Economic Improvement Based on Hajj and Umrah Business in Indonesia

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Abstract: The Hajj and Umrah industry plays a strategic role in enhancing Indonesia's national economy through contributions to services, religious tourism, and trade sectors. Purpose: This study aims to analyze the influence of Hajj and Umrah business on economic improvement in Indonesia, particularly in job creation, income enhancement, and development of supporting sectors. Methods: This research employs a descriptive quantitative approach with survey data collection from 100 respondents consisting of Hajj and Umrah travel business operators and surrounding communities. Data analysis used multiple regression with SPSS 26. Results: The findings indicate that service quality, digitalization, community economic empowerment, and government policy support have positive and significant effects on community welfare improvement ($R^2=0.742$, $p<0.05$). Hajj and Umrah business activities provide multiplier effects on the economy through transportation, hospitality, halal culinary, and small-medium enterprises sectors. Conclusions: The development of Hajj and Umrah business not only has spiritual value but also serves as a significant driver of Islamic economics for Indonesia's welfare and national development.

Keyword: Islamic Economics, Hajj and Umrah Business, Economic Empowerment, Religious Tourism, Service Digitalization

INTRODUCTION

Indonesia is the world's largest Muslim-majority country with over 230 million Muslim citizens. This position makes Indonesia the largest potential market for the global Hajj and Umrah industry. The growing interest of Indonesian people in performing Hajj and Umrah continues to increase along with rising religious awareness and economic capability. Data from the Ministry of Religious Affairs shows that the number of Indonesian Umrah pilgrims reaches hundreds of thousands annually, not including the regular Hajj quota which continues to experience long waiting lists (Ministry of Religious Affairs, 2023).

This condition encourages the growth of Hajj and Umrah travel organizer businesses that have great potential in supporting national economic growth. Not only as a form of spiritual worship, these activities also provide significant economic impact, especially in creating employment, increasing community income, and driving related economic sectors

such as transportation, hospitality, catering, worship equipment, and Islamic financial services. The Hajj and Umrah industry has developed into a complex business ecosystem involving various stakeholders, from travel organizers, airlines, hotels, local transportation service providers, to worship equipment traders (Susanto & Widodo, 2021).

In the context of Islamic economics, Hajj and Umrah business has unique characteristics because all its activities must comply with Islamic principles that prioritize halal, transparency, and public welfare. The development of digital technology has also brought significant changes in the organization of this business, from online registration systems, digital payments, to application-based information services that facilitate pilgrims in preparation and implementation of worship. This digitalization era opens new opportunities as well as challenges for business operators to continue innovating and improving service quality (Hidayat, 2020).

However, the development of Hajj and Umrah business in Indonesia still faces various challenges, including increasingly tight competition, the need for service standardization, and the importance of strict supervision from the government to protect pilgrim rights. Previous research by Rahman and Syafii (2019) found that Hajj and Umrah travel business contributes significantly to local economic growth, particularly in DKI Jakarta. Meanwhile, Afrizal and Suryani (2020) emphasize the importance of digitalization in improving business performance in the Industrial Revolution 4.0 era. This study aims to comprehensively analyze how Hajj and Umrah business can provide optimal contribution to community economic improvement, as well as what strategies need to be pursued to develop this industry sustainably while maintaining Islamic values.

METHOD

This research employs a descriptive quantitative approach to analyze the influence of Hajj and Umrah business on economic improvement in Indonesia. The population in this study consists of Hajj and Umrah travel business operators and communities around business areas in DKI Jakarta, West Java, and Central Java. The sampling technique used is purposive sampling with criteria of travel operators who have been operating for at least 2 years and have served a minimum of 100 pilgrims. The total sample obtained was 100 respondents consisting of 40 travel business owners/managers and 60 community members affected by Hajj and Umrah business activities.

The research instrument used is a structured questionnaire with a Likert scale (1-5) that has been tested for validity and reliability. Validity testing used Pearson Product Moment correlation with criteria r-count > r-table (0.361), while reliability testing used Cronbach's Alpha with criteria > 0.70. Data collection was conducted from August to October 2024 through direct surveys and online questionnaires. The independent variables measured include service quality (X1), digitalization (X2), community economic empowerment (X3), and government policy support (X4). The dependent variable is community welfare improvement (Y) measured through indicators of income increase, job opportunities, and quality of life improvement.

Data analysis used multiple linear regression with the equation $Y = a + b1X1 + b2X2 + b3X3 + b4X4 + e$. Classical assumption tests including normality, multicollinearity, heteroscedasticity, and autocorrelation tests were conducted before hypothesis testing. Hypothesis testing used t-test for partial testing and F-test for simultaneous testing with a significance level of 5% ($\alpha = 0.05$). Data processing used IBM SPSS Statistics 26 software. The research scope is limited to the economic impact of Hajj and Umrah business and does not discuss spiritual or theological aspects of worship.

RESULT AND DISCUSSION

The research findings show important results regarding the influence of Hajj and Umrah business on community economic improvement in Indonesia. From 100 respondents involved, respondent characteristics show that 65% are male and 35% female, with a dominant age range of 31-45 years (48%). Educational background is dominated by undergraduate graduates (52%) and high school (28%), indicating good educational quality among business operators and communities involved in this industry. In terms of length of involvement in Hajj and Umrah business, 42% of respondents have been involved for 2-5 years, 35% for 5-10 years, and 23% for more than 10 years.

Table 1. Respondent Characteristics

Characteristics	Category	Percentage (%)
Gender	Male	65
	Female	35
Age	20-30 years	18
	31-45 years	48
	>45 years	34
Education	High School	28
	Undergraduate	52
	Postgraduate	20

Descriptive statistical analysis shows that all research variables have good average values. Service quality variable (X1) has a mean of 4.12 (SD=0.58), indicating that respondents assess Hajj and Umrah travel services as good. Digitalization variable (X2) shows a mean of 3.98 (SD=0.62), indicating fairly good adoption of digital technology although there is still room for improvement. Community economic empowerment variable (X3) has a mean of 4.05 (SD=0.55), showing that Hajj and Umrah business activities provide significant economic impact to the community. Government policy support variable (X4) shows a mean of 3.89 (SD=0.67), indicating that government support is quite good although it can still be improved. Meanwhile, the dependent variable of community welfare improvement (Y) has a mean of 4.18 (SD=0.52), indicating significant welfare improvement felt by the community.

Table 2. Descriptive Statistics of Variables

Variable	Mean	SD	N
Service Quality (X1)	4.12	0.58	100
Digitalization (X2)	3.98	0.62	100
Economic Empowerment (X3)	4.05	0.55	100
Government Policy Support (X4)	3.89	0.67	100
Welfare Improvement (Y)	4.18	0.52	100

Validity and reliability test results show that all instrument items are valid and reliable. Validity test using Pearson Product Moment shows that all items have r-count values greater than r-table (0.361) with significance levels below 0.05. Meanwhile, reliability test using Cronbach's Alpha shows that all variables have Alpha values above 0.70, indicating that the research instrument has good consistency. Specifically, the Service Quality variable has Alpha of 0.856, Digitalization 0.832, Economic Empowerment 0.847, Government Policy Support 0.821, and Welfare Improvement 0.869. These results indicate that the questionnaire used has fulfilled the requirements for use in further analysis.

Table 3. Validity and Reliability Test Results

Variable	Validity (r-count)	Reliability (α)
Service Quality (X1)	0.621 - 0.784	0.856
Digitalization (X2)	0.598 - 0.761	0.832
Economic Empowerment (X3)	0.612 - 0.798	0.847
Government Policy Support (X4)	0.584 - 0.743	0.821
Welfare Improvement (Y)	0.635 - 0.812	0.869

Classical assumption test results show that the regression model meets all requirements. The normality test using Kolmogorov-Smirnov shows a significance value of 0.087 (>0.05), indicating that residual data is normally distributed. The multicollinearity test shows that all independent variables have VIF values below 10 (between 1.245 to 2.134) and tolerance values above 0.1, indicating no multicollinearity. The heteroscedasticity test using Glejser test shows no significant pattern in residual data with all significance values above 0.05. The autocorrelation test using Durbin-Watson shows a value of 1.892, which is in the acceptable range (between 1.5-2.5), indicating no autocorrelation in the regression model. These results confirm that the regression model is fit for use in hypothesis testing.

Table 4. Multiple Regression Analysis Results

Variable	B	Beta	t-value	Sig.
(Constant)	0.425	-	2.145	0.034
Service Quality (X1)	0.312	0.298	4.567	0.000
Digitalization (X2)	0.267	0.254	3.892	0.000
Economic Empowerment (X3)	0.289	0.276	4.123	0.000
Government Policy (X4)	0.198	0.189	2.987	0.004
R^2 = 0.742			F = 68.421	0.000

Multiple regression analysis results show that the regression equation formed is Y = 0.425 + 0.312X1 + 0.267X2 + 0.289X3 + 0.198X4. The F-test results show an F value of 68.421 with significance of 0.000 (p<0.05), indicating that simultaneously all independent variables (service quality, digitalization, economic empowerment, and government policy support) have a significant influence on community welfare improvement. The coefficient of

determination (R²) of 0.742 indicates that 74.2% of welfare improvement variation can be explained by the four independent variables, while the remaining 25.8% is explained by other variables not included in the model.

Partial testing results (t-test) show that all independent variables have a significant positive influence on community welfare improvement. The service quality variable (X1) has a regression coefficient of 0.312 with t-value of 4.567 and significance of 0.000 ($p<0.05$), indicating that service quality improvement significantly affects welfare improvement. This finding is consistent with research by Rahman and Syafii (2019) which states that quality Hajj and Umrah services can increase customer satisfaction and encourage repeated business, thus providing economic continuity for business operators and surrounding communities.

The digitalization variable (X2) has a regression coefficient of 0.267 with t-value of 3.892 and significance of 0.000 ($p<0.05$), indicating that digitalization significantly influences welfare improvement. Digital technology adoption in the Hajj and Umrah industry has facilitated access for pilgrims, improved operational efficiency, and expanded market reach. These findings support Hidayat's (2020) research which found that digitalization provides significant benefits for Hajj and Umrah travel organizers in the Industrial Revolution 4.0 era. Implementation of digital systems such as online registration, mobile applications for information and guidance, and digital payment systems not only facilitates pilgrims but also improves operational effectiveness and reduces business operational costs.

The community economic empowerment variable (X3) has the highest regression coefficient of 0.289 with t-value of 4.123 and significance of 0.000 ($p<0.05$), indicating that economic empowerment is the most influential factor on welfare improvement. Hajj and Umrah business activities provide significant multiplier effects on the local economy. In addition to direct employment in travel companies, this business drives various supporting sectors such as transportation, hospitality, halal catering, worship equipment production and trade, as well as Islamic financial service sectors. These findings are in line with Susanto and Widodo's (2021) research which proves that the Hajj and Umrah industry has a significant multiplier effect on the national economy through various linkage sectors.

The government policy support variable (X4) has a regression coefficient of 0.198 with t-value of 2.987 and significance of 0.004 ($p<0.05$), indicating that government policy support significantly influences welfare improvement. Clear and supportive government regulations provide legal certainty for business operators and protection for pilgrims. The Ministry of Religious Affairs' role in providing licensing, supervision, and guidance for Hajj and Umrah travel organizers is crucial in maintaining industry sustainability. These findings support Wibowo and Kusuma's (2021) research which emphasizes the importance of government policy roles in regulating the Hajj and Umrah industry for pilgrim protection and industry sustainability.

Overall, this research demonstrates that the Hajj and Umrah industry has significant strategic value in supporting Islamic economic development and national economic growth. The multiplier effect generated from this business activity not only provides direct benefits to travel organizers but also to various related sectors and surrounding communities. Digital technology development and improved service quality are key factors in increasing industry competitiveness. Meanwhile, government support through conducive policies and adequate infrastructure is essential in developing this industry sustainably. In the Islamic economics context, Hajj and Umrah business demonstrates how spiritual activities can be integrated with professional and ethical business principles, creating economic benefits while maintaining the spiritual dimension of worship implementation.

CONCLUSION

This research demonstrates that Hajj and Umrah business has a significant positive influence on community economic improvement in Indonesia. Service quality, digitalization, community economic empowerment, and government policy support simultaneously and partially have significant positive effects on community welfare improvement with a coefficient of determination (R^2) of 0.742. This indicates that 74.2% of welfare improvement variation can be explained by these four variables. Among the four factors, community economic empowerment has the greatest influence (β=0.289), followed by service quality (β=0.312), digitalization (β=0.267), and government policy support (β=0.198).

The implications of this research emphasize that Hajj and Umrah industry development not only has spiritual value but also serves as a significant driver of Islamic economics for Indonesia. The multiplier effect generated by Hajj and Umrah business activities encompasses various economic sectors including transportation, hospitality, halal culinary, worship equipment, and Islamic financial services. For business sustainability and optimal economic impact, business operators need to continue improving service quality and adopting digital technology, while the government needs to provide more conducive policy support and adequate infrastructure. This research contributes to Islamic economics literature by demonstrating how spiritual activities can be integrated with ethical and professional business principles, creating both spiritual and economic benefits for national welfare and development.

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