FACTORS STIMULATING THAI HOTEL ENTREPRENEURS TO APPLY FOR HALAL CERTIFICATION

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Abstract

This research aims at exploring internal and external factors influencing Thai hotel entrepreneurs’ perception in applying for the Halal certification, and their efforts in complying with the Halal regulations. The key respondents consisted of nine Halal-certified hotel entrepreneurs selected on the voluntary basis. In-depth interviews with the hotel entrepreneurs took place from August-October, 2016. Their responses were thematically analyzed and presented as per the predetermined issues. The findings revealed that both internal and external factors have been playing a significant role in stimulating the entrepreneurs to apply for Halal certification. The entrepreneurs also improved their operations and conducted necessary changes as required.

Keywords: Halal certification, Internal & external factors, Hotel industry, Halal regulations

Introduction

The number of Muslim tourists all over the world has been increasing constantly, and the travel expenditures of whom have been listed as one of major revenues in several countries. According to the Muslim Friendly Tourism Report, the Muslim travel expenditure in 2016 was 158.7 billion US dollars, accounting for 11-12% of the global one (1,375.7 billion US dollars), and was estimated to be incessantly growing. The motivations of Muslim tourists are basically for leisure, followed by religious, business, education, and medical purposes (COMCEC, 2016), and they generally travel with their family members (Khasuwan & Komolsevin, 2014).

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The increasing trend of Muslim travelling has led to the elevating demands in Halal tourism. Battour and Ismail (2016) defined Halal tourism as “any tourism object or action which is permissible according to Islamic teachings to use or engage by Muslims in tourism industry” (p. 151). Hence, in order to offer lodging, foods, products, or any services to Muslim tourists, the entrepreneurs must consider Islamic law (shariah) as a basis of practices. So far, the terms ‘Halal hotels, Halal resorts, Halal restaurants, and Halal trips’ have been brought to the surface in both Muslim and non-Muslim countries to welcome Muslim travelers.

Thailand has been ranked as one of top ten countries, and the only non-Muslim country, which is popular among the Muslim tourists, particularly in medical tourism (Stephano, 2018). In this case, the Thai government has initiated a number of measures to promote and support Halal tourism industry. For example, Thailand has launched a smartphone application on Android and iOS systems so that the Muslim tourists could locate hotels and shopping centers with prayer rooms and Halal-serving restaurants (Battour & Ismail, 2016). Moreover, the Thai government and related agencies have vigorously promoted the business to apply for Halal certification.

In Thailand, the authority to grant a Halal certificate and logo belongs solely to the Central Islamic Committee of Thailand (CICOT) which has launched the regulations on the Management of Halal Affairs (B.E. 2552, updated in B.E. 2558) (CICOT, 2016). The Department of Industry Promotion, Ministry of Industry, also stated that Thai entrepreneurs of various business categories have applied for Halal certification, ranging from food, canned food, cosmetics, and 4-star hotels (Industry Journal, 2015).

When applying for Halal certification, a hotel may be granted a certificate for its kitchen only or for the whole hotel (so called Halal hotel). The former has to supervise that raw food materials, seasoning, ingredients, and food preparing and handling processes are managed in accordance with Halal regulations, while the latter has to see that all facilities and operational systems in the hotel and on its premises are handled in the similar manners.

The certification fee depends on the business size (small, medium, or large), starting from 10,000 Baht a year. Additional inflicted costs includes 500 Baht for each issued Halal certificate, compensation and
travelling expenses for inspectors, and a fortnightly or monthly honorarium for the Halal advisor assigned to the firm (CICOT, 2016).

As for Halal tourism, the Tourism Department of Thailand, together with CICOT, set up standards to boost up the standardized practices of Halal food & lodging services to better serve the Muslim tourists with hygiene and safe food products, and with responsibility for society, community, and environments. These standards aim not only at generating trust among Muslim tourists and offering more choices of quality Halal restaurants, but also elevating the positive image of Thai tourism industry (Department of Tourism, 2012).

At present, the trend of Halal tourism has been extensively recognized throughout Thailand (Creative Thailand, 2018). As a result, despite not being certified yet as a ‘Halal hotel’, many Thai hotel entrepreneurs have identified themselves as ‘Halal-friendly’ and displayed the ‘Halal friendly experience’ mark to confirm their identity (Yamkoksoung, 2018). Actually, this type of resorts and hotels is located in the sites preferred and favorite among the Muslim tourists, mostly in sea-side southern provinces (e.g. Krabi, Phuket), and some in the North (Chiangmai) and North-east (Nakhon Ratchasima—Kao-Yai).

To be a Halal-certified hotel, the entrepreneur needs to be motivated by a number of factors. According to Iranmanesh, Zailani, Kanapathy, and Tieman (2015), both internal and external factors have been playing a significant role in stimulating an entrepreneur to apply for Halal certification. The former involves the firm’s expectation for higher profits, perceived privileges of being Halal-certified, social responsibility, and self-need to be in Halal industry. The latter, on the other hand, concerns the increasing market demands for Halal products and services, governmental supports, and identity seeking of business due to fierce competition within the industry.

This study, therefore, aims primarily to pinpoint the internal and external factors enabling Thai hotel entrepreneurs to seek for Halal certification, as well as their efforts to comply with Halal regulations as set up by CICOT.

Objectives of Study

1. To study the internal and external factors stimulating the application of Halal certification as perceived by Thai hotel
entrepreneurs

2. To explore the hotel efforts implemented by Thai hotel entrepreneurs to comply with Halal regulations

**Review of Related Literature**

**Halal Tourism**

Halal tourism or Halal hospitality is the tourism management that abides with the Islamic rules and teachings to respond to the Muslims’ needs, covering the services offered from the home country to destination, e.g. hotel, transportation, restaurants, leisure activities, and Islamic-abiding entertainments (Cover Story, 2011). At present, both Muslim (e.g. Malaysia) and non-Muslim (e.g. Singapore) countries have been trying to offer tourism services for Muslim tourists from the Middle-east region (Razzaq, Hall, & Prayag, 2016). New Zealand, for example, has positioned herself since late 1990s as a ‘Muslim-friendly’ country (Razzaq, Hall, & Prayag, 2016). Singapore also furnished herself with the ‘Muslim-friendly’ image by focusing on the harmonious multiculturalism, and distinctively separating Halal-certified hotels that serve alcohol-free beverages from those offering foods from Halal-certified kitchens but serving alcohol beverages (Henderson, 2016).

According to Battour, Ismail, and Battor (2011) and Rajagopal, Ramanan, Visvanathan, and Satapathy (2011), six critical attributes of Halal tourism are as follows:

1) The hotel must provide facilities and accommodations in responsive to the guests’ religious needs, e.g. prayer mats, Qibla Direction, and the Bible being removed from the guest room.

2) Information about prayer should be provided, e.g. location of nearby mosque, or preparation of Friday prayer for the Muslim guests.

3) Halal food must be available for guests both in the dining room and guest room, and on which the proper Halal logo must be placed.

4) Alcohol consumption and gambling should be eradicated from the hotel premises, including the guest room.

5) Adult movies must be removed from TV programs in the guest room, the hotel location should not be in the vicinity of night entertainment, and the single-sex or separate facilities (e.g. swimming pool) should also be provided.

6) The hotel staff must be dressed up properly.

Razzaq, Hall, and Prayag (2016) identified the positive/neutral/ negative
attributes of accommodations for Muslim tourists. For the Muslim tourists in general, the positive attributes include the availability of Halal foods and meals prepared to suit religious needs of customers, time allocated for praying, prayer mat and/or Al Quran provided, area specifically designated for prayers, Qibla Direction, meals prepared with nutritious requirements, and Halal-certified appliances. A positive attribute for female Muslim tourists includes a separate floor provided for women guests.

The neutral attributes of the accommodations for Muslim tourists in general concern the fact that staff can speak many languages, the place is suitable for family stay, along with necessary facilities and appliances provided (satellite TV, DVD player) with multi-language channels and movies on TV. Moreover, the hotel must make available fat-free, gluten-free, & veggie foods served to the guest room, as well as in-house dining hall. The female Muslim tourists specifically required a separate sauna room and day spa services, while the males asked for gym, day spa, sauna, spa shower room with pool, and swimming pool.

The negative attributes of the accommodations for Muslim tourists in general consist of the location of hotel in the vicinity of red light entertainments and gambling places, pet allowed on hotel premises, mini-bar and bar available and alcoholic drinks served on the premises. As for the female Muslim tourists, the negative attribute is no separation between men and women in gym, spa shower, and swimming pool.

Halal Hotel

Halal hotel or Shariah Compliant Hotel covers both the demand and supply sides of tourism services in accordance with the Islamic law. Despite the unavailability of formal criteria for Halal Hotel or Shariah Compliant Hotel, its characteristics are identified as following (Samori & Sabtu, 2014): Halal foods and alcohol-free beverages served on the hotel premises; Al Quran, prayer mat, and Qibla Direction provided; bed and toilet not facing the Qibla Direction; prayer room available in the hotel and on its premises; no inappropriate entertainment provided; staff should be Muslim and dress properly; separate room or floor for unmarried men and women; proper dress code of guests must be determined; no gambling, and no alcoholic drinks served in hotel lobby or restaurant; and no prohibited food or drinks put in room refrigerator.
Factors Contributing to being a Halal Entrepreneur

According to Baharuddin, Kassim, Nordin, and Buyong (2015), the key factors stimulating an entrepreneur to be a Halal one depend on his/her knowledge on relevant information about Halal practices, and the government supports and promotion. Regarding knowledge, the entrepreneurs have to be aware of Halal principles and regulations, and are capable of complying perfectly with the stipulated requirements. Other types of knowledge include information acquired on Halal food attributes, food preparation, storage, and transportation, as well as knowledge on Halal logo, Halal standards, Halal-related law, Halal training & workshop, application process, and available guidebooks.

Another factor concerns the government supports in affirming the credibility of Halal certification process, and hence the granted Halal certification mark (Othman, Ahmad, & Zailani, 2009). In addition, according to Abdul, Ismail, Hashim, and Johari (2009), the government and related governmental agencies should vigorously promote not only Halal certification application among the business, but also the correct understanding of Halal practices and principles among non-Muslim entrepreneurs. This endeavors could be achieved by using professional public relations and publicity efforts. To summarize, using the concept proposed by Iranmanesh, Zailani, Kanapathy, and Tieman (2015) as an analytical framework, the entrepreneurs’ knowledge on Halal principles and regulations and on the application process is the two dimensions of internal factors contributing to their application of Halal certification, while the perceived significance of Halal certification to the hotel industry and the governmental supports are of the external factors. The said factors will enable the Thai hotel entrepreneurs to exercise their efforts in order to comply with the Halal application regulations, and may finally be granted a Halal certification mark. The conceptual model of this study is therefore formulated as the following:

Methodology

The key respondents are comprised of nine Halal-certified hotel entrepreneurs—four in the North, four in the south, and the other one in Bangkok. All of the hotels were located in the tourist-popular provinces and selected on the voluntary basis. Only the hotel in Bangkok is the
Halal hotel, while the rest are Halal-certified for their kitchen only.

The hotels in the north are the 4-star hotel and have been granted the certificate of Halal kitchen for 4-5 years. The customers are mostly foreigners of various religious groups (Buddhist, Christian, and Muslim). The hotels in the south are of 3-4 stars located in both the Muslim and non-Muslim communities, and received the Halal certificate for the kitchen. Their customers are of two types: one is the local Muslims who use the seminar room facilities, and the other the international tourists from Malaysia, Indonesia, and Arab countries. The hotel in Bangkok is Halal-certified for the whole hotel, and located in the old-city area, and the customers of which are mainly from Europe who are specifically fond of visiting historical sites, or “backpackers” who want to stay in a Halal hotel. Another group consists of Thai customers who use the hotel facilities, and those from Malaysia, Indonesia, and the Middle-east.

In-depth interviews with the hotel entrepreneurs were arranged at their convenience and availability and took place from August-October, 2016. Their responses were recorded, transcribed, organized, thematically analyzed, and presented as per the predetermined issues.

**Findings:**

This section presents the key respondents’ opinion on the internal and external factors stimulating their
application for Halal certification mark. The entrepreneurs’ efforts in complying with Halal regulations are also presented.

Factors Stimulating Entrepreneur’s Application of Halal Certification

Internal factor: Knowledge on Halal Principles and Regulations

The respondents understood clearly the definition of ‘Halal’ and “Haram,” stating that the former is the permissible practices while the latter the forbidden ones. They are well aware that Halal is actually the practices conducted in accordance with Islamic requirements and cover all aspects of life, not only food.

“Halal food has to be clean and cooked, without Haram like pork ingredients. Halal and haram is not just food, but involving the day-to-day living.”

The respondent from the Halal hotel stated that the real Halal hotel not only carries the haram-free foods but the owner must also be Muslim, the kitchen and restaurant is to be Halal-certified to accommodate Muslim customers, and all facilities are to be handled in accordance with what is permissible by Islamic law.

“To be Halal for our hotel is to have all hotel staff perform in conformity with the Islamic requirements, for example, no pork on the premises, no alcohol drinking, and no sex trading. Prayer mat and clothes are also provided to our Muslim customers.”

As stated by the respondent, the correct knowledge about Halal foods is necessary for the hotel to be certified as Halal kitchen and restaurant. That is, the kitchen staff must be aware of the non-Halal ingredient attributes, or the required appearance of Halal label and logo on every type of raw ingredients and seasoning.

“We thought that some raw ingredients need no Halal, such as rice or sugar. But the committee informed us that Halal certification is also required for every food ingredient including food seasoning and coloring. And if we got beef from non-Halal Muslim beef vendor, that particular vendor needed to get approval from the Imam at his affiliated mosque.”

Internal Factor: Knowledge on Application Process of Halal Certification

The key respondents stated that the application process for getting Halal certification is generally time-consuming. After the first grant of 1-year Halal certificate, submission of documents is required every year for the certification renewal. The costs involved in the
application and renewal processes are also perceivably high. In addition to the annual fee, the firm has to pay a monthly honorarium for the assigned advisor, together with all costs incurred during the twice-a-year on-site investigation process. As one entrepreneur stated,

“The certification is valid for only 1 year, and we have to renew it every year. We also have to pay annual fees and a monthly honorarium for advisor. The committee comes to inspect the kitchen and the restaurant twice a year—mid-year and end of the year, to see whether the practices and facilities in the kitchen and the restaurants follow the set standards.”

Although the first-time application process for Halal certification is relatively time-consuming and complicated, it will become easier and simpler once the firm has continuously improved and changed their operations and practices as per the advice of the committee. One respondent confirmed the aforesaid issue as following:

“It [the process] was rather fussy and trivial at first, but once we followed the guidelines, it’s becoming quite OK. We keep on adjusting and changing as required to minimize and get rid of the problems.”

However, another respondent indicated that the process to acquire the Halal certification is not complicated, only if the related documents are readily submitted as required by the committee, all regulations are fulfilled, and all requirements set by CICOT are followed strictly. In this case, the advisor’s guiding information has so far beneficially facilitated and quickened the application process of the hotel.

“Having the advisor is very good. He always gives advice to correct the Wrongdoings. Advices are, for example, a container is needed to store the uncooked food, make this appliance 3 meter long, a lid is needed to cover this, this must use a glass container. We therefore corrected it as advised….not complicated at all.”

The Halal hotel respondent, however, used to think that a Muslim-owned hotel would be Halal by itself, and hence needing no Halal certification. However, the Tourism Department, CICOT, and the Halal Standard Institute of Thailand invited the hotel to join the project of Halal certification for tourism. The inspection was conducted by the authorized agency throughout the hotel, e.g. building structure, hotel cleanliness, and focusing specifically on kitchen, hotel restaurants, raw food products, bidet spray in toilets, prayer rooms and related facilities, waste
separation, and waste water treatment.

“The inspection was done without prior notice, so the hotel has to be fully alert and ready to follow the set standards.”

**External Factors: Perceived Significance of Halal certification to Hotel Industry**

The key respondents unanimously agreed that the Halal certificate is a requisite for hotel business, to generate trust among all types of customers both locally (local people) and internationally (tourists). Both Muslim and non-Muslim owners perceived the roles of Halal certificate in uplifting customers’ trust and confidence. Two northern hotel managers similarly stated, “the [hotel]owner himself applies for [Halal certificate] renewal every year, until the hotel is affirmed as the Halal hotel by the Tourism Department.”

“Halal symbol is important for our hotel. Hard to achieve in the first hand. We want Halal because we want trust from all customer groups. Showing Halal certificate helps make people trust more.”

One of the southern hotel entrepreneurs indicated that the hotel itself received the Halal certification for the kitchen (Halal kitchen) from CICOT, leading to Halal tourism of the hotel, since “no Halal kitchen, no Halal tourism.” The former was certified by CICOT, while the latter by the Tourism Department.

The Halal hotel in Bangkok indicated that the 100% Halal hotel may encounter business limitation due to the nature of the hotel business that has to accommodate various types of customers. However, Halal business has been increasingly receiving distinctive interest from both domestic and international customers, since it is required when doing business with the Muslim countries. Hence, as perceived by the Halal hotel entrepreneur,

“Halal certification is a measure to build up customers’ trust, and to control the hotel standards within the Islamic requirements.”

“Halal comes with ‘hygiene’, to which the hotel is paying a serious attention, especially for the purchasing department. Although we buy only from the Muslim suppliers, any raw materials without Halal label and logo will not pass our QA.”

One key respondent stated that only a few hotels in his province were granted the Halal certificate and logo due to many reasons. Some of them could not modify their premises or operations to comply with the application requirements. In this case,
the entrepreneurs recommended the restaurants in all hotels to apply for Halal certification, “to attract customers.”

“The Halal-certified restaurants can attract more customers. Those who are aware of Halal certification will feel more confident in our service standards. Halal certificate and logo are better than words in terms of quality guarantee.”

External Factors: Perceived Government Supports

The respondents unanimously agreed that the government has consistently supported the hotel business in applying for Halal certification, by providing workshop, training, or seminars in various places to interested entrepreneurs. However, the entrepreneurs themselves need to be alert in searching for relevant information regarding subsidized funds or related procedures in Halal certification application.

The Halal hotel respondent indicated that the Tourism Department, Ministry of Tourism and Sports, has approved that the hotel is fit for Halal tourism. In this matter, the hotel was selected as a pioneer of Halal hotel, and the in-house restaurant has been awarded ‘the star Halal restaurant’ for six consecutive years.

“In 2011, our restaurant received the award of 3-star restaurant for Halal tourism, and elevated to the 4-star level, and finally selected as the first prototype of Halal restaurant in Thailand.”

When the hotel is granted Halal certification mark, the Tourism Department will promote the hotel name and information in the website, so as to facilitate the customers’ search. This endeavor has increased public awareness of the hotel, thus saving the hotel from spending on public relations and publicity costs. The hotel is also consistently invited to participate in the Tourism Department’s annual exhibition without costs.

“Once our information is on website, we got a lot of phone calls from customers about our Halal hotel, and restaurants and guest rooms. We also got invited by the Tourism Department every year to attend the exhibition booth.”

Entrepreneurs’ Efforts in Complying with Halal Regulations

Once being granted a certificate, the hotel owners have been energetically supervising the operation process so as not to violate the stipulated regulations. For example, they separate the dining areas for Muslim and non-Muslim staff, to make sure
of no contamination of unforbidden elements. Moreover, the hotel owner and in-charge administrators carried out a close and strict supervision of the operations in the kitchen and restaurants. As one entrepreneur mentioned:

“Eating area for the non-Muslim staff has been set separately to confine the consumption area of alcoholic drinks and pork dish. The staff are opt to follow the required procedures, and the in-charge person is determined to improve the operations as advised.”

One respondent indicated that a Halal kitchen needs to follow approximately 20 standardized requirements. Since his hotel kitchen can completely fulfill all of them, “we have no problem then with acquiring Halal certification.” To be Halal-certified, one entrepreneur stated some requirements with which a kitchen or a restaurant has to comply:

1) Food seasoning must carry a Halal label, 2) drinks and beverage must carry a Halal logo, 3) ice must be put in a plastic-covered container with drainage hole, stored in hygiene place, with a separate ice scoop, 4) toilets must be provided with toilet papers, bidet spray, and hand washer 5) Halal expiration date must be attended to, 6) fire extinguishers stationed nearby, 7) areas inside and outside kitchen and counter areas must be clean, 8) storage of drinks and fruit juice must follow the hygienic standards, 9) seasoning must not be contaminated, and 10) no alcohols used as food additive (e.g. Chinese wine), no alcohol-added dish on the menu, and no alcoholic drinks served to the customers.

The respondent from the Halal hotel stated that the Muslim and non-Muslim hotel staff were sent to join trainings at CICOT to get correct knowledge about Halal from the experts. However, problems occasionally arising during and after the application process of Halal certification are multifold. For example, some hotel executives and shareholders may disagree with Halal certification application since the afflicted costs are relatively high.

Another problem includes the staff themselves, especially those working in the restaurant, the kitchen, and the service sections. That is, some non-Muslim staff may not have adequate knowledge about Halal and relevant practices despite their regular participation in training. In case of the Halal kitchen, the non-Muslim hotel chef may not understand well about Halal, causing thus the problem of raw ingredient control.
Conclusion and Discussion

The hotel entrepreneurs are well motivated by internal and external factors to be a Halal-certified firm. That is, they are equipped with knowledge on Halal requirements and regulations, as well as Halal principles and practices as defined by Islamic law. Moreover, they are well aware that Halal certification mark is significant in their business, since it can generate trust and confidence among Muslim tourists.

The entrepreneurs mentioned about the complicated process of Halal certification application, as well as the relatively high application fees and inflicted costs during/after the process, and that might be the obstacles for all parties concerned in their attempt to promote the Halal certification application among Thai hotel entrepreneurs. This finding agreed with Ruzevicius’s (2010) who mentioned about the obstacles inhibiting the Halal certification process, which arise out of the too-complicated regulations and relatively high inflicted costs and fees.

To promote a more extensive application of Halal certification among hotel entrepreneurs, CICOT, the sole Halal-certifying organization, may consider simplifying the application process, lengthening the validity period, as well as curbing down the relatively high fees and inflicted costs during the said process. In addition, the government should play a more earnest roles to promote the application of Halal certification among the hotel entrepreneurs. That is, they should also expand Thailand’s potential on Halal business, by supporting not only Halal foods but also all Halal-related business. This is an important opportunity for Thailand, since the growth of Muslim population is presently the highest when compared with that of other religious groups (Industry Journal, 2015). To fulfill the aforesaid mission, the related government agencies should acquire profound knowledge on Halal, so as to be able to answer all inquiries from the entrepreneurs The governmental agencies should also allocate a budget for public relations and publicity efforts to increase public awareness of Halal issues, particularly among the non-Muslim people. This endeavor would extend the recognition of Halal significance and roles in every business, and thus contributing to the benefit of Thailand regarding Halal market as a whole.
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