Challenges And Opportunities In The Development Of Halal Tourism In Indonesia

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Article Info

ABSTRACT

This study seeks to identify and analyse the challenges and opportunities associated with the development of halal tourism in Indonesia, a strategic sector within an Islamic value-based tourism economy. Employing a descriptive qualitative approach, the research draws upon secondary data sourced from academic literature, industry reports, policy documents, and publications issued by relevant public institutions. The analysis adopts a content analysis method to trace patterns, dominant issues, and inter-actor relationships in the national development of halal tourism. Findings suggest that Indonesia possesses substantial potential to emerge as a leading halal tourism destination, owing to demographic advantages, cultural richness, and destination diversity. Nonetheless, several obstacles persist, including limited Muslim-friendly infrastructure, low halal literacy among industry stakeholders, and inadequate inter-agency coordination. These findings bear theoretical implications for strengthening halal tourism as a multidimensional construct, as well as managerial implications for policymakers and industry players in designing inclusive, sustainable, and adaptive development strategies responsive to the needs of global Muslim travellers. The study also opens pathways for future empirical investigations, including quantitative approaches or destination-specific case studies.

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1. INTRODUCTION

Indonesia, as the world's most populous Muslim-majority nation, holds significant potential for developing halal tourism. This concept extends beyond the mere provision of halal-certified food and encompasses services aligned with Islamic values, such as the availability of prayer facilities, Muslim-friendly accommodation, and Islamic-compliant tourism activities (Battour & Ismail, 2016). Recent global trends have demonstrated a notable rise in demand for halal tourism,not only from Muslim travellers but also from non-Muslim tourists who appreciate the cleanliness, safety, and comfort embedded within the halal tourism framework (El-Gohary, 2016).

The Indonesian government has demonstrated a commitment to advancing this sector through various strategic initiatives, including the designation of priority halal tourism destinations and collaborations with both domestic and international stakeholders (Ministry of Tourism and Creative Economy, 2020). However, despite the sector's evident potential, the development of halal tourism in Indonesia is confronted by several fundamental challenges. Among these are the absence of uniform standards defining halal tourism, limited halal literacy among industry stakeholders, and insufficient infrastructure and promotional efforts specifically targeting international Muslim tourists (Henderson, 2016).

Public misperceptions also pose a challenge. Halal tourism is sometimes misunderstood as a form of religious exclusivity or segregation, whereas in practice, it offers an inclusive and value-driven tourism model. When packaged appropriately, it can attract a broader and more diverse market (Mohsin, Ramli, & Alkhulayfi, 2016). Thus, a thorough examination of the challenges and opportunities in halal tourism development is essential for Indonesia to maximise its potential in the rapidly evolving global tourism market.

This article aims to provide a comprehensive analysis of both the constraints and enablers of halal tourism growth in Indonesia. By examining policy directions, industry practices, and relevant socio-cultural dynamics, the study offers a strategic overview of Indonesia's position in the global halal tourism industry and proposes evidence-based recommendations to support future policy-making.

As religious consciousness among Muslim tourists continues to rise, demand for tourism services that align with Islamic values has grown correspondingly. According to the Global Muslim Travel Index (GMTI), Indonesia consistently ranks among the top halal tourism destinations, competing with countries such as Malaysia, Saudi Arabia, and the United Arab Emirates (CrescentRating & Mastercard, 2023). This demonstrates growing international recognition of Indonesia's potential and its efforts to establish a structured Muslim-friendly tourism ecosystem. Nonetheless, sustaining this position requires stronger policy frameworks, enhanced inter-institutional coordination, and the development of human resource competencies within the tourism sector.

Despite strategic initiatives such as designating priority destinations (e.g. Lombok, Aceh, and West Sumatra), policy implementation remains inconsistent,

hindered by local resistance, budgetary limitations, and a lack of integrated halal certification within tourism operations (Putra & Taufik, 2020). Moreover, limited digital promotion on global platforms has impeded outreach to the millennial Muslim traveller cohort, which heavily relies on digital tools for travel planning (Rahman, Zailani, & Musa, 2017).

Nevertheless, the projected rise in the number of global Muslim travellers,expected to reach 230 million by 2028,presents an immense opportunity (Thomson Reuters & DinarStandard, 2022). Indonesia, with its cultural diversity, natural beauty, and embedded Islamic traditions, is well-positioned to become a global leader in halal tourism. To that end, perceived challenges should be reframed as strategic entry points for systemic reform and policy innovation.

This study seeks to present a critical analysis of factors shaping halal tourism development in Indonesia. It focuses on regulatory aspects, market perception, industry preparedness, and the role of promotion and service innovation. The findings are anticipated to contribute to scholarly discourse while informing practical recommendations for policymakers, industry actors, and stakeholders engaged in the development of a competitive and sustainable halal tourism ecosystem.

2. METHOD

This study employed a descriptive qualitative approach aimed at developing a contextual understanding of the challenges and opportunities in the development of halal tourism in Indonesia. A qualitative approach was considered appropriate given the need to explore complex socio-cultural and policy issues through a reflective lens (Creswell, 2014). This method allows for a comprehensive and nuanced interpretation of the dynamics shaping halal tourism.

The study relied entirely on literature review and document analysis, with no field interviews or observations conducted. All data were secondary in nature and were sourced from academic journals, government publications (including those from the Ministry of Tourism and Creative Economy and BPJPH), halal certification institutions such as LPPOM MUI, and global reports such as the GMTI and State of the Global Islamic Economy.

Data were gathered by reviewing relevant publications available via academic databases, official institutional websites, and halal tourism industry reports. Selection criteria included topical relevance, institutional credibility, and analytical significance. Regulatory documents, such as presidential and ministerial decrees and halal tourism roadmaps, were also analysed.

Content analysis was used to extract, organise, and interpret key themes (Krippendorff, 2013). Irrelevant data were excluded, and emerging themes were grouped to construct a thematic narrative that reflects recurring patterns, challenges, and opportunities. The findings are presented in a descriptive narrative format for clarity and accessibility.

To ensure validity, data triangulation was employed by cross-checking multiple document types and sources (Patton, 2002). Findings were also corroborated against existing academic studies to enhance theoretical grounding and empirical consistency. This methodological approach aims to offer both conceptual and practical contributions to halal tourism development strategies in Indonesia.

3. RESULTS AND DISCUSSION
3.1. Halal Tourism in Indonesia: Concepts, Challenges, and Opportunities

3.1.1. Conceptual Foundations of Halal Tourism

Halal tourism refers to a form of tourism development that attends to the needs of Muslim travellers by offering services and facilities that conform to Islamic teachings. This concept encompasses not only halal-certified food and beverages, but also accommodation free from non-halal activities, adequate worship facilities, and environments that are spiritually and morally clean and safe (Battour & Ismail, 2016). Halal tourism is therefore not confined to products alone but extends to service values and ethics, including honesty, hospitality, and respect for religious norms.

El-Gohary (2016) posits that halal tourism can be understood through two complementary lenses: as a religious necessity for devout Muslim travellers and as a global business opportunity underpinned by ethical practices. In Indonesia, both dimensions are interlinked, reflecting the population's religious identity and the strategic imperative to compete in global tourism markets.

3.1.2. Dimensions of Halal Tourism

Halal tourism encompasses interrelated spiritual, social, and economic dimensions. Spiritually, it should facilitate the observance of Islamic practices, such as prayer, by ensuring the availability of mosques or prayer rooms, clear Qibla direction indicators, and access to prayer schedules (Henderson, 2016). Socially, it entails adherence to Islamic norms regarding dress codes, gender separation in public facilities, and the avoidance of impermissible activities. Economically, halal tourism serves as a growth driver for small and medium enterprises (SMEs), the halal food and beverage industry, and providers of travel and accommodation services.

According to Mohsin, Ramli, and Alkhulayfi (2016), the success of halal tourism destinations depends greatly on the ability of industry actors to understand and meet the diverse religious and cultural preferences of Muslim travellers. Consequently, training and education for tourism stakeholders are critical to building a comprehensive halal tourism ecosystem.

3.1.3. Standards and Certification in Halal Tourism

A principal challenge in halal tourism development lies in the absence of a unified global standard for defining and measuring halal tourism indicators. In Indonesia, certification systems have been developed by institutions such as LPPOM MUI and the Halal Product Assurance Agency (BPJPH) under the Ministry of Religious Affairs. However, the application of such certifications in the tourism sector remains limited (Ministry of Tourism and Creative Economy, 2020). Halal certification for hotels, restaurants, and travel services is not mandatory, resulting in varied service quality and reduced tourist confidence.

CrescentRating and Mastercard (2023) have introduced the Global Muslim Travel Index (GMTI), which assesses countries based on their halal infrastructure, accessibility, communication, and environment. This index serves as an important benchmark for countries like Indonesia to systematically evaluate and enhance their halal tourism performance.

3.1.4. Opportunities for Halal Tourism Development in Indonesia

Indonesia's potential to lead in the global halal tourism industry is supported not only by its large Muslim population but also by its cultural diversity, attractive natural destinations, and rich Islamic heritage (Thomson Reuters & DinarStandard,

2022). Pioneering destinations such as Lombok, Aceh, and West Sumatra have made notable progress, although they still face challenges related to infrastructure and promotion.

Digital technology presents new avenues for expanding halal tourism, particularly among millennial Muslim travellers. The use of social media, mobile applications for locating halal food and prayer facilities, and the development of sharia-compliant booking systems are strategic opportunities that warrant greater investment (Rahman, Zailani, & Musa, 2017).

3.1.5. Key Challenges in Halal Tourism Development

Despite the promising landscape, halal tourism development in Indonesia faces several significant challenges. One major issue is resistance among certain communities and industry stakeholders to the term "halal tourism," which is often misconstrued as promoting religious exclusivity (El-Gohary, 2016). This misunderstanding hampers policy implementation and public acceptance.

Infrastructural shortcomings, such as the lack of prayer facilities in public areas, insufficient halal-related information, and a shortage of personnel trained in halal service provision, further impede development (Putra & Taufik, 2020). Additionally, weak cross-sectoral coordination between central and local governments and the lack of robust market research to understand Muslim travellers' needs are barriers to strategic development.

3.1.6. Related Studies

Previous research has underscored the importance of integrating Islamic values with sustainable development principles in halal tourism. For instance, Wardi et al. (2018) found that Muslim tourist satisfaction is significantly influenced by perceptions of cleanliness, comfort, and a destination's commitment to religious values. Similarly, Battour, Ismail, and Battor (2011) emphasise the need to create spiritually enriching travel experiences as a key differentiator from conventional tourism.

Studies by Zulkifli, Yusof, and Omar (2019) further affirm that the successful development of halal tourism depends on public policy support, halal literacy, and community engagement. Hence, a multi-stakeholder approach is imperative to building a sustainable halal tourism ecosystem.

3.2. Strategic Challenges and Opportunities in Developing Halal Tourism in Indonesia

This study identified several critical findings concerning the challenges and opportunities surrounding the development of halal tourism in Indonesia. Drawing on an analysis of policy documents, industry reports, and relevant academic literature, the research confirms that while the potential for halal tourism growth is substantial, a range of structural, social, and institutional constraints must be addressed systematically.

A key finding relates to the emergence of supportive policies aimed at fostering halal tourism, particularly following the implementation of national programmes such as the designation of ten halal tourism priority destinations and collaborations between the Ministry of Tourism and BPJPH on halal certification initiatives. Nonetheless, policy implementation remains fragmented and lacks integration across central and regional government levels. The absence of a nationally

coordinated roadmap encompassing regulation, infrastructure, education, and promotion reflects this gap.

From an opportunity perspective, Indonesia enjoys several competitive advantages. These include the world's largest Muslim population, a wealth of destinations steeped in Islamic cultural heritage, and alignment with the global rise of Islamic or sharia-compliant tourism. The Global Muslim Travel Index (CrescentRating & Mastercard, 2023) highlights Indonesia as one of the fastest-growing halal tourism markets. Local initiatives in destinations such as Lombok, Aceh, and West Sumatra are illustrative, featuring sharia-compliant tour packages, halal certification training for businesses, and the construction of prayer facilities at tourist sites.

However, considerable infrastructural limitations persist. Prayer facilities and Qibla direction indicators are not uniformly available across tourist areas, and many hotels and restaurants lack halal certification, generating uncertainty among Muslim travellers. Furthermore, a scarcity of personnel with a deep understanding of Muslim travellers' specific needs continues to impede service quality. Training within the tourism industry remains uneven and insufficiently focused on sharia-based service standards.

Public perception also constitutes a significant barrier. The concept of halal tourism is often narrowly interpreted as catering exclusively to Muslims, which can evoke resistance from industry actors and fears of religious segregation. In reality, halal tourism is inclusive, rooted in universal values such as ethics, cleanliness, and hospitality, all of which appeal to a broader traveller demographic.

On the digital front, opportunities are emerging through the use of technology to support halal tourism services. Mobile applications for locating halal food outlets, prayer times, and sharia-compliant accommodation are beginning to take shape. However, the development of integrated and user-friendly digital services remains in its infancy. Limited engagement with domestic technology providers and low levels of digital literacy in certain tourist areas hinder the establishment of a comprehensive digital platform for Muslim travellers.

Finally, insights from previous studies underscore the importance of local community engagement. Destinations that involve local stakeholders in managing halal tourism services are more likely to offer authentic and sustainable experiences. However, community capacity to understand and apply the concept of halal tourism comprehensively still requires improvement, which can be achieved through targeted education and grassroots training initiatives.

In summary, although Indonesia demonstrates significant potential and favourable conditions for becoming a global halal tourism leader, a more coherent, participatory, and evidence-informed strategy is necessary. Cross-sector collaboration, human capital development, and digital transformation are key levers for overcoming prevailing challenges and capitalising on existing opportunities.

With the regulations issued by the government, there is now a clear difference between legal and illegal online loans. Legal online loans are online loans that are registered and supervised by the OJK, which operate in accordance with established regulations. In contrast, illegal online loans are online loans that operate without official permission from the OJK, often using practices that are detrimental to borrowers, such as very high interest rates, unreasonable fines, and threats and intimidation against customers who are late in paying (Arafah: 2022).

3.3. Theoretical and Managerial Implications

This research makes several theoretical contributions to the academic discourse on halal tourism, particularly in the context of Muslim-majority nations. From a theoretical standpoint, the findings reinforce the conceptualisation of halal tourism as a multidimensional framework, encompassing not only halal-certified products and services but also wider spiritual, social, and cultural values. The study confirms that successful halal tourism requires a holistic approach that integrates religiosity with sustainability, service ethics, and social inclusiveness.

The study also advocates for an ecosystem-based theoretical framework in the analysis of halal tourism, recognising the interdependence between state actors (government), industry players, local communities, and tourists. This perspective moves beyond traditional product-centric paradigms and supports calls by scholars such as El-Gohary (2016) and Mohsin et al. (2016) for multidisciplinary approaches to halal tourism research, encompassing Islamic studies, marketing, regional planning, and sustainable development.

From a managerial perspective, the findings offer strategic insights for policymakers, tourism operators, and service providers. For policymakers, the study highlights the need to develop responsive and integrated policies that are underpinned by empirical data. Greater coherence between central and local government interventions, alongside inclusive branding and communication strategies, is essential to avoid perceptions of religious exclusivity and to project halal tourism as part of a broader national tourism strategy.

For tourism businesses and service providers, the lack of certified halal services, gaps in worship infrastructure, and low industry literacy levels necessitate targeted interventions. Capacity-building initiatives, in collaboration with credible halal certification bodies, should be prioritised. Transparent information provision, standardised guidelines, and quality assurance mechanisms are also key to fostering traveller trust.

Digital innovation presents another managerial imperative. Destination managers and tourism operators should embrace digital solutions to enhance the halal tourism experience, developing mobile applications, integrating sharia-compliant booking systems, and offering personalised content for digitally savvy Muslim millennial travellers (Rahman et al., 2017).

Furthermore, the study underscores the importance of community involvement. Local participation in destination development ensures more authentic and sustainable tourism experiences. Training and outreach efforts aimed at enhancing community understanding of halal principles can help strengthen service provision and foster a shared sense of ownership.

Collectively, the study's theoretical and managerial insights offer a robust foundation for developing a more adaptive, inclusive, and evidence-informed approach to halal tourism in Indonesia, anchored in Islamic values while appealing to global best practices in sustainable tourism management.

4. CONCLUSION

While this study offers important conceptual and practical insights, several limitations should be acknowledged. First, the study adopts a descriptive qualitative approach based entirely on secondary data, such as policy documents, industry reports, and scholarly literature. As a result, it lacks primary empirical data that could have been obtained through interviews, surveys, or field observations. This limits the ability to capture context-specific perspectives from Muslim travellers, industry practitioners, or local policymakers.

Second, the data reviewed were primarily limited to sources published in Indonesian and English, and largely drawn from the past five years. This temporal and linguistic scope may restrict the study's capacity to capture the latest post-pandemic shifts in halal tourism or recent policy developments not yet widely disseminated. Furthermore, the absence of destination-specific case studies means the analysis remains general in nature and may not fully reflect the regional diversity of challenges across Indonesia.

Third, as the study focuses on conceptual and policy-level analysis, it does not engage deeply with the behavioural dimensions of halal tourism consumers. A more granular understanding of tourist preferences, motivations, and decision-making processes would be essential for tailoring effective marketing and product development strategies. Future studies may benefit from adopting quantitative or mixed-methods approaches to empirically validate the themes identified in this research.

Finally, although triangulation was employed to enhance data reliability, there remains a risk of interpretative subjectivity, particularly in the absence of validation through expert interviews or focus group discussions. Accordingly, the findings and recommendations presented herein should be viewed as exploratory contributions intended to guide further in-depth and context-specific research on halal tourism policy and practice in Indonesia.

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