Defining Islamic Economics: Scholars’ Approach, Clarifying The Nature, Scope and Subject-Matter of The Discipline

Hafas Furqani

Abstract: While developing Islamic economics as a discipline, it is necessary to define the nature, scope and subject-matter in order to clarify the object of study and indicate the boundaries of its reach. Islamic economists in this regards have put effort to define Islamic economics to inform readers about its underlying norms and aspirations as well as the objectives it intends to serve. This paper attempts to observe Islamic economists’ approaches in defining Islamic economics. Classification of various definitions proposed by Islamic economists will also be discussed. By this observation we will be able to see the different points of view among the scholars in conceiving Islamic economics’ subject matter, as well as see the shades of thought in determining Islamic economics’ object of study and the level of development of Islamic economics as a body of knowledge.

Keywords: Definition, Islamic Economics, Subject-matter, Discipline, Body of Knowledge

JEL Codes: A12, Z12

Introduction

Islamic economists have put their effort to define Islamic economics as a body of knowledge. The definition is required to clarify the nature, subject matter, approach and scope of Islamic economics as a discipline. Various definitions of Islamic economics have been proposed by the scholars reflecting their background and point of view in conceiving Islamic economics. As a discipline in the making, the

1 The article is a revised version of the paper “Definition of Islamic Economics as A Discipline Challenges in The Clarification and Classification” that was presented at the 10th International Conference on Islamic Economics and Finance, Doha, Qatar, 23-24 March 2015, organized by IRTI-IDB and IAEI.

© Research Center for Islamic Economics
DOI: 10.26414/m025
TUJISE, 5(2), 2018, 69-94
tujise.org

Dr., Ar-Raniry State Islamic University. hafas.furqani@ar-raniry.ac.id

Submitted : 20.04.2018
Revised : 01.06.2018
Accepted : 25.07.2018
Published : 15.08.2018

© Research Center for Islamic Economics
DOI: 10.26414/m025
TUJISE, 5(2), 2018, 69-94
tujise.org
definitions proposed should be considered as an initial effort to reach the consensus at a later stage.

This paper aims to observe various definitions of Islamic economics proposed by Islamic economists. The objectives are to understand the scholars’ point of view and perspective in their conception of Islamic economics and their scientific reasoning and justifications for the definitions proposed. To see the shades of thought and possible consensus in the subject-matter of Islamic economics discipline, we will attempt to classify those definitions into groups based on the subject-matter and differentiation made between Islamic economics and conventional economics.

Definition of Economics: How Has it Evolved?

The definition of economics has evolved over centuries in line with the progress made by the discipline. Scholars from Alfred Marshall (1890) until Lionel Robbins (1945) have put their effort to define economics by collecting the scattered thought in the scientific discussion at their contemporary times and have put their vision for the unification of the subject-matter of economics.

This effort to develop definition of economics, according to Backhouse & Medema (2008, p. 720) is always “an ex post attempt in the sense that it is formed to impose order upon a body of work that has developed as economists have sought to tackle diverse practical and intellectual problems”. The definition of economics in this regards was later proposed in a long and rigorous intellectual process in pace with the development of economics discipline by observing the progress and development of economics as a body of knowledge.

Scholars in this regard attempt to clarify the object of study (subject matter) of economics, its content and scope, underlying norms as well as approach (Addas, 2008, p. 102). It is developed in pace with the development of discipline itself.

Likewise, the consensus for a specific definition of economics is attained through a gradual process of knowledge accumulation by means of a creative interplay between a progressive conceptualization and the corresponding empirical and rational verifications (Bakar, 2010, p. 429). However, this does not mean the effort to define economics discipline will be stopped. It is normal that as the discipline changes and grows, so definitions would normally change (Robbins, 1945, p. 41).

The definition of economics has been evolving over time. ‘Economics’ prior to being presented as a distinct discipline was called ‘political economy’. The shift of
study from political economy to economics was attributed to Alfred Marshal (1890, p. 1) who defined economics as,

“a study of mankind in the ordinary business of life; it examines that part of individual and social action which is most closely connected with the attainment and with the use of the material requisites of well-being.”

The definition is highlighted further by J.B. Clark who defined economics as “the criterion and use of wealth”, Cannan “the explanation of the general causes on which the material welfare of human beings depend”, Leon Walras the “relations between persons and things”, Beveridge “the study of the general methods by which men cooperate to meet their material needs”, and Pigou “that part of social welfare that can be brought directly or indirectly into relation with the measuring rod of money” (Lowe, 1983, p. 6, Dewett & Varma, 1990, p. 2, Howson, 2004, p. 416).

Marshal’s definition has been used by the scientific community for such a period of time, until it was challenged by Lionel Robbins (1945, p. 16) who defines economics as “the science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.” Robbins develops his definition of economics by criticizing Marshall’s definition of economics. According to Robbins, Marshall’s definition is a classificatory conception of economics that marks off certain kinds of human behaviour; economic and non-economic, and designates only the behaviour directed to the procuring of material welfare to be the relevant subject matter. This classificatory conception of economics is not appropriate to define the nature of economics.

Therefore he proposed a new definition which is analytical as it does not attempt to pick out certain kinds of behaviour, but focuses on a particular aspect of behaviour, the form imposed by the influence of scarcity. Robbins’ definition puts scarcity and choice, instead of material wealth and human quest for it, at the centre of economic analysis. Any kind of human behaviour that demonstrates the scarcity aspect falls within the scope of economics. All phenomena such as prices, production, and rent, are all associated in some way with scarcity and human behaviour is conditioned on all sides by this ubiquitous fact of scarcity (Howson, 2004, p. 427).

Robbins’ new definition has not only successfully captured the previous conception of economics, as it covers the main fact of scarcity, but at the same time has broadened the scope and subject-matter of economics as any kind of activity involved in the ‘relinquishment of other desired alternatives’ will be considered as the subject-matter of economics instead of only certain type of social behaviour.
as implied in Marshal’s conception of economics as exchange or economics as the
cause of material welfare.

The new definition of economics proposed by Robbins has paved the way for
the scientific community’s consensus on the subject-matter and approach of eco-
nomics discipline. After Robbins, economics was widely acknowledged as the ‘study
of scarcity’ or the ‘study of choice’ which could be summed up as the ‘study of hu-
man behaviour in making choices arising from scarcity to maximize his self-satis-
faction’.

Nevertheless, Backhouse and Madema (2008, pp. 721-722) observe that the
consensus to accept Robbins’ definition of economics came in several stages. Paul
Samuelson’s *Foundations of economic Analysis* (1947) captured Robbin’s message to
define economics as being about scarcity but he chose to define the subject in ter-
ms of what, how, and for whom i.e. as concerning the production and consumption
of goods and services. Lipsey’s *Introduction to Positive Economics* (1963) perceives
scarcity as one of the basic problems encountered in most aspects of economics, not
the entire subject. The focus of economics is then moved to an aspect of behavi-
our, more specifically to that of rational choice, which could be applied not simply
to production and consumption choices, but to all traits of human behaviour. In
1960’s, economics became increasingly conceived as the science of choice, without
reference to a particular social domain, even, at times, without reference to scar-
city.

Having said that, there is a consensus currently on the definition of economics
which does not mean that the effort to redefine the discipline will be on a halt. In
fact, Robbins’ definition is also being challenged by numerous scholars. The Aust-
rian economist, Kirzner (1976) criticizes Robbins’ conception of economics as one
that “reduces economics to a formal and mechanical means-end calculus.” As ends
are given, this view will overlook the crucial element of economics, namely that
agents act purposefully to improve their position”. According to Kirzner (1976),
just as Robbins claims that Marshal’s definition rules out many kinds of econo-
metrically relevant analyses, the same goes to Robbins’ definition too. He mentions
the case of entrepreneurship and competition as an example. Since the means and
ends are already given in Robbins’ framework, and there is no scope for analyzing
how they are determined, the competition loses its meaning in an equilibrium fra-
amework. Competition is reduced to a technical tool convenient when solving mat-
hematical models, but nothing is said about competition as a process.
Skousen (1991, p.14) also criticizes the definition of economics proposed by Lionel Robbins as misguided, unfocused, or incomplete, leaving students confused and uncertain at the beginning of the course. This is because what has been conceived by Robbins to be the subject matter of economics, namely scarcity (due to limited resources and unlimited human wants), is un-real and does not really exist in reality. It implies a static view of the material world rather than a dynamic description of the production process in connection with resources and wants, production and consumption, and supply and demand.

Therefore, this phenomena according to Backhouse and Medema (2008, p. 722), reflects the position that while Robbins’ definition of economics remains the most widely cited definition of the subject, “it has never commanded universal assent and there have always been significant numbers of economists who have considered that it does not encompass all aspects of their discipline and that qualifications or extensions are required.” It also implies that as “definitions of fields generally come only after the field is established; as fields change, so definitions change.” This poses a challenge for Islamic economics as a new discipline in the making, to be defined clearly so that its scientific justification could be seen.

**Defining Islamic Economics Discipline**

Islamic economists have addressed the challenge to define Islamic economics. There are at least 21 definitions of Islamic economics we have collected and reviewed to see the different points of view existing among scholars in conceiving the nature of the discipline.

However, we can say that Islamic economics is yet to reach the stage of unification of subject matter, scope and boundaries of study. So far, there is no consensus on the definition of Islamic economics and in fact, its body of knowledge is yet to be clearly constructed. To define a discipline is a gradual process in line with the development of body of knowledge and object of study. At this stage, according to Robbins (1945, p. 3) “any attempt to discover the ultimate nature of the science was necessarily doomed to disaster.” Cairness (1875, p. 148), likewise, said “definition of the present state of economic science should be regarded as provisional only, and may be expected to need constant revision and modification with the progress of economic knowledge”.

Nevertheless, as it is learnt from the conventional economics experience, that
before the scientific community reaches a consensus on an appropriate definition, they have to attempt to propose the provisional definition in order to stimulate thinking, debates and attract further discussion in the scientific community and eventually ‘unification’ of discipline can be initiated. Perhaps, this is also the reason why numerous definitions of Islamic economics that look at the discipline from various angles are being proposed. Hopefully, at one point in time, the consensus on the subject-matter, scope and approach of Islamic economics will be reached.

Some Islamic economists, however, such as Laliwala (1989, p. 129) and Fahim Khan (2015, p. 15), argues that there is no need to have a specific definition of Islamic economics. Laliwala (1989, p. 129) says that “Islamic definition of economics should not be separated from the general definition of economics”. Fahim Khan (2015, p. 15) also argues that the subject matter of Islamic economics is similar to conventional economics which studies human behaviour in achieving wellbeing in an atmosphere of scarce means. The difference only is in Islamic goals and approaches in solving economic problems and also in institutional framework in solving economic problems. Therefore, a distinct definition of economics from Islamic perspective is not necessary since Islamic economics can be studied within the framework of conventional economics by using the same methodology but incorporating different behavioural variables (Akram Khan, 2013, p. 40).

The argument however has not been accepted by many Islamic economists. Majority of Islamic economists believe that Islamic economics should be distinctively defined, not only to differentiate it from conventional economics, but more importantly to explicate clearly the particular nature of the discipline and its characteristics in subject matter, approach, scope and objective of study. The definition of Islamic economics, as argued by Arif (1985, p. 79), is important for “scientific justification of the study and development of Islamic economics”.

While we can generally see the agreement among scholars to call a new system of thought that discusses economic phenomena in Islamic perspective as Islamic economics, they however differ in conceiving what should constitute the definition and hence on how to appropriately define Islamic economics.

A pragmatic way to define Islamic economics is by maintaining the subject-matter of conventional economics and attempting to study it in an Islamic perspective.

This approach according to Addas (2008, p. 107) is “ipso facto endorsing the secular definition of economics emanating from Robbins but adding to it Islamic
constraints, such as fixing the object of economic activity as the promotion of *falāh* in the widest Islamic sense, and encompassing social life in its entirety."

Therefore, this approach would imply that the definition of economics has a universal acceptability and there is no need to change the subject-matter, but the problem lies with the approach of this study. Islamic economics in this regard studies the same economic problems but employs different approaches to solving them.

Another approach attempts to put a more genuine effort to define Islamic economics by reconfiguring both the actual problem of economics in Islam and Islamic solutions to solve the problem. This approach argues that the problem of economics might be different in Islamic perspective and likewise the solutions, framework and approach in solving those problems.

In defining Islamic economics, scholars attempts to find appropriate terminology to describe concepts unique to Islamic economics that would clarify what Islamic economics means and its object of study without *any ambiguity* (Arif, 1985b, p. 82). In addition, scholars also attempt to highlight what is distinct about Islamic economics to enable the reader to distinguish between the nature and characteristics of Islamic economics and conventional counterpart.

For the progress of the discipline itself and in order to help creating a consensus among researchers Mirakhor (2007, p. 9) opines that appropriate language and terminology that could provide common platform and framework of study of Islamic economics is important. Choudhury (1995. p. 43) suggests *tawhidic* perspective of a unity framework and an integrated perspective in the definition of Islamic economics where the subject-matter (i.e., economic problems), their solutions (i.e., economic problems), their solutions (i.e., approach and strategy to solve them) and goals to be achieved are integrated.

This comes from Islam’s understanding of science (*ʿilm*) that intends to reflect unity of thought and practice, ideals and realities in its subject-matter. In this regard, we believe that there should be a consistency between the economic problems faced by man in his life and the prescriptions to solve those problems as envisaged by Islamic teachings and the goals it seeks to attain. Such unity framework of Islamic thought might answer Kuran’s allegation (1995b, p. 170) who says “Islamic economics does not offer a comprehensive framework for a modern economy; for all its grand claims, it presents a package of loosely connected policies rather than a complete blueprint for reform... it fails to provide a well-defined and operational method of analysis. Islamic economics is mostly prescriptive, and where efforts are made to give it analytical power, it loses much of its Islamic character.”
Definition of Islamic Economics: Towards A Classification

Islamic economists have continuously put in efforts to define Islamic economics discipline, its subject matter, object of study as well as its scope. In this study we have collected at least 21 definitions of Islamic economics proposed by Islamic economists. In the definitions proposed we can see the differences of opinion among the scholars on the object of study, scope and approach. Some definitions, however, are quite close to each other hence it is possible to classify the definitions of Islamic economics. Here, we attempt to classify the definitions of Islamic economics based on the nature of Islamic economics study (i.e., the subject-matter or object of study) and the differentia of Islamic economics with its conventional counterpart.

Definition Classifications Based on Subject Matter

Islamic economists have differences of opinion in determining the subject-matter of Islamic economics. The conception of the subject-matter of a discipline would inform us about object of the study and the scope of analysis or boundaries of the discipline. Based on the definitions of Islamic economics that we have collected, we can classify the definitions of Islamic economics into four types which are as follows:

Type 1: Islamic economics as the study of the principles and rules of shari’ah that make up the framework or milieu for an economic system, as well as activities and behaviour of economic agents;

Type 2: Islamic economics as the study of ways to realize Islamic objectives in economics;

Type 3: Islamic economics as the study of ways to solve economic problems in the Islamic framework; and

Type 4: Islamic economics as the study of human (Islamic man) behaviour in making choices and decisions.

Type I: Islamic Economics as the Study of Islamic Principles/Doctrines in Economics

In type I definitions of Islamic economics, scholars conceive Islamic economics as a study of Islamic doctrines related to economics. Islamic doctrine here means Islamic principles, values, and teachings relating economics that have been outlined in the Qur’an and Sunnah. The focus in Islamic economics study therefore is on studying those doctrines and deriving the methods from the Islamic epistemologi-
cal sources to be applied in practical economic activities. This type of definition is proposed by many scholars some of which are as follows:

Baqir al-Sadr (1983: II, p. 6): Islamic economics is the way Islam prefers to follow in the pursuit of its economic life and in the solution of its practical economic problems in line with its concept of justice.

Hasanuzzaman (1984): Islamic economics is the knowledge and application of injunctions and rules of the sharī‘ah (Divine Islamic law) that prevents injustice in the acquisition and disposal of material resources in order to provide satisfaction of human beings and enable them to perform their obligations to Allah and the society.

Muhammad Abdullah Al-Arabi (1969): Islamic economics is a set of principles derived from the Qur’an and Sunnah and constructs the economics based on those principles according to times and places.

Muhammad Ali Taskhiri (1996, p. 120): Islamic economics is a way which Islam prescribes for individual and social behaviour in the economic field and examines Islam’s rules in this area.

Zubair Hasan (1998): Islamic economics is that aspect of Islam’s social doctrine which deals with problems of choice in the face of uncertainty and resource scarcity to promote falāh in a holistic framework.

Gamal Eldin Attia (2007, p. 224): Islamic economics is an economy that governs a society which is ordered in accordance with Islamic teachings; the institutions of such a society operate based on true Islamic principles, while its individual members believe in Islamic values and, in their daily lives, tread the straight Islamic path.

Asad Zaman (2015): Islamic economics is the effort/struggle to implement the orders of Allah pertaining to economic affairs in our individual lives (Micro), in our communities (Meso), and at the level of Ummah (Macro).

In this type of definition, the subject-matter of Islamic economics is the Islamic doctrine of economics whereby the focus of study will be in deriving, outlining and applying Islamic doctrine, principles, injunctions and rules of the sharī‘ah and values which will be the basis, guidelines and paradigm in analyzing economic realities and solving economic problems. In word of Addas (2008, p. 32), in this type of definition, the purpose of Islamic economics is “to identify and establish an economic order that conforms to Islamic scripture and traditions.”
In this regard, the study of Islamic economics seeks to construct the general principles and rules of Islam regarding human economic life from where the theories and policies of Islamic economics can be deduced or from where we can analyze the practical economy. These rules are characterized by Hasanuzzaman (1997, p. 2) as “the systematic exposition of the spirit of the legal text (nas) intended to guide man towards different situations in human society throughout the ages. They provide broad contours within which policy making can be pursued and its validity judged.”

Those principles are derived directly from the Qur’an and Sunnah as the primary sources of Islamic economic teachings. Those principles, according to (Al-Qaradāwi, 1995, p. 15) are characterized by ’umūm (universality), kulliyah (generality), thubūt (permanence), al-taujīhāt al-asāsiyyah (the principal guidelines) and al-hājat al-asāsiyyah al-lnāzimah (related to only the basic common needs governing) every individual and society. Although the principles are few in terms of quantity, they cover all things of ‘human economic matters’ and are suitable for all times and places (Al-Khālidi, 1986, p. 43).

The approach to construct the principles is similar to the fuqahā’ (jurists) approach in constructing al-qawā'id al-fiqhiyyah (legal maxims) to be applied in particular (Hasanuzzaman, 1984; 2007). Islamic economists then, from those general principles, derive various economic theories and policies to be applied in real economic life based on time and place which are open for changes (taghayyur) according to the conditions of the society.

It is also interesting to note that according to the proponents of this definition, such as al-Sadr, (1983: II, p. 10) who argues that Islamic economics is a doctrine that is concerned with “discovering every basic rule of economic life connected with the ideology of (social justice)” instead of a mere “interpretation of existing reality which gives the explanation of economic life, its economic events and its economic phenomena and the linking of those events and phenomena with the general causes and factors which rule therein” (1983: II, p. 6). Islamic economics, according to al-Sadr, has the role to lay down principles for the organization of economic life based on Islamic vision and conception. According to Lamido (2016, p. 30), the doctrine would connect “the spirit and philosophy of Islamic economics on one hand, and social, economic, historical, political and general environmental contexts of society on the other”.

Asad Zaman (2015) in his proposed definition also argues that the development of Islamic economics science must always be attached to the doctrine of Islam.
Islamic economics, he argues, is about the struggle to establish the *dīn* (religion) in the domain of economic affairs as ordained by Allah SWT. Hence, unlike conventional economic theories which aim at observing human beings and societies and discovering laws of motion which govern the economic processes in such societies for prediction and explanation, Islamic economics has transformative mission to change the world if it is not in line with the Islamic doctrine or principles. If there is injustice in the economic affairs of human being, Islamic economics would not allow observing the phenomenon as a neutral and detached observer, but would struggle to change it.

**Type II: Islamic Economics as the Study of Islamic Objectives in Economics**

The second group defines Islamic economics as a study of economic objectives in Islam and how human beings can actualize and realize those objectives in their economic life. In this definition, scholars define the possible objectives in Islamic economics and the possible approaches or means to realize those objectives in human life. The definitions in line with this thought include the following:

- M. Akram Khan (1984, p. 55): Islamic economics aims at the study of human falāḥ achieved by organizing the resources of earth on the basis of cooperation and participation.

- Louis Cantori: Islamic economics is simply an effort to formulate a more human-oriented and society-oriented economics that wants to deny the excessiveness of individualism within the classical economics (in Abu-Rabi’, 1994, p. 82).

- M. Umer Chapra (2000, p. 125): Islamic economics is a branch of knowledge which helps realize human well-being through an allocation and distribution of scarce resources that is in conformity with the *maqāsid*, without unduly curbing individual freedom, creating continued macroeconomic and ecological imbalances, or weakening family and solidarity of moral fibre of the society.

- Anjum (1996, p. 57): Islamic economics is a scientific discipline concerned with the theoretico-empirical analysis of the known economic realities and future economic possibilities, in the light of exploitation-free Islamic principles, in order to explore the most effective means of enhancing production, its equitable distribution and balanced consumption from the point of view of relieving economic hardships, facilitating and beautifying human life for the peace, prosperity and development of all human beings.
In this perspective Islamic economics is a study that would attempt to explore and investigate the Islamic economic objectives and propose approaches and mechanisms in solving economic problems. In solving that, Islamic economics is oriented by the goals as envisaged by Islamic worldview in economics.

The objectives are usually discussed in the context of *maqasid al-Shariah* (objectives of *Shariah*). According to Lamido (2016, p. 30), the *maqasid al-Shariah* is the foundation for the analysis of economic issues since it is also acting as a bridge that connects “texts and context, ends and means, goals and methodologies, the latter and the spirit of Islamic law and the universal goals of Islam and the practical means to their actualization”.

Islamic economics is a goal-oriented discipline/science that seeks to study means and solutions to achieve the objectives as outlined by Islam. In the definitions, the scholars provide various insights on the purpose of Islamic economics as a science, such as to fulfil human needs, individually and collectively (al-Ghanim, Hasanuzzaman, Yousri); to relieve economic hardships, facilitate and beautify human life for the peace, prosperity and development of all human beings (Anjum); to realize human well-being as envisaged in the maqāsid al-shari’ah (Chapra), and to achieve falāh (success) in a holistic framework (Khan, Arif, Hasan). Those objectives according to Umer Chapra (1996, p. 25) are also acting as paradigm in Islamic economics that put the discussion in goal-direction and characterizes Islamic economics science in such a way as to assist human beings in achieving the ideal of life as perceived in those goals.

**Type III: Islamic Economics as the Study of Economic Problems in Islamic Perspective**

The third category defines Islamic economics as the study of economic problems in Islamic perspective and tries to solve it in an Islamic framework, values, approaches and institutions. This definition is proposed by the following scholars:

Ibrahim al-Turki (1976, p. 11): Islamic economics is a social science which studies the economic problem of the society who practices Islamic values.

M.A. Mannan (1984, p. 126): Islamic economics is a composite social science which studies the problems of production, distribution and consumption through integrative system of exchange and transfer over time and their social and moral consequences in the light of Islamic rationalism.

M. A. Mannan (1986, p. 3) also defines Islamic economics as a social science
which studies the economic problems of people imbued with the values of Islam.

Zaim (1989): Islamic economics is a systematic effort to study the economic problem and man’s behaviour in relation to it from an Islamic perspective. It is also an effort to develop a scientific framework for theoretical understanding, as well as to design appropriate institutions and policies pertaining to the processes of production, distribution and consumption, that will enable optimal satisfaction of human needs, enabling man to serve higher ideals in life.

Mohamed Aslam Haneef (1997): Islamic economics is an approach to interpreting and solving man’s economic problems based on the values, norms, laws and institutions found in, and derived from, the sources of knowledge in Islam.

Ghanim (1991, p. 65): Islamic economics is a science that studies how to fulfill human’s needs, individually and collectively, by utilizing the resources, based on the Islamic frameworks and principles.

M. N. Siddiqi (1992): Islamic economics is the Muslim thinkers’ response to the economic challenges of their times. In this endeavour they were aided by the Qur’an and the Sunnah as well as by reason and experience.

Al-Masry (1999, p. 22): Islamic economics is a study of scarce resources and their development in order to fulfil the needs of human beings according to Islamic rules.

Yousri (2002, p. 28): Islamic economics is the science that studies the best possible use of all available economic resources, endowed by Allah, for the production of maximum possible output of halal goods and services that are needed for the community now and in future and the just distribution of this output within the framework of Shariah and its tenets.

Iqbal and Lewis (2009, p. 13): Islamic economics is a branch of knowledge that aims at analyzing, interpreting and resolving economic problems with reference to the methodology of Islam.

According to this classification of definitions of Islamic economics the subject-matter or the focus of study is in analyzing and solving the economic problems faced by the society (in general understanding and not specific to Muslim society). Islamic economics, in this regard in is not theology, but a social science that deals with economic problems faced by human being in their life and it develops strategies, solutions and institutions to solve those problems.
Islamic economics, nevertheless, unlike conventional economics which claims to be value-neutral in studying economic problems and finding solutions, is based on Islamic values (Khan, 2013, p. 42). Therefore, the difference with conventional economics is not only in what counts as a ‘problem’ in Islamic perspective, but also in the ‘approach’ and ‘objective’ of solving economic problems.

In Islamic economics, the nature of economic problem is based on practical-reality of what human beings face in life as well as based on the guidelines and objectives as in what needs to be achieved by solving those problems. Likewise, the way to solve the problem in Islamic economics is with the framework of Shari’ah (Yousri), the values, norms, laws and institutions found in, and derived from, the sources of knowledge in Islam (Haneef, Mannan, al-Turky), in accordance with Islamic rules (al-Masry), and aided by the Qur’an and the Sunnah as well as by reason and experience (M. N. Siddiqi).

In solving the economic problem, Islamic economics is guided by Islamic normative principles as well as positive analysis so that resource appropriation is done on the basis of Islamic values; cooperation, participation and justice (Khan, 1984; Ahmed, 2002). With the ethics prevalent in managing economic problems, Islamic economics will be able to restrict endeavours from curbing individual freedom, creating continued macroeconomic and ecological imbalances, or weakening family and solidarity of the moral fiber of the society (Chapra, 2000, p. 125). As a result, scholars believe that Islamic ways in solving economic problem will be the most effective means for enhancing production, realizing equitable distribution and balanced consumption (Anjum, 1996, p. 57 Ahmed, 2002, p. 28).

**Type IV: Islamic Economics as the Study of Human (Muslim’s) Behaviour in Making Choices and Decisions**

The fourth type of classification defines Islamic economics as a study of the behaviour of man (the ‘Islamic man’, for some Islamic economists) in making choices and decisions. This type of definition is proposed by:

Muhammad Arif (1985): Islamic economics is the study of Muslim’s behaviour who organizes the resources, which are a trust, to achieve falāh.

Metwally (1993, p. 1): Islamic economics is the study of the economic behaviour of the true Muslims in a society which adheres to the Islamic doctrines derived from the Qur’an, Sunnah, Ijmā’ and Qiyās.

Naqvi (1994, p. 20): Islamic economics is a study of the representative Muslim’s behaviour in a modern Muslim society.
Masudul Alam Choudhury (1986, p. 4): Islamic economics is the sum total of historical, empirical, and theoretical studies that analyze the human and the societal wants in the light of an integrated Islamic value system.

Hailani Muji Tahir (1988, p. 17): Islamic economics is the science that deals with human behaviour in utilizing and managing the resources of the universe for his own benefit as well as for the welfare of the society as a whole, so as to obtain the consent of Allah.

Khurshid Ahmad (1992, p. 19): Islamic economics is a systematic effort to try to understand the economic problem and man’s behaviour in relation to the problem from an Islamic perspective.

M. Fahim Khan (2015): Islamic economics is a study of human behaviour relating to the attainment of material requisites of wellbeing.

Monzer Kahf (2003): Islamic economics is the study of economic behavior of men and women, as individual economic agents, and as communities and collective entities.

Zubair Hasan (2015, p. 4): Islamic economics is the subject that studies human behavior in relation to multiplicity of wants and scarcity of resources with alternative uses so as to maximize falah that is the wellbeing both in the present world and in the hereafter.

In this classification, the central feature of Islamic economic science is the analysis of economic agent’s behaviour (individual, government, society, institutions) and the way he makes choices constrained by the limited resources and multiple wants with reference to the Islamic values and rules/principles.

This conception of subject-matter of Islamic economics basically follows the formal definition of economics given by Robbins (1945) as “the study of human behaviour as a relationship between ends and scarce means which have alternative uses.”

Islamic economists, nevertheless, are divided into two groups in determining the focus of study. Choudhury (1986) and Khurshid Ahmad (1992) believe that the focus of Islamic economics study will still be the behaviour of human beings in general, but the solution, approach, norms, are built from Islamic principles. Islamic economics analyzes all types of human behaviour in their economic life and therefore an explicit statement of Islamic man is not necessary in the definition. Kahf (2015) also argues that human behaviour in Islamic economics will be expla-
ined by rational analysis using human experience and human rationale that could lead to Islamic solutions. This will make Islamic economics science applicable to all mankind and not restricted to Muslims. Nevertheless, the benchmark of human behaviour study is Islamic principles and values. Economic actions and decisions are then to be analyzed and examined in light of those principles and values.

Arif (1985), Metwally (1993) and Naqvi (1994), on the other hand believe that the focus of study should be the Muslim's behaviour (i.e., Islamic man instead of a general economic man). The concept of human behaviour in Islamic economics is somewhat different due to the differences in the conception of the nature of man, the raison d'être of his existence, his mission and goal of life. Therefore, the micro-foundations of Islamic economics and its analysis will also be different.

For that reason, Arif (1985b, pp. 83-84) sees the need to explicitly mention Islamic man in the definition as a 'scientific necessity' not only to counter the paradigm of neoclassical economic man, but to meet all the scientific requirements of paradigm building in Islamic economics. Different conception of economic agent will lead to different frameworks of thought and analysis. An implicit concern of study for Islamic man will provide scientific justification to develop a separate paradigm of Islamic economics. Strategically, it eases the task of the Islamic economists who are engaged in research and analysis to formulate the hypotheses and theories that best describe the falāh oriented behaviour of this representative agent and this would enable society to create and establish an institutional framework conducive to his falāh oriented activities.

The differences according to Zarqa (2008, p. 30) implicate the differences in determining the scope of Islamic economics. The first category would study the behaviour and economic life of society who abides by the rule of Shariah or Islamic values. The second category covers all human beings (Muslim and non-Muslims) in their economic behavior, institutions and policies related to economic life, even when such behavior or policies are not Shari'ah compatible.

**Definition Classification Based On The Distinguishing Characteristics Of Islamic Economics**

A second classification of the definitions of Islamic economics could be made based on the distinguishing characteristics of Islamic economics as conceived by scholars. If in the previous classification of Islamic economics’ definitions, scholars attempted to clarify the nature, scope and boundaries of the discipline (clarification within the discipline itself) here the attempt is made to distinguish Islamic economics from the mainstream economics discipline.
Islamic economists in this regard attempt to explicate its differentia that would distinguish the nature, scope and object of study of Islamic economics from conventional economics discipline. The differentiation is made in three ways; the objective, the approach and the scope of study.

**Differentia I: The Aim of Study**

Unlike the definition of economics (such as Marshall’s and Robbins’ definitions) that considers the goals of economics as a subjective enterprise and hence there is no explicit economic goal in the definitions, Islamic economics explicitly asserts its goals of study in the definition. Economics as a science is concerned with means and consider ends as given.

Economics, for Robbins (1935, p. 148), studies human behavior in making choices in the presence of scarcity, in a value-free sphere where ends are given (namely to satisfy human wants by maximizing an individual's utility or a firm’s profit). This is because to him “it does not seem logically possible to associate the two studies [economics and ethics] in any form but mere juxtaposition”. Therefore, economics as a science is focused on studying means, investigating the apparent problems, finding means and solutions to solve them in order to realize the given goal (i.e., utility maximization). Economics as a science will avoid outlining ends, as objectives are personal or a subjective matter.

Islamic economics, in contrast, seems to be a ‘purposive’ science or a ‘goal-oriented’ discipline, in the sense that it is consciously designed to achieve certain goals (values or principles). In the words of Chapra (1996, p. 35), Islamic economics looks at economic problems from the point of view of goal realization whereby it studies all the factors that affect the realization of goals through their impact on the allocation and distribution of resources along with the values and institutions (social, economic and political) that influence human behavior.

The behaviour of economic agent in this perspective should be looked at in a more holistic spectrum of self-interested behavior and ideal or altruistic manner. Their actual behavior will generally fluctuate between the two extremes. Islamic economics will then analyse the situation and propose appropriate strategies and solutions in a way that enables human beings, individually and collectively, achieve the goals in their lives.

In this regard, Islamic economics studies means in relation to ends. The calculation of means will consider values, principles, morals and objectives as defined by Islam. In other words, it is not as simple as in rational maximizing criteria, in
which the economic man is indifferent to social and moral relationships. In Islamic economics, considerations are made based on Islamic objectives in economics with individual, social and moral concerns, the hierarchy of spiritual, psychological and physical needs, and values of good and bad. Economic activities are not divorced from other aspects of life, and serve other ‘large’ purposes, such as responsibility to the ummah and seeking pleasure of Allah. Theorization in Islamic economics is developed based on the spirit of achieving those objectives. It is for this reason we see an explicit assertion of the objectives in the definitions of Islamic economics, such as to fulfil the needs of human beings (Hasanuzzaman, 1984; Ghanim, 1991; Yousri, 2002), to help in realizing wellbeing as in the maqāsid framework (Chapra, 2000), and to achieve falāh (Akram Khan, 1984; Arif, 1985; Hasan, 1998).

Differentia II: The Approach of Study

Islamic economists also attempt to differentiate Islamic economics from conventional economics in its approach of study. Islamic economists in this regard argue that the study of Islamic economics should be conducted “from an Islamic perspective” (Ahmad, 1992), “in the light of an integrated Islamic value system” (Choudhury, 1986), “in the light of exploitation-free Islamic principles” (Anjum, 1996), “imbued with the values of Islam” (Mannan, 1986), “within the framework of Shari‘ah and its tenets” (Yousri, 2002), “based on the values, norms, laws and institutions found in, and derived from, the sources of knowledge in Islam” (Haneef, 1997), “in a more human-oriented and society-oriented economics” (Cantori, 1994), and in a “holistic Islamic framework” (Hasan, 1998). In other words, as an economics that is based on Islamic principles, the subject-matter will be studied in the light of Islamic injunctions utilizing methodology based on legitimate sources of knowledge in Islamic epistemology.

Economic knowledge in Islam is derived from the revealed knowledge of the Qur’an and Sunnah, intellectual-reasoning and from factual-historical experience. Economic theory in Islam will integrate Islamic principles (doctrine, normative ideals) as well as facts (empirical evidence). The reliability of theory will also be examined based on those sources. A theory is considered as sound if it is in line with Islamic normative principles, is logically valid, and empirically proven. In this approach, a theory is sound if all these aspects are integrated into one or if they are reflected in a unity (tawhid).2

---

2 For further discussion on the criteria of theory appraisal in Islamic economics please see Hafas Furqani and Mohamed Aslam Haneef, (2012),”Theory appraisal in Islamic economic methodology: purposes and criteria”, Humanomics, Vol. 28 No. 4 pp. 270 – 284.
Differentia III: The Scope of Study

Economics, prior to Robbins’ proposal of being a science of scarcity or science of choice, was initially perceived by Adam Smith as a science of wealth and by Marshall as a science of material welfare. Economics as a science of wealth discusses wealth (instead of man) and the causes of wealth in general. Marshall then enlarged the scope of study by emphasizing the human being himself- since it is for his sake and for the sake of his welfare- that wealth is studied. The focus of study then was human welfare. He, however, limited the boundaries not to welfare in general, but material welfare which is more concrete, tangible and is made definite by the yardstick of money. Wealth is a very convenient measure of human motives that underlies all economic activity. Wealth represents the material means of satisfying human wants and consequently of promoting human welfare. Economics, in the sense that it studies wealth, can be regarded as studying the causes of material welfare (Dewett & Varma, 1990, p. 2).

Robbins (1932) later on criticized this conception and suggested economics to be a science of scarcity or a science of choice. In this framework, the Marshallian classification of economic phenomena into material and non-material is rejected since non-material services also contribute to economic welfare. In addition, the term welfare itself not only varies from time to time, person to person or from place to place, it also enables us to pass a judgment in assessing welfare, i.e. what it is, what is conducive to welfare and what is not.

This invitation to value according to Robbins will reduce the scientific status of economics. Therefore, he proposes economics as a science that studies “human behavior as a relationship between ends and scarce means which have alternative uses.” This new conception, he argues, does not only broaden the scope of economics by capturing all the previous notions of economics; but also has the virtue of demarcating economics from ‘non-science’ elements. As a science of scarcity, economics deals with all economic activities of man, whether they are concerned with material or non-material welfare so long as it involves making choices in utilization of scarce means, having alternative uses, for meeting multiple ends. Any problem marked by scarcity of means and multiplicity of wants, according to Robbins, becomes- ipso facto- an economic problem.

Economics, however, according to Robbins is neutral towards ends. Its function as a science is to ‘explore and explain’ and not to ‘advocate and condemn’ which is left at the personal level. Ends should be taken as given and economics should
only confine itself to finding out ways and means to achieve them (Dewett & Varma, 1990, p. 5). In the words of Robbins (1945, p. 24):

“the economist is not concerned with ends and as such he is concerned with the way in which the attainment of ends is limited. The ends may be noble or they may be base. They may be material or immaterial, if ends can be so described. But if the attainment of one set of ends involves the sacrifice of others, then it has an economic aspect”.

Islamic economists also have attempted to define the scope of their discipline, as implied in the definitions that we have investigated. There are at least three ways in which scholars attempted to do this. The first is by maintaining the basic condition of ‘scarce-means’ and ‘ends’ ala Robbins as the object of study, but now the mechanisms and solutions to solve the problems are to be derived from Islamic perspectives. Ethics and values come into the picture whereby the choices and decision making processes in Islamic economics are guided by Islamic teachings which show the good values over bad values. In other words, Islamic economics is different by not following the separation of means and ends ala Robbins in studying economic problems. But, Islamic economics as argued by Laliwala (1989, p. 130) “insists on the acceptance of Islamic goals”. Therefore, the scope of study is enlarged as now the ethical, social and spiritual considerations are taken into account. Mannan (1986, pp. 7-8) in this regard says that the scope of Islamic economics seems to become the administration of scarce resources in human society in the light ethical conception of Islam.

The second group attempts to be more specific by limiting the scope of study to the study of Islamic man’s behaviour in making choices and decisions (Arif, 1985a; Metwally, 1993; and Naqvi, 1994). Islamic man is guided by Islamic ethics in his behaviour and choices in utilizing scarce resources and fulfilling multiple ends. Islamic ethics- which is an endogenous variable in Islamic man’s calculation- will distinguish Islamic economics analysis, and hence plays a role in developing Islamic economics as a science.

The third group defines the scope of Islamic economics as the objectives that it intends to realize. Islamic economics according to this group is a falâh study or a maqāsidic study that attempts to realize the comprehensive aspects of human well-being as implied in the maqāsid in order for human beings to have a high quality of life and happiness in both worlds i.e. here and hereafter, i.e falâh (Khan, 1984; Chapra, 2000).

All the three groups attempt to distinguish the scope of Islamic economics and
at the same time broaden the scope of economics study in Islam. While they might have differences in determining what aspects may differentiate Islamic economics study from its conventional counterpart, they share similar views in offering a comprehensive perspective of Islamic economics study to include the recognition that the non-material, psychological, mental, spiritual, moral, social and intellectual aspects of mankind do impact the material dimensions of life and human wellbeing in total.

**Conclusion**

The definition of Islamic economics seeks to clarify the object of study, discuss its subject matter, indicate the boundaries of its reach and inform readers about its underlying norms and aspirations as well as the objectives it intends to serve.

The definitions of Islamic economics can be classified into two broad classifications based on the clarifications they make about the subject-matter of the discipline and based on the differentiation that distinguishes Islamic economics from conventional economics.

The differences in the object of study proposed by Islamic economists reflect a stark fact that the basic ‘consensus’ necessary for an agreed definition itself-upon which an analytical framework is to be built- is yet to emerge. While this is normal for a new emerging discipline (whereby the consensus come in stages), efforts should be put in either by scrutinizing respective definitions (i.e, its object of study), solidifying the framework of study on which Islamic economics is developed and by attempting to converge those definitions (i.e., by merging the subject matter and developing a framework of study thereon) so that a more coherent body of knowledge can be established and the discipline may develop.
References


Dewett, K.K., & Varma, J.D. (1990) Refresher course in economic theory (18th edn.). New Delhi: S. Chand & Company Ltd.


and K. R. Awan (Eds.), *Lectures on Islamic economics* (pp. 19-31). Jeddah: IRTI – IDB.


