



Strategies for Managing Non-Halal Funds in Sharia-Compliant Hotels Within the Context of CSR: A Perspective from Islamic Economic Law

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Abstract. *One critical component in the rapidly expanding halal tourism industry is the existence of hotels catering to the needs of Muslim travelers, known as Sharia-compliant hotels. Operating within the framework of Islamic law, these hotels bear the responsibility of managing funds in accordance with Sharia principles. The management of non-halal funds within such establishments presents a complex challenge that necessitates careful consideration to ensure compliance with Islamic values while addressing financial and social aspects. This study aims to provide insights into strategies for managing non-halal funds in Sharia-compliant hotels within the framework of Corporate Social Responsibility (CSR) and from the perspective of Islamic economic law. Using a qualitative research approach with descriptive analysis through a literature review, the findings indicate that the legal status of non-halal funds may be permissible if allocated for general public welfare. Recommended management strategies include adherence to the PSAK 101 accounting standard and the application of Tafriq Shafqah principles through CSR initiatives. Non-halal funds are optimally distributed for social welfare (masalah wa tashrif al-'ammah) such as empowering local communities through education and training, supporting zakat and charity programs, promoting sustainable environmental management, ensuring fair employment opportunities, fostering local economic development, and enhancing public education and awareness. These efforts not only enhance the positive reputation of Sharia-compliant hotels but also contribute significantly to the economic, environmental, and social well-being of the broader community.*

Keywords: *Sharia-Compliant Hotels, Non-Halal Funds, Corporate Social Responsibility.*

1. INTRODUCTION

The global halal market has experienced significant growth in recent years, with an estimated 1.6 billion Muslims worldwide spanning over 100 countries. This number is projected to reach 2.2 billion by 2030 (International Trade Centre, 2015). Consumers worldwide are increasingly attentive to products that adhere to halal standards in their production, processing, and distribution. In Sheikh Yusuf Al-Qaradawi's work, *The Lawful and Prohibited in Islam*, the concept of halal is described as permissible, in accordance with Allah's commands, and allowed (Al-Qaradawi, 2013). The concept of halal extends beyond food and beverages, encompassing various sectors such as halal food, Islamic finance, Muslim-friendly travel, fashion, pharmaceuticals, cosmetics, media, and halal tourism. The global market for halal products has gained significant attention due to the growing demand, not only from Muslim communities but also from non-Muslim consumers increasingly aware of the importance of products meeting halal criteria. This heightened awareness has driven industries to develop new innovations, expand product offerings, and enhance transparency across supply chains. Economic, social, and cultural factors contribute to the

global growth of the halal market. Expanding demographics, shifting lifestyles, and efforts by governments and international organizations to establish halal standards have emerged as key drivers in strengthening this market.

Table 1. Growth of Muslim Consumer Spending Across Six Economic Sectors, 2021–2025

Sector	Muslim Consumer Spending (2021) and Projected Growth (2025)		
	2021	2025	CAGR
Halal Food	\$1.27 trillion	\$1.67 trillion	7.1%
Islamic Finance	\$3.6 trillion	\$4.9 trillion	7.9%
Muslim-Friendly Travel	\$102 billion	\$189 billion	16.5%
Modest Fashion	\$295 billion	\$375 billion	6.1%
Halal Pharmaceuticals	\$100 billion	\$129 billion	6.7%
Halal Cosmetics	\$70 billion	\$93 billion	7.4%
Islamic-Themed Media and Recreation	\$231 billion	\$308 billion	7.5%

Source: State of the Global Islamic Report (DinarStandard, 2022)

According to the Global Muslim Travel Index (GMTI) 2017 (Crescentrating, 2017), approximately 20 million Muslim tourists originate from Saudi Arabia, 10 million from Iran, 9 million from Malaysia, 8.7 million from Turkey, 7.8 million from Indonesia, 5.8 million from Egypt, 4.9 million from Algeria, and 3.4 million from India, with additional numbers from other countries. The *State of the Global Islamic Economy Report* for 2017/2018 (Thomson Reuters, 2017) identifies the top five markets for Muslim travelers globally. Saudi Arabia ranks first, with total spending in 2016 reaching USD 20.4 billion, followed by the United Arab Emirates at USD 15.8 billion, Qatar at USD 12.4 billion, Indonesia in fourth place with USD 9.7 billion, and Kuwait in fifth place with USD 9.6 billion. These data highlight the substantial market potential for global tourism destinations that cater to Muslim travelers or promote halal tourism. Tourism, as one of the principal sectors of the global economy, has created vast opportunities for the development of travel destinations. Within the tourism ecosystem, hotels play an integral role. Serving as temporary residences for travelers, hotels are not merely places to stay but also serve as significant contributors to the advancement of a destination’s tourism sector and as vital pillars supporting the stability of tourism across nations worldwide (Hassan et al., 2018). In the context of Indonesia, Law No. 10 of 2009 on Tourism, Article 14(1)(f) (Undang-Undang Republik Indonesia Nomor 10, 2009), recognizes hotels as an indispensable component of the tourism sector. The law emphasizes the role of hotels in providing accommodation facilities that not only offer temporary lodging but also various ancillary services, such as food and beverages, laundry, and additional amenities to enhance guest comfort. According to data from the

World Travel and Tourism Council (World Travel and Tourism Council (WTTC), 2022), the tourism industry, including hotels, significantly contributes to global Gross Domestic Product (GDP). At the national level, hotels not only serve as lodging facilities for tourists but also create employment opportunities, drive local economic growth, and generate critical tax revenue for governments. In the halal tourism industry, one particularly crucial aspect is the availability of supporting components such as transportation, food services, travel packages, financial services, and accommodations aligned with halal principles. Among these, hotels catering to the needs of Muslim travelers referred to as Sharia-compliant hotels hold a pivotal position in this context.

Sharia-compliant hotels represent an innovation within the hospitality sector, offering not only accommodation to guests but also operating in accordance with Islamic sharia principles. As outlined in the Fatwa of the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI) (Fatwa Dewan Syariah Nasional-Majelis Ulama Indonesia No: 108/DSN-MUI/X/2016, 2016), a sharia-compliant hotel refers to a business providing accommodations in the form of rooms within a building, complemented by food and beverage services, entertainment activities, and/or other facilities on a daily basis, all aimed at generating profit while adhering to sharia principles. The concept of sharia-compliant hotels extends beyond providing accommodations that align with Islamic values; it also includes financial management in compliance with Islamic economic laws. As a business entity operating within the framework of sharia, a sharia-compliant hotel bears the inherent responsibility of managing funds in accordance with principles established by Islamic law. The management of non-halal funds within sharia-compliant hotels poses a complex issue requiring a meticulous approach to ensure alignment with sharia values while addressing financial and social considerations. From the perspective of Islamic economic law, managing non-halal funds in the context of sharia-compliant hotels presents both challenges and opportunities. These challenges pertain to maintaining adherence to sharia principles, while opportunities arise in developing innovative models of fund management based on Islamic economic principles. This research aims to provide insights into strategies for managing non-halal funds in sharia-compliant hotels within the framework of Corporate Social Responsibility (CSR), considering the aspects of Islamic economic law. It is anticipated that this study will contribute to the development of the sharia hotel industry and the body of literature on Islamic economic law. The study examines how the management

of non-halal funds can be integrated into the CSR practices of sharia-compliant hotels, with attention to ethical, social, and financial dimensions.

2. METHODS

This study employs a qualitative approach with descriptive analysis techniques, utilizing a review of relevant literature. The sources include the Qur'an, Hadith, and statutory regulations concerning the management of non-halal funds in sharia-compliant hotels within the context of CSR, analyzed from the perspective of Islamic economic law. The study aims to describe the strategies and practices adopted by sharia-compliant hotels to manage non-halal funds while ensuring compliance with the principles of Islamic economic law.

3. RESULTS AND DISCUSSIONS

Non-halal income refers to any earnings derived from activities that are not in accordance with sharia principles (*al-kasbu al-ghairi al-mayru'*) (Ibrahim, 1997). According to the Fatwa of the National Sharia Council (DSN) of the Indonesian Ulema Council (MUI), several types of businesses that contradict sharia principles include the following:

- a. Conventional financial institutions, including conventional banking and insurance.
- b. Investments in companies where the debt-to-equity ratio favors borrowing from interest-based financial institutions over their capital.
- c. Gambling activities or games considered as gambling, as well as prohibited trading practices.
- d. Producers, distributors, or merchants of food and beverages deemed haram.
- e. Producers, distributors, or providers of goods or services that harm morality or have negative impacts (DSN-MUI dan Bank Indonesia, 2006).

From this explanation, non-halal funds can be understood as revenues generated from business activities that violate sharia principles, such as:

- a. Interest payments from loan transactions.
- b. Dividends from companies with a non-halal debt ratio exceeding their capital.
- c. Income derived from gambling, the sale of intoxicating beverages, or goods that harm morality or cause harm (*mudharat*).

Such funds are prohibited under Islamic teachings, as outlined in the texts prohibiting *riba* (usury), *maisir* (gambling), *khamr* (intoxicants), and similar practices.

The rulings on mixtures of halal and non-halal income generally fall into two primary perspectives (Syahatah, n.d.). The first perspective, supported by some scholars, asserts that halal funds mixed with non-halal funds are considered haram. The Islamic Fiqh Council of the Organization of Islamic Cooperation (OIC) is among those who classify such funds as non-halal. In its resolution, Decision of the Islamic Fiqh Council No. 7/1/65, it is stated that there is no difference of opinion that purchasing shares in a company whose main activities involve prohibited activities, such as interest-based transactions or the production of prohibited goods, is forbidden. Principally, purchasing shares in a company that occasionally engages in prohibited transactions, such as interest-based transactions, even if its main activities are halal, is also considered haram. One of the bases (*istisyhad*) used in this regard is the fiqh principle that if halal and haram funds are mixed, the entire amount is considered haram (Haidar, 2003). The second perspective proposes that if halal income predominates over non-halal income within a mixed fund, the entire fund is considered halal. This perspective is accompanied by arguments based on fiqh principles, namely that the majority rule is considered equivalent to the whole, and *maslahat* (*al-Hajah asy-syar'iyah*), which is the necessity for sharia-compliant companies to conduct their business and avoid interest-based practices by providing halal alternatives. Among the scholars supporting this view are:

- a. Ibnu Nujaim, who stated that if a mixture of halal and haram funds exists in a country, such funds may be purchased and taken unless there is evidence indicating they are haram.
- b. Yusuf Qardhawi, who explained that if unlimited haram funds mix with limited halal funds, such funds may be purchased or taken unless there is evidence indicating that they originate from a haram source. However, refraining from such actions is more beloved to Allah (Qardhawi, 2010).
- c. Ibnu Taimiyah, who clarified that if someone engages in interest-based transactions, the dominant part is halal unless the dominant part is makruh. If income originates from a mix of halal and haram funds, the haram part does not invalidate the halal part.

Thus, the stronger opinion is the second perspective, which asserts that if halal income predominates, the entire fund is considered halal, and if halal income is equal to or less than non-halal income, the percentage of non-halal income must be removed, while the remainder is considered halal. This second perspective is more appropriate for application due to several reasons:

- a. *Umum al-balwa*, the difficulty of avoiding the mixture of halal and non-halal funds in business or non-business activities.
- b. *Raf'ul haraj wal hajah al-ammah*, the effort to minimize difficulties and meet general needs, including environmental and societal unpreparedness in the sharia economy (Al-Qayyim, 1977).
- c. *Muro'atqowa'id al-katsrahwa al-ghalabah*, the legal standard considering the dominant portion.
- d. *Tafriq shafqah*, the principle of separating halal transactions from haram transactions.

As outlined in collections of fatwas (*al-fatawa dan an-nawazil*), scholars differ in their opinions regarding the proper allocation or recipients of non-halal funds. First Perspective, the majority of scholars assert that non-halal funds should be exclusively allocated for public welfare purposes (*al-maslaha al-ammah*), such as the construction of roads, sanitation facilities, and similar public infrastructure projects. Second Perspective, a minority of scholars, including Sheikh Yusuf al-Qaradawi and Prof. Dr. al-Qurrah Dagi, argue that non-halal funds can be used to address all forms of social needs (*aujuh al-khair*). This view encompasses not only public welfare (*al-maslaha al-ammah*) but also other necessities such as direct assistance to the poor and underprivileged, as well as community empowerment programs. They permit the use of non-halal funds for such purposes as part of broader efforts to support those in need. The divergence in these opinions relates to the status and ownership of non-halal funds given as charity. Scholars who permit the allocation of non-halal funds solely for public interest (*al-maslaha al-ammah*) believe that haram funds remain haram for both the owner and the charity recipient. According to their view, if the funds are considered haram for the recipient, then the recipient should not use the funds for personal needs. Instead, these funds should be allocated to build public facilities owned by the community as a whole. Conversely, scholars who allow the allocation of non-halal funds for all social needs argue that haram funds remain haram for the owner but are considered halal for the charity recipient. For them, if the funds are considered halal for the recipient, then the recipient can use the funds for personal needs, including consumptive needs and community empowerment programs. This second opinion is legally justified from both the text (*nash*) and its objectives (*maqashid*), with the following arguments:

- a. The hadith of the Prophet Muhammad (SAW) that narrates how the Prophet treated gifts received, indicating that non-halal funds can be given and consumed by charity recipients such as the poor and needy.
- b. An *atsar* (narration from early scholars) about the obligation of charity for someone who has taken war spoils before they were distributed correctly.
- c. The *maslaha* (benefit) argument, which states that non-halal funds are not owned by any particular individual but become public property. When ownership shifts, these funds can be allocated to the poor, needy, and those in need.
- d. The understanding that non-halal funds are considered haram for the owner but halal for the recipient once ownership has transferred, whether to individuals like the poor and needy or institutions like social or educational foundations. Sheikh al-Qardhawi explains that non-halal funds are considered impure (*khabith*) and haram for the acquirer but halal for the recipient, such as the poor, needy, and for social needs.
- e. Community empowerment programs are viewed as a distribution of funds for long-term purposes, providing greater and sustainable benefits in the jurisprudence of *maslahat (fiqh ma'alat)* and priority needs (*fiqh aulawiyyat*).

Based on the aforementioned principles, the segregation of halal and non-halal funds in sharia hotels is deemed necessary. Therefore, if sharia hotel managers still receive non-halal funds, such as a guest assumed to be a mahram but later found not to be a spouse, or non-halal funds obtained from conventional bank interest, the necessary action is to remove such funds from the hotel's finances.

The basis for financial screening or segregation of halal and non-halal funds can follow the Statement of Financial Accounting Standards No. 101 on the Presentation of Sharia Financial Statements (PSAK 101). In the financial statements of a sharia hotel, there are financial components that separately report various social activities or CSR activities known as *qordh al-hasan* activities. The CSR funds can originate from the hotel's non-halal income. Thus, PSAK 101 is used as an instrument to separate halal income from non-halal income in sharia hotels. Through this segregation, sharia hotels can compare the non-halal income with the overall halal income. The two functions of PSAK 101 (segregation and comparison of halal and non-halal income) become parameters to determine the extent to which the sharia hotel's finances comply with sharia principles. After the non-halal income is separated, it can be allocated as CSR funds. This is a strategy that can be applied by all sharia hotels to ensure their financial sector meets

The term Corporate Social Responsibility (CSR) was first introduced in the context of an entrepreneur's social responsibility in 1953. CSR was initiated by Howard Rothmann Bowen to alleviate business world anxieties. CSR is an approach whereby companies integrate social concerns into their business operations. CSR is typically considered an ongoing commitment by the business environment to act ethically and contribute to economic development while improving the quality of life of employees and their families, as well as the local and broader communities (L. Khasanah & A. Adityawarman, 2016). CSR can be defined as the moral responsibility of companies towards stakeholders, especially towards communities surrounding the company's work and operational areas. The moral and ethical principles of companies can be observed through the harmonious relationship between the company and its surrounding community, aimed at achieving the best results while minimizing harm to other community groups (Tanudjaja, 2009). According to Law No. 40 of 2007 on Limited Liability Companies, Article 3 (Undang-Undang Republik Indonesia Nomor 40, 2007) explains that Social and Environmental Responsibility is the commitment of companies to participate in sustainable economic development to improve the quality of life and beneficial environment, both for the company itself, the local community, and the community at large. In the context of sharia hotels, which are based on sharia economic principles, CSR can be implemented through the following examples of application:

- a. Empowerment of Local Communities through Education and Training: Sharia hotels can establish skill training programs for the surrounding community, such as cleaning, cooking, or administrative skills. For example, the hotel can provide training for local women to create handicrafts or other local products that can be sold as souvenirs at the hotel.
- b. Zakat and Charity Programs: Sharia hotels can allocate a portion of their revenue as zakat or charity funds to help the poor, orphans, or other community welfare programs that align with the principles of sharia economics.
- c. Sustainable Environmental Management: Sharia hotels can adopt environmentally friendly policies such as the use of renewable energy, responsible waste management, reduction of water consumption, or the use of eco-friendly materials in daily operations.
- d. Fair Employment and Job Opportunities: Sharia hotels can provide fair and equitable job opportunities, without discrimination and with wages that comply with sharia economic

principles. This includes offering adequate protection to employees, fair wages, and a safe and healthy work environment.

- e. Local Economic Development: Sharia hotels can support local small and medium enterprises (SMEs) by using local products in their operations, such as offering local food on the restaurant menu or providing local handicrafts in the hotel souvenir shop.
- f. Community Education and Awareness: Sharia hotels can organize educational activities for the surrounding community about the importance of ethical values, cleanliness, or environmental awareness, as an effort to increase community awareness of social and environmental issues.

The implementation of Corporate Social Responsibility (CSR) is not merely about fulfilling obligations but rather a manifestation of moral responsibility towards stakeholders. In this context, sharia hotels must consistently share positive values. The implementation of CSR also serves as a means to raise awareness of sharia hotels among the public, the business world, and involved parties. This effort will enhance the positive reputation of sharia hotels while optimally contributing to economic, environmental, and social aspects of the community.

4. CONCLUSION

A sharia hotel provides accommodation in the form of rooms within a building, complemented by food and beverage services, entertainment activities, and/or other facilities on a daily basis, all operated in accordance with sharia principles with the aim of achieving collective well-being (*al-maslaha al-ammah*). In pursuing this objective, it is essential to avoid practices such as *riba* (usury), *gharar* (uncertainty), and *maysir* (gambling), which are prohibited in Islamic law. One strategy employed to avoid *riba* is the segregation of halal and non-halal funds within the hotel's operations (*tafriq shafqah*), ensuring that all hotel revenue is regarded as halal. Non-halal funds are managed by distributing them for social purposes (*maslahah wa tashrif al-'ammah*), such as Empowering local communities through education and training programs, Supporting *zakat* and charitable initiatives, Promoting sustainable environmental management, Ensuring fair employment opportunities, Developing the local economy, and Raising public awareness and education. The legal status of a sharia hotel is deemed halal if all services provided adhere comprehensively to sharia principles and elements. By ensuring compliance in all

aspects of operations, sharia hotels not only fulfill their religious obligations but also contribute to broader societal and economic development in alignment with Islamic values.

5. LIMITATION

One of the key propositions in this study is the segregation of halal and non-halal funds in sharia-compliant hotels, a strategy grounded in financial accounting standards such as PSAK 101. While this approach provides a structured framework for managing funds in a way that aligns with Islamic principles, its generalization may not fully account for the diverse financial systems and operational models across individual hotels. The feasibility and effectiveness of implementing such segregation can vary significantly based on several factors, including the scale of the hotel, the resources available, and the complexity of its financial operations.

In practice, not all sharia-compliant hotels are equipped with the necessary infrastructure, technological systems, or financial expertise to implement and maintain strict segregation between halal and non-halal funds. Smaller or newly established hotels, in particular, may lack the sophisticated accounting software, specialized personnel, or training required to ensure proper separation of funds and compliance with sharia standards. Moreover, hotels with more integrated or complex financial systems may find it difficult to isolate funds in a way that aligns with the principles outlined in PSAK 101 without significant investments in restructuring their accounting practices.

Furthermore, the implementation of this segregation strategy may also be impacted by the operational model of the hotel. For instance, large hotel chains with multiple revenue streams and diverse services may face challenges in maintaining the purity of halal income and expenses across different departments. This can create discrepancies in the application of the segregation strategy, potentially leading to inconsistencies in the hotel's compliance with sharia guidelines.

Thus, while the idea of segregating halal and non-halal funds offers a conceptual framework, its actual applicability may be limited by the practical realities of financial management in diverse hotel settings. The variation in resources, scale, and operational models across sharia-compliant hotels suggests that a more tailored approach may be necessary to ensure the effective and efficient segregation of funds in accordance with Islamic financial principles. Further research and practical case studies are needed to explore

how hotels of different sizes and operational complexities can implement these strategies in a way that aligns with both financial efficiency and religious compliance.

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