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## **Gili Trawangan's Tourism Landscape: Understanding The Contestation between MSMEs, Government, and Visitors**

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### **Abstract**

This study investigates the dynamics of interactions among stakeholders in shaping MSME actors' business orientation in Gili Trawangan regarding acceptance and rejection of halal certification on food and beverage products. Using a qualitative

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approach and case study method, data were collected through participant observation over two months and in-depth interviews with 18 key informants, including MSME actors, government representatives, and tourists. The study explores how MSME actors' attitudes amid contestation between the government as an institutional stakeholder and tourists as primary stakeholders influence decisions to accept or reject halal certification. Findings show that the dominance of primary stakeholders, namely tourists, is the main factor shaping MSME business orientation, which tends to follow tourists' preferences in offering food and beverage products. Conversely, the government's function as an institutional stakeholder in promoting halal certification is less effective, leading MSMEs to resist certification and rely on traditional halal-based offerings and product diversification into non-halal items to attract various tourist segments. This research contributes significantly to understanding power relations and interests among stakeholders in MSME management within tourism and policy implications related to halal certification. Limitations include geographic scope, focus on certain MSME groups in Gili Trawangan, and reliance on data subjectively reported by informants. Future research should broaden the context and include diverse MSME groups in different regions to obtain a more comprehensive picture of stakeholder influence on business orientation.

[Penelitian ini mengkaji dinamika interaksi antar pemangku kepentingan dalam membentuk orientasi bisnis pelaku UMKM di Gili Trawangan terkait penerimaan dan penolakan sertifikasi halal pada produk makanan dan minuman. Melalui penggunaan pendekatan kualitatif dan metode studi kasus, data dikumpulkan melalui observasi partisipan selama dua bulan dan wawancara mendalam dengan 18 informan kunci, meliputi pelaku UMKM, perwakilan pemerintah, dan wisatawan. Penelitian ini mengeksplorasi bagaimana sikap pelaku UMKM di tengah kontestasi antara pemerintah sebagai pemangku kepentingan institusional dan wisatawan sebagai Pemangku kepentingan utama memengaruhi keputusan untuk menerima atau menolak sertifikasi halal. Temuan penelitian menunjukkan bahwa dominasi pemangku kepentingan utama, yaitu wisatawan, menjadi faktor utama pembentuk orientasi bisnis UMKM yang cenderung mengikuti preferensi wisatawan dalam menawarkan produk makanan dan minuman. Sebaliknya, fungsi pemerintah sebagai pemangku kepentingan institusional dalam mempromosikan sertifikasi halal kurang efektif, yang menyebabkan UMKM menolak sertifikasi dan mengandalkan penawaran berbasis halal tradisional dan diversifikasi produk ke barang-barang non-halal untuk menarik berbagai segmen wisatawan. Penelitian ini memberikan kontribusi yang signifikan untuk memahami hubungan kekuasaan dan kepentingan di antara para pemangku kepentingan dalam manajemen UMKM dalam pariwisata dan implikasi kebijakan terkait sertifikasi halal. Keterbatasan penelitian ini meliputi cakupan geografis, fokus pada kelompok UMKM tertentu di Gili Trawangan, dan ketergantungan pada data yang dilaporkan secara subjektif oleh informan. Penelitian di masa mendatang harus memperluas konteks dan mencakup berbagai kelompok UMKM di berbagai wilayah untuk memperoleh gambaran yang lebih komprehensif tentang pengaruh pemangku kepentingan terhadap orientasi bisnis.]

**Keywords:** halal tourism; MSME; halal certification; multicultural; muslim travelers; tourist destination

## Introduction

The demand for halal products and services is one of the domino effects of globalization on the tourism sector.<sup>1</sup> The impact is a tourist need and a form of piety created by the halal tourism trend. Many countries have been competing to provide these needs by delivering prayer facilities, Qibla direction, and private areas for men and women.<sup>2</sup> Not only ritual needs but also physical accommodations such as halal-certified food and beverage products are prepared.

Halal certification in tourist destinations, including Gili Trawangan, is essential in Indonesia.<sup>3</sup> As a multicultural tourist destination, Gili Trawangan provides halal-certified services and products to meet the needs of Muslim travelers, both local and international. This is important given the increasing number of Muslim travelers seeking destinations that are friendly to their customs. In addition, per Regional Regulation No. 2 Year 2016 on halal tourism, Gili Trawangan must comply with regulations requiring tourist destinations to provide halal facilities.<sup>4</sup>

The halal tourism trend has changed the preferences of visiting tourists. Muslim travelers are interested in natural beauty, culture, and products and services that comply with Sharia principles. This preference change also attracts non-Muslim travelers who appreciate halal products' high hygiene and quality standards. As a result, businesses in Gili Trawangan are encouraged to improve the quality of

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<sup>1</sup> Suyatno Ladiqi, "Globalization and the Rise of Cosmopolitan Shariah: The Challenge and Opportunity of Halal Tourism in Indonesia," *NAMSCA Herald* 1 (2018): 904–7.

<sup>2</sup> Paolo Pietro Biancone et al., "Halal Tourism: An Opportunity for the Global Tourism Industry," *Tourism Analysis* 24, no. 3 (2019): 395–404, <https://doi.org/10.3727/108354219X15511865533112>.

<sup>3</sup> Abdul Rachman and Lukman Santoso Az, "Digitalizing Halal Certification: The Dynamic of Regulations and Policies Concerning Halal Certification in Indonesia," *Jurisdictie: Journal of Law and Sharia* 14, no. 2 (2023): 265–93, <https://doi.org/10.18860/j.v14i2.24115>.

<sup>4</sup> Muh. Baihaqi, "Wisata Halal Di Gili Trawangan Lombok Utara," *J-EBIS (Jurnal Ekonomi Dan Bisnis Islam)* 4, no. 2 (2019): 166–82, <https://doi.org/10.32505/v4i2.1257>.

their services and products to meet the needs of an increasingly diverse market.<sup>5</sup>

From this view, halal certification on MSME products in Gili Trawangan can increase product competitiveness, especially among foreign tourists. This certificate raises the confidence of international consumers, who are increasingly critical of quality. In addition, halal-certified products open up wider market opportunities, especially for global Muslim tourists, a potential segment. Government support through regulations and easy access to halal certification also systematically strengthens the position of MSMEs so local products can compete internationally and encourage regional economic growth.<sup>6</sup>

The great potential of halal certification products for MSMEs in Gili Trawangan is inseparable from complex challenges. Dependence on the tourism sector means that MSMEs must continue adapting products to the tastes of diverse tourists, ranging from local to foreign countries.<sup>7</sup> In addition, fierce competition and changing trends demand innovation and adaptive strategies to keep businesses afloat. Therefore, it is not surprising that the products served by MSMEs are very diverse, ranging from fried *burgers* to chips, rice with side dishes, and even alcoholic drinks.<sup>8</sup>

The behavior of MSMEs in Gili Trawangan often receives a negative stigma from various groups. This happens because of their non-compliance with social norms and religious teachings, which are the main footing of the majority Muslim community of Gili Trawangan. In addition, violations of Regional Regulation No. 2 of 2016 concerning halal tourism, especially the obligation to provide halal-certified food and beverage products, reinforce this pessimistic view. This stigma not only affects the image of MSMEs but also has the potential to hinder

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<sup>5</sup> Tareq Rasul, "The Trends, Opportunities and Challenges of Halal Tourism: A Systematic Literature Review," *Tourism Recreation Research* 44, no. 4 (2019): 434–50, <https://doi.org/10.1080/02508281.2019.1599532>.

<sup>6</sup> Made Gayatri Anggarkasih and Prima Sukmana Resma, "The Importance of Halal Certification for the Processed Food by SMEs to Increase Export Opportunities," *E3S Web of Conferences* 348 (2022).

<sup>7</sup> Kadri Kadri, "Religion and Tourism: Promoting Inclusive Islam in Lombok Island, Indonesia," *Studia Islamika* 29, no. 2 (2022): 333–57, <https://doi.org/10.36712/sdi.v29i2.14471>.

<sup>8</sup> M Baihaqi, "Respon Pelaku Wisata Terhadap Peraturan Daerah NTB Nomor 2 Tahun 2016 Tentang Pariwisata Halal (Studi Di Kawasan Wisata Gili Trawangan Lombok Utara)" (Universitas Islam Negeri Mataram, 2018).

the economic development and attractiveness of halal tourism in Gili Trawangan.<sup>9</sup>

Therefore, the presence of stakeholders plays an important role in implementing halal certification in Gili Trawangan. The involvement of religious leaders, community leaders, and BPJPH helps MSME players understand the meaning and benefits of halal certification through effective socialization.<sup>10</sup> The local government also provides regulations and technical support that ensure the process runs smoothly. This synergy between stakeholders shapes the orientation of MSMEs to meet halal standards while maintaining the trust of tourists, especially Muslims, thus strengthening the attractiveness of halal tourism in the area.<sup>11</sup>

Previous research on the role of stakeholders has shown a less significant impact of halal certification implementation efforts on the development of MSMEs in Indonesia and restaurants in Thailand. Atmo Prawiro (2023) revealed that stakeholders still have minimal effects on implementing halal certification for micro, small, and medium enterprises (MSMEs) in Lombok.<sup>12</sup> The proportion of halal-certified MSMEs in the area is still below 20 percent. The study also highlights the challenges MSMEs face, such as the complexity of halal certification requirements and administrative barriers that hinder the implementation of certification. Meanwhile, Wannasiri Wannasupchue (2023) in Thailand found that restaurants face similar challenges in obtaining halal certification, such as complicated certification processes, high costs, and lack of commitment from restaurant

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<sup>9</sup> Akhmad Asyari, Kadri, and Jumarim, "Beragama Di Pulau Pariwisata Internasional: Pengalaman Toleransi Komunitas Muslim Di Lombok, Nusa Tenggara Barat," *MANAZHIM: Jurnal Manajemen Dan Ilmu Pendidikan* 4, no. 2 (2022): 475–90, <https://doi.org/10.36088/manazhim.v4i2.2021>.

<sup>10</sup> Fitriyani Zein, "Halal Certification in Government and Non-Governmental Organizations: A Comparative Analysis of Indonesia, Malaysia, and Thailand," *Journal of Halal Studies* 1, no. 1 (2022): 25–40, <https://doi.org/10.22555/jhs.v1i1.90>.

<sup>11</sup> Abid Haleem and Mohd Imran Khan, "Towards Successful Adoption of Halal Logistics and Its Implications for the Stakeholders," *British Food Journal* 119, no. 7 (2017): 1592–1605.

<sup>12</sup> Atmo Prawiro and Fathudin, "Challenges in the Halal Industry Ecosystem: Analyzing the Halal Certification Process for Micro, Small, and Medium Enterprises in Lombok, West Nusa Tenggara," *Mazahib* 22, no. 2 (2023): 431–84, <https://doi.org/10.21093/mj.v22i2.7010>.

owners.<sup>13</sup> These studies show the importance of understanding and developing more effective strategies to address halal certification issues and enhance the development of the halal industry.

While many studies have addressed the role of halal certification and stakeholder engagement in the development of halal tourism in general, there is a lack of in-depth studies on how the interactions and dynamics between government, tourists, and MSME actors take place specifically in multicultural tourist destinations such as Gili Trawangan. Most studies focus more on the regulatory aspects and macro implementation of halal certification without examining the real challenges MSMEs face in tailoring their products and services to the preferences of diverse tourists, including non-Muslim tourists.

In addition, few studies explore the impact of negative stigma on the behavior of MSMEs considered non-compliant with social norms and halal regulations and how this stigma affects the economic development and image of halal tourism in these destinations. These gaps indicate the need for more comprehensive research to understand the complexity of the relationship between stakeholders, MSMEs, and tourists in multicultural and preference-diverse tourist destinations.

This research aims to fill the gap by analyzing how interactions between stakeholders, including local government, religious leaders, and tourists, occur in the context of halal certification implementation in Gili Trawangan. The focus is on how the pressure of tourist preferences and the role of stakeholders shape MSME strategies in adjusting their products and services, as well as how these dynamics affect the competitiveness and sustainability of halal tourism in the area. By examining stakeholder interactions in multicultural tourism destinations, this research will make an essential contribution to a more holistic understanding of the role of halal certification implementation challenges in multicultural tourism while identifying factors that can strengthen synergies between stakeholders to support sustainable local economic growth and increase the attractiveness of halal tourism destinations in Indonesia.

## **Methods**

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<sup>13</sup> Wannasiri Wannasupchue et al., "Challenges to Obtain Halal Certification among Restaurants in Northeast Thailand," *Journal of Islamic Marketing* 14, no. 2 (2023): 607–21, <https://doi.org/10.1108/JIMA-04-2021-0124>.

This research uses a qualitative approach with a *field research* design<sup>14</sup> which aims to deeply understand social phenomena related to halal certification among MSMEs in Gili Trawangan. The sociological approach<sup>15</sup> is applied to analyze social interactions, actor roles, and stakeholder dynamics affecting the halal certification process.

Primary data was collected through *in-depth interviews* with key informants selected using *purposive sampling* techniques.<sup>16</sup> Based on the relevance of knowledge and experience to the topic. The informants consisted of 10 MSME players, 2 religious leaders and local community leaders, 5 tourists visiting Gili Trawangan, 3 government officials from the North Lombok Tourism Office and the Halal Product Guarantee Organizing Agency (BPJPH), and five halal assistants involved in the MSME certification process. In addition, secondary data were collected from various sources of supporting documentation and literature, such as BPJPH and North Lombok Tourism Office annual reports, official publications, scientific articles, books, and journals that discuss halal certification, MSMEs, and halal tourism, as well as statistical data on the number of certified MSMEs and tourist visits in the research area.

This research applies source triangulation techniques to gain an in-depth understanding and improve data credibility.<sup>17</sup> Methods include comparing information from various informants and using multiple data collection techniques: interviews, field observations, and document studies. Data validity is also strengthened through *member checking* by confirming the initial findings with informants so that data interpretation can be accurate and reliable.

Data analysis was carried out qualitatively using *thematic coding* techniques, which allowed the identification of patterns and main themes related to the socialization of halal certification and the social factors that influence its acceptance among MSMEs. This analytical approach supports an in-depth understanding of the social

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<sup>14</sup> John W Creswell, *Penelitian Kualitatif & Desain Riset: Memilih Di Antara Lima Pendekatan*, ed. 3 (Yogyakarta: Pustaka Pelajar, 2014). 135–139.

<sup>15</sup> David Silverman, *Qualitative Research* (London: SAGE Publications, 2020), <https://www.torrossa.com/en/resources/an/5019251>.

<sup>16</sup> James P Spradley, *Metode Etnografi*, ed. Misbah Zulfa (Translator) Elizabeth (Yogyakarta: Tiara Wacana Yogya, 1997). 330.

<sup>17</sup> Monique Hennink, Inge Hutter, and Ajay Bailey, *Qualitative Research Methods* (London: SAGE Publications, 2020), 135-139.

dynamics and adaptation strategies of MSME actors in the context of halal certification in Gili Trawangan.

## **Results**

The results of this study explore how MSME actors in Gili Trawangan resist halal certification of food and beverage products in the context of multicultural tourist destinations by examining the interaction between government policies through the Halal Product Guarantee Agency (BPJPH), North Lombok Tourism Office, Halal Product Process Assistance (PPH) and MSME business strategies oriented to the needs of non-Muslim tourists. This research reveals the adaptation process of MSME players to halal certification regulations, which are still low in awareness and participation.

Through in-depth informant interviews, this study shows how negotiations between traditional halal principles, international market pressures, and barriers to socialization and coordination between government agencies shape MSME business orientations. The findings show that conventional halal-based offerings and diversification of non-halal products in Gili Trawangan are dynamic, reflecting the complexity of the relationship between formal regulations, local socio-cultural context, and the diversity of tourist preferences.

### **Aspects of Accommodation and Resistance to Halal Certification**

This study found that MSME players in Gili Trawangan responded to the halal certification policy from the government through the Halal Product Guarantee Agency (BPJPH) by utilizing leeway on non-halal products such as pork and alcoholic beverages. This policy allows them to diversify non-Halal products to attract non-Muslim tourists, especially foreign tourists, the leading market segment. Field data shows high demand and increased revenue from non-halal products as evidence of the success of this strategy. For example, Fiyan, an MSME player, stated that "non-halal products are sold specifically for non-Muslim tourists, confirming the business orientation that follows the needs of the international market."<sup>18</sup>

However, MSME players are still unaware of the importance of halal certification. Reza explains that "as Muslims, they already know that many products sold are halal, so they do not feel the need to take

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<sup>18</sup> Interview with Fiyan, Gili Trawangan MSME Actor, 20-8-2024.



care of halal certificates, especially if there is no real demand from consumers."<sup>19</sup> It reflects that the majority of Muslim consumers in the area still rely on the concept of halalness based on local culture rather than formal certification. Therefore, the orientation of MSME players is more influenced by social norms and local customs rather than halal certification regulations.

In running their business, MSME players face the challenge of balancing the fulfillment of halal standards with the comfort of non-Muslim tourists from diverse cultural backgrounds. Andi stated that they try to attract Muslim tourists by ensuring halal products and services while still taking care not to offend the preferences of non-Muslim visitors.<sup>20</sup> Ani added, "Although their products are not officially halal certified, they still maintain the ingredients according to the halal principles of Islamic teachings, as the certification process is complicated and expensive."<sup>21</sup> This condition shows the adaptation of MSME players who try to meet the needs of a diverse market while facing the limitations of implementing formal certification.

The lack of coordination between government agencies still constrains the implementation of halal certification socialization in Gili Trawangan. Ansell's collaborative governance theory states that stakeholder synergy is essential for public policy success.<sup>22</sup> However, Aminuddin, Head of BPJPH North Lombok, stated, "Collaboration between the Industry Office, Tourism Office, MUI, and Agriculture Office is not optimal, so socialization to MSME players is hampered."<sup>23</sup> A statement from Dea, a Gili Indah village staff, also shows that "the role of the village government is still passive because there has been no official direction."<sup>24</sup> This condition confirms the need for better coordination so that the socialization of halal certification can run effectively and provide tangible benefits for MSMEs.

Regarding socio-culture, the people of Gili Trawangan show high tolerance towards tourists, especially non-Muslims. Hadi, a local

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<sup>19</sup> Interview with Reza, Gili Trawangan MSME Actor, 6-9-2024.

<sup>20</sup> Interview with Andi, MSME actor in Gili Trawangan, 11-9-2024.

<sup>21</sup> Interview with Ani, MSME actor in Gili Trawangan, 7-9-2024.

<sup>22</sup> Christopher Ansell and Jacob Torfing, *Handbook on Theories of Governance* (Cheltenham: Edward Elgar Publishing, 2016).

<sup>23</sup> Interview with Aminuddin, BPJPH North Lombok, 10-8-2024.

<sup>24</sup> Interview with Dea, Gili Indah Village Government Staff, 16-9-2024.

religious figure, explained that "the community and MSME players are willing to lower the volume of the mosque speakers during the call to prayer for the sake of mutual comfort."<sup>25</sup> The policy of limiting night entertainment during Ramadan also reflects an effort to maintain religious values while adjusting to tourists' needs. This attitude is a clear example of the application of the principle of collaborative governance, where various stakeholders work together to maintain a balance between local culture and the demands of multicultural tourism.

However, MSMEs' business orientation remains dominated by the needs of non-Muslim tourists. Herman added that "Muslim tourists coming through Bali usually bring behaviors and preferences from there, so MSMEs must adjust to diverse market expectations."<sup>26</sup> Reni, in one of the interviews at Sendja Kardiá restaurant Gili Trawangan:

"Why do we enjoy marketing products with no halal certification for food and beverage products for MSME players in Gili Trawangan? If we look at the position of the pattern of tourists who come to Gili Trawangan, most tourists, even almost 90 percent, are foreign tourists who are, on average, non-Muslim. Meanwhile, about 10 percent of Muslim tourists come here. For us, this is a strategy to market food and beverage products. However, even though the tourists who visit are non-Muslims, tourists here have an interest in food hygiene and quality. Many non-Muslim travelers value halal food because it is often associated with clean and guaranteed processes, which is attractive." <sup>27</sup>

The limited socialization of BPJPH, which only reaches some sub-districts, and the geographical condition of Gili Trawangan, which is difficult to achieve, often cause this island to be missed by assistance. This situation emphasizes the importance of applying the principles of collaborative governance so that coordination between government agencies, MSME players, and local communities can overcome these obstacles and realize effective and inclusive halal certification socialization.

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<sup>25</sup> Interview with Hadi, Religious Leader of Gili Trawangan, 18-9-2024.

<sup>26</sup> Interview with Herman, Gili Trawangan Community, 17-9-2024.

<sup>27</sup> Interview with Reni, MSME Actor in Gili Trawangan, 20-9-2024.

## **Tourist Domination of MSME Products**

Most tourists visiting Gili Trawangan come from non-Muslim international backgrounds. The destination's accommodative stance toward freedom attracts many foreign tourists to choose Gili Trawangan as their travel spot. This situation compels MSME actors to adjust their business orientation to meet the needs and preferences of this majority tourist segment. Dea, a Gili Indah village staff member, explained: "Gili Trawangan is indeed known as a party island, where many foreign tourists come to have fun and enjoy freedom without many restrictions. Therefore, entrepreneurs here find it difficult to adapt their products to the strict halal certification rules."<sup>28</sup>

Indeed, some non-Muslim tourists are Muslim, coming from France, the Middle East, and Africa. However, since arriving via Bali, they tend to share similar preferences with non-Muslim tourists. The free-spirited tourism culture of Bali often carries over when they visit Gili Trawangan. Consequently, non-halal products such as alcoholic beverages become a common demand during their stay on this beautiful island in Lombok; as Husni explained, "Muslim tourists who come here usually transit through Bali first. Bali's more liberal tourism culture is often brought to Gili Trawangan, making strict halal certification difficult to enforce."<sup>29</sup>

On the other hand, MSME actors' reluctance to accept halal certification is also driven by the pragmatism of domestic and local tourists. The majority of domestic and local tourists are Muslim and trust the halal status of products based on the identity and culture of MSME actors. As fellow Muslims, they believe that products offered by MSMEs are guaranteed halal. For them, the predominantly Muslim background of MSME actors automatically ensures that their food and beverages comply with Islamic law. Andi explained, "Most Muslim domestic tourists feel comfortable with the culinary offerings we provide even though we don't have halal certification. They trust our tradition and belief as Muslims."<sup>30</sup>

As business actors, MSMEs adjust their food and beverage products according to existing market preferences. Despite

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<sup>28</sup> Interview with Dea, Gili Indah Village Government Staff, 16-9-2024.

<sup>29</sup> Interview with Husni, Community Leader in Gili Trawangan, 9-10-2024.

<sup>30</sup> Interview with Andi, MSME Actor in Gili Trawangan, 11-9-2024.

acknowledging its importance, the market's lack of demand for halal certification makes MSMEs deprioritize certification. They focus more on maintaining product quality, cleanliness, and reputation to remain attractive to all tourist segments. Reza, an MSME operator at Trawangan Beach Cottage restaurant, stated, "As Muslims, we already know many products we sell are not halal, so we do not need a halal certificate."<sup>31</sup> This aligns with Reni's statement that "the halal certification promoted by the government has yet to provide practical benefits for their business in the short term."<sup>32</sup>

Amid the pressure to adjust products to religious values and market conditions, MSMEs strive to maintain balance in business practices. The needs of Muslim tourists are addressed by offering halal products based on traditional halal principles. At the same time, this attitude aims to respect the comfort of non-Muslim tourists. This approach represents MSMEs' adaptation to the multicultural environment of Gili Trawangan. Andi, an MSME actor, stated, "One of the biggest challenges is balancing between meeting halal standards and maintaining the comfort of non-Muslim visitors."<sup>33</sup> Ani, another MSME operator, affirmed that although lacking official certification, they ensure that raw materials comply with halal principles according to Islamic teachings.<sup>34</sup>

Figure 1  
Halal Food Products Without Halal Certification



<sup>31</sup> Interview with Reza, MSME Actor in Gili Trawangan, 6-9-2024

<sup>32</sup> Interview with Reni, MSME Actor in Gili Trawangan, 20-9-2024.

<sup>33</sup> Interview with Andi, MSME Actor in Gili Trawangan, 11-9-2024.

<sup>34</sup> Interview with Ani, MSME Actor in Gili Trawangan, 7-9-2024.

Source: Author's Documentation Results<sup>35</sup>

At the same time, the role of the government as a stakeholder faces institutional limitations that indicate constraints in resources and infrastructure. The geographic location of Gili Trawangan, which is distant from the city center and difficult to access, hinders MSME actors from receiving adequate socialization regarding halal certification from the government. Consequently, existing socialization efforts are sporadic and limited to specific points, failing to reach all MSME actors. The government's limited resources further impede the mandatory halal certification for MSMEs. Aminuddin, head of BPJPH North Lombok, stated that the lack of coordination among related agencies and the remote location of Gili Trawangan obstruct comprehensive socialization efforts for halal certification.<sup>36</sup> It is further confirmed by Rusdan, a facilitator for halal product processes, who stated that the island's distance and limited accessibility are significant obstacles to assisting MSME actors in Gili Trawangan.<sup>37</sup>

Besides geographic factors, BPJPH's limitations in educating about halal certification are also caused by bureaucratic challenges. The lack of integration among stakeholders in halal certification causes BPJPH to be unable to reach remote areas such as Gili Trawangan optimally. Aminuddin from the Ministry of Religion, North Lombok Regency, stated:

"Regarding socialization in Gili Trawangan, we still face obstacles and challenges. The main challenge we experience is the lack of collaboration among policy stakeholders. Besides BPJPH, several offices such as the Industry Office, Tourism Office, halal product process facilitators, MUI, and Agriculture Office are involved in efforts to certify halal for MSMEs in Gili Trawangan. Thus, although BPJPH intends to conduct

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<sup>35</sup> Author's Observation in Gili Trawangan on 9-30-2024.

<sup>36</sup> Interview with Aminuddin, BPJPH North Lombok, 10-8-2024.

<sup>37</sup> Interview with Rusdan, Halal Product Process Facilitator, 8-20-2024.

socialization, it is hindered by the absence of coordination with other parties."<sup>38</sup>

From a legal perspective, the government's role as a regulator in imposing sanctions for the obligation of halal certification is also minimal. During this study, the author found no firm government actions enforcing compliance among MSMEs. Sanctions such as business license revocation, as stipulated in Law No. 33 of 2014, have not been adequately implemented. MSME actors themselves were unaware of sanctions and penalties for lacking halal certification. Kadek stated, "We do not know anything about sanctions if we do not have halal certification."<sup>39</sup>

The suboptimal government role in enforcing halal policies leads to low motivation among MSMEs to follow formal standards. Limited education and socialization about halal certification cause MSMEs to perceive halal certification as irrelevant since it offers no practical business benefits. Besides the perception of halal based on traditional halal practices, the formalistic nature of certification discourages MSMEs from obtaining halal certificates. Reza explained, "As Muslims, we already know many of the products we sell are not halal, so we don't need halal certificates."<sup>40</sup> Ani added, "We prioritize halal principles that have become part of local culture. We always ensure that the ingredients we use are safe and comply with halal principles according to Islamic teachings."<sup>41</sup>

Tourists also evaluate halalness based on cleanliness and product safety, not solely on certification. "Tourists, including non-Muslims, often associate halalness with cleanliness and food safety standards, so formal certification is not always the main benchmark," said the author based on interviews with MSME actors.

Besides the limited role of BPJPH, the weak influence of religious leaders and community representatives as government proxies causes MSMEs to be reluctant to accept halal certification. Rooted in a cultural framework where religious leaders act as secondary figures in Gili Trawangan, they can only regulate the social aspects of MSMEs.

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<sup>38</sup> Interview with Aminuddin, BPJPH North Lombok, 10-8-2024.

<sup>39</sup> Interview with Kadek, MSME Actor in Gili Trawangan, 8-6-2024.

<sup>40</sup> Interview with Reza, MSME Actor in Gili Trawangan, 6-9-2024.

<sup>41</sup> Interview with Reza, MSME Actor in Gili Trawangan, 6-9-2024.

Consequently, religious leaders and communities emphasize cultural and spiritual practices without strongly enforcing strict formal halal certification. Hadi, a spiritual leader in Gili Trawangan, explained this:

"As religious leaders, we only regulate the social aspects of the community and MSME actors. We manage mosque speaker usage during calls to prayer, Ramadan, and every Friday night. We also regulate religious gatherings and cultural practices such as mandi safar and the wearing of bikinis by tourists visiting Gili Trawangan, especially foreigners within the village. Regarding products sold by MSMEs, we do not regulate those."<sup>42</sup>

This statement highlights the typical role of religious leaders, who primarily focus on regulating the social and cultural aspects within the community, especially related to spiritual practices and prevailing social norms. They manage mosque facilities such as speaker usage during calls to prayer, Ramadan activities, and weekly Friday gatherings and oversee local traditions like mandi safar. However, their authority does not extend to economic matters, particularly concerning products sold by MSME actors. This distinction reflects a separation of roles between socio-religious governance and financial activities, essential to maintaining community harmony while supporting local business development without excessive religious intervention.

## **Discussion**

### **Tolerance of Visitors**

MSME players in Gili Trawangan are part of a growing society. Consequently, they cannot avoid social changes that affect mindsets and business behavior.<sup>43</sup> Since the 1980s, changes in interaction patterns and the needs of tourists have forced MSME actors to abandon traditional religious practices full of formalities and adopt a more tolerant attitude towards tourists.<sup>44</sup> In maintaining cultural identity and

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<sup>42</sup> Interview with Hadi, Religious Leader of Gili Trawangan, 18-9-2024.

<sup>43</sup> Kadri, "Religion and Tourism: Promoting Inclusive Islam in Lombok Island, Indonesia." 333–57.

<sup>44</sup> Nashuddin Nashuddin, "The Management of Muslim Spiritual Tourism in Lombok, Indonesia: Opportunities and Challenges," *Journal of Indonesian Islam* 10, no. 2 (2016): 213–36, <https://doi.org/10.15642/JIIS.2016.10.2.213-236>.

religious values, MSME actors in Gili Trawangan try to balance changes by building business practices and harmonious social interactions with tourists.<sup>45</sup>

Foreign tourist visits trigger socio-cultural transformation for MSME businesses in Gili Trawangan.<sup>46</sup> In 2024, more than 149,463 foreign tourists visited Gili Trawangan, which indirectly changed the business strategies and religious norms adopted by MSME actors. Such a large influx of tourists introduces new needs in the MSME business world, such as party culture and alcohol consumption. Therefore, these different preferences are tolerated by presenting products without formalizing halal certification and diversifying non-halal products.

Table 1  
Number of Foreign Tourist Visits to Gili Trawangan 2024

No.	Month	Total
1	January	10.181
2	February	19.271
3	March	11.181
4	April	15.339
5	May	19.271
6	June	21.437
7	July	26.183
8	August	26.600
Total	149.463	

Source: Central Bureau of Statistics of  
North Lombok Regency<sup>47</sup>

<sup>45</sup> Abdul Wahid, "Agama Dalam Pusaran Pariwisata: Refleksi Dari Gili Trawangan," *Alamtara Institute (Blog)*, n.d., <https://alamtara.co/2023/03/26/agama-dalam-pusaran-pariwisata-refleksi-dari-gili-trawangan/>.

<sup>46</sup> Asyari, Kadri, and Jumarim, "Beragama Di Pulau Pariwisata Internasional: Pengalaman Toleransi Komunitas Muslim Di Lombok, Nusa Tenggara Barat." 475–90.

<sup>47</sup> Data on foreign tourists visiting Gili Indah is based on BPS data related to foreign tourist visits to North Lombok in 2024. This equation is based on the results of the author's interview with Kadek, one of the North Lombok BPS staff, who stated that foreign tourists visiting North Lombok visit Gili Trawangan.



These two attitudes aim to meet the needs of Muslim tourists while also maintaining the sensitivity of non-Muslim tourists.<sup>48</sup> Muslim tourists visiting Gili Trawangan can still consume halal products without arousing suspicion among non-Muslims. In contrast, tourists from countries such as Europe, America, and Australia work on halal certification as a hidden threat.<sup>49</sup> Apart from these concerns, halal products are offered without the formality of halal certification.

This attitude is often negatively stigmatized.<sup>50</sup> As Muslim business owners, they are often seen as violating religious values and social norms. Opinions leading to this formalistic group's views bind MSME actors with product labels and formalities. Halal certification is necessary for this group despite being in a pluralistic tourist destination like Gili Trawangan.<sup>51</sup>

Although this business strategy is considered resistance to halal certification, it is a form of religious moderation in the multicultural destination sector for business actors in plural tourist destinations.<sup>52</sup> In a socio-economic dynamic influenced by various tourists, namely local, domestic, and foreign tourists, maintaining a balance between religious values and cultural diversity is a pragmatic and adaptive step for MSME actors.<sup>53</sup> This moderate attitude is increasingly needed when the

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<sup>48</sup> Ahmad Havid Jakiyudin and Alfarid Fedro, "Sehati: Peluang Dan Tantangan Pemberian Sertifikasi Halal Gratis Bagi Pelaku UMK Di Indonesia," *Al-Mustashfa: Jurnal Penelitian Hukum Ekonomi Islam* 7, no. 2 (2022): 182–94, <https://doi.org/10.29313/al-mustashfa.v7i2.10666>.

<sup>49</sup> Shakira Hussein, "Not Eating the Muslim Other: Halal Certification, Scaremongering, and the Racialization of Muslim Identity," *International Journal for Crime, Justice and Social Democracy* 4, no. 3 (2015): 85–96, <https://doi.org/10.5204/ijcjsd.v4i3.250>.

<sup>50</sup> Kadri Kadri, "Manajemen Dakwah Ramah Pariwisata Berbasis Masjid Di Gili Trawangan, Lombok," *Tasâmuh* 18, no. 1 (2020): 29–53, <https://doi.org/10.20414/tasamuh.v18i1.1986>.

<sup>51</sup> Syafiq Hasyim, *The Halal Project in Indonesia: Shariatization, Minority Rights and Commodification* (Singapore: ISEAS – Yusof Ishak Institute, 2022), 15.

<sup>52</sup> Said Agil Husin Al Munawar, *Fikih Hubungan Antar Agama* (Jakarta: Ciputat Press, 2003), 247.

<sup>53</sup> Namira Risqi Putri Muquita, "Dampak Pariwisata Halal Terhadap Persepsi Islamofobia Wisatawan Asing Di Kawasan Asia Tenggara," *Jurnal Ilmiah Pariwisata Halal* 1, no. 1 (2023): 1–15, [https://eprints.unram.ac.id/39872/2/Namira\\_Risqi\\_Putri\\_Muquita\\_Artikel\\_Jurnal.pdf](https://eprints.unram.ac.id/39872/2/Namira_Risqi_Putri_Muquita_Artikel_Jurnal.pdf).

percentage of non-Muslim tourists visiting Gili Trawangan reaches 90 percent.

Kadri argued that the religious culture of the Gili Trawangan community, including MSME players, emphasizes tolerance among others. MSME actors run their businesses without disturbing tourist activities, and vice versa; tourist activities do not interfere with the activities of MSME actors. MSME actors only offer products to meet the needs of tourist activities and are often tolerant by offering alcoholic beverages.<sup>54</sup>

As a result of this attitude, MSME actors are considered only to obtain practical benefits, even though the context of tolerance, this behavior is a form of da'wah strategy in the context of tourist destinations that cannot be separated from the influence and culture of visiting tourists.<sup>55</sup> In this context, Da'wah means that MSME actors open space for interaction with visiting tourists.<sup>56</sup> A non-frontal attitude by not including halal certification on products is a way of Islamic preaching.

During the author's observations, MSME actors also incorporated elements of religious values into their business behavior. On many occasions, the author found prayers attached to the place where products were sold, such as fried *burgers*, chips, and rice with side dishes.<sup>57</sup>

### **The role of religious leaders in MSME actors**

Religious leaders in Gili Trawangan have long conducted religious infiltration into tourism. Since 1970, when the largest island in Gili Indah became an international tourist destination, religious teachings have been instilled through the preaching of the Tuan Guru.<sup>58</sup> On the occasion of Islamic holidays, recitations are routinely conducted

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<sup>54</sup> Kadri, "Religion and Tourism: Promoting Inclusive Islam in Lombok Island, Indonesia." 333–57.

<sup>55</sup> Lalu Ahmad Zaenuri, "Dakwah Strategies of Sharia Tourism: The Case of Gili Air, North Lombok," *Ulumuna: Journal of Islamic Studies* 22, no. 2 (2018): 237–54, <https://doi.org/10.20414/ujis.v22i2.327>.

<sup>56</sup> Al Munawar, *Fikih Hubungan Antar Agama*, 247.

<sup>57</sup> Baihaqi, "Wisata Halal Di Gili Trawangan Lombok Utara." 166–82.

<sup>58</sup> Fahrurrozi, "Tuan Guru and Social Change in Lombok, Indonesia," *Indonesia and the Malay World* 46, no. 135 (2018): 117–34, <https://doi.org/10.1080/13639811.2018.1452487>.

by local religious leaders. Although religious preaching is not done openly, at least the teachings about tolerance and respect for diversity towards tourists are still carried out.<sup>59</sup>

The business transactions of MSME actors also do not escape the role of religious leaders. A business culture that respects tourists is a spiritual value embedded by religious leaders for a long time in the buying and selling practices of MSME actors.<sup>60</sup> In this case, the unwritten rules they call *awik-awik*,<sup>61</sup> govern the business practices of MSME actors. Offering non-halal products, such as alcoholic beverages, cannot be traded everywhere in Gili Trawangan.

In general, the role of religious leaders can be seen from several provisions in *awik-awik*, such as restrictions on nightlife activities during Ramadan,<sup>62</sup> the ritual of Mandi Safar,<sup>63</sup> and Arak<sup>64</sup> For perpetrators of theft, religious leaders' role is to regulate the sale of non-Halal products, which can only be sold in certain places, such as shops and stalls on the beach.

This rule is motivated by practical business reasons for MSME players and the desire to maintain religious values amid tourism development. The influence of globalization on tourism has led religious leaders to provide rules for the location of sales of halal products and non-halal products, as stated by Hadi in one of the previous interviews. Although this rule is not classified as strict, the role

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<sup>59</sup> Zaenuri, "Dakwah Strategies of Sharia Tourism: The Case of Gili Air, North Lombok." 237–54.

<sup>60</sup> Kadri, "Manajemen Dakwah Ramah Pariwisata Berbasis Masjid Di Gili Trawangan, Lombok." 29–53.

<sup>61</sup> Awik-Awik is a customary law that has been applied for generations, containing prohibitions and their penalties, binding on all residents in the area. See also Irrubai in Mohammad Liwa. "Reactualization of Awik-Awik in Preserving the Socio-Culture of the Landah Village Community, East Praya District, Central Lombok Regency.

<sup>62</sup> Vladimir Cirjakovic, "Impacts of Recreational Activities on Marine and Coastal Areas in Gili Trawangan, Indonesia" (Bogor Agricultural University, 2015).

<sup>63</sup> Mandi Safar or Rebo Bontong is a cultural tradition Gili Indah Tourism Village residents hold annually. This tradition is held on the last Wednesday of the month of Safar and is done as a form of expression of gratitude from the local community for passing the month of Safar.

<sup>64</sup> Kadri, "Religion and Tourism: Promoting Inclusive Islam in Lombok Island, Indonesia." 333–57.

of leaders has given color to MSME product offerings on Gili Trawangan.<sup>65</sup>

In contrast to the social sphere, in the economic sphere, religious figures become secondary figures among MSME actors. In this context, the position of religious figures is no longer decisive for MSME business practices. The power of religious leaders cannot force MSME actors to sell certain products, let alone force them to carry out halal certification.<sup>66</sup> In the multicultural destination of Gili Trawangan, religious figures function only as facilitators and mediators for MSME actors who carry out halal certification. When the socialization program from the government comes down to MSME actors, religious leaders facilitate activities such as meetings and counseling. As part of the Gili Village entity Indah, the role of figures is to convey programs such as the socialization of halal tourism in the previous Lombok area.<sup>67</sup> The lack of religious leaders' role is also inseparable from globalization's influence. The free market economy and the influence of the tourism industry managed by MSME actors are getting stronger. On the other hand, religious leaders and community leaders' role in economic decision-making is second in the community. The influx of various groups of MSMEs from outside Gili Trawangan, such as Lombok and Bali, especially foreign nationals who live and own MSMEs, means that religious leaders do not have full control over MSME business behavior.<sup>68</sup>

In this case, religious leaders' desire for halal certification of food and beverage products is constrained by diverse norms and cultures. The culture of MSME players from Lombok and Bali differs from that of the people of Gili Trawangan. Likewise, the culture of foreign nationals (foreigners) differs from the people of Gili

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<sup>65</sup> Thomas P Z Mpofu, "An Assessment of the Impact of Tourism Globalization in Africa," *Journal of Business and Administrative Studies* 1, no. 2 (2009): 1–19, <https://doi.org/10.4314/jbas.v1i2.57346.AJOL+2>.

<sup>66</sup> Akhmad Asyari, Kadri, dan Jumarim. "Beragama di Pulau Pariwisata Internasional: Pengalaman Toleransi Komunitas Muslim di Lombok Nusa Tenggara Barat." 475–490.

<sup>67</sup> Kadri, "Religion and Tourism: Promoting Inclusive Islam in Lombok Island, Indonesia," *Studia Islamika* 29, no. 2 (2022): 220–240, <https://doi.org/10.36712/sdi.v29i2.14471>.

<sup>68</sup> Hervé Maupeu, "The Role of Religious Institutions," *Les Cahiers d'Afrique de l'Est / The East African Review*, no. 38 (2008): 287–316, <https://doi.org/10.4000/eastafrica.736>.

Trawangan. The culture of offering products free of rules without pragmatic interests characterizes the difference between Gili Trawangan MSMEs and those owned by Gili Trawangan MSMEs.<sup>69</sup>

Therefore, the presence of religious leaders is an essential element only as a social control and forming an inclusive public space, not a business determinant. Religious leaders only balance the values of respect for different beliefs and cultures among MSMEs. Although the majority of MSMEs are Muslim, the presence of non-Muslim MSMEs from Bali and abroad is a concern for religious leaders to provide inclusive policies. Through a proportional approach to all groups, religious leaders maintain interfaith harmony and encourage inclusiveness and alignment with the values of tolerance.<sup>70</sup>

According to Kadri, such regulations maintain community harmony and prevent potential social conflicts due to shifting values. In addition, they help create a balance between individual freedom and collective interests, which is the basis for the sustainability of harmonious social interactions in the region.<sup>71</sup>

### **Understanding Based on Traditional Halal**

Gili Trawangan in West Nusa Tenggara is a destination that accommodates diverse local, domestic, and international tourists.<sup>72</sup> This inclusivity presents challenges and opportunities for MSME actors to adjust their products and services to reach all market segments. Offering food and beverage products based on traditional halal has become a choice for various tourists and ethnic communities who are their

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<sup>69</sup> Terry Smith, "The Existential Consumption Paradox: An Exploration of Meaning in Marketing," *The Marketing Review* 7, no. 4 (2007): 325–41, <https://doi.org/10.1362/146934707X251092>.

<sup>70</sup> Greg Smith, "Faith in Community and Communities of Faith? Government Rhetoric and Religious Identity in Urban Britain," *Journal of Contemporary Religion*, May 1, 2004, p. 80, <https://doi.org/10.1080/1353790042000207700>.

<sup>71</sup> Toni-Uebari, Thelma K., and Baba PD Inusa. "The Role of Religious Leaders in Promoting Healthy Habits in Religious Institutions." *Journal of Religion and Health* Vol 53, 3, (2014): 1046–1059, <https://link.springer.com/article/10.1007/s10943-013-9702-5>.

<sup>72</sup> Kadri, "Religion and Tourism: Promoting Inclusive Islam in Lombok Island, Indonesia," *Studia Islamika* 29, no. 2 (2022): 220–240, <https://doi.org/10.36712/sdi.v29i2.14471>.

consumers.<sup>73</sup> Amidst multicultural tourism, business behaviour acts as a form of religious moderation, maintaining a balance between religious values and diversity.<sup>74</sup>

Since the beginning, the mandatory halal certification for MSME food and beverage products in Gili Trawangan has created a dilemma.<sup>75</sup> The majority Muslim local population, who have long guaranteed halal status traditionally, views formal certification as irrelevant and burdensome. MSME actors consider the halal certification obligation under Law No. 33 of 2014 the government's formal presence, whereas the community has recognized halal products since Gili Trawangan was known as Terangang.

The gap between formal regulations and local socio-economic realities is the root problem of halal certification in Gili Trawangan. MSME business practices are flexible and perceived as incompatible with rigid halal certification aimed at consumers. The abundance of regulations, reaching up to twelve requirements, leads MSMEs to maintain halal practices without formal certification.<sup>76</sup>

Conflicting interests in Gili Trawangan trigger resistance among MSMEs. The longstanding habit of providing halal products without certification makes business actors strongly reject halal certification.<sup>77</sup> Although this resistance is passive, their rejection seriously impacts the halal tourism image promoted by the government.

The presence of halal certification has created a new trend in tourist consumption. Globalization's influence on the food sector has shaped Muslim tourists' preferences when visiting Gili Trawangan. Tourists previously accustomed to informality now demand halal certification in their consumption. Consequently, uncertified products

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<sup>73</sup> A.J. Wilson, "The Halal Phenomenon: an Extension or a New Paradigm?," *Social Business* 4, no. 3 (2014): 255–71, <https://doi.org/10.1362/204440814X14103454934294>.

<sup>74</sup> Jakiyudin, Ahmad Havid, and Alfarid Fedro. "Sehati: Peluang dan Tantangan Pemberian Sertifikasi Halal Gratis bagi Pelaku UMK di Indonesia." 182–194.

<sup>75</sup> Fathurrahim Fathurrahim et al., "Implementasi Perda Wisata Halal Nomor 2 Tahun 2016 di Pulau Lombok," *Media Bina Ilmiah* 16, no. 1 (2021): 6231–38, <https://doi.org/10.33758/mbi.v16i1.1226>.

<sup>76</sup> Muh Baihaqi, "Wisata Halal di Gili Trawangan Lombok Utara," 166–182.

<sup>77</sup> Khamami Zada et al., "Muslim Youth Under Sharia Regime in Aceh: From Accommodation to Resistance," *AL-IHKAM: Jurnal Hukum & Pranata Sosial* 17, no. 2 (31 Desember 2022): 412–33, <https://doi.org/10.19105/al-lhkam.v17i2.7262>.

are avoided. This demand has appeared among some Muslim tourists visiting Gili Trawangan.<sup>78</sup>

According to Smith, tourists choosing halal brands and labels among business actors can be interpreted as an existential consumption paradox. Labels and brands in the modern economy often replace the meaning of halal, which is essentially ethical and religious—consensus on halalness forms more from branding influence and market trends than transcendent values. Yet, Smith argues that MSMEs in Gili Trawangan have the right to define their product halalness based on local tradition and understanding, even if it conflicts with global market narratives. This paradox illustrates the conflict between market forces and local cultural sovereignty in defining halal meaning.<sup>79</sup>

The logic behind the demand for halal certification for MSME products in Gili Trawangan is a progressive response to tourist needs. However, this policy underestimates the long-established local culture among MSMEs.<sup>80</sup> Lukman Hakim's hope for inclusive halal certification for tourists clashes with traditional culture, which does not align with formal certification standards. The dominance of tourists and non-Muslim residents, such as in Bali, triggers similar resistance. The mismatch between policy and cultural values causes business actors to question the relevance of halal certification in Gili Trawangan.

MSEs' reluctance to obtain halal certification has strong roots in social and cultural aspects. They preserve longstanding halal traditions without formal certification.<sup>81</sup> This understanding based on traditional halal relates to contextualizing the Islam concept proposed by Indonesian Muslim thinkers like Abdurrahman Wahid and Nurcholish Madjid. Wahid emphasized Islam's nativization,

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<sup>78</sup> Thomas Boysen Anker, "Meaningful Choice: Existential Consumer Theory," *SAGE Open* 14, no. 1 (2024): 1–20, <https://doi.org/10.1177/14705931231207317>.

<sup>79</sup> Terry Smith. "The Existential Consumption Paradox: An Exploration of Meaning in Marketing." 325–341.

<sup>80</sup> Rosa E Rios, Hernan E Riquelme, and Yasser Abdelaziz, "Do Halal Certification Country of Origin and Brand Name Familiarity Matter?," *Asia Pacific Journal of Marketing and Logistics* 26, no. 5 (2014): 665–86.

<sup>81</sup> Deviana Yuanitasari, Agus Sardjono, and Heru Susetyo, "Tantangan Regulasi Halal Untuk Pelaku Usaha Mikro Dan Kecil: Sebuah Studi Socio-Legal Di Kupang Nusa Tenggara Timur," *Acta Diurnal Jurnal Ilmu Hukum Kenotariatan* 6, no. 2 (2023): 254–67.

accommodating local values in Islamic practice.<sup>82</sup> Meanwhile, Madjid promoted modern Indonesian Islam, highlighting Islam's compatibility with multiculturalism, modernity, and social rationalization.<sup>83</sup> Both affirm that Islam is not static but must adapt to changing times through historical and cultural contextualization. MSMEs in Gili Trawangan have applied the spirit of Islamic contextualization in economics in marketing practices, especially in the culinary sector, which is oriented toward inclusive tourism.<sup>84</sup>

From Wahid's and Madjid's arguments, it can be inferred that MSME actors in Gili Trawangan express a substantial Islamic stance.<sup>85</sup> This group believes halalness is not determined by halal labels but by the values contained in food and beverages.<sup>86</sup> For them, the most critical aspect of food and drink products is not the halal stamp but the fact that the products sold are truly halal. Choosing the substantial Islamic view, business actors in this conventional tourist destination are more flexible in serving tourists.<sup>87</sup>

Reluctance toward halal certification has strong roots in complex social, cultural, and regulatory factors. They maintain longstanding halal traditions without formal certification.<sup>88</sup> Complicated regulations and requirements for proof of halal ingredients add burdens, while the lack of experts in halal ingredient supply worsens the situation. This rejection is not merely resistance but a

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<sup>82</sup> Abdurrahman Wahid, *Tabayun Gus Dur: Pribumisasi Islam, Hak Minoritas, Reformasi Kultural* (Yogyakarta: LKiS, 1998), 65.

<sup>83</sup> Nurcholish Majid, *Islam, Kemodernan, dan Keindonesiaan* (Bandung: Mizan Pustaka, 2008), 85.

<sup>84</sup> Moh Ashif Fuadi, "Religious Moderation in the Context of Integration between Religion and Local Culture in Indonesia," *Journal of Al-Tamaddun* 19, no. 1 (2024): 47–59, <https://doi.org/10.22452/JAT.vol19no1.4>.

<sup>85</sup> Amalia Fiqia Wandhini, Dwi Dayanti Astri, and Lailatul Nafiah Iskandar, "Halal Tourism in Bali: Pengaruh Dan Tantangan Mengembangkan Wisata Halal Di Bali," *ACTIVA: Jurnal Ekonomi Syariah* 2, no. 2 (2019): 1–21, <https://jurnal.stitnualhikmah.ac.id/index.php/activa/article/view/488>.

<sup>86</sup> Nadirsyah Hosen, "Religion and the Indonesian Constitution: A Recent Debate," *Journal of Southeast Asian Studies* 36, no. 3 (Oktober 2005): 419–40, <https://doi.org/10.1017/S0022463405000238>.

<sup>87</sup> Rachmat Panca Putera, "Pemikiran Politik Islam Di Indonesia: Dari Formalistik Menuju Ke Substantif," *Ri'ayah: Jurnal Sosial Dan Keagamaan* 3, no. 1 (2018): 59, <https://e-journal.metrouniv.ac.id/riayah/article/view/1179>.

<sup>88</sup> Yواناتari, Sardjono, dan Susetyo, "Tantangan Regulasi Halal Untuk Pelaku Usaha Mikro dan Kecil." 254–67.



rational response to the socio-economic realities they face, although Rahmat notes that social development in Indonesia is pushing society toward formalistic Islam.<sup>89</sup>

The offering of traditional halal products in Gili Trawangan cannot be separated from the local MSME culture that emphasizes inclusive and tolerant Islamic values. Through religious education and da'wah, the local Muslim community maintains Islamic norms without causing conflict with non-Muslim tourists. This culture forms MSMEs' strategy emphasizing the substance of product halalness and religious experience, not just certification formality. Thus, halal products in this area reflect the integration of local culture with inclusive tourism dynamics.<sup>90</sup>

In other words, traditional halal-based offerings become a survival business strategy for MSMEs. The market reality dominated by non-Muslim tourists demands business actors navigate their sensitivity to religious symbols. Offering products without halal certification is considered a way to avoid negative stigma among non-Muslim tourists, especially those from European countries, as explained by Shahram.<sup>91</sup> This strategy allows them to sustain their business without offending visiting tourists' beliefs.

## Conclusion

This study argues that tourists, as the primary stakeholders (market determinants), shape the business orientation of MSME actors in Gili Trawangan in their rejection of halal certification for food and beverage products. The majority of tourists, predominantly from non-Muslim groups, do not require halal certification, leading MSME actors to adapt their products and services to align with the needs and preferences of the tourist market. This pragmatic stance arises because most consumers perceive halal certification as irrelevant and potentially burdensome in terms of cost and procedural requirements. Additionally,

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<sup>89</sup> Rachmat Panca Putera, "Pemikiran Politik Islam di Indonesia: Menggali Dimensi Substantif dalam Wacana Formalistik," 59.

<sup>90</sup> Kadri Kadri, "Religion and Tourism: Promoting Inclusive Islam in Lombok Island, Indonesia," 333–57.

<sup>91</sup> Shahram Akbarzadeh, "The Muslim Question in Australia: Islamophobia and Muslim Alienation," *Journal of Muslim Minority Affairs* 36, no. 3 (2016): 323–33, <https://doi.org/10.1080/13602004.2016.1212493>.

limited socialization and assistance regarding halal certification further reinforce the resistance among MSME actors.

The geographic isolation of Gili Trawangan from urban centers and the lack of coordination among relevant government agencies constitute significant obstacles to disseminating information and facilitating certification processes. However, the rejection of halal certification by MSME actors is not solely a business strategy but also reflects a form of tolerance and a concept of halalness rooted in traditional culture. This approach represents a form of religious moderation embedded within the local socio-economic dynamics, whereby the balance between religious values and cultural diversity is maintained pragmatically and adaptively.

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