

# **The Role of Intellectual and Spiritual Capital in Developing Halal Tourism**

<sup>1\*</sup> Agus Ariyanto and <sup>2</sup>Rifyal Dahlawy Chalil

<sup>1</sup>Department of Management, Faculty of Economics, University of Syiah Kuala, Banda Aceh, Indonesia;

<sup>2</sup>Department of Management, Faculty of Economics, University of Ubudiyah, Banda Aceh, Indonesia;

\*Corresponding author: [agusemailku@gmail.com](mailto:agusemailku@gmail.com)

## **Abstract**

The trend of Islamic tourism shows an immense improvement not only in Indonesia but also worldwide. In Indonesia alone, development of Islamic tourism relies on the human factor (intellectual capital) which works in tourism departments as the source of organization. The aim of the research is to test and analyses the role of intellectual capital and spiritual capital in improving the organization performance of tourism department of Aceh. The design of the research is a survey which uses multiple regressions as the data analysis method. The research object is The Tourism Department of Banda Aceh in Aceh Province. Research subjects (respondents) are 75 employees who work at the Department of Tourism City Banda Aceh. The questionnaire (Likert scale) is used as the instrument of data collection with a convenience sampling. The results show that intellectual capital and spiritual capital have a positive and significant impact on the performance of organization. Moreover, spiritual capital plays as the most pivotal in increasing the performance of tourism department of Banda Aceh.

**Keywords:** Islamic tourism, intellectual capital, spiritual capital.

## **Introduction**

The development of the world's sharia tourism trend cannot be separated from the rapid growth of the world's Muslim population. Based on the results of research publication of Pew Research Center (2015), the number of Muslim population in 2010 accounted to 1.599 billion or 23.2 percent of the world's population and estimated until the year 2050 the world's Muslim population reached 2.761 billion or 29.7 percent of the total world population. Population growth from 2010 to 2050 has grown to 1.161 billion people. The Muslim population is the second to Christians of 2.168 billion in 2010 or 31.4 percent of the world's total population, but the increase in the number of Christian population up to 2050 is only 749 million.

In addition, according to Thomson Reuters (2016) publication data from 55 countries in the Global Islamic Economy Report 2016 - 2017, the total world Muslim expenditure in the halal food and beverage sector in 2015 reached US \$ 1.173 billion or equal to 16.6 percent of food expenditure And drink of the world's inhabitants. This expenditure will reach US \$ 1.914 trillion or 18.3 percent of global food and beverage expenditure by 2021. In the 2015 travel sector. Muslims around the world spend about US \$ 151 billion for travel or about 11.2 percent of global spending. It is estimated that the number will continue to increase to US \$ 243 billion or 12.3

percent of global travel sector expenditure in 2021 (excluding Hajj and Umrah). In the fashion sector, Muslim worlds spend about US \$ 243 billion or 11 percent of global spending by 2015 and this number is expected to reach US \$ 368 billion by 2021 (Thomson Reuters, 2016). Based on these data, the magnitude of the Muslim market potential of the world is certainly very tempting for the tourism business both the globally and domestically (Indonesia).

Tourism industry has a pivotal role in developing and building one region. Some regions in Indonesia have determined tourism sector as the main focus in increasing the domestic revenues and as the source of revenues for its society. Shari'ah tourism nowadays has even become one of the sectors that undergone a major improvement. Shari'ah tourism activities have improved significantly not only in Indonesia but also worldwide. Aceh province which implements Islamic regulation (shari'ah) in its governance system and its society, consider shari'ah tourism as a sector that poses a great potential to be developed in Aceh and later will contribute a positive input for the economy of its society and government).

To become one of shari'ah tourism destinations in Indonesia, through the government tourism office, Banda Aceh has to make major changes in its body. Some changes as if through producing a tourism-friendly policy, providing tourism or non- tourism infrastructure. A Non-tourism infrastructure is defined as the readiness of its human resources. With a motivated, skilled, committed, ready to work, responsible to its work and posed an intellectual modal employees, a supportive environment in the government tourism office will be realized. This factor will later support the realization of the vision and mission of the organization which is transforming Banda Aceh as the one of the shari'ah tourism destinations in Indonesia.

The Ministry of Tourism and Creative Economy of Indonesia which acts as a locomotive (responsible) for the main development of Islamic tourism in Indonesia, has prepared various strategy to develop syariah tourism in Indonesia. Such as with the preparation of strategic measures to accelerate the development of Islamic tourism, formulate promotional strategies, regulation, build standardized infrastructure, and carry out socialization and education. However, among the various strategies formulated by the Ministry of Tourism and Creative Economy to promote sharia tourism in Indonesia, there are aspects that are not less important to note that the readiness of Human Resources (HR) as the perpetrators of Islamic tourism. Without an excel human resources as a source of intellectual capital in the organization, it will be difficult for sharia tourism in Indonesia to grow.

The intellectual capital factor is crucial to the progress of modern organizations today. Different from profit-based organizations that require intellectual capital to maximize performance through the achievement of corporate profit targets; as well as non-profit organizations such as government agencies are also required to have maximum performance. Yet the measure of organizational performance is not judged by the firm's earnings, but rather from productivity, effectiveness, service quality, and accountability (Bolton, 2003).

The development of Islamic tourism in Indonesia cannot be separated from the importance of the role of human resource factor (intellectual capital) which works in tourism offices throughout Indonesia as an organizational resource. The tourism service in the region / province under the command of the Ministry of Tourism (KEMENPAR) RI is responsible for the development and implementation of tourism in the relevant regions / provinces. The issuance of pro-tourist regulations and tourism stakeholders as well as the formulation of appropriate targeted promotional strategies is a huge responsibility to be undertaken by the tourism office. Without

the support of qualified intellectual capital, it is difficult for sharia tourism in the region / province to grow.

In addition to the intellectual aspects of employees who are able to determine the success of an organization, there are other aspects that affect employees in behaving toward the organization, namely spirituality (spiritual capital). Palmer and Wong (2013) explain that the intrinsic values of spirituality can control how an employee behaves in certain situations. Even the value of the spirituality of the employees will motivate employees' behavior to contribute more to both the organization and to society (Baker & Smith, 2010). So the focus of this research is to examine and analyze the role of intellectual capital and spiritual capital in improving organizational performance in Aceh tourism office.

## **Literature Review**

### ***Intellectual Capital (IC)***

In the research of Clarke et al (2011) it is explained that IC is basically a collection and synergy of knowledge, experience, invention, innovation, market share and community which can impact the performance of a company. IC is the brain and the future of every company. The IC consists of knowledge that increases the value of a company such as; Management, technology, consumer and supplier skills, patents, and processes. According to Bontis (1998) IC has three main components namely human capital, structural capital, and relational capital.

### ***Human Capital (HC)***

Alipour (2012, in Ariawan et al, 2016) defines HC as a resource or asset that assigns value to a company. HC plays a key role in supporting the dynamics of value creation of products and services offered by companies as well as good customer relationships. In line with the concept, Khalique et al (2011: 2015) argues that HC is the most important component of IC that includes knowledge, education, skills and loyalty to the organization and motivation owned by employees. So it can be concluded that HC reflects the human resource factor, a combination of intelligence and expertise owned by employees who can then create added value and character of the company.

### ***Structural Capital (SC)***

SC comprises of intangible asset and technology infrastructure which facilitate the knowledge flows in aiming to improve the operational efficiency of an organization (Hsu & Fang, 2009).

Bontis (1998) explains that SC is a concept that includes the mechanism and structure of an organization. SC consists of many components, among others; Organizational culture, databases, information systems, patents, copyrights, trademarks, orientation of quality, innovation, teamwork, transfer of knowledge and others. SC serves as a mechanism and structure that helps the achievement of employee tasks to the optimum point of intellectual performance as well as overall company performance.

### ***Relational Capital (RC)***

RC is defined as a value formed by the connection built by an organization on its customer as well as its marketing channel (Ariawan et al, 2016). RC is a knowledge that comes from relationships with stakeholders of the company (Ariawan et al, 2016). RC is established by maintaining and developing high-quality relationships between organizations, individuals and groups as these relationships can have a significant effect on the viability of a company (Mondal & Ghosh, 2012 in Obeidat et al, 2017).

### ***Spiritual Capital (SpC)***

The fact that spiritual capital (SpC) is an important factor in understanding every aspect of life in terms of individual beliefs and behavior has had a profound impact on the economic, social and political activities of society (Palmer and Wong, 2013). Some researchers define SpC as a group or individual capacity which generated through a process of affirmation of intrinsic values of spirituality, and it can control how a person behaves in certain situations (Palmer and Wong, 2013). Baker & Smith (2010) explains also that SpC is a valuable value, vision of the future and can motivate individuals to contribute to society. The concept of SpC has been absorbed in various fields of science and one of them is management and leadership. It is argued that SpC is applied through the application of the spiritual intelligence of individuals or employees to the organizational level (Zohar & Marshall, 2004 in Palmer and Wong, 2013). According to Farsani et al. (2013 in Malik & Tariq 2016), SpC and employee character are factors that play as a key role in an organization's success.

In the influence of SpC on the company's performance perspective, SpC is considered important for employees and organizations because he is able to influence how employees carry out its duties and how the company generates the desired profit. Gracia (2012) argues that SpC is a growing asset in individual employees of a company. It will be more useful if it is not being manipulated by the company. SpC should be viewed as an independent asset in order to get the desired company performance improvement. Spirituality in work not only creates a feeling of unity among employees, but also the sense of belonging possessed by the employees to the organization.

### ***Organizational Performance***

In many modern studies, organizational performance is always defined as the company's ability to generate financial performance (profit) of the company (Chang and Lee, 2012), such as return on assets (ROA), return on investment (ROI), return on equity (ROE) and etc. While Ling and Hong (2010, in Chang and Lee, 2012) define company performance as the overall achievement of all organizational units involved in achieving organizational goals (vision-mission). From this understanding, it can be considered that the performance of the organization shows the extent to which the level of achievement of the implementation of tasks within an organization, in an effort to realize the goals, goals, mission, and the vision of the organization. Maltz et al (2003) developed 5 indicators to measure organizational performance such as; financial, customer / market, process, people development, and future. The explanation of the five indicators referred to as follows:

1. Financial is a financial indicator such as sales figures, profits, return on investment, return on assets, return on equity, etc.;
2. Customer / market are a form of relationship between the company and its customers. Companies that strive to meet every need and desire of consumers in designing products, strives to provide customer satisfaction through excellent service and products;
3. Process is the achievement of company efficiency in operational process and production (TQM), learning organization, team cohesiveness, etc.;
4. People development is an indicator of organizational success due to employee training programs, employee commitment, employee development, and leadership roles;
5. Future is an organization's planning on current issues such as strategic planning, partnership planning and partnerships, analysis to anticipate and prepare for any changes in the business environment, and investment in new markets / segments and investments in technology.

### **The Relationship of IC to Organization's Performance**

Research on IC relationship on organizational performance is undertaken by Obeidat et al, (2017). This study found that the IC components such as HC, SC, and RC, positively impact the company's performance. A similar study was also conducted by Clarke et al (2011) which shows that there is a significant influence between IC on the company's performance, even component of IC like HC and SC has a positive and significant relation on company performance, HC and SC also show that they can act as a moderation variable. Furthermore, Asiaei & Jusoh (2015) found that the three dimensions of IC improve organizational performance on number of companies that became the object of their research. Asiaei & Jusoh (2015) also explains that trust becomes the determining factor in developing the three dimensions of IC namely; HC, SC, and RC.

*Hypothesis 1:* HC has positive and significant effect on organizational performance

*Hypothesis 2:* SC has positive and significant influence on organizational performance

*Hypothesis 3:* RC has a positive and significant effect on organizational performance

### **The Relationship of SpC on the Organization's Performance**

Research on the relationship of SpC on the organizational performance conducted by Ariawan et al (2016) showed that SpC variable has a significant impact on organizational performance. Malik & Tariq (2016) in his research on the influence of SpC on the organizational performance also found that SpC has a positive impact on the company's financial performance as one of the overall performance indicators. Similar research by Gracia (2012) also stated that SpC has a positive influence on company performance because SpC is considered as a form of intelligence that can give strength to employees.

*Hypothesis 4:* SpC has a positive and significant effect on organizational performance.

### **Research Method**

The design of this research is a confirmatory research that utilizes a survey as its method. The research object is The Tourism Department of Banda Aceh in Aceh Province. Research subjects (respondents) are 75 employees who work at the Department of Tourism City Banda Aceh. The questionnaire (Likert scale) is used as the instrument of data collection. Convenience sampling is used as the sampling technique. Multiple regression method (t-test and F-test) is used as the data analysis.

Measurement of HC variables use some indicators such as skills, knowledge & expertise, attitude and intellectual agility (Khalique et al, 2015); SC variables use infrastructure and systems indicators, policies and procedures (Khalique et al, 2015); And RC variables use customer satisfaction & loyalty indicators (Khalique et al, 2015); And SpC variables use indicators of knowledge of religious, ethical values (Khalique et al, 2015). While the variable organization performance use indicators such as customer / market, process, people development, and future (Maltz et al, 2003).

### **Results and Discussion**

Table 1 shows the demographic characteristics of the respondents; it is shown that the majority of respondents are within the age of 35-39 years old (32%), with a majority over 6 years old (24%), while the gender composition between men and women is almost equal.

**Table 1.** Description of gender, age, and work time.

Demographics	Type	Frequency	Percent
Gender	Male	36	48,0
	Female	39	52,0
Age	20-24	10	13,3
	25-29	15	20,0
	30-34	18	24,0
	35-39	24	32,0
	>40	8	10,7
Work period	2 years old	13	17,3
	3 years old	16	21,3
	4 years old	15	20,0
	5 years old	13	17,3
	> 6 years old	18	24,0

Source: Output SPSS

Table 2 shows the results of the reliability test of the questionnaire, it is shown that all variables have a Cronbach's alpha value greater than 0.7. it is indicating the reliability of the research questionnaire has been very good. Likewise in Table 3 there is a test of the validity of the questionnaire tested using a Pearson correlation, Pearson correlation > r table (0.227) as the valid criteria. From the test results of 25 items questionnaire it is obtained that the whole item questionnaire has been valid.

**Table 2.** Scale reliability.

Construct	N of Items	Cronbach's Alpha
Human Capital	5	0,758
Structural Capital	5	0,706
Relational Capital	5	0,788
Spiritual Capital	5	0,767
Organization Performance	5	0,747

Source: Output SPSS

**Table 3.** Validity test.

Construct	Pearson Correlation					df = 73 P = 0,05  r table 0,227
	1	2	3	4	5	
Human Capital	0,721	0,636	0,642	0,668	0,563	
Structural Capital	0,462	0,468	0,531	0,502	0,537	
Relational Capital	0,704	0,687	0,857	0,633	0,785	
Spiritual Capital	0,763	0,586	0,667	0,629	0,735	
Organization Performance	0,652	0,779	0,531	0,384	0,734	

Source: Output SPSS

Further testing of the hypothesis research presented in Table 4. The results of hypothesis testing (t test) showed that the overall hypothesis has are positive and hypothesis 1, 2, 3, and 4 accepted (sig <0.05).

**Table 4.** Hypothesis testing.

Construct	t test	R Square	F test	R Square
Human Capital	0,003	0,598	19,964 Sig=0,000	0,533
Structural Capital	0,049	0,321		
Relational Capital	0,040	0,626		
Spiritual Capital	0,010	0,647		

Source: Output SPSS

In Table 4 it is also shown that there are a simultaneous and positive effects of all independent variables (HC, SC, RC, and SpC) on the dependent variable (organizational performance). This is evident from the value of F arithmetic  $(19,964) > F$  table  $(0.05, 4.70 = 2.50)$ . The last is the test of the influence of the overall independent variable to the dependent variable. From the value of R square which shows the number of 0.533, which means that 53.3% organizational performance variables can be explained and influenced by variables HC, SC, RC, and SpC, while the rest 46.7% is explained and influenced by other variables outside the model.

### **Discussion**

The existence of IC factors is crucial for the advancement of modern organizations today. For profit organizations, the existence of IC is able to maximize organizational performance through the achievement of corporate profit targets. However, for non-profit organizations such as government agencies, indicators of organizational performance achievement are not assessed by company profits, but from productivity, effectiveness, service quality, and accountability (Bolton, 2003). While the SpC factor plays a role in keeping every element in the organization working / acting in accordance with legal corridors and ethics. SpC-owned organizations are also able to provide honesty and motivation for individual work in organization (Ariawan et al, 2016).

In this study, the overall hypothesis proved positive and statistically significant, meaning that there is an influence of IC (HC, SC, and RC) and SpC on organizational performance at the Tourism Department of Banda Aceh City. This study proves and emphasizes the findings of previous researchers who expressed the magnitude of IC's role to organizational performance (Khalique, 2011, 2013, 2015; Obeidat et al., 2017; Clarke et al., 2011; Asiaei & Jusoh, 2015; Bontis, 1998). as the results of this study also support the findings of previous researchers who reveal the role of SpC in organizational performance (Ariawan et al., 2016; Malarn & Tariq, 2016; Gracia, 2012; Earnest et al., 2015).

An interesting points is found in this research that SpC proved as the most dominant influencer toward organizational performance. The correlation coefficient of SpC (R Square = 0,647) shows that 64,7% SpC variable has an effect on organizational performance. This shows that employees at the Tourism Department already have the spirit of spirituality in working. Work is considered as a worship and a form of sincerity. The researchers argue that this spirituality culture is in line with the spirit of Islamic Shari'ah applied in Aceh, where all government and private institutions must uphold and support the enforcement of sharia.

RC also plays a dominant role in influencing the performance of the organization. 62.6% of organizational performance is influenced by RC. Maintaining good relationships with all components of business, government and partisanship to the community as tourism customers is considered as an indicator for optimal performance achievement of the Tourism Office of Banda Aceh. As well as the role of HC shows 59.8% influence on organizational performance. This means that the achievement of organizational performance is determined by the quality of human resources in the organization. SC role to organizational performance showed an influence of 32.1%. When compared to the role of other independent variables (HC, RC, and SpC), the role of SC does not seem dominant.

The findings further reemphasize that the intellectual capital factor is crucial to the progress of modern organizations today. Different from a profit-based organization (commercial business) that requires intellectual capital to maximize performance through the achievement of corporate profit targets; as well as non-profit

organizations such as government agencies are also required to have maximum performance. Yet the measure of organizational performance is not judged by corporate profits, but rather from the productivity, effectiveness, service quality, and accountability (Bolton, 2003). The development of Islamic tourism in Indonesia cannot be separated from the importance of the role of human resource factor (intellectual capital) that works in tourism offices throughout Indonesia as an organizational resource.

Besides the crucial role of intellectual capital as the driving force of the organization, the spiritual role is also proven to have a significant influence on organizational progress. Spirituality of employees influences the way employees work, both in their attitude as well as behavior. These findings reinforce Palmer and Wong's (2013) assertion that the intrinsic values of spirituality can control how an employee behaves in certain situations, and even the value of an employee's spirituality will motivate employee's behavior to contribute more both to the organization as well as to the community.

The role of intellectual capital and spiritual capital owned by the staff of the Tourism Office of Banda Aceh; employees will be more motivated to work, have a commitment to the organization, ready to work, and have higher job responsibility. Thus, it will create an atmosphere (tourism department) that supports the achievement of the vision and mission as well as the goals of organizational, which is making Banda Aceh as one of the leading Sharia Destination in Indonesia.

### **Conclusions**

Organizational performance at the Tourism Office of Banda Aceh is influenced by the role of IC and SpC. Nevertheless, SpC has the most dominant role of all independent variables in influencing organizational performance. With the spirit of spirituality in making employees more motivated to work, they consider working as part of worship and a form of sincerity, and the implementation of Islamic Shari'ah in Aceh requires support from all parties. Therefore, with the role of intellectual capital and spiritual capital of Tourism Department of Banda Aceh, is expected to boost syariah tourism performance, and make Aceh as one of the leading tourist destination (DTW) in Indonesia.

### **Policy Implication**

The results of this study indicate the role of intellectual capital and spiritual capital in realizing the achievement of optimal organizational performance. Therefore, the policy implications recommended that the Tourism Office of Banda Aceh are (1) focus on building organizational resources, by providing various skills training, and applying reward system to achievers. (2) Realizing and reinforcing Islamic organizational culture (Sharia) as the basis for behave and identity for employees. (3) Interagency (MOU) between institutions / Dinas / CSOs related to the development of Banda Aceh sharia tourism as the manifestation of RC implementation, as well as the manifestation of the role of the community (stakeholder) in developing sharia tourism in Banda Aceh. This is important for the community (stakeholders) to have a sense of ownership and willing to maintain the continuity of sharia tourism to grow as a source of revenue areas as well as benefiting the people of Banda Aceh.

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