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TRAVEL AND TOUR BUSINESSES' STRATEGIES IN ENGAGING TOUR PACKAGES TOWARDS ISLAMIC TOURISM: AN EMPIRICAL STUDY IN MALAYSIA

BY

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ABSTRACT

In the recent years, the interest on "Islamic Tourism" seems to be a chosen topic in the industry. The public also seemed to be aware of the word 'Islamic tourism', but the concept or the comprehensive idea has not been broadly discussed into more aggressive issues. Islamic tourism is a new dimension of travel and its intention is not to replace an existing tourist activity, but to open up a new and an exciting opportunity for growth. Islamic tourism has huge potential to be explored in the tourism industry. In its wide sense, this new niche category of tourism maintains the principles and ideologies of Islam. To boost tourists to the market, it is important for the travel stakeholders to explore the appropriate strategies in their business. In fact, one of the successes of the travel and tourism industry also very depends on the initiatives and strategies of travel and tour businesses because they involve directly with the tourists by introducing, promoting and selling the tour packages. However, in some other factors, many travel and tour businesses have still not actively planned and developed the potential Islamic tourism products and services especially for inbound activities which relevantly needed in the market. As a travel stakeholder, they should anticipate and improve some substantial requirements on certain considerations of products and services. The components that are relevant to the development of tour packages must be attempted accordingly in dealing with this market. The strategies should be incorporated with the appropriate selective Islamic destinations as well as the provision of Islamic tourism criteria. Hence, this study has proposed a measurement tool through which travel and tour business strategies can be measured. This study was based on primary data collection. A total of 292 completed data from the registered travel and tour companies in Malaysia was used to run the analysis. The questionnaire items used in this study were mostly developed based on the literature reviews. After all, the items were validated through EFA, CFA and SEM. The goodness of fit indices was calculated which confirmed a solid base for the proposed measurement tool used in this study. This current study has confirmed that from the Malaysian Islamic tourism perspective, "Product/Service Innovation" can be one of the travel and tour business strategies in engaging tour packages towards Islamic tourism. The components are explained by six determinants – Islamic Quality Attraction, '*Shariah*' Requirements, Islamic Competence On-Tour Staff, Price, Trust, and Safety and Security Aspects. Besides the "Product/Service Innovation" substantiated the significant relationship to the travel and tour business strategies. The findings of this study also confirmed that the "Cooperation and Collaboration", "Communication and Promotion" and "Service Encounter" constructs have positive and significant relationship to the travel and tour business strategies incorporating towards the Islamic tourism.

خلاصة البحث

في السنوات الأخيرة، أصبح الاهتمام بالسياحة الإسلامية من المواضيع الهامة في الصناعة. وأصبح العامة واعين بهذه الكلمة، ولكن هذا المصطلح أو فكرته الشاملة لم يتم مناقشتها في القضايا الصعبة، ويعد مصطلح السياحة الإسلامية بعدا جديدا للسفر، وغايته ليس أن يحل محل الأنشطة الحالية للسياحة ولكن لفتح فرص نمو جديدة. السياحة الإسلامية تتضمن إمكانات عظيمة ليتم إكتشافها في صناعة السياحة. وبالمعنى الواضح، فإن هذا التصنيف الجديد للسياحة يحتوي على مباديء وأيدلوجيات الإسلام. ولزيادة السياح للسوق فمن المهم لأصحاب مصالح السياحة إكتشاف الإستراتيجيات المناسبة في أعمالهم. في الحقيقة ، فإن إحدى النجاحات التي تحققت في قطاع السفر والسياحة تعتمد أيضا على المبادرات والإستراتيجيات لشركات السفر والسياحة لأنها تنطوي مباشرة مع السياح على إدخال وترويج وبيع الحزم السياحية. ومع ذلك ، ففي بعض العوامل الأخرى العديد من شركات السياحة والسفر لم تخطط بعد بفعالية لتطوير منتجات وخدمات السياحة الإسلامية وخصوصا تلك الأنشطة الداخلية الوثيقة الصلة والتي يحتاج إليها السوق.كأصحاب مصالح يجب عليهم توقع وتحسين بعض المتطلبات الكبيرة على إعتبارات معينة من الخدمات والمنتجات، يجب أن تكون المكونات ذات الصلة بتطوير الحزم السياحية يجب أن تتعامل مع السوق. وينبغي إدراج الاستراتيجيات مع البلاد الإسلامية المناسبة والمنتقاة بالإضافة لتوفير معايير السياحة الإسلامية. وبالتالي، تقترح هذه الدراسة أداة قياس يمكن من خلالها قياس إستراتيجيات السفر والسياحة.إعتمدت هذه الدراسة على جمع البيانات الأولية، وتم جمع البيانات من ٢٩٢ شركة سياحية ماليزية مسجلة لعمل التحليل، بنود الإستبانة تم صياغتها بناء على الأدب النظري، تم بعد ذلك التحقق من الصدق والثبات من خلال تحليل معامل الثبات، والتحليل العاملي الاستكشافي، ونمذجة المعادلة الهيكلية. تم حساب مؤشرات المطابقة للبنود والتي أكدت صلاحية أداة القياس في هذه الدراسة. وقد أكدت الدراسةالحالية من وجهة نظرالسياحة الإسلامية الماليزية أن"إبتكار المنتج /الخدمة" يمكن أن تكونواحدة من إستراتيجيات السفر والأعمال السياحية في إشراك الحزم السياحية نحو السياحة الإسلامية. تم شرحالمكوناتبستة محددات: جذب الجودة الإسلامي، متطلبات 'الشريعة'، الكفاءة الإسلامية في موظفين السياحة، الأسعار، والثقة، وجوانب الأمن والسلامة. وإلى جانب "إبتكارالمنتج /الخدمة" تم إثبات العلاقة الهامة لاستراتيجيات أعمال السياحة والسفر. وأكدت النتائج التي توصلت إليها هذه الدراسة أيضا إلى أن"التعاون والمشاركة"، "الاتصالات والترويج" وبنيات"لقاءاتالخدمة" لديها علاقة إيجابية وهامة مع استراتيجيات السفر والأعمال للمضي نحو السياحة الإسلامية

APPROVAL PAGE

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DECLARATION

I hereby declare that this dissertation is the result of my own investigations, except where otherwise stated. I also declare that it has not been previously or concurrently submitted as a whole for any other degrees at IIUM or other institutions.

Nor Asmalina Mohd Anuar

Signature ……. Date .....……..……

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……..…….. ……..

Signature Date

To my Beloved Late Parents, husband and sons

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LIST OF STATISTICAL ABBREVIATIONS AND SYMBOLS

Abbreviation/Symbol	Definition/Elaboration
χ^2	Chi (ki)-square; the likelihood ratio
df	Degrees of Freedom
Δ	Delta (cap); increment of change
R^2	Multiple correlation squared; measure of strength of relationship
Σ	Sigma; sum or summation
β	Beta (bay-ta); a path representing a causal path relationship (regression coefficients) from one η constructs to another η constructs
λ	Factor loading
χ^2/df	Normed chi-square
AVE	Average Variance Extracted
C.R.	Critical Ratio
CFA	Confirmatory Factor Analysis
CFI	Comparative Fit Index
Cronbach alpha	Cronbach coefficient alpha; index of internal consistency
EFA	Exploratory Factor Analysis
GFI	Goodness of Fit Index
KMO	Kaiser-Meyer-Olkin
MI	Modification Index
MLE	Maximum Likelihood Estimation
N	Number in a sub-sample
N	Total number in a sample
NFI	Normed Fit Index
P	Probability
PCA	Principal Component Analysis
RMR	Root-Mean Square Residual
RMSEA	Root-Mean Square Error of Approximation
SEM	Structural Equation Modelling

TRANSLITERATION

Aqiqah **-** The sacrifices of an animal on the occasion of a child's birth. The performance of *aqiqah* is highly encouraged. It is to be performed by the parents or the guardians of the child.

Darurah - Absolute necessity (such as a matter of life or death), which in Islam may make forbidden things, such as eating carcasses, permissible.

Fi-sabilillah - The dedication to Allah or "in the cause of Allah", or more befittingly, "for the sake of Allah".

Gharar - A risky or hazardous sale, where details concerning the sale item are unknown or uncertain. It is generally prohibited under Islam, which explicitly forbids trades that are considered to have excessive risk due to uncertainty.

Hadith - The prophetic 'traditions' which include the corpus of the reports of the teachings, deeds and sayings of the Islamic Prophet Muhammad (pbuh). The hadith literature was compiled from oral reports that were in circulation in society around the time of their compilation long after the death of Muhammad (pbuh).

Hajj - An annual Islamic pilgrimage to Mecca, and a mandatory religious duty for Muslims which must be carried out at least once in their lifetime by all adult Muslims who are physically and financially capable of undertaking the journey.

Halal **-** Any object or an action which is permissible to use or engage in, according to Islamic law. The term covers and designates not only food and drink but also all matters of daily life.

Hijra - The migration or journey of the Islamic prophet Muhammad (pbuh) and his followers from Mecca to Medina.

Ijma' - The consensus or agreement of the Muslim community basically on religious issues. Various schools of thought within Islamic jurisprudence may define this consensus to be that of the first generation of Muslims only; or the consensus of the first three generations of Muslims; or the consensus of the jurists and scholars of the Muslim world, or scholarly consensus; or the consensus of all the Muslim world, both scholars and laymen.

Khalwat - Muslims who are unmarried non-relatives of the opposite sex can be apprehended by state religious police under the offence of *khalwat* for being in "close proximity".

Maqam - The graves of the cemetery, is built to respect for great humankind at their tombs, and considered as the valuable in the aspect of religion, history and art.

Mussolla - An Islamic prayer room found in shopping malls, airports, offices and other sites, as well as standalone buildings. It is used to perform Salat, the five-times-daily Islamic prayer, and will typically include facilities for performing ablution prior to praying.

Mutawwif - A knowledgeable professional person who can guide the pilgrim during *Umrah* or *Hajj*.

Qiyas - In Islamic jurisprudence, it is the process of deductive analogy in which the teachings of the *Hadith* are compared and contrasted with those of the *Quran*, in order to apply a known injunction (nass) to a new circumstance and create a new injunction, or to solve or provide a response to a new problem that may arise.

Qiblat - The direction that should be faced when a Muslim prays during prayers. It is fixed as the direction of the Kaaba in Mecca. Muslims all praying towards the same point is traditionally considered to symbolize the unity of all Muslims worldwide under Law of God.

Quran - The Holy book that contains the words of Allah. The contents of this book were sent down to Prophet Muhammad (pbuh) in a period of twenty three years through the angel Jibril (May Allah be pleased with him).

Qurban - The sacrifices of a livestock animal during Eid-ul-Adha. Also refers to normal Islamic slaughter outside the days of Udhiyah.

Ramadan **-** The ninth month of the Muslim year, during which strict fasting is observed from dawn to sunset. Fasting is fardh ("obligatory") for adult Muslims, except those who are suffering from an illness, travelling, pregnant, breastfeeding, diabetic or going through menstrual bleeding.

Riḥla - The connotations of a voyage undertaken for the sake of divine knowledge of Islam. It is also a form of travel literature based upon the experiences of the travelers.

Shariah - The moral code and religious law of a prophetic religion. Also known as Islamic law that deals with many topics addressed by secular law, including crime, politics, and economics, as well as personal matters such as sexual intercourse, hygiene, diet, prayer, and everyday etiquette.

Silaturrahim - The brotherhood or the bond of friendship, and examples of silaturrahim acts are building communities, family reunion and demonstrating kindness towards neighbours. With silaturrahim, Muslims are encouraged to reconnect or strengthen the ties that have been severed, lost, or overlooked.

Sunnah - This is the tradition of the Prophet Muhammad (pbuh). It includes his sayings, acts or actions, descriptions and reports, conveyed over decades to the societies who lived later after the Prophet Muhammad (pbuh) through authentic sources. Sometimes the word *Sunnah* is synonymous to *Hadith*. The *Quran* and the *Sunnah* are the theory bases from where Muslims derive their guidance.

Surah - Chapter in the *Quran* means allocation of *ayat* (verses in the *Quran*).

Talab al-ilm - "The pursuit of knowledge", was for centuries, until the contemporary age, the privileged instrument of the learned Muslims (*Ulama'*) through which you entered into physical contact with other "products", custodians of religious or scientific knowledge, in order to hear the testimony and sometimes receive the authorization to disclose in their homeland.

Terrorism - Violent acts (or threat of violent acts) intended to create fear (terror); to perpetrate for a religious, political, or ideological goal; and to deliberately target or disregard the safety of non-combatants (e.g., neutral military personnel or civilians). Another common definition is political, ideological or religious violence by non-state actors. Some definitions now include acts of unlawful violence and war.

Toyyiban - The highest quality aspect of *halal* concept. It complements and perfects the essence (spirit) of the basic standard or minimum threshold (*halal*), i.e. on hygiene, safety, sanitation, cleanliness, nutrition, risk exposure, environmental, social and other related aspects in accordance with situational or application needs; wholesomeness.

Ummah - A nation or community with common ancestry or geography. Thus, it can be said to be a supra-national community with a common history.

Umrah - A pilgrimage to Mecca, Saudi Arabia, performed by Muslims that can be undertaken at any time of the year. It is sometimes called the 'minor pilgrimage' or 'lesser pilgrimage', the *Hajj* being the 'major' pilgrimage and which is compulsory for every able-bodied Muslim who can afford it.

Usury - The practice of making unethical or immoral monetary loans intended to unfairly enrich the lender. A loan may be considered usurious because of excessive or abusive interest rates or other factors, or simply charging any interest at all.

Ziarah - "Visit" and designates to undertake the holy places or sites of pilgrimage include shrines of saints, mosques, graves, battlefields, mountains, and caves.

CHAPTER ONE

INTRODUCTION

1.1 INTRODUCTION

Since the development of tourism in the 19th. century, it has become one of the most important economic activities in the world. Tourism has been established as a large international industry with huge potential for growth. It has proven to be a durable area and robust in any challenging economic environment. Indeed, tourism emerges to be almost recession-resistance as tourists persist to travel in order to take a break or vacation. Additionally, all domestic, inbound and outbound tourism areas have recorded an increase in revenue (Euromonitor Global Trends Report, 2012). Tourism is also becoming an increasingly global and complex phenomenon, with sociological, behavioural, economical, political, cultural, environmental, and educational dimensions influencing every aspect of life in modern societies (Duman, 2011).

United Nation (2010) identified that tourism in many countries acts as wealth creation, generates earnings and provides great prospects and employment to the citizens. Robinson (1998) considered tourism to be the 'largest of multi-national activities' which offers enormous revenue for international income and gross production as compared to other industries. Sheller and Urry (2004) added that tourism shares huge proportion of business in the world, and emphasized that the mobility produced by tourism affects almost everyone everywhere. Today, tourism industry that encompasses most countries around the globe has become the most important constituent of the 'service-driven economy'. Furthermore, tourism is seen as supporter to the expansion of social, economic, employment, infrastructure, and superstructure, as well as to construct the entire population through proper planning,

policy and approach (Kalesar, 2010). According to Kalesar (2010), tourism is also a beneficial activity that could balance the shortage and crisis due to economic life-cycle in the national and global circumstances. Consequently, this industry should be continually developed as it contributes to the expansion of a country through excellent strategies and implementation.

An increasing number of tourist destinations have led to the global tourism industry creating not only more opportunities, but also more competition and potential exploitation (Mowfort and Munt, 1998). Although for a few recent years, a lot of world tragedies, global crisis and unpleasant activities disrupted the tourism and hospitality industry, the prospective remuneration of effective global management has made it topical amongst relevant authorities and stakeholders (Gurtner, 2005). Thus, there is still an obvious need and demand for new strategies and implementations on how to benefit tourists and stakeholders in this alluring industry. Like the rest of the world, the exponential growth in tourism revenue marks the industry as one of the most important economic sectors in Malaysia (Tourism Malaysia, 2007). In the long run, the government knows that it has to be more innovative in order to move the tourism industry forward.

1.2 STUDY BACKGROUND: TOURISM INDUSTRY IN MALAYSIA

Tourism industry in Malaysia continues to be one of the important foreign exchange earners, contributing to the expansion of the country's assets and reinforcing the improvement of economic reform. Tourism contributes as the second largest to the economy of Malaysia, and since the year of 2000 where tourism has started to boom up, the number of tourists has increased and the growth estimates by almost 9 percent every year (News Straits Times, 2011). The expansion of tourism industry is very

much attributed to the active role played by various stakeholders in carrying out strong promotional efforts, improvement of tourism products, and efficiency of service to uphold the motivation of tourists to visit Malaysia.

The Ninth Malaysian Plan has shown aggressive works and efforts have taken place to inculcate future prospects in tourism, aligned with its role to enhance its contribution and development of the economy, and particularly to the products and services sectors. Malaysia has made to the top 10 countries for the year 2009, contributed to a remarkable number of arrivals, and in the year 2010, Malaysia was ranked to a better level based on the arrival of tourists, which later positioned Malaysia at the 9th place (WTO, 2011). In terms of tourist arrivals, Malaysia ranked second after China in the whole market of Asian. Malaysia also target in the Tenth Malaysia Plan beginning from year 2011 to 2015, and has optimised to be in a higher position among the top ranking especially on tourist arrivals and receipts. Additionally, Malaysia also has the vision to double up the sector's contribution, that could return RM115 billion ($36 billion) in revenues and create about 2.7 million jobs especially to the locals during the years (www.bistari.com.my). To achieve the 2015 targets, players in the Malaysian tourism industry are encouraged to put more effort on spending composition so that tourists may elevate gross national profit, and maintain increasing figures on tourists coming to Malaysia as a win-win situation (www.mmail.com.my).

Looking at the comprehensive achievement in Malaysia, tourism continues to expand and widen its scope of activities in the coming years as a potential tourism destination, following the increasing promotional movements and efforts for inbound and outbound tourism. The development of tourism also appears to be very encouraging which covers other sub-sectors in tourism and hospitality industry such