THE ROLE OF HUMAN DEVELOPMENT INDEX TO HALAL TOURISM PERFORMANCE AND SUSTAINABILITY STRATEGIES: CASE STUDY ORGANIZATION ISLAMIC COOPERATION (OIC)

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Abstract

Tourism is a complex field that impacts the economy and the environment. With good planning and policies, these impacts can be mitigated and become a strategy for tourism sustainability through the development of human resources (HR). Prior research seems to have not contributed to halal tourism, so this study aims to analyze the relationship between the human development index and the performance of the Organization Islamic Cooperation halal tourism and its relationship to economic and environmental sustainability. This research was conducted using quantitative research methods for the dataset of 47 countries that are members of the OIC. Studies were analyzed by PLS-SEM using PLS 3.0. The findings reveal that the human development index is significant to the halal tourism performance of countries that are members of the OIC and is related to economic and environmental sustainability. The performance of halal tourism is determined by developing superior human resources so that human resources provide a competitive advantage for Islamic countries and improve the quality of their country’s halal tourism. Through this study, the government can build a halal tourism framework by highlighting the human development index to contribute more to halal tourism and create green halal tourism through social, economic, and environmental sustainability. It is hoped that the OIC countries can improve the quality of human resources so that problems in the economic and environmental fields can become a strategy for the sustainability of halal tourism in the future.

Keywords: Human, Development, Halal, Tourism, Sustainability

A. INTRODUCTION

In this century, tourism has become an important and fastest growing sector in many countries, so the study of tourism seems to dominate. For years, tourism scholars have investigated tourism development issues and disseminated their research results through articles published in academic journals (Čorak et al., 2020). As the review conducted by Leong et al. (2021) demonstrates a bibliometric analysis of tourism review by revealing ten thematic trend areas, including sustainability studies. The need for these themes is to welcome a new era called the green tourism era.

Basically, tourism sector is a complex field that has an impact on the economy and environment. According to the World Tourism Travel Council (WTTC), tourism accounts for the majority of jobs in these
countries and impacts the economies of 185 countries and 25 economic geographic regions in the world (Global Infographics). In addition, the tourism sector has a negative effect on the environment, one of which is due to most of the holidays through climate change caused by aircraft emissions. The United Nations estimates that air traffic accounts for 2.5% of carbon dioxide production in the form of a greenhouse gas (Cooper, 2018; Lawal & Irhue, 2021; United Nations Environmental Programme, 2014). The impact on the economy and environment has a huge effect on the sustainability of future generations to meet their own needs. With good planning and policies, these impacts can be mitigated (Cooper, 2018). Therefore, it is time to rejuvenate the tourism system, especially halal tourism by adopting the principles of sustainable halal tourism development.

The development of sustainable halal tourism makes it possible to meet current needs by taking full account of the current and future economic and environmental impacts. The final destination is obtained that can meet the needs of Muslim tourists, the halal industry, the environment and nurture the local Muslim community. This is in line with the score published by The World's Leading Authority On Halal Travel (see Figure 1).

![Figure 1. Global Muslim Travel Index](image)

Source: GMTI (2021)

Based on data compiled by The World's Leading Authority On Halal Travel through the Global Muslim Travel Index in 2021 from 140 countries, there are five countries that provide the best access, communication, environment and services for Muslim tourists in the world, namely Malaysia, Turkey, Saudi Arabia, Indonesia and United Arab Emirates. The GMTI score proves that these countries are recommended for Muslim tourists. Because Muslim tourists have several faith-based needs that vary in their level of importance. These needs are prioritized based on Need To have, Good To Have and Nice To Have. The need to have from a country that receives Muslim tourists provides halal food facilities, facilities for prayer, rest rooms for ablution, as well as safety and security from Islamophobic acts. Good to have from a country that receives Muslim tourists visiting by showing the social activities of the visiting country, Ramadan experiences and local Muslim experiences such as heritage sites and interacting with the Muslim community of the visiting country. Nice to have from a country that welcomes Muslim
tourists provides recreational space facilities with privacy and no non-Halal activities including alcohol, discotheques or gambling resorts in the vicinity.

The facilities provided by Muslim tourist destinations are a top priority so that sustainable tourism survives in a changing business environment. These challenges require tourist destination countries to improve their competitive ability by creating quality management and systems, which can be used as a way for the country to achieve its goals. The current era of knowledge-based economy triggers a shift in the pattern that halal tourism requires a theoretical and empirical approach. The literature that refers to the topic of knowledge management explicitly emphasizes the key role in the knowledge creation process on the performance of new companies (Durst & Runar Edvardsson, 2012; Maalaoui et al., 2020). In other words, the creation of knowledge in new businesses is one of the key factors for the successful implementation of the right strategy by countries that develop the concept of halal tourism.

The main issues being discussed in this area refer to the use of knowledge management and how Islamic countries can have access and mobilize resources to develop halal tourism. While prior research does not appear to have contributed to this. Even though the number of Muslim tourists is quite large in a global scope. Reporting from GMTI (2021), international Muslim tourist arrivals grew from an estimated 108 million in 2013 to 160 million in 2019. As the pandemic had a major impact on the travel sector, Muslim arrivals fell to 42 million in 2020. More than 90% of This trip took place in the first quarter of 2020 before most destinations closed their borders. As international borders are expected to open gradually by the end of 2021, it is estimated that Muslim visitor arrivals will reach 26 million by 2021. It is also projected that the Muslim travel market will recover to 80% by 2023.

Based on the phenomena that occur, this study proposes a human development index to achieve this goal so as to contribute to knowledge management and explain how the specifics of knowledge management among the human development index, performance and sustainability strategies of halal tourism. The first original point of this study is to link two sets of literature reviews that are almost never discussed together, namely the knowledge management literature and halal tourism. In addition, this study reveals how knowledge management encourages the sustainability of halal tourism. This is because poor growth in new social enterprises is not always related to a lack of resources, but rather an inefficient knowledge management process (Maalaoui et al., 2020).

As the first attempt to investigate the causal relationship between the human development index, performance and
sustainability strategy of halal tourism, this study proposes a solution for completing the research using the partial least square (PLS) method. The human development index makes a significant contribution to improving survival through access, communication, environment and services operating in the halal tourism sector. The existence of halal tourism is still being ignored, it is necessary to conduct further research to examine the causal relationship between the human development index, performance and sustainability strategy of halal tourism using the Global Muslim Travel Index (GMTI) among 47 countries that are members of the Organization Islamic Cooperation (OIC).

B. METHODE

This research was conducted with quantitative research methods using secondary data. The sampling technique used is probability sampling with the criteria for completeness of the human development index data, performance and strategy for the sustainability of halal tourism. So that the number of samples obtained consists of 47 countries that are members of the Organization of Islamic Cooperation (OIC).

Data were analyzed by PLS-SEM using PLS 3.0. Data obtained from various sources, namely halal tourism performance obtained from the Global Muslim Travel Index (www.gmti.crescentrating.com), and human development index, economic and environment sustainability obtained from the United Nations Development Program (www.undp.org). The analytical techniques used are convergent validity, construct validity and reliability, t-test and goodness-fit model.

C. RESULT

Outer Model

Convergent Validity

The model generated from the estimated convergent validity is measured through the correlation between the component score and the results of the PLS software test. This study uses a loading factor value of 0.40 and the test results

<table>
<thead>
<tr>
<th>Countries</th>
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<th>Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td>Albania</td>
<td>Guinea-Bissau</td>
<td>Nigeria</td>
</tr>
<tr>
<td>Algeria</td>
<td>Guyana</td>
<td>Oman</td>
</tr>
<tr>
<td>Azerbaijan</td>
<td>Indonesia</td>
<td>Pakistan</td>
</tr>
<tr>
<td>Bahrain</td>
<td>Iran</td>
<td>Qatar</td>
</tr>
</tbody>
</table>

Source: Organisation of Islamic Cooperation (2016)
show that all indicators consisting of 4 variables are declared valid (see Figure 2).

Construct Validity and Reliability

The construct validity test was obtained from the test results between the correlation of the latent variable with the Average Variance Extracted (AVE) value and the construct reliability test was used to test the reliability using Cronbach's Alpha, rho_A, Composite Reliability and AVE tests. The results of the construct validity and reliability test are shown variable correlation is assumed to have discriminant validity and the results of the construct reliability test show the value of each variable is above the value of Cronbach's Alpha, rho_A and Composite Reliability, which is 0.70 and the value is above the AVE value, which is 0.50. So it can be concluded that the Human Development Index (HDI), Halal Tourism Performance (HTP), Economic Sustainability (ECs) and Environmental Sustainability (Ens) variables are consistent (see Table 2).

Table 2. Construct Validity and Reliability

<table>
<thead>
<tr>
<th>Variable</th>
<th>Cronbach's Alpha</th>
<th>rho_A</th>
<th>Composite Reliability</th>
<th>Average Variance Extracted (AVE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECs</td>
<td>0.588</td>
<td>*0.86</td>
<td>1</td>
<td>*0.808 **0.684</td>
</tr>
<tr>
<td>Ens</td>
<td>*0.813</td>
<td>*0.86</td>
<td>3</td>
<td>*0.863 **0.524</td>
</tr>
<tr>
<td>HDI</td>
<td>*1.000</td>
<td>*1.00</td>
<td>0</td>
<td>*1.000 **1.000</td>
</tr>
<tr>
<td>HTP</td>
<td>*0.936</td>
<td>*0.95</td>
<td>7</td>
<td>*0.946 **0.582</td>
</tr>
</tbody>
</table>

Note: * indicates statistical significance with a value of 0.7 and ** indicates significance with a value of 0.5.

Inner Model

T-Test

The t-test is used to measure the significance of the correlation between latent variables and the t-test according to the structural path parameters. If each variable has a tcount value > 1.96 and a probability > 5%, then the variable is significant and if each variable has a tcount value < 1.96 and a probability > 5%, then the variable is not significant (see Figure 3).
Based on Figure 3, the results of the t-test for each variable are shown. The following is shown in detail the results of the t-test of each variable.

Table 3. t-Test

<table>
<thead>
<tr>
<th>Variable</th>
<th>T Statistic</th>
<th>P Values</th>
</tr>
</thead>
<tbody>
<tr>
<td>HDI to ECs</td>
<td>2.523</td>
<td>*0.012</td>
</tr>
<tr>
<td>HDI to ENs</td>
<td>18.988</td>
<td>*0.000</td>
</tr>
<tr>
<td>HDI to HTP</td>
<td>15.354</td>
<td>*0.000</td>
</tr>
</tbody>
</table>

Source: PLS 3.0 (2022)

Note: * indicates statistical significance at the 5% level.

The results of the t test show that all variables have a T Statistic > 1.96 and a probability < 5%, it can be concluded that the human development index variable is significant on the performance and sustainability of halal tourism in countries that are members of the OIC.

Goodness-fit Model

Goodness-fit Model using R Square test results. The following shows the results of the Adjusted R Square test (see Table 4).

Table 4. Goodness-fit Model

<table>
<thead>
<tr>
<th>Variable</th>
<th>R Square</th>
<th>Adjusted R Square</th>
</tr>
</thead>
<tbody>
<tr>
<td>ECs</td>
<td>0.091</td>
<td>0.070</td>
</tr>
<tr>
<td>ENs</td>
<td>0.670</td>
<td>0.662</td>
</tr>
<tr>
<td>HTP</td>
<td>0.561</td>
<td>0.551</td>
</tr>
</tbody>
</table>

Source: PLS 3.0 (2022)

Based on the results of the Goodness-fit Model test, the Adjusted R Square value is obtained in three forms of structural models, namely:

1. The HDI variable contributes 7% to the economic sustainability (ECs) in countries that are members of the OIC. While the remaining 93% is influenced by other variables not examined in this study.

2. The HDI variable contributes 66.2% to the environment sustainability (ENs) in the countries that are members of the OIC. While the remaining 33.8% is influenced by other variables not examined in this study.

3. The HDI variable contributes 55.1% to the performance of halal tourism (HTP) in countries that are members of the OIC. While the remaining 44.9% is influenced by other variables not examined in this study.

D. DISCUSSION

Facing the green tourism era, the study Leong et al. (2021) has succeeded in uncovering 10 thematic trends through tourism reviews, including sustainability studies. This research proves that sustainability studies can be researched by human development index. The findings reveal that the human development index is
significant to the halal tourism performance of countries that are members of the OIC and related to economic and environmental sustainability. The prior research listed does not appear to have contributed to halal tourism. Even so, based on the results of the study, it was found that the human development index variable was significant on the performance of halal tourism in countries that were members of the OIC. Several studies support the results of this study and in general using intellectual capital and results are significant to the performance of the industry tourism (Engström et al., 2003; Ferreira & Franco, 2017a, 2017b; Gomezelj Omerzel & Smolčić Jurdana, 2016; Khalique et al., 2020; Koseoglu et al., 2019; Sundiman et al., 2016). According to Ognjanovic (2017), intellectual capital has a significant role in improving the performance of the hospitality industry and Gomezelj Omerzel & Smolčić Jurdana, (2016) states that intellectual capital makes a significant contribution to improving the viability and performance of SMEs operating in the tourism sector. They argue that the tourism sector is still neglected and further research is needed to assess intellectual capital for the sustainability of SMEs.

The impact on the economy and environment has a huge effect on the sustainability of future generations to meet their own needs. The performance of halal tourism is determined by the development of superior human resources, so that human resources provide a competitive advantage for Islamic countries and improve the quality of their country's halal tourism. Through this study, the government can build a halal tourism framework by highlighting the human development index so that it can contribute more to halal tourism so as to create green halal tourism through economic and environmental sustainability. Based on the results of the Goodness-fit Model test show that the HDI variable contributes 66.2% to the environment sustainability (ENs) in the countries that are members of the OIC. While the remaining 33.8% is influenced by other variables not examined in this study. Next, the HDI variable contributes 55.1% to the performance of halal tourism (HTP) in countries that are members of the OIC. While the remaining 44.9% is influenced by other variables not examined in this study. So, it is hoped that the OIC countries can improve the quality of human resources so that problems in the economic and environmental fields can become a strategy for the sustainability of halal tourism in the future.

Therefore, it is time to rejuvenate the tourism system, especially halal tourism by adopting the principles of sustainable halal tourism development. The development of sustainable halal tourism makes it possible to meet current needs by taking full account of the current and future economic and environmental impacts. So that the final destination is obtained that can meet the
needs of Muslim tourists, the halal industry, the environment and nurture the local Muslim community. There are several ways that can be done by meeting the needs of Muslim tourists, because Muslim tourists have several religious-based needs that vary in their level of importance. These needs are prioritized based on Need To have, Good To Have and Nice To Have. Hence, the facilities provided by Muslim tourist destination countries are a top priority so that sustainable tourism survives in a changing business environment. These challenges require tourist destination countries to improve their competitive ability by creating quality management and systems, which can be used as a way for the country to achieve its goals. The current era of knowledge-based economy triggers a shift in the pattern that halal tourism requires a theoretical and empirical approach. The literature that refers to the topic of knowledge management explicitly emphasizes the key role in the knowledge creation process on the performance of new companies (Durst & Runar Edvardsson, 2012; Maalaoui et al., 2020). In other words, the creation of knowledge in new ventures is one of the key factors for the success of implementing the right strategy for OIC countries to develop the concept of halal tourism. The final results obtained by this study can achieve its main objectives, so that the gaps from prior research can be answered through this research.

E. CONCLUSION

Based on the results of the tests and discussions that have been carried out, it can be concluded that the human development index is significant to the performance of halal tourism in countries that are members of the OIC and is related to economic and environmental sustainability. The performance of halal tourism is determined by the development of superior human resources, so that human resources provide a competitive advantage for Islamic countries and improve the quality of their country's halal tourism. Through this study, the government can build a halal tourism framework by highlighting the human development index so that it can contribute more to halal tourism so as to create green halal tourism through social, economic and environmental sustainability. It is hoped that the OIC countries can improve the quality of human resources so that problems in the economic and environmental fields can become a strategy for the sustainability of halal tourism in the future.

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