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I Made Krisnajaya / Dedi Dinarto

Institutional conformance of Halal certification organisation in Halal tourism industry: The cases of Indonesia and Thailand

Abstract

This article discusses the institutional conformance of Halal Certification Organisation (HCO) to the development of Halal Tourism Industry (HTI). It seeks to understand how the HCO, which provides Halal certification for wideranging products in the tourism industry, performs the institutional adjustment towards changes in its surrounding environment. In so doing, this article utilises institutional theory and instrumental qualitative case study approach to examine two notable HCOs in Indonesia and Thailand, namely Majelis Ulama Indonesia (MUI) and the Central Islamic Committee of Thailand (CICOT) based on Global Muslim Travel Index (GMTI). Despite the unchanging organisational forms and structures, the two HCOs have been developing innovative functions and measures to adapt the institutional pressure of HTI. Adapting to the rapid development of HTI, the two HCOs provided Halal certificate for Muslim consumers' protection, increased export of goods to a number of Muslim countries, and provided Halal tourism services to augment the competitiveness of respective Halal tourism destination.

Key words: Halal tourism; Halal certification organization; institutional conformance; institutional isomorphism; Indonesia; Thailand

Introduction

In recent years, Halal Tourism Industry (HTI) emerged as a new sub-sector within global tourism industry. A number Muslim and non-Muslim countries have been implementing HTI as a new tourism product to increase the number of inbound tourists. Based on the Global Muslim Tourism Index (GMTI) 2017, 130 countries have commited to becoming the specific destination for Muslim travel market (MasterCard & Crescent Rating, 2017). Under the nuance of global competition, countries are attempting to seize this emerging opportunity by providing the best destination for Muslim tourists.

The development of HTI inextricably follows the increased number of Muslim travelers. Until 2014, the total of global Muslim population represented 23% of global population, or equal to 1.8 billion consumers with an average growth of 3% per year. Notwithstanding the increased number of Muslim travelers, they potentially bring sizeable money for the tourism sector. Global Muslim Lifestyle Travel Market Report (2012) found that the Muslim tourists spending have dominated tourism expenditure amounted to US$ 126.1 billion exceeding countries with highest global tourism expenditure, such as China, Germany, India, the UK, and the US. The expenditure represents 12.3% of global tourism

Suharko Suharko, Department of Sociology, Universitas Gadjah Mada, Indonesia; E-mail: suharko@ugm.ac.id

Siti Daulah Khoiriati, Department of International Relations, Universitas Gadjah Mada, Indonesia; E-mail: daulahk@ugm.ac.id

I Made Krisnajaya, Department of Public Policy and Management, Universitas Gadjah Mada, Indonesia;
E-mail: i-made-krisnajaya@ugm.ac.id

Dedi Dinarto, ASEAN Studies Centre, Faculty of Social and Political Sciences, Universitas Gadjah Mada, Indonesia;
E-mail: dedi.dinarto@mail.ugm.ac.id

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expenditure with an average growth approximately 4.8% per year (Dinar Standard, 2012). The number increased gradually from US$ 137 billion in 2012 to US $ 140 billion in 2013, and projected to reach US$ 181 billion in 2018 (DCCI, 2014). Consequently, the growing number of Muslim travellers demand for particular tourism services related to Islamic values.

This phenomenon is also inclusive of Indonesia, Malaysia, Thailand, and Singapore, which have been developing their HTI to attract Muslim tourists particularly from Middle East. In establishing HTI, they follow the standard measurement set by GMTI, such as family-friendly holiday and safe travel destination; Muslim-friendly services and facilities at the destination; and Halal awareness and destination marketing. Consequently, the four countries were reported in GMTI 2015, 2016, and 2017 as the OIC and non-OIC countries with best practice. Even Japan has identified itself as the non-Muslim country to provide abundant services for Muslim tourists, such as Halal restaurants, mosques/prayer room, and Shariah-complaint hotel (Samori et al., 2016). Given the circumstance of particular needs required for Muslim tourists, a number of goods and services, such as Halal food, Halal hotels, Halal resorts, and Halal restaurants are therefore required.

However, the provision of Halal goods and services must be complemented with the Halal certification issued by the Halal Certification Organisation (HCO). HCO stands as the particular agency to guarantee Shariah compliance and confidence among Muslim travelers (Mochsin, Ramli & Alkhulayfi, 2016). The agency possesses specific authority to grant Halal certification for Muslim consumers' product and services. By having the Halal certification, HCO provides quality assurance for both goods producer and services providers (Sharif & Lah, 2014; Annabi, 2017). The Halal's label thus indicates the specific distinction between HTI and conventional tourism industry.

Notwithstanding the importance of HCO in HTI, the inextricable line between HCO and HTI lacks intensive research and study. However, there are at least three categories generated from the existing research about HCO. The first category deals with the study of particular HCO in a single country. Lindsey (2012) demonstrates the role of Majelis Ulama Indonesia (MUI) as the only institution providing fatwa and Halal certification for all Halal products. On the other hand, Buang and Mahmod (2012) illustrate the presence of multiple HCOs in Malaysia, which subsequently generates confusion among Muslim consumers. Khan and Haleem (2016) expounds that HCO in India has a limited scope of Halal certification service covering only the export-led slaughterhouse.

The second category deals with comparative study on HCOs in a particular country. Annabi (2017) examines that the HCOs in UK comes with different interpretation of operational definition, understanding, and certification procedure in term of Halal cosmetics certification process whereby results in a non-holistic supply chain approach for quality assurance. Nordin, Noor and Samicho (2012) assesses the HCOs' characteristics of governance by comparing public, semi-public, and private HCOs in Malaysia regarding the Halal food certification process. They outline the significant role of HCOs in the Halal supply chain, which operational efficiency influences the competitiveness of HTI.

The last category encounters with the comparative study of HCOs' governance in a number of countries. Othman et.al (2016) compares a number of imperatives in the implementation of Halal certification in seven ASEAN countries. Notwithstanding the similarities of school of thought and immense support from the government, each HCO practically possesses differences in term of roles, laws, standards, and logos. Furthermore, Latif, Mohamed, Sharifuddin, Abdullah and Ismail (2014) compares nine HCOs in five regions (Asian, North America, Australia and New Zealand, Europe, and South Africa). The comparison found that Jabatan Kemajuan Islam Malaysia (JAKIM) comes with the strictest procedure

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in term of Halal food certificate issuance. The reason hinges on its status and position as one part of governmental agencies, which consequently distinguishes it from other private-based HCOs.

However, the aforementioned studies see HCOs in a static approach. In this case, the existing studies draw little attention to the dynamic change of HCOs' governance following the changes in its surrounding environment. Henderson (2016) exemplifies that the improved quality and increased availability of Halal food for Muslim tourists highly depend on trusted certification scheme, which have been continually practiced by HCOs in both Malaysia and Singapore. Henderson's finding indicates that HCOs is central to the success implementation of HTI, in which the flexibility of HCOs to perform institutional adjustment to catch up the dynamic of surrounding environment thus becomes crucial. Therefore, this article seeks to study how the institutional conformance of HCOs is performed to respond the increasing HTI.

Theoretical framework

Halal tourism

According to UNWTO, 'tourism' implies the activities of persons travelling to and staying in places outside their usual environment for not more than one consecutive year for leisure, business and other purposes (Goeldner & Ritchie, 2006). Combining the term "Halal", Halal tourism is defined as "any tourism object or action which is permissible according to Islamic teachings to use or engage by Muslims in tourism industry" (Battour & Ismail, 2016).

Halal tourism put the Islamic values as significant in term of material provision during travelling. Halal food, Halal entertainment, gender segregation, alcohol-free, and the presence of Islamic financial institutions must be provided in particular Halal tourism destination (Kamali, 2011). Another important thing is the availability of prayer room, Halal-certified food, non-alcoholic beverages, and segregated pool or spa for men and women (Islam & Chandrasekaran, 2013).

In another context, Halal tourism is considered as a revolutionary form of tourism where the Muslim tourists began to realise the importance of religious need when travelling (Elaziz & Kurt, 2017), consequently responded as opportunity for tourism service providers (Salleh, Hamid, Hashim & Omain, 2014). Some businesses seize this opportunity to provide goods and tourism services to Muslim consumers, such as Halal hotel (the hotel adhered to Islamic principles), Halal resorts, Halal restaurants, and Halal travel package (Battour & Ismail 2016; Battour, Ismail & Battor, 2010).

Institutional approach

This article utilises the institutional approach (Goeldner & Ritchie, 2009; Falaster, Zanin & Guerrazzi, 2017; Stumpf & Reynold, 2016) to understand the operational performance of HCOs in HTI. The term 'institution' and 'organisation' are different yet both tend to be intertwined in the daily practice use. Institution is understood as a set of rules shared and constructed socially from interaction and negotiation leading to further interaction and negotiation (Barley & Tolbert, 1997). On the other hand, organisation adopts some aspects of form and structure based on the institutionalised norms, expectations, and pressures. In this sense, an organisation is inextricably detached from, yet highly depends on institution. Acts or behaviours within organisation can be easily understood through the understanding of institutional force embedded within it (DiMaggio & Powell, 1991).

Scott (2014) distinguishes three pillars to compartmentalise the essence of institution: regulative system, normative system, and cultural-cognitive system. Regulative system consists of set of rules

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and laws imposing rewards and sanctions, in which states and government agencies become the main actors. Normative system creates a set of standards to be obeyed and served as source of legitimisation by organisation and actors within it. Cultural-cognitive system is related to the shared understanding of meanings. Some sort of actions, which is related to the shared understanding of meanings, thus stands as source of legitimisation.

Through this framework, HTI can be understood as an institution, in which a set of norms and rules are to be conformed by various organisations within it. Generally, wide-ranging organisations considered in the study of tourism include the government, public authorities, travel agencies, hotels, restaurants, and other interest groups, such as mass media and local communities (Goeldner & Ritchie, 2009). Furthermore, this study specifically considers HCOs as central, inherent, and significant to the study of Halal tourism due to its specific role of providing Halal certification.

Yet, the significance of this study emphasises more on the capability of particular organisation to adapt and transform its organisational structure to the changing environment. According to DiMaggio and Powell (1983), an organisation will perform 'institutional isomorphism' when dealing with external pressure. In order to survive from the pressure, institution will perform adjustment. According to DiMaggio and Powell (1983) and Scott (1995), there are three mechanisms of institutional adjustment performed by organisations, as follows:

1. Coercive isomorphism. This adjustment emerges due to political pressure and legitimacy issue. Formal and informal pressures force particular organisation to transform itself due to its inextricable ties with culture and other organisations, which it depends on. The pressures could be in a form of persuasion or invitation to change, such as government's regulations, contractual law, financial report requirement, and other form of pressures.

2. Mimetic isomorphism. This mechanism occurs as a standard response towards uncertainty. Under particular circumstance where lack of knowledge to perform, ambiguous objective, and symbolic uncertainty persist, an organisation will imitate another best practice or more legitimate organisation within the same field.

3. Normative isomorphism. This process is highly related to professionalisation. By this professionalisation means a collective effort of members from a specific profession to define working method, control production, and construct cognitive basis to legitimise the autonomy of their works. Two aspects of professionalisation influencing the extent of adjustment of an organisation are formal education or specific legitimisation on specialised role from university, and the expansion of professional networking across organisations.

One important aspect of isomorphism taken by certain organisation is an increased legitimisation includes the degree of social acceptance and support as well as prestige and compliance towards organisational actions. The isomorphism mechanism effectively advances the legitimacy of organisation or entity whereby the viability of organisation prevails (Deephouse, 1996; DiMaggio & Powell, 1983). Consequently, the isomorphed-organisation will produce a more socially acceptable output or product.

Since the study on tourism infrequently utilises institutional isomorphism as a basis of analysis (Fallaster et al., 2017; Stumpf & Reynold, 2016), this article will bridge the gap by considering 'institutional isomorphism' as a framework to explain the institutional conformance of HCOs upon changes in HTI. This article considers HCOs as adaptable and fluid towards its surrounding environment.

Methodology

This article utilises instrumental qualitative case study approach (Stake, 1995) to understand the organisational changes of HCOs following the development of HTI. Two HCOs, namely MUI and Central Islamic Council of Thailand (CICOT) are chosen as the two case studies under several reasons.

Indonesia and Thailand have been rapidly promoting Halal tourism and concurrently achieving the relatively high standardisation set by GMTI. Indonesia was positioned at the sixth rank with the total score of 67.5 in 2015, upgraded to fourth rank with the total score of 70.6 in 2016, and currently stayed on the third rank with the total score of 72.6 in 2017. On the other hand, Thailand is positioned at twentieth rank both in 2015 and 2016 with the total score of 59.4 and 59.5, and slightly upgraded to eighteenth rank with the total score of 61.5 in 2017 (Master Card & Crescent Rating, 2015, 2016, 2017). Another reason hinges on the notion that Indonesia as a country with Muslim majority and Thailand as a non-Muslim country is important to be highlighted for comparative study. Despite the distinctive religio-social circumstances, the two countries remain responsive to cater the need of Muslim tourists.

This study harnesses both primary and secondary data from various sources. A set of interview has been conducted to some key informants in MUI and CICOT who have been involving in the Halal certification process. We also interview a number of government officials, private enterprises like hotel and restaurant owners as well as Halal tourism-related organisations that have been working together with both MUI and CICOT. Besides, we gathered secondary data about the two HCOs from their official publications and news in their official websites. The data gathering was organised from March to July 2017. The level of analysis consists of three levels, namely structure, form, and organisational action.

Results

Indonesia: Majelis Ulama Indonesia (MUI)

MUI was initially established on July 26, 1975 as a non-state organisation, in which the establishment process was inextricably related to the political interests of New Order to control the political Islam (Lindsey, 2012; Millie, 2015). The New Order regime under President Soeharto utilised MUI as a political tool to gain support from Muslim communities for his forceful economic development policies. After the fall of New Order and the democratization process of domestic political system during reformasi, MUI positioned itself as khadim alhukumah (state's servant) (Ichwan, 2013). MUI thus strengthened its position as the Islamic community-based organisation through tausyiah (congregation) and the issuance of fatwa. The fatwas are in general related to public issues and consisting the principles of how Muslims must practice their Islamic value into daily activities. The fatwas gained legitimacy from Muslim communities since MUI itself as an organisation was legitimised and supported by the state and kyai (religious leaders) who represent profound Islamic organisations in Indonesia. These fatwas can also be applied as the mandatory positive law if the government set legitimisation to include the fatwas into legislation.

In the implementation of its organisational functions, MUI gains profit from the issuance of Halal certification and financial support from the government. Despite its status as a non-state organisation, MUI prevailed in obtaining financial support from government since the New Order. The financial provision is regulated in the Presidential Regulation No. 151/2014 on Financial Provision for Majelis Ulama Indonesia Program.

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Organisational structure

Twenty-nine members serve as the Board of Directors (pimpinan harian) from various Islamic organisations that are given the authority for managing MUI, in which assisted by 68 members of Advisory Board. Despite the fact that all members originate from various Islamic organisations, the members are not allowed to perform daily programs for the fulfilment of their respective organisational interest (Lindsey, 2012). The Board of Directors is obligated to coordinate more than 150 regional branches across Indonesia at the provincial, district, sub-districts, and town levels. The communication between central and branches board is based on consultative manner for the purpose of coordination, communication, and information sharing. Consequently, MUI forms a national network led by numbers of autonomous Islamic scholars' associations (Lindsey, 2012).
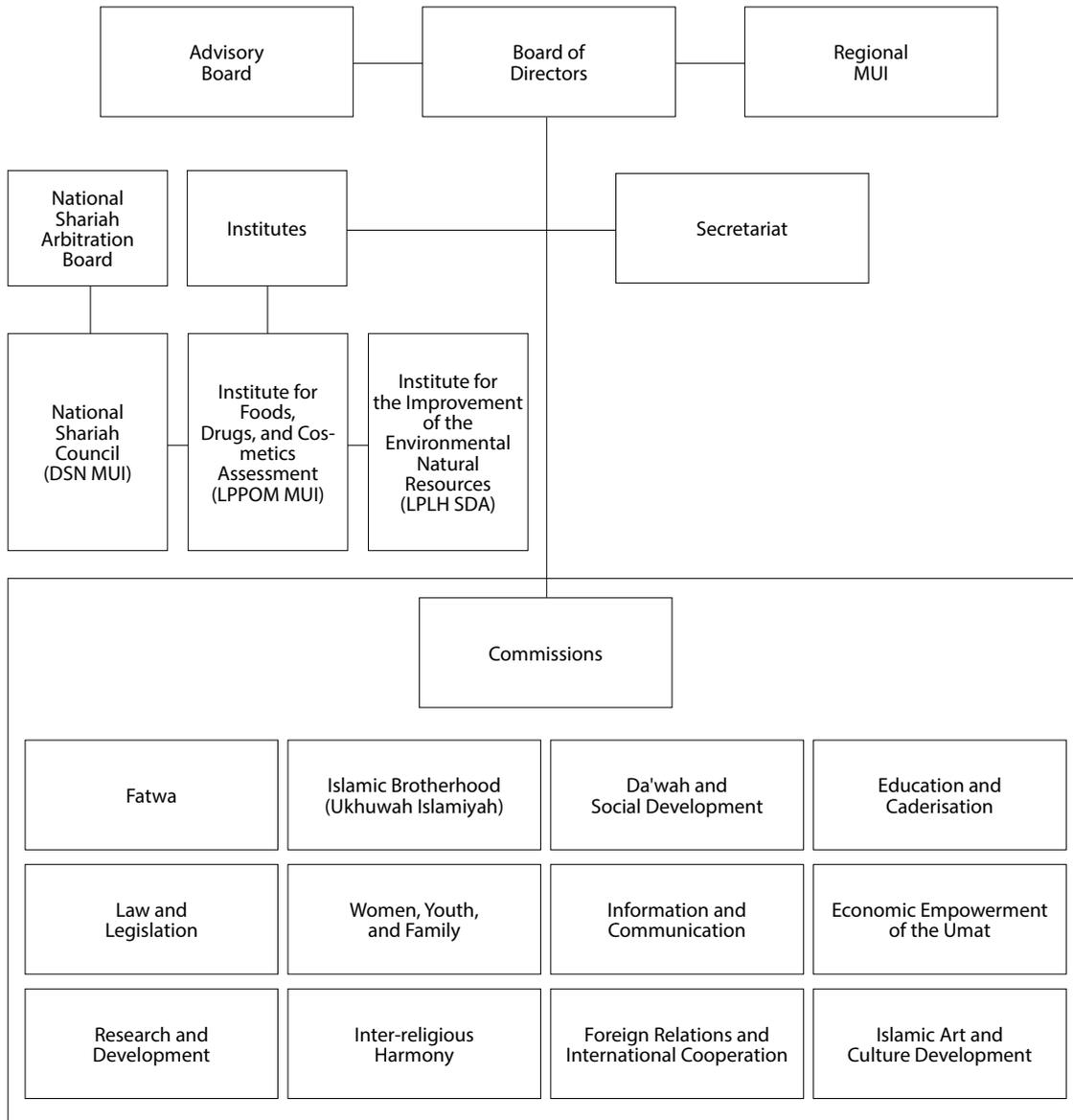
In addition, the board of directors also supervises twelve commissions, in which one of those is the Fatwa Commission. The Fatwa Commission has a strategic function, which consists of various Islamic scholars with each respective ideological thought. In addition to the commissions and other organisational units, MUI established two units of organisations or institutions performing certification function and providing Halal fatwas for products and services related to Halal tourism. The two institutions are the Institute for Foods, Drugs and Cosmetics Assessment (LPPOM MUI), and the National Shariah Council (DSN MUI) (see Figure 1).

LPPOM MUI was established in 1989, with the initial demand from government towards MUI to involve and mediate the public concern regarding the issue of lard usage in food products. Interestingly, LPPOM MUI had successfully dampened public worriness by providing the guarantee of Halal measurement for food product (Aminuddin, 2016). This achievement, thus, leads to the upgrading capabilities of LPPOM MUI as the official agency for Halal product identification, which functions include food products, medicines, slaughterhouses, restaurant, catering, and kitchen. It thus became the only organisation appointed as an inspection agency for Halal food (Lindsey, 2012).

Strengthening the authority of LPPOM MUI to conduct the Halal product identification, it created a Memorandum of Understanding (MoU) with the Ministry of Religious Affairs and Ministry of Health (LPPOM MUI, 2017). The authority of LPPOM MUI was strongly emphasised in the Government Regulation No. 69/1999 on Food Label and Advertisement. This regulation enforces a requirement that food products can only be labelled Halal by the government-trusted agency, that is, LPPOM MUI. The Decree of the Minister of Religious Affairs No. 519/2001 also strengthens the central role of LPPOM MUI to provide the issuance of Halal certification, identification, audit, and fatwa (LP-POM MUI, 2017).

Furthermore, MUI established DSN MUI based on the Decree of the MUI's Board of Directors No.200/MUI/VI/2013 on Organisational and Membership Development of National Shariah Council. The establishment of DSN MUI was a critical response to the increasing trend of Shariah financial institution. This council controls the Shariah Supervisor Council in every business organisations that apply the Shariah principles, such as Shariah banks and insurance companies. According to the Bank Indonesia Regulation (PBI) No.6/24/PBI/2004, DSN MUI has the authority to decide the fatwa for banking products and services. DSN MUI possesses three working groups, namely banking and loan, business and insurance, and capital market.

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Figure 1
The organisational structure of MUI at the national level

Source: Lindsey (2012).

MUI's Halal certification

Halal certification procedures for food products are quite simple. Food producers are required to fill the registration form and to attach other supporting documents. After the form and document assessment is finalised, the LPPOM MUI auditor checks and tests directly to the production site. LPPOM MUI subsequently submitted the results of the audit process to the Fatwa Commission, which consisted of a number of Islamic scholars from religious organisations in Indonesia who determine whether a product is Halal. Furthermore, the Fatwa Commission will report the results to the Chairman of MUI either to approve or reject the certification. Approval of the Chairman of MUI implies the issuance of Halal certification for the proposed product.

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For imported products, MUI has the authority to approve the result of Halal identification from foreign HCOs for meat products. According to the Ministerial Regulation of Agriculture No.20/Permentan/OT.140/4/2009 on Importation and Control of Carcass, Meat, and/or Innards from Overseas, each food products must be identified Halal by the HCO in origin country before transshipment. In this case, MUI has established agreements with 41 HCOs from exporting countries (Hanzaee, 2011).

Conformance of MUI in HTI

MUI began to engage in HTI since 2012 through a Memorandum of Understanding (MoU) between MUI and the Ministry of Tourism and Creative Economy No.NK.11/KS.001/W.PEK/2012, and No.B-459/DSN-MUI/XII/2012 on the Development of Shariah Tourism Socialisation. MUI's involvement in HTI is evident from the three MUI's services: Halal food product certification, Halal restaurant certification, and Hotel and Shariah SPA certification. LPPOM-MUI has become the main agency in supporting the availability of Halal food products and meeting the needs of Muslim tourists in tourism destinations. Therefore, Halal certification stands as the obligation to be fulfilled by MUI to provide assurance of protection and compliance of Muslims travellers to the availability of Halal goods (Afroniyati, 2014).

Supporting the availability of Shariah hotel, DSN MUI provides the Shariah certification procedure. DSN MUI is obligated to perform this function based on the Ministerial Law of Tourism and Creative Economy No.2/2014 on Implementation Guidance of Shariah Hotel. This regulation integrates Shariah values to tourism by means of providing praying facilities in the hotel for Muslim tourists. It also compartmentalises the degree of Shariah-complaint into two specifications, namely Hilal-1 and Hilal-2. Hilal-1 is provided to the hotels that have been fully compelled to the requirements, while Hilal-2 is given to the hotel with moderate level of Shariah-complaint.

However, this regulation was aborted after its second-year implementation through the Ministerial Law No. 11/2016 on the Abrogation of Ministerial Law of Tourism and Creative Economy No. 2/2014 on Implementation Guidance of Shariah Hotel. The abrogation was backgrounded by the concern among hotel owners, in which the government forced all hotels to follow the Shariah standards. In fact, the system was apparently created based on the voluntary principle. In complement, DSN MUI issued a fatwa No.108/DSN-MUI/X/2016 on Guidelines for Implementing Tourism Based on Sharia Principles, which serves as the basis for issuing Shariah certification for hotels, restaurants, sauna, SPA, and massage centre. The list of requirements and important documents can be accessed on DSN MUI official website. Furthermore, DSN MUI conducts audits as a basis for issuing Shariah certificates.

MUI also provides Halal certification for non-hotel restaurant with the similar procedure as in food products certification. In fact, the demand from restaurant owners to apply for this certification remains low. According to Indonesia Halal Watch (IHW), there are only 48 restaurants out of 3,081 restaurants in Indonesia, that is, halal certified (Suryana and Ramadhan, 2017). According to the Ministry of Tourism Arief Yahya (Interview, 2017), many Muslims in Indonesia assume that all food products are Halal, thus Halal certification is unimportant.

Despite the increasing development of HTI, the national data on the total of Halal food products, Halal restaurants, Halal hotel, Shariah SPA are inaccessible. Notwithstanding the lack of data, the role of MUI in the development of HTI is evident in West Nusa Tenggara Province (NTB), that is, one of the Halal tourism destinations in Indonesia. This province has regulated the Halal tourism program through the issuance of Local Regulation of NTB No. 2/2016. This regulation authorises the role of DSN MUI to evaluate and provide certification for hotel, food and beverages providers, SPA, sauna,

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massage centre, travel agent, and tourguide. In term of restaurant, the Provincial Government of NTB supports the acceleration for certification by providing partial fund for Halal restaurant certificate fees. In 2016, LPPOM MUI in NTB Province was able to issue 676 Halal certificates, which consist of 28 certificates for restaurant inside the hotel, 107 for non-hotel restaurant, 262 for bistros and food catering, and 279 for Small Medium Enterprises in processed products (Visit Indonesia, 2017).

Thailand: Central Islamic Committee of Thailand (CICOT)

On the other part of Southeast Asia, CICOT was established in 1997 and recognised by the Islamic Organisation Administration Act B.E. 2540. This organisation shades all Islamic-related issues in Thailand, particularly the provision of Halal certificate. Previously, the Thai Government acknowledged Islamic Council to provide Halal certificate for poultry's slaughterhouse, mainly for the southern area where the majority of Muslims are.
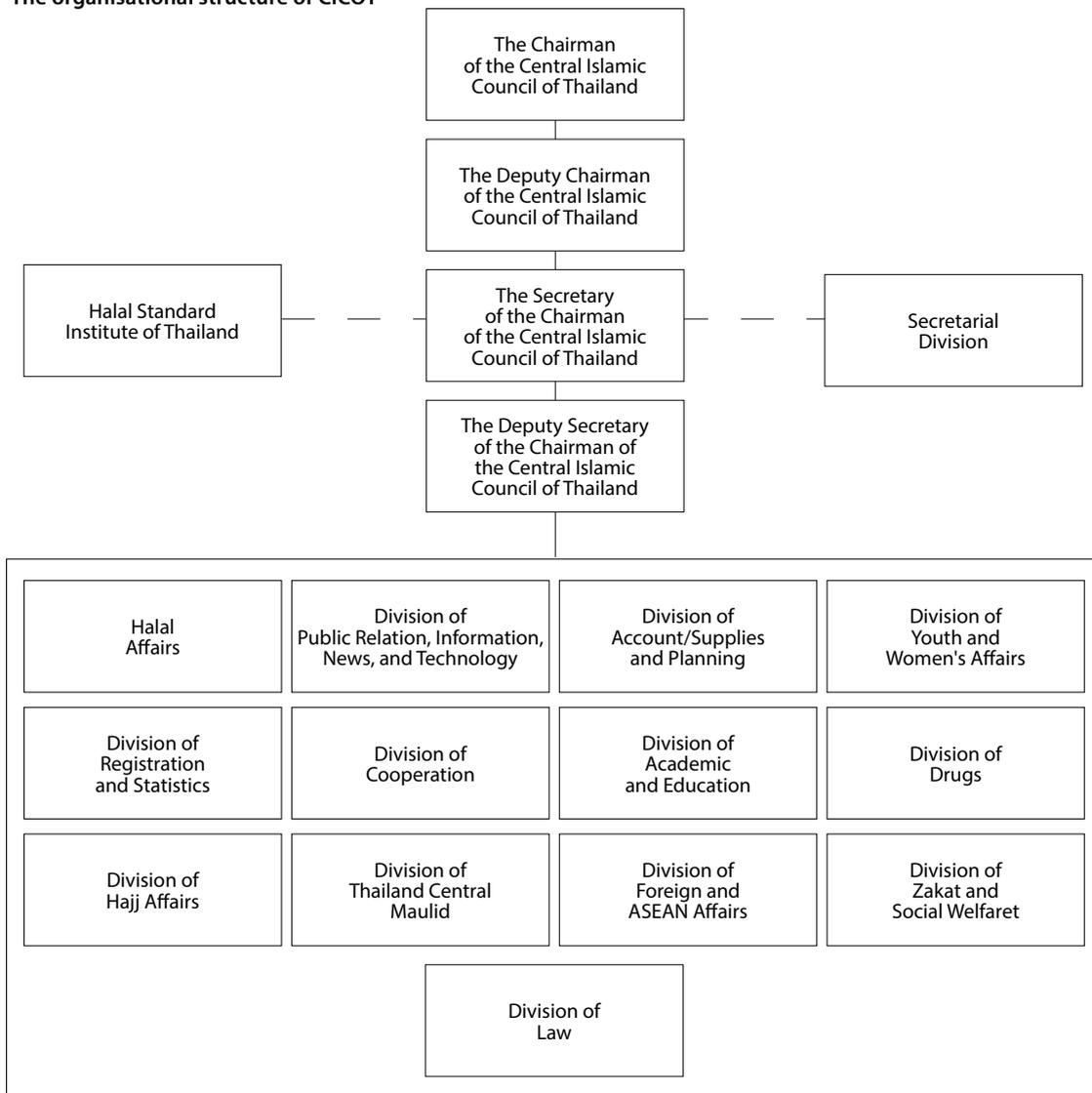
Organisational structure

Similar to the organisational structure of MUI, CICOT comes up with a simple organisational structure (see Figure 2). A chairperson with the background as Islamic religious leader heads this organisation with the assistance from vice-chairman and secretariat. Halal Standard Institute of Thailand was established as the sub-unit within the organisation holding the responsibility to report directly to the secretary and manage the process of standardisation and certification of Halal products. The strategic position of this unit, that is, under the supervisory of secretary, implies that the main function of CICOT is for providing Halal certification. In addition, the deputy secretary has responsibility to manage a number of divisions that manages the public service for Muslim communities, including education, zakat, Hajj, etc.

CICOT's Halal certification

CICOT has issued three regulations on Halal products. First, the General Guidelines on Halal Products THS 24000:2552 serves as the main guideline to some important means for implementing and managing the industry of Halal products. This was issued in 2011 to adjust the national standard into international standardisation. Created under the cooperation with the Board of Halal Thai Promotion and Business Development, this regulation functions as the National Halal Standard to increase the trust of both domestic and foreign Muslim consumers as well as promoting the local food product to the global level. Second, the Halal Products Standard Certification Process consists of procedures and application stages of Halal certificate for enterprises. Third, Regulation of the Central Islamic Committee of Thailand Regarding Halal Affair Operation of B.E. 2552 functions as the measurement indicators and quality control for Halal product.

CICOT has the Department of Halal Affairs to implement the administrative function for Halal certification. This department provides Halal certification for five categories, namely consumable or commodities, butcher and slaughterhouse or processing plant, food and beverage products including kitchen, meat and meat-based products imported, and products for export to other countries.

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Figure 2
The organisational structure of CICOT

Source: CICOT (2017).

Three stages are to be considered in term of Halal certification process, which involves a number of agencies. The first stage is the admission of application documents by the central office of CICOT by hand or by post. The evaluation of documents is conducted to ensure the ingredients used in the food processing stage are Halal and in accordance to the Shariah laws. If it passes the selection, the applicants will participate in a training program organised by CICOT. The second stage is audition process, in which the auditors must subsequently send the result to the Halal Science Centre, Chulalongkorn University for labotarium analysis and field audit. The last stage is the compliance inspection. The inspection was conducted without any notification from Halal Certificate Halal Affairs Committee, which consists of Shariah experts and food technology experts. All of the results and recommendations will be conveyed and presented to the Halal Affairs Committee meetings. If the applicant passes all three stages, the Halal certificate is ready to be issued (Othman, 2016).

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In the provinces where the Islamic Committee are available, the application for Halal certification is managed by the Province Islamic Religious Councils, from the very stage of document review up to approval stage. CICOT will issue the Halal certification based on the result and recommendation from the Councils. In fact, the Islamic Committee is not available in all provinces in Thailand whereby stands as handicap for applicants from those provinces where the Islamic Committee is not in operation.

Conformance of CICOT in HTI

In 2007, CICOT was in cooperation with the Ministry of Tourism to compile the Halal Food Services Standard for Tourism, and subsequently did the revision towards the standard in 2012. This standard was made to support the provision of Halal food for Muslim tourists who visit Thailand. The issuance of the standard serves as the main stage to develop HTI in Thailand. Based on this standard, CICOT becomes the main agency in HTI, in which to encourage enterprises participating in Halal certification. All liabilities for Halal certification application are sponsored by the Ministry of Tourism. The standard also covers restaurants where CICOT urges the owners to apply for the Halal certification.

This initiative was supported by the Government of Thailand who declared Thailand as the Halal tourism destination on June 5, 2015 at Thailand Travel Mart Plus, the country's most important annual business-to-business trade show. Besides promoting some destinations to the tour operators and mass media, existing Halal restaurants and Islamic attractions in the Southern Thailand were also being promoted. Afterwards, the Tourism Authority of Thailand actively directed their awareness to cater Muslim travelers from Middle East (Puangniyom, Swangcheng & Tosaporn Mahamud, 2017).

The role of CICOT has also encouraged the increasing number of exports. Up to 2015, the total of 3,600 companies in Thailand have held the Halal certificates, which is generally covering around 120,000 products with the increased export volume as much as 10% annually. This positive development aims to maintain the Thailand's credentials as the global top five Halal product exporters (Wiriyapong, 2015).

Since the government promoted Thailand as the Halal tourism destination in 2015, there has been an increased number in Halal certification applications. According to the report from National Food Institute (NFI), a year after the announcement, there were 3,500 restaurants applying for Halal certification. According to the members of CICOT, Murad, there were 29 restaurants holding Halal certificates, which subsequently increased to around 250 restaurants in 2017. This circumstance implies that the demand for Halal food and Halal restaurants is gradually increasing followed by the increased number of Muslim tourists.

Due to this increasing demand, some hotels provide muslim-friendly services. Priyakorn from the Halal Standard Institute of Thailand expressed that 15 hotels, generally four-star hotels, have provided the muslim-friendly services, and claimed themselves as Halal or Shariah hotels (Interview, 2017). However, the Halal certification was provided by the HCO from abroad instead of CICOT. For instance, the Al-Meroz Hotel in Bangkok obtained the Halal certification from HCO in Dubai. This signifies that CICOT has yet provided Halal certification for the hotel. According to Murad, the high demand of Halal hotels will push CICOT to conduct institutional conformance by providing Halal certification for hotel in the near future (Interview, 2017). In addition, according to Sukanya Janchoo from the Thai Hotels Association, some conventional hotels are able to the extended services for Muslim tourists, such as providing extra utensils and special chef to serve Halal foods. In order to fulfill the demand, hotel procures food ingredients with Halal certificate and provides prayer room with Qibla (prayer direction to the Holy Kaaba).

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Discussion

The establishment of HCOs in Indonesia and Thailand hinges on the distinctive historical background. At the initial stage, MUI was designated to control the politics of Islam in Indonesia. MUI thus conformed to the surrounding environment by providing service for the development of food industry and Muslim consumers' protection after the fall of President Soeharto. On the other hand, CICOT was established to meet the demand in trade sectors, particularly for setting standard upon exported goods. Following the rapid development of Halal tourism, these two HCOs performed institutional conformance by extending their services to manage the Halal certification.

MUI was once providing Halal certification for food products to provide assurance of protection to Muslims—the majority population in Indonesia. This certification function was not initially deemed necessary in the context of Muslim-majority society, but along with the awareness and adherence of Muslims to run religious norms, the need for Halal or Sharia-based products and services was increasing. In response to this trend, MUI developed Halal certification services for financial products, such as Shariah banking and insurance in Indonesia. However, in line with HTI development, the government and tourism businesses, especially restaurants, encouraged MUI, which has branches in almost all provinces, to be more involved in this industry by facilitating access and mechanism of Halal/Shariah certification for hotels and restaurants.

However, the crucial issue for MUI in HTI is related to the initiative of government to enact the Act No. 33/2014 on Halal Products Assurance, which has been in effect since 2017. According to the act, the provision of Halal certificate will be governed by the Organising Agency for Halal Products Assurance (Badan Penyelenggara Jaminan Produk Halal or BPJPH). BPJPH holds a direct responsibility to the Minister of Religious Affairs. Furthermore, this agency formulates and sets the policies, norms, standards, procedures, and criterias for Halal Products Assurance. It is also established to ensure the process of Halal certification, which includes the registration, socialisation, education, publication, accreditation of Halal Inspection Agency, and cooperation with all domestic and foreign institutions working on Halal products assurance.

The enforcement of this act significantly changes the Halal certification scheme procedure, which has been long taken by MUI. According to the Chief of Indonesia Halal Center Lutfiatul Halam, the authority of LPPOM MUI will be diminished and will be shared with others Halal inspection agencies (Interview, 2017). Despite this fact, MUI remains crucial in term of providing Halal Auditors certificate and issuing fatwa for the Halalness' products, yet the authority for publishing and issuing Halal certificate will be handed to BPJPH. The implementation of this act will lead MUI to perform the institutional conformance.

On the other hand, CICOT was initially providing only certification services for Halal food products, especially for international trade purposes. However, in line with the government's policy direction to make Thailand a Halal tourism destination, CICOT extended the range of certified products to support HTI development. The issuance of Halal Food Services Standard for Tourism in 2007 and its revision in 2012 has increased the coverage of Halal certification services, from those originally aimed at food products primarily for export purposes, subsequently accelerated to restaurants that provide Halal food and beverages to increase the amenities for Muslims tourists.

Despite these, the organisational structures of MUI and CICOT have not changed significantly. Both HCOs remain non-state organisations, however required to serve the achievement of the economic policy objectives of each country. The close proximity between HCO and the states as well as the

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business sectors results in positive development for MUI and CICOT. In accordance with the development of HTI in Indonesia, LPPOM MUI broadened its function to certify Halal restaurant, while DSN MUI served the management of Halal certification for hotels and restaurants as well as Shariah SPA. Based on the Law on Halal Products Guarantees that alters the process and mechanism of Halal certification, MUI retains the authority to establish halal products, however have yet appeared to make organisational adjustments. Following the development of HTI in Thailand, the Halal Standard Institute of Thailand extended the coverage of Halal restaurants certification services. Although there appears to be increasing demand, the institute has not issued Halal certification for hotels.

Conclusions and implications

To conclude, this paper argues that HCO stands as the one of the main agencies in every country that develops Halal tourism industry through a set of institutional conformance. Indonesia and Thailand as Halal tourism destination continue to push and demand HCO to be actively involved in the new emerging industry. The output resulting from its central-specific role as a provider of Halal certification makes this organisation irreplaceable in the chain of Halal tourism industry.

Initially, both HCOs were designed to provide Halal certification for food, to provide assurance of protection to Muslim consumers (in Indonesia), and to support trade development (in Thailand). However, along with the pressure of Halal tourism industry development, the two HCOs make organisational adjustments. This adjustment did not change the structure and form of the organisation. Rather the two HCOs added new functions demanded by government policy to transform their country as more competitive Halal tourism destination.

Considering the dynamic of organisational changes in both MUI and CICOT, it is reasonable to argue that coercive isomorphism occurs in both HCOs. Both HCOs experienced the demands and pressures of its surrounding institutional environment, namely the development of Halal tourism promoted by the states and run by wide-ranging actors within the Halal tourism industry. The two HCOs, to some extent, are able to perform institutional conformance to such pressures, and adjust themselves to be more for providing assurance of protection to the Muslim tourists. The availability of halal certification for products in HTI, as evidenced by the annual GMTI index, to some extent, enhances the attractiveness and legitimacy of both countries' Halal tourism destinations.

The findings and conclusions from this study indicate that the use of institutional theory in tourism studies is viable to understand the dynamic of Halal tourism sectors. As one of the main agencies, HCO appears to be performing institutional conformance against rapid HTI growth in the last few years as indicated by GMTI. However, further studies are required to explore the agent-structure relationship between HCO and HTI, particularly focusing in the role of HCO as the agent of change.

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