



Resolving Value Conflicts in Sharia Hotels: Survival and Innovation Strategies for Halal Tourism in Central Java

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Abstract

This research analyzes the resolution of value conflicts in the management of Sharia hotels, focusing on survival strategies and halal tourism service innovations in Central Java. Sharia hotels often face structural and multidimensional conflicts between profit-oriented business demands and adherence to Islamic principles. Using a qualitative, descriptive method, data were collected through in-depth interviews and observations at several Sharia hotels in Central Java. The findings reveal that value conflicts primarily stem from the weak integration of Sharia values within human resource management and organizational culture. To resolve these conflicts, a dual mechanism integrating managerial and institutional approaches is essential. The managerial approach emphasizes strengthening human resources by internalizing Sharia values. In contrast, the institutional approach focuses on establishing an organizational system grounded in Quranic values such as justice, transparency, and deliberation (*musyawarah*). Furthermore, survival strategies and service innovations currently serve more as adaptive responses to market dynamics rather than substantive conflict resolutions. Therefore, comprehensive structural transformations are needed to ensure the sustainability of Sharia hotels. This research contributes to the development of a value conflict resolution model that integrates Islamic principles with modern business strategies, providing a practical reference for the sustainable halal tourism industry.

Keywords: Value conflict, Sharia hotel management, Halal tourism, Service innovation, Survival strategy



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INTRODUCTION

The halal tourism industry has experienced rapid growth in recent years, both globally and nationally. Indonesia, with a majority-Muslim population, has significant potential to develop this sector. The increase in the Muslim population and awareness of halal products is driving the growth of the Sharia-based industry. The concept of halal is now not only limited to food and drink, but covers various aspects of life (Adinugraha et al., 2023). The halal lifestyle trend is also getting stronger in people's economic activities (Adinugraha et al., 2021). This development is in line with the increasing demand for halal tourism in various countries, which continues to grow from year to year (Satriana & Faridah, 2018). The Indonesian government also supports this through regulations such as the Halal Product Assurance Law (Adinugraha, Andrean, et al., 2022). Central Java has great potential in religious tourism and the development of Sharia hotels. However, managing Sharia hotels is not only about Sharia compliance but also about the industry's competitiveness. Therefore, Sharia hotels are a strategic sector in the development of halal tourism.

Halal tourism has expanded beyond religious travel into a broader ecosystem of Muslim-friendly services, including Sharia hotels. However, the development of Sharia hospitality involves a persistent tension between commercial demands for efficiency, competitiveness, and profitability and the normative requirements of Islamic values. Previous studies have examined halal tourism development, consumer satisfaction, and Sharia-compliant services, but empirical evidence on how value conflicts are actually resolved within hotel management remains limited. In particular, insufficient attention has been given to the organizational mechanisms through which Sharia values are translated into human-resource practices, decision-making, and institutional governance (Wazin et al., 2024).

Central Java provides a relevant context for examining this gap because of its growing religious and cultural tourism sector and the presence of Sharia hotels operating amid competition from conventional hospitality. Previous empirical research in Central Java has identified value conflicts in Sharia hotel operations, particularly concerning the implementation of Sharia principles in management practices (Rahmat et al., 2025). Building on this context, this study asks: How do Sharia hotels in Central Java resolve conflicts between commercial interests and Islamic values, and how do survival strategies and service innovations contribute to this process? The study uses *maqasid al-Shariah* and organizational conflict management as complementary analytical perspectives.

In practice, Sharia hotels often face conflicts between business values and Sharia principles. On the one hand, hotels are required to achieve profits and operational efficiency. On the other hand, hotels must maintain adherence to Islamic values in every service. In the Islamic economy, businesses not only pursue profits but also benefits (Adinugraha et al., 2021). These conflicts can arise in service, marketing, and managerial decision-making. In addition, the concept of halal tourism requires that all tourism activities comply with Sharia principles, including hotel facilities and services. Implementation in the field still faces various obstacles. The shortage of human resources with a grasp of Sharia principles is the main challenge. Service innovation still needs improvement to meet the needs of modern Muslim tourists. This condition often causes Sharia hotels to lose out to conventional hotels in competition. Therefore, a management strategy that balances business and Sharia values is needed (Mushthafa et al., 2025).

Previous research has extensively discussed halal tourism from various perspectives. Several studies highlight the market potential and the ever-increasing behavior of Muslim consumers (Wijaya et al., 2021). In addition, halal tourism is defined as a tourist activity in accordance with Islamic principles and is not limited to religious tourism. In the modern economy, creativity is an important factor in boosting industry competitiveness. The creative economy emphasizes the importance of ideas, innovation, and human resources as the main factors (Adinugraha, Marotina, et al., 2022). This is relevant to the development of innovative Islamic hotels. However, research on value conflicts in Islamic hotel management remains limited. The integration between Sharia maqashid and business strategy has also not been widely discussed (Khan et al., 2025). This gap shows the need for more in-depth research, especially in a local context such as Central Java.

Halal tourism research has examined market potential, Muslim tourist satisfaction, halal facilities, service quality, and Sharia hotel competitiveness. At the same time, limited attention has been given to how hotels manage tensions between commercial imperatives and Sharia values. In this study, “value conflict” refers to the mismatch between profit and efficiency demands and the implementation of Sharia principles in human resources, organizational culture, service, and operational decisions. Central Java is analytically significant because its tourism ecosystem, Sharia accommodation market, and competition with conventional hotels create a setting where these tensions become visible. Building on prior studies, this research develops a distinctive managerial-institutional resolution model.

This research offers a solution by integrating Sharia maqashid values into Sharia hotel management. This approach emphasizes the balance between profit and spiritual value in Islamic business. The main purpose of economic activity in Islam is to achieve prosperity (falah) (Adinugraha et al., 2021). In addition, creative economy-based innovation can increase the competitiveness of Islamic hotels (Adinugraha, Marotina, et al., 2022). Previous research has shown that Muslim tourists’ satisfaction is influenced by services aligned with Islamic values. The attributes of halal destinations have also been proven to affect the loyalty of Muslim tourists (Al-Ansi & Han, 2019). The value conflict resolution model developed integrates Sharia principles and modern business strategies. This approach helps Sharia hotels compete in the industry (Wani, 2024). This research makes theoretical and practical contributions. The results are expected to serve as a reference for the development of sustainable Sharia hotels.

This research is motivated by the researcher’s interest in the dynamics of the rapid development of the halal tourism industry in Indonesia. Sharia hotels have a strategic role in supporting the halal tourism ecosystem (Wazin et al., 2024). The management of Sharia hotels is not only business-oriented but must also be grounded in Sharia values. This condition creates an interesting phenomenon: a conflict between the demands of profit and compliance with religious principles (Yusuf et al., 2021). Such conflicts often arise in the day-to-day management practices of the Islamic hospitality industry. The Central Java region has significant potential for the development of Sharia hotels, given its wealth of religious and cultural tourism. The researcher also notes that competition in the hospitality industry encourages Islamic hotels to continue innovating (Adinugraha & Shulthoni, 2024). This phenomenon encourages researchers to examine how Islamic hotel management resolves the value conflicts that occur. Therefore, researchers are interested in researching survival strategies and service innovation in that context.

This research aims to comprehensively analyze the resolution of value conflicts in Sharia hotel management. This research seeks to identify the forms of value conflicts that arise in the management of Sharia hotels. This research also aims to understand the strategies management uses to address these conflicts. This research examines how Islamic hotels maintain business continuity amid fierce industry competition. This research explores service innovations implemented by Islamic hotels to increase competitiveness. This research connects Sharia

values with modern management practices in the hospitality industry. This research aims to develop a value conflict resolution model applicable to industry players. This research also aims to contribute to the development of Sharia-based management science. This research is expected to be a reference for practitioners and academics. Thus, this research has a clear direction in answering the problems studied.

This research is of high urgency because the development of the halal tourism industry requires adaptive, sustainable management. The Islamic hospitality industry needs a strategy that balances religious values with the demands of modern business. Value conflicts that are not managed properly can hinder the performance and sustainability of the Islamic hotel business (Jabeen et al., 2025). Therefore, this research is important to provide solutions to these problems. This research provides insight into the importance of integrating Sharia values into management practice. This research also emphasizes the importance of service innovation in improving customer satisfaction. Developing a survival strategy is a major need in the face of dynamic industrial competition. This research supports strengthening the position of Sharia hotels in the halal tourism industry. The results of this research are expected to provide practical benefits for industry players. Thus, this research makes an important contribution to the development of halal tourism in Central Java.

RESEARCH METHOD

This study employed a qualitative descriptive design involving three Sharia hotels in Central Java, selected purposively based on their Sharia-based operations and relevance to halal tourism. Participants comprised thirteen informants, including hotel managers, operational staff, and other relevant stakeholders. The descriptive design approach was chosen because qualitative research can explore the meaning, processes, and social dynamics of Islamic hotel management practice. This method is also widely used in halal tourism research that focuses on understanding phenomena in a contextual and interpretive manner (Fadhlan & Subakti, 2022). This research seeks to describe the empirical reality of the conflict between values and the management strategies used by Sharia hotels to address the challenges of the halal tourism industry.

This research was conducted at several Sharia hotels in Central Java. The selection of this location is based on Central Java's potential as a growing halal tourist destination and the increasing demand for Sharia-compliant accommodation services. The data sources in this research include both primary and secondary data. Primary data are obtained from informants directly involved in hotel management, including managers, operational staff, and other relevant parties. Meanwhile, secondary data were obtained from documents, reports, and scientific literature relevant to research on Sharia hotels and halal tourism (Ayatina et al., 2021).

Data were collected through semi-structured, in-depth interviews and non-participant observations using an interview guide addressing value conflicts, survival strategies, and service innovation. Participation was voluntary, with informed consent and confidentiality assured. Data collection continued until thematic saturation was achieved. Interview and observation data were transcribed, coded thematically, categorized, compared across sources, and interpreted through data reduction, presentation, and conclusion drawing. Credibility was strengthened through triangulation and member checking. This approach is important because previous research has shown that implementing Sharia principles in hotels often poses operational challenges, underscoring the need for direct understanding from industry players (Sholeh & Kurniasih, 2021).

The data analysis technique in this research uses qualitative descriptive analysis, including data reduction, data presentation, and conclusion drawing. The researchers grouped the data by key themes, including value conflicts, survival strategies, and service innovation.

Furthermore, the researchers analyzed the relationships among the data to gain a comprehensive understanding of value conflict resolution in Sharia hotel management. This analytical approach is in line with halal tourism research, which emphasizes the importance of integrating Sharia values and management strategies in industrial development (Satriana & Faridah, 2018).

RESULTS AND DISCUSSION

Mapping Value Conflicts in Sharia Hotel Management Operations in Central Java

Value conflicts in Sharia hotel management operations in Central Java are structural and multidimensional phenomena arising from differences in interests, perceptions, and value systems between Sharia principles and modern business demands. This conflict is especially evident in the tension between a profit orientation and adherence to Islamic principles, such as maintaining halal services, upholding interaction ethics, and following Sharia-based operational rules. In the context of the organization, conflict can be understood as a form of value mismatch between individuals and between systems in the organization, which is inevitable in managerial dynamics (Wijayanti et al., 2015). Thus, value conflict in Sharia hotels is not only a technical operational issue but also reflects a paradigmatic difference between business logic and religious logic.

These findings are supported by observations that show that the implementation of Sharia principles in hotel operations often does not run consistently. This is evident in the gap between formal policies and field practices, including employees' limited understanding of Sharia principles, resistance to changes in the work culture, and limitations in continuous training. In addition, conflicts also arise due to limited facilities and service standards that do not fully meet Sharia criteria. Previous studies have shown that conflicts in Islamic-based organizations are often triggered by differences in perceptions and weak internalization of values, which ultimately impacts organizational performance (Akbar & Sularno, 2024). Thus, this research emphasizes that value conflicts do not originate solely from the system but also from human factors, including operational implementers.

Theoretically, this phenomenon of value conflict can be explained through the approach of organizational conflict and value theory in Islam. From a conflict management perspective, conflict is seen as a natural phenomenon that arises as a result of social interactions within an organization and can be constructive or destructive depending on how it is managed (Mustaqim, 2022). Meanwhile, from the perspective of Sharia management, the organization should ideally be based on the principles of monotheism, justice, trust, and benefit, which are the basis for decision-making and resource management (Hafiz & Rialdy, 2024). When these principles are not properly internalized, there will be a conflict between normative values and empirical practice. In addition, institutional theory explains that organizations tend to conform to dominant practices (in this case, conventional hotels) to gain market legitimacy, potentially shifting Sharia values to the background.

The findings of this research align with previous studies, which show that conflicts in Sharia-based organizations are often caused by the weak integration of values into the management system and organizational culture. Research on conflict management from an Islamic perspective confirms that conflict cannot be avoided, but must be managed through an approach that prioritizes deliberation, justice, and effective communication (Langgai et al., 2025). In addition, other research shows that a lack of understanding of Sharia values and resistance to change are the main factors in the emergence of conflicts in Islamic organizations (Akbar & Sularno, 2024). These findings reinforce the view that value conflicts in Sharia hotels are a common phenomenon resulting from organizational unpreparedness to integrate religious values into managerial practices.

Value conflicts in Sharia hotel management operations in Central Java are not solely due to technical or individual factors, but also reflect an imbalance between the modern management system and Sharia values that have not been fully integrated. Therefore, resolving value conflicts cannot be carried out through an administrative approach; rather, it requires a managerial transformation aimed at internalizing Islamic values across all aspects of the organization. This can be done by strengthening the culture of Sharia-based organizations, improving human resource competencies, and implementing conflict-resolution mechanisms grounded in deliberation and justice. Without these steps, the conflict of values will continue to recur and potentially weaken the credibility of Sharia hotels as an institution that is supposed to represent Islamic values authentically.

The analysis of interviews and field observations indicates that value conflict in Sharia hotels in Central Java is not simply a contradiction between “Islamic values” and “profit,” but a recurring tension between normative commitments and the operational demands of hospitality management. The conflict becomes visible when organizational actors must translate Sharia principles into everyday decisions concerning human resources, service delivery, guest management, facilities, and responses to market competition. The empirical findings can be organized into four interconnected themes: (1) the gap between formal Sharia commitments and everyday practice; (2) human-resource capacity and organizational culture; (3) market-oriented survival strategies; and (4) service innovation and the risk of symbolic Sharia compliance. The thematic structure is presented in Table 1.

Table 1. Empirical Themes of Value Conflict in Sharia Hotel Management

Theme	Empirical indication from fieldwork	Value tension	Consequence
Sharia policy–practice gap	Formal Sharia policies are not always implemented consistently in daily operations	Normative compliance vs. operational convenience	Inconsistent Sharia practices
Human-resource capacity	Employees have different levels of understanding of Sharia principles and require continuous training	Religious competence vs. operational demands	Dependence on individual interpretation
Survival strategies	Hotels improve service quality, facilities, market positioning, and product differentiation	Sharia identity vs. conventional market competition	Selective adaptation to market pressures
Service innovation	Halal facilities and customer-oriented innovations are prioritized, while deeper organizational transformation remains limited	Market attractiveness vs. substantive value internalization	Innovation may become instrumental rather than transformative

The first theme concerns the gap between formal organizational commitments and their implementation. Field observations reported in the study indicate inconsistencies in the implementation of Sharia principles, including limitations in facilities and service standards and differences between formal policies and operational practices. The evidence therefore suggests that the problem is better understood as an implementation gap rather than simply a “weak integration of Sharia values.” This distinction is important because the former can be empirically examined through organizational procedures, employee practices, and service encounters, whereas the latter is a broad evaluative claim.

A second theme concerns human resources. The fieldwork identifies limited employee understanding of Sharia principles, resistance to changes in organizational culture, and insufficient continuous training as important factors influencing implementation. The problem is therefore not only whether a hotel possesses Sharia-oriented rules, but whether employees have sufficient knowledge, authority, and organizational support to enact those rules consistently. This finding is consistent with the study's methodological focus, which collected interview data from managers, operational staff, and other relevant actors concerning value conflicts and organizational responses.

This finding extends the existing discussion of Islamic organizational culture. Previous studies emphasize the internalization of Sharia values in human resource management (Akbar & Sularno, 2024; Mushthafa et al., 2025). The present findings indicate that internalization should not be treated merely as an employee-training issue. It also depends on whether organizational procedures, leadership practices, and decision-making structures enable employees to act according to those values. In other words, the problem is simultaneously individual and institutional.

Resolving Value Conflicts in Sharia Hotels through Managerial and Institutional Approach

Value conflicts in the operations of Sharia-based organizations, including Sharia hotels, are an inevitable phenomenon due to differences in interests, perceptions, and value systems among organizational actors. The conflict arises from the incompatibility between the normative values of Sharia and modern managerial practices, which are oriented towards efficiency and profit. As stated, organizational conflict is a “mismatch of values or goals between members of an organization.” (Wijayanti et al., 2015) In the context of Sharia hotels, value conflicts often arise in service, work culture, and operational policies that intersect with Sharia standards.

Value conflicts are mainly triggered by the weak integration of Sharia values in the human resource (HR) management system. In practice, there is still employee resistance to the application of Sharia values, a lack of understanding of Sharia principles, and weak continuous training (Akbar & Sularno, 2024). This condition shows that value conflicts are not only structural, but also cultural and individual. Even in the halal industry more broadly, weaknesses in human resource integration are the main factor in the inconsistency of the implementation of Sharia values in organizational practices (Sartika et al., 2026). Thus, this observation reinforces the idea that value conflicts in Islamic hotels originate from the gap between ideal values and the capacity of human resources to implement them.

These findings can be elaborated through a *maqasid al-Shariah*-based managerial approach that emphasizes a balance between the organization's interests and individuals' well-being. This approach emphasizes that the application of the principles of justice, trust, and welfare can create a harmonious work environment while minimizing internal conflicts (Farid, 2024). In this perspective, resolving value conflicts is not enough to be done technically; it must be achieved through the reconstruction of a management system that integrates spiritual values as the basis for decision-making. This aligns with the theory that conflicts can be minimized by strengthening ethical values and fairness in organizational management.

The institutional approach is an important mechanism for resolving value conflicts. The integration of Qur'anic values such as justice, trust, transparency, and deliberation has proven to function as a normative and operational framework in organizational governance (Febrianti, 2026). Deliberation, for example, functions not only as a decision-making mechanism but also as an instrument for participatory and collective conflict resolution. In this perspective, value conflicts in Sharia hotels can be reduced by institutionalizing Sharia values through SOPs, organizational policies, and shura-based coordination and collaboration.

The findings of this research are also supported by the study of conflict management in an Islamic perspective, which emphasizes the importance of strategies such as deliberation, negotiation, tabayyun, and *islah* as a mechanism for resolving organizational conflicts (Nurhamidin & Yahiji, 2024). This approach shows that resolving value conflicts is not coercive but rather dialogical and based on the search for common truth. Thus, the managerial and institutional approaches in Islamic hotels must adopt these principles to create organizational harmony. However, it can be argued that most conflict-resolution practices in Islamic organizations remain normative and have not been systematically integrated into modern management frameworks. Many organizations only use Sharia values as a symbol or formal legitimacy without substantive implementation in the human resources system and organizational governance (Sartika et al., 2026). This causes value conflicts to remain repetitive and structurally unresolved.

The mechanism for resolving value conflicts in Islamic hotels must be built on the integration of two main approaches: managerial and institutional. The managerial approach focuses on strengthening human resources by internalizing Sharia values, providing continuous training, and fostering Islamic leadership. In contrast, the institutional approach emphasizes the formation of an organizational system grounded in Qur'anic values such as justice, transparency, and deliberation. Without integrating these two approaches, resolving value conflicts will be only temporary and will not address the root of the organization's problems.

The central analytical finding of this study is that value conflict cannot be adequately resolved through either employee-oriented intervention or organizational regulation alone. The evidence points instead toward a dual mechanism consisting of managerial internalization and institutionalization. The managerial mechanism operates at the level of people. It involves recruitment, continuous training, leadership, ethical supervision, and the internalization of Sharia principles into everyday decision-making. The institutional mechanism operates at the level of organizational structures. It involves Standard Operating Procedures (SOPs), transparent decision-making, Sharia-oriented governance, deliberative mechanisms (*musyawarah*), and monitoring systems.

Table 2. The Dual Mechanism of Value-Conflict Resolution

Mechanism	Primary target	Main instruments	Expected outcome	Risk if implemented alone
Managerial mechanism	Employees and leaders	Training, Islamic leadership, ethical socialization, HR development	Sharia values become part of everyday behavior	Values remain dependent on individual commitment
Institutional mechanism	Organizational system	SOPs, governance, supervision, transparency, <i>musyawarah</i>	Sharia principles become embedded in organizational procedures	Rules may become formalistic without internal commitment
Integrated mechanism	People + system	Internalization + institutionalization	Consistent translation of Sharia values into operational decisions	Requires organizational commitment and continuous evaluation

This dual mechanism provides a stronger explanation than treating the conflict merely as a failure of Sharia compliance. The managerial mechanism addresses the capacity to act, whereas the institutional mechanism addresses the organizational conditions under which action occurs. The two are mutually reinforcing. Employees may understand Sharia principles but still be unable to implement them when organizational procedures reward speed, cost reduction, or customer convenience at the expense of Sharia requirements. Conversely, highly

detailed SOPs may have little effect if employees do not understand or accept the values underlying those procedures.

This interpretation is consistent with the study's earlier observation that value conflict emerges from the interaction between human factors and organizational systems. The theoretical contribution, therefore, is not simply to reaffirm that Sharia values should be integrated into management, but to specify where and through what mechanism such integration can occur.

The managerial mechanism can be connected to the *maqasid al-Shariah* perspective because justice, trust, welfare, and ethical treatment provide substantive criteria for managerial decisions. The institutional mechanism, meanwhile, translates those values into organizational routines. Thus, *maqasid* functions not merely as a normative ideal but as a criterion for evaluating whether a managerial decision protects both organizational sustainability and the welfare of organizational stakeholders.

The role of *musyawarah*, *tabayyun*, negotiation, and *islah* can therefore be interpreted as mechanisms connecting the two levels. They provide a process through which differences in interpretation are converted into organizational decisions. This extends the existing literature on Islamic conflict management by placing these principles within an operational hotel-management framework (Mustaqim, 2022; Nurhamidin & Yahiji, 2024).

Sharia Hotel Survival Strategies Amid Conventional Tourism Industry Competition

The survival strategy of Sharia hotels amid competition in the conventional tourism industry is greatly influenced by their ability to integrate Sharia values with modern market demands. Islamic hotels face strong competitive pressure from conventional hotels that excel in price, amenities, and service flexibility. This condition requires Sharia hotels to develop adaptive strategies, such as improving service quality, developing halal-based product innovations, and differentiating their values in line with Islamic principles to gain a competitive advantage (Jundiah et al., 2024). In addition, a positioning strategy targeting the Muslim tourist segment is key in maintaining business sustainability amid increasingly fierce competition (Rofiqo & Yulianti, 2019).

These findings are supported by empirical observations indicating that the operational practices of Sharia hotels still face various limitations, particularly in facilities, service standards, and the consistency of Sharia principle implementation. Some hotels have not fully met halal standards, both in terms of products and services, which has an impact on the perception of quality and customer trust (Rahmawati & Lathifah, 2024). In addition, the shortage of human resources who fully understand Sharia principles is an obstacle to providing consistent services. On the other hand, observations show that Islamic hotels that can provide friendly service, maintain cleanliness, and provide adequate worship facilities tend to have higher levels of customer satisfaction and loyalty, thus strengthening their competitiveness in the market (Ayatina et al., 2021).

This phenomenon can be explained by the Resource-Based View (RBV), which emphasizes that an organization's competitive advantage depends on its unique resources. In the context of Sharia hotels, Islamic values, an ethically based organizational culture, and services that prioritize spiritual comfort are strategic resources that conventional hotels find difficult to imitate. In addition, Porter's differentiation theory is relevant, as Islamic hotels can compete through the uniqueness of services rooted in religious values, rather than price or facilities alone. However, this approach must be balanced with the ability to adapt to market dynamics to avoid getting trapped in too-narrow segmentation. On the other hand, institutional theory explains that Islamic hotels are often pressured to imitate conventional hotel practices to gain market legitimacy, thereby eroding the authenticity of their Sharia values, which are their main identity.

The findings of this research also align with previous studies, which indicate that a combination of service quality, compliance with halal standards, and effective marketing strategies largely determines the success of Islamic hotels. Previous studies have shown that the improvement of halal facilities, such as the availability of certified food, worship spaces, and the separation of certain facilities, has a significant influence on customer satisfaction (Sadiah, 2019). In addition, other research confirms that Sharia hotels that can integrate Sharia maqashid values in their operations have higher durability in the face of industry competition (Mustaqim, 2023). However, some studies have also found the phenomenon of “branding without substance”, where Sharia labels are used as a marketing strategy without consistent implementation, which can actually lower customer trust (Satriana & Faridah, 2018).

Value conflicts are reflected in gaps between Sharia policies and daily practices. Field observations identified employees’ limited understanding of Sharia principles, inconsistent training, inadequate facilities, and uneven service standards. These tensions also appeared in service innovation, including relaxed guest-verification procedures and compromises under economic pressure. These empirical patterns indicate that conflicts are not merely conceptual but emerge through managerial decisions. The findings support organizational conflict theory and Islamic management principles concerning justice, trust, and deliberation (Mustaqim, 2022; Hafiz & Rialdy, 2024). They also extend previous studies by showing how market pressures may weaken substantive Sharia implementation.

The survival strategy of Islamic hotels cannot rely solely on value-based differentiation; it must be accompanied by comprehensive managerial transformation. Sharia hotels need to develop a business model that balances Sharia compliance with market demands through service innovation, improved human resource quality, and strengthened organizational governance grounded in Islamic values. Without this integration, Islamic hotels risk losing their identity and failing to compete with conventional hotels. Therefore, the sustainability of Sharia hotels depends heavily on their ability to make Sharia values an authentic source of competitive advantage, rather than merely a symbol or marketing strategy.

Innovation of Halal Tourism Services in Response to Market Dynamics and Value Conflict Resolution

The innovation of halal tourism services is growing in response to the dynamics of the global market, characterized by the growing number of Muslim tourists and increased awareness of a Sharia-based lifestyle. Halal tourism is no longer seen as a niche segment, but rather as a strategic economic sector with significant growth and high global competitiveness (Hasan, 2022). In the Indonesian context, this potential is strengthened by the country’s demographic profile, with a large Muslim population, as well as government policy support for the development of halal destinations (Fadhlan & Subakti, 2022). However, service innovations still tend to focus on surface-level aspects, such as the provision of halal facilities (food, hotels, places of worship) and the digitization of smart tourism services, which emphasize accessibility, personalization, and ease of information for tourists (Ferdiansyah et al., 2020).

These findings are reinforced by empirical observations that show the success of service innovation is largely determined by the quality of facilities and the tourist experience Muslim tourists have. The availability of halal food and worship facilities is a major factor in determining tourist satisfaction, while the lack of infrastructure and supporting facilities is still a significant obstacle (Wicaksono, 2024). Furthermore, observations of industry practices, especially in Sharia hotels, reveal inconsistencies in the implementation of Sharia principles, such as the relaxation of guest verification procedures and the use of non-halal materials due to economic and operational pressures (Rahmat et al., 2025). This condition indicates a gap between the expected normative standards and actual practice in the field.

The phenomenon can be explained as a conflict between religious values and economic logic, with the two not always aligned. Weber asserts that capitalistic economic values are oriented towards efficiency and profit. In contrast, religious values are oriented towards normative compliance, so both can create tension within a single organizational system. In the context of halal tourism, service innovation is often a compromise tool to bridge the two interests, but it has not been able to resolve conflicts substantively. On the other hand, institutional theory suggests that industry players tend to imitate conventional practices to gain market legitimacy, which can ultimately erode the authenticity of Sharia values (Rahmat et al., 2025). In addition, from a signaling perspective, inconsistencies in the delivery of halal identity can lower tourists' confidence, as halal certification no longer functions as a credible quality signal.

The findings of this research are consistent with various previous studies that stated that halal tourism is the fastest-growing sector, driven by demographic factors and global religiosity (Hasan, 2022). Other studies have also shown that Muslim-friendly facilities and services significantly influence tourist satisfaction and loyalty, making them a key factor in the success of halal destinations (Wicaksono, 2024). However, previous research has also identified the phenomenon of "halal-washing", which is the use of halal labels as a marketing strategy without consistent implementation, caused by competitive pressures and operational costs (Rahmat et al., 2025). This strengthens the argument that service innovation without a value commitment can reduce the industry's credibility.

Halal tourism service innovation has basically not fully functioned as a solution to value conflicts, but rather as an adaptive strategy to market pressures. Existing innovations remain instrumental and focused on increasing market attractiveness rather than deep internalization of Sharia values. Therefore, resolving value conflicts in halal tourism requires a more structural approach, including strengthening institutional governance, increasing Sharia supervisory authority, and integrating Islamic values into organizational culture. Without such transformation, service innovation will only result in a symbolic form of halal tourism, which can slowly erode the trust of Muslim tourists as a major segment of the market.

Service innovation represents another important response to market dynamics. The findings indicate that Sharia hotels emphasize facilities and services that improve the Muslim tourist experience, including halal food, worship facilities, cleanliness, service quality, and other customer-oriented improvements. The study also identifies inconsistencies between normative expectations and operational practices under economic and competitive pressure. The important analytical point is that innovation has two possible functions. First, innovation can be instrumental, meaning that it primarily improves customer attraction, satisfaction, and competitiveness. Second, innovation can be transformative, meaning that it simultaneously improves the hotel's ability to implement Sharia values.

Table 3. Evaluating Sharia Hotel Innovation

Innovation type	Immediate objective	Relationship to Sharia values	Conflict-resolution capacity
Halal facilities	Customer satisfaction	Direct but mainly service-level	Low–moderate
Worship facilities	Spiritual convenience	Direct	Moderate
Digital/customer-service innovation	Accessibility and competitiveness	Indirect	Low
Sharia-oriented staff training	Service consistency	Direct and organizational	High
Sharia-based SOP reform	Consistent implementation	Structural	High
Participatory Sharia governance	Collective decision-making	Structural and procedural	High

This framework explains why the presence of halal facilities alone cannot demonstrate substantive resolution of value conflict. A hotel may offer halal food and prayer facilities while simultaneously experiencing weaknesses in employee understanding, governance, or implementation. In such circumstances, innovation improves the visible service dimension of halal tourism but does not necessarily resolve the organizational dimension of Sharia compliance. This interpretation also sharpens the concern about “halal-washing.” Rather than treating halal-washing simply as an ethical failure, it can be understood as the outcome of a structural imbalance in which market signaling develops faster than organizational internalization. When the external Sharia identity of the hotel is stronger than its internal governance, the credibility gap may eventually affect customer trust. The findings therefore suggest that innovation should be evaluated using two criteria: market effectiveness and value consistency. An innovation should be considered substantively Sharia-oriented only when it contributes simultaneously to customer value and organizational adherence to Sharia principles.

CONCLUSION

This research indicates that effective resolution requires the integration of managerial and institutional mechanisms. At the managerial level, Sharia-based human resource development, continuous training, and Islamic leadership are necessary to strengthen employees’ capacity to implement Sharia principles. At the institutional level, principles of justice, trust, transparency, and deliberation need to be embedded in organizational policies, standard operating procedures, decision-making processes, and supervisory mechanisms. The study also shows that survival strategies and service innovations currently function primarily as adaptive responses to market competition. Their contribution to resolving value conflicts remains limited when innovation is not accompanied by substantive internalization of Sharia values.

The core contribution of this study is the proposition that value-conflict resolution in Sharia hotels should be understood as a governance and organizational-integration issue, rather than merely a matter of service improvement or regulatory compliance. By linking Sharia values, human resource management, organizational culture, and institutional governance, the study provides a conceptual basis for developing a more integrated model of Sharia hotel management. In practical terms, Sharia hotel governance should therefore move beyond symbolic Sharia branding toward accountable systems that consistently connect Sharia principles with human resource practices, operational standards, service innovation, and institutional supervision. Such integration can strengthen both the authenticity of Sharia identity and the competitiveness of hotels in the halal tourism market.

This research is limited by its qualitative focus on several Sharia hotels in Central Java, which provides contextual and interpretive insights but does not permit broad statistical generalization to all Sharia hotels. Future research should therefore test and operationalize the proposed integration model across a wider range of hotels and contexts, including through comparative or mixed-method approaches. Such research would help establish measurable governance indicators for assessing the substantive implementation of Sharia values and their relationship with organizational sustainability and competitiveness.

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