

CONCEPTUALISING ISLAMIC HOSPITALITY
MANAGEMENT

AZREEN HAMIZA BINTI ABDUL AZIZ

UNIVERSITI SAINS MALAYSIA

2017

**CONCEPTUALISING ISLAMIC HOSPITALITY
MANAGEMENT**

by

AZREEN HAMIZA BINTI ABDUL AZIZ

**Thesis submitted in fulfillment of the requirements
for the degree of
Doctor of Philosophy**

January 2017

ACKNOWLEDGEMENT

In The Name of ALLAH The Most Benevolent And Most Merciful, All Praise To ALLAH, The Lord of The Universe And Peace Upon His Messenger.

Alhamdulillah, praise to ALLAH SWT, the Most Gracious and the Most Merciful for successfully completing this thesis. All the praises and thanks to Him for giving me the time, will, guidance and strength in completing this research. This thesis will not successfully complete without cooperation from many parties who had contribute a lot in preparing this thesis. I am thankful to many people who provide me the kind assistance or had contributed immensely to the successful completion of this thesis in due time.

My sincere and heartiest appreciation and gratitude to my supervisor, Professor Dr. Muhammad Syukri Salleh who acts as my lecturer and advisor, for his patient, support and guidance through-out the process of completing this thesis. I would like to extend my deep acknowledge to the Centre for Islamic Development Management Studies (ISDEV) lecturers for their wonderful advice, guidance, suggestion and never ending support in helping me on the related matters upon completing this thesis. May Allah bless you all with His continuous blessing in this world and hereafter. Not to forget all administrative and support staff of ISDEV for their cooperation and assistance in facilitating the success of this thesis. I would also like to thank you to all staff of Institute of Postgraduate Studies (IPS), Universiti Sains Malaysia (USM) for their cooperation and assistance in helping me indirectly on my submission journey.

Deep acknowledgement to Universiti Sains Malaysia (USM) for the scholarship of *Rancangan Latihan Kakitangan Akademik (RLKA)* and for the support in conducting and completing this research especially in developing the concept of Islamic Service management. Special appreciation to Ministry of Higher Education Malaysia (MOHE) for the opportunities and sponsorship under the scholarship of *Skim Latihan Akademik Bumiputera (SLAB)*. I also would like to express my gratitude to Tourism

Malaysia and Islamic Tourism Centre (ITC) in providing the assistance and guidance in collecting the data throughout my research.

Deepest appreciations are dedicated to my beloved husband, Mohd Azrul and my wonderful princesses; Zaara and Zulaikha for their love, sacrifices, understanding and never ending moral support. I would like to extend my gratitude to my beloved parents, my in-laws, siblings and family members for their meaningful support, encouragement and love in all these years. May Allah SWT protect them and give them reward and blessing in the world and hereafter.

Not forgetting my fellow friends, for their help, concern and cooperation. I would like to grab this opportunity to express my thank you for those who had contributed a great deal towards the completion of this thesis. I have learnt much about love, life and knowledge. I am grateful to ALLAH SWT for his guidance and the continuous good health and prosperity which without His blessed I might have not complete this thesis. May Allah SWT be pleased with the efforts thus put forth. *Ameen.*

“Acquire knowledge, learn tranquility and dignity”

(Umar ibn al-Khattab)

Thank you.

Azreen Hamiza Binti Abdul Aziz
Centre for Islamic Development Management Studies (ISDEV)
Universiti Sains Malaysia
Penang.

TABLE OF CONTENT

	PAGES
ACKNOWLEDGEMENTS	ii
TABLE OF CONTENTS	iv
LIST OF TABLES	ix
LIST OF FIGURES AND ILLUSTRATIONS	x
LIST OF ABBREVIATIONS	xi
ABSTRAK	xii
ABSTRACT	xiv
CHAPTER 1: INTRODUCTION	
1.1 Introduction.....	1
1.2 Background of the Research	3
1.2.1 The Service Industry	4
1.2.2 The Transformation of Service Management	12
1.2.3 Hospitality as a Service Industry	17
1.2.4 Understanding Hospitality Services	19
1.2.5 Contemporary Islamic Hospitality Management.....	21
1.3 Problem Statement.....	25
1.4 Objectives Of The Study	31
1.5 Research Questions.....	31

1.6	Operational Definitions	33
1.6.1	Hospitality Management.....	34
1.6.2	Islamic Hospitality	36
1.6.3	Conceptualisation Study	37
1.7	Significance of the Study	38
1.8	Scope and Limitation of the Study	39
1.8.1	Subject Limitation	40
1.8.2	Research Method Limitation	41
1.8.3	Analysis Limitations	42
1.9	Organization of the Study	43

CHAPTER 2: LITERATURE REVIEW

2.1	Introduction.....	45
2.2	Past Research	46
2.2.1	Service Management	46
2.2.2	Hospitality Management	49
2.2.3	Islamic Management	53
2.2.4	Analysis of Past Research.....	57
2.3	Literature Review	59
2.3.1	Service Management	61
2.3.1(a)	Definition of Service Management	65
2.3.1(b)	Historical Perspective of Service Management	68
2.3.2	Hospitality Management.....	70
2.3.3	Islamic Management.....	76
2.3.4	Analysis of Literature Review	87

2.5	Conceptual Framework.....	89
2.6	Conclusion	93

CHAPTER 3: RESEARCH METHODOLOGY

3.1	Introduction.....	94
3.2	Research Design	95
3.3	Data Collection Method.....	101
	3.3.1 First Tier Data Collection: Primary Source	102
	3.3.2 Second Tier Data Collection: Secondary Source.....	106
	3.3.3 Third Tier Data Collection: Secondary Data.....	112
3.4	Analysis of Data	113
3.5	Conclusion	114

CHAPTER 4: THE BASIS OF HOSPITALITY IN ISLAM

4.1	Introduction.....	116
4.2	Hospitality of Prophet Ibrahim a.s.....	117
4.3	Hospitality of Prophet Muhammad PBUH.....	129
4.4	The Objective of Islamic Hospitality.....	139
4.5	The Contemporary Practice of Hospitality	144
4.6	Conclusion	148

CHAPTER 5: CONCEPTUALISING ISLAMIC HOSPITALITY MANAGEMENT

5.1	Introduction.....	151
5.2	The Principles of Islamic Hospitality	152
5.3	The Elements of Islamic Hospitality	157

5.3.1 Hospitality Elements towards Allah SWT	159
5.3.1(a) 'Ubudiyah.....	160
5.3.1(b) Sincerity	161
5.3.2 Hospitality Elements towards Human Being/Others.....	164
5.3.2(a) Justice.....	164
5.3.2(b) Trust	168
5.3.2(c) <i>Shura</i>	171
5.3.2(d) <i>Ukhuwah</i>	175
5.3.2(e) <i>Ta'awun</i>	178
5.4 Managing Islamic Hospitality	181
5.4.1 Islamic Management as the Method	183
5.4.2 The Concept of Islamic Hospitality Management.....	192
5.5 Conclusion	196
CHAPTER 6: CONCLUSION	
6.1 Introduction.....	197
6.2 Main Findings of the Research	197
6.3 Research Implications.....	202
6.3.1 Theoretical Implications	202
6.3.2 Practical Implications	204
6.3.2(a) The implication towards the Muslim Friendly Hospitality Services Requirements Standard (MS2610:2015) and major industrial players	204
6.3.2(b) The implication towards the changes in the policy and socio- economy wellbeing	206
6.4 Research Contributions.....	207

6.5	Suggestions for Future Research	210
6.6	Conclusion	212

BIBLIOGRAPHY	214
---------------------------	-----

APPENDICES

Appendix A: MS1900:1025 Muslim Friendly Hospitality Services-
Requirements. Copyright 2015. Department of Standards Malaysia

LIST OF TABLES

		Page
Table 1.1	Total Labour Force Within The Economic Activities in Malaysia (2011-2015)	5
Table 1.2	Services Sector Performance 2013-2015 (at constant 2005 prices).....	9
Table 1.3	The measurement of performance of the Service Sector in Malaysia	10
Table 1.4	Service Sector Performance for the year 2005 – 2015 in Malaysia	11
Table 1.5	Tourist Arrivals and Receipts to Malaysia by Year	14
Table 1.6	Number of Muslim-Friendly Hotel in Malaysia	15
Table 1.7	Research Objectives and Research Questions	33
Table 2.1	The Similarities and Differences between A Strategic Service Management Framework	65
Table 3.1	The summary of the used <i>Syarah Fathul Baari</i> in the data collection method of secondary source	111
Table 3.2	The summary of the used exegeses in the data collection method of secondary source	111
Table 3.3	Research Method Summary	115
Table 5.1	The Structure of the Hospitality Industry	182
Table 5.2	Islamic Management Level for Islamic Development.....	186

LIST OF FIGURES AND ILLUSTRATIONS

	Page
Figure 1.1 Malaysia Structure of Production 2015 (% of GDP)	8
Figure 1.2 Hospitality Services	20
Figure 2.1 Conceptual Management	83
Figure 2.2 Conceptual Management	85
Figure 2.3 Conceptual Management	86
Figure 2.4 Conceptual Framework on Contemporary Islamic Hospitality Management.....	91
Figure 3.1 The Research Process and Procedure	100
Figure 4.1 The Objectives of Islamic Hospitality	139
Figure 4.2 The summary of the elements in Prophet Muhammad hospitality	142
Figure 4.3 The Functional Areas of Hospitality.....	145
Figure 4.4 The Key Trends in the Hospitality Industry	146
Figure 5.1 The Phase of Islamic hospitality	158
Figure 5.2 The Elements of Islamic Hospitality Concept.....	159
Figure 5.3 <i>Ukhuwah</i> Development Process	178
Figure 5.4 The Islamic Management Method for Islamic Hospitality.....	191
Figure 5.5 The Concept of Islamic Hospitality Management.....	195

LIST OF ABBREVIATIONS

ASEAN	Association of South-East Asian Nations
GCC	Gulf Cooperation Council
GDP	Gross Domestic Product
IIUM	International Islamic University Malaysia
IHM	Islamic Hospitality Management
INHART	International Institute for Halal Research & Training
ITC	Islamic Tourism Centre
MAHO	Malaysian Association of Hotel Owners
MAHTEC Centre	Malaysian Association of Hotels Training and Education Centre
MFHS	Muslim Friendly Hospitality Services
MOTAC	Ministry of Tourism and Cultural Malaysia
MS 2610:2015	Malaysian Standards Muslim Friendly Hospitality Services- Requirements

PEMBENTUKAN KONSEP PENGURUSAN HOSPITALITI ISLAM

ABSTRAK

Sektor perkhidmatan merupakan salah satu sektor utama yang menyumbang kepada ekonomi negara. Bidang yang memberi sumbangan yang paling besar dalam ekonomi negara dalam sektor perkhidmatan ini ialah pengurusan hospitaliti. Sebagaimana berkembangnya bidang pelancongan Islam dan kewangan Islam, pengurusan hospitaliti Islam juga mengalami perkembangan yang sangat pesat. Hal ini berlaku kesan daripada bilangan pengguna Islam yang semakin meningkat setiap tahun serta berkembangnya nilai pasaran Islam secara global. Hospitaliti Islam juga memainkan peranan penting dalam ekonomi kerana permintaan bagi perkhidmatan hospitaliti Islam semakin popular dan akibat kekurangan keupayaan industri pengurusan hospitaliti semasa untuk menampung permintaan pengguna. Persoalannya, apakah asas bagi pengurusan hospitaliti Islam ini? Dengan persoalan ini, kajian ini dilakukan bagi meneroka bidang pengurusan hospitaliti Islam yang dikatakan masih baru serta memerlukan penelitian khusus dengan membentuk pengurusan hospitaliti Islam berdasarkan al-Qur'an dan Hadith melalui tiga objektif utama. Pertama, mengenal pasti konsep hospitaliti dalam Islam. Kedua, menganalisis prinsip dan elemen dalam hospitaliti Islam. Ketiga, membentuk konsep pengurusan hospitaliti Islam. Kajian ini merupakan kajian kualitatif yang bersifat penerokaan dengan menggunakan dua sumber data. Sumber pertama ialah dokumen-dokumen yang berkaitan hospitaliti Islam dan sumber kedua ialah sumber utama Islam iaitu al-Qur'an dan hadith. Kajian ini menggunakan kajian dokumentasi melalui kaedah

analisis kandungan kualitatif. Hasil kajian ini mendapati bahawa konsep baharu pengurusan hospitaliti Islam ini merupakan asas utama bagi memastikan kelestarian dalam bidang hospitaliti Islam dan pengurusan perkhidmatan. Sebagai rumusannya, asas-asas prinsip and elemen hospitaliti Islam yang ditemui melalui sumber utama Islam iaitu al-Qur'an dan Hadith menjadi konsep asas pengurusan hospitaliti Islam sebagai satu konsep yang ideal yang dapat memenuhi keperluan industri hospitaliti masa kini.

CONCEPTUALISING ISLAMIC HOSPITALITY MANAGEMENT

ABSTRACT

The service sector is one of the main sectors that contribute the most to the economy. Becoming the dominant segment of the economy proves that it has contributed greatly in developing the growth of the economy at a fast pace. One of the most contributed areas in service management is hospitality management. Since the development of Islamic tourism and Islamic finance, there is a rapid growth in Islamic hospitality too. Islamic hospitality plays an important part in the economy as the demand for Islamic hospitality is gaining extensive popularity since the emerging population and the lack of ability of the current hospitality management industry to cater in terms of Muslim population and the Muslim market share in the global economy. The need to introduce Islamic hospitality management has become pertinent as the concept of Islamic hospitality management has yet to develop. By looking at this problem, this study attempts to explore the new niche of Islamic hospitality and conceptualise Islamic hospitality management based on al-Qur'an and Hadith through three objectives. First, is to identify the concept of hospitality in Islam. Second, is to analyse the principles and elements of Islamic hospitality. Third is to conceptualise Islamic hospitality management for contemporary practices. In answering the objectives, this study uses the qualitative research method with exploratory research design. This study also uses secondary data that are from two main sources. The first source is from the primary source of al-Qur'an and Hadith whereas the second source is from any documents and literature that are related to

Islamic hospitality. Library research is used to obtain different types of theories, concepts and elements with qualitative content analysis to be carried out as the method of analysis. The findings of the study discover that the new concept of Islamic hospitality management is an ideal foundation of Islamic hospitality as well as service management that is durable in the industry with five principles and seven elements in it. The formation of Islamic hospitality management concept is using Islamic management as the method of managing it. In summary, the study has shown that the concept developed is truly based on al-Qur'an and Hadith that aim to be an ideal concept that can fulfil the need of the hospitality industry in the end.

CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

Islamic hospitality management has become a new significant area in research. It is proven by the mushrooming activities of travellers and other tourism activities worldwide. For instance, Malaysia recorded in 2015, the growth of tourist arrivals in Malaysia increased to 6.7 per cent from 25.72 million to 27.44 million. This growth pattern in the Malaysian tourism industry has created a bigger potential for Malaysia to become the major player in the hospitality and tourism industry in the world to offer the best Muslim-Friendly Hospitality Services (MFHS) for both Muslim and non-Muslim travellers. Hospitality generally means indulging people to feel most welcome especially when travelling. The atmosphere of a good hospitality will create a good impression of ambience surrounding. Sunil (2005) point out that hospitality activity covers everything including providing thoughtful and courteous services. However, Islamic hospitality is indulging the guest to feel the most welcome in any situation with the guidance from al-Qur'an and Hadith. Islamic hospitality management is a new niche field in the service industry since there the concept of Islamic hospitality management is yet to be developed.

This thesis generally aims to initiate in exploring the concept of Islamic hospitality management from the service management industry. More specifically, this exploratory study aims to identify the real definition, principles, elements and structure of Islamic hospitality in order to conceptualise Islamic hospitality management. This study basically based on the main source of al-Qur'an and Hadith with a thorough view from the aspect of Islamic philosophical underpinning. The first step that has been done in the hospitality sector is the introduction of Islamic tourism. At present, the introduction of Islamic tourism has become 'the trend'¹, This trend lead to the introduction of Islamic hospitality that is expected to become important to the industry as well in ensuring that both Islamic tourism and Islamic hospitality is on the right track of development in the service management industry.

Basically, services are one of the sectors that contributed intensely to the growth of economy in majority of countries in the world. Since service sector has a significant growth, the demand for its establishment is needed in order to fulfil the needs of the new era in the economy. This is the time when the economy activities shifted to the services sector. Opportunities have increased to consume services which are previously inaccessible or to be produced and consumed within the consumer home (Gopala, 2005). Looking from different point of view, Islamic service management is a new term that is uncommonly heard in the contemporary service management

¹ Based on the data provided by Islamic Tourism Centre (ICT) Malaysia, the number of Muslim tourists' arrival in the Malaysia in 2014 is 5.5 Million. ASEAN region recorded the highest number of Muslim tourists' arrival recorded at 4.6 million followed by South Asia at 403,542, West Asia at 313,914, Europe at 68,082, and East Asia at 30,640 and others region at 40, 198. In Malaysia the introduction of Islamic tourism centre was officially launched on 16 March 2009 to start a strategic tourism research and market intelligence as well as providing training and capacity-building services related to Islamic tourism with an outlook to develop standards and guidelines for Malaysia's Islamic tourism sector to improve Malaysia tourism products and services. According to the report 'State of the Global Islamic Economy 2014/15' by Thomson Reuters, Malaysia is awarded as the best ecosystem for Halal sector and Islamic tourism next to Turkey, United arab Emirates (UAE) and Indonesia.

industry. Unleashing the potential of Islamic service management within the scope of Islamic hospitality management gives new anticipation for services industry as well as the hospitality industry to grow and develop successfully in the near future. Muslims population around the world is estimated to increase in the next 10 years to come with an expected increase of 35%, rising from 1.6 billion to 2.2billion² and the demand for Islamic service is estimated to be on the rise too in view of the fact that most of people is living in a service dominated economy.

Therefore, to fulfil the need in developing Islamic service management within the scope of Islamic hospitality management, this thesis aims in exploring and identifying the real concept of Islamic hospitality based on Islamic philosophical underpinning with the based on Qur'an and Hadith. The creation and conceptualising the concept of the real Islamic hospitality management will be discussed thoroughly in this thesis. As the beginning of introducing the research, the first chapter of this thesis will introduce and discuss the research background, the problem statement of the research, the research objectives and the research questions. This chapter also includes the research operational definition, the scope and limitation of the research, contribution of the research and the organisation of the thesis.

1.2 BACKGROUND OF THE RESEARCH

This thesis is focusing on two main topics that enlighten on the subject of the study which are Islamic hospitality and management. Added to it is the discussion on how the service industries developed as well as the relationship between contemporary

² The Pew Forum on Religion & Public Life, (2014).

hospitality management that will be discussed to create further understanding in order to focus on how to conceptualise Islamic hospitality management, and make a clear understanding on the topics as well.

1.2.1 The Service Industries

The service sector is one of the leading segments of the economy (Mitra & Patankar, 2013). In recent years, service industries have attracted a great deal of attention as one of the major industries which will contribute to the development of the world economy in the twenty-first century (Chan, 1991). Service management gaining its popularity in the service industries nowadays since service management is frequently related to the subject of hospitality, tourism, marketing as well as the information technology (IT) sector. Economies across the world have become more service orientated, so does the importance of studying and understanding all aspects of managing service. A general systems framework is used to explore the major components of service management by using these varieties of service sectors (Center for Energy and Natural Resources, 2007).

The economic transformation with the increasing spread on services started in the early 1950s where service expenditure accounted for almost one-third of personal expenditure (Kandampully, 2007). This trend is noticeable for the past 30 years in both developed and developing countries (Yu, 1999). Services sector today employ more than as many people as the manufacturing industry since most economy in the world rely in service sector to develop. Most of the population within a country incorporate in the workforce especially in the services related activities. For

instances in Malaysia, the availability and growing activities in the services sector such as the financial industries, tourism and hospitality industry, communication, retailing, and government services cater to almost 60.5 percent (as shown in Table 1.1) of the total labour force participation rate in 2015. Hence, shows that service sector has a great influence to the growth of the economy especially in the following sectors and macro economy change such as in term of employment, GDP and tourism related activities.

Table 1.1 Total Labour Force within The Economic Activities in Malaysia (2011-2015)

Year	Total Labour Force	Economic Activities	
2011	12,380,480	Agriculture	12.9%
		Mining	0.6%
		Manufacturing	17.4%
		Construction	9.3%
		Services	59.8%
2012	12,674,755	Agriculture	12.5%
		Mining	0.6%
		Manufacturing	17.6%
		Construction	9.1%
		Services	60.1%
2013	12,993,428	Agriculture	12.3%
		Mining	0.6%
		Manufacturing	17.6%
		Construction	9.1%
		Services	60.4%
2014	13,300,027	Agriculture	12.0%
		Mining	0.6%
		Manufacturing	18.1%
		Construction	9.0%
		Services	60.4%
2015	13,903,800	Agriculture	12.0%
		Mining	0.6%
		Manufacturing	18.1%
		Construction	9.0%
		Services	60.5%

Source: The World Bank Data (2016) & Economic Planning Unit and Department of Statistic Malaysia (2016)

Table 1.1 shows the data on total labour force within the economic activities in Malaysia from 2011 until 2015. It shows that the services sector cater the most employment force by acquiring approximately 60.5% in the economic activities in 2015. The table shows that the employment force in the services sector had an outstanding increament in 2011 until 2015 from 59.8% to 60.5%. It has proven that the economic activites if now shifted towards the services sector since every economy in the world today continues to depend on the service sector to develop certain sector with rapid influx.

In spite of the foundational legacies of agricultural base and an extensive manufacturing capacity, the phenomenal growth of the services multinationals in the accounting, banking, tourism, telecommunication, education and insurance sectors, have contributed considerably to the gross domestic product (GDP) of develop and developing nations (Contractor, Kundu & Hsu, 2003). Most of GDP of developed countries is generated from the service economic activities. Lovelock, Patterson and Walker (1998) clarifies that services accounting for approximately 70% of the GDP in the developed nation. Every GDP of countries in the world also depends on the service sector in order to have a strong growth in their economy. For instance, in Hong Kong, their services percentage of GDP is the highest in the world with 92.7% in 2015, France with 78.9%, United States of America (USA) with 78.1%, Singapore with 75.0%, Malaysia with 51.2% and Vietnam with 43%³. According to the World Bank, services consists of value added services that include wholesale, retail trading (including hotels and restaurants), transportation services, government services,

³ World Bank Data (2015)

financial, professional, and personal services such as education, health care, and real estate services.

The countries in the Association of South-East Asian Nations (ASEAN) are important recipients of the services sector because of their high growth potential. However, except in Singapore, the services sector in the ASEAN countries has not received the priority it deserves. To date, various elements of the services sector – for example, banking, insurance and tourism, are conventionally treated as separate item in the national planning strategies of ASEAN countries. Consequently, an adequate and explicit national policy position on the services sector is lacking in many ASEAN countries (Chan, 1991). It can be surmised that the development in the service sector in the economy regardless in Malaysia, ASEAN countries or the world, services play an important role in developing a good income to a country.

In the Malaysian context, service sector is the engine of growth of the Malaysia's economy (Department of Statistics Malaysia, 2016). The Malaysian economy decreased 4.5 percent in 2015 on the GDP annual growth rate with RM1063.5 billion. From the GDP, the contribution of services sector in the Malaysia economy recorded a stable growth at the current state of 53.8 percent to the 2015 GDP, which is equivalent to RM571.8 billion from RM457.1 billion. The percentage of service sector as compared to the other sector in Malaysia for the year 2015 is shown in the Figure 1.1

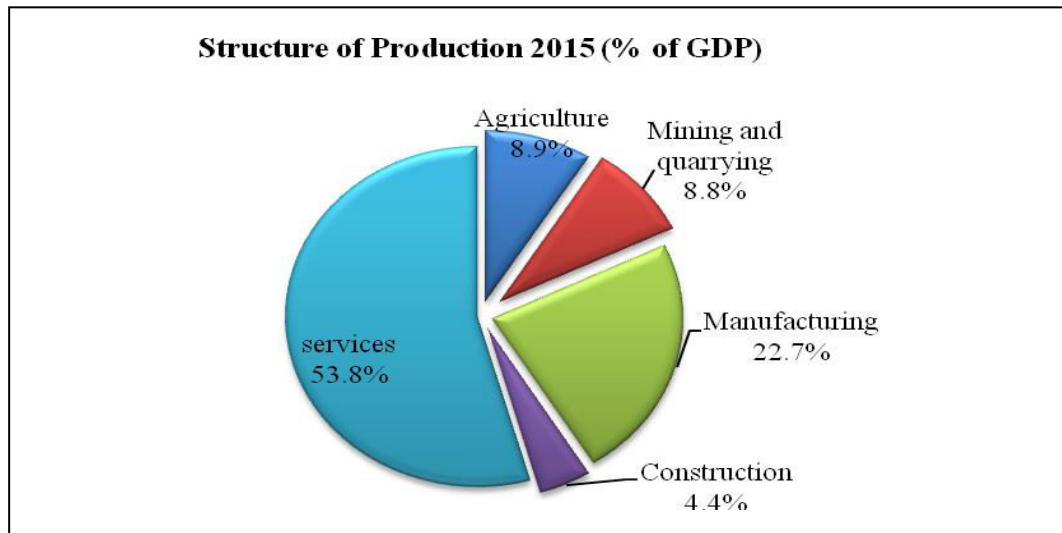


Figure 1.1 Malaysia Structure of Production 2015 (% of GDP)

Source: Economic Planning Unit, Ministry of Finance and Department of Statistic, Malaysia (2015)

Figure 1.1 shows that the Malaysia GDP structure of production in the year of 2015 consists of different sectors in Malaysia. Services contribute the highest percentage of 53.8 percent to the Malaysia economy whereas manufacturing contribute 22.9 percent, mining and quarrying contribute 8.8 percent, agriculture contribute 8.9 percent and construction contribute 4.4 percent. All sectors are projected to have a positive growth in 2016 with the services and manufacturing sectors leading the growth. According to the Department of statistic Malaysia, the service sector is expected to grow robustly with wholesale trade gaining from higher trade-related activities. On the other hand, activities related to retail trade, accommodation and restaurants as well as communication are expected to increase along with continuous household spending.

Meanwhile, to illustrate the growing economic and significance of the services sector, Table 1.2 shows the contribution of services sector in the Malaysia economy. It is estimated that in 2015, the biggest contributor to the service sector is the

wholesale and retail trade with 15.2 percent, whereas finance and insurance services in second with 8.9 percent, government services with 8.6 percent in third, followed by real estate and business services with 5.8 percent, other services 4.4 percent, communication 4.5 percent, transportation and storage 3.6 percent, accommodation and restaurant 3.2 percent and utilities 2.6 percent.

Table 1.2 Services Sector Performance 2013-2015 (at constant 2005 prices)

Services	Share to GDP (%)		
	2013	2014 ^a	2015 ^b
1) Intermediate Services			
a. Finance and Insurance	9.1	8.8	8.9
b. Real Estate and Business Services	5.7	5.7	5.8
c. Communication	4.1	4.2	4.5
d. Transport and Storage	3.6	3.6	3.6
2) Final Services			
a. Wholesale and Retail Trade	14.4	14.7	15.2
b. Accommodation and Restaurant	2.5	2.5	3.2
c. Utilities	2.5	2.4	2.6
d. Other Services	5.0	5.0	4.4
3) Government Services	8.3	8.3	8.6
Total	55.2	54.8	53.8

^aEstimated

^bEstimated

Note: Total may not add up due to rounding

Source: Economic Planning Unit, Ministry of Finance and Department of Statistic, Malaysia (2015)

To surmise based on the given data in Table 1.2, service sector is estimated and forecasted to be on the rise. All sectors recorded positive changes in the performance from the year 2013 to 2015. There is a strong growth in the final services group that led by wholesale and retail trade, accommodation and restaurant including other services subsectors. The growth in retail segment is supported by the global recognition in the achievement of Malaysia in Muslim Travel Shopping Index (MTSI 2015): Kuala Lumpur 2nd World's Top Shopping Cities with aim to attract foreign

tourists and locals to spend and shop in Malaysia. According to Crescent Rating (2015), the MTSI 2015 facilitates insightful shopping and dining behaviours of the growing Muslim travel segment. Kuala Lumpur ranks 2 behind Dubai with high score on shopping options, prayer space access, airport services, accommodation, communications and visa requirement, with an overall index score of 73.3 over 100 points.

In addition, accommodation and restaurant segment is estimated to inflate based on higher tourism related activities and restaurant dining that are supported by Tourism Malaysia for Visit Malaysia Year (VMY) 2014 with higher tourists arrival recorded during the year. Malaysia is celebrating its fifth VMY in 2015 with the theme of ‘Celebrating 1 Malaysia Truly Asia’. Furthermore, according to the Department of Statistics Malaysia, to enhance the measurement of the performance of the service sector; Index of Services (IoS), Service Producer Price Index (SPPI), and Statistic of International Trade in Services (SITS) are needed. In the Table 1.3, it shows the need of measurement performance of the service sector in details.

Table 1.3: The measurement of performance of the Service Sector in Malaysia

Measurement Performance	Details
Index of Services (IoS)	Short term indicators in the production of services sector by industry
Service Producer Price Index (SPPI)	Price movements that reflects the supply and demand conditions in the services sector
Statistic of International Trade in Services (SITS)	Performance of exports and imports of international trade in services

Source: Department of Statistics Malaysia (2013)

Table 1.3 in summary, all the indexes are needed to enhance the measurement of performance of the service sector. IoS is needed to provide short term indicators in the production of services sector by industry whereas SPPI is needed to trace the price movement that reflects the demand and supply ambience in the services sector. Meanwhile SITS is needed to gauge the performance of exports and imports of international trade in services.

Service sector continues to spur the Malaysia economy with the yearly increment in the services sector since 2005. The increment in the services sector since 2005 according to Department of Statistic Malaysia (2016) is shown in Table 1.4. The performance of the sectors in Malaysia from 2005 until 2015 shows that the highest percentage recorded for the services sector is in the year 2013 with 55.2 percent from 54.6 percent in 2012.

Table 1.4: Service Sector Performance for the year 2005 – 2015 in Malaysia

Year	Sector					
	Services	Manufacturing	Mining & Quarrying	Agriculture	Construction	Import Duties
2005	46.8	27.5	13.3	8.3	3.0	1.2
2006	47.5	28.0	12.4	8.3	2.8	1.0
2007	49.5	27.2	11.9	7.9	2.9	1.0
2008	50.9	26.1	11.1	7.8	2.8	1.2
2009	53.2	24.2	10.5	7.9	3.1	1.1
2010	53.2	25.2	9.8	7.6	3.0	1.1
2011	54.2	25.1	8.8	7.7	3.0	1.2
2012	54.6	25.0	8.4	7.3	3.4	1.3
2013	55.2	24.5	8.1	7.1	3.8	1.3
2014^a	54.8	24.7	8.5	7.3	4.0	1.4
2015^b	53.8	22.9	8.8	8.9	4.4	1.4

^a Estimated

^b Estimated

*At constant 2005 prices. The values are in percent.

Source: Department of Statistics Malaysia (2016)

Overall, the development in the services sector in the economy regardless in Malaysia, ASEAN country or the world has proven that services play an important role in developing a good income to a country. The service sector is clearly the primary catalyst for ongoing social and economic sustainability (Smith & Reynolds, 2002). The service sector is also an important vehicle for the transformation of extant industries and industry structures in response to the dynamic changes in consumer market expectations (Nankvervis, Pearson & Chatterjee, 2007). Good services need good management, thus this is when service management come into the picture in order to manage the services sector accordance to the need and want of the society.

1.2.2 The Transformation of Service Management

In recent years, the service sector has emerged to dominate the economic underpinning of Asian nations. Amid global trade in services rapidly growing, there is a strong emphasis on teaching and learning management of a range of services; financial and insurance services, distribution, logistics and transportation services, tourism and hospitality services, information and telecommunication services, software and IT-enhanced services and many more (Jayachandran, Juhary Ali, Chatterjee & Singha Chiamsiri, 2007). Most of the developed countries have enjoyed an advantage in the global market since many of the service business sectors are both knowledge and technology intensive.

Service management has become the known for its value-assessment variable in predicting an organisation success in the industry (Kandampully, 2007). The remarkable growth of the service sector has led to an increasingly significant

contribution to the economies of many, if not most countries in the Asia Pacific region (Lovelock, Writz & Keh, 2002). Asia now acknowledges the increasing importance of services industry trade. This increasing interest is not only due to the breathtaking growth in the share of services in various Asian countries, but also a dramatic shift in the supply side of the services sector (Nankvervis, Pearson & Chatterjee, 2007). Gopala (2005) indicates that there are three stages of growth of service management. Began in the first stage in the year up to 1975-1980, service management was not distinguished from regular management practices. The second stage began in 1980-1990; the management of service sector was identified and the needs for services were recognized. Meanwhile in the third stage is from the year 1990 onwards, there were the shift in the thinking to services quality and every business house and household need service management.

In marketing sector, the success of services management depends upon the quality of services provided by the service provider. It focuses on the revenue and customer satisfaction in general. Selling service to the needy customer is the key factor in service business, the management principles have to be focused on the effective selling of the services (Gopala, 2005). A great deal of this interest has been generated from the marketing rather than the management discipline, generally with its focus on dimensions of the service 'encounter' between service providers and their clients (Carlzon, 1987; Shamdasani & Balakrishnan, 2000).

Furthermore, on the tourism and hospitality sector, service management is classified as the need to provide top services for customer satisfaction. Service management has thus become an essential part of other industries with the result that a mixture of

types of industries also has recognised the potential of service management especially in the tourism and hospitality industry. From research point of view, it is found out that the tourism industry is growing rapidly and has become the third largest industry in the world today. The enlargement in the world population and Islamic-based travelling has urged hotel operators in taking further steps to offer services that are more in line with the requirements of tourists. As a result there is a shift in the industry to introduce the concept of Shari’ah-compliant hotels throughout the world (Nor Zafir 2014). Tourism also has become a very important and dynamic sector both in the world economy and particular in the developing countries (SM Nazrul Islam, 2009). Tourism increases the economic growth, disposable income, political stability and many more.

Table 1.5: Tourist Arrivals and Receipts to Malaysia by Year

Year	Arrivals	Receipt (RM)
2016^a	30.50 million	103 billion
2015	25.70 million	69.1 billion
2014	27.44 million	72.0 billion
2013	25.72 million	65.4 billion
2012	25.03 million	60.6 billion
2011	24.71 million	58.3 billion
2010	24.58 million	56.5 billion
2009	23.65 million	46.1 billion
2008	22.05 million	49.6 billion
2007	20.97 million	53.4 billion
2006	17.55 million	36.3 billion
2005	16.43 million	32.0 billion

^a Forecast for the Malaysia’s tourism target 2016.

Source: Tourism Malaysia (2016)

In Malaysia, the total tourist arrivals has increase significantly in the year 2014 to 27.4 million tourist arrival from all over the world with RM72 billion receipts. Even though there is a decline in the figure from January to December 2015, Malaysia welcomed 25.7 million tourists with RM69.1 billion receipts. The decline of 6.3

percent and 4 percent respectively is because there was an aggressive promotion activities and bigger financial allocation has been done in 2014 as compared to 2015. The statistic of tourist arrivals and receipts to Malaysia are shown in the Table 1.5.

Table 1.6 Number of Muslim-Friendly Hotel in Malaysia

No.	Malaysia States	Number of Muslim-Friendly Hotel
1.	Kuala Lumpur	44
2.	Johor	33
3.	Melaka	22
4.	Negeri Sembilan	23
5.	Pahang	14
6.	Selangor	32
7.	Perak	15
8.	Penang	30
9.	Kedah	11
10.	Perlis	N/A
11.	Terengganu	13
12.	Kelantan	3
13.	Sabah	28
14.	Sarawak	15
	TOTAL	283

Source: Muslim-Friendly Hotels, Islamic Tourism Centre Malaysia (2015)⁴

On the accommodation side, the increment of 13.6 percent in the total number of hotels also rose significantly in 2014 from 3094 hotels to 4072 hotels in Malaysia⁵. Based on statistic fact reported by the World Tourism Organization (WTO, 2015), Islamic hospitality or Shari'ah-compliant hotels represent approximately 10% of the global tourism market. In Malaysia, there are a total of 283 Muslim friendly hotels reported by ITC. Table 1.5 comprises the number of Muslim-Friendly hotel in all 14 states in Malaysia.

⁴ Note: All premises were stated as Halal-certified as of the time of update. For a complete list of Malaysia Halal directory, please visit the website of the Halal Hub, Department of Islamic Development Malaysia (JAKIM) <http://www.halal.gov.my/v3/index.php/ms/direktori-halal-malaysia>.

⁵ Data is based on Hotel statistic from Malaysian Association of Hotel for registered hotel as at May 2014 and Tourism Malaysia, 2015.

Based on the statistic, it is shown in the Table 1.5 that there are a total of 283 Muslim-friendly hotels throughout the 14 states of Malaysia that were Halal-certified by JAKIM. Kuala Lumpur rank at the first place with 44 hotels certified as Muslim-friendly hotel followed by Johor, Selangor, Penang and Sabah. Despite the differences in the location among the states, it is noted that almost all of the 14 states in Malaysia do offer a Muslim-friendly accommodations for traveller. The average Occupancy Rate (AOR) of hotels by states also shows a stable percent at the average of 69.4 percent. Tourism sector participate side by side with the marketing strategy to improve and attract as well as satisfy customer with the services offered. It has proven that hospitality sector is among the most important sector in the tourism industry (Siti Fatma Mohamad Mansor & Rosmawati Rasit, 2015). This synchronization of tourism management is usually co-related with hospitality management.

In addition, Pizam (2009) stated that to clarify the relationship between the hospitality industry and tourism and travel industry, “the hospitality industry is at the same time more and less than the tourism industry”. It can be concluded that, the increase of awareness and need of traveller towards Muslim-friendly accommodations rise up the need of Islamic hospitality to cater the services towards satisfying the stay of traveller while travelling. The relation between services and hospitality is unique as they complement each other in most of the content in promoting and offering the best to customers.

1.2.3 Hospitality as a Service Industry

Despite the widespread of service management, hospitality and tourism management always be part of the most attractive services offered. According Lugosi (2009), hospitality management has become one of the most attractive areas of research as it produces number of studies that aimed in shaping the industry practice and academic work. So far, according to Ibrahim Mohammed, Guillet & Law (2014) most studies have discussed numerous contributions of hospitality management to economic.

As part of the dominant sector in service industry, hospitality plays an important role optimising the services provided since the tourism industry has enjoyed its rapid development. On the other hand, being closely related to tourism, hospitality is also considered as the fastest developing industry globally. Hospitality is important in the services industry as most of the profit gain from the services industry is mainly contributed by hospitality and tourism sector. Based on Department of Statistic Malaysia (2016), it is estimated that approximately 25.7 million tourists has come to Malaysia in 2015 with RM69.1 billion receipts. With this huge number of tourists arrival and great achievement, Malaysia has been rated by Crescent Rating's global top rank for top Muslim friendly destination for five years in a row from 2011 until 2015. It shows that Muslim friendly destination or in simple words is called Islamic hospitality is growing at a fast pace. More achievement of Malaysia in the hospitality sector can be seen in the recent survey done by Dinar Standard, a leading US-based survey institute for the Muslim travel market. Dinar Standard has named Malaysia as one of the world's favourite destinations among Muslim travellers, along with Turkey and the United Arab Emirates (UAE). With the aim to be the best MFHS,

Malaysia is not alone in fighting for Islamic hospitality. According to the State of the Global Islamic Economy Report in November 2014, UAE also has been rank at first place in the Halal Tourism Indicator with Malaysia in the second place while Singapore in third. Its chief executive of Muslim Travel Warehouse in UAE, Faizal Bahardeen said that all products and services provided will be rate based on the level of Muslim-friendly services. Based on this examples, it has proven that the Islamic hospitality industry is growing at its fast pace.

Hospitality generally means to make someone happy or to satisfy customer or guest with the services provided. It also carries out the meaning of being the management of any business that supplies food, drink or accommodation for those away from home. Looking back from 1930s until now hospitality is defined as ‘kindness in welcoming strangers or guests’ (Hanks, 1989). Specifically, most researchers define hospitality as a mixture of tangible and intangible components such as food, beverages, beds, ambience and environment, and behaviour of staff (Casseo, 1983).

The history of contemporary hospitality management begins with the word hospitality derived from the Latin word *hospitare* meaning to “receive as a guest”. Hospitality is the act of kindness in welcoming and looking after the basic needs of guests or strangers, mainly in relation to food, drink and accommodation. Closely associate with the tourism industry, the changing pattern of tourism industry has make hospitality industry grow. In the last 20 years ago, tourism has become one of the main industries globally. As forecasts by WTO and researchers such as William & Shaw (1992) and Smith & Eadington (1992), tourism is predicted to have a strong growth in the 21st century. Nevertheless, the changing pattern of the tourism industry

developed when the influence of technology, demographically and lifestyle pattern take place (Goeldner, 1992). This new pattern makes way to hospitality industry to take over and accelerate the trends. Taking advantage of the changing of social phenomena, the organisation managing hospitality services have to expand its business globally. This rapid growth in hospitality services is needed in every country.

Hospitality organisation operates within the networking of the service management that are interrelated and interdependent that includes travel agents, tourism organisations, travel and transport operators, leisure and entertainment venues, restaurants, clubs and cafes as well as accommodations such as hotels, resorts and motels (Kandampully, 2007). King (1995) point out that the most effective management of hospitality regardless any type of organisation must begin in applying with the theory and a clear definition of hospitality. Hence, is it sufficient enough that the contemporary hospitality management is only focusing on certain elements that are concentrating on the empirical applications of theories and concepts that contribute largely to the growth of the economic and neglected other elements needed in the hospitality industry especially in defining the real concept of hospitality management.

1.2.4 Understanding Hospitality Services

In the organisation of hospitality, the service provided is the main objective of the business. This is because in the theory of hospitality management, what is the most important outcome that comes from the end products are the services that satisfy

customer needs. This perspective of hospitality requires a reassemble of definition, concept and methods in order to make a clearer understanding on the true theory of hospitality services regardless by every personnel and customers. In the nature of hospitality services, it consists of the combination of activities, benefits and outcomes (kandampully, 2007). The nature of hospitality services is shown in the figure 1.2.

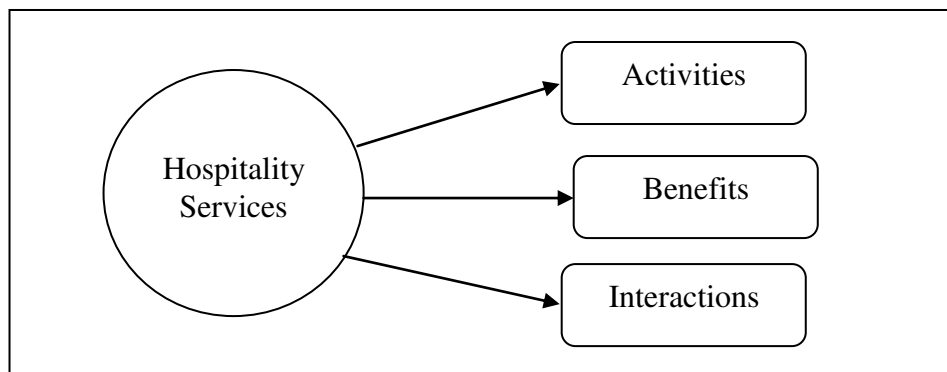


Figure 1.2 Hospitality Services

Source: Kandampully (2007)

Figure 1.2 shows that hospitality services comprise of three main segments which are activities, benefits and interactions. For instance in the hospitality services provided in the accommodation sector such as hotel, from the customers view, the services offered is consider as the experience in which customers is provided with many types of activities, benefits and interactions with the service provider. This study would like to focus on the real definition of hospitality as well as how Islam manages hospitality and conceptualise the Islamic hospitality management rooted to the main sources of Islam that are the al-Qur'an and Hadith.