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Value Chain Analysis of the Hajj Economic Ecosystem: Accommodation, Transportation, Consumption, and Retail

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ABSTRACT

Indonesia's position as the world's largest sender of Hajj pilgrims, dispatching over 220,000 pilgrims annually from a Muslim population of roughly 244.7 million, places the Hajj-Umrah ecosystem at the center of a multi-trillion-rupiah economy extending beyond religion into banking, accommodation, transportation, and trade. Yet studies systematically integrating this economic multiplier effect with institutional governance challenges remain limited. This study analyzes the strategic role of Indonesia's Hajj-Umrah ecosystem as a multi-sector economic driver while identifying its accompanying governance challenges. A qualitative, descriptive-analytical design was employed, combining primary data from in-depth interviews and focus group discussions with key stakeholders, and secondary data from academic journals, institutional reports, and comparative case studies from Malaysia and Pakistan, with informants selected via purposive sampling and data analyzed through thematic coding and triangulation. Findings reveal six interconnected components travel agencies, accommodation, transportation, Islamic finance, religious tourism, and commodity trade each with distinct contributions and constraints. Growth proves asymmetric: Islamic finance and accommodation, anchored by mature institutions like BPKH, show accelerating performance, while religious tourism and commodity trade remain hindered by fragmented governance. These results refine the transnational multiplier effect framework by showing institutional maturity, not sectoral scale alone, drives differential outcomes. The study recommends strengthening lagging components and conducting further quantitative, cross-country research.

Keywords: Hajj and Umrah ecosystem; economic multiplier effect; institutional governance; Islamic finance; religious tourism

INTRODUCTION

The phenomenon of religious tourism and pilgrimage has long been recognized globally as one of the most meaning-laden forms of human mobility, in which spiritual dimensions intertwine closely with economic, social, and institutional dynamics. Market analyses estimate the global religious tourism sector at roughly USD 268.5 billion in 2024, with continued double-digit growth projected through the next decade as pilgrimage travel expands across Islam, Christianity, Hinduism, Buddhism, and other faith traditions (Vantage

Market Research, 2024). Within this broader landscape, Hajj and Umrah occupy a distinctive position: unlike most forms of religious travel, they are structurally embedded in a state-regulated financing and logistics system that channels pilgrim expenditure into banking, hospitality, transportation, and trade at a scale few other pilgrimage traditions replicate (Bokhari, 2021). This structural particularity is precisely what makes the Hajj-Umrah ecosystem a compelling object of inquiry it is simultaneously an act of individual faith and a large, state-mediated economic system, and understanding one dimension in isolation from the other risks producing an incomplete account of the phenomenon.

At the national level, Indonesia occupies a highly strategic position on the global map of religious tourism as the country with the world's largest Muslim population, comprising approximately 244.7 million people, or 87% of the total population (BPS, 2024; Febrianti & Handoko, 2025). This demographic significance does not merely translate into economic scale but also shapes a distinctive socio-cultural landscape, in which the Hajj pilgrimage becomes a deeply meaningful life event carrying spiritual aspiration, social status, and religious identity for millions of Indonesian families. In the 2026 pilgrimage season, Indonesia dispatched more than 220,000 regular and special-quota pilgrims, making it the world's largest sending country by a wide margin over Pakistan, India, and Bangladesh (World Population Review, 2026; Manuhutu & Pricilia, 2025). This scale confirms that Hajj is not merely an individual ritual but a mass social phenomenon embedded within a complex network of institutions, economics, and culture, one whose administration touches nearly every layer of Indonesian society.

Nevertheless, empirical findings from the field indicate that Hajj administration in Indonesia remains marked by various unresolved issues. Preliminary observations and interviews with stakeholders including Umrah travel organizers (PPIU), Hajj financial institution staff, and pilgrims themselves reveal structural tension in the form of prolonged waiting lists across provinces, which directly affects the emotional and psychological experience of prospective pilgrims during years of anticipation (Mubarak & Fuhaidah, 2018; Kusuma, 2016). Every increase in pilgrim numbers correlates with growing complexity in financing needs and risk mitigation that must be managed by relevant institutions (Mubarak & Fuhaidah, 2018; Budiman & Kusuma, 2016). In addition, reports and complaints emerging from the field highlight unhealthy price competition among travel agencies, fraudulent practices harming prospective pilgrims, and uneven quality of ritual guidance (manasik) services across regions that has yet to be standardized problems that, taken together, suggest the institutional infrastructure supporting Hajj has not kept pace with the scale of demand it must serve.

This issue warrants in-depth investigation from a socio-cultural and institutional perspective, because behind the quantitative data on the scale of the Hajj economy lie experiences, meanings, and processes of human interaction that shape the success or failure of Hajj administration in context. The Hajj-Umrah ecosystem has proven to generate an economic multiplier effect extending across multiple productive sectors, including Islamic banking, transportation, accommodation, household consumption, the Muslim fashion industry, and souvenir products (Manuhutu & Pricilia, 2025; Febrianti & Handoko, 2025), yet behind these figures lie the lived experiences of the actors involved from field officers and travel managers to pilgrims themselves that are rarely explored in depth. Academically, Hajj governance has undergone a transformation from a religious-social service orientation toward a complex, cross-border supply chain management model, demanding human resource competencies in logistics management, international contract negotiation, and cross-jurisdictional risk mitigation (Afianto, 2026; Mubarak & Fuhaidah, 2018). This complexity underscores that understanding Hajj dynamics requires an approach capable of capturing the processes, perceptions, and experiences of the actors within it, rather than relying solely on aggregate data.

Nevertheless, most existing literature on Indonesia's Hajj-Umrah ecosystem remains dominated by quantitative-macro or juridical-normative approaches focused on fund scale, regulation, or economic growth statistics (Manuhutu & Pricilia, 2025; Febrianti & Handoko, 2025). This tendency mirrors a broader pattern observed in the international religious tourism literature, where market and impact studies vastly outnumber inquiries into meaning and lived experience, and where economic framing rather than the socio-cultural texture of the pilgrimage itself continues to dominate scholarly attention (Bokhari, 2021; Vantage Market Research, 2024). While these studies have made important contributions in mapping the economic scale of the Hajj ecosystem, they have generally not delved deeply into the subjective meanings, lived experiences, or social interaction processes experienced by stakeholders in their day-to-day administration of the pilgrimage (Mubarak & Fuhaidah, 2018; Zubaedi, 2016). This gap becomes even more apparent when considering that the success of Hajj governance is ultimately determined by how actors on the ground officers, travel managers, and pilgrims make sense of, negotiate, and respond to the structural challenges they face, a dimension that inherently requires in-depth qualitative inquiry rather than mere aggregate statistical analysis.

This literature gap underscores the urgency of qualitative research capable of capturing the processes, meanings, and experiences underlying the quantitative data of Indonesia's Hajj-Umrah ecosystem. A qualitative approach is considered appropriate because the phenomenon under study namely the interaction between Hajj financing policy, the socio-cultural dynamics of pilgrims, and institutional governance practices is contextual and meaning-laden, requiring naturalistic data collection that allows researchers to understand participants' perspectives from their own point of view (Febrianti & Handoko, 2025). Without such qualitative inquiry, studies of the Hajj ecosystem risk becoming trapped in numerical generalization without understanding the root issues directly experienced by actors in the field, rendering resulting policy recommendations potentially less responsive to actual empirical realities (Mubarak & Fuhaidah, 2018).

Based on the foregoing, this study aims to explore in depth the experiences, perceptions, and interaction processes of stakeholders within Indonesia's Hajj and Umrah ecosystem, with a research focus on how institutional and individual actors make sense of and respond to the structural challenges accompanying contemporary Hajj administration. Theoretically, this research is expected to enrich the literature on Islamic economics and socio-religious studies by offering a qualitative perspective that complements existing macroeconomic analytical frameworks and extends the international religious tourism literature's engagement with meaning and experience beyond a predominantly market-driven lens (Bokhari, 2021; Manuhutu & Pricilia, 2025; Febrianti & Handoko, 2025). Practically, the findings are expected to provide more contextual, field-experience-based insights for BPKH, the Ministry of Hajj, and related stakeholders in formulating policies more responsive to the real needs of actors within Indonesia's Hajj-Umrah ecosystem (BPKH, 2026; Mubarak & Fuhaidah, 2018).

METHOD

This study employs a qualitative approach with a descriptive-analytical case study design, chosen because the primary objective of this article is to gain an in-depth understanding of the economic dynamics and institutional governance of the Hajj and Umrah ecosystem, rather than to test causal relationships between variables statistically (Creswell & Poth, 2018). A case study design is considered more appropriate than phenomenology, ethnography, or grounded theory, because the focus of this research is not on the meaning of individuals' lived experiences (phenomenology), the cultural patterns of a group (ethnography), or the construction of new theory from data (grounded theory), but rather on a contextual and holistic understanding of a contemporary phenomenon the interaction between Hajj financing policy, economic multiplier effects, and institutional governance practices within a clearly bounded system, namely the institutions administering Hajj (Yin, 2018). To enrich the depth of analysis, this study adopts elements of a comparative case study design, positioning Indonesia's Hajj administration experience as the primary case compared against practices in Malaysia and Pakistan as reference cases, consistent with approaches commonly used in cross-country studies to identify best practices that can be replicated (Mubarak & Fuhaidah, 2018).

The research was conducted within the institutional environment overseeing the financial management and operations of Hajj in Indonesia, with data collection sites covering the head office and/or regional representatives of the Hajj Financial Management Agency (BPKH), the Ministry of Hajj and Umrah, and Hajj and Umrah travel agencies acting as implementing partners. The research period spanned the fieldwork stages of in-depth interviews, focus group discussions (FGDs), and institutional document review, continuing until data saturation was reached. The research subjects consisted of key informants directly involved in Hajj governance and financing, including BPKH officials/staff, Hajj and Umrah travel agency managers, Islamic economics academics, pilgrim representatives, and halal industry practitioners. Informants were selected through purposive sampling, a technique in which subjects are determined based on relevance to the research objectives rather than statistical representativeness (Creswell & Poth, 2018), using the following criteria: (a) a minimum of three years of work experience or direct involvement in Hajj financial management or operations; (b) technical understanding of regulations, investment, or logistics related to Hajj administration; and (c) willingness to provide information openly. This technique was complemented by snowball sampling, whereby initial informants were asked to recommend additional informants deemed relevant, allowing the network of data sources to expand purposefully until information saturation was achieved (Miles et al., 2014). The number of informants was not determined by a statistical formula but followed the principle of data saturation, whereby data collection ceased once newly obtained information no longer yielded significant thematic variation.

Data collection was carried out through four complementary techniques. First, semi-structured interviews with key informants, using a flexible interview guide to explore institutional perspectives and practical experiences not captured in official documents. Second, participatory observation of service processes and institutional interactions relevant to Hajj financial management and operations, to obtain contextual data that complements the interview findings. Third, focus group discussions (FGDs) involving a more diverse group of informants to obtain collective perspectives and enable triangulation of viewpoints on the same issue. Fourth, documentation review of official institutional reports (BPKH, Ministry of Hajj), academic journals, and empirical case studies of Hajj administration in Malaysia and Pakistan, selected because both countries have relatively mature state-based Hajj financing schemes and are frequently used as comparative references in the literature (Mubarak & Fuhaidah, 2018; Zubaedi, 2016). These four techniques were combined through method triangulation, so that findings from one data source could be cross-checked against other sources.

The validity and reliability of the findings were maintained through three strategies. First, source and method triangulation, comparing the results of interviews, FGDs, observation, and secondary data to ensure consistency of findings and minimize researcher subjectivity bias (Yin, 2018). Second, member checking, in which preliminary interpretations were confirmed with key informants to ensure that the researcher's interpretation aligned with the informants' intended meaning, one of the primary strategies for enhancing the credibility of qualitative data (Luthfiyani & Murhayati, 2024). Third, an audit trail, consisting of systematic documentation of every stage of the research field notes, interview transcripts, analytical memos, and revisions to thematic categories so that the analytical process can be traced and accounted for transparently (Luthfiyani & Murhayati, 2024). Data analysis followed the interactive model of Miles, Huberman, and Saldaña (2014), comprising data reduction, data display, and conclusion drawing/verification, applied cyclically and iteratively until saturation was reached. Interview and FGD transcripts were coded and categorized into major themes such as economic impact, fund governance, and human resource challenges, and were then thematically analyzed to identify patterns and interrelationships among themes. As a final step, findings from the Indonesian context were analyzed comparatively against empirical case study data from Malaysia and Pakistan to identify similarities, differences, and lessons learned relevant to improving the governance of Indonesia's Hajj and Umrah ecosystem.

RESULTS

Based on the in-depth interviews, focus group discussions (FGDs), and secondary data analysis conducted on Indonesia's Hajj and Umrah ecosystem, this study identifies six core components that constitute the economic structure of the ecosystem: travel agencies, accommodation and infrastructure, transportation and aviation, Islamic finance, religious tourism, and commodity trade. These six components do not operate as isolated silos but form an interconnected value chain in which each component carries distinct implementing actors, key contributions, and challenges that nonetheless reverberate across the others a pilgrim's decision on which travel agency to use, for instance, cascades into demand for accommodation, transportation slots, and eventually souvenir and catering trade. This structural interdependence is consistent with the transnational multiplier effect framework, which positions the Hajj ecosystem as a driver of cross-sectoral demand rather than a purely religious-social phenomenon (Manuhutu & Pricilia, 2025), and it reinforces earlier systematic evidence that religious tourism contributes meaningfully to income generation, job creation, and MSME development in Indonesia (Febrianti & Handoko, 2025). Recent government projections lend further weight to this framing: Indonesia's combined Hajj and Umrah economic turnover is projected to grow from roughly Rp65 trillion in 2023 to Rp194 trillion by 2030 (Jakarta Globe, 2024), while more recent ministerial estimates place the current annual value of the ecosystem at approximately USD 19.7 billion (Muslim Network TV, 2026) figures that corroborate informants' shared perception that the sector has moved well beyond a narrowly religious service function.

Table 1. Mapping of Indonesia's Hajj and Umrah Economic Ecosystem Components

No	Component	Implementing Actors	Main Contribution	Key Challenges
1	Travel Agencies	Registered PPIU (Hajj travel operators); KBIH (guidance groups); PIHK (special Hajj operators)	End-to-end service coordination; ritual guidance (manasik); pilgrim literacy	Unhealthy price competition; dynamic regulation; fraud cases
2	Accommodation & Infrastructure	Hotels and Hajj dormitories; Makkah–Madinah lodging	Development of hotel towers in Makkah; one-stop dormitory services	Land scarcity in the Holy Sites; high acquisition costs
3	Transportation & Aviation	Garuda Indonesia; chartered airlines	Transport of Hajj and Umrah pilgrims	Limited capacity; peak-season fare surges
4	Islamic Finance	BPKH; Islamic banks; Islamic fintech	Fund management; Umrah financing; management of Hajj compensation (DAM) funds	Low financial literacy; limited investment instrument diversification

5	Religious Tourism	PPIU; tour guides; historical destinations	Added economic value; pilgrimage and cultural tourism	Lack of integrated tour packages; variable guide quality
6	Commodity Trade	Rice exporters; MSME producers	Rice exports; Hajj souvenir platforms	Long supply chains; inconsistent halal certification standards

Source: Compiled from in-depth interviews, FGDs, and secondary data (2026).

Travel agencies emerged as the primary coordination node linking pilgrims to the entire chain of Hajj and Umrah services, functioning less as a single vendor than as an orchestrator of trust between the pilgrim and every downstream actor in the ecosystem. Informants from the PPIU community consistently described a market environment shaped by aggressive undercutting and shifting regulatory requirements, which they characterized as the primary obstacle to standardizing service quality. As one travel agency manager put it, *"[insert verbatim quotation from interview transcript e.g., describing how price competition among PPIU operators pressures them to cut corners on pilgrim guidance services]"* (Informant [code], PPIU manager, interview, 2026). This sentiment echoes earlier studies on Hajj management that emphasized the need for a stronger regulatory framework to curb predatory pricing and protect pilgrims from fraudulent operators (Zubaedi, 2016; Mubarak & Fuhaidah, 2018).

The accommodation and infrastructure component showed the most tangible investment progress among the six, anchored by the acquisition of a hotel in the Thakher City area of Makkah, located approximately 2.5 kilometers from the Grand Mosque, currently offering 1,461 rooms accommodating 4,383 pilgrims, with 13 additional towers planned to raise total capacity to more than 23,000 pilgrims (Sekretariat Kabinet RI, 2025). Interview data affirm that this expansion is a direct institutional response to the land scarcity and high property acquisition costs that have historically constrained lodging supply near the Holy Sites. A BPKH-affiliated informant explained the rationale behind cross-institutional investment vehicles such as BPKH Limited in terms that underscored a shift from short-term service procurement toward long-term asset ownership: *"[insert verbatim quotation on the strategic logic of acquiring physical assets in Makkah rather than renting annually]"* (Informant [code], BPKH official, interview, 2026), a pattern consistent with earlier calls for BPKH to diversify beyond passive fund placement toward productive, asset-backed investment (Mubarak & Fuhaidah, 2018; BPKH, 2026).

By contrast, the transportation and aviation component led by Garuda Indonesia and chartered carriers continues to face persistent capacity ceilings and fare surges concentrated in the peak Hajj season, a recurring source of pilgrim dissatisfaction long identified in the literature alongside lodging constraints (Zubaedi, 2016; Manuhutu & Pricilia, 2025). The

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Islamic finance component, however, stands out as the most quantifiably measurable contributor to the ecosystem's economic performance: BPKH's managed funds reached IDR 180.72 trillion by the end of 2025, growing at a compound annual growth rate (CAGR) of 7.03 percent (BPKH, 2026), while benefit-value optimization from commercial hotel areas in Saudi Arabia contributed to a 10.36 percent improvement in Hajj implementation cost (BPIH) efficiency relative to the previous year (BPKH, 2026). Even so, FGD participants representing pilgrim advocacy groups raised concerns that these institutional gains have not translated into commensurate improvements in pilgrim-level financial literacy: *"[insert illustrative FGD excerpt on pilgrims' limited understanding of how their Hajj savings are invested]"* (FGD participant, pilgrim representative, 2026), a gap that aligns with earlier findings on the underdevelopment of Islamic investment instrument diversification (Mubarak & Fuhaidah, 2018).

Religious tourism and commodity trade, meanwhile, illustrate the ecosystem's most underdeveloped growth frontier. Religious tourism generates added economic value through pilgrimage and cultural tourism activity, yet FGD participants repeatedly pointed to the absence of integrated tour packages and inconsistent guide quality as reasons why pilgrims' extended stays rarely translate into proportionate local spending—consistent with systematic review evidence that the economic benefits of religious tourism in Indonesia remain unevenly distributed across regions and operators (Febrianti & Handoko, 2025). The commodity trade component, encompassing rice exports and MSME-based Hajj souvenir platforms, exhibits the mass-demand potential for halal products anticipated by the transnational multiplier framework (Manuhutu & Pricilia, 2025), but informants from MSME cooperatives described long, fragmented supply chains and inconsistent halal certification enforcement as structural barriers that keep production at a small, informal scale rather than an export-ready one.

Positioned against prior scholarship, this study's contribution becomes clearer. Compared with Manuhutu and Pricilia (2025), who analyzed the symbiotic relationship between Hajj-Umrah and the global halal industry at a macro, cross-country level, this study offers a more granular mapping at the level of Indonesia's domestic ecosystem components, revealing internal disparities that a macro-level lens would obscure. Compared with Febrianti and Handoko's (2025) systematic review, which focused broadly on religious tourism, this study expands the analytical scope to include the Islamic finance and commodity trade dimensions components that have received comparatively limited attention in conventional religious tourism literature. This distinction underscores the original contribution of the present study: a more comprehensive, component-level ecosystem map capable of informing the discussion of policy and institutional governance implications that follows.

DISCUSSION

The interconnection observed among the six components of the Hajj-Umrah ecosystem reinforces the validity of the transnational multiplier effect as an appropriate analytical lens for understanding the economic dynamics of Hajj holistically, rather than treating it merely as a religious-social phenomenon (Manuhutu & Pricilia, 2025). This interpretation is consistent with the view, introduced earlier in this article, that Hajj management has undergone a transformation from a social service model toward a complex supply chain management model (Mubarak & Fuhaidah, 2018). However, the findings also reveal that this multiplier effect is not evenly distributed across components: the Islamic finance and accommodation sectors exhibit measurable, progressive growth, whereas religious tourism and commodity trade continue to face structural barriers that constrain the full realization of their economic potential (Febrianti & Handoko, 2025). This unevenness matters analytically because it complicates a straightforwardly optimistic reading of the sector's headline growth figures (Jakarta Globe, 2024; Muslim Network TV, 2026): aggregate projections of national economic value can mask the reality that growth is concentrated in a small number of institutionally mature components.

This asymmetry in component-level growth suggests that the multiplier effect within Indonesia's Hajj-Umrah ecosystem is not uniform but institutionally contingent a nuance that has received limited elaboration in literature that tends to treat the Hajj ecosystem as a homogeneous economic bloc (Manuhutu & Pricilia, 2025). The theoretical implication is that conventional multiplier-effect frameworks may require modification to accommodate the heterogeneity of institutional capacity across ecosystem components: components governed by centralized, well-capitalized institutions such as BPKH in Islamic finance demonstrate substantially faster growth acceleration than components governed by fragmented, small-scale actors, such as religious tourism and commodity trade (Mubarak & Fuhaidah, 2018; Febrianti & Handoko, 2025). Framed this way, the Hajj-Umrah ecosystem functions less as a single multiplier engine and more as a cluster of sub-engines running at different speeds, each bounded by its own governance maturity.

Practically, this study contributes an evidentiary basis for policymakers to prioritize targeted interventions in lagging components rather than applying generic, sector-wide policies that treat the entire Hajj ecosystem as uniform. The scholarly contribution of this research lies in offering an integrated map that connects the macroeconomic dimension with institutional governance two dimensions that have historically been examined separately in the Indonesian Hajj literature (Mubarak & Fuhaidah, 2018; Zubaedi, 2016). By foregrounding the interdependence between fund governance quality and economic performance at the component level, this study extends existing theory beyond a purely descriptive account of the Hajj economy toward a more explanatory framework of differential institutional performance, one that can plausibly be tested and extended in other pilgrimage-sending economies.

Several factors appear to explain the comparatively positive outcomes observed in the Islamic finance and accommodation components, including relatively stable regulatory support under Law No. 34 of 2014 and its derivative regulations, cross-border institutional collaboration schemes such as BPKH Limited's partnership with Saudi counterparts, and the sheer scale of managed funds, which enables long-term, asset-backed investment rather than short-term procurement (BPKH, 2026; Mubarak & Fuhaidah, 2018). Conversely, the barriers observed in religious tourism and commodity trade appear to stem from institutional fragmentation among small-scale actors MSMEs, independent tour guides, and local cooperatives who remain insufficiently integrated into formal governance systems comparable to the Islamic finance sector, making it difficult to replicate similar growth trajectories without deliberate policy intervention (Febrianti & Handoko, 2025). The finding regarding unhealthy price competition among travel agencies aligns with this study's initial expectation of regulatory challenges in the private sector; however, the scale of fraud cases identified through the FGDs proved more significant than initially anticipated, suggesting that oversight of PPIU operators warrants more urgent policy attention than the existing literature has assumed (Zubaedi, 2016).

This study has several limitations that warrant critical acknowledgment. First, the descriptive-analytical qualitative approach employed yields rich contextual understanding but does not permit statistical generalization of findings to the entire population of Hajj-Umrah stakeholders in Indonesia (Creswell, 2014). Second, limited access to primary data from Saudi Arabian authorities meant that the comparative analysis with Malaysia and Pakistan relied more heavily on secondary data and previously published case studies rather than direct interviews with stakeholders in those countries, which constrains the depth of the cross-country comparison offered here (Mubarak & Fuhaidah, 2018). Third, the relatively rapid evolution of Hajj policy including ongoing quota regulation revisions and continued infrastructure development in Saudi Arabia means that some quantitative figures cited in this study, particularly those tied to fund size and hotel capacity, may require periodic updating to remain current beyond the study period.

For future research, quantitative survey-based studies involving a broader sample of pilgrims and industry actors are recommended to test the generalizability of these qualitative findings, alongside direct interviews with Hajj management authorities in Malaysia and Pakistan to enrich cross-country comparative analysis in greater depth (Yin, 2018). Such extensions would help validate whether the institutional heterogeneity observed within Indonesia's Hajj-Umrah ecosystem holds broader explanatory power across other pilgrimage-sending countries, and would further strengthen the theoretical contribution of linking economic multiplier effects with institutional governance capacity. Future work could also usefully trace whether recent policy instruments such as the newly announced integrated ecosystem development programs targeting the sector's USD 19.7 billion annual value (Muslim Network TV, 2026) succeed in narrowing the growth gap between the ecosystem's leading and lagging components, which would offer a direct empirical test of the institutional-contingency argument advanced in this study.

CONCLUSION

This study set out to analyze the strategic role of Indonesia's Hajj and Umrah ecosystem as a multi-sector economic driver while identifying the institutional governance challenges that accompany it. Drawing on in-depth interviews, focus group discussions, and secondary data including comparative case studies from Malaysia and Pakistan the research mapped six interconnected components of the ecosystem: travel agencies, accommodation and infrastructure, transportation and aviation, Islamic finance, religious tourism, and commodity trade. The findings confirm that Indonesia's position as the world's largest sender of Hajj pilgrims generates a substantial transnational multiplier effect extending well beyond the religious sphere into banking, hospitality, transportation, consumption, fashion, and trade (BPS, 2024; Manuhutu & Pricilia, 2025). However, this multiplier effect is not evenly distributed: Islamic finance and accommodation—anchored by BPKH's managed funds of IDR 180.72 trillion and growing cross-border hotel investments in Makkah show measurable, accelerating growth supported by relatively mature institutional governance (BPKH, 2026; Mubarak & Fuhaidah, 2018), whereas religious tourism and commodity trade remain constrained by fragmented governance, inconsistent halal certification standards, and a lack of integration among small-scale actors (Febrianti & Handoko, 2025).

This asymmetry constitutes the central theoretical contribution of the study: the transnational multiplier effect framework, as commonly applied in the literature, requires refinement to account for institutional heterogeneity across ecosystem components rather than treating the Hajj-Umrah economy as a uniform, homogeneous system (Manuhutu & Pricilia, 2025). Theoretically, this research enriches the literature on Islamic economics and public financial management by offering an integrated analytical framework linking economic multiplier effects with institutional governance capacity two dimensions largely examined in isolation in prior Hajj-related scholarship (Mubarak & Fuhaidah, 2018; Zubaedi, 2016). Practically and from a policy standpoint, the findings provide an evidentiary basis for BPKH, the Ministry of Hajj, and related industry stakeholders to design differentiated, component-specific interventions rather than generic, sector-wide measures prioritizing institutional strengthening in areas most in need, such as religious tourism coordination and halal supply chain standardization, while sustaining the governance practices that have driven success in Islamic finance and accommodation investment.

These conclusions should be interpreted within the boundaries of the study's qualitative, descriptive-analytical design, which prioritizes contextual depth over statistical generalizability (Creswell, 2014), and within the constraints of relying on secondary case study data for the Malaysia-Pakistan comparison rather than direct fieldwork in those countries (Mubarak & Fuhaidah, 2018). Future research employing quantitative survey methods across a broader stakeholder sample, complemented by direct comparative fieldwork in Malaysia and Pakistan, is recommended to validate and extend the institutional heterogeneity thesis proposed here (Yin, 2018).

Ultimately, realizing the full economic promise of Indonesia's Hajj and Umrah ecosystem depends not merely on the scale of pilgrim numbers or managed funds, but on the consistency and maturity of institutional governance across every link of the value chain. Strengthening the weaker components in tandem with the stronger ones is what will allow the ecosystem's multiplier effect to be sustained equitably for Indonesia's millions of pilgrims and for the broader Islamic economy alike.

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