

Al Tijarah

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MANAGEMENT OF MUSLIM ORGANIZATIONS

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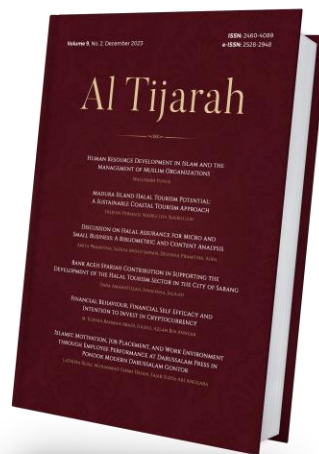
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Human Resource Development in Islam and the Management of Muslim Organizations

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Abstract

The practice of the HRD function has been found to have very important benefits to the organization and the employees involved. The HRD function is a very important strategic tool for the organization and when its practice is done the Islamic way it likely to come with a lot of benefits. HRD in Islam is about the fair treatment of employees by the employers. This study was about human resource development in Islam the often-forgotten concept in the management of Muslim organizations. The study examined the need for implementation of Islamic perspective of HRD in Muslim organizations and the need to find out the possible solutions to problem of failure to implement the Islamic perspective of HRD in Muslim organizations. The methodology employed was to examine the literature relating to human resource development, need for its implementation, related problems and the possible solutions to problem of failure to implement the Islamic perspective of HRD. The findings indicate that implementation of HRD in the Islamic perspective has enormous benefits like improved work performance moral build up. It was also found out that many Muslim organizations do not implement HRD with the Islamic perspective in their organization because they lack knowledge related to the same. It's also found out that creating awareness about HRD practice in Islam will help to bring about the much-anticipated practice among Muslim organization.

Keywords: Human resource Development, Islam, management, Muslim organization

A. INTRODUCTION

One of the key functional areas of human resource management (HRM) is human resource development. HRD is one of the functional areas of human resource management in which the organization provides training and development opportunities to the employees so as to enhance their abilities to perform their jobs. Human resource development (HRD) is one area that facilitates the effective use of employees in an organization so as to achieve organizational goals and objectives. When there is no enhancement of employee knowledge and skills the organization will not be able to make use of the employee's potential in the achievement of organizational goals and objectives.

[Ashari, et al., \(2017\)](#), the concept of HRD in Islam has its purpose embedded in the belief that the employer should enable the employee realize his full potential which makes the employee competent and efficient at work. The holy Quran says in chapter 28 verse 26 says ".....truly the best for thee to employ is a man who is strong and trust worthy". By this Islam stresses that for the purpose of HRD the employee should be competent at work when it says being strong and trustworthy.

HRD facilitates the effective use of employees in an organization and without it the organization will not achieve its goals and objectives. HRD programs will enable the employees to acquired skills, knowledge and a good attitude required to do work, [\(Fathi, et al., 2023\)](#).

In Islam all institutions are supposed to function based on Islamic principles. Be it private or state enterprise. Therefore, practicing HRD on Islam will have greater benefits for the organization and the employees where it is being practiced. Although many Muslim organization have had the chance to prosper and grow, there has been little attention put to management of these organizations based on the Islamic principles. [Rahmi, et al., \(2020\)](#), HRD as a key function in HRM has had little attention if any making many of our Muslim organizations function as though they are not Islamic based. Little attention has been put towards the application HRD based on Islamic teachings. This research there strives to show how application of HRD based on Islamic teachings will help both the organization and the employees prosper as it is often forgotten in the management of Muslim organizations. This research want to examine the need for implementation of Islamic perspective of HRD in Muslim organizations and ways of how to improve on the implementation of the Islamic perspective of HRD in Muslim organizations.

B. LITERATURE REVIEW

Human resource development

The people factor plays a very critical role in a successful business strategy. Human resources are the most valued asset in any organizations, [Seeck & Diehl \(2017\)](#), says that the organization HRD policy has to align itself with the organization strategy and employees' skills should be developed in line with the organizational strategy requirements to ensure that they are strategically prepared. Human resource development as a concept originated from the massive development effort in the United States following the Second World War. This development effort was based on training within the industry based on performance and enhancement of work place human relations. Following the 1970s it was referred to as contemporary human resource development, [\(Thite, 2022\)](#). Over the past two decades, human resource development has become the fastest growing area of management development, due to the great interest of organizations in the face of intense competition and changes in the business environment, [\(Piwowar-Sulej 2021\)](#). Competent human resources are the critical strategic resources in the organization for which effective HRD is important and indispensable.

If an organization is to have a skilled and competent workforce, it must have effective Human Resource Development programs, [\(Han & Stieha 2020\)](#). A more practical solution to enhance employee capabilities is to help them improve on their knowledge and skills to enhance the way they perform and this can be achieved through employee training. The development of human resource is considered a very important aspect in Islam. The Quran declares man as the representation of God on earth and whose main possession is knowledge. Therefore, the development of the human is one of the key fundamentals in HRD as Islam says that individuals are supposed to seek for knowledge from the cradle to the grave and which knowledge extends to worldly knowledge. [Madani \(2022\)](#), in Islam human are created in the best form but with a potential towards good and bad. It's the teachings that will help the individual to perform towards good. Islam focuses on the wellbeing of people and since it's a complete way of life it talks about every aspect of human life including the development of human resource. Islam

therefore calls for a moral obligation and professional obligation to the employee to seek for knowledge and wisdom. Islam suggest that employers will help the employees in this endeavor and the training should be extend to all without discrimination of any sort. It is reported that Abu Darda one of the companions of the prophet one said that "no one can be pious unless he is knowledgeable and he cannot enjoy knowledge unless he applies it practically" in the context of this study HRD refers to the organized learning activity within an organization aimed at improving performance of employees which will eventually lead to the development of the organization. The organized learning focuses on improving knowledge, skills and any other capabilities that are required to do work. Important to note is that in Islam the development of employee is not only directed towards the performance of the organization but also to help the employee seek the pleasure of Allah since Allah is the creator of the universe and whatever is found in it.

The concept of HRD in Islam

In Islam the concept of learning and training started way back in the mosques. It was mainly in circles which later gained the name "Halaqa" which was a circle of people learning from an instructor. The instructor was the most knowledgeable. HRD has existed since the introduction of HRM in the management of organizations. However, in Islam the concept or terminology has no direct meaning but the practice involved is more related to knowledge acquisition which Islam has already talked about. In Islam employee's development extends to mere organizational performance to spiritual aspects of an individual and the ultimate goal for all the activities done by man is about worship. When activities are done well and good the man is considered to have done an act of worship, [\(Toumi & Su 2022\)](#).

In the development of man, the Islamic perspective means growth in his physical and intellectual being as well as his spiritual elevation. Therefore, human resource development in Islam is a two-dimensional development of man namely his physical development and his spiritual development. Man should acquire positive thoughts and actions and to get rid of evil actions and well concentrates on what is lawful and acceptable within the realms of Islam based on the Quran and *Sunnah* of the Prophet. It is mainly used in two meanings, purification and development. Human resource development in Islam looks further and focuses on the *Tazkiya* which is the inner purification and moral uplift of individuals as one of the necessary key ingredients required for a well-developed human resource capable of delivering good work. Therefore, *tazkiya* will consider aspects such as *ihsan* (benevolent), *taqwa* (piety), *adl* (integrity), *ikhlas* (sincerity) are key when it comes to human resource development. A sound organization should be able to foster this behavior among employee s and managers and duty bound to see this happen.

Management of Muslim organizations

Management of organizations in the Islamic preventatives is one of the paramount issues in Islamic business management, [Gazi \(2020\)](#). When accomplished the Islamic way will be one of the most viable actions in the Islamic business sense. In many organizations today their management is not well in accordance with the Islamic teachings. Organizational management will involve identifying, and grouping work, delegating authority while at the same time establishing relationships that will enable employees to work effectively and in teams. The Islamic perspective of management of organizations emphasizes that we are raised by Allah and offers us skills and knowledge including expertise which is most important for management. There must be respect for everyone in the organization and commitment to work is very important.

[Adillah & Zaky \(2022\)](#), the Islamic state established by the prophet at Madina was the beginning of a well-established management system that all Muslim organizations and state should be following. This establishment was a very good example of the division of labor. Management of organization's today is about ensuring that things are done the right way and manager's role is to ensure that people will understand what they are meant to do. A good manager managing a Muslim organization must well know what is to be done and how it will be done which will help to enhance organization performance. The Quran chapter 43 verse 32 supports this when it says that "we raise some of them above others in rank so that some may command work from others". [Ahmed \(2023\)](#), the leaders are there expected to lead others and offer guidance on matters of conflict. Muslim organizations therefore must have organizational charts that well management the organization. The prophet is reported to have encouraged Muslims to behave ethically and with good morals as indicated in Bukhari.

Therefore, Muslim managers should have a good personality and character to manage Muslim organizations. Managers should be kind to those they lead as reported by Muslim. There should be equal rights for all employees within the organization and this can happen when all employees have been Unlighted about what needs to be done and how it should be done as part of human resource development within the organization. Through training the organization cultivates a corporate culture that will stipulate the values and norms required in the organization. In Islam leadership is rooted in the belief and willingness to submit to Allah the creator. Therefore, managers must manage in accordance to the creator and as shown by the prophet through his traditions. A Muslim manager with strong *iman* will consider himself and all his authority as coming from Allah and therefore should exercise it in accordance to the laid down principles in Islam and the traditions of the prophet.

3.0 Human capital development theory

The subject of HRD has its roots traced back in the teaching of the human capital theory. Training human being as capital asset is main key in this theory. According to the human capital theory all human being bares some in born capabilities that can be improved if investment is done in that direction. In terms of organizational context, the term human capital means the total of all the inherent capabilities that man has in terms of knowledge and skills. The use of these capabilities enables the organization achieve its objectives and goals. Seeking for knowledge in Islam is a religious duty and the prophet is reported to have said that "seeking for knowledge is obligatory for every Muslim man and woman. Knowledge in Islam therefore must be that knowledge that enables one to attain wisdom in doing everything. Therefore, in today's business environment seeking for knowledge is key and will help to make the organization competitive. The knowledge acquired helps for business survival there HRD is key maintaining a competitive advantage.

D. METHODOLOGY

This paper examined human resource development in Islam, the often-forgotten concept in the management of Muslim organizations. The study design was a review of related literature to HRD and management of Muslim organization. The study design aimed at the inter connection between the Islamic teaching on human resource development and the management of Muslim organizations. The paper is based on secondary data which has been collected from different articles. A detailed discussion has been placed on the human resource development in Islam and how it can help in the management of Muslim organization. The researcher conducted searches using the term human resource development and in addition there was a look at the Islamic teaching about the management of HRM and the functional aspect of HRD. It was from this that a conclusion was reached about the importance of HRD in management of Muslim organization.

E. DISCUSSION

Man as a Vicegerent of Allah

Man is a vicegerent of Allah on the earth. In the Quran Allah says that "remember when your lord said to the angles, I am going to create a deputy on the earth". The appointment by Allah of man as his deputy is a sign that man has to accomplish certain objectives and the accomplishment requires that man is knowledgeable. Therefore, the development of the knowledge and skill is crucial in this aspect, ([Hayat & Rabia 2021](#)). There is therefore need for man to recognize that he is a vicegerent of Allah and therefore act accordingly. Human resource development as developed from human resource management based on the Islamic perspective has key elements such as sincerity, trust, consultation delegation of authority and employee remuneration among many. The almighty Allah has entrusted the human being as his vicegerent on earth and man is in charge their in. in the Quran chapter two verse 30 Allah says "behold, thy lord says to angles, I will create a vicegerent on the earth. Human resource development in Islam seeks to aid an organization in staffing it to sustain high employee performance based on the teachings of Islam which is based on the Quran and *sunnah* since Islam is a complete way of life as shown in Quran chapter 5 verse 3.

Therefore, the subject of human resource development is derived from the analogy that Allah put man one earth to oversee what is being done on it. This makes it imperative that man must have what it takes in terms of psychological and mental capabilities that are required to run what is earth and therefore fulfil his role of being Allah's vicegerent on earth. This key Human activity as assigned by Allah can only be achieved through HRD and mainly through the training aspect to enable the human

being acquire the knowledge and skills required to perform work competently and efficiently as the vicegerent of Allah.

Quality service delivery

The delivery of quality service requires the person who is doing that activity be knowledgeable about what he is doing. The Quran in surah Al-Zumar says that "shall they know and those who know not be equal. This qur'anic injunction shows the importance if knowledge of the employee in the performance of his duties and it is through HRD that employee knowledge is improved. The prophet in one of his traditions urges Muslims to seek for knowledge even if it was in China. It's therefore important that Muslims continue in search for knowledge to deliver quality service. Training employee enables them to acquire knowledge and skills that will enhance their performance in the organization. Many times, in the Quran Allah has called on believers by saying "don't you reflect", this can only be done by those who are not knowledgeable. One of the key issues that Allah created man and made him his vicegerent on the earth was because he was able to have knowledge in one area that Allah cited upon man creation. Allah has talked about those who are knowledgeable as those who will have higher ranks, Quran 58 verse 11. It is obligatory upon every employee to seek for knowledge to improve his/her competence at work.

Improving employee relations at work

Islam presents a framework that is important in maintaining employee through the practice of the pillars of Islam and the pillars of *Iman*, ([Hayat & Rabia 2021](#)). These strengthen the spiritual side of personality and the discipline of an individual in relation to other. Islam requires honesty and hard work and creates a sense on discipline in man. Islam calls for respect of man. As Islam compels young people to show respect to older people it also asks the employer to show respect to the employee. The Quran 4:87 directs that one should greet the other with a better greeting. This show that both the employer and the employee should greet one another which is key maintaining relations and HRD. Therefore, Muslims should offer training required so as to improve employee relations in their organizations.

The welfare of the employee is a responsibility of employer and Allah has said we should "Do well to those whom your right hand possess" as shown in the Quran: chapter 4, Verse: 37. This has been interpreted to mean the employee or the worker. The employee therefore is under the care of the employer in many respects and should get support in issues related to work and the family. The Islamic way of management of organization's call for mutual consultation as aspect which existed in Islam way back which was commonly known as *shura*. The Quran chapter 42 verse 83 call on Muslims to work through consultation. This is a call for Muslim managers who are managing Muslim organization, ([Saani \(2020\)](#)).

Offers good business sense

Practicing HRD in the Islamic perspective will offer good business sense to the enterprise. Islam encourages us to practice lawful business and business in which the practice of HRD is present offers good business sense in Islam, ([Jifrodi, et al., 2022](#)). The employee is an asset to the organization and he must be developed to be meaningful to both the organization and the community in which he lives. Islamic values of honesty, integrity and accountability are some of the key ingredients into him HRD that is done with a Muslim perspective. This will bring sanity to the organization.

The introduction of new employees to the organization is one of the aims of having human resource development in an organization. It aims at introducing the new recruits to the organization and the entire staff. Company policies and regulations can well be communicated and emphasized during this period and if well attended the employees will gain a firm ground of what the organization is and where it intends to be in the next period. Islam encourages employers to well motivate their employee through regular pay and proper treatment. The prophet encourages us through his sayings that one should pay the worker his/her pay before even the sweat dries, reported by (sahih Bukhari). Prompt payment has the power to motivate employees and enhances the performance of the organization. It is therefore incumbent upon management to make sure that they pay as agreed and at the appropriate time in order not to demotivate employees while doing their work. Pay in Islam is meant to motivate employees to superior performance and managers in the Islamic arena must

consider pay that is well related to effort that employee puts in his work. In Islam under pay is not allowed and strictly does not allow forced labour.

While giving opportunity for development among the employees, Islam call for a fair distribution of opportunities. There is need to be sincere in what decision you undertake and sincerity is instrumental in building trust and cooperation among staff in the organization. The manager is meant to be sincere in whatever he/she does and the Quran chapter 5 verse 1 call for those who believe to fulfil their obligation. This leads to a fair dealing at work as the Quran emphasizes in chapter 5 verse 8 that "oh you who believe stand firm for Allah as witness to fair dealing and let not the hatred of you swerve to wrong and depart from justice..." such actions breeds commitment which enhances performance in the organization.

Productivity at work

Islam call for quality work production. It's the right of the customer to receive quality work. Effective human development practices aimed at developing the employee will bring about improved work performance and productivity. It is therefore important that the organization is able to arrange training program for the employee to be able to improve on how they perform. The training to be effective it should include the belief on Allah and Prophet Muhammad as his messenger because this is the foundation of Islam. One these are taught then the rest will follow and the employee will follow them because they stem from the oneness of God. Therefore, on the job training as part of HRD will improve the issues of accountability and attainment of knowledge which is key to productivity, ([Jifrodi, et al., 2022](#)). When the training is done, it will lead to improved performance in the Muslim organizations.

In Islam one's capacity to perform is based on the physical, emotional and interjectural wellbeing. Therefore, each person is different in terms of talent from the other and therefore the employer is not expected to burden an employee with work that is beyond one's talent and expertise. In chapter 2 verse 33 Allah has said that no soul shall be burdened greater than what it can bear. This implies that the employer should not give employee work that is greater than what the employee is capable of doing. Islam encourages a good performance management system that assess employees and give feedback to employees in a persistent and consistent manner. Information obtained from the appraisal process is used to manage promotions, reward and career planning activities. Because of the importance of the outcome Islam emphasizes that appraising performance should be based on the instructions and practice of the prophet and the four caliphs. Islam encourages Muslims to do their work with diligence and without any omission. The performance of the employees is based on the acceptable standards of employee competence. And as mentioned earlier as stated in the Quran chapter 2 verse 33 Allah has said that no soul shall be burdened greater than what it can bear. The employer there shouldn't measure performance that is not in line with what the employee is capable of doing given his or her level of competence. Islam recognizes the diversity in talent which creates a difference in earnings of employees

Improvement in employee knowledge and skills

HRD programs do encourage employees to gain additional knowledge through training. The training is done either on the job or off the job training. The training enhances employee productivity and helps the employee to develop at the work place. While Muslim are supposed to seek for knowledge, the knowledge sought should not only be related to faith but also on the professionalism that is key in fulfilment of one's contractual obligation. The prophet because be upon him said "the more you make work easy for your employee, the more you will be rewarded by Allah", ([Lathiefa Rusli 2021](#)). This will help to improve employee knowledge among the Muslim organizations.

In the Quran chapter 4 verse 37 Allah says "do well to those whom your hand possesses (worker)". Therefore, providing training is about doing well to employee which will improve his knowledge at work. This is one of the often-forgotten aspects in the management of Muslim organizations that need the attention of managers. Career development as part of human resource development is a way of enhancing employee capabilities to perform through the various ways of employee development which will enhance the employees' capabilities to perform which will eventually enhance the employee abilities to perform and make the employee ready for future assignments in the organization.

HRD is also emphasizes the wellbeing of employees through support programs and offering a safe work environment that enhances their physical and mental wellbeing. Quran chapter 2 verse 195 emphasizes the piety and righteousness which are critical for both the employer and employee in an organization. In Islam, the goal of human resource development is to create an environment that enables people to enjoy spiritual, moral and socio-economic well-being while at work and in this world in general to achieve success in the worldly affairs and the Hereafter. [Zain & Zakaria \(2022\)](#), Islam emphasizes that there should be no discrimination amongst members of the organization. There should be equal treatment for all deepening on each one's level within the organization. All employees should have equal chance of growth and opportunity to contribute to organizational functioning. In his last sermon the prophet emphasized this when he said that "No Arab has any superiority over a non-Arab nor does any non-Arab have any superiority over an Arab, neither the black over a white...."

The Attainment of Knowledge is closely related to the principle of vicegerent hood. This principle requires the full awareness of the task or responsibilities assigned to someone and in this case work. The person who is performing his/her responsibility has to be knowledgeable of all the aspects of what has been assigned to him or her. This knowledge to do work comes through cognitive gain or teach which in this case the human resource development. The importance of attainment of knowledge has been talked about quite often in the Holy Quran, for example it is stated in chapter 39 it clearly shows that those who do not know cannot equal those who know. This verse shows how the acquisition of knowledge is very important in Islam and in the general function of any Muslim and in this case our Muslim managers should be knowledgeable in whatever they do. Therefore, in terms of organizational performance Muslim employees must acquire knowledge that well suits their work and should constantly look out for new development in the field. When Muslim employees are knowledgeable in what they are doing and work in accordance with Islamic principles it will help to instill morality and spirituality among the employees. It will help to keep employees well updated with knowledge that is required to do work.

Strengthens the belief in Allah

Belief in Allah is key in whatever a Muslim does be it business, studies or any other thing. The strong belief will Allah and his commands will drive the organization success. A strong belief in Allah's commands and ways of how business can be done will help to strengthen one's business and ones this religious inclination that will help the entrepreneurs well manage the enterprise based on the true teachings of Islam. Belief in the oneness of Allah and the teachings of his prophet will offer direction to the organization and give it a cultural foundation that will help to propel the organization.

The best way to improve on the management of Muslim organizations is for the Muslim managers to increase their *iman* and completely submit to the will of Allah coupled with having trust in Allah in whatever they do. The managers should live their lives in accordance to the Quran and *sunnah* of the prophet. When managers stick to Allah in what they do this will improve their decision-making for Allah is the knower of all what is in the earth and what will happen tomorrow. The trust in Allah and his commands means when we hear them, we need to abide by them and therefore act accordingly. Managers should know there is much reward when we trust Allah and never to rely on other things other than Allah. Allah is just and verdicts and well measured according to him for he knows best.

Improves management of the firm

The teaching of Islam in the management of an organization through human resource development enhances one's abilities to perform which improves on the accountability of someone at work. The employee is held accountable to whatever he/she does in the organization and Allah has said the Quran chapter 8 verse 27 that "oh you who believe, betray not the trust Allah has made the messenger, nor misappropriate knowingly things entrusted to you." It is this trust that will maintain a good work relationship between management and the employee well enhanced through the Islamic teachings.

Through the HRD programs man is able to acquire knowledge and skill required in doing his/ her duties. Allah says in the Quran chapter 28 verse 26 that "...truly the best man for you to employ is the man who is strong and trust". HRD can well be built through trust and consultation which are critical to enhance employee performance. Delegation as a form of employee development results from trust

and consultation which can well help employee develop. Employee delegation helps to enhance employee competencies and knowledge which will enhance the employee's capacity to perform. The delegation will help to strengthen the management of the enterprise.

In the management of Muslim organizations, Islam call for respect for those in authority which helps in the management of organization. In organization it's not only the managers that work actually work is done through the employees and they have been asked to respect their managers through the hierarchy which helps to have an amicable work place that will produce results, [Mushtaq et al \(2014\)](#). The Quran chapter 49 verse 59 emphasize this matter. In any matter of drought in Islam it is better we refer to the Quran and *Sunnah*. It is reported that Sayyidina Abubakar would not make decision unless he has made recourse to the Quran and hadith, [Rashimbetov, & Mirzageldiyev \(2023\)](#).

[Kamaruddin & Auzair \(2020\)](#). In the management of Muslim organizations, Islam call of r accountability by the managers. Accountability means being answerable for whatever is done in the line of your duty. While we are all accountable to Allah the creator, we still remain accountable to our employer as employee and we must account for any resources that have been deployed to our disposal at work. Accountability remains key at work and each employee will remain accountable according the hierarchy at work, [Basri et al \(2016\)](#).

E. CONCLUSION

This paper discusses the need for practicing human resource development with an Islamic perspective in Muslim organization. This has been able by looking at the teaching of Islam in the practice of human resource development. The practice of HRRD not only benefits the individual but also benefits the organization. As the individual attains the knowledge and skills required to work the individual is developed which also helps to increase productivity in the organization. The human capital theory was found relevant to this paper and when the human capital is well developed it will lead to improves individual performance and that of the organization. HRD therefore remains a continuous HRM function that helps employees acquire competencies through the process of training and performance management. There should be a creation of development opportunities and a culture that ensures people are developed in the Islamic perspective.

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Madura Island Halal Tourism Potential: A Sustainable Coastal Tourism Approach

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Abstract

Pamekasan Regency has various kinds of tourism potential, especially coastal tourism. One of the coastal tourism areas that has the potential to be developed is Jumiang Beach. The beach has various potentials including a strategic location, easy access, exotic natural scenery, and cultural activities that are regularly held. This study aims to provide an overview of the development strategy used by all parties involved in managing Jumiang Beach in Pademawu sub-district to become halal tourism through Sustainable Coastal Tourism and how Jumiang Beach Strategy becomes a leading halal tourism in terms of Sustainable Coastal Tourism approach. This study uses descriptive qualitative research methods. The data collection technique used by the researchers in this study was to conduct observations and interviews aimed at coastal tourism managers, the village, and the government. Researchers also use literature or literature studies that are in accordance with the object of research to support research. The results of this study indicate that the coastal tourism area in Pademawu District, Pamekasan Regency has various potentials like natural beauty, the facilities, and many others. On the other hand, there are still many things that need to be addressed in the tourist area, for example, such as inadequate facilities so development is needed through a concept that is in accordance with the conditions of the tourist area.

Keywords: *Sustainable Coastal Tourism, Halal Tourism, Jumiang Beach*

A. INTRODUCTION

Indonesia is one of the countries with the largest population in the world. This is proven by the data submitted by KEMENDAGRI in June 2022 the total recorded population of Indonesia is 275,361,267 ([KEMENDAGRI, 2022](#)). Of these, 88% of Indonesia's population is Muslim and Indonesia ranks first in the world as the country with the most populous Muslims ([Febriana, 2021](#)).

This is a potential that Indonesia has to carry out development in the Halal Industry sector. Because the majority of Indonesia's population is Muslim so this is a good capital to make Indonesia a country with the most advanced halal industrial sector in the world and Indonesia should be able to become a mecca of the halal industry sector for all countries in the world. The halal industry sector that is targeted in this study is the halal tourism sector. Indonesia is a country that has a variety of natural beauty in every tourist area, so that tourist destinations in Indonesia are very diverse. Starting from religious tourism, cultural tourism, nature tourism and so on. All international trips, the natural tourism sector has increased with a fairly good trend, namely an increase of 20% ([Putri & Idajati, 2018](#)).

Nature tourism also has various sectors such as coastal areas. The area is an area that combines marine and land resources. From this combination, various potentials emerge such as natural beauty, cultural diversity around tourism, facilities provided by tourism managers and so on. This potential will experience development if the manager or parties involved are able to apply a suitable and appropriate concept in developing the tourist area. Sustainable development will have a significant effect or impact on activities around the coastal tourism area. Sustainable coastal tourism or Sustainable Coastal Tourism is a concept that is applied in coastal tourism areas and is sustainable so that it can have a positive impact, especially on economic, cultural and environmental aspects ([Sulistiyadi et al., 2017](#)).

Research from Aldy Adrianus Tatali, Ridwan Lasabuda, Jardie A. Andaki and Bet E. S. Lagarens with a study entitled "Coastal Tourism Development Strategy in Bentung Village, Sangihe Archipelago District, and North Sulawesi Province" provides an explanation that a sustainable development strategy is needed to meet the needs of tourists and current and future tourist destinations. This development needs to address economic, cultural and environmental aspects ([Tatali et al., 2018](#)).

Research conducted by Musaddun, Wakhidah Kurniawati, Santy Paulla Dewi and Novia Sari Ristianti with the topic "Forms of Sustainable Coastal Tourism Development in Pekalongan Regency" provides an explanation that Wonokerto beach still has several problems such as facilities and infrastructure that are still not accommodated so that visitors need to do tourism on the beach still cannot be fulfilled, from these problems the form of Sustainable Coastal Tourism development that is needed on Wonokerto beach is attractions, amenities, access, promotional media and services ([Musaddun et al., 2013](#)).

The previous research above resulted that the development of coastal tourism that has sustainable characteristics will be able to meet the needs of tourists in visiting coastal tourism and by applying this concept, the tourism area will have a positive impact on economic, cultural and environmental aspects.

The development of sustainable coastal tourism will run more smoothly if it is coupled with the concept of halal tourism. Sustainable coastal tourism and halal tourism have a concept that is both sustainable and aims to meet the needs of tourists. The concept of halal tourism is a concept that is under the existing conditions or culture of the population in Indonesia. The increasing demand for halal tourist destinations is not matched by the readiness of all stakeholders to welcome the euphoria of the world community for the development of halal tourism in Indonesia. The lack of understanding of the community around the halal tourist destination area about the halal concept is considered to be less supportive of the ministry of tourism's efforts in accelerating the implementation and internationalization of halal tourism in Indonesia ([Qomaro, 2019](#)).

One of the potential tourist destinations in East Java is the island of Madura, with sharia tourism potential that is not only limited to religious tourism, Islamic art, and Islamic cultural sites but also natural attractions, such as beaches, mountains, and hills, caves, amusement rides, and others. The most important part is that managers and visitors must behave according to the norms of Islamic teachings ([Adiba & Nasrulloh, 2021](#)).

One of the districts that also has many tourist destinations is Pamekasan Regency. The district has a coastline of 52 km which is located on the north coast along 18 km and 34 km on the south coast ([DKLH Pamekasan, 2007](#)). This shows that Pamekasan Regency has a coastal tourism area with various potentials that must be developed. One of them is Jumiang Beach which is located in Tanjung Village, Pademawu District.

Sustainable development as well as the concept of halal tourism can be applied at Jumiang Beach. Because based on observations made by coastal researchers they still have not implemented the concept of sustainable halal tourism. Therefore the authors are interested in conducting research with the title "Madura Island Halal Tourism Potential: A Sustainable Coastal Tourism Approach".

B. LITERATURE REVIEW

Tourism

According to KBBI tourism is an activity that has ties to a recreational trip. In 1959 the term tourism was used as a substitute for the word tourism, which had previously been taken from Sanskrit. Tourism in English is called "tourist" which means a journey made from one place to another ([Suwena & Widyatmaja, 2017](#)).

Tourism is a journey that can involve several people with different goals for each individual to eliminate curiosity from new things for a certain period of time and get satisfaction from a trip (Mikola, 2019). Tourism can be divided based on its object, namely as follows ([Suwena & Widyatmaja, 2017](#)):

- a. Political Tourism, a type of tourism by taking a trip that aims to see an activity related to an official event carried out by the government in an area, for example, the Indonesian Independence Ceremony which is always held on August 17th.
- b. Social Tourism, is a type of tourism which in practice does not prioritize profit, for example like picnics.
- c. Religion Tourism, is a type of tourism which in practice has the aim of witnessing activities related to religion, for example such as Hajj and Umrah.

Halal Tourism

The term halal tourism according to various countries is Islamic Tourism, Halal Lifestyle or Halal Travel ([Surur, 2020](#)). Halal tourism is a new approach to be able to carry out development in the field of tourism that combines the local wisdom of an area with Islamic values in it without reducing the authenticity of the culture that exists in an area in attracting tourists.

Halal tourism does not prioritize a person who is Muslim or Muslim, but non-Muslims can also experience the service and atmosphere that contains halal values ([Sari et al., 2019](#)). In this case halal tourism does not only consist of pilgrimage and religion but also emphasizes the concept of tourism that provides privacy between sisters and brothers, restaurants that are halal certified, hotels that apply sharia principles.

Sustainable Tourism

Sustainable Coastal Tourism or Sustainable Coastal Tourism is a concept that can meet all the needs of tourists who travel to an area and can provide protection and encourage equal opportunities for the future ([Musaddun et al., 2013](#)). According to the Commonwealth Coastal Action Program (1997) the development of sustainable coastal tourism is development that focuses on an area that has concern for and responsibility for the sustainability of the area's environment, which includes the quality of life in the environment around tourism that will benefit the future.

The development of sustainable coastal tourism or Sustainable Coastal Tourism must be able to utilize natural resources as the application of principles that can support the continuity of tourism. The principles that must be applied for the development of sustainable coastal tourism or Sustainable Coastal Tourism are as follows ([Gunawan & Ortis, 2012](#)).

- a. Utilizing environmental resources as part of sustainable tourism development in order to maintain ecological processes which have an important role in helping to preserve the tourism environment.

- b. Respect the host's cultural values, for example, such as being involved in cultural understanding and tolerant of culture in tourist areas and maintaining the traditional values of the tourist area.
- c. The sustainability of sustainable tourism will have a positive impact in the long term so that it will provide social and economic benefits to all parties directly involved in the development of sustainable tourism.

Aspect of Sustainable Tourism Development

a. Economic Aspect

Sustainable tourism has a relationship with economic growth, this is because tourism development seeks to take advantage of tourist destinations by selling natural and cultural potential that is still beautiful. This is a tool that can empower the community's economy which is able to increase employment, sources of community income, service activities that are able to encourage economic growth of every community in the tourist area. Such as empowering SMEs and tourism awareness groups to comply with Islamic business values that are in line with the halal industry ([Nasrulloh, 2022](#)).

The potential of natural resources such as ecosystems, flora and fauna, natural phenomena that have their own characteristics also have negative impacts that can be easily damaged if tourism management is not based on the concept of sustainable tourism which should be implemented ([Sulistiyadi et al., 2017](#)).

b. Environmental Aspect

Tourist areas have their own advantages and characteristics ranging from flora, fauna, community culture, and various potentials that can increase the attractiveness of tourists. The potential that is above is an opportunity that exists in a tourist area and is a challenge that must be managed carefully so that future generations can enjoy the impact of this development and the need for a sustainable conservation. Tourism management must focus on recognizing and understanding the attractive potential of tourist objects and natural resources that support the environment and disturbances that can affect ecological processes in tourist areas ([Sulistiyadi et al., 2017](#)). Apart from that, the fulfillment of human needs and interests in environmental aspects is by maintaining a balanced relationship between ecosystems ([Yahya & Nasrulloh, 2022](#)).

c. Cultural Aspect

There are so many impacts of the social and cultural conditions of society that must be considered. Things that must be considered are population stability, maximizing basic or basic human needs, various cultures and community contributions in tourist areas that can determine decisions in tourism management.

C. RESEARCH METHOD

In this study, the authors used a qualitative descriptive research approach by conducting direct research or conducting field research. The data collected using qualitative research methods is information that contains the actions and feelings of the respondents given to writers or researchers about what they experienced themselves (Kusumastuti & Khoiron, 2019). The type of data used is primary and secondary data. Primary data is a type of data whose collection process is carried out through interviews or interviews with several respondents who have a relationship with the object of research. Secondary data is data obtained from some previous literature or through intermediary media such as books, journals, theses, etc.

Data collection techniques carried out by the authors in this study were interviews and observations. Data collection using observation techniques is characterized by concluding the meaning of an event or observation made at the place used as research ([Salim & Syahrums, 2012](#)). An interview is a conversation between two or more people to obtain information ([Salim & Syahrums, 2012](#)). The data obtained will be managed by carrying out data reduction, then presenting the data and finally verifying it. The research was conducted by researchers located in Tanjung Village and Padelegan Village, Pademawu District, Pamekasan Regency.

D. DISCUSSION

The Overview of Jumiang Beach

Pamekasan Regency is one of the regencies on Madura Island which has an area of 79,230 ha and is divided into 13 sub-districts, 11 sub-districts, and 138 villages. Administratively, the borders of Pamekasan Regency to the north are the Java Sea, to the east, it is directly adjacent to Sumenep Regency, to the south it is bordered by the Madura Strait and to the west, it is bordered by Sampang Regency. Geographically, the Regency is located at 6°51-7°31' south latitude and 113°58' east longitude ([BAPPEDA JATIM, 2013](#)).

Results and discussion contains the findings of research and scientific discussion. Write down the findings and support with sufficient data. The findings must be explained scientifically. In addition, it should be explained also the comparison with the results of other researchers about the same subject. Research results and findings should be able to answer the research hypothesis in the introduction.

Pamekasan Regency also has a coastline of 52 km with details of 18 km on the north coast while the south coast is 34 km long ([DKLH Pamekasan, 2007](#)). With some of the things that have been described above, Pamekasan can have various tourist areas that are an attraction for tourists. Starting from religious tourism, historical tourism, cultural tourism, nature tourism, and so on. From this, the tourism sector can provide a significant positive impact on the economy of Pamekasan Regency.

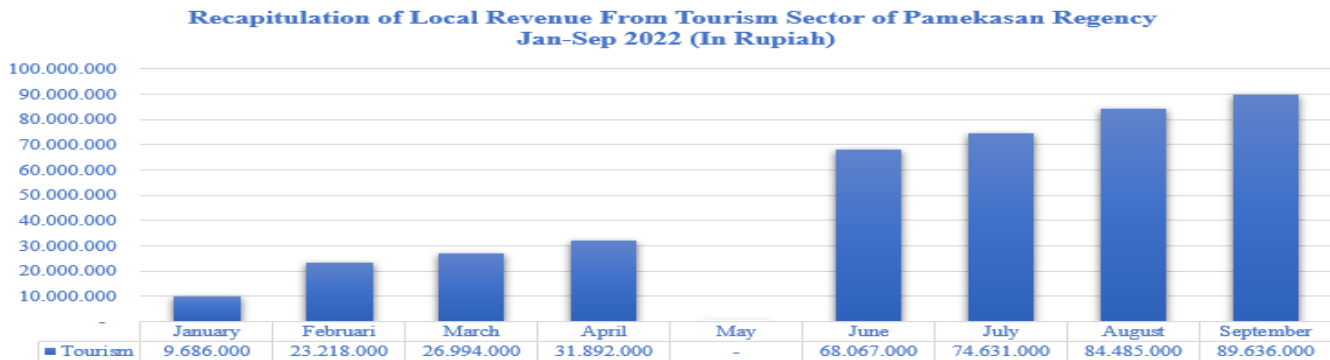


Figure 1 Recapitulation of Local Revenue from Tourism Sector of Pamekasan Regency Jan-Sep 2022 (In Rupiah) ([DISPORAPAR KAB. PAMEKASAN, 2022](#))

Overall, 42.6% of Pamekasan's PAD in 2022 came from the tourism sector. This is proof that the tourism sector plays an important role in the economy of the area. Then we need an appropriate strategy to maintain and even develop tourism in Pamekasan Regency so that the impact felt at this time can also be felt by the future and generations to come.

Jumiang Beach is located in Tanjung Village, Pademawu District, approximately 12 km to the southeast of the City Center. This beach has potential and natural beauty with white sand and beautiful cliffs on the east side. become an attraction for tourists to visit the beach ([DISPORAPAR Kab. Pamekasan, 2022](#)).

Tourism Potential of Jumiang Beach Viewed from the Sustainable Coastal Tourism Approach

Tourism is an activity carried out by individuals or groups to move from one place to another to get each individual's curiosity and to get satisfaction in visiting an area. Usually, this tourism activity is carried out when individuals or groups have free time to get the desired enjoyment when carrying out these activities. Talking about tourism is always related to the potential of a tourist area that can attract local and non-local tourists to visit that area. The more and more unique potential that a tourist area has, the more likely it is that the tourist area will get a lot of visitors.

Pamekasan Regency has many types of tourism ranging from religious tourism, nature tourism, and so on. One type of natural tourism in Pamekasan Regency is Jumiang Beach which is located in Tanjung Village, Pademawu District. The beach has the potential and uniqueness so it can attract tourists

to visit the coastal tourism area as the results of an interview with the Head of Tanjung Village, Pademawu District, especially Jumiang Beach:

"Jumiang Beach has several potentials, namely the existence of seaweed and the charm of the beauty of the beach offered by natural conditions on Jumiang Beach, especially the lower Jumiang Beach. In addition, there are cultural activities that have become a tourist attraction, namely the implementation of Sea Picks which are always held once a year by residents, especially residents who work as fishermen (Zabur, 2022)."

Jumiang Beach has 2 tourist attractions, namely the upper and lower Jumiang beaches which have different tourist concepts. The lower part of Jumiang Beach is conceptualized as religious tourism because there is still a religious potential that is still believed by the local community.

"The natural potential in the upper part of Jumiang Beach is the potential for religious tourism. It is still believed that one of the kings had visited the Jumiang Beach area so the community's support for this king is still believed to be very beneficial. As for natural potentials, such as unspoiled rock cliffs, places that are still shady because of trees (Supriyadi, 2022)."

From this potential, it becomes a characteristic and uniqueness of Jumiang Beach. Evidenced by the existence of this potential, Jumiang Beach is one of the tourist destinations that are of interest to tourists.



Figure 2 Tourist Visitors Data Jumiang Beach Period Jan-Jul 2022
(DISPORAPAR KAB. PAMEKASAN, 2022)

Jumiang Beach has superior potential both from natural potential and another potential. This will increase the attractiveness of beach tourism so that it has a positive impact on the community around the beach tourism area. In addition to the several potentials previously mentioned, based on the observations made by the researcher, Jumiang Beach has facilities that can meet the needs of tourists such as:

- a. Bathroom, the bathrooms provided by Jumiang Beach are not provided separately for men and women, but they are kept clean.
- b. Parking Area, the beach provides a parking lot that is quite large and is managed by the manager so that the management of the parking lot is more organized and tidy. In its management, parking lots for two-wheeled vehicles and four-wheeled vehicles are placed separately.
- c. MSME area, the establishment of an MSME around the coastal tourist area is a tourist attraction for coastal tourism areas because usually, tourists will need food and drink.
- d. Gazebo, the availability of gazebos in coastal tourist areas is an added value for these tours because tourists usually use gazebos as a place to rest while enjoying the views offered by coastal tourist areas.

- e. Cleaning Facilities, the provision of facilities such as trash cans is a concern for tourists because if trash bins are not provided in the area around the tour, tourists will usually throw trash carelessly.
- f. Photo Spot, Spot photos become iconic places for tourists because usually tourists who visit a tourist spot always capture their journey in a photo spot on a tour.

Based on the existing potential, it can influence several aspects that following the concept of Sustainable Coastal Tourism, such as:

a) Economic Aspect

The development of existing potential using the concept of sustainable coastal tourism (Sustainable Coastal Tourism) will have an impact on the economic aspect in the form of increasing people's income and providing jobs and welfare for the people around the coastal area.

Jumiang Beach can maximize this potential. This is under what was conveyed by the Head of Tanjung Village Mr. Zabur during an interview conducted by the researcher.

"The potential in Jumiang Beach greatly affects the economic conditions of the people around the coast. before the tour was inaugurated, some people were still doing makeshift jobs, only when Jumiang Beach tourism began to open and a place was provided to sell, the unemployment rate began to decrease because people who were initially unemployed were now able to open their jobs by starting businesses either in the culinary or souvenir fields (Supriyadi, 2022)."

Jumiang Beach can have a positive impact on the economy of the surrounding community so that people's income has increased, reduced unemployment, and expanded employment opportunities around the coastal tourism area.

b) Cultural Aspect

Cultural activities have indeed become a habit of the surrounding community, either in the form of relics or routine activities that are carried out several times each year. This was conveyed by the Head of Tanjung Village in an interview conducted by the author:

"Picking the sea culture carried out by fishermen is an activity that symbolizes a feeling of gratitude for the marine products obtained by fishermen. For the implementation of sea-picking activities, it is usually carried out once a year (Zabur, 2022)."

The picking sea activity is a routine activity carried out by fishermen but based on the information the author got from the management of Jumiang Beach, this activity has been in a vacuum for the past 2 years due to a pandemic and an appeal from the government in the form of a ban on carrying out this activity

"Patilasan is still believed by the community to have benefits or provide benefits to the surrounding community. It has Islamic cultural values. Apart from this, religious leaders and various elements of society for the upper part of Jumiang Beach may not hold events that contain elements of disobedience (Supriyadi, 2022)."

Cultural activities can attract tourists to visit these tourist attractions so this is an advantage that must be maintained so that all parties can feel the impact of the existence of coastal tourism areas. In terms of culture, several important points must be carried out by the surrounding community and also the management to preserve the culture around the tourist area so that this will continue to be sustainable for the next generation, for example, such as a); there are no shops in the souvenir sector or souvenir center; b) the minimum number of people involved in waste management; c) preserving the "Sea Picking" activity which has been in a vacuum for a long time.

c) Environmental Aspect

A well-managed environment can be an added value for a tourist spot. Therefore the environment must be maintained so as not to harm other aspects. Jumiang Beach has its concept for managing the environment in this coastal tourism area. Based on the results of interviews with the Chairperson of POKDARWIS, it was stated that:

"The management of the waste in the upper part of Jumiang Beach is not managed, but for the garbage around the beach we pile it up first, then we burn it. As for clean water, we use PDAM services (Supriyadi, 2022)."

This is a drawback that is owned by Jumiang Beach, especially the upper part. When burning garbage, the smoke that arises due to burning garbage will hurt the surrounding community and even tourists will also be disturbed. The Head of Tanjung Village also added:

"The environment around the beach must be really clean, but during this dry season, cleaning the upper part of Jumiang Beach is still difficult because of the many fallen leaves, the village government also prohibits burning garbage because it will disturb visitors and the surrounding community so that the village government will carry out renovations by replacing trees that have properties capable of surviving the dry season (Zabur, 2022)."

From the environmental aspect, there are indeed some that have not been fulfilled so this still needs to be considered and followed up by the parties involved in tourism management: a) there is no 3R waste management b) waste management that is still being burned. c) Lack of trash facilities around the tour.

Strategy for Jumiang Beach to Become a Leading Halal Tourism in Terms of the Sustainable Coastal Tourism Approach

The concept of halal tourism is also regulated in the Islamic religion and the reference is the Al-Qur'an, hadith, and so on. Therefore the concept of halal tourism designed by each tourist area must have Islamic values. Based on the research conducted by the author, it turns out that Jumiang Beach, which is located in Tanjung Village, Pademawu District, is divided into two parts, namely Jumiang Beach, the upper and lower parts of the division of area, Jumiang Beach has a tourism concept that still does not fulfill the important elements of tourism. Halal tourism, but several elements have been fulfilled. This was conveyed by the Chairperson of the Jumiang Beach POKDARWIS in an interview conducted by the author:

"Conceptually, the upper part of Jumiang Beach applies the concept of halal tourism, for example, it is not permissible to hold events such as dangdut orchestras or events that contain elements of disobedience, even religious leaders and the surrounding community agree with this. For sellers around the beach, on average, they still don't have halal-certified products. Planning regarding homestays or guest houses that apply the halal concept does exist, but this must be under the mindset or response from the community (Supriyadi, 2022)."

The upper part of Jumiang Beach has indeed implemented the concept of halal tourism, but there are still several things that need to be developed and fulfilled so that this becomes a solution for Jumiang Beach to become halal tourism according to existing criteria.

"Regarding the concept of halal tourism, it is indeed focused on the upper part of Jumiang Beach, in contrast to the lower part of Jumiang Beach which applies the concept of marine tourism so that several elements related to halal tourism have not been fulfilled. For example, in halal certification, the village government cannot be too involved in this matter. because those who provide halal certification are not from the village but from the Health Service so the village government does not play too much of a role (Zabur, 2022)."

In terms of the concept applied by the upper part of Jumiang Beach, it is still not implementing halal tourism so several elements are still not fulfilled. The elements that are fulfilled from the concept of halal tourism on Jumiang Beach are that there are no activities oriented towards polytheism or activities that are not following sharia, managers always give advice not to do immoral things, and so on.

a. Halal Tourism Development Strategy

Based on the results of research conducted by the author, Jumiang Beach still does not fulfill the elements of halal tourism, but there are several elements that have been fulfilled. This is the background for the need for tourism development, especially in several elements which are important in developing Jumiang Beach to become halal tourism. In Pamekasan district there is an integrated tour which has problems related to the development of the tour, so that this can be a reference regarding what needs to be developed from Jumiang Beach.

No	Additions that need to be made	Very Urgent	Urgent	Not Urgent
1	Integrated tourism promotion	24 (12%)	166 (83%)	10 (5%)
2	Culinary facilities in Integrated tourism	51 (25%)	144 (72%)	5 (2,5%)
3	Toilet facilities in Integrated tourism	44 (22%)	142 (71%)	14 (7%)
4	Lodging facilities in Integrated tourism	27 (8,5%)	69 (34,5%)	114 (47%)
5	Worship facilities in Integrated tourism	149 (74,5%)	51 (25.5%)	0
6	Children's game facilities in Integrated tourism	0	159 (79,5)	41 (20,5%)
7	Transportation facilities from one place to another place in Integrated tourism	0	4 (2%)	196 (98%)
8	Road access to Integrated tourism	3 (1,5%)	14 (7%)	183 (91,5%)
9	availability of souvenir centres in Integrated tourism	25 (12,5%)	163 (81,5%)	12 (6%)
10	Access to watch typical Pamekasan performing arts	18 (9%)	182 (91%)	0
11	Support for MSME actors to the Tourism industry	8 (4%)	94 (47%)	98 (49%)
	Total Responden	200		

Table 1 Urgent improvements need to be made to improve the quality of integrated tourism (BAPPEDA KAB. PAMEKASAN, 2022)

Based on the table above according to the tourists several things need to be addressed with urgent conditions. This provides information to the management that tourists need several facilities that must be "available" when visiting tourist attractions. Worship facilities are facilities whose condition is very urgent to be repaired, this is evidenced by 74.5% of respondents. This is motivated by the characteristics of the people of Pamekasan Regency who are religious. Apart from worship facilities, several things that are also urgent and needed by tourists when visiting tourist attractions are the promotion of culinary facilities (72%), toilet facilities (71%), children's play facilities (79.5%) arts or cultural activities around tourism (91%) and the last is the availability of souvenir centers around tourism (81.5%).

Based on the improvements needed or needed by tourists above, it is necessary to carry out a development strategy to minimize the constraints that exist in tourist areas. In this study, researchers provide a solution related to the strategy that needs to be used by the tourism manager, namely the strategy released by KNEKS (National Committee on Islamic Economics and Finance). This strategy can become a reference for managers in developing coastal tourism areas because this strategy is almost similar to the strategy released by the GMTI (Global Muslim Travel Index) whose goal is to meet the needs of Muslim tourists or indirectly lead to the concept of halal and sustainable tourism, besides that non-Muslims can also enjoy these tours because the concept of halal tourism can not only enjoyed by Muslim tourists but non-Muslims can also enjoy halal tourism. The following are several important points that need to be developed by the manager in developing a tourist area to become halal tourism ([KNEKS, 2021](#)):

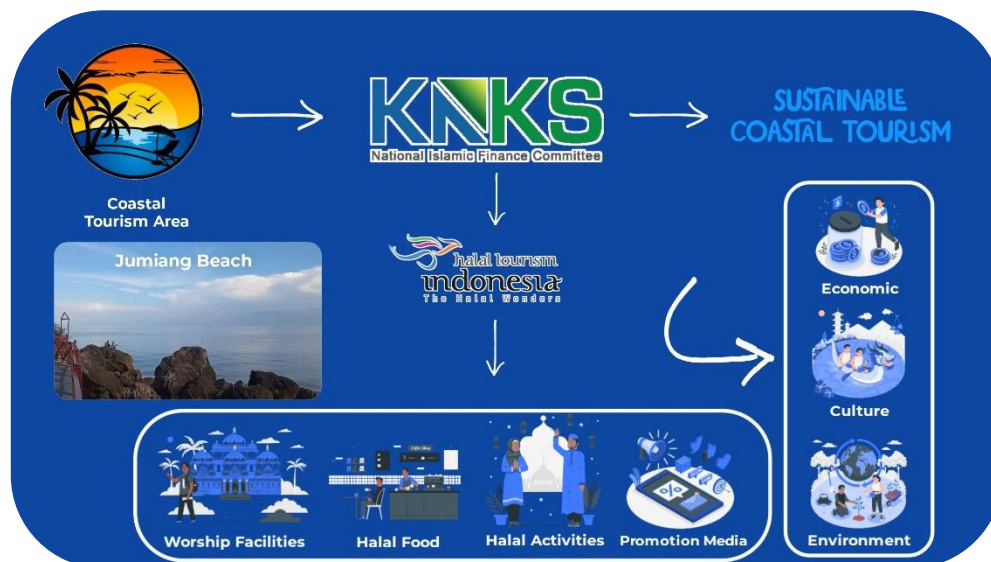


Figure 3 Halal Tourism Development Strategy Canvas Model
(Personal processed data)

1) Worship Facilities

When visiting tourist areas, Muslim tourists need facilities that can fulfill their obligations, especially in terms of worship. So that in this case, Muslim tourists need prayer facilities such as prayer rooms or mosques that comply with the following criteria:

- a) Prayer equipment that is still in a state of purity such as prayer rugs, sarongs, *mukena*, and so on
- b) Space divider between men and women.
- c) Easy access to ablution places and there are separate ablution places for men and women.
- d) Drainage of ablution water.
- e) The condition of holy ablution water.
- f) There are Qibla directions, prayer time schedules, and the Al-Quran.
- g) There is air conditioning or a fan to add to the comfort of worship.

2) Halal Food

Halal food and drink is a basic need for Muslims and it must be fulfilled. Because by consuming halal food or drinks, it shows that Muslims comply with the rules described in the Al-Quran (Adila et al., 2023). In consuming food, Allah explains in the Qur'an that every Muslim must consume halal food, so this needs to be considered to provide comfort for tourists when visiting tourist attractions. Tourism managers need to provide a restaurant or UMKM that has halal certification so that tourists, especially Muslim tourists, can distinguish between halal and haram food. The following are the criteria that must be carried out by a restaurant or UMKM in selling halal food in tourist areas:

- a) Have halal certification
- b) Not selling food containing pork and not selling drinks containing alcohol or pork
- c) The process of processing food is clean and protected from all things that contain unclean elements.
- d) There are toilets with clean water
- e) There are facilities for worship such as prayer rooms, places for the ablution of worship equipment, and so on.
- f) There is a trash can.

3) Halal Activities

When the tourism concept has been implemented, the management must be under Islamic religious values. So that every element of halal tourism is under Islamic religious teachings. Starting from the facilities and activities around the beach, it must avoid elements of shirk and immorality. This is to provide comfort to every tourist who visits tourist attractions. This can work well if the tourism manager can implement the following things:

- a) Appeal to all tourists to avoid activities that contain elements of shirk and immorality.
- b) The manager carries out tasks such as patrolling around the tourist area to oversee all activities carried out by tourists.
- c) Provide limited visits
- d) Carry out Islamic activities such as *istighosah* events or the like.

4) Media Promotion

Promotional activities need to be carried out by tourism managers to introduce these tours to the public to increase the attractiveness of tourists to visit these tourist areas. Social media is a tool that is able to have a good influence on a tourist spot in terms of promotion. This is because people are easier to access social media. the rise of people who use social media is proof that social media is able to become a means of promotion that is able to market various things, ranging from promoting trade goods to tourist attractions worth visiting. the purpose of this promotion is an effort that must be passed by the tourism manager to provide a service to the community by utilizing various social media ranging from TikTok, Instagram and so on ([Suminto et al., 2021](#)). The following are things that need to be done in promoting tourism areas:

- a) Provide information about HTM, tourist conditions, photo spots, access, and so on
- b) Introduce the advantages of the tour.
- c) Provide information on what facilities are available on the tour.

b. Sustainable Coastal Tourism

Sustainable coastal tourism is an understanding that has a positive impact on the current generation and that impact can be felt by future generations. Economic, cultural, and environmental aspects are the most important aspects of this concept so this concept is under the objectives of the GMTI (Global Muslim Travel Index) which implements Halal Travel 2.0 in 2019 until now.

An understanding of sustainable coastal tourism combined with the concept of halal tourism can have a positive impact such as reduced unemployment, increased employment, and increased social welfare. From this, it proves that sustainable coastal tourism combined with the concept of halal tourism can influence economic aspects.

The culture of the people of Pademawu District, Pamekasan Regency, who have a religious background, can have a positive influence on the environment around the coast by avoiding polytheistic and polytheistic activities around tourist areas. In addition, the community also preserves the "pick the sea" activity as a sign of gratitude for the fishermen's income while doing their work. The community also holds Islamic activities such as *istighosah* around the beach.

Musholla, bathrooms, and various other facilities can provide conducive conditions around the beach so that the environment can be better maintained. 3R waste management can protect the surrounding environment so that waste does not contaminate the tourist area environment. This proves that sustainable coastal tourism can have a positive impact on environmental aspects.

E. CONCLUSION

Tanjung Village, Pademawu District, Pamekasan Regency has one of the coastal tourism areas that have various potentials and very aesthetic natural conditions, namely Jumiang Beach. The potential and natural beauty must be maintained and even must be developed to increase the attractiveness of tourists to visit the beach tourism. If no development action is taken, it will harm economic, cultural, and environmental aspects. For example, there are still a few MSMEs in Jumiang Beach, so it needs development in the economic field. The *istighosah* activities that are held every week in Turin must be

reactivated immediately to preserve the surrounding culture. Waste management that is still being burned must be reduced to protect the environment around tourism.

From the problems described, appropriate development is needed so that Jumiang Beach tourism can develop. The concept of halal tourism combined with Sustainable Coastal Tourism can have a positive impact on the next generation. The combination focuses on economic, cultural, and environmental aspects that are under the problems that exist in Jumiang Beach. Things that need to be improved include prayer facilities, halal food provided by MSMEs around the coast, halal activities that reflect the characteristics of the people of Tanjung Village, Pademawu District, and promotions carried out through social media.

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Discussion on Halal Assurance for Micro and Small Business: A Bibliometric and Content Analysis

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Abstract

The integration and comprehensiveness of the halal system are essential for ensuring halal assurance. The issue of halal certification has become a topic of interest, particularly when considering micro and small businesses. Various perspectives have been examined in the study of halal certificates. In Indonesia, the implementation of Halal Assurance Law no 33 Year 2014 has made halal certification mandatory at the national level. This requirement poses challenges, particularly for small and micro businesses that typically have limited resources. Various bibliometric studies have been done on small and micro businesses and similarly have been conducted on halal topics as well. However, no bibliometric study has been done on small and micro businesses in the context of halal and halal assurance implementation. This research analyzes current trends and discussions surrounding halal studies in relation to micro and small businesses. The Google Scholar Database is utilized to ensure broader coverage. The research employs bibliometric analysis and systematic literature review to address the research questions. The study reveals that limited resources are frequently cited as a significant problem for micro and small enterprises. To ensure the implementation of halal assurance practices in these businesses, sustainable support is necessary, considering their constrained financial capabilities.

Keywords: *halal assurance, micro and small business, bibliometric analysis, content analysis*

A. INTRODUCTION

The halal food market has experienced significant growth in recent years, driven by increased demand from both Muslim and non-Muslim customers ([Rezai, Mohamed & Nasir-Shamsudin, 2012](#); [Vanany, Maarif & Soon, 2019](#)). This has led to a surge in research activity worldwide, as halal is now considered a vital requirement for Muslim consumers. According to Reuters and Standards (2016), the halal food sector is projected to account for approximately 18.3% of global food expenditure, reaching a value of US\$ 1,914 billion by 2021.

The introduction of the halal certification process in Indonesia dates back to approximately 1992. The initial certification framework was established by the Institute for the Assessment of Food, Drugs, and Cosmetics (Lembaga Pengkajian Pangan Obat-obatan dan Kosmetika: LPPOM) and officially recognized by the MUI (Indonesian Ulama Council). Halal certificates are mandatory for various products, including raw materials, ingredients, additives, packaging materials, as well as services like logistics, cleaning services, and insurance. Additionally, the certification also applies to animal products, regardless of whether they are mechanically slaughtered or shot.

Labelling was before given to non halal products as regulated by the Decree of the Minister of Health Republic of Indonesia Number 280/Men.Kes/Per/XI/76 concerning Provisions for Circulation and Marking on Foods Containing Ingredients Derived from Pork. The need for halal label strongly emerged after Tri Susanto published his findings which revealed that several types of food and beverages circulating in Indonesia contained lard in 1988. The article was published on Canopy, the bulletin published by the Faculty of Animal Husbandry of Brawijaya University in East Java. The article was widely circulated in the caused concern and nationwide issues. Public were then afraid to buy products that were suspected of containing lard, some major companies has decrease of sales up until 80% ([Girindra, 1998](#)).

The government intends to strengthen regulations related to halal products in Indonesia by issuing the Halal Assurance Act ([Undang Undang Jaminan Produk Halal: UU JPH](#)) in 2014. The issuance of this Act has a big impact on halal regulations In Indonesia, indeed. This can be seen clearly from the articles contained in the Act. This Act mandates the government to be fully responsible for the implementation of the halal products assurance in Indonesia. This JPH Law also mandated the government to establish an institution in under the ministry in charge of organizing halal product guarantees. It is by the mandate of the law that the government formed BPJPH under the Ministry of Religious Affair. This then automatically changes the authority of LPPOM-MUI from the only halal authority which oversaw the entire series of halal regulations to become an institution that only has the authority to issue fatwa.

The JPH Law has entered its seventh year since the issuance. However, there are still some challenges in optimally implementing the halal assurance. According to Aisha Maharani, Founder & CEO of Halal Corner, the implementation of mandatory halal certification was too hasty applied. Moreover, she also added that massive information sharing is needed. Not only small and micro businesses, but medium and big business players are also still confused. There are a lot of supporting systems needed including infrastructure, human resources, and details of the systems ([Muhlisin, 2021](#)).

Another issue that is urgent is the direct impact of this Law on small and micro-enterprises, which are also required to be halal certified. The number of MSMEs in Indonesia as recorded by the Ministry of Cooperatives and Small Business and Medium in 2017-2018 has reached 62,922,617.20. The mandatory halal certification is problematic for these small and micro business because they have limited resources.

[Mohammad & Maulidiyah \(2021\)](#) concludes for their study and describe that 86,8% of micro and small industries of the food and beverage sector in East Jakarta-Jakarta Province, Bekasi-West Java Province, and Gresik Regency-East Java are not halal certified. ([Muhlisin, 2021](#)) also adds that only 50% of micro-enterprises in Surabaya-East Java are halal-certified. Among the reasons is that they have limited resources and aid provided by the local government is inadequate. [Hidayati & Primadhany \(2021\)](#) on their studies concludes that for all 40.568 MSMEs in Central Kalimantan, budget available for halal certification assistance is only adequate for 30 business only in 2020.

Between 2012 and 2019, the Institute for the Assessment of Food, Drugs, and Cosmetics ([Lembaga Pengkajian Pangan Obat-obatan dan Kosmetika: LPPOM](#)) under the Indonesian Ulama Council (MUI) issued a total of 15,495 halal certificates for 13,951 companies, resulting in a cumulative count of 274,495 certificates. However, this figure falls significantly short of the ideal number. Out of the 1.6 million micro, small, and medium enterprises (MSMEs) in the country, only 10 percent have obtained halal certification.

Research pertaining to halal has been conducted across various disciplines and on diverse topics. In recent years, there have been several attempts to pilot bibliometric analyses focused on halal research. Specifically, there is a growing interest in the field of halal supply chain. Recent publications in various journals have explored subjects such as the halal supply chain in manufacturing industries ([Ngah, Zainuddin & Thurasamy, 2014](#)), the analysis of halal logistics ([Ab Talib, Abdul Hamid & Zulkafar, 2013](#)), and the application of halal principles in the supply chain ([Tieman, van der Vorst & Ghazali, 2012](#)).

On the subjects of micro and small businesses, several bibliometric studies have been undertaken. [Baker et al. \(2020\)](#) scrutinized the field of small business economics over a thirty-year period. [Bartolacci et al. \(2019\)](#) and [Prashar and Sunder \(2020\)](#) delved into sustainability perspectives concerning small and medium-sized enterprises. [Odrozola-Fernández et al. \(2019\)](#) explored open innovation in small and medium enterprises, while [de Almeida Parizotto and de Carvalho \(2020\)](#) elucidated the challenges of project management in small and medium-sized enterprises.

Despite these prior studies, there has been a dearth of bibliometric research on micro and small businesses from the standpoint of halal implementation. This study employs bibliometric and network analyses to fulfill the research objectives of mapping the pertinent literature and identifying key issues. Bibliometric and network analyses are well-established methodologies for investigating and categorizing research areas, offering valuable insights for subsequent analysis. The primary objective of this paper is to conduct an extensive review of halal assurance, specifically focusing on micro and small businesses.

B. RESEARCH METHOD

This study aims to provide a comprehensive overview of research on food and halal certificates. The research methodology follows a systematic approach consisting of defining relevant keywords, querying the literature database, and conducting rigorous analytics, as outlined by [Saunders, Lewis, and Thornhill \(2009\)](#). The research methods proposed by [Fahimnia et al. \(2015\)](#) and [Wamba and Mishra \(2017\)](#) are adopted, which involve five stages: (1) defining search terms, (2) including and excluding articles, (3) selecting the process of articles, (4) performing preliminary data analysis, and (5) conducting bibliometric and network analysis. Each of these stages is elaborated upon to ensure the validity of the findings and enable readers to implement a similar method for conducting an analysis-based literature review in their own studies.

Bibliometric analysis is a systematic analytical technique used to identify influential authors, their affiliations, and the keywords they employ, thereby establishing connections between different works. Network analysis, on the other hand, is a rigorous method used to identify clusters within research areas, revealing future research directions and identifying gaps. The systematic guidelines for bibliometric analysis by [Fahimnia, Sarkis, and Davarzani \(2015\)](#) and network analysis using VOSviewer by [Cancino, Merigo, Coronado, Dessouky, and Dessouky \(2017\)](#) are adopted in this research.

Data

Google Scholar database is chosen for wider coverage. The data collection is divided into two searches: articles in Bahasa Indonesia and articles in English. The search terms or the keywords used for the article collection in Bahasa Indonesia are "halal" AND "mikro" (both to be found on the title), "halal" (to be found on the title) and "mikro" (to be found on keywords), "mikro" (to be found on the title) and "halal" (to be found on keywords). Those keywords are chosen considering similar meaning or interpretation to compliance. The term "mikro" instead of "micro" is chosen to capture articles in Bahasa Indonesia only. This is to capture more issues related with the context of regulation application in Indonesia.

The search terms or the keywords used for the English articles data collection are "halal" AND "micro" (both to be found on the title), "halal" (to be found on the title) and "micro" (to be found on keywords), "micro" (to be found on the title) and "halal" (to be found on keywords).

Method

The article search process incorporates the use of Harzing's Publish or Perish tool. Employing the specified keywords, we query the database and proceed to the next stage. The search results include important attributes of the articles, such as author name(s), title, publication year, citation count, and abstracts. This information is then stored in CSV format for analysis.

To ensure broader coverage, the search is not limited to journal articles but also includes conference proceedings, book chapters, and working papers. To avoid redundancy, duplicate articles are removed. After filtering, particularly for articles unrelated to the context, we obtained a total of 98 articles in Bahasa and 128 articles in English from the initial collection of 2,053 articles. As for the second criterion, we excluded news articles written in non-English languages, such as Bahasa Indonesia, Russian, Dutch, and French.

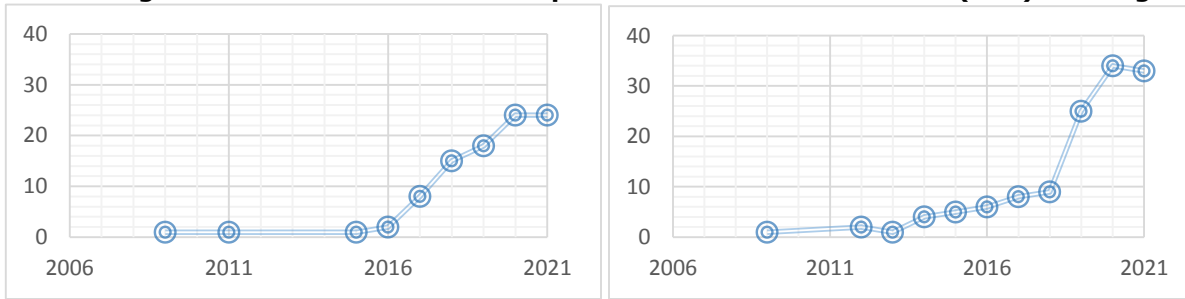
The bibliometric analysis using VOSviewer will be conducted to answer the first research objective. The software could process the bibliometric data and result in word clusters based on relatedness. Atlas.ti wordcloud, especially on the issues and sentiment related to halal certification implementation for SMEs.

C. DISCUSSION

Descriptive Statistics

For articles in Bahasa Indonesia, the earliest article related to the context was published in 2009 and the newest one was published in 2021. The trend of the article publication is increasing, especially after 2014 when the halal assurance law was issued. There is no article found in 2022, probably because this study is done in March 2022 when the publications are still on reviewing or editing process. The frequency of articles with the chosen keywords based on year published is as follows:

Figure 1. Number of Publication per Year in Bahasa Indonesia (Left) and English (Right)



The trend of the number of publications is increasing, especially from 2018 to 2019. There are nine articles published in 2018, twenty-five articles in 2019, and thirty-four articles related to the issue in 2020. The number of publications in 2022 is not yet available.

Based on the number of citations, the top list is as follows:

Table 1a. Top Articles in Indonesian language based on Citation Number

Cites	Authors	Title	Year	Source
26	Maryati, T., Syarief, R., & Hasbullah, R.	Analisis Faktor Kendala dalam Pengajuan Sertifikat Halal. (Studi Kasus: Pelaku Usaha Mikro, Kecil dan Menengah Makanan Beku di Jabodetabek)	2016	Jurnal Ilmu Produksi Dan Teknologi Hasil Peternakan
9	Qomaro, G. W., Hammam, H., & Nasik, K.	Pemberdayaan usaha mikro kecil dan menengah sektor pangan dalam meningkatkan perekonomian lokal melalui pendampingan sertifikasi halal di Kecamatan Tragah Bangkalan	2019	Jurnal Ilmiah Pangabdhi

7	Farhan, A.	Pelaksanaan Sertifikasi Halal LPPOM MUI Terhadap Produk Usaha Mikro, Kecil Dan Menengah (UMKM)(Studi LPPOM MUI Provinsi Bengkulu)	2018	Manhaj: Jurnal Penelitian dan Pengabdian Masyarakat
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[Maryati et. al \(2016\)](#) wrote on issues in halal certification application, especially for SMEs. This paper is published by Jurnal Ilmu Produksi Dan Teknologi Hasil Peternakan. This article is cited 26 times by other articles published under Google Scholar as well. The second on the list is Qomaro et.al (2019) which explains on mentoring process done to MSEs in Tragah, Bangkalan, East Java. This paper has 9 citations.

[Maryati et al \(2016\)](#), [Qomaro et al \(2019\)](#), and [Farhan \(2018\)](#), in general have similar background on how challenging halal assurance to be implemented to small and micro business. They have limited asset, limited resource, and limited knowledge especially related to halal certificate prerequisite and how to apply the halal assurance in their business. That research conclude that continuous support in terms of education, technical guidance and assistance, and also financial support to cover the certification cost.

Table 1b. Top English Article based on Number of Citations

Cites	Author	Title	Year	Source
69	M. Abdul, H. Ismail, H. Hashim, and J. Johari	SMEs and halal certification	2009	China-USA Business Review
50	M. H. Fard and N. S. Amiri	The effect of entrepreneurial marketing on halal food SMEs performance	2018	Journal of Islamic Marketing
46	C. L. Siaw and N. S. A. Rani	A critical review on the regulatory and legislation challenges faced by halal start-up SMEs food manufacturers in Malaysia	2012	Procedia-Social and Behavioral Sciences

[Abdul, et.al \(2009\)](#) as the earliest paper published on this issue has the highest citation by 69 times. They discuss on the perception of SMEs in Malaysia related to halal certification. They concluded that there is significant association between religion and certification. [Fard & Amiri \(2018\)](#) proposed entrepreneurial marketing strategies and approaches as the solution to overcome Iranian halal food SMEs limited resources and capabilities. [Siaw, et. al \(2012\)](#) discusses on various procedures faced by halal start-up SMEs food manufacturers in Malaysia.

Publishers for articles in Bahasa are relatively scattered. Each publisher issue one article. Based on number of articles published in English, Journal of Islamic Marketing is on the top list with nine articles on the issue.

Table 2. Top Publication based on Number of Articles

Source	Year	Title	Author
Journal of Islamic Marketing	2016	The human capital and the obtainment of halal certification	A. Rafiki and K. A. Wahab
	2018	The effect of entrepreneurial marketing on halal food SMEs performance	M. H. Fard and N. S. Amiri
	2019	Halal versus Hipster: the struggle for Sydney Road and the culture of complaint	M. Shaw
	2020	Halal certification for tourism marketing: the attributes and attitudes of food operators in Indonesia	N. Katuk, K. R. Ku-Mahamud, K. Kayat, M. N. A. Hamid, N. H. Zakaria, and A. Purbasari

2020	Halal standard implementation in food manufacturing SMEs: its drivers and impact on performance	I. Giyanti, A. Indrasari, W. Sutopo, and E. Liquiddanu
2021	An investigation of adoption intention of halal traceability system among food SMEs	N. H. Kamarulzaman, N. A. Muhamad, and N. M. Nawi
2021	Factors affecting intention to adopt halal practices: case study of Indonesian small and medium enterprises	S. A. F. Silalahi, F. Fahrurrazi, and A. M. Fahham
2021	An integrated framework for the measurement of halal good manufacturing practices on the case of SMEs in the food sector	F. Lestasi, R. Kurniawan, J. Arifin, M. Yasir, and M. M. Saleh
2021	Empowerment of SME's sustainability in halal cosmetics' ecosystem by diagnosing growth constraints	A. Masood and A. Zaidi

Journal of Islamic Marketing has one publication in 2016, 2018, and 2019; two publications in 2020; and four articles related to the topics in 2021. [Rafiki and Wahab \(2016\)](#) confirmed the importance of human capital toward obtainment of halal certification in Indonesia. [Shaw \(2019\)](#) studied on online reviews of halal food provided in Sidney road and found that Middle Eastern halal has the lowest levels of negative online reviews. [Katuk, et. al \(2020\)](#) concluded that the number of branches the businesses have, the knowledge of halal tourism and knowledge on the market segment is among the determinants of halal certification in Indonesia case. Giyanti et.al (2020) also studied Indonesia case and concluded that internal motivation and organization commitment positively affect halal standard implementation. [Kamaruzzaman et.al \(2021\)](#) found that for Malaysia case, sales turnover, perceived usefulness, perceived ease of use, technological aspect, organizational aspect and environmental aspect are the factors that influenced food SMEs' intention to adopt a halal traceability system. [Silalahi, et.al \(2021\)](#) confirmed that religiosity, government support and expectation for higher revenue have positive and significant effects on SMEs' intention to adopt halal practices in Indonesia. [Lestari et.al \(2021\)](#) proposed the importance of the implementation of halal good manufacturing practices for SMEs. [Masood and Zaidi \(2021\)](#) proposed growth constraints diagnostic in order to empower halal SMEs sustainability.

VosViewer Result

From all abstracts, VosViewer visualization on the keywords clustering is as follow:

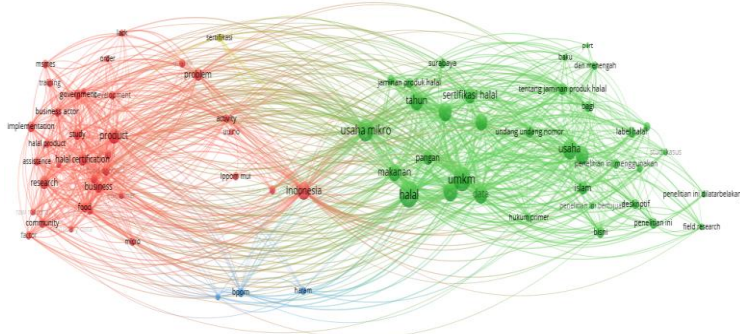


Figure 2a. Visualization: Bahasa Articles

The main keywords could be divided into four clusters as follow:

Cluster 1: activity, assistance, bussines, bussines actor, community, consumer, determination, development, factor, food, food product, form, government, halal certificate, halal certification, halal product, halal supply chain, implementation, indonesia, information, lack, lppom mui, micro, msmes, order, problem, product, quality, raw material, reseach, secondary data, socialization, study, training, UU no (Law no.)

Cluster 2: (raw material), (medium business), (descriptive), field research, halal, (result of the study), hukum primer (primary law), Islam, (halal assurance), (small), (small and medium), (halal label), (food), (Indonesia business license), (food), (the research), (research objective), penelitian ini dilatarbelakangi (research background), penelitian ini menggunakan (research method), (quantitative study), (product), (halal certification), (halal certificate), (case study), Surabaya (name of one city in Indonesia), (year), (concern), (product assurance), (SMEs), (law), (business), (micro business)

Cluster 3: BPOM, Harm, (medium scale food product)

Cluster 4: (certification)

From the visualization, we can still see some English words from articles in Indonesian language, because in some journals it is necessary to also provide the abstracts in English in addition to abstracts in Indonesian language.

As for the authors of the papers in Indonesian language, those with more than one article written is as follow:

Table 3. Authors Link Strength

Author	Documents	Total link strength
Arini, a.	3	10
Lindawati, t.	3	10
Suhartatik, a.	3	10
& nagel, P. J. F.	2	8
Muljani, n.	2	8
& sulthan, M. A.	2	4
Faathir, m.	2	4
Imelda, i .	2	4
Juliana, j.	2	4
Mukhlis, m.	2	4
Syamsurijal, s.	2	4
Mahardika, R. G.	2	2
Roasnica, o.	2	2
Sari, m. K.	2	0

Arini, Lindawati, and Suhartatik has each the highest total link strength. It means that they write more than one paper, and they also write paper with other author who write on similar topics. On this case, three of them are co-authors in three papers (2018, 2019, 2020).

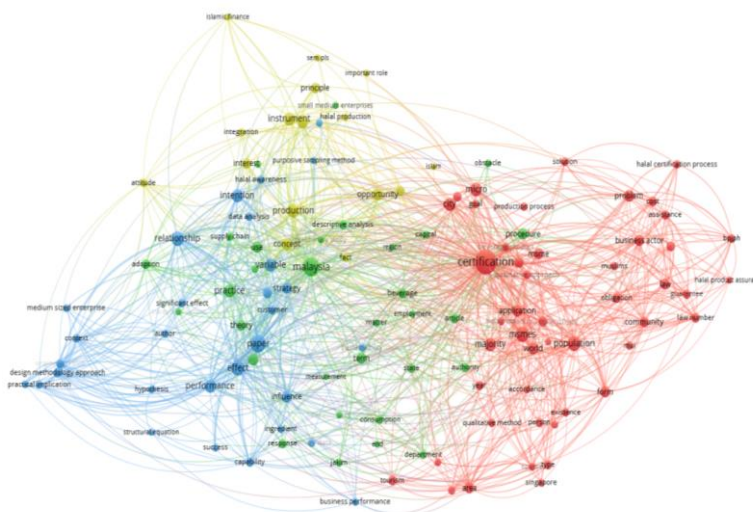


Figure 2b. Vosviewer Visualization: English Articles

Each cluster followed by the keywords inside is as mentioned below:

Cluster 1: accordance, application, area, assistance, beverage product. BPJPH. business actor, certification, city, community, cost, course, entrepreneur, existence, form, goal, guarantee, halal certification process, halal label, halal product assurance, halal product guarantee, halalness, Islamic law, law, law number, literature study, majority, medium enterprises, micro, msme, MUI, Muslim, Muslims, obligation, person, population, problem, production process, qualitative approach, qualitative method, Singapore, society, solution, tourism, type, world, year.

Cluster 2: adoption, article, authority, beverage, capital, consumption, department, descriptive analysis, employment, end, halal assurance system, halal food product, halal supply chain, jakim, malaysia, matter, measurement, obstacle, practice, preliminary study, procedure, region, response, small medium enterprises, state, supply chain, technology, term, theory, traceability system, use.

Cluster 3: author, business performance, capability, context, customer, data analysis, data collection, design methodology approach, effect, halal awareness, hypothesis, influence, ingredient, intention, medium sized enterprises, originality value, paper, performance, practical implication, primary data, purposive sampling method, quantitative method, relationship, research limitations, significant effect, strategy, structural equation, success, sustainability, variable.

Cluster 4: attitude, concept, fact, halal production, important role, instrument, integration, interest, Islam, Islamic finance, opportunity, part, principle, production, sem pls, service.

Atlas.ti Word Cloud

Compared to Vosviewer which was resulted from bibliometric data, mainly abstract for the keyword clustering, Atlas.ti was resulted from the full text of all articles. After filtering for non-related words and some other parts of speech, the Atlas.ti word cloud is as follow:



Figure 3a. Atlas.ti Word Cloud: Bahasa Articles

As the main topics is on halal issue, halal is seen as the word with the biggest size. It means that halal is the most mentioned term on all articles. Next on the list are: (business), (product), (Islamic law), (SMEs), and (study). Words reflecting the issue related to halal and SMEs are: (certificate), (strategy), (financing), (process), (economy), and (micro).

Several papers discuss that the awareness of MSEs, especially micro businesses related to the mandatory status of halal certificate in Indonesia is quite low. Among the issues is that MSEs in general has small economic scale and low capital so they need assistance in term of financing. Government support is significantly needed in order to increase the literacy on fundamental and technical issues related to halal in order to realize the halal assurance in Indonesia.



Figure 3b. Atlas.ti Word Cloud: English Articles

Looking at the biggest size words, the words “halal” and “food” are the most mentioned. The word “business”, “products”, “smes”, and “certification” then follows. Two countries are also mentioned on the word cloud: Malaysia and Indonesia. Halal authorities in both countries are also among the top words mentioned: Jakim and MUI.

“Consumer” and “consumers”, “firm”, and “government” as key players in halal industry are also among the most mentioned words. As for the research approach used, quantitative and empirical papers seem to have significant numbers, seen from the keywords of “factors”, “significant”, and “variables”. “Perception”, “perspectives”, and “religiosity” are among the most variables used for the study.

Discussion

When it comes to the top prioritized problem faced by micro and small business in implementing the halal assurance, most of the research mention that there are at least two problems. Among the problems are related to the business owners, such as lack of resources and understanding of *halal* procedures and halal certification costs ([Majid et al., 2015](#); [Hidayati & Primadhany, 2021](#)). Other problems are related to the halal certification authority, such as: adjustment on transition process from MUI to BPJPH, lack of manpower, lack of halal auditors, and lack of technical regulation availability ([Majid et al., 2015](#)).

Facts that Small and Micro business in general have limited resource are confirmed by researchers studying Indonesia and other country case. For Indonesia case, to apply for halal certificate, business owners need to upgrade their business license, knowledge on halal certificate, and provide certain amount of cost which may not be affordable ([Akim et al, 2018](#); [Juliana et al, 2019](#); [Dzikriyah, 2019](#); [Febriani, 2019](#); [Handayani, 2018](#); and [Maharany, 2021](#)). SMEs in other countries also have limited resources and therefore need support as discussed by [Abdul, et.al \(2009\)](#), [Siaw, et. al \(2012\)](#), [Tawil et al \(2015\)](#).

Among the supports that could be given to this business is massive campaign for halal certificate for small and micro business ([Akim et al, 2018](#); [Febriani, 2019](#); [Gunawan et al, 2021](#), [Maryati et. al \(2016\)](#) including the legal consequences (Debora, 2009,) funding support ([Akim et al, 2018](#); Aziz et al, 2021). Education and trainings could be provided by the government ([Juliana et al, 2019](#); [Maryati et. al \(2016\)](#); [Hidayati & Primadhany, 2021](#); Herlyansyah, 2017), university ([Gunawan et al, 2021](#), [Majid et al., 2015](#), or social organization ([Mahfudz et al, 2021](#)).

D. CONCLUSION

1. Summary

Research related to halal certificate and small micro business has been performed from various aspects and methods. Micro and Small Enterprises face challenges in implementing the halal assurance, mostly because in general they have limited resources. Among the problems encountered are lack of knowledge, understanding, and access to the halal technical assistance on certification process. This

study concludes that government support is needed in order to facilitate the MSEs to be able to fully implement the halal assurance system.

2. Suggestions

Halal assurance needs integrated and comprehensive halal system. The issues of halal certification become interesting point of discussions, especially when micro and small business come into the picture. Bibliometric analysis and systematic literature review shows that limited resource is found to be the most mentioned problem of MSEs. There are proposals offered by the authors to overcome the problem. Among them are related to managerial action such as implementing entrepreneurial marketing and spiritual based leadership. Increasing the capacity of human capital is also among the prominent solution offered as among the most mentioned problem is lack of knowledge.

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Bank Aceh Syariah Contribution in Supporting the Development of the Halal Tourism Sector In the City of Sabang

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Abstract

The presence of halal tourism does not only focus on halal products, which are life choices and follow Sharia rules for the community, but the involvement of the government and Islamic financial institutions, especially Islamic banking, is also a supporter of encouraging this sector, one of which is Bank Aceh Syariah. This research focused on contribution of Bank Aceh Syariah in supporting the development of the Halal tourism sector especially the MSME actors in the city of Sabang. This methodology used in this research is descriptive qualitative based on field research. The findings of the research stated that the contribution of Bank Aceh Syariah to supporting the development of the halal tourism sector in the city of Sabang is particularly carried out through fund distribution products, namely microfinance with murabahah and musyarakah schemes for MSME actors. However, Bank Aceh Syariah focuses not only on the financial aspect alone but also on assistance and supervision for MSME actors. In addition, the convenience of service facilities provided by Bank Aceh is also a supporting facility in facilitating transactions for business people and visiting tourists, such as the convenience of ATM facilities, Mobile ACTION, QRIS, and other facilities.

Keywords: *halal tourism, Bank Aceh Syariah, development*

A. INTRODUCTION

The development of halal tourism is an alternative to the tourism industry in Indonesia, and along with the trend, halal tourism has integrated itself into the worldwide Islamic economic sector ([Noviantoro, 2020](#)). The halal tourism trend has also shown significant growth for the Indonesian economy. This is proven by the several achievements attained from numerous prominent competitions held on a national and international scale, as well as the rising recognition of Indonesia in numerous nations due to the promotion of its diverse travel locations and benefits.

Some argued that the increasing number of Muslim population in the world and the middle class economy have driven the economy growth, in which contributes to the growth of tourism industry. In addition, typically of Muslims are encouraged to implement their religious belief and norms into all aspect of life, including how to deal with leisure activities. Hence, the notion of Halal tourism arises as it arguably could accommodate the need of Muslims to enjoy their leisure activities that comply with Islamic law ([Ameraldo, 2019](#)).

The presence of halal tourism does not only focus on halal products which are lifestyle choices and follow Sharia rules for the community, but the involvement of the government and Islamic financial institutions, particularly Islamic banking, is also a supporter in encouraging this sector. The significance of Islamic banking's contribution to the halal industry sector is viewed in conjunction with the growth of halal tourism, which is governed by sharia standards. Of course, this is a chance for Islamic banking to synergize and collaborate with others to develop the halal sector to strengthen the economy for those involved in halal tourism ([Rahmayati, 2018](#)).

Currently, 13 provinces those are ready to become halal tourism destinations, one of which is Aceh. Aceh Province won three categories in the 2016 national halal tourism competition, namely "Aceh as the best Muslim tourist-friendly cultural destination", "Sultan Iskandar Muda Airport as the best Muslim tourist-friendly airport," and "Baiturahman Great Mosque as the best tourist attraction" ([Muis, 2020](#)). As one of the provinces in Indonesia that makes halal tourism a government program that is developed and becomes a mainstay of the people's economy, the province of Aceh has a very large opportunity to develop halal tourism. This is supported by the implementation of Islamic law, a lot of religious tourism destinations or places, and regulations in the form of Qanun Number 8 of 2018 concerning Tourism ([Kalam & Sari, 2019](#)). Seeing the potential that exists, the Aceh government is currently preparing several areas to serve as halal tourist destinations, one of which is the City of Sabang, where the majority of the population is Muslim. The diversity of natural attractions it has and Muslim-friendly destinations is a worthy reason for the City of Sabang to become a halal tourist destination.

The city of Sabang is an archipelago, located on the opposite side of the northern island of Sumatra which covers 153 km, the city of Sabang is an area with great potential in the development of the world of tourism and as the beginning of the boundary or the very tip of the island of Sumatra which is often referred to as Indonesia's zero kilometer which is currently the prima donna for the government of Sabang City in building the tourism industry ([Khairianshah & Payana, 2017](#)). In the context of the development of the tourism industry in Sabang City, the uniqueness and main attraction for tourists to come to Sabang City is the natural scenery and beauty of the beautiful underwater scenery of Sabang, blue and clean sea water, and green trees and various places attract attention. local tourists and foreign tourists, namely, the zero-kilometer monument which has a height of 43.6 meters, there are also quite beautiful beaches including Iboih Beach, Sumur Tiga Beach, and others ([Akbar, et al., 2017](#)).

Given the potential of Sabang City's tourist attractions, this is undoubtedly a fantastic chance for the growth of the halal tourism industry. To support increasing the potential of the tourism industry and implement Sabang City as a city of tourism, the government and related parties also participate in promoting the development of the halal tourism sector in the city of Sabang. In particular, the Sabang City Tourism Office, the Islamic Office, Islamic Financial Institutions, and other industrial sectors do this ([Zalikha, 2015](#)). In order to boost the national economy and the necessity for financial system practices that comply with halal standards, the presence of Bank Aceh Syariah as the only regional government-owned bank is crucial.

Additionally, Bank Aceh Syariah actively supports the application of Islamic law in Aceh. Particularly considering that it was the first regional bank to adopt the Sharia system. Of course, there will be successes to be accomplished in bringing advantages and wealth to society with this strength.

Bank Aceh Syariah has worked to increase a high level of satisfaction and loyalty to all of its customers by developing fund collection and distribution products that suit the needs of the community and by offering technology-based services like Mobile Banking Action and Sharia Debit Cards. These efforts are in line with the technology applied to meet the needs of the community in accordance with the most recent developments.

Specifically for Micro, Small, and Medium Enterprises (MSMEs), which are the sponsors of providing amenities for tourists, the presence of Bank Aceh Syariah in the city of Sabang is projected to be a support system in encouraging the development of halal tourism, where a major barrier to MSME actors is financial in nature. As a result, the existence of Bank Aceh Syariah presents MSME operators with a fantastic opportunity to address their companies' capital needs. In this instance, banks make funding for MSMEs easily accessible, particularly under Qanun Aceh Number 11 of 2018 concerning Islamic Financial Institutions, which sets the ratio of financing to MSMEs at a minimum of 30% by 2020 and 40% by 2021.

Additionally, Bank Aceh Syariah supports the growth of the halal tourism industry by offering facilities to ease travel, such as the availability of ATMs, debit cards, and mobile banking services. As stated by the Acting Mayor of Sabang Reza Fahlevi, the key service for every tourist location in Indonesia depends heavily on factors from a financial service perspective. This way, business actors and tourists may make it easy to make transactions. For this reason, it's important to give tourists and residents of Sabang more access to banking services (<https://aceh.antaranews.com>). Enhancing financial services has benefited not just the tourism industry but also other important industries, contributing to the growth of the Sabang.

B. LITERATURE REVIEW

Halal Tourism

The Global Muslim Travel Index, a group focused on promoting halal tourism worldwide, explains that halal tourism is defined as tourism that are launched in accordance with Islamic principles with the goal of providing the best amenities and customer service to travelers. The concept of halal tourism is understood as a set of Islamic laws that are applied in order to conduct travel without degrading non-Muslim travelers. For the purpose of attracting Muslim visitors, the halal tourism in question was designated as soft power ([Amalia, 2018](#)). According to Aceh Tourism and Culture Department, in general, halal tourism can be described as a program designed specifically to meet the needs of Muslim travelers. It can also be described as a set of travel arrangements that adhere to the rules of Muslim life, from the mode of transportation to lodging and food options ([Feridha, 2018](#)).

According to the Ministry of Tourism and Creative Economy and the Board of Directors of the Sharia National Assembly of Indonesia (DSN-MUI), halal tourism has the following general criteria ([Putri, 2020](#)): 1. Oriented towards the general, 2. Oriented to enlightenment, refreshment and tranquility, 3. Avoid shame and shame, 4. Avoid the maximization, 5. Maintain ethical behavior, and high human values such as avoiding hedonistic and asylum behaviors, 6. Maintain confidence, security and comfort. 7. Universal and inclusive, and 8. Preserve the environment.

As the primary location for halal tourism, the province of Aceh published Aceh Qanun Number 8 Year 2016 on the system of halal product guarantee ([Rosmawati, 2019](#)). In the past, Aceh also had the Aceh Qanun Number 8 of 2013, which controlled tourism and was likewise founded on Islamic principles and the Islamic culture of Aceh. Apart from that, the City Tourism Service of Sabang fully implemented the Islamic values based on Qanun Aceh Number 9 in 2008 on the construction of indigenous life and customs and Qanun Kota Sabang Article 10 Number 5 in 2010 on *gampong* governance ([Saputra, 2019](#)).

The attraction of the tourism industry as the most promising sector in attempts to boost the economy of the area does not excuse the regulations of halal tourism locations. Because the tourism industry is seen as one of the development areas that can accelerate local communities' economic growth and well-being, halal tourism is implemented as a tool for regional economic development and takes the shape of regional legislation.

Islamic Banking

Islamic banking is an important part of the current financial institutions. Islamic banking in Indonesia hits significant growth when compared to the same industry in other countries. The assets of Indonesia's Islamic banks have grown four times higher than other competing countries ([Fitriasari, 2012](#)).

The definition of Islamic Bank is explained in the UU No. Article 1 of Article 7 states that "Islamic bank is a bank that carries out its business activities based on the principle of Sharia and according to its kind consists of the General Islamic Bank and the Sharia People's Finance Bank". Within operating the Islamic Bank, people inside the circulation must know some of the basic principles in the management of the activities of Islamic Bank. The main principles followed by the Islamic bank are ([Soemitra, 2017](#)):

1. Ban on various forms of transactions.
2. Conduct business and trade based on.

The economy offers a lot of opportunity for sharia banking. This sharia banking system is ideal for the growth of UMKM, which plays a crucial strategic role in advancing the country's economy. Therefore, it is widely anticipated that the contribution of sharia banks to the development of UMKM will reach its peak. Increasing accessibility through financing—that is, by making circumstances easier, conducting training, and assisting businesses—is one way to do this ([Djakfar, 2021](#)).

C. METHODOLOGY OF RESEARCH

This research focuses on assessing the contribution of Islamic bank especially Bank Aceh Syariah in the City of Sabang, Aceh in the development of halal tourism sector. The information was gathered through field research, including primary and secondary data sets. Books, journal articles, research reports, websites, and other data that support the study theme are evaluated in order to gather document data.

Data collection techniques in this research, among others: In-depth interviews, observations, and documentation. Then methods and techniques of data analysis is after the research and the results of the data have been collected, then the research conducted data analysis with the process of simplifying the data into a more readable form. The results are presented with stages developed by [Miles & Huberman \(1984\)](#) as cited by [ismanto \(2022\)](#), there are three flows of activities that coincide: data reduction, data presentation, and conclusion drawing/verification

D. RESULT AND DISCUSSION

Bank Aceh Syariah Development

Since its inception in 2022, Bank Aceh Syariah has had a network of 174 offices spread throughout the province of Aceh, including in the city of Medan. Bank Aceh Syariah also has branch offices and several sub-branch offices in the province of Aceh, one of which is in the city of Sabang. Seeing an opportunity in the City of Sabang, which is a city located at the western tip of Indonesia, the City of Sabang is a tourist city that is in great demand by tourists, thus creating opportunities for banks and financial institutions to participate in providing services and also financing for the people of Sabang City. With the presence of Bank Aceh Syariah in Sabang City, it is hoped that it can help develop the community's economy so that people can use banking facilities based on Sharia principles ([Bank Aceh, 2020](#)).

Bank Aceh Syariah Sabang Branch Office, which was inaugurated in May 1992, is located at Jalan Trading No. 23 West Kuta, Sukakarya, City of Sabang, Aceh, with a telephone number of (0652) 21198-22592. Bank Aceh Syariah, in carrying out its function as a bank that applies Sharia principles, offers fundraising products to improve people's welfare by fostering a culture of saving. Bank Aceh Syariah also offers solutions to the community's capital problems by providing financing distribution products to meet quick funding needs. Likewise with other services to support existing products. With these products, Bank Aceh Syariah can contribute to funding the halal tourism sector so that its capital and management are in accordance with Islamic Sharia provisions. In addition, in line with the implementation of information technology to meet community needs in accordance with the latest developments, Bank Aceh Syariah also seeks to improve the quality and types of service products in the form of financial technology to create high levels of satisfaction and loyalty for all of its customers.

The Potential of Halal Tourism in the City of Sabang

The city of Sabang is part of the province of Aceh and is located in the westernmost region of Indonesia. It is one of Indonesia's gateways and borders the sea with India and Thailand. Its strategic location, combined with the beauty of nature and sea tourism, has earned Sabang the nickname "The Golden Island" City ([Sabang Customs, 2018](#)). Sabang is also known as a diving destination (scuba diving). In addition, in several locations where the sea is not too deep and relatively calm, the Sabang Sea can also be enjoyed without scuba diving or free diving. The city of Sabang also has an inner harbor that is easily visited by large-capacity cruise ships. The local government of Sabang City is faced with an institution that has statutory power to handle the development of the Sabang area, namely the BPKS (Sabang Area Management Agency) as the executor of Law No. 37 of 2000 concerning the determination of the City of Sabang to become a free trade area and free port in the western part of Indonesia.

The Aceh region that has tourism potential consists of the City of Sabang (Klah Island, Rubiah Island, Selako Island, and Rondo Island) and Aceh Island District, Aceh Besar (Breueh Island and Teunom Island). The more prominent tourism sector is in Sabang City, and it is proven that the tourism sector contributed 70% of the Regional Original Revenue (PAD) in 2013 ([Yahya, 2019](#)). Tourist objects that are spread throughout almost the entire city of Sabang are divided into 4 (four) areas, with details of 3 (three) integrated tourist areas and 1 area for developing city tourism objects and attractions. It can be described in detail as follows ([Mahyuzar, 2006](#)):

1. Iboih tourist area: includes the Monument km 0 (Zero), and Rubia Island
2. Gapang tourist area: covers the Gapang peninsula
3. The tourist area of Lheueng Angen: includes the Nest Cave area
4. Areas for the development of city tourism objects and attractions: include Lake Aneuk Laot, Kasih Beach, Sumur Tiga Beach, Kreung Pria Laot, Anoi Itam Beach and hot springs.

The Iboih tourist area, the Gapang tourist area, and the Lheueng Angen tourist area are the three tourist regions being developed in the Iboih village out of the four. Aside from that, Iboih was chosen as the tourist area development area out of the four because it has the greatest draw and highly special natural assets that are not shared by other regions in the Province of Aceh.

With the potential of natural resources in the city of Sabang, Sabang offers a wide variety of natural tourist charms, one of which is marine tourism, which is known for its beautiful sea. The beauty of the marine natural panorama that is owned by the City of Sabang is the main attraction for local and foreign tourists to visit the City of Sabang. The maritime destinations owned by the City of Sabang include, namely ([Sabang City Tourism Office, 2022](#)):

Table 1. Sabang City Maritime Destinations

No.	Name	Description
1.	Iboih Beach	Iboih Beach has clear bluish sea water. Tourists who come to Iboih beach can enjoy holiday packages such as diving and snorkeling. In addition, tourists can also enjoy the panoramic view of the beach by boarding an engine boat. If tourists want to stay overnight, around Iboih, beach there are also many accommodations ranging from homestays, and hotels to bungalows.
2.	Rubiah Island	It is called Rubiah Island because in this place there is the grave of Cut Nyak Rubiah. This island is one of the favorite tours in Sabang that must be visited by tourists. The underwater enchantment on Rubiah Island seduces anyone who comes and dives into it. This island is also one of the favorite islands for snorkeling and diving activities.
3.	Anoi Itam Beach	Anoi Itam Beach has black sand, thus making the name of this beach named anoi which is sand and itam means black. This black sand makes Anoi Itam Beach quite unique in Sabang compared to other beaches. Not only is it a beautiful beach, the sand on Anoi Itam Beach also contains nickel which weighs an estimated

		3 times that of other beaches. Although Anoi Itam Beach is not white sand, its natural beauty is not inferior to other beaches.
4.	Sumur Tiga Beach	Sumur Tiga Beach is a beach that has the longest coastline in the Sabang area. This beach also has fine white sand and the waves are quite big. When tourists visit this beach, they will be greeted with a very beautiful natural panorama because it faces the east side, so on this beach tourists can see a very beautiful sunrise. Apart from swimming and walking on the beach to enjoy the view, tourists can also visit Sumur Tiga Resto, where various types of food and drink dishes are available.
5.	Sarang Cave	If tourists want to witness natural beauty like in Raja Ampat, Sabang also has it, namely Sarang Cave. At a glance, this place is like Raja Ampat because it has very beautiful protected forest hills. This cave is also a swallow's nest and there are also about seven caves at the foot of the cliffs and protected hills. The unique thing is, the seven caves stand firmly above the blue sea on Weh Island, so the beauty of the scenery cannot be doubted. Besides that, the location of this cave is also bordered by the Indian Ocean, so that makes the sea view so stunning.
6.	Ujong Kareung Beach	The distinctive feature of Ujong Kareung Beach is that it has a panoramic view of the beach which is decorated with rocks. Interesting spots in this place will be perfect for tourists who like to take photos. Apart from that tourists can also fish from the top of the rocks, and for a more exciting challenge, tourists can also jump from the top of the rocks into the sea.
7.	Gapang Beach	Gapang Beach is a beach in Sabang which is located in a remote area, but the long journey to Gapang beach is guaranteed to pay off, because this beach has a very beautiful panorama and the atmosphere is so calm. This beach also has the longest coastline in the Sabang area and is directly connected to the vast ocean. The sea water is so clear that it makes it easier for tourists to see small fish swimming in the sea.

Source: Sabang City Tourism Office, 2022

The development of halal tourism is increasing rapidly with all its promising potential; of course, a legal umbrella is needed to regulate it. As one of the areas that are a mainstay of halal tourism in Aceh, Aceh also welcomes the government's program regarding halal tourism, namely by issuing Qanun Jinayah Number 6 of 2014 as one of the efforts to uphold Islamic Sharia as well as supporting the halal tourism program ([Maulidia, 2019](#)). The creation of sustainable tourism destinations is necessary since the city of Sabang makes the tourism industry its key pillar. It aspires to develop environmentally responsible, conveniently accessible, safe, and comfortable tourism that boosts local, regional, and national economies. Additionally, it seeks to increase both the variety as well as the quality of tourist locations. The Ministry of Tourism assists the city of Sabang, which is well-known for halal tourism, in developing its regional tourism potential while adhering to Islamic law.

The 2017 Sail Sabang event, which serves as a separate branding for the City of Sabang, is one of many events that Sabang has been designated as the host for by the Aceh Culture and Tourism Office. Other activities included the Sabang International Freediving Competition (SIFC) in 2017, which featured divers from 20 different nations, and the Sabang Marine Festival (SMF) in 2018, which drew 22 ships from different nations. The cross-country shipping routes used at the 2018 SMF event were Sabang (Indonesia), Phuket (Thailand), and Langkawi (Malaysia) ([Aceh Disbudpar, 2019](#)).

By holding the SIFC event, it can attract tourists, especially foreign divers, to want to visit Indonesia, especially Sabang, and this SIFC event is one of the important things to boost the tourism industry in Sabang because the number of participants is increasing every year. In the 2017 event, the

excitement of the event was also felt by hotel managers, transportation services, and MSMEs in the culinary and merchandise sectors, whose turnover increased during the event. In addition, the location of Sabang in the Malacca Strait is often a cruise ship crossing route. In 2016, 12 cruise ships were leaning in Sabang, and in 2017, the number increased to 84 cruise ships and hundreds of large ships passing through Sabang through the Malacca Strait. Of course, this has profitable tourism potential for the City of Sabang ([Setiawan, 2018](#)).

The city of Sabang, besides having attractive tourist objects and being rich in natural resources, turns out that it not only sells natural beauty but also has diverse local creativity with cultural and religious concepts. This was proven in the SMF event, where BPKS, as the organizer, made a breakthrough by combining modern and traditional nuances so that participants could watch the yacht festival with cultural nuances such as traditional Aceh fishing dances and other artistic attractions ([Setiawan, 2018](#)). This may catch the attention of visitors to Sabang who are drawn there by the city's maritime beauty as well as the distinctiveness of Acehnese customs and local culture. By maximizing the creative sector, Sabang's tourism economy can grow. In addition, the city's facilities have received assistance from numerous sharia sectors, including Sharia hotels and halal eateries.

Apart from the potential for maritime destinations, Sabang has many other tourism potentials that can attract tourists to visit the city. Other tourism potentials include museums (Km 0 Monument and Sabang's Golden Age museum), historical tours of the Japanese and Dutch forts, and halal tourism (halal-certified culinary and social life with a strong religious feel). If tourists want to enjoy tourist destinations other than maritime destinations, Sabang also has exotic locations for adventure, such as the Sarang Cave, a cave located on the seafront and consisting of four cave mouths with stunning views. In order to access the location of this cave, tourists must pass through steep cliffs and a path surrounded by trees, but this is a challenge for tourists. Besides having the potential to be a tourist destination, the city of Sabang also has a handicraft industry, namely the processing of coconut shells into various necessities of life for the community. Such as drinking glasses, trays, spoons, lampshades, forks or ladles, key chains, and other accessories that can be used as unique and beautiful souvenirs for tourists visiting this area.

In addition to the crafts above, the coconut shell industry is also the center of the handicraft industry in Ujung Kareung Village, Sukajaya District, Sabang. The distribution of handicrafts made from coconut shells is carried out in souvenir shops along the Trade and Iboih areas up to kilometer 0. These coconut shell crafts can be used as souvenirs for tourists visiting the city of Sabang. This is one of the main components of local economic development, especially for the people of the Ujong Kareung sub-district ([Lestari, 2017](#)).

Bank Aceh Syariah's Contribution in Supporting the Development of the Halal Tourism Sector in the City Of Sabang

The presence of Bank Aceh Syariah is a strategic opportunity in the growth of the economic sector in the Sabang region by encouraging in both financial and non-financial forms for local economic players, which supports the development of the halal tourist sector in the city of Sabang. By emphasizing on fairness in transactions, the value of helping one another, and togetherness, this bank operates on the principle of mutually beneficial profit sharing for customers and the bank, enabling them to become business partners in managing a business and avoiding speculative activities in transactions.

As an Islamic financial institution, Bank Aceh Syariah runs its business according to Sharia principles. Sharia principles in Islamic bank business activities are agreement rules based on Islamic law between banks and other parties for depositing funds, financing, or other activities that are declared in accordance with Sharia principles ([Hasanah, 2016](#)). Bank Aceh Syariah continues to implement various innovations and updates in order to improve the quality of products and services that are expected to be able to meet customer needs in using a variety of banking transactions and services, in light of the development of Islamic bank products and services that continue to provide convenience to customers.

The contribution of Bank Aceh Syariah to supporting the halal tourism sector in Sabang City can be specifically seen in the distribution of funds and service facilities provided to facilitate community transactions for both MSME actors and visiting tourists. Support from Bank Aceh itself is, of course, very

much needed to expedite and facilitate the development of the halal tourism sector. Moreover, Bank Aceh itself is an Aceh regional bank whose mission is to drive the Aceh economy and support the regional development agenda. Therefore, Bank Aceh Syariah must contribute to supporting the development of the tourism sector, especially halal tourism, to become a sector that can support the community's economy. The Sabang city government itself is currently intensively carrying out the recovery of the tourism sector, so the banking sector is expected to support MSMEs as a provider of tourist facilities and ease of transactions for tourists visiting Sabang.

Support Through Fund Distribution Products

One of Bank Aceh Syariah's contributions to improving access to money for Islamic banking is the channeling of funds through financing products to Micro, small, and Medium Enterprises (MSMEs). It is well recognized that MSMEs play a significant role in boosting a region's economy by acting as an economic driver, a source of employment opportunities, and a supporter of the tourism industry. The form of financing provided for MSME actors is called productive financing.

Bank Aceh Sharia KC Sabang offers productive financing for both trading and production companies. Working capital requirements for a customer's business typically cover expenditures for hiring project implementers, purchasing inventory, renting space for a business, paying for labor, and other costs unrelated to the customer's investment. Investment requirements are utilized for setup, development, and expansion, including the creation of structures like factories or offices, as well as the acquisition of tools and equipment. The products that are available for useful finance include ([interview with Bank Aceh Syariah, 2022](#)):

- a. iB Business Financing is financing intended for customers who need business capital by applying Sharia principles.
- b. Bank Aceh Seuramoe Micro financing iB Bank Aceh Seuramoe Micro Financing is financing provided for micro or small entrepreneurs who need additional capital for business development.

Productive financing is intended only for production businesses and working capital for small, medium, and large businesses in the form of home production businesses, individuals, and legal institutions, as well as financing for activities that produce, use, or produce goods for public consumption. In providing financing, Bank Aceh Syariah has provisions for providing financing to a business, namely by looking at and directly observing the location of the place of business. The aqd used in productive and consumptive financing is a *Murabahah* agreement contract, or a sale and purchase contract, in which the customer purchases goods and the bank serves as the provider of those goods coming from third parties. In the sale and purchase agreement, the goods, the purchase price, and the selling price of the bank to the customer are all clearly stated so that it includes the profit the bank makes. So that the client consents to pay the bank's selling price all at once or in installments. In addition to *murabaha*, *musyarakah* programs are offered to help Bank Aceh Syariah microfinance products grow their business.

Bank Aceh Syariah financing products that are most in demand by MSME players are *murabaha* financing products, where these products fully contribute to supporting the halal tourism sector in Sabang City. The contribution of Bank Aceh Syariah in channeling financing to MSME actors can be seen from the existence of halal tourism business actors who are developing their businesses in the culinary, fashion, and lodging sectors, such as hotels, guest houses, bungalows, and homestays. The distribution of financing is very useful for the community, especially MSME actors. With the existence of financing products, business actors are greatly assisted because they can procure new goods, expand their business premises, and increase business capital ([interview with PU, 2022](#)).

In addition to *murabahah* and *musyarakah* schemes, which are fascinating to research in this study, the distribution of financing at Bank Aceh Syariah to economic players also focuses on time and the quantity of financing platforms. Bank Aceh Syariah offers microfinance, which is the main component of MSME development, to support the growth of the halal tourism industry in the city of Sabang for a maximum of five years, a minimum of six months, and an average of between two and three years. This indicates that, in terms of duration, Bank Aceh gives respect to the length of the financing schedule that economic operators may employ.

Similar considerations should be given to the amount of finance or capital, which is the amount of realization paid to the consumer in every each transaction. In reality, each customer receives a different quantity of capital according to their demands as a business actor. The majority of the financing that PT. Bank Aceh Syariah offers to its micro-clients ranges from \$50 million to \$1 billion. Customers who meet the MSME criteria, have no trouble paying monthly installments, and have earned the bank's trust are among the bank's premier clients. These clients obtain financing or capital amounts that surpass the specified ceiling. Additionally, for micro-customers that need microfinance for the first time, the bank cannot provide capital of more than \$50 million to MSMEs ([interview with Bank Aceh Syariah, 2022](#)).

Contracts and ceilings are therefore intimately linked to funding, aside from the time frame. Islamic bank fund distribution activities are always accompanied by elements of mentoring and supervision. The precautionary principle is usually used by Bank Aceh Syariah, a commercial bank controlled by the local government, when allocating loans, including to MSMEs in the city of Sabang. In this activity, Bank Aceh Syariah does not just concentrate on the financial aspects; business actors who receive funding injections from the bank are also assisted about concerning the business activities carried out by business actors, such as with regard to the management practices used by business actors in developing the business. This is true of the weekly supervision that takes place for businesses that received financing from the bank.

Providing assistance and supervision for business actors by Bank Aceh Syariah is a form of the bank's commitment to supporting and encouraging the development of business activities for its customers. This is intended so that business actors can seriously use the capital they have obtained, and the bank can control customer moral hazard and ensure that the business runs well. Furthermore, training is carried out as a form of increasing the understanding of business actors in doing business activities.

Other Complementary Services

The Sabang City government and other institutions continue to improve goods and governance in accordance with Sharia standards, as well as provide suitable facilities for purification so that it makes it easier for tourists to worship, and find food or beverages with halal-certified in accordance with the law number 33 of 2014 concerning halal product guarantees. This is done in order to increase the potential for halal tourism in the City of Sabang ([JDIH BSN, 2017](#)).

As part of its support for the halal tourism industry in Sabang City, Bank Aceh Syariah is also still dedicated to enhancing the customer service amenities it offers. This is demonstrated by the presence of seven ATM facilities, which are positioned in urban regions and popular tourist destinations. The presence of ATMs can make it simpler for halal tourism industry participants and visitors to meet their needs for non-cash transactions.

Bank Aceh Syariah and the government of Sabang City also held a socialization of the non-cash movement and cash management system at Mata Ie Resort Sabang, which aims to implement non-cash transactions as a whole to realize good governance based on information technology, so that the process of financing and paying the Sabang APBD can be carried out automatically, fast, precisely, efficiently, and safely ([Bank Aceh, 2019](#)). In addition to offering ATM services, Bank Aceh Syariah also makes use of technological advancements by introducing the "ACTION" mobile banking application. This technology-based service makes it simpler for users to conduct transactions using the features offered by the ACTION application.

In addition to the above contributions, Bank Aceh Syariah collaborates with other organizations, including the Sabang City Tourism Office, the Office of Industry, Trade, Cooperatives, and Sabang City MSME, to socialize MSME actors and offer comprehensive solutions to the various issues that the offenders face. Bank Aceh Syariah also visits the Salak Pondok Gardens in Balohan Sabang and helps the farmers of the Salak Pondok Gardens by providing funding to the MSME sector. The visit is a manifestation of Bank Aceh Syariah's dedication to enhancing the MSME sector in Sabang City and empowering the people who live there. The owner of the Salak Garden will be able to extend his marketing efforts and streamline his business by creating high-quality salak, which is highly sought after by the general public and visitors, thanks to the money that has been provided ([AcehtribunNews, 2021](#)).

The various fintech services offered by Bank Aceh Syariah are there to help the bank's implementation of funding and financing products. Additionally, assist business players in their efforts to promote the growth of the halal tourist industry in Sabang. Through product developments, Bank Aceh Syariah continues to enhance a number of services in order to promote the growth of the halal tourism industry in the city of Sabang. The availability of the Bank Aceh Syariah Quick Response Indonesia Standard (QRIS) is another useful transactional tool that supports MSMEs in their bookkeeping needs. Therefore, by promoting halal, the usage of this facility by MSME players will undoubtedly effect on tourism sector and expanding digitization.

E. CONCLUSION

The contribution of Bank Aceh Syariah to supporting the development of the halal tourism sector in the city of Sabang is particularly carried out through fund distribution products, namely microfinance with *murabahah* and *musyarakah* schemes for MSME actors. However, Bank Aceh Syariah does not only focus on financial aspects alone; business actors who receive injections of funds from the bank are also provided assistance related to business activities carried out by business actors, including the management used by business actors in developing the business. Such is the case with supervision, which is carried out once a week for businesses that receive financing from the bank.

The ease of service facilities by Bank Aceh, such as the convenience of ATM facilities, Mobile ACTION, QRIS, and other facilities, is a supporting facility in facilitating transactions for enterprises and visiting tourists in addition to financing products. To make it simpler for travelers and support tourism actors, especially those traveling to the Sabang region, Bank Aceh and other Sharia banks need to keep improving their service facilities, especially digital ones.

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Financial Behaviour, Financial Self Efficacy and Intention to Invest in Cryptocurrency

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Abstract

The Theory of Planned Behaviour is used in this study to investigate the investment intentions of young potential investors in Indonesia. As supplementary dimensions, financial self-efficacy, risk-taking proclivity, and inclination for innovation are offered. A questionnaire-based survey was utilised to collect responses from 276 potential investors, and AMOS and SPSS were used to identify correlations between the components. Financial self-efficacy appears to play a dual function in the association between personality characteristics and investment intention, according to the data. The study only looks at investing intentions, not actual investment behaviour or demographic characteristics. The findings might help financial service providers create "behavioural portfolios" based on their clients' personality attributes, fostering financial confidence in individuals. This research is one of the first efforts in the Indonesian cryptocurrency market to introduce financial self-efficacy as a dual construct within the TPB framework.

Keywords: *Theory of planned behaviour, financial self-efficacy, cryptocurrency*

A. INTRODUCTION

In the current era of technological advancement, various types of digital assets such as cryptocurrencies are growing rapidly. Digitalisation and the industrial revolution are the main causes of the popularity of cryptocurrencies around the world, including in Indonesia as an investment instrument. Individual investment in financial sectors has also expanded dramatically in the past few years ([Al-Gamrh et al., 2020](#); [Yuliansyah et al., 2016](#)). This can be attributed to the ease of access to the internet and information technology facilities that can reduce investment costs compared to previous capital. In addition, Internet-Based Investment also offers Robo-Advisor, and mechanized platform that put on algorithms to provide investment recommendations to individuals. With the ease of access and information technology, investing in financial markets has become easier for individuals. Less experienced investors can easily invest without in-depth knowledge of the financial markets. Financial markets offer opportunities to generate returns on invested capital. In addition, education and awareness about investment is increasing. The suppleness of financial sector mechanisms allows one to quickly cash out funds that have been invested. There is also a diversity of financial assets that allows investors to discovery belongings that suit their investment objectives.

However, the decision to invest in financial markets, especially cryptocurrencies, requires rational thinking and careful research. Investors should have a sound investment plan and understand the risks involved before engaging in investment activities. In addition, investors should be wise in managing finances and invest according to personal financial goals. Many investors fail to recognise their investment purposes and get entangled between their sights and financial advisors. Investors are also often deceived and affected by market trends. Prior researches have exposed that young investors have difficulty managing their return expectations with their risk tolerance ([Abadi & Hamdan, 2023](#); [Park & Park, 2017](#)). Furthermore, around 43% of investors believe they are capable of making sound investment decisions, yet they fail to attain the investment purposes due to a lack of a solid understanding of investment science ([Otoritas Jasa Keuangan, 2023](#)). As a result, it is critical to understand how people plan their investments and what variables impact their decision to invest in the digital currency.

Many studies have addressed investment decisions made by individual investors ([Dinc Aydemir & Aren, 2017](#); [Pandey & Jessica, 2019](#); [Raut et al., 2020](#)). But in Indonesia, which is one of the largest developing countries, little research on individuals' willingness to participate in financial markets has been conducted, but not on cryptocurrencies. The aims of this research is to understand the motivations of people investing in the Indonesian cryptocurrency market. Overwhelming of young Indonesians are not involved in financial markets as users or investors, despite the advancements taking place there. Based on the data found, the growth of cryptocurrency in Indonesia in 2022 is significant. From October 2022 to August 2023, the sum of cryptocurrency players in Indonesia reached 17.91 million people, but the growth never exceeded 1 per cent during that period. In 2022, the physical market trading of crypto assets in Indonesia recorded a transaction value of IDR 296.66 trillion. This indicates significant interest and participation in cryptocurrencies in Indonesia. The number of investors increased by 0.67 per cent or about 12,000 people compared to the previous month, which was August 2023 with a total of 17.79 million people. However, when viewed from an annual perspective, the growth is more striking. In the span of one year, from September 2022 to September 2023, there were an additional 1.64 million crypto investors ([Otoritas Jasa Keuangan, 2023](#)). As a result, the option of investing purpose appears to be more appropriate in this case.

The Theory of Planned Behaviour (TPB) is used in this study to examine the intention to invest of young Indonesian potential investors. Previously, this approach was used to assess investment intentions. Some previous studies using TPB include those conducted by [Fatima Akhtar et al. \(2019\)](#), [Sreeram et al. \(2017\)](#), [Yusuf Abdulkarim et al. \(2023\)](#), [J.S Kumar et al. \(2022\)](#) and [Abadi and Hamdan \(2023\)](#). According to this idea, a person's purpose is a direct cause of their action. Three essential components determine intention namely attitude, subjective norms, and perceived behavioural control. In the context of this enquiry, TPB is used to understand the factors that affect the investment intentions of young Indonesian potential investors.

Investing in crptyocurrency in Indonesia

Crypto exchanges have been officially launched on 17 July 2023. It is proved by the Decree of the Head of Bappebti Number 01/BAPPEBTI/SP-BBAK/07/2023. In the last decade, digital evolution has changed the transaction behaviour of economic agents to digital, and currencies are no exception. One of these digital currencies is cryptocurrency. It is a medium of exchange in which transactions are conducted virtually or over the internet. Bitcoin, Ethereum, Litecoin, and Dogecoin are some examples of the thousands of cryptocurrencies that exist in the world today. In some countries, cryptocurrencies are rapidly growing as an alternative to cashless transactions, such as cross-border remittances (El-Chaarani et al., 2023). In 2020, there were 10 countries whose citizens owned large amounts of cryptocurrency. These 10 countries are Nigeria, Vietnam, the Philippines, Turkey, Peru, Switzerland, China, the United States, Germany and Japan.

Publications of international organisations such as the World Bank and IMF discuss cryptocurrencies as part of digital currency or virtual currency. Cryptocurrencies have three specific characteristics, which are that they are not backed by an underlying asset, have zero intrinsic value, and do not represent an obligation to any institution. The exchange of cryptocurrencies is done through a distributed ledger and does not rely on any particular institutional arrangement or intermediary for peer-to-peer exchange. Cryptocurrencies rely on cryptographic techniques to achieve consensus. Earns and [Young \(2018\)](#) in their publication related to accounting for cryptoassets explain cryptocurrency as a part of crypto-assets that are used for peer to peer transactions as a substitute for government-issued fiat currencies, and are used for various purposes and are independent of central banks ([Ozili, 2023](#)). While crypto-asset itself is defined as digital assets recorded in a distributed ledger Earns and Young categorises cryptocurrency as one type of cryptoasset.

Referring to the aforementioned definitions, there are several elements that characterise cryptocurrencies. Firstly, cryptocurrency is not regulated by any particular institution or government agency. Second, cryptocurrencies are not supported by underlying assets. Third, cryptocurrency trades are documented through a distributed ledger, called blockchain. Fourth, cryptocurrencies can be used for a multiplicity of goals, including as a means of payment and an investment instrument. Cryptocurrencies are created through a chain of code or blockchain, which is the data structure used in the distributed ledger. Blockchain uses cryptographic methods and algorithms to record and synchronise data in a network. Data that has been recorded and synchronised in a blockchain cannot be changed (Yeoh, 2017). In addition, cryptocurrencies cannot be duplicated and their owners cannot be traced. The way cryptocurrencies are stored and used is also different from traditional currencies or what cryptocurrency players call 'fiat'. There are several parties involved in a cryptocurrency transaction, including the issuer as the party that issues the cryptocurrency, the miner as the party that validates the transaction into the blockchain, the exchange as the intermediary for buying and selling, and the user of the cryptocurrency.

In Indonesia, the government through the Ministry of Trade issued regulations to legalise the trading of crypto assets as amount of article of trade assets. This means that cryptocurrencies have been deemed acceptable as commodities in Indonesia within February 2019 relying on the Commodity Futures Trading Supervisory Agency Regulation Number 5 of 2019 concerning Technical Provisions for the Implementation of the Physical Market for Crypto Assets on the Futures Exchange. This decision is part of the development and history of cryptocurrency in Indonesia. Moreover, Bappebti also requires that the types of crypto assets that can be traded must at least meet three criteria, namely based on ledger technology, in the form of crypto backed assets, and have the results of an assessment using the Analytical Hierarchy Process (AHP) method determined by Bappebti ([Novita & Imanullah, 2020](#)). Especially for the AHP method assessment, players must consider the provisions regarding the value of the crypto asset market capacity and whether or not it is included in the transactions of major crypto asset exchanges in the world.

In contrast, Bank Indonesia, using the term virtual currency in its regulation, emphasises the prohibition of the use of virtual currency as a means of payment because it is not in accordance with Law 7/2011 on Currency. In addition, it also prohibits payment system service providers from processing payment transactions with virtual currency (PBI No. 18/40/PBI/2016). Financial technology providers are also prohibited from conducting payment system activities with virtual currency (PBI No. 19/12/PBI/2017). Even the Minister of Finance showed support for the Bank Indonesia regulation.

Through a Press Release dated 22 January 2018, among others, it was stated that one of the risks of owning and/or trading virtual currencies that have unclear underlying assets that underlie their value, speculative virtual currency transactions can pose a risk of inflating the value (bubble) which is not only detrimental to the community but also has the potential to disrupt financial system stability.

In Indonesia, cryptocurrencies entered the trading market in 2013, with only three 'exchangers' conducting Bitcoin transactions. But in its development, cryptocurrency grew rapidly in the Indonesian market. According to Bappebti's records, there are currently 229 recognised cryptocurrencies in Indonesia and 13 companies registered as physical traders of crypto assets. Based on Bappebti data, the number of crypto asset investors in Indonesia reached around 9.5 million investors as of October 2021. Meanwhile, crypto investment transactions in Indonesia reached IDR 478.5 trillion as of July 2021, an increase of 5 times. Meanwhile, the transaction value in the Indonesian crypto market can reach an average of IDR 1.7 trillion per day. Some types of crypto assets that are in high demand in Indonesia include bitcoin, ethereum, and cardano. However, crypto transactions in Indonesia are still relatively small, at only one per cent of global volume transactions.

B. LITERATURE REVIEW

[Icek Ajzen \(1985\)](#) presented the TPB, which evolved from the Theory of Reasoned Action ([Ajzen and Fishbein, 1980](#)). The TPB is one of the most widely used models to analyze the impact of knowledge and motivation on human conduct ([Ajzen, 1991](#)). The theory explains conduct in the context of motivating elements, which capture intents, such as attitude, subjective standards, and perceived behavioural control. Attitude may be described as the degree to which an individual receives a favorable or negative evaluation of executing a specific activity ([Bizri et al., 2018](#)), a subjective norm is described as societal pressure that drives a person to engage in a specific conduct ([Ajzen, 1991](#)). The TPB also seeks to evaluate and predict nonvolitional behaviours of its components, such as perceived behavioural control ([Ajzen, 1991](#)). TPB assesses a person's perceived ease or difficulty while doing a certain activity ([Ajzen, 1991](#)). There are a number of studies that apply the TPB to predict individuals' intention to invest in financial markets. These research laid the groundwork for the use of the TPB in investing intentions.

As a result, if a person has a good attitude towards a certain activity, they are more likely to have a favourable intention to do that behaviour ([Kirbrandoko, 2018](#)). A significant amount of research have shown that attitude influences intention in a favourable and substantial way ([Akhtar & Das, 2019](#); [Baihaqgy et al., 2020](#); [Kirbrandoko, 2018](#); [Rasheed & Siddiqui, 2019](#); [Raut et al., 2020](#)). Individual attitudes towards investing in financial markets may have an essential role in establishing the intention to invest in order to reach the required degree of financial stability in the overall setting of the current study ([Elia et al., 2022](#)).

According to TPB, individuals are more inclined to join in the cryptocurrency market if those close to them recommend or believe that they should ([Shaikh et al., 2020](#); [Widyastuti et al., 2021](#)). Therefore, a person may advance an intention to perform a precise behaviour under social force, even though they want to achieve the behaviour ([Raut et al., 2020](#)).

Financial self-efficacy (FSE) replaces perceived behavioural control. [Bandura \(1977\)](#) explains self-efficacy as "an individual's ever- beliefs about their capacity to plan and carry out particular steps towards accomplishing particular objectives" ([Shaikh et al., 2020](#); [Singh et al., 2017](#)). As it enhances one's sense of confidence, it is one of the greatest predictors of particular behavioural performance ([Shaikh et al., 2020](#); [Singh et al., 2017](#)). Greater confidence in obtaining desired positive results is frequently related to a greater acceptance for financial risk at the price of investment returns, as a result of excessive trading and unrealistic expectations of outcomes ([Limbu & Sato, 2019](#)).

A choice about whether or not to make investments in the financial sector is considered "risky" because decision-makers are unsure of the repercussions of their actions. This amount of uncertainty is frequently quantified by "perceived risk", ([Lemieux, 2016](#)) which is defined as the risk that inspires a decision-maker to participate in a specific pattern of behaviour. Because perceived risk is a biased appraisal of a dangerous circumstance ([Haapamäki & Sihvonen, 2019](#); [Parn & Edwards, 2019](#)), it is heavily influenced by two psychological variables to consider: self-efficacy and wealth status. People with a high degree of self-efficacy believe they are capable of investigating ([Konakll, 2015](#)), digesting ([Shaikh et al., 2020](#)), and drawing suitable conclusions ([Akhtar & Das, 2019b](#)) from limited and ambiguous information. According to pertinent studies, self-efficacy impacts financial knowledge,

investing behaviour, wealth building, portfolio choice, savings, gender disparities, and retirement saving techniques.

One of the most contentious issues in the TPB literature, however, is whether perceived behavioural control can be substituted with self-efficacy. This topic has received a lot of attention in research on entrepreneurial inclinations ([Sivaramakrishnan et al., 2017](#)). According to research, self-efficacy is a clearer construct with a greater association with intention than perceived behavioural control. Intention to invest. Before we define investing intention, we'll define "behavioural intention" as an explicit precursor of behaviour ([Ajzen, 2002](#)). Intention is a representation of an individual's readiness to engage in a specific activity ([Mishra et al., 2023](#)). If all of the prerequisites of intention, specifically attitude, subjective norm, and perceived behavioural control, are good, an individual is more likely to undertake a certain behaviour.

The TPB model is frequently utilised in behavioural studies, but research on investment behaviour is still inadequate. For instance, East (1993) used TPB to figure out intentions to invest in the UK private sector and discovered that intentions were primarily affected through variables such as suggestions from associates as well as the availability of resources ([Xiao & Porto, 2017](#)); [Phan and Zhou \(2014\)](#), in contrast, discovered that emotional variables such as excessive trust, confidence, and collection bets were largely influenced by factors such as overconfidence, optimism, group bets.

In this study, we attempt to investigate how people view the potential of investing in the stock market. As a result, we present our initial hypothesis as follows:

H1. Cryptocurrency investment intention is positively connected to attitude (H1a), subjective norm (H1b), and FSE (H1c).

Incorporation of additional constructs into the TPB

Domain-specific elements can be added into the TPB to boost predictive power, according to previous research ([Yadav & Pathak, 2016](#)). To evaluate investment intention among potential investors, two new constructs, namely financial knowledge and personality characteristics, have been integrated into the TPB's fundamental constructions. Financial knowledge is taken into account since it plays a significant role in shaping financial conduct. ([Khan et al., 2017](#)).

Personality is a further consideration since studies on behavioural finance have demonstrated that personal qualities influence investing decisions ([Fraser et al., 2015](#)). Prior study has shown that self-efficacy (also known as FSE) is a powerful predictor of investing risk-taking ([Akhtar & Das, 2019a](#); [Shaikh et al., 2020](#)). [Krueger and Dickson \(1994\)](#) demonstrated that self-efficacy promotes risk-taking by altering perceptions of opportunities and risks. Furthermore, [Badunenko et al. \(2009\)](#) and [Montford and Goldsmith \(2016\)](#) discovered that women had a lower degree of FSE than males, therefore they opted for lower-risk investments, which leads to poorer long-term returns. According to this research, FSE aids in the discovery of fresh investment prospects.

Furthermore, studies on behavioural finance have proven that an assortment of knowledge and data solely cannot transform a person into an investor (Okello Candiya Bongomin & Munene, 2020); truth, certain psychological aspects, such as personality traits, perform an extremely significant part in assessing investment intentions ([Mamidala et al., 2023](#)) and financial choice-making ([Misra et al., 2019](#)).

This study focuses on investor personality qualities such as a predilection for innovation (PI) and risk-taking proclivity (RTP) ([El-Chaarani et al., 2023](#)). According to the literature, PI is defined as the capacity to monitor and respond to essential environmental innovations ([Hossain, 2021](#)). In the meantime, RTP may be characterized as an individual's proclivity to take risks when making conclusions. For three key reasons, these two personality qualities have been employed as indicators of investing intentions. First, these personality traits have been employed to describe the conduct of individual investors. Second, RTP has been used to assess people's desire to make decisions; moreover, FSE has been linked to RTP; and, finally, the PI characteristic has been used to assess people's inclination for investing in hazardous stocks and trading extensively ([Safa et al., 2015](#)).

Based on the preceding explanation, FSE serves as a dependable indicator for both investment intention and personality traits. Consequently, we propose that while personality traits can forecast investment intentions, FSE exerts a significant impact, whether positive or negative. Moreover, we contend that individuals possessing the two aforementioned personality traits, namely PI and RTP, are more inclined to express an intent to engage in financial markets when they possess an extremely high

level of confidence in their abilities, and conversely, when their FSE is exceptionally low. Additionally, we acknowledge the findings of Baron and Kenny (1986), who suggest that exploring a model that considers potential mediation and moderation could provide a more comprehensive understanding of how the third variable (in this case, FSE) influences the dependent variable, specifically investment intention. From this reasoning, we hypothesise:

H2a. The connection between investment intentions and personality traits is mediated by FSE.

H2b. FSE plays a moderating role in the relationship between personality traits and investment intentions, with a stronger association observed when FSE is high compared to when it is low.

Research Framework

Upon the reason above, the relationship and hypotheses of the study variables can be defined in the following figure:

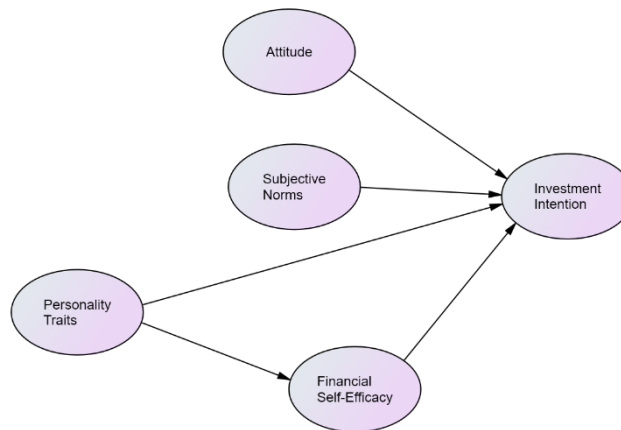


Figure 1. Research Framework.

C. METHODOLOGY OF RESEARCH

This study investigated the personality traits, financial behaviour, and investment intentions of young Indonesians in cryptocurrency. Between December 2021 and March 2022, 276 subjects were surveyed through the convenience sampling method. Three graduate students and five undergraduate students volunteered to help collect the questionnaires; they collected the data voluntarily. Volunteerism is the basis of this survey. The survey involved people from various cities, especially Jakarta, Bandung, Yogyakarta, Surabaya, and Malang. The selection of these locations was based on the large number of undergraduate, postgraduate, and doctoral students living in these cities. The study involved 276 participants, with 204 (74%) men and 72 (26%) women. Of these, 76 (27.5%) were married, and 100 (72.5%) were single. The majority of participants, 197 (71.4%), had a bachelor's degree, while 58 (21%) had a master's degree, and 21 (7.6%) had a doctorate. In terms of age, 106 (38.4%) participants were between 20 and 30 years old, while 116 (42%) were between 31 and 40 years old. The remaining 54 (19.6%) participants were aged 41 years and older. This is due to the fact that the researcher used an already-available group of respondents, namely S1-S3 students.

Questionnaire design

Given that this study is based on replies from potential investors who are familiar with cryptocurrencies, the questionnaire structure was then pre-tested by seven financial specialists.

Measurement of independent variables

Personality traits were assessed using a rating system developed by Hyrsky based on the Jackson Personality Inventory (Aren & Nayman Hamamci, 2020). Participants received feedback on their agreement or disagreement with six phrases describing their traits. Objective financial knowledge was measured using four statements related to key concepts in financial decision-making (Pangestu & Batara Daniel Bagana, 2022). Participants rated their responses on a scale of one to five. The investing attitude

of the Theory of Planned Behavior (TPB) was evaluated using three measures from Taylor, Todd, and Chen. Participants indicated their agreement or disagreement with three statements. Subjective norms were assessed with three questions adapted from Taylor and Todd, while perceived behavioral control over investment was evaluated using the Financial Self-Efficacy (FSE) scale ([Widjaja et al., 2020](#)). Thus, six statements were modified from the FSE scale, and respondents were requested to rate their answers on a five-point scale.

Measurement of dependent variables

To evaluate investment intent, three expressions based on [Chen's \(2007\)](#) research were employed. Participants were instructed to indicate their degree of concurrence or disagreement with their inclination to engage in the cryptocurrency market and encourage their acquaintances to do the same. Additionally, they were asked if they intended to invest in digital currency in the future. The survey included specific questions to mitigate common method bias (CMB) and guarantee coherence in the findings. Table I presents the scales, subscales, items, response options, and Cronbach's alpha for the variables being examined.

In addition, the assessment of investment intent involved the utilisation of three phrases derived from [Chen's \(2007\)](#) study. Respondents were prompted to express their level of agreement or disagreement with their interest in participating in the cryptocurrency market and persuade their friends and family to do so. They were also asked about their plans to invest in digital currency in the upcoming years. The survey included certain questions to minimise common method bias (CMB) and ensure the consistency of the results. Table I displays the scales, subscales, items, answer choices, and Cronbach's alpha for the variables under scrutiny.

Thus, in order to gauge investment intent, three phrases originating from [Chen's \(2007\)](#) research were employed. Participants were instructed to indicate their level of agreement or disagreement with their willingness to engage in the cryptocurrency market and encourage their social circle to do the same. They were also asked if they intended to invest in digital currency in the future. The survey included specific questions to reduce common method bias (CMB) and ensure coherence in the outcomes. Table I presents the scales, subscales, items, response alternatives, and Cronbach's alpha for the variables being investigated.

Sampling and data collection

The information collected for the present research came from self-administered questionnaires completed by 276 participants from different parts of Indonesia. The sample size was determined using a sample calculator at the 95% confidence level after taking into consideration the general population size. The sampling technique involved identification through a combination of "probability (stratified) and non-probability (purposive) sampling methods" ([Vrontis and Papsolomou, 2007](#)). The respondents were undergraduate, postgraduate, and doctoral students in Jakarta, Bandung, Yogyakarta, Semarang, Surabaya, and Makassar who responded via Google Form or direct questionnaire.

In addition, the sample obtained based on these demographic attributes is young, highly educated, and together in terms of gender and marital status. In fact, these characteristics reflect the Indonesian model and explain the characteristics of emerging markets. This study, which is the first of its kind that we are aware of, includes questions on the level of investment intentions and investment preferences, including cryptocurrencies. Table II shows the scales used in this study. The next step uses structural equation modelling (SEM) based on the data collected to determine the validity of the model built from this study.

D. RESULT AND DISCUSSION

According to the structural equation modelling (SEM) test outcomes, the CMIN/DF values were less than 5, and the RMSEA value was less than 0.05 (Table 1). In addition, all other metric values were above the criterion of 0.90. As a result of these figures, the model is adequate and has high usability. Table 2 shows how the research factors, which include the independent variables of personality traits, attitudes, subjective norms, and financial self-efficacy, play a mediating function. To measure the mediating effect of financial self-efficacy, this study uses the bootstrapping method (Table 2). The findings show that the relationship between personality traits, financial self-efficacy, and the intention

to invest in digital currency is 0.083 and 0.072, respectively. The 95% confidence intervals are the same for both variables, indicating that the relationship between them and investment intention is statistically significant.

Mediation analysis

We suggested a mediation-related hypothesis in the constructed conceptual model, in which FSE mediates the association between personality characteristics and investment intention. The proposed model was examined using the methods presented by [Hoyle and Smith \(1994\)](#) and [Baron and Kenny \(1986\)](#), which revealed a direct relationship between personality factors and investing intentions. This is followed by another strategy in which mediating factors, specifically personality characteristics (FSE) and investment goals, are included to examine the indirect impacts. The direct link between personality characteristics and investment intention was not significant in the second mediation analysis (Personality traits-Investment intention 0.07, $p = 0.001$). At this point, when the mediating variable (FSE) is included, the relationship between personality traits and FSE is shown to be positively significant (Personality traits-FSE 0.59, $p 0.05$). This data suggests that FSE completely mediates the influence of personality traits on investing intention.

Moderation analysis

A structural diagram was developed to evaluate the hypothesised moderation of H2b, and the two interaction variables of personality traits and FSE were computed using SPSS 20 before being entered into the model. The fit index was then calculated using the interaction moderation structural model. According to the results of the moderation model, FSE positively moderated the link between RTP and investment intention, as demonstrated by the standardised impact of the interaction term RTP_X_FSE (0.06, $p 0.05$). Similarly, as demonstrated by the standardised coefficient of the interaction term PI_X_FSE (0.09, $p=0.01$), FSE positively moderated the link between PI and investment intention. Furthermore, it was observed that higher levels of FSE, RTP, and PI were associated with greater levels of investment intentions in financial markets. Thus, FSE reinforces the positive relationship between RTP-investment intention and PI-investment intention in potential individual investors, thereby providing support for H2b.

Therefore, an investigation into potential differences in behavioural values and investment intentions by oldness was conducted. Six ANOVA analyses were conducted to assess age-related differences, followed by a Duncan's test if there were significant differences. Age did not affect collectivism or power distance. Notably, the 41–50 age group showed the highest levels of uncertainty avoidance and masculinity while exhibiting the greatest long-term orientation. In contrast, individuals in the 51-year age group showed the lowest intention to invest in cryptocurrencies. In addition, based on Table 3, this study found that the significance value of attitude on investment intention is 0.093, or >0.05 . This means that hypothesis 1a in the findings of this study is rejected. The same was found for hypothesis H1b. This is because the significance value is 0.002, but in the negative direction. In contrast, hypothesis H1c is supported. The same thing happens in the mediation and moderation variables. FSE can both mediate and moderate the relationship between personality traits and Indonesian youth investment intention in cryptocurrency. This means that hypotheses 2a and 2b are accepted.

Discussion

Although risk-taking is related to the goal of investing in cryptocurrencies, the two are distinct thoughts. [Aydemir and Aren \(2017\)](#) stated that each person might take dissimilar risk recognition based on financial, social, and health factors. The variable of investment intention in cryptocurrency is used in this study. The aim is to consider the components that determine the investment intentions of potential individuals.

Table 1.

Goodness of fit values

CMIN/DF	RMSEA	GFI	IFI	CFI	TLI	NFI	RFI
3,016	0,02	0,985	0,958	0,966	0,934	0,928	0,917

As seen in Table 1, there are several factors that can influence Indonesian youth's investment intentions in cryptocurrency, and it cannot be generally concluded that attitude does not play a role. However, several reasons may explain why attitude is not always the dominant factor in Indonesian youth's investment intentions in cryptocurrency. Youth may lack understanding of cryptocurrencies and the underlying blockchain technology. If this lack of knowledge is not addressed, youth may tend to avoid investing in assets they do not fully understand ([Abadi & Hamdan, 2023](#)). The perceived high risk is also a consideration. While attitudes towards investing can be positive, the high perceived risk of cryptocurrencies can be a deterrent. Youth may view cryptocurrencies as risky and less stable than traditional investment options.

In addition, uncertainty regarding the regulation of cryptocurrencies in Indonesia may make some hesitant to invest. Youth who have a positive attitude towards investing but are concerned about laws and regulations may delay their investment decisions. Other researchers found that the cryptocurrency market is known for its high volatility ([Aftab et al., 2023](#)). Youth who have a positive attitude towards investing may be hesitant to enter a market that can experience significant price fluctuations. Also, youth may be more influenced by peers and social media than by general attitudes towards investing. If their social circle is less interested in or has a negative view of cryptocurrencies, this may influence their investment intentions ([Mili & Bouteska, 2023](#)).

Some youth may not have sufficient funds to invest, regardless of their attitudes towards investing. Personal finances can be a major factor in determining investment intentions ([Sivaramakrishnan et al., 2017](#)). They may also have different investment goals. For some of them, cryptocurrency may not suit their long-term or short-term goals. For this reason, it is important to remember that attitudes and investment intentions may vary among individuals. Some youth may remain positive towards cryptocurrency and choose to invest, while others may have other considerations that are more dominant in their investment decision-making. The finding that subjective norms have a negative effect on the investment intention of Indonesian youth in cryptocurrency (Table 3) shows that the higher the value of their subjective norms, the lower their investment intention. High values of subjective norms, or social norms perceived or assumed by individuals, can have a complex impact on the investment intentions of Indonesian youth in cryptocurrency. Some researchers have found that the main contributing element is the negative influence of the social environment. If the social norms around youth tend to be negative towards investing in cryptocurrency, this can make youth feel uncomfortable or hesitant to engage in the activity. Negative opinions and views from family, friends, or society can be a barrier to investment intentions.

Whereas other researchers suggest the fear of social rejection, youth may fear facing rejection or criticism from their social environment if they decide to invest in cryptocurrency. The fear of not being accepted by their social group can be a significant deterrent. This is due to a lack of understanding in the social environment. If a young person's social environment lacks understanding of cryptocurrency and sees it as risky or illegal, this may influence the young person's investment intentions. Lack of understanding among friends or family can create distrust towards investing in cryptocurrencies.

Another finding is the Social Compliance Theory. This theory states that individuals tend to conform to social norms in order to gain social support and approval. If social norms are against investing in cryptocurrencies, youth may be inclined to follow the norms in order to maintain their social relationships ([Alam et al., 2019](#)). In addition to financial risk, youth may also experience social risk if the surrounding norms are against investing in cryptocurrencies. They may avoid activities that are perceived as controversial or outside the norm in order to maintain their social reputation.

In this context, it is important to understand that these factors can vary across individuals and social groups. Some youth may be able to overcome negative norms and still engage in cryptocurrency investment according to their beliefs and knowledge, while others may be more influenced by the social norms around them.

Table 2.

The Mediation Effect of financial self-efficacy on the Effect of Personality Traits

Line	Relationship	β	SE
1	Personality Traits → financial self-efficacy	0.01	0.034
2	financial self-efficacy → investment intention	0.002	0.042
	Indirect effect	0.02	(0.021-0.124)

Note(s): * < 0.05; ** < 0.10; *** < 0.001; β 5 standardized regression estimate values were taken into account; 5,000 bootstrap samples; percentile confidence intervals = 95

The influence of personality traits on the financial self-efficacy of Indonesian youth in investing in cryptocurrency can be explained through several psychological and behavioural factors. Personality traits, such as levels of courage or caution, can influence how much a person is willing to take risks. If a person has a more risk-averse nature, they may feel more confident in investing their money in volatile assets such as cryptocurrencies. In addition, psychological resilience, which consists of psychological traits such as resistance to stress and uncertainty, can play an important role in dealing with the often high price fluctuations of cryptocurrencies. A person with good psychological resilience may be better able to cope with the emotional stress associated with investing, which in turn may increase their level of financial self-efficacy.

Other researchers have found that a person's interest in innovation and technology is also influential. A person who has a personality trait that is attracted to innovation and technology may be more inclined to take risks in investing in cryptocurrencies, which are assets that are closely related to blockchain technology and innovation in the financial world. Another reason is openness to experience ([Mishra et al., 2023](#)). Individuals who are more open to new experiences tend to be more willing to try new things, including investing in digital assets such as cryptocurrencies. This trait can increase financial self-efficacy as one feels more confident in exploring new and rapidly evolving financial domains ([Ahmed et al., 2023](#)). And last but not least, personality traits can also influence how much someone is interested in improving their knowledge of finance and investment. A curious person may be more inclined to understand and learn how to invest properly, which in turn can increase their level of financial self-efficacy.

It is important to note that the relationship between personality traits and financial self-efficacy is not always direct and can be influenced by many other factors, including life experience, education, and social environment. In addition, investment decisions always involve risk, and it is important for each individual to conduct in-depth research and understand the potential consequences before engaging in cryptocurrency or other financial asset investments. Therefore, it is very important to recognise that investing in cryptocurrencies carries significant risks, especially due to the unpredictable nature of the market. Therefore, investment decisions should be based on thorough analysis and a comprehensive understanding of the cryptocurrency market, rather than relying solely on a desire to avoid uncertainty. Regardless of cultural or other factors, it is highly recommended to conduct thorough research and seek advice from a qualified financial advisor before making any investment choices.

Financial self-efficacy, or financial confidence, can have a significant influence on the decision of young Indonesians to invest in cryptocurrency. Financial self-efficacy creates confidence in financial decision-making. Youth who are confident in their ability to plan and manage their personal finances may be more likely to seek out investment opportunities, including investments in cryptocurrency. Other researchers have suggested that the level of financial self-efficacy can influence one's perception of financial risk. Youth who have high levels of financial self-efficacy may feel more comfortable facing risks, including those associated with cryptocurrency price fluctuations ([Sinlapates & Chancharat, 2023](#)). They may be more inclined to see opportunities rather than risks. Moreover, cryptocurrencies are often associated with uncertainty and high price volatility. Individuals with high levels of financial self-efficacy may be better able to cope with this uncertainty with better strategies, including long-term investment

planning and a deep understanding of financial markets. Furthermore, financial self-efficacy is often related to the ability to set and achieve financial goals.

Youth who have good levels of financial self-efficacy may be better able to formulate clear investment goals, including short-term and long-term goals in the context of cryptocurrency investment. The issue of resilience to failure for youth is particularly important. Financially confident youth may be better able to cope with investment failures or losses. They can see failure as part of the learning process and not be emotionally shaken ([Miskam, 2018](#)), thus staying focused on their investment goals. The role of youth literacy in the context of cryptocurrency is also very influential. High levels of financial self-efficacy may encourage youth to improve their financial literacy. They may be more inclined to seek out investment-related information and education, including understanding more about cryptocurrencies before engaging in them.

Table 3.

Hypothesis Pathway

Hypothesis Pathway				Estimate	S.E.	C.R.	P	Label
H1a	Investment intention	<--	Attitude	0,24	0,065	3,686	***	Supported
H1b	Investmet intention	<--	Subjective norms	0,089	0,046	1,922	0,025	Supported
H1c	Investment intention	<--	Financial self efficacy	0,4	0,088	4,533	***	Supported
H2a	FSE	<--	Personality traits	0,738	0,185	3,985	***	Supported
H2b	FSE	<--	Personality traits	0,097	0,038	2,55	0,011	Supported

It is important to note that, while financial self-efficacy can provide a positive boost, smart investment decisions still require good research and understanding of the market, as well as awareness of the risks involved. Therefore, it is important for young Indonesians to combine their financial confidence with a careful and knowledgeable approach to investing, especially in a dynamic market like cryptocurrency.

The concept of a mediating variable refers to a variable that explains how or why the relationship between two other variables occurs. In this context, financial self-efficacy can act as a mediating variable between personality traits and investment intention of Indonesian youth in investing in cryptocurrency. This study found the Effect of Personality Traits on Financial Self-Efficacy in Cryptocurrency. Personality traits, such as the level of self-confidence, risk tolerance, and tendency to take initiative, can affect one's level of financial self-efficacy. Youth with personality traits that support self-confidence and readiness to take risks may have higher levels of financial self-efficacy.

As for the effect of Financial Self-Efficacy on Investment Intention, Financial self-efficacy can affect the extent to which a person has the intention to invest. The level of self-confidence in the ability to manage finances and make investment decisions can increase investment intention. Youth with high levels of financial self-efficacy may tend to be more motivated to seek and take investment opportunities, including in the cryptocurrency market.

Other studies have found that mediation can be through perceived control. Financial self-efficacy may mediate the relationship between personality traits and investment intention through perceived control. Perceived control refers to an individual's belief that they have control or power to influence their life outcomes ([Aren & Nayman Hamamci, 2020](#)). Personality traits that favour self-control and

initiative may help shape financial self-efficacy, which in turn increases perceived control, and in turn, increases investment intention.

The importance of self-confidence in dealing with investment challenges was also a finding. Personality traits such as uncertainty or anxiety may influence one's ability to deal with investment challenges. And financial self-efficacy, which includes confidence in overcoming problems and failures, can be a mediator between these personality traits and intention to invest. This level of self-efficacy can help overcome psychological barriers related to investing in cryptocurrency.

The impact on financial planning is part of the mediation of these two variables. Personality traits can influence the way individuals plan and manage their finances. Financial self-efficacy, which includes financial planning skills, can be the link between these traits and the decision to invest. Youth who have personality traits that support high financial planning and skills may have better financial self-efficacy, which in turn, increases the desire to invest in cryptocurrency. By understanding the role of financial self-efficacy as a mediator, we can better investigate and understand the psychological processes involved in the association among personality traits and investment intention of Indonesian youth in the context of cryptocurrency investment. However, it is important to remember that this relationship is complex, and there are many other factors that can also play a role in investment decision-making.

In this context, financial self-efficacy can be considered a moderating variable between personality traits and the investment intention of Indonesian youth in investing in cryptocurrency. In terms of the influence on the association between personality traits and investment intention, there are several reasons. Researchers found that personality traits such as level of risk, openness to new experiences, and level of self-confidence can influence youth investment intentions. In addition, financial self-efficacy can moderate the influence of these personality traits. For example, someone who has a high level of risk but low financial self-efficacy may not feel confident enough to actually implement their investment intentions.

As for the influence on decision-making, financial self-efficacy plays a role in the financial decision-making process. Individuals with high levels of financial self-efficacy tend to be more confident in evaluating financial information and making investment decisions. Personality traits influence the way a person assesses and processes information ([Low & Tan, 2020](#)). Financial self-efficacy may moderate the way these individuals apply their personality traits in the investment decision-making process. In addition, financial self-efficacy is also related to the ability to cope with financial challenges and investment failure. In the context of personality traits that may have a negative impact on investment decisions (such as impulsivity or emotional instability), financial self-efficacy may act as a factor that helps individuals overcome these challenges and maintain their investment intentions.

Furthermore, the importance of personality traits in cryptocurrency investment is due to the fact that investing in cryptocurrency often involves high levels of uncertainty and volatility ([Maxson et al., 2019](#)). High financial self-efficacy can help youth feel more confident in facing these challenges. Personality traits that may tend to be detrimental in an investment context, such as a tendency to be highly emotional, can be mitigated by high levels of financial self-efficacy. Other researchers have found that financial risk readiness is required. Personality traits influence one's readiness to face financial risk. The level of financial self-efficacy can moderate the influence of these traits on investment decisions. Youth with personality traits that tend to be more conservative or cautious may still be willing to take risks if they have high levels of financial self-efficacy and feel able to manage those risks.

It is important to note that the moderating variable does not limit itself to financial self-efficacy; other variables may also play a role in this context. Furthermore, the interaction between personality traits, financial self-efficacy, and other factors is dynamic and complex, and each individual may have a unique combination of variables in their investment decision-making. Furthermore, it should be noted that the cryptocurrency market is relatively new and does not have a long history comparable to stocks or bonds. Therefore, the limited accessibility of historical data may lead investors to prioritise short-term analysis over long-term considerations. Nevertheless, individuals with a long-term orientation may still see cryptocurrencies as part of their long-term investment portfolio and may have long-term profit expectations. However, given the relative newness and high volatility of cryptocurrencies, it is likely that most investors will still consider short-term profit expectations when making investment decisions.

E. CONCLUSION

The results showed that the Theory of Planned Behaviour, as measured by attitude, subjective norms, and financial self-efficacy, has differences in influencing Indonesian youth to invest in cryptocurrency. In addition, financial self-efficacy can also act as a moderating variable and mediate the relationship between personality traits and investment intentions. It should be noted that this study is a pioneering effort to look at the combined value of individual financial behaviours on the intention to invest in cryptocurrency, particularly among young Indonesians.

The results of this study show that most individuals who expressed interest in investing in cryptocurrencies focus on short-term gains and tend to follow trends. Notably, the majority of respondents in this study are young people who exhibit a tendency to imitate. The reasons behind an investor's decision to invest in cryptocurrencies are often inclined by external elements, like the opinions of influencers or prevailing trends. Potential profitability is a significant factor that influences investment intentions. As a result, investors tend to prioritise following trends over assessing the viability of cryptocurrencies as a business opportunity. Moreover, the researcher believes that this study will add to the literature on this characteristic. In addition, this research also has significant relevance for investors, financial institutions, and regulatory bodies. Investors should be aware of the possibility of childhood expectations. Investment choices are influenced by these expectations. Similarly, financial institutions and investment managers should realise that their clients and they may have different return expectations. They should realise that the decisions they make and the advice they give will impact the subconscious in addition to the cognitive and affective. Additionally, characteristics, like an individual's values, influence their risk and investment predilections. Lastly, governments should pay attention to profit expectations. Profit expectations can arise at the individual level or at the market level. In this case, information is not enough to explain the decisions and trades made. Of course, emotions influence. However, we must remember that insentient procedures also take a role.

The recent occurrence of financial bubbles and Ponzi schemes has enlarged attention in insensible methods in financial decision-making. Therefore, understanding the correlation between profit expectations and various variables is crucial to understanding financial market behaviour. In addition, individual values, which define individuals and influence their choices, have been minimally studied in relation to decision-making. Investigating the antecedents and influences of individual financial behaviour will contribute to the literature.

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Islamic Motivation, Job Placement, and Work Environment through Employee Performance at Darussalam Press in Pondok Modern Darussalam Gontor

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Abstract

As a printing center at Pondok Modern Darussalam Gontor (PMDG), Darussalam Press is required to be able to fulfill all the needs for textbooks for PMDG. In order to complete these demands, Darussalam Press is required to improve the performance on its employees. This research aims to find out and analyze the influence of Islamic motivation, job placement and work environment on employee performance at Darussalam Press. The research uses a quantitative descriptive method, with a total sample of 50 respondents through a questionnaire. The analytical method used is Partial Least Square (PLS) with a coefficient test in the form of an outer model and an inner model. The results showed that Islamic motivation had no effect on performance as $t\text{-test } 1.855 < 2.012$ $t\text{-table}$ and P values $0.064 > 0.05$. Job placement has an influence on performance as $t\text{-test } 3,291 > 2,012$ $t\text{-tables}$ and P values $0.001 < 0.05$. The work environment has an influence on performance as $t\text{-test } 4,307 > 2,012$ $t\text{-tables}$ and P values $0,000 < 0.05$. For Darussalam Press, it is better to increase the Islamic motivation on employees at Darussalam Press, such as providing understanding to employees so that work is intended as worship, work honestly, work for good in this world and the hereafter and so on so that employee performance can increase.

Keywords: *Islamic Motivation, Performance, Work Environment*

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A. INTRODUCTION

The rapid era of globalization, science and technology have developed rapidly and become an important factor in the progress of an enterprise. If a company can quickly adapt to technology, then it is likely that the company will advance and develop the employee performance. Performance has definition of the word of job performance or actual performance (work achievement or achievement actually achieved by a person). There are two factors that affect employee performance, namely factors in employees and work factors such as intelligence (IQ), skills, ability, age, gender, length of service, personality, emotions, and way of thinking, perception and work attitude. Employee performance is the output of employees in achieving their goals using authorities, responsibilities without not violating the law, and in accordance with morals and ethics ([Adha et al., 2019](#)).

In order to improve employee performance, management must pay attention to several important aspects of the company such as the quality of its human resources, work motivation, job placement process, and working environment. Previous research shows that work motivation is very important for companies because with high motivation, the work (tasks) is carried out with enthusiasm and passion. Motivation is related to satisfaction and performance, where satisfaction and performance can only be improved by high motivation, willingness and ability to perform tasks supported by a comfortable work environment ([Muslih, 2012](#)). Islamic motivation is a motivation based on spiritual values that can encourage employees to work harder not only to get wages in material form, but also to get the blessings of Allah SWT.

Nevertheless, job placement is a process in getting the most competent employees that company needs to be fulfilled. It is believed that the right placement of a position will help not only the company, but also the employees to achieve the goals (Arif, 2018). The work environment is also as important as the Islamic motivation and placement of employees, because a good work environment will improve employee performance (Rusli & Mubarak, 2021). The existence of the work environment owned by employees can affect the level of employee performance and if mediated with job satisfaction, it will be able to further affect the level of employee's performance ([Kusumastuti et al., 2019](#)).

As the case in America and Europe, research shows that one in five workers in the United States leave their jobs due to a toxic workplace culture, while 64% of employees surveyed in the UK experience problematic workplace behaviors that negatively impact their mental health. This toxic behavior is often found in large companies where there is fierce competition and low accountability, but there are also many reports that show that similar toxic behavior is found in small companies. Therefore, this research aims to pay attention on to the influence of Islamic motivation, job placement, and work environment to employees' performance.

B. LITERATURE REVIEW

Islamic Motivation

Motivation, in Latin word, means the implies of thrust, move, or push some objects to be reached. It tended to as a human asset of administration in common and subordinates in specific ([Khairunnisa & Riyanto, 2020](#)). ([Farid, 2009](#)) Islamic work motivation can be interpreted as intention, because intention has two meanings, namely inner vibration to determine the type of worship such as dawn prayer, *tahiyyatul masjid* and others. The second intention in the sense of purpose is the intention of an act (motive) while Islamic work motivation can be understood as the encouragement of a person to do well in meeting personal and human needs in general, both physical, psychological and social needs. Human life will not be separated from business problems as one of the manifestations of its activity, both regarding physical and mental activity. Throughout his life, man still works because without work man will experience various difficulties. The motivational force in working or doing business in Islam is competing in goodness (fastabiqul- khoirat). Islamic motivation is human character and habits regarding with work, radiates from the system of faith or Islamic aqeedah is a fundamental way of life towards it ([Fauzi & Rusdi, 2020](#)).

وَقُلِ اعْمَلُوا فَسَيَرَى اللَّهُ عَمَلَكُمْ وَرَسُولُهُ وَالْمُؤْمِنُونَ وَسَتُرَدُّونَ إِلَىٰ عِلْمِ الْغَيْبِ
وَالشَّهَادَةِ فَيُنبِّئُكُمْ بِمَا كُنْتُمْ تَعْمَلُونَ

At-taubah verse 105: And say, "Do (as you will) for Allah will see you deeds, and (so will) his messengers and the believers. And you will be returned to knower of the unseen and urtnessed, and He will inform you of what you used to do."

In the tafsir of Al Maraghi, surah at taubah 105 explains about work. The key to happiness is working for the world and the hereafter, for oneself and for the nation. Allah SWT always sees the work done by humans, whether the act is done in secret or openly. God also knows the intention and purpose of a work. Not only that, the deeds committed will also be known by the Prophet and all Muslims. The work done by a person will be known for his sincerity. On the Day of Judgment all that will be known and all deeds will be rewarded. Good deeds or deeds will be rewarded, while bad deeds will be punished ([Al-Maraghi, 1993](#)).

فَإِذَا قُضِيَتِ الصَّلَاةُ فَانْتَشِرُوا فِي الْأَرْضِ وَابْتَغُوا مِن فَضْلِ اللَّهِ وَاذْكُرُوا اللَّهَ كَثِيرًا لَّعَلَّكُمْ
تُفْلِحُونَ

Al-Jumu'ah verse 10: When the prayer has been concluded, disperse within the land face of the earth; and seek form the bounty of Allah and remember Allah often that you may succeed.

In the tafsir of al-Maraghi, surah Al Jumu'ah verse 10 explains that if you have performed Friday prayers, then spread out to take care of interests your world after you have done what is beneficial for you for your hereafter. Seek reward from your Lord, remember Allah and be aware of His control over everything your affairs, for He is the all-knowing secrets and whispers. There's not the slightest bit of that hidden from him from all your affairs. Hopefully you can get lucky in this world and in your hereafter ([Al-Maraghi, 1993](#)).

Job Placement

([Kartoyo, 2016](#)) Placement of employee is a process of filling out positions to carry out jobs that have been determined by the organization according to the employee's ability. It is considered by the head of agency or department that will fill the certain position based on the skills and certain qualifications. Employee placement is placing a prospective employee in the right place or the position that can fill the job's requires ([Rusli & Mubarok, 2021](#)). In Islamic thought, job placement is putting the position of employees into the right place following their expertise and ability.

Work Environment

([Sedarmayanti, 2009](#)) Work environment is the material surrounds in a person's work, it could be the work methods, and work arrangements both as an individual and as a group. Work environment is something that is around workers and those who influence him in carrying out the assigned tasks. Work environment is one of the factors that affect the performance of an employee. An employee who works in a work environment that supports him to work optimally will produce good performance, conversely if an employee works in a work environment that is inadequate and does not support optimal work it will make the employee concerned become lazy, get tired quickly so that the performance the employee will be low ([Kusriyanto, 1991](#)). Good work environment can develop the representative task to be done effectively, ideal, solid, secure, and comfortable. As in contrast, bad work environment will reduce the representative task to be done. Hence, it is important for an organization to guarantee the work environment to be great in achieving the organizational objective ([Khairunnisa & Riyanto, 2020](#)).

Employee Performance

(Mangkunegara, 2000) Performance is the result of process in carrying out duties with the consideration of quality and quantity as the responsibilities. Performance is a popular term in the management world, where this term performance defines the results of work that have been obtained by employees. Performance can be improved by the ability, technical, and moral in achieving with the needs of job or position that carrying out by the employees. Performance is a goal-oriented process directed by an organization to produce maximum productivity based on the performance of individuals, teams, and organizations (R. Wayne, Dean Mondy, 2016).

Table 1. Indicators of Variables

Variables	Indicators
Islamic Motivation	Work as a form of worship means that obtaining property through work is important, because in addition to completing the various needs of life also in terms of carrying out the commands of Allah SWT through His Messenger so that work is worship / devotion
	Living for the hereafter Means working not only for achieving the interests of the world but also to have the value for achieving happiness in the hereafter.
	Work carefully and honestly Means working with great care and honesty and always be consistent.
	Usefulness That carrying out a work aims to please or make others happy and God will also be happy. In other words, beneficial to oneself and others to get good beneficial in the world and hereafter.
	Wishing God's blessings Working is a person's awareness that working for the world and hereafter or he has a relationship with his creator, Allah SWT who will hold accountable for all deeds while in the world.
	Job Placement
Work Environment	Working knowledge Means the previous knowledge that the employee has which can support the task.
	Work skills Means the employee's ability in supporting the task.
	Work experience Means the previous experience that the employee has which can support the task.
	Lighting Lighting in the employee's workspace plays a role important in increasing employee morality, because it can show the work result as the operational activities.
	Air Temperature In the work room employees need sufficient air which will cause physical fitness of the employee, such as when the temperatures are too hot, the employees will carry out the work less.
Work Environment	Noise Sounds The sound that very disturbing to the employees inside work will cause or damage the concentration of employees' work which can lead to errors, so that employee performance cannot be optimally. It is necessary for an organization to reduce the pollution of noises.
	The use of color The management of color arrangement has issues due to the implementing the employee's work. Choosing the wrong color can disturb the view of employee, so

	<p>that it will cause displeasure, not feel good for those who see it, or less attention to it. We recommend that the coloring on the walls of the workspace use a soft color.</p>
	<p>Required Space An organization should be in carrying out its work given into enough space to complete the work or task, or no disturbing object in the working areas. When the space is not enough, employees may not be able to work calmly and optimally because they are not comfortable. Thus, the space for employees to work should be planned well before the work starts.</p>
	<p>Security The sense of secure for employees is very important, because when they feel safe, they will make the employees do the job bravely. In contrast, when it does not feel safe to do, employees will be afraid in doing activities, or nervous, and unable to concentrate.</p>
	<p>Work relationship Relationships that exist between employees or co-workers will cause a lot of things. When co-workers are good, employees will feel safe and can be invited to work with the team and help each other. If the relationship between employees is not good, it will cause problems in completing work, especially when working together in a team.</p>
Employee Performance	<p>Quality of Work It is the value level of employee's working result in completing the task. It could be in good result or in bad result</p>
	<p>Quantity It is the number of employee's working result in completing the task. It will be counted as the cycles in the activity to have the average result of any working activities.</p>
	<p>Timelines It is the due date of any given working activity. The earlier employees can complete the task, the better it will. And in contrast, when the employees complete in the last time of timeline, the performance will be worse off.</p>
	<p>Effectiveness It is the maximizing use of any resources (could be capital, human resource, raw materials, and technology) in increasing or producing the unit.</p>
	<p>Independence The feeling of being able to carry out the work without any help by the guidance and supervisors, but still remains in the good way.</p>

C. METHODOLOGY OF RESEARCH

This research is conducted at Darussalam Press for publishing and printing which is located in Pondok Modern Darussalam Gontor (PMDG), Mlarak, Ponorogo, East Java by quantitative research methods. Quantitative research method is a research method based on the philosophy of positivism, used to examine natural objects, data collection techniques are carried out by triangulation, data analysis is inductive/qualitative in nature which emphasizes meaning rather than generalization ([Saragih, 2021](#)). The data collection is done by distributing a questionnaire to 50 respondents where the researcher tried to find out the influence of Islamic work motivation, job placement and work environment on the performance of Darussalam Press employees.

D. DISCUSSION
Findings

Table 2. Respondent Profile Based on Length of Work

Length of Service	Frequency (people)	Percentage (%)
<1 year	10	20%
1-3 year	22	44%
3-6 year	3	6%
>6 year	15	30%
Total	50	100%

Source: Processed data from observation (2023)

Based on the table above, respondents with a length of work of 1-3 years dominated the answers from filling out the questionnaire, namely 22 people or 44%, respondents more than 6 years totaling 15 people or 30%, respondents less than 1 year totaling 10 people or 20%, Respondents 3-6 years amounted to 3 people or 6%. It can be concluded that at the length of 1-3 years, the employees are mostly motivated to work in Darussalam Press.

Table 3. Respondent Profile Based on Age

Age	Frequency (people)	Percentage (%)
20-25 year	16	32%
26-30 year	11	22%
31-35 year	7	14%
>35 year	16	32%
Total	50	100%

Source: Processed data from observation (2023)

Based on the table above, respondents with age's range of 25-30 years were 16 people or 32%. Respondents with an age's range of more than 35 years were 16 people or 32%. Meanwhile with age's range 26-30 years amounted to 11 people or 22%, and respondent with age's range 31-35 years amounted to 7 people or 14%.

a. Outer Model

The outer model or the measurement model is defined as the relations between each indicator of variables to the latent variables.

Table 4. Cross Loading Value

Indicators	Islamic Motivation	Performance	Placement	Work Environment
X1.3	0,911	0,347	0,204	0,047
X1.4	0,876	0,239	0,034	-0,128
X1.5	0,803	0,147	0,132	-0,004
X2.1	0,235	0,363	0,740	0,236
X2.2	0,194	0,440	0,859	0,189
X2.3	0,065	0,531	0,854	0,365
X2.4	0,037	0,401	0,858	0,231
X3.3	0,053	0,364	0,159	0,795
X3.4	-0,072	0,505	0,349	0,899
Y.2	0,301	0,858	0,486	0,445
Y.4	0,194	0,767	0,371	0,402

Source: Smart PLS processing results Version 3.2.9 (2023)

Cross Loading value shows that all values of each indicators are valid, because each manifest (gauge) in the building has a greater Cross Loading value than other variables with a > value of 0.7. This shows that faithful manifest on each construct can measure the construct.

Table 5. *Fornell Lacker Criterion Test Result*

Indicators	Islamic Motivation	Performance	Placement	Work Environment
Islamic Motivation	0.864			
Performance	0.310	0.814		
Placement	0.153	0.532	0.829	
Work Environment	-0.023	0.521	0.315	0.849

Source: Smart PLS processing results Version 3.2.9 (2023)

Based on the output table above, it is known that the Fornell Larcker Criterion value of the Islamic Motivation variable with Islamic Motivation is 0.864, Performance is 0,814, Placement is 0,829, and Work Environment 0,849. It can be concluded that the value of the construct variable is higher than R2 against all other construct variables.

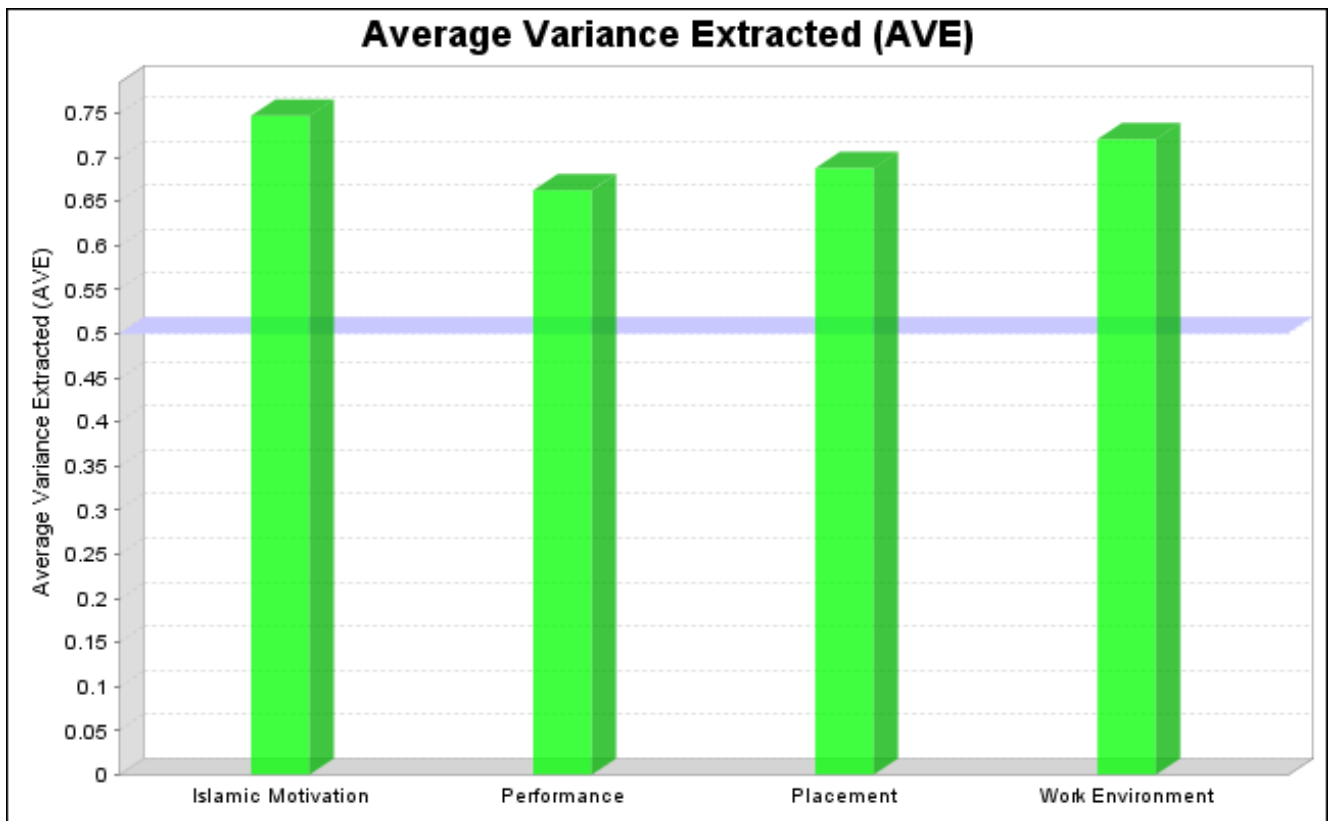


Figure 1. Average Variance Extracted (AVE)

The Average Variance Extracted (AVE) value which has a criterion > 0.5 to be declared valid. From the Figure 1 above, the AVE of every criterions are declared to be valid. Therefore, it can be concluded that all indicators in this research are valid and have reached convergent validity which indicates that they can explain the variables well.

Table 6. Validity Reliability dan Average Variance Extracted (AVE)

	Composite Reliability	Average Variance Extracted (AVE)
Islamic Motivation	0,898	0,747
Performance	0,797	0,663
Placement	0,898	0,688
Work Environment	0,837	0,720

Source: Smart PLS processing results Version 3.2.9 (2023)

Based on the output table above, it is known that after a composite reliability test, the value obtained by all variables is > 0.6. Therefore, it can be concluded that the measurement of internal consistency is appropriate and can be said to be reliable. In addition, the results of the Average Variance Extracted (AVE) test are said to be good because the entire variable gets a value of > 0.6. The value shows that all variables can be said to be reliable.

b. Inner Model

Inner models or the structural model shows the relationship between the latent variables based on the substantive theory.

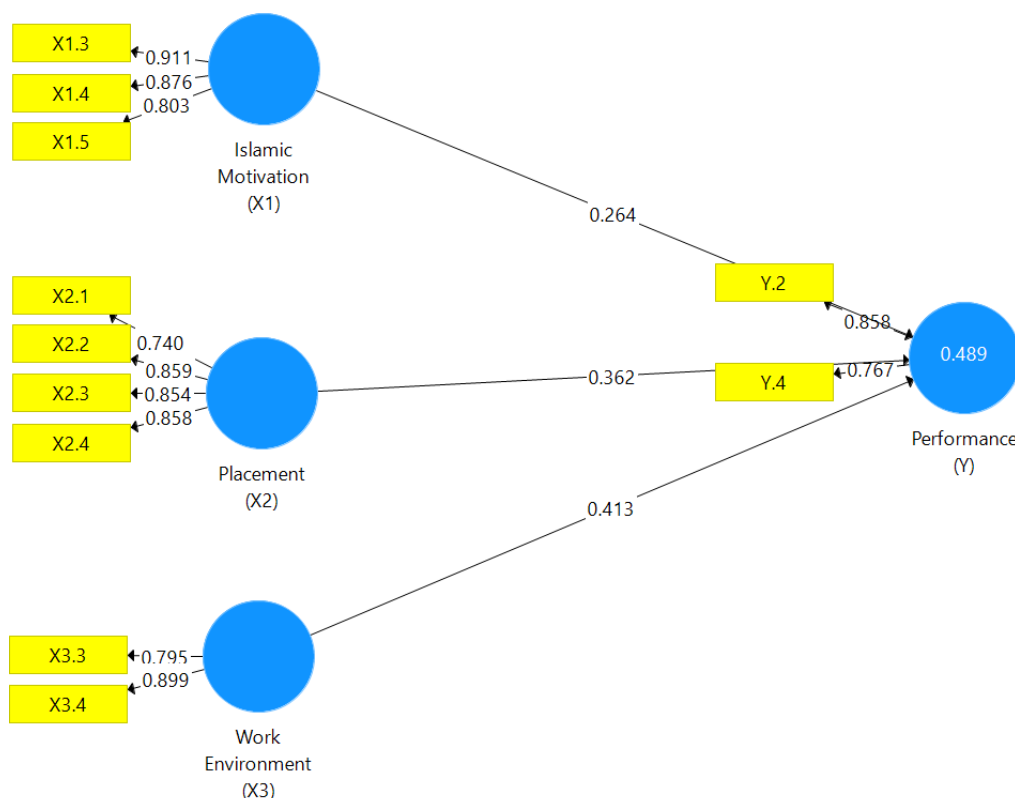


Figure 2. Structure Model

The evaluation of the PLS Structural model begins by looking at the R2 of each dependent construct variable. The table below is the approximate result of R2 using PLS.

Table 7. Goodness of fit

	R Square	R Square Adjusted
Performance	0,489	0,456

Source: Smart PLS processing results Version 3.2.9 (2023)

Based on table 5 above, it shows the value of R2 (R-Square) for the Performance variable of 0.489 or 48.9%. The value indicates that the Performance variable can be explained by the Islamic motivation, placement and work environment variables of 48.9%. While the remaining 51.1% was influenced by other variables that were not contained in the study.

Table 8. Inner Model Test

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistic (O/STDEV)	P-Value
Islamic Motivation - > Performance	0,264	0,260	0,142	1,855	0,064
Job Placement -> Performance	0,362	0,371	0,110	3,291	0,001
Work Environment - > Performance	0,413	0,401	0,096	4,307	0,000

Source: Smart PLS processing results Version 3.2.9 (2023)

On the Islamic motivation to performance, the results showed that the t-statistics < t-table and P values > 0.05 then H1 was rejected, meaning that there was no significant influence between Islamic motivation on performance. While in job placement to performance showed that the t-statistics > t-table and P values < 0.05 then H2 is accepted, meaning that there is a significant influence between job placements on performance. Therefore, work environment to performance showed that the t-statistics > t-table and P values < 0.05 then H3 is accepted, meaning that there is a significant influence between the work environment on performance.

Discussion

This research aims to find out and analyze the influence of Islamic motivation, job placement, and work environment to employee’s performance at Darussalam Press. The collected data showed that Darussalam Press were dominated by people around 20 – 25 years old who is experienced around 1 to 3 years old in serving the Darussalam Press of Pondok Modern Darussalam Gontor. This condition is caused by most of the employees who work at Darussalam Press are alumni of Pondok Modern Darussalam Gontor who serve the Foundation. There must be some aspects to be decided in contributing the employee’s performance in an organization ([Bae, 2006](#)).

Islamic Motivation to Employee Performance’s value test result showed the coefficients and P values of Islamic motivation variables on performance show that Islamic motivation does not effect of employee performance. This can be seen from the coefficient of 0.264 with P values 0.064 > 0.05, then any increase or decrease in performance is not influenced by Islamic motivation, this can happen because employees at Darussalam Press have not intended their work to be for worship, only work to earn profit, have not adhered to the principles of honesty and prudence in work, are not convinced that their work is beneficial to others, and do not work because they hope to please Allah SWT. This is in line as the finding result that most of the employees are dominated by the alumni of Pondok Modern Darussalam Gontor who serve the Foundation. In addition, a research has explained that there is no influence between motivation and performance (Inaray, et al., 2016). In contrast, motivation is one aspect that can be used to improve the employee’s performance in the form of rewards and punishment, and competition ([Fahriana & Sopiah, 2022](#)). Motivation should be provided by the organization to create good performance on employees, because it is a process that pushes the willingness, directs and maintains the behavior in achieving the organization’s goals ([Khairunnisa & Riyanto, 2020](#)).

Furthermore, job placement is believed to be an aspect that can be used to improve the employee’s performance, because proper placement of employees will improve the performance of the employees (Suwarto & Subyantoro, 2019). Job Placement to Employee Performance’s value test result showed the coefficient values and P values of placement variables on performance show that placement

effects of performance. This can be seen from the coefficient of 0.362 with P values $0.001 < 0.05$, then every increase of 1 placement unit, will positively affect performance by 0.362. This can happen because the placement of employees at Darussalam Press is in accordance with the education, work knowledge and experience of the employees. So that, employee's feel capable and skilled in completing tasks in their current work section. This is in line with the finding, that employees of Darussalam Press are placed in accordance with the education, work knowledge and experience of the employees. So that, employee's feel capable and skilled in completing tasks in their current work section. This statement is in line with previous research who explained that placement can affect the increase in employee performance ([Setiawan & Bagia, 2021](#)). Job placement has a significant effect on teacher performance, meaning that the more appropriate the placement of teachers, the more teacher performance will increase ([Rohim & Umam, 2020](#)).

Besides, the work environment is also believed to be an aspect that can be used to improve the employee's performance. Work Environment and Employee Performance's value test result showed the coefficient values and P values of work environment on performance show that the work environment affects the performance. This can be seen from the coefficient of 0.413 with P values $0.000 < 0.05$, then every time there is an increase of 1 unit of work environment, it will positively affect performance by 0.413. This can happen because the lighting, air temperature, color selection and work environment safety at Darussalam Press are good. This is in line with a research that explain the work environment as work processes, where comfort and safety at work also play a very important role in creating a conducive and enjoyable work atmosphere for employees, so that it can support employee performance in carrying out their work activities ([Siahaan & Bahri, 2019](#)). It is understood that the developed organizations will demand human resources as their sources, so that good work environment will help to improve the Performance. At Darussalam Press, the employees are known has Islamic and family approach in facing the activities. It also has work environment condition of silence which can reduce the disturbing noises pollution. Therefore, there is small possibilities on the employees to have conflict that can decrease the performance and increase the efficiency in achieving goals together either because of the partner conditions or the nature conditions.

E. CONCLUSION

1. Summary

Based on the findings, researcher concludes that Islamic motivation is not essential for the retention on employee performance in Darussalam Press, Gontor. This happens because of employees at Darussalam Press have not intended their work to be for worship, only work to earn profit and have not adhered to the principles of honesty and prudence in work. In addition, job placement and work environment are essential for the retention on employee performance because they are in accordance with the education, work knowledge and experience of the employees, and the environment supports the light, air temperature, and safety in Darussalam Press.

2. Suggestions

The study concludes that job placement and work environment should be added to increase the job performance on Darussalam Press. The better environment will hold lots of possibilities to increase the comfortability of the employee. However, employee on Darussalam Press should use Islamic motivation to provide understanding on employees to work intended as worship, work honestly, and work for good in the world and the hereafter and so on so that Employee performance can be improved.

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