

Halal tourism, the approach to Central Java's tourism destinations development by mean of entrepreneur orientation

Wisata halal, pendekatan pengembangan destinasi wisata Jawa Tengah dengan orientasi kewirausahaan

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ABSTRACT

This study aims to analyze and explain the effect of entrepreneurial orientation (innovation and risk taking) in encouraging the implementation of halal tourism. The predicted results suggest that this research will be useful in the development of Indonesian halal tourist destinations, as well as a starting point for future studies. The Central Java region is the location of this explanatory research. There are 516 tourist sites in Central Java that are included in this survey. In this study, 120 ODTW from various regions in Central Java participated. To analyze the data collected from the questionnaires, a statistical approach known as Sem PLS was used. The Likert scale ranges from 1 to 5. The results of the analysis show that innovation and risk taking have a significant positive effect on competitive advantage. innovation does not have a significant positive effect on the implementation of halal tourism but risk taking has a significant positive effect on the implementation of halal tourism. The implementation of halal tourism has a significant effect on competitive advantage. The competitive advantage of tourist destinations can be built from innovation and the ability to take risks.

ABSTRAK

Penelitian ini bertujuan untuk menganalisis dan menjelaskan pengaruh orientasi wirausaha (inovasi dan pengambilan risiko) dalam mendorong implementasi wisata halal. Hasil yang diprediksi menunjukkan bahwa penelitian ini akan berguna dalam pengembangan destinasi wisata halal Indonesia, serta sebagai titik awal untuk studi masa depan. Wilayah Jawa Tengah menjadi lokasi penelitian eksplanatori ini. Ada 516 lokasi wisata di Jawa Tengah yang diikutsertakan dalam survei ini. Dalam penelitian ini, 120 ODTW dari berbagai daerah di Jawa Tengah berpartisipasi. Untuk menganalisis data yang dikumpulkan dari kuesioner, pendekatan statistik yang dikenal sebagai Sem PLS digunakan. Skala Likert berkisar dari 1 hingga 5. Hasil analisis menunjukkan bahwa inovasi dan pengambilan risiko berpengaruh positif signifikan terhadap keunggulan bersaing. inovasi tidak berpengaruh positif signifikan terhadap implementasi wisata halal tetapi pengambilan risiko berpengaruh positif signifikan terhadap implementasi wisata halal. Implementasi wisata halal berpengaruh signifikan terhadap keunggulan bersaing. Keunggulan kompetitif destinasi wisata dapat dibangun dari inovasi dan kemampuan mengambil risiko.

INTRODUCTION

Since the spread of Covid-19, the number of tourists visiting Indonesia, both local and foreign, has decreased. This pandemic has had the greatest impact on tourism and on value chain businesses that arose as a result of the Covid19 epidemic. It is projected that the corona virus would have a significant impact on travel and tourism, perhaps leading to the loss of 50 million jobs worldwide, according to data acquired by World Travel and Tourism Council, WTTC (2020). As of June 2, 2020, 3.05 million Indonesian laborers were infected with the virus, according to official numbers provided by the Republic of Indonesia's Ministry of Manpower and Transmigration. Additional 5.23 million individuals are expected to lose their employment if the disease expands any further. Since the beginning of April 2020, the Indonesian Hotel and Restaurant Association (PHRI) has claimed that the corona virus has forced the closure of 1,266 hotels and resulted in the layoff of about 150,000 personnel in the hotel and restaurant business. Public Health Research Institute (PHRI) estimates that Indonesia's tourism sector might lose up to \$1.5 billion, or Rp. 21 trillion, as a result of the corona virus pandemic (Fathurrahim, 2020).

The resilience of the tourism industry sector requires integrity between sectors in it. The sustainability of tourist destinations must be supported by the competitiveness of its human resources, the ability to coordinate and integrate resources, efficient company capabilities, products and services, as well as leadership and governance of the destination based on the cooperation among all the agents involved (Khalifa, 2020).

With the new normal habits and changes in consumer megashift as the outcome of the COVID-19 pandemic, marketers and policy makers must begin to understand that people are increasingly concerned about halal issues and these encourage them to choose halal tourism alternatives which are in accordance with health protocols (Sholehuddin, Munjin, & Adinugraha, 2021). In light of the increased interest in halal tourism from both practitioners and researchers, the tourism sector is responding accordingly. To address the needs of an ever-increasing global Muslim population, any effort to develop or market halal tourist goods and services must adhere strictly to Islamic law (Sharia) (M. Battour & Ismail, 2016).

Indonesia is known as a country with a majority Muslim population. Islam's teachings strongly encourage its followers to travel as written in the holy book the Qur'an and Hadith (Musa, Mohezar Ali, & Moghavvemi, 2016). People travel for a wide range of purposes in Islam: education, improved living conditions, conducting Islamic religious ceremonies like the Hajj or Umrah, recuperation from illness or injury, pleasure and tourism, and so on. Islam and Islamic culture are therefore inextricably linked, as can be observed via travel and exploration (El-Gohary, 2020). The Islamic tourism business is now expanding and thriving, with a great deal of promise for future expansion and development (Moshin, Brochado, & Rodrigues, 2020). Those involved in the development of halal tourist infrastructure and facilities, halal tour packages, and halal tourism activities, among other things, benefit greatly from having a full grasp of halal tourism concepts and components (M. M. Battour, Ismail, & Battour, 2010). Religion has an important role in Muslims' daily lives, including their thoughts and behavior regarding tourism. If individuals seek to follow Sharia law's principles and requirements, Islam has a significant influence on their travel-related leisure activities (Oktadiana, Pearce, & Li, 2020).

Halal facilities not only include typical food but also good entertainment, cultural activities, clothing, cosmetics, and business tourism that attract tourists (Al-Ansi & Han, 2019). There are several factors that contribute to a place's ability to be considered a halal destination, including the type of food or drink served, how it is presented and served, and how it is marketed to Muslims (Al-Ansi & Han, 2019). It is becoming more common for the Islamic tourist industry to dispel the misunderstanding that halal tourism is only for religious destinations. Halal tourism has grown in popularity in various parts of the world in recent years due to an increase in Muslim travelers seeking out new experiences abroad. Low-cost plane tickets, easy-to-handle travel paperwork, travel tours, and other such initiatives have all contributed to this expansion.

For Muslims, business and entrepreneurship are considered honorable because they are also professions of the Prophet (SAW). All ethical guidelines and conduct of business conduct in entrepreneurship were handed down in Islam 1400 years ago from the Prophet (PBUH). Entrepreneurship has been defined by many scholars, researchers, and organizations for its significant contribution to the economy and society. It is possible to use this strategy paradigm to boost firm sustainability and ensure that commercial operations are in accordance with Islamic beliefs. Halal, which means "lawful in Islam," is the basis for this notion (Wilson et al., 2013). The halal industry, which includes halal tourism, is now the fastest growing in the world, making it a great place for entrepreneurs to get started (M. Battour, Salaheldeen, & Mady, 2022). Though halal was formerly considered only religious, the idea has grown into a branding platform for companies who want to expand their product and service offerings throughout the world in the recent years (M. Battour & Ismail, 2016). Because of this, it can be concluded that there is a lot of room for fresh and inventive ideas in halal tourism for entrepreneurs.

One of the best ways to ensure long-term success in any business is to focus on innovation. Taking new ideas to market in order to please clients is characterized as innovation by (O'Dwyer, Gilmore, & Carson, 2009) (The competitive environment in which startups operate necessitates innovation in order to avoid negative outcomes (Chesbrough, 2007). The three most important components of an opportunity for innovation are the economic value, the mobilization of resources, and the suitability for the intended market (Na, Kang, & Jeong,

2019). In addition, a company's prospective economic value is often linked to market developments in technology and customer preferences. So, Halal entrepreneurs need to find and exploit innovative opportunities in the Halal tourism industry, as well as offer new goods and services with novel value propositions that cater to Muslim visitors' needs in order to succeed in this area." Non-Muslims may also be interested in these new products and services, which are not limited to Muslims.

It has been established that Muslim-friendly tourism locations have several difficulties, nevertheless. To begin with, there is no recognized and accepted norm for the management of sharia-compliant travel companies. However, despite Indonesia having the world's largest Muslim population, several halal tourism operators have expressed opposition to the Minister of Tourism and Creative Economy's Regulation Number 2 of 2014 concerning Guidelines for Conducting Sharia Hotel Businesses, resulting in the repeal of relevant regulations. 2 of 2014 This denial shows that there is still a wide range of views on Islamic tourism in the industry today. Noteworthy is that the MUI National Sharia Council's fatwa (statement of religious authority) on guidelines for Sharia tourism implementation, issued as DSN-MUI Number 108 / DSN-MUI / X/ 2016, contains only normative rules that must be followed by every Sharia tourism operator, rather than specific technical regulations (Junaidi, 2020). In order to accommodate the expansion of halal tourism, tourist destinations and those in the tourism industry need to be more flexible.

It is the goal of this study to examine and explain the influence of entrepreneurial attitude (innovation, proactiveness, and risk-taking) on the development of Indonesian halal tourism in the country. For the development of halal tourism destinations in Indonesia, this study is expected to be a beneficial reference. A foundation for future study will be laid here.

METHODS

This study uses an explanation-oriented approach. Explanation-oriented approach was used to stress the link between factors in this study (Sugiyono, 2016) such as innovation, proactive behavior, risk taking, and halal tourism. The study also contained descriptions, but the emphasis was on the link between variables.

The population of the object of this study are tourism destinations in Central Java, as many as 516 tourism objects and tourist attractions (ODTW) initiated by either the government, private sector or village communities. Due to the large number of respondents, the number of respondents was calculated using the Slovin formula (Sugiyono, 2016). The Slovin formula requires that the number of members of the population be known.

Where:

n = sample size

N = population size

e = the percentage of leeway in inaccuracy due to tolerable or allowed sampling errors.

The study used margin of tolerable inaccuracy level of 0,08%.

Based on this formula, the sample size calculation is as follows:

$$N = \frac{516}{1 + Ne^2} = \frac{516}{1 + (516 * 0,0064)} = \frac{516}{1 + 3,3024} = \frac{516}{4,30}$$

Therefore, the respondents in this study were 120 ODTWs throughout Central Java. The sampling technique used is Proportionate stratified random sampling which is conducted by creating layers (strata), then from each layer a number of subjects are taken randomly (Riduan, 2006).

Using primary and secondary sources, researchers were able to perform their research. As the name suggests, primary data is information acquired directly from participants of a research via surveys, observations and interviews. The questionnaire was distributed to the respondents selected as the sample. Interviews were conducted with policy makers and tourism managers who were sampled. Observations are made by observing directly the tourism objects in the sample. Secondary data is data that has been processed by other people or institutions and has been published. In this study, secondary data collection was carried out by documentation through literature study, which included data on the number of visitors, total PAD (Local-owned Source Revenue/PADes (Village-owned Source Revenue), number of employees, employees' data, visitor satisfaction index, ODTW historical background and other information related to this research. The data obtained were measured using a Likert scale of 1 to 10 and analyzed using SEM PLS statistical tools.

RESULTS AND DISCUSSION

If the loading factor on the intended build is more than 0.5, then an indication is valid. When it comes to loading factor, these are the conclusions reached by the smart PLS output:

Table 1. Result For Outer Loading

	Competitive advantage	Halal Tourism	Innovativeness	Risk taking
	x			0,767
1.1	x			0,620
1.2	x			0,815
1.3	X			0,344
1.4	x			
2.1	x		0,766	
2.2	x		0,824	
2.3	x		0,762	
2.4	x		0,414	
1.1	y	0,849		
1.2	y	0,711		
1.3	y	0,704		
2.1	y	0,627		
2.2	y	0,890		
2.3	y	0,861		

Based on the results of the conducted validity test, turns out not all questionnaire items intended to collect data are valid so they need to be reduced.

Table 2. Result For Reduced Outer Loading

	Competitive advantage	Halal Tourism	Innovativeness	Risk taking
	x			0,765
1.1	x			0,617
1.2	x			0,817
1.3	x			
2.1	x		0,764	
2.2	x		0,836	
2.3	x		0,784	
1.1	y	0,851		
1.2	y	0,707		
1.3	y	0,703		
2.1	y	0,621		
2.2	y	0,893		
2.3	y	0,864		

According to the table on this page, a loading factor of 0.5 provides results that are greater than those expected by the authors. Validity or convergent validity of the indicators used in this study has been demonstrated in this way.

Using the composite reliability value derived for the indicator block that measures the build, the reliability test was carried out.

Table 3. Composite Reliability

	Composite Reliability	AVE	R-square
<i>Competitive advantage</i>	0.841	0.643	0.591
<i>Halal tourism</i>	0.800	0.573	0.454
<i>Innovativeness</i>	0.838	0.633	
<i>Risk Taking</i>	0.780	0.545	

Table 3 shows that all of the model's constructs meet the criteria for discriminant validity. Reliability across all components in the model is more than 0.7, according to the composite reliability value. The reliability test was supported by the average variance extracted (AVE) value. Since all variables have an Average Variance Extracted larger than 0.5, they may be employed in following research, as can be seen in the table above.

Once the estimated models have been verified to meet the criteria for the outer model, the structural model must be tested (Inner model). As seen in the table above, innovativeness, risk taking, and halal tourism all contribute 59% of the variance to Competitive advantage, with the remaining 40% coming from the rest of the model's variables that are not included. Innovativeness and risk-taking have a larger role than any other element in halal tourism's adoption, accounting for 45.4% of the overall impact. Other factors account for 54.6% of the variance in the results. To do hypothesis testing, the following steps are necessary:

Table 4. Hypotheses Testing

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
<i>halal tourism implementation (y1) -> Competitive advantage (y2)</i>	0.146	0.143	0.095	1.537	.125
<i>risk taking (x2) -> halal tourism implementation (y1)</i>	0.571	0.577	0.092	6.226	.000
<i>risk taking (x2) -> Competitive advantage (y2)</i>	0.278	0.296	0.093	2.984	.003
<i>innovativeness (x1) -> halal tourism implementation (y1)</i>	0.192	0.199	0.112	1.713	.087
<i>innovativeness (x1) -> Competitive advantage (y2)</i>	0.504	0.495	0.109	4.638	0.000

DISCUSSIONS

Based on hypotheses testing result, a correlation of 0.192 between the original sample estimate of innovativeness and the adoption of halal tourism is shown in Table 4, demonstrating a positive correlation between innovativeness and the adoption of halal tourism. A t-statistic of 1,737.19 demonstrates that there is no statistically significant link between innovation and the implementation of halal tourism. As a result, it's safe to say that newness doesn't matter much when it comes to halal tourism. Halal tourism involves a wider variety of activities than traditional tourist and religious travel. Religious tourism revolves around pilgrimages, tombs, historical heritages and places of worship and is also based on religious needs. Conventional tourism includes natural, man-made, historical and educational tours that aim to seek entertainment. Halal tourism includes all of the aforementioned elements i.e; getting leisure yet still within the sharia corridor. Unfortunately, however, the innovations carried out are still very limited. Innovativeness carried out by tourist destinations is hampered by the existence of regulations and government's political will, culture and other elements of society, making it difficult for the investment licensing process, regulations and also often clash with cultural customs and beliefs that develop in society. Because of a dearth of information on halal tourism, this is the case.

A significant correlation between innovativeness and competitive advantage was found in the original sample estimate (0.504), showing that the link between the two is positive. This suggests that there is a statistically significant relationship between the two variables. Therefore, it may be concluded that innovativeness has a significant effect on competitive advantage in many businesses. The innovation capability of a tourist destination will ensure the company's competitive ability. In general, visitors/ tourists want innovative tourism products according to their wishes. Meanwhile for tourist destinations, success in innovating tourism service products means that the destination is one step ahead of its competitors. These results support the research conducted by Alwi & Handayani (2018) which states that innovation has a positive and significant effect on competitive advantage by 85,3%.

According to the correlation coefficient of 6,226 > 1.99, risk taking and halal tourism implementation have a positive link, and the original sample estimate is 0.571. As a result, it can be concluded that risk-taking has a significant influence on the acceptance of halal tourism. There are several aspects of Halal tourism, including travel and halal cuisine (El-Gohary, 2020), that are critical to its success, according to Islam (Samori,

Ishak, & Kassar, 2014). (Henderson, 2016). In order to keep up with the ever-increasing demand for halal products and the accompanying investment in halal infrastructure, companies must be willing to take calculated risks. Additionally, halal tourism offers a wide range of services and facilities, including sharia-compliant hotels, halal finance, halal tour packages, and more. Because of this, tourist attractions must be willing to take risks in order to fulfill demand for Sharia-compliant experiences (El-Gohary, 2020).

According to the $2.984 > 1.99$ T-statistic, there is a statistically significant link between taking calculated risks and having a strategic edge over the competition. There is a positive correlation between risk taking and competitive advantage, with a sample estimate of 0.278 showing that the correlation is in the right direction. There can be no doubt that risk-taking is an important component of competitive advantage. Achieving progress and competitive advantages requires superior goods and services, so that superior tourism goods and services can only be created by superior human resources. Tourist destinations that dare to face risks are tourist destinations that are flexible and have a perspective or are forward-looking to create change and respond to changing times.

Sample estimate of the connection between halal tourism implementation and competitive advantage is 0.146, which indicates that the link between halal tourism implementation and competitive advantage is positive. Figures 1.537.19 and 1.577.1, respectively, show a correlation between the implementation of halal tourism and a competitive advantage in the data set. As a result, halal tourism has the potential to be a significant source of competitive advantage. According to the entire market size, Muslims, including the tourism business, are the world's most populous group. Muslim travelers should take halal food into account since it helps them make more educated judgments regarding their vacation plans. Tourism destinations will gain a competitive advantage, making them unique, irreplaceable, and robust, as a consequence of the growth of the international Muslim tourist market due to the acceptance of halal tourism.

CONCLUSION

It is in accordance with Islamic teachings on behavior, dress, behavior, and diet, as well as other aspects of religious tourism, that halal tourism is implemented as a type of religious tourism. It is not just religious tourists who are considered halal, but all tourists, save those who do not adhere to Islamic norms. According to specialists in the tourism industry, a tourist location's ability to develop a competitive advantage is vital to its ability to prosper in the face of fierce worldwide competition. The ability to think outside the box and the courage to take chances might help tourism locations acquire an advantage over their rivals (risk taking). Being creative and taking chances has a statistically significant influence on competitive advantage, according to the findings of the study. Taking risks has a statistically significant favorable effect on the implementation of halal tourism, while innovativeness has no statistically significant effect. The competitiveness of a country is greatly boosted when halal tourism is introduced.

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