense of properly implementing Local Authority Compliant. Despite these misconceptions about the Local Authority Compliant concept, De Palma Hotel Groups announced themselves as the first hotel in Malaysia and the Asian region to implement the concept (Sahida et al. 2011). De Palma rebrands their hotels by adapting the Local Authority Compliant concept from Islamic banking, adamant that if other hotels claim to be Local Authority, they focus exclusively on the external aspects of the concept, such as employee attire and association, rather than specialising in the internal aspects (Samori and Sabtu 2014).

2.3 *Consumption*

Another readily apparent difficulty is the absence of standards, specifications, and requirements that define this type of hotel branding (Henderson 2010; Rosenberg and Choufany 2009). The literature review revealed a need for a unique global trademark

for sharia hospitality standards, as well as global institutions responsible for authentication, verification, monitoring, and issuing and regulating certification systems (Stephenson 2014). In this context, several countries have established a certification system for Sharia-compliant activities. Malaysia Department of Islamic Development (JAKIM) is a government agency that has established a Halal logo and Halal Certification System that is available to food producers, industries, establishments, restaurants, and hoteliers who apply. JAKIM has recognised 51 halal certification bodies. JAKIM provides guidelines for hotels that must be followed prior to the Halal Certificate being issued (Fadzilah et al. 2013) and (Samori and Sabtu 2014).

Additionally, hoteliers' branding is critical for developing or even shrinking capacity hotels while remaining compliant with authorities. The majority of international brand hotels have declined to implement the Local Authority Compliant concept, citing the need for proper planning and the high cost associated with the large space required for gender segregation between men and women, for example. Additionally, it is clear that implementing the concept could have an effect on revenue generated primarily through food and beverage sales as a result of alcoholic prohibition. These are backed up by a statement from De Palma Hotels, which reported an initial 20% loss in revenue following the rebranding of their hotels as Local Authority Compliant. Fortunately, it was a temporary setback, as they are now earning more than 40% of their original sales, and it's worth noting that their staff turnover rates have decreased significantly since they began instilling Islamic values in their employees. Recognitions and accomplishments help establish their brand internationally and motivate them to continue branding the appropriate Local Authority Compliant hotels and serving as a benchmark for other hotels.

2.4 Market Segmentation

Market segmentation is becoming more prevalent as lodging chains narrow their focus on a specific segment of travelers. Additionally, brands are in competition. Some industry observers are concerned that franchisors will expand their brand portfolio to the point where investors who purchase from the same franchisor will compete directly with one another! Additionally, as the number of brands grows, consumers' ability to differentiate between them diminishes. Because the concept is considered "new" in the market, Malaysian researchers have not yet paid much attention to conducting studies on the subject, despite the fact that western research databases are growing. Indeed, and without exaggeration, the Local Authority Compliant study on hotel real estate is quite rudimentary.

Indeed, the reality of hotels is that they must segment their marketing in order to avoid losses, as has been mentioned repeatedly in reviews. Perhaps the most significant challenge is the decline in revenue from the sale of alcoholic beverages, which will have an effect on food and beverage profits (Razalli et al. 2009; Rittichainuwat 2006). Henderson (2010) argues that prohibiting alcohol has an indirect effect on reducing the number of authority figures who wish to dine exclusively at the hotel and

also on reducing the number of tourists who wish to stay at the hotel. Numerous hotels have taken action to address this issue. Certain hotels market themselves as the ideal location for conferences and meetings, while others, such as Rotana hotels, rely on high room rates to offset revenue losses from alcoholic beverages (Henderson 2010). Hoteliers' branding is critical for developing or even shrinking capacity hotels while remaining compliant with authorities. The majority of international brand hotels have declined to implement the Local Authority Compliant concept, citing the need for proper planning and the high cost associated with the large space required for gender segregation between men and women, for example. Additionally, it is clear that implementing the concept could have an effect on revenue generated primarily through food and beverage sales as a result of alcoholic prohibition. These are backed up by a statement from De Palma Hotels, which reported an initial 20% loss in revenue following the rebranding of their hotels as Local Authority Compliant. Fortunately, it was a temporary setback, as they are now earning more than 40% of their original sales, and it's worth noting that their staff turnover rates have decreased significantly since they began instilling Islamic values in their employees. Recognitions and accomplishments help establish their brand internationally and motivate them to continue branding the appropriate Local Authority Compliant hotels and serving as a benchmark for other hotels.

3 Conclusion

One effective strategy for gaining market share is to make halal food widely available in the destination initially, as this is a high priority for Muslim tourists visiting Muslim countries. Additionally, local authorities emphasized the importance of having Muslim-friendly hotels in the destination, or at the very least separate sections of hotels that serve only halal food and no alcoholic beverages. Additionally, the Local Authority stated that a Muslim-friendly airport is a good starting point for marketing the destination as Muslim-friendly. Future research will require the development of a model of Muslim-friendly destinations. To develop Muslim-friendly destination criteria, it is possible to conduct qualitative research first, followed by quantitative research. Malaysians view Halal tourism as a new area of research for all local communities, and additional research is needed to determine how to make non-Muslim destinations more welcoming to Muslim tourists by following the lead of local authorities. Local authorities' non-Muslim perceptions of Malaysian hotels. A study on halal tourism strategy could be conducted in Muslim and non-Muslim destinations.

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