

Halal Tourism and Poverty Alleviation: A Case in Indonesia

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This study discusses halal tourism, which is a type of tourism that meets Islamic sharia principles. Halal tourism is becoming increasingly popular around the world as more and more Muslim tourists are looking for tourist destinations that comply with sharia principles. This study aims to analyze the potential and development of halal tourism in Riau. This study uses the Panel Data Regression analysis method. The results showed that the variable number of tourist visits had a positive effect on the poverty rate in Riau province. The hotel occupancy rate variable has a negative and significant effect on the poverty rate in Riau province. Some of the supporting factors include the abundant halal food, the compatibility of local culture with Islamic law, and the existence of a mosque that is easy to access.

Keywords: Halal Tourism; Poverty; Indonesia

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INTRODUCTION

Halal tourism is a tourism concept that pays attention to halal aspects in all of its activities, starting from accommodation, food, drinks, to tourism activities carried out. This is important because the majority of Indonesia's population is Muslim, so the demand for halal tourism is increasing.

Tourism has become one of the important sectors in economic development in Indonesia. Apart from contributing to economic growth, tourism can also be a solution in reducing poverty, especially in areas that have great tourism potential. One form of tourism that is currently developing in Indonesia is halal tourism. With the largest Muslim population in the world, Indonesia has a large market potential for halal tourism, which is expected to make a significant contribution to reducing poverty.

Halal tourism is the provision of tourism products and services that meet the needs of Muslim tourists in accordance with Islamic teachings (Muhsin, et al., 2016). The focus point of this research was conducted in Riau province. Riau is 10 Indonesian provinces which through the Ministry of Tourism are being prepared to become halal tourist destinations ([Indonesian Sharia Economic Masterplan, 2018](#)). Provinces with nicknames *home of malays* has a culture that is very thick with Islamic teachings. Halal tourism also has great potential to reduce poverty in Riau. In recent years, halal tourism has been growing in Indonesia and especially in Riau, which has great potential to become an attractive halal tourism destination.

By developing halal tourism in Riau, it will open up new opportunities to increase the income of local communities through increasing the number of tourist visits. This will open up new jobs in the tourism industry and its supporting sectors such as hospitality, transportation, culinary and local crafts. In addition, the development of halal tourism can also help promote local products and attract investors to invest in Riau. This will increase economic growth in Riau and help reduce poverty in the area.

However, the development of halal tourism in Riau must be carried out carefully and pay attention to sustainable environmental and social aspects. Unsustainable tourism activities can cause environmental damage and harm local communities. Therefore, the development of halal tourism in Riau must pay attention to sustainability and balance between economic, environmental and social aspects.

Riau Province has various potentials for halal tourism that can be developed, such as culinary tourism, cultural tourism, and religious tourism. Riau halal culinary tourism is very famous for its delicious and halal special foods, cultural tourism is also an attraction for Muslim tourists, such as enjoying traditional Malay dances or visiting museums that present local history and culture. Meanwhile, Hala religious tourism is also greatly enjoyed by Muslim tourists, with various mosques being places of worship for tourists.

The development of halal tourism in Riau is still constrained by several factors, such as the lack of understanding and awareness of industrial business actors regarding halal tourism. In addition, the lack of proper promotion is also an obstacle in attracting Muslim tourists to Riau. Therefore, efforts are needed from the government and industry players to increase understanding and awareness about halal tourism and carry out appropriate promotions to attract tourists.

However, despite having great tourism potential, the poverty rate in Riau is still relatively high, indicating that efforts are still needed to reduce poverty in this area. Many studies have been carried out, but there are some deficiencies, such as the lack of available data and information regarding halal tourism. This research uses panel data where the poverty variable (y) is the dependent variable, the number of tourists (x_1) and hotel occupancy rate (x_2). This research is very interesting because there is not much research on halal tourism that uses panel data. Therefore, this study aims to identify and analyze the contribution of halal tourism to the poverty rate in Riau by using panel data compared to the 5 largest provinces on the island of Sumatra.

LITERATURE REVIEW

Halal Tourism

Halal tourism has only become known since 2015 when *event World Halal Tourism Summit (WHTS)* held in Abu Dhabi, UAE. Previously, the tourism world only knew it as a Moslem tour or something like that. In this event, WHTS tries to make it aware that the market share of halal tourism is very large and needs to be continuously developed. Halal tourism terminology in several countries uses terms like *Islamic tourism, halal tourism, halal travel, halal lifestyle, oras moslem friendly destination*. From an industrial perspective, halal tourism is a complementary product and does not eliminate conventional types of tourism. As a new way to develop Indonesian tourism that upholds Islamic culture and values without losing regional uniqueness and originality ([Ministry of Tourism, 2015](#)).

The Ministry of Tourism (2012) defines halal tourism as an activity that is supported by various facilities and services provided by the community, entrepreneurs, government and local governments that comply with sharia provisions. Andriani (2015) states that halal tourism is used by many people because of the universal characteristics of its products and services. Tourism products and services, tourist objects and tourist destinations in halal tourism are the same as tourism products, services, objects and destinations in general as long as they do not conflict with sharia values and ethics. So, halal tourism is not limited to religious tourism. In addition, Wisata.com (2016) defines that halal tourism is part of the tourism industry aimed at Muslim tourists. Tourist services in halal tourism refer to Islamic rules.

Thus, the term halal tourism is socialized in Indonesia *Halal Expo* (Indhex) 2013 and the Global Halal Forum which was held on 30 October - 2 November 2013 at the Commercial Center Building, JI Expo (PRJ), Jakarta (Wednesday, 30/10/2013), *President Islamic Nutrition Council of America*, Muhammad Munir Caudry, explained that halal tourism is a new concept of tourism. This is not religious tourism like umroh and pilgrimage. Halal tourism is tourism that caters to holidays, by adjusting holiday styles according to the needs and demands of Muslim travelers. In this case, hotels that carry sharia principles do not serve alcoholic beverages and have separate swimming pools and spa facilities for men and women (Wuryasti, 2013). According to Zulkifli in Akyol & Kiliç (2014), the halal market is classified into 3 (three) categories namely: food, lifestyle (cosmetics, textiles), and services (tour packages, finance, transportation).

Soekadijo (2000) suggests that a tourist is a person or persons carrying out travel activities and not staying in the location visited or staying temporarily in the place visited. Tourists are people who go to a certain country or place, for various purposes, with a minimum stay. 2 hours and a maximum of 6 months. According to Law no. 10 of 2009 in relation to tourism, visitors are those who carry out tourism activities (Munanda, 2019).

Poverty

Poverty is a condition of economic inability to meet the average standard of living of the people in an area. This condition of inability is marked by the low ability of income to meet basic needs in the form of food, clothing, and shelter. This low income capability will also result in reduced ability to meet average living standards such as public health standards and education

standards. The condition of the so-called poor people can be known based on the ability of income to meet living standards (Nugroho, 1995).

In principle, the standard of living in a society is not only the fulfillment of the need for food, but also the fulfillment of the need for health and education. A decent place to live or settlement is one of the standard of living or standard of social welfare in an area. Based on this condition, a community is called poor if it has an income much lower than the average income so that it does not have many opportunities to prosper itself (Suryawati, 2004).

Poverty is also considered a form of development problem caused by the negative impact of unbalanced economic growth, thus widening the income gap between communities and inter-region income gaps (Harahap, 2006). Current development studies do not only focus on the factors that cause poverty, but also begin to identify all the aspects that can lead to poverty.

Hotel Occupancy Rate

The hotel is a place to stay that can be used by tourists when visiting the destination. Hotels are an important factor supporting tourism, transportation and many other activities. There are 2 types of hotels, namely starred and non-starred, visitors can search for hotels according to their wishes, preferences and abilities (Windayani & Sri Budhi, 2017). The hotel occupancy rate is the ratio of the number of rooms sold to all the rooms offered. The hotel room is a resting place for tourists, with complete hotel facilities that will bring a sense of comfort to visitors.

Agin and Christiono (2012) in their journal entitled *The Effect of Occupancy Rate on the Investment Decision of the Hotel Santika Surabaya Project*, the occupancy rate of hotel rooms (hotel occupancy) is the number of rooms occupied divided by the rooms available multiplied by 100%. The occupancy rate is one of the elements of calculating hotel revenue. Room occupancy rate is a condition to what extent the number of rooms sold is compared to the total number of rooms that can be sold. The definition of occupancy ratio is a measure of the success of a hotel in selling its main products, one of which is rooms.

Barudin (2001) wrote in his journal entitled *Exploring DIY PAD Sources Through Tourism Industry Development*, stating that when the number of available hotel rooms is sufficient, the number of tourists visiting increases and there is also an increasing demand for hotel rooms. When the hotel feels comfortable to stay at, they will be more comfortable to

stay longer. So that the tourism industry and activities related to lodging, namely hotels, whether star or jasmine, will get higher tourism income if tourists stay longer. This will increase regional revenues through income tax.

The number of tourists followed by the length of stay in a particular tourist destination will have a positive impact on the occupancy rate of hotel rooms. The increasing tourism activities demand the seriousness of hotel managers in improving their services to guests so that hotel guests feel at home and decide to stay longer at the hotel they occupy. The more hotel rooms sold, the greater the income that will be received by the hotel manager. Part of this income will later be deposited to the local DPPKAD to be recorded as a sign that they have paid their obligations for the hotel tax that has been charged to them.

PREVIOUS STUDIES

The previous research that the authors present in this section aims to compare research that has been carried out by other related persons or agencies. Things emphasized in previous research include: the concepts used, research approaches and methods, research results and their relevance to the research to be carried out. Samori et al. (2016) mentioned halal tourism as a new phenomenon in travel. Therefore, over time it will increase as the number of tourists around the world increases (El-Ghobary 2016; Henderson 2016).

Other studies also explain that Popular Halal destinations are countries with a majority Muslim population and countries where Muslims are a minority. Improved halal infrastructure and new facilities for this type of tourism will contribute to increasing overall revenue from tourism activities and popularizing Islamic tourism (Karjaya, 2020).

In another study conducted by Mahardika & Indrawati (2021) shows that these various assets come with different roles and are all integrated into Setanggor village tourism to overcome poverty problems there. Chut et al., (2022) studying halal tourism showed that 51.9% of respondents were willing to participate in poverty alleviation work in the Kazakh region. Nur et al (2019) shows that local people are experiencing economic change by seizing the opportunity to build stalls on their land and rent it out to outside traders.

Anismar at al., (2018) revealed that the relevant tourism concept to be developed in Aceh Singkil is based on religious tourism (Halal Tour), because Halal Tourism is a reflection of the culture of the people of Aceh Singkil. Yanasari (2021) conducted a study. It turns

out that significant variables are expanded in terms of the features and advantages of halal tourism, and it is necessary to involve the driving force of religious institutions that issue the legality of halal production. Wistika & Widiandari (2022) stated that Japan has added many facilities for Muslim tourists, starting from providing halal food, places of worship, to Muslim-friendly accommodation or hotels.

METHOD

In this study the authors used secondary data obtained from the provincial Central Statistics Agency (BPS) with a span of 5 years, namely 2018-2022. The province that is the focus point of this research is Riau province which will later be compared with provinces that have great potential in the halal tourism sector. The following are the provincial comparisons namely; Provinces of Aceh, North Sumatra, West Sumatra, West Java and West Nusa Tenggara.

This study uses descriptive and inferential analysis methods. Descriptive analysis is used to see the condition of the data in the form of charts and graphs which are used to generally describe the level of poverty in Riau province as well as other variables that affect the added value of the poverty sector. While inferential analysis is used to find out what factors have an effect on reducing poverty in Riau province.

In this study, the authors used a panel data regression model. Panel data is a unification of data across time (*time series*) and cross-individual data (*cross section*) (Ekananda, 2016). Data across time and data across individuals in this study use data from 2018 to 2022 covering 5 provinces.

RESULT AND ANALYSIS

The results of tests carried out through *software evienvs 12* by using panel regression analysis method. The following are the results of the Fixed Effect Model (FEM) panel regression test.

Table 1: Panel regression result

Variable	Coefficient	Std. Error	t-Statistic	Prob.
C	10.60545	0.379984	27.91026	0.0000
X1	-9.37E-10	4.91E-10	1.909288	0.0423
x2	-0.014372	0.009664	-1.487229	0.1543

Effects Specification

Cross-section fixed (dummy variables)

R-squared	0.992864	Mean dependent var	10.11760
Adjusted R-squared	0.990485	S.D. dependent var	3.905795
S.E. of regression	0.380991	Akaike info criterion	1.139411
Sum squared resid	2.612768	Schwarz criterion	1.480697
Log likelihood	-7.242643	Hannan-Quinn criterion	1.234069
F-statistic	417.3883	Durbin-Watson stat	1.573296
Prob(F-statistic)	0.000000		

From table 1 above, the equation model for this study can be written as follows:

$$Y = 10.60545(c) + 9.37E-10(x_1) + -0.014372(x_2)$$

The constant value of 10.60545 explains that if the independent variable is constant or equal to zero. Then the magnitude of the poverty rate in each year in Riau province is 10.60. From the table and the equation model above, it is found that the variable x_1 (number of tourist visits) has a regression coefficient value of -9.37, meaning that every one increase of 1 tourist visiting will reduce the poverty rate by -9.37 assuming *Other things being equal*.

The hotel occupancy rate variable (x_2) obtained a coefficient value of -0.014372 which indicates that every 1 person increase in the occupancy rate of hotel rooms will not increase the poverty rate in Riau province, assuming *Other things being equal*. The R-Square value is 0.992864, so it can be interpreted that the number of tourist visits, hotel occupancy rates are able to explain the added value of the halal tourism sector by 99% and the rest is explained by other variables not involved in this study.

The following will discuss the effect of the number of tourists and hotel room occupancy rates on the poverty rate in Riau province in 2018-2022. From the results of this study it was found that the number of

tourists had a positive and significant effect on the poverty rate in Riau province in 2018-2022. This is obtained from the p-value of $0.0423 < \alpha (0.05)$. That is, this indicates that the increase in the number of tourists affects the level of poverty in Riau province. Based on panel data analysis, the coefficient results are -9.37E-10. If the number of tourists increases by 1 person, poverty will decrease by 9.37. These results are in line with research conducted by [Arlina et al \(2013\)](#) that the arrival of foreign tourists or domestic tourists is a source of income for a region or country in the form of currency or taxes and fee income.

The more tourists who visit these tourist destinations, the more entrance tickets are sold to these tourist objects, thus contributing to an increase in employment at these tourist objects, which then becomes an income source for the regional tourism industry.

In addition, from the results of this study it was found that the number of hotel occupancy rates had a negative and no significant effect on the poverty rate in Riau province in 2018-2022. This is obtained from the p-value of $0.1543 > \alpha (0.05)$. That is, this indicates that an increase in the number of hotel occupancy rates does not affect the poverty rate in Riau province. Based on panel data analysis, it has a coefficient of -0.0143.

Based on the results of this study, it shows that hotel occupancy rates have a negative and significant effect on economic growth. This is the same as what was studied by [\(Aliandi, 2013\)](#) which shows that hotel occupancy rates do not have a positive effect on economic growth because hotel tax revenue is determined by tax rates which contribute 10% of total revenue that is used as hotel income.

Like the study done by [Nur et al \(2019\)](#) which shows that local people experience economic change by taking advantage of opportunities to build economic institutions on their land and rent it out to outside traders. This fact shows that the tourism sector including halal tourism has an economic impact, job creation, and reduction of rural poverty.

Tourism and poverty are two related but complex topics. The tourism industry has great potential to improve the regional economy, including reducing poverty. Tourism can create new jobs, both directly (such as tour guides, hotel staff and restaurants) and indirectly (such as food sellers, souvenir traders and transportation entrepreneurs). With a thriving tourism industry, income and employment opportunities can increase for local residents, thereby helping to reduce poverty.

CONCLUSION

The number of tourists can help reduce poverty, especially in areas that have considerable tourism potential. The arrival of tourists can have a positive impact on the local economy by increasing income and employment opportunities for local residents. With tourists, there will be a high demand for the products and services offered by the local community such as food, souvenirs, lodging and transportation. This will encourage regional economic growth and provide opportunities for communities to improve their welfare.

However, to achieve a significant impact, adequate infrastructure support and development is needed, as well as good and sustainable tourism management (Al-Qital et al., 2022). In addition, keep in mind that tourism is not the only solution to reduce poverty, but can be one of the supporting factors in overcoming the problem of poverty.

Hotel room occupancy rates can also help reduce poverty, especially in areas with a thriving tourism industry. When the occupancy rate of hotel rooms increases, there will be an increase in demand for jobs in the tourism sector, such as hotel maids, taxi drivers, and workers in the food and beverage sector.

In the long term, the development of the hospitality industry can provide significant economic benefits for the regions involved, especially through increased income and employment opportunities. In some cases, hotels can also play an important role in developing the local economy by promoting the products and services offered by the local community.

However, the development of the hospitality industry must also be managed wisely and sustainably, so that it can provide long-term benefits for the regions concerned. It should also be noted that the development of the hotel industry must not be carried out at the expense of the interests of society and the environment.

The author hopes that this research can be used as a reference going forward, because Riau province has great potential in the halal tourism sector. Halal tourist destinations that are owned should have more adequate facilities which will later contribute to increasing the number of tourists or hotel occupancy rates. So that it can provide benefits to the government. For future research to be able to add other variables in order to prove that halal tourism can help local revenue.

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