



FROM RITUAL TO REVENUE: REFRAMING INDONESIA PILGRIMAGE MANAGEMENT AS A STRATEGIC ECONOMIC DIPLOMACY

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Abstract

This research analyzes Indonesia's pilgrimage administration from the perspective of strategic economic diplomacy. Indonesia, the most populous Muslim-majority nation, holds a distinctive role in the global pilgrimage sphere, administering the highest yearly Hajj quota. The Hajj, though a religious duty, is administered in Indonesia in a manner that extends beyond spiritual aspects, intertwining with economic, political, and diplomatic considerations. This research employs a descriptive-qualitative methodology, utilizing Miles and Huberman's analysis, to investigate the evolution of pilgrimage services into a substantial economic sector that creates employment, invigorates regional economies, and promotes bilateral collaboration. The Hajj Financial Management Agency (BPKH) is pivotal in directing substantial religious donations into national development initiatives. Nonetheless, intersecting restrictions, operational inefficiencies, and ethical dilemmas expose systemic constraints. The results underscore how Hajj governance embodies Indonesia's overarching diplomatic aspirations, especially in utilizing religio-cultural capital for foreign policy and economic strategy. This research enhances scholarship by reconceptualizing Hajj management as a tool of economic diplomacy rather than simply a logistical-religious duty. It emphasizes the necessity for open, ethical, and innovative governance to augment Indonesia's soft power while guaranteeing equitable and spiritually enriching pilgrimage experiences.

Keywords: *Pilgrimage Governance, Islamic Economy, Economic Diplomacy, Indonesia*

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A. Introduction

Socio-cultural advantages can significantly influence a nation's economic diplomacy. This cannot be equated across different contexts, as socio-cultural advantages provide an inadvertent capital for a nation. The nations capable of perceiving and leveraging this advantage are those that can transform it into a mechanism for fulfilling their national interest.

Indonesia owned this advantage as the most populous Muslim-majority nation globally. Thus, it significantly influences worldwide pilgrimage trends, especially regarding *Hajj*. The substantial Muslim demographic sustains a persistent need for these religious pilgrimages, a phenomenon grounded in both religious duty and social expectation, as well as cultural identity. Indonesia holds the greatest allocation of *Hajj* visas, accounting for approximately 15 percent of all international pilgrims worldwide (McDonnell, 2013). The health consequences of this involvement are considerable, with annual mortality among Indonesian pilgrims fluctuating between 501 and 531 from 2004 to 2011, indicative of the physical demands of the journey and the susceptibility of older participants (Pane et al., 2019).

The significant participation has resulted in a considerable quota allocation for *Hajj*, yet it has also caused prolonged waiting periods which extending up to 25 years in certain areas, requiring governmental intervention via policies like a ten-year re-registration prohibition for returning pilgrims to guarantee fair access (Siddiq, Mubin, Maula, Meidina, & Irsyad, 2024). The extent of participation has presented health issues, with documented fatality rates fluctuating between 149 and 337 per 100,000 pilgrims from 2004 to 2011 (Pane et al., 2019).

This enduring need has catalyzed the development of a vigorous pilgrimage service sector referred to as *bisnis hajj dan umrah*, which includes transport, hospitality, and logistics companies (Yasuda, 2023). This sector not only generates foreign exchange revenue but also fosters employment possibilities and bolsters local economies (Supriadi, Islamy, Rakhman, & Fuadin, 2022). At the macroeconomic level, the *Hajj* Financial Management Agency (BPKH) administers monies exceeding 98 trillion Rupiah, which are carefully allocated to areas such as national infrastructure to optimize returns and improve service quality (Jumali, 2018).

Thus, this study is necessary as *Hajj* represents a spiritual pilgrimage for Muslims globally, and Indonesia, possessing the world's largest population, benefits from a "demographic dividend," rendering it a strategically significant diplomatic domain. This research will analyze how *Hajj* management in Indonesia has evolved into a strategic area for economic diplomacy. Some previous scholar's studies related to the pilgrimage in Indonesia already resulted ample discussions. A key component of this governance framework is the *Hajj* Financial Management Agency (*Badan Pengelola Keuangan Haji*) or

BPKH), formed pursuant to Law No. 34 of 2014. BPKH is responsible for the independent management of *Hajj* money; nevertheless, its operational scope has been constrained by discrepancies with Law No. 8 of 2019 about *Hajj* Implementation. The multiple legal mandates have generated institutional ambiguity and restricted BPKH's authority (Zakiruddin, 2023). Additional difficulties emerge about the legal relationship between pilgrims and BPKH, principally regulated by the *Wakālah* contract. This system enables BPKH to administer payments for pilgrims, while its use for national infrastructure spending is still disputed. If the invested monies are mismanaged or lost, BPKH may encounter legal consequences, thereby eroding public trust (Musjtari & Kencana, 2020).

From a financial ethics standpoint, certain scholars contend that *Hajj* monies ought to conform to the principles of *maqāṣid al-shari‘ah*, highlighting the importance of both wealth preservation and larger societal advantage. Effective coordination between BPKH and the Ministry of Religious Affairs is deemed crucial for attaining economic effect and administrative integrity (Aziz, Ma‘arif Syam, Hasbi, & Prabuwono, 2023). Whether through the health administration constitutes another essential element. The effective regional execution of health programs, exemplified by Lumajang district, illustrates how local finance and focused health policy may markedly enhance pilgrim readiness. These results highlight the significance of decentralized assistance in improving national *Hajj* health initiatives (Rudyanto, Damayanti, & Junadi, 2019).

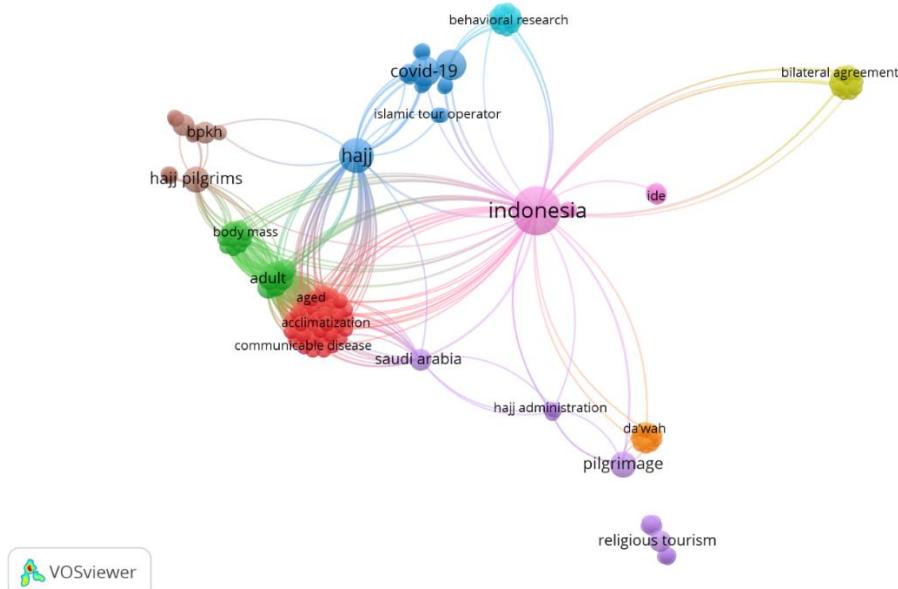
Indonesia encounters a substantial queue management issue, with waiting times reaching up to 25 years. Regulation No. 29/2015 established a ten-year limitation for returning pilgrims to promote equitable access for first-time attendees. This policy embodies a preventive legal strategy; yet, structural limitations remain (Siddiq et al., 2024). Moreover, the state's involvement in religious governance has further formalized Islamic customs, leading to what some term the bureaucratization of sharia. This method, while satisfying constitutional requirements, raises problems over the suitable extent of state involvement in religious affairs (Alfitri, 2018).

Infrastructural improvements, like the enhancement of *Hajj* dormitories to hotel-like standards, seek to elevate services while fostering local economic empowerment. These advancements connect religious administration to wider socio-economic results (Sirna, Komalasari, & Prasasia, 2024). Ultimately, *Hajj* governance retains significant political relevance. The 2008 parliamentary investigation into *Hajj* administration underscored the potential of pilgrimage matters as a medium for political positioning and influence (Darmadi, 2013).

Those literatures spotted that *Hajj* administration in Indonesia encompasses intricate interrelations among law, finance, health, and politics. Despite advancements in institutional reforms, issues persist, especially around regulatory clarity, fund governance, and fair access. Ongoing cooperation and accountability are vital for an

efficient and ethical *Hajj* administration. Those current study's scopes are illustrated through Network Visualization which analyzed by VOSviewer below.

Figure 1 Network Visualization of Current Research Theme by VOSviewer
(Author Analysis, 2025)



However, those literatures indicate a gap in studies about *Hajj* management in Indonesia with an emphasis on economic diplomacy. Consequently, our research will address that deficiency and establish a novel contribution to the field of diplomacy.

B. Method

This study employs a descriptive-qualitative research design to investigate the function of pilgrimage management in Indonesia as a tool of strategic economic diplomacy. The descriptive-qualitative technique is especially effective for comprehending intricate socio-economic and institutional processes via interpretive and contextual analysis.

The study utilizes solely secondary data obtained from peer-reviewed academic journals in Scopus and other esteemed scholarly databases. This encompasses empirical research on religious tourism, economic diplomacy, Islamic finance, and Indonesian public administration pertinent to pilgrimage governance.

We recognize various challenges to validity associated with secondary-data designs and detail the strategies employed to address them:

1. **Bias in publication and indexation.** Dependence on Scopus-indexed and formally published materials may lead to an overrepresentation of studies with favorable

or policy-congruent outcomes, while simultaneously underrepresenting null results or critical grey literature. Mitigation: Ensuring the providing of data and finding through the publications.

2. **Bias in coverage and wording.** Research biased towards English-language publications and Java-centric instances may underestimate regional diversity (e.g., Eastern Indonesia) and analyses in the Indonesian language. Mitigation: Focus on subnational cases when accessible and prudent in extrapolating outside established contexts.
3. **Constraints of measurement and construct validity.** Heterogeneous measures (e.g., proxies for economic impact, health outcomes across cohorts) limit comparability between studies. Mitigation: Prioritizing intra-study consistency in result interpretation, refraining from arithmetic aggregation of incompatible measurements, and presenting ranges and contextual qualifiers instead of point estimates when indicators vary.
4. **Constraints of causality.** Document analysis facilitates analytical generalization but precludes causal attribution, particularly concerning diplomatic results (e.g., trade, foreign direct investment) seemingly associated with good governance. Mitigation: Articulating assertions as credible mechanisms substantiated by convergent evidence.

To guarantee analytical rigor and methodical interpretation, data were analyzed utilizing the Miles and Huberman interactive model, comprising three fundamental stages: data reduction, data display, and conclusion drawing/verification (B. Miles, Huberman, & Saldaña, 2014). This model identified and critically mapped significant themes, including regulatory frameworks, financial governance, religio-cultural dynamics, and bilateral diplomacy. The strategy enabled the amalgamation of multiple viewpoints and facilitated the development of a cohesive narrative connecting pilgrimage management to Indonesia's overarching economic and diplomatic ambitions.

This methodology guarantees a rigorous and analytical approach that conforms to academic standards while considering the institutional and strategic aspects of pilgrimage management in Indonesia.

C. Finding and Discussion

1. Finding

Table 1. Finding of Analysis (Author Analysis, 2025)

1. Primary Aspect	Religio-Culture
Finding	The high demand for Hajj and Umrah is propelled by Islamic tradition, perceived as both a spiritual duty and a symbol of social standing and moral achievement; ziarah and pilgrimages to sacred locations, both domestic and international, embody a syncretic blend of Javanese

culture and Islamic belief, fostering a "spiritual economy" across various social strata.		
Reference	(Uyuni, Arief, Adnan, & Hamid, 2024)	
2. Primary Aspect	Commercialization of Pilgrimage	
Finding	The Hajj/Umrah pilgrimage has transformed into a commercial ecosystem encompassing travel companies, religious educators, transportation services, and hospitality sectors. The ustaz's dual role as a spiritual adviser and entrepreneur merges personal religious authority with business networks and consumer trust, transforming pilgrimage into a branded, individualized experience.	
Reference	(Yasuda, 2023)	
3. Primary Aspect	Pilgrimage Finance Management	
Finding	BPKH administers significant religious funds (surpassing IDR 98 trillion) and directs them towards national infrastructure and sharia-compliant investments; however, conflicting mandates between Law No. 34/2014 (which empowers BPKH) and Law No. 8/2019 create institutional ambiguity; dependence on wakālah contracts heightens accountability risks in instances of mismanagement.	
Reference	(Jumali, 2018; Musjtari & Kencana, 2020; Zakiruddin, 2023)	
4. Primary Aspect	Economic Diplomacy	
Finding	The administration of Hajj is progressively utilized as a tool of economic diplomacy. Religious tourism initiatives promote bilateral collaboration between Islamic and non-Islamic nations; the growth of halal tourism and entry into emerging markets (e.g., Africa) indicate aspirations to augment soft power and economic influence. These objectives are mitigated by Umrah fraud and equitable concerns arising from repeated pilgrimages that extend waiting periods.	
Reference	(Putri, Setiawan, & Hidayatno, 2020; Ramadhan & Anggraeni, 2022; Sabaruddin, 2017; Siddiq et al., 2024)	

2. Discussion

Power of Religio-Culture in Indonesia: The High Demand of Pilgrimage

The influence of Islamic religio-cultural factors in Indonesia has historically shaped religious expression, identity development, and spiritual activities. Indonesia, the largest Muslim-majority nation globally, exemplifies a complex interweaving of Islamic life with its culture, politics, and economics. The prominent manifestations of this religiosity include the rising demand for pilgrimage activities which encompassing both international visits of *Hajj* and *Umrah*, as well as domestic forms of *ziarah*, such as visiting the tombs of Islamic saints (Uyuni et al., 2024).. This phenomenon is inextricably linked to the profound religio-cultural currents that have developed over centuries, especially following the Islamization of Java by the *Wali Songo*. The nine saints continue to be

revered through pilgrimage practices that integrate local customs with orthodox rituals, so maintaining a distinctly Indonesian form of religiosity (Uyuni et al., 2024).

The lasting appeal of the *Wali Songo* pilgrimage illustrates the integration of Islam within Javanese culture. Pilgrims perceive these sites not just as sacred but also as centers of cultural continuity and community identity. This hybrid religious tourism has established spiritual economies surrounding the shrines, attracting people for both ritualistic and social validation (Uyuni et al., 2024). These behaviors reflect a wider trend in which religious traditions, rather than diminishing in contemporary society, are adapting and becoming increasingly prominent through commodified and institutionalized expressions.

This cultural integration has influenced the emergence of the *hajj* and *umrah* industry, a thriving industry that commodifies spiritual ambitions. In Indonesia, *Hajj* and *Umrah* visits are no longer solely state-controlled rituals; they are now facilitated by a competitive sector comprising travel agents, influential religious leaders, and Islamic consumer culture (Yasuda, 2023). The rise of this spiritual economy signifies the conversion of religious devotion into commodifiable services, wherein travel packages are designed to meet both religious duties and contemporary expectations of comfort and status. This amalgamation of devotion and commerce illustrates how Islam in Indonesia integrates capitalist principles while maintaining spiritual integrity (Yasuda, 2023).

A primary catalyst for this demand is the function of religious leaders (*ustaz*), who serve as moral entrepreneurs and spiritual intermediates. Their impact on potential pilgrims encompasses not only theological instruction but also personal branding and company administration, thereby merging religious capital with social and commercial capital (Yasuda, 2023). The pilgrimage serves as a performative emblem of social standing, with the convergence of religious and social ambition enhancing its allure for the middle class.

Psychologically, the motivations for performing pilgrimage are influenced by a combination of religious duty, spiritual cleansing, and communal affiliation. Studies indicate that incentives like obtaining spiritual rewards and adhering to religious precepts considerably affect favorable perceptions of *Umrah* (Nugraha & Widyaningsih, 2022). Moreover, these motivational factors are influenced by both gender and religiosity, suggesting that the choice to embark on a pilgrimage is rooted in personal spirituality and cultural norms. For numerous women, engaging in pilgrimage rites serves as a means of attaining religious autonomy and fulfilling conventional responsibilities within a profoundly patriarchal culture.

The COVID-19 pandemic presented a pivotal moment that evaluated the endurance of spiritual activities. Due to the suspension of actual travel, Indonesian

Muslims resorted to cyber-mediated rites, like viewing online *Umrah* broadcasts and participating in virtual *Hajj* symbolism. These adjustments demonstrate both a commitment to sustaining religious involvement and the flexibility of Islamic rites in response to technology limitations (Dewi & Akmaluddin, 2023). However, virtual rituals did not completely replace the physical experience of pilgrimage, thus underscoring its spiritual importance and emotional core.

Alongside foreign pilgrimage, domestic religious tourism, exemplified by ziarah, significantly enhances demand. Visiting the tombs of saints or religious sites fulfills psychological requirements associated with tranquility, healing, and spiritual connection (Handriana, Yulianti, & Kurniawati, 2020). It functions as a socioeconomic catalyst, with local communities reaping advantages from heightened commerce, hospitality services, and employment prospects associated with pilgrimage activities (Rahman & Anwar, 2022). In this setting, religio-cultural legacy serves as an asset for both spiritual enrichment and regional development, as well as community empowerment.

Moreover, Indonesia's religio-cultural framework is characterized by its syncretic manifestations. In Java, pilgrimage activities are influenced by Islamic orthodoxy and indigenous spiritual cosmologies. This synthesis facilitates extensive participation, from traditionalists to progressives, embodying a pluralism that is uniquely Indonesian (Laksana, 2014, 2016). Muslim and Catholic pilgrimage destinations frequently intersect in ritual practices, underscoring the cultural rather than solely doctrinal foundations of religious expression in Indonesia.

Nevertheless, the growth of religious tourism is accompanied by the potential for exploitation and systemic inefficiencies. Numerous prominent fraud incidents concerning *Hajj* and *Umrah* agencies have diminished public confidence, necessitating enhanced regulatory supervision and institutional reform. Pilgrims frequently encounter problems including ambiguous departure timetables, inadequate facilities, or tour cancellations without refunds (Putri et al., 2020). Thus, sustaining trust and loyalty necessitates a dynamic framework that combines system responsibility with spiritual fulfillment. System dynamics modeling has been suggested as a technique to comprehend and tackle the intricacies of these interconnected challenges (Putri et al., 2020).

These developments indicate that pilgrimage in Indonesia transcends mere religious obligation; it constitutes a domain of socio-cultural production influenced by historical memory, institutional actors, emotional economies, and global tendencies. The need for pilgrimage, both local and international, attests to the persistent significance of Islamic religio-cultural influence, which remains adaptable and receptive to the intricacies of contemporary existence.

Indonesia Pilgrimage Management and Bilateral Economic Diplomacy

The religious tourism business in Indonesia, known as *bisnis hajj dan umrah*, has developed into a strong market ecology. This network consists of certified travel agencies, religious educators, logistics companies, and many supplementary services. The market's structure and function have greatly evolved, creating a domain where economic interests intersect with religious ideals and consumer expectations. Market participants increasingly depend on public religious figures to cultivate trust and loyalty, hence enhancing the sector's impact on economic and social dimensions (Yasuda, 2023).

While specific national economic data is not provided in the literature, the pilgrimage sector significantly contributes to Indonesia's economy. The market's magnitude is seen in its presence across various economic sectors, including aviation, hospitality, retail, and banking. Expenditures associated with pilgrimage activities create ongoing economic engagement for several small and medium-sized firms, whose survival depends on the stability and consistency of pilgrimage traffic. These services transcend mere transactions; they operate within a social-religious framework that cultivates trust-based commerce and community togetherness (Yasuda, 2023). This industry has emerged as a strategic asset for Indonesia's foreign policy, particularly in strengthening economic diplomacy with Muslim-majority and allied nations. Religious tourism, while not a conventional export item, enhances Indonesia's influence by facilitating interpersonal connections, cultivating shared cultural bonds, and increasing exposure in significant bilateral forums. Indonesia's strategic engagement with nations characterized by Islamic culture has yielded diplomatic and economic benefits by fostering cooperative frameworks that integrate religious identity into shared objectives (Ramadhan & Anggraeni, 2022).

Indonesia's economic diplomacy has been codified via frameworks like the Economic Diplomacy Index (EDI), which recognizes principal partner nations like China, Japan, the United States, Malaysia, and Singapore. The ability to facilitate large-scale pilgrimages acts as an indirect catalyst for bilateral cooperation. This is particularly evident in domains such as international aviation treaties, airport management partnerships, and investments in tourism infrastructure. Indonesia's proficiency in pilgrimage coordination bolsters its reputation and influence in multilateral contexts related to cultural and economic collaboration (Sabaruddin, 2017). Indonesia's economic diplomacy also has notably expanded to non-traditional markets, especially in regions of Africa. Nations include Mauritius, Uganda, Ghana, the Democratic Republic of Congo, and Angola have emerged as new areas of participation. In these situations, the advancement of halal tourism, educational exchanges, and religious cooperation projects has aligned with the management of pilgrimage services. This expansion indicates Indonesia's aim to

diversify its diplomatic and economic influence while utilizing religious tourism as a means for South–South cooperation (Sabaruddin, 2017).

The potential of pilgrimage management as a diplomatic instrument is clear, however numerous operational and strategic obstacles remain. The swift commercialization of religious tourism in Indonesia has raised issues with ethical standards, regulatory enforcement, and quality assurance. Service delays, unfulfilled commitments by travel providers, and inadequate supervision systems have at times resulted in frustration among pilgrims. These failings, particularly when encountered internationally, jeopardize Indonesia's reputation and its connections with host nations (Yasuda, 2023). In the case of China, pilgrimage diplomacy intersects with overarching geopolitical dynamics. Despite the enhancement of economic links between Indonesia and China since the late 1990s, their partnership continues to exhibit fundamental imbalances and trust deficiencies. Factors include trade reliance, political asymmetry, and divergent governance styles persist in influencing diplomatic relations. The religious aspect adds difficulty, particularly with the treatment of Muslim minority in China, which could lead to tension if not managed with diplomatic care (Elisabeth, 2018; Sinaga, 2018; Tjhin, 2012)

Therefore, Indonesia must adopt a balanced strategy that honors national interests while being cognizant of ideological and cultural differences. Ongoing collaboration with China in economic sectors like infrastructure and connectivity provide potential for engagement; nevertheless, it must be accompanied by sophisticated diplomacy to avert religious issues from compromising economic objectives (Wuryandari, 2018). In other contexts, religious tourism persists in providing strategic advantages for Indonesia's soft power. The nation's international reputation as a democratic and religiously moderate Islamic state has enhanced its legitimacy in discussions where religious governance overlaps with development initiatives. Countries pursuing cooperative frameworks in Islamic governance have expressed interest in Indonesia's methodology, especially in its integration of regulatory proficiency with faith-oriented service provision (Fitriani, 2021).

The management of *hajj* and *umrah* pilgrimages in Indonesia has evolved from a national duty into a multifaceted tool of economic diplomacy. It connects with fundamental aspects of foreign policy, encompassing bilateral trade, infrastructural collaboration, and regional dominance. Indonesia has acknowledged the diverse contributions of religious tourism, enabling it to enhance global partnerships through culturally informed and economically significant methods. Ongoing policy innovation, together with diplomatic finesse, will dictate the efficacy of this sector in advancing national interests within an increasingly integrated global landscape.

Economic Impact as a National Interest

The economic ramifications of *Hajj* management diplomacy in Indonesia encompass financial, political, and social spheres, providing both domestic developmental advantages and overseas diplomatic influence. Indonesia, possessing the largest Muslim population worldwide, holds a pivotal role in the administration of pilgrimage matters. The state has leveraged this position to generate economic prospects, bolster political legitimacy, and elevate its standing in international relations, especially with other Muslim-majority countries.

A major financial instrument in Indonesia's *Hajj* management diplomacy is the strategic investment of *Hajj* revenues. Managed by the *Hajj* Financial Management Agency (BPKH), these funds, which gathered from millions of potential pilgrims, are allocated to infrastructure and Sukuk-based financial instruments (Aripin, 2025). These investments are designed to comply with Islamic financial principles, aligning with objectives such as wealth protection (*hifz al-mal*) and the preservation of religion (*hifz al-din*), which are fundamental to the notion of maqasid al-shari'ah (Aripin, 2025). Indonesia utilizes this method to safeguard the value of pilgrims' savings while simultaneously advancing national development objectives, so establishing a synergistic connection between religious duty and economic benefit.

In addition to the financial administration of *Hajj* funds, the logistical elements of conducting the trip substantially enhance revenue for both the government and state-owned firms. Various sectors gain advantages from this annual event, including transportation, food, lodging, telecommunications, and financial services (Darmadi, 2013). These sectors are active not just during the *Hajj* season but also in the years preceding pilgrimage departures due to prolonged waiting lists, hence maintaining a continuous cycle of economic activity. The state acquires financial resources via service management fees and regulatory charges, which contribute to public budgets and enhance the system's sustainability (Darmadi, 2013).

The political aspect of *Hajj* diplomacy is intricately linked to the domestic perception of governmental efficacy in religious matters. The Indonesian government's role in *Hajj* management is not merely administrative but profoundly political, especially within a democratic framework where religious observance is prominently visible to the electorate (Darmadi, 2013). The management of *Hajj* logistics is regarded by several residents as an indicator of the state's commitment to fulfilling Islamic duties. The effective organization of the pilgrimage enhances government legitimacy among Muslim constituents. Parliamentary engagement in *Hajj* matters, exemplified by the 2008 legislative inquiry termed *Hak Angket Haji*, illustrates parliamentarians' efforts to affirm their dedication to Islamic constituents by involvement in policy supervision concerning the journey. This legislative interest signifies the symbolic capital linked to pilgrimage

management, where success may yield electoral backing and failures can provoke public censure (Darmadi, 2013).

The management of *Hajj* functions as a tool of Indonesia's foreign policy, especially regarding its relations with Saudi Arabia. The effective and extensive coordination of Indonesian pilgrims enhances Indonesia's reputation among Muslim-majority nations and cultivates diplomatic goodwill with the Kingdom of Saudi Arabia, the guardian of the two holy mosques (Darmadi, 2013). Indonesia, as a major supplier of pilgrims each year, necessitates comprehensive logistical coordination with Saudi officials, providing an opportunity for wider diplomatic discussions. These interactions may encompass economic partnerships, cultural exchanges, and intergovernmental collaboration in domains beyond religious matters. Consequently, the *Hajj* serves as a conduit for strengthening bilateral relations and elevating Indonesia's prominence within the Islamic community (Darmadi, 2013).

The economic advantages of this diplomatic approach are further elucidated by overarching macroeconomic trends. In 2018, Indonesia achieved a growth rate of 5.17%, bolstered by adequate foreign exchange reserves sufficient for 6.7 months of imports (Ing & Vadila, 2019). The macroeconomic stability fosters a conducive atmosphere for the strategic allocation of *Hajj* monies, especially in long-term infrastructure initiatives that correspond with national development objectives. The allocation of pilgrimage-related monies to projects in transportation, housing, and public services illustrates the dual function of religious financing in both spiritual and developmental initiatives (Ing & Vadila, 2019). These efforts not only preserve the value of pilgrims' gifts but also foster inclusive economic growth and infrastructural renovation.

The financial dynamics of *Hajj* management diplomacy are additionally shaped by Indonesia's international commercial connections. In that year, Indonesia recorded a trade expansion of 7.5% with the United States and 23.5% with China, signifying its growing integration into the global economy (Ing & Vadila, 2019). The careful management of domestic financial instruments, such as *Hajj* funds, indirectly supports Indonesia's broader initiatives to diversify its investment portfolio and enhance economic resilience in the face of global uncertainty. The ability to administer significant sharia-compliant religious capital bolsters the credibility of Indonesia's financial institutions and increases its appeal to Islamic investors, especially from Gulf states and other Muslim-majority nations (Ing & Vadila, 2019).

The allocation of religious savings to national initiatives establishes a convergence between faith and finance that is seldom realized in secular policy frameworks. In contrast to tax income or public investments, *Hajj* money are inherently sacrosanct, requiring a governance framework that is open and ethically robust (Aripin, 2025). This mandate establishes elevated criteria for financial supervision entities like the BPKH,

which must uphold its credibility through performance, accountability, and religious validity. The political consequences of mismanagement are significant, underscoring the necessity for regulatory innovation and institutional capability in this domain (Aripin, 2025).

It is clearly that the economic ramifications of *Hajj* management diplomacy in Indonesia are extensive and profound, involving fund mobilization, revenue production, political signaling, and international diplomacy. The incorporation of Islamic finance concepts into public investment plans exemplifies a novel approach to development strategy that honors religious values while achieving contemporary economic goals. The symbolic and diplomatic aspects of pilgrimage management bolster Indonesia's standing in internal politics and international relations.

D. Conclusion

This study analyzed Indonesia's *Hajj* management as a complex system that extends beyond religious ritual into the realm of economic diplomacy. Utilizing a descriptive-qualitative methodology and secondary data analysis, the findings indicate that the organizing of *Hajj* in Indonesia which bolstered by its position as the world's most populous Muslim-majority nation, operates as both a religious duty and a strategic national resource.

The organization of *Hajj* in Indonesia is fundamentally a complex system that integrates financial governance, legislative frameworks, cultural expectations, and diplomatic involvement, rather than merely an administrative chore. Entities like the *Hajj* Financial Management Agency (BPKH) have assumed a more significant role in converting pilgrims' monies into sharia-compliant investments that harmonize religious obligations with state development objectives.

The research highlights that Indonesia's strength is in its religio-culture capital, which perpetually produces substantial and widespread demand for pilgrimage services. The increasing commercialization of religious travel, particularly within the *hajj* and *umrah* business sector, has invigorated domestic economies and generated employment prospects. This commercial expansion presents hazards, including fraud and service inefficiencies, necessitating stringent regulatory monitoring and public accountability. Maintaining public trust, particularly in the administration of sacred religious monies, is crucial for upholding institutional credibility.

From a diplomatic standpoint, the strategic significance of *Hajj* management is in its capacity to promote bilateral and international collaboration. Indonesia's collaboration with Saudi Arabia and other Muslim-majority countries illustrates how pilgrimage logistics may serve as a foundation for extensive engagement, including air transport agreements, tourism infrastructure investments, and Islamic cultural diplomacy. Furthermore, the emergence of halal tourism and Islamic lifestyle branding

significantly bolsters Indonesia's soft power, particularly in the framework of South-South cooperation and solidarity among Muslim nations.

Through this research, our distinctive contribution is a multi-tiered, integrative framework that connects micro-level religious authority and branded pilgrimage activities to meso-level institutional governance (including portfolio management and contract design) and macro-level diplomatic and commerce objectives. In contrast to previous research that examines these elements in isolation, we delineate their interconnections and pinpoint the specific processes, including legal frictions, accountability under *wakālah*, and disparate health readiness, that influence the fluctuations in performance and legitimacy. This synthesis produces concrete strategies: regulatory harmonization, outcome-focused pre-departure health initiatives, enhanced consumer protection, and diplomatic approaches that link halal-economy growth with enforceable standards.

Limitations stem from our only dependence on secondary sources, which may involve biases related to publishing, coverage/language, and time-lag, as well as variability in indicators and non-causal inference. These limits do not invalidate our assertions but limit their generalizability.

Future research ought to integrate administrative microdata with quasi-experimental designs to evaluate the causal impacts of regulatory modifications and BPKH portfolio selections, conduct multi-site assessments of pre-Hajj health interventions, analyze consumer-protection enforcement on Umrah market results, and measure the diplomatic returns (trade/FDI/soft power) linked to religious-tourism initiatives, particularly in emerging African corridors. This effort would corroborate and enhance the framework proposed above.

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