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Abstract

**Purpose** – The purpose of this paper is to attempt to investigate the conceptual foundations of methodological inquiry in Islamic economics. The paper aims to develop criteria of acceptance and rejection of a theory and providing rationalizations and guidelines in the process of theory appraisal and evaluation.

**Design/methodology/approach** – The literature on Islamic economics especially in the area of methodology of Islamic economics, both in English and Arabic, is reviewed critically and used in the attempt of constructing the criteria of theory appraisal in Islamic economics.

**Findings** – The paper explicates two criteria of theory appraisal in Islamic economics, namely the internal-integrity (doctrinal integrity, logical integrity and factual integrity) and relational-unity (of doctrine and practical realities, ideals/goals and factual experiences, values and facts, normative and positive dimensions, a priori and a posteriori).

**Research limitations/implications** – The paper is based on conceptual explorations of literature in the area of methodology of Islamic economics. This is a conceptual paper, so it did not employ any empirical analysis.

**Practical implications** – The findings of this paper will give insights of the criteria to distinguish truth over false notions in theories, between valid theories and invalid ones as well as the acceptance or rejection of theory in Islamic economics theory appraisal. With those criteria of theory, a unified discipline of Islamic economics, which is based on doctrinal, logical on testable foundations in a real typical Muslim society can be produced.

**Originality/value** – The paper proposes criteria and purpose of theory appraisal in Islamic economics which is lacking in the discussion of methodology of Islamic economics literature. Those criteria and purpose in theory appraisal and evaluation in a methodological unity of Islamic economics suggest a new approach in dealing with revelation, intellectual reasoning and facts observation in order to produce a coherent Islamic economic theory.

**Keywords** Methodology of Islamic economics, *Tawhidic* methodology, Theory appraisal, Theory evaluation, Criteria, Framework, Islam, Economics

**Paper type** Conceptual paper

1. Introduction

Methodology of economics has been the subject of interest among economists in the midst of crisis of mainstream of neoclassical economics. The discussions in the literature not only attempt to criticize the dominant methodological positivism in economics, but also attempt to evaluate the whole dimension of discipline. Many alternatives have
been proposed to answer the shortcomings of present methodology in order to offer a better economics discipline.

While the debate is very dynamic in conventional economics, the same cannot be said in Islamic economics. There seems to be a kind of consensus that in developing Islamic economics we can use whatever methodology of economics available in the market. The development of Islamic economics in this perspective will not start from scratch; instead it will utilize the relatively more advance development in economics (theories and methodologies) and attempt to make them compatible with Islamic frameworks/principles. Besides, there might be some common ground where (some) conventional theories might be accepted as long as they are not in conflict with the logical structure of the Islamic worldview (Chapra, 1996), they are not against the explicit or implicit injunctions of Islam (Mannan, 1984, p. 17), or they do not contradict with the principles of Islamic teachings, and should be evaluated within an Islamic framework and using Islamic criteria (Haneef, 1997).

Although the pragmatic concern is normal in the early stages of discipline development, for the long term development of the discipline, this is not appropriate. Some critics have stated that Islamic economics depends too much on neo-classical economics “without questioning either the value-orientation of neoclassicalism or the possibility of treating Islamic values in such otherwise value-free models of economic behavior, pricing and allocation” (Choudhury, 1999, p. 1) and hence as criticized by Alatas (2006) Islamic economics is an empirical theory with “neo-classical guise” that:

[...] merely substituted Islamic terms for neo-classical ones, retaining the latter’s assumptions, procedures and modes of analysis. As such, it has failed to engage in the analysis and critique of a highly unequal world economic order in which the gaps are ever widening.

The main objective of methodological query is to develop criteria of acceptance and rejection of a theory and providing rationalizations and guidelines in the process of theory appraisal and evaluation. This is in line with Machlup’s (1978, p. 55) argument that:

[...] methodology provides arguments and rationalizations which support various preferences entertained by the scientific community for certain rules of intellectual procedure, including those for forming concepts, building models, formulating hypotheses, and testing theories.

The preferences here refer to criteria put by economists in determining the assumptions, arriving to the conclusion, and in preferring one theory over another in theory appraisal. These criteria are also used to distinguish “true” over “false” notions in theories, between “valid” theories and “invalid” ones as well as the “acceptance” or “rejection” of that theory. This paper attempts to discuss methodology of Islamic economics by investigating the purpose of theory appraisal in Islamic economics as well as the criteria of a good theory in Islamic economics.

2. The purpose of theory appraisal in Islamic economics

Methodology of Islamic economics is developed in accordance with:

• the needs and requirements of the subject-matter (object of study) of discipline; and
• the provisional sources of knowledge to solve that subject-matter (discipline’s body of problem).
In the former, methodology of Islamic economics will cater for both dimensions of economics problems, i.e. in the “practical-paradigm” of what is experienced by man, and in the “ideals/conceptual-paradigm” of why and for what purpose those problems are to be solved, reflecting the interaction of positive and normative aspects in appraising theories. In the latter, Islamic economic methodology attempts to appraise theories from Islamic legitimate sources of knowledge, namely divine revelation (wahy), intellectual reasoning (’aql), and facts observation of universe (āfaq) and human self/behavior (anfus)[1].

In this light, the economic theory appraised from those multiple sources of economic knowledge does three tasks: links the doctrine and practical reality, explains realities and their relationship in a holistic way, and helps in goal realization.

2.1 Economic theory that links the doctrine and practical realities

Islamic economics as a science will link the doctrine and practical reality. Theory produced is not merely a reflection of doctrine but also has a root in practical realities. Islamic economics as a science will involve both doctrine and realities in its theory appraisal. Its business is to interlink the doctrine and realities and evaluate their relationship. As a science, Islamic economics is basically a “means” to achieve the goals promised by doctrine, as well as a “tool” to analyze the practices in the light of doctrine (Abu-Saud, 1995, p. 265). In the words of Al-Faruqi (1981, p. 17), Islamic economic methodology:

[...] would endeavor to expose the immanent divine pattern in human affairs, to underline that part of it which is in actu, and that part of it which is in potential; to expose the facts realizing or impeding the completion of the process of embodiment, to focus the light of understanding upon the relations of that process to all other processes of ummatic life.

Islamic economic methodology attempts to formulate theory according to the principles and ethos of the Qur’an as well as the practical-realities or historical data of human real-life experience. At the doctrinal and practical domain, it will interpret the ideals and practical-realities and translate them into a set of theoretical propositions, assumptions as well as hypotheses. It will also evaluate the reliability of those theoretical propositions, assumptions and hypothesis in practice by providing empirical evidence and then analyze them to be the feedback for further refinement and development of a theory in Islamic economics. The interaction is a continuous process with the main purpose to formulate a general theory for a system of Islamic economics that is theoretically and empirically sound. With this task and purpose of methodology of Islamic economics, Chapra (2000, p. 137) opines that Islamic economic theory should be both “ideational” and “factual” in content. A theory should be able to absorb the message of doctrine and portray the factual reality at once, something which is missing in conventional neoclassical economic theory that has swayed too much to empiricism.

Nevertheless, how far Islamic ideals can be translated into practices will depend on:

- the consciousness of the agent in concern, Islamic man, individually and collectively, or
- the practicability of that doctrine. Any gap between ideals and realities will be the object of study in Islamic economic methodology that would also propose recommendations to close the gaps, thus contributing to further theoretical progress of Islamic economics.
2.2 Economic theory that provides a holistic explanation of phenomena

An economic theory produced in Islamic economics cannot be reductionist in nature (reducing all entities to the level of the individual) and should not try to isolate and detach one entity from the “whole”. This is because methodological individualism/reductionism represents only partial knowledge and compartmentalization of realities. Methodology of Islamic economics on the other hand aims at explaining the realities as a whole recognizes all entities in their proper place, relating and integrating them in an orderly and meaningful way.

Theory produced in Islamic economics should also be able to see the relationship of realities or phenomena in a broader perspective. The measurement and quantification request should not prevent us from seeing the non-measured/quantified realities/experiences. This is in contrast to modern neoclassical economics that has been shaped by positivism to reject the unobservable phenomena and unquantifiable realities/experiences which, according to Lawson (2003, pp. 15-17) makes its assumptions/theories unrealistic in nature and could be applied only in a closed system (especially in mathematical modeling) instead of in an open system[2]. The methodological challenge of Islamic economics in theory appraisal would be in putting the proper ontological perspective of human nature/existence by committing to the role of ethics, spirituality and human intentional agency in economic activity.

2.3 Economic theory that helps in goal realization

Another objective in Islamic economic theory appraisal is to produce economic theory that could assist in goal realization. Islamic economics is a goal-oriented discipline. It is a science developed to solve the practical problems of life in a total manner. In Islamic economics the purpose of analyzing the facts is not for the sake of explaining the apparent realities but also with the purpose of putting them in the proper place in accordance with the ideals/values/goals of Islam and to change the imperfect facts/realities, if found. In this endeavor, the maqasid or falah framework would help in providing a more meaningful framework to economic analysis. Empirical observation is also to be conducted to examine whether maqasid is applied in realities or vice versa.

With that purpose of economic theory, methodology of Islamic economics is not just to describe, analyze and predict, but also to prescribe, enlighten and also compare the actual results with the desired goals. It also aims to analyze the unity of doctrine/principles/values/goals and practical/factual realities, and putting forward reasons, if there exist a “gap between the two”, and to show how the gap may be removed. In this regard, Chapra (1996, p. 32) insightfully contends that as actual behavior may or may not be conducive to goal realization, methodology of Islamic economics could also indicate the “kind” of behavior, or the “kind” of Islamic values and institutions, that are needed for goal realization and scientifically analyze their impact on goal realization. Therefore, an explicit inclusion of ethical values into the economic calculus by accepting religion as the source of ethical values is not only valid but also necessary in Islamic economic theory appraisal. This objective of methodology will enable Islamic economists to explain, predict, and persuade more effectively, and to suggest more confidently the necessary measures to go from “what is” to “what ought to be”, from ideational to practical, from doctrine to practical realities, and vice versa (Chapra, 2000, p. 133).
3. The criteria for theory appraisal in Islamic economics

The second primary interest in methodological discourse, apart from theory appraisal, is to evaluate the reliability of the appraised theory. This methodological process aims at producing “good theory”; differentiating fit theory from the unfit one; and ensuring further progress in theoretical (nazariyyah) and practical (amaliyyah) aspects of the discipline.

A theory appraised from the sources of revelational interpretation, intellectual reasoning and factual observation has a space-time dimension. Its relevance is subject to certain conditions and situations. Theory, unlike doctrine, is dynamic and contestable, whereby one theory could be challenged by another theory and could also be modified or replaced by another superior theory.

Any theory appraised will be evaluated for its reliability and soundness. In this endeavor, Maki (2008, p. 546) observes that in order to make progress in investigating the issues of scientific evaluation, we need to have an understanding of what exactly is being evaluated, and what kind of performance/purpose it is tested for, apart from technical questions of “how” to evaluate. For this purpose, the criteria for a good or bad theory in Islamic economics are important. Those criteria should properly reflect and capture the values and norms of Islam and Islamic epistemology principles that are also consistent with the economic vision of Islam. Based on the previous discussion on purposes of theory appraisal in Islamic economics, we propose the criteria of “integrity” and “unity” as the main criteria to evaluate the fitness or otherwise of a theory in Islamic economics. These criteria will help us to distinguish between valid/sound theories and invalid ones from an Islamic point of view.

3.1 The criteria of internal-integrity

In accordance with the sources of knowledge from where economic theory is appraised; Divine revelation (wahy), intellectual reasoning (aql) and factual observation of nature (a¯faq) and man (anfus), a theory will be evaluated in three scientific tests: “doctrinal”, “logical” and “empirical”. Those sources of knowledge characterize the hypothesis and theories produced into doctrinal, logical and factual characteristics, respectively. In Islamic economic methodology, those three dimensions are interrelated and integrated in a theory. That integration (relationship) will be the basis of our evaluation of a theory.

The criterion of “integrity” is to examine the “internal fitness/soundness” of a theory, i.e. to see its soundness in terms of processes, methods, and rules of appraisal. In this regard, any theory appraised in Islamic economics will be juxtaposed by the “textual examination”, “logical/rational validation”, and “contextual” and “empirical investigation”. A reliable and sound theory is the one that can show doctrinal, logical and factual integrity (i.e. internally consistent with textual evidence, logically valid and empirically proven, respectively). In other words, unlike conventional scientific methodology, the validity of a theory in Islamic economics is not simply obtained by measuring it against empirical evidence; instead, it has to be put first to the test of doctrinal integrity (compliance) and logical validity.

In the “doctrinal integrity” test we examine the soundness of a theory in terms of:

- its “consistency” and “reliability” (“correctness”) in the process, methods and rules utilized in the Qur’anic insight derivation; and
- its “correspondence” and “confirmation” with the principles, framework and values of the Qur’an.
A sound theory is the one that strongly abides by proper methodology used in deriving insights from the Qur’an and the one that is strongly corresponding to Qur’anic principles and values.

In the “logical integrity” test we examine the “coherence” or “logical consistency” of a theory from the hypothesis to the conclusion. A sound theory is one that is “logically sound/valid” (i.e. not a fallacious statement and does not contradict with valid reasoning); the assumptions or statements in the theory do not “contradict” each other; and has “coherence” with a logical consistency in the full body of that theory from its premises, hypothesis and conclusion. In the “factual integrity” test we examine the “correspondence” of a theory to the factual reality. A sound theory is one that has “practical efficacy” and “relevance” to the phenomena and hence can “understand” and “explain” the phenomena or the relationship of the variables thoroughly.

3.2 The criteria of relational-unity
The unity criteria (i.e. the unity of doctrinal, logical and factual dimensions of a theory) come from the principle in Islamic epistemology that aims at realizing unity in doctrine and realities, ideals and facts. The manifestation of unity criteria in Islamic economic theory is in understanding and explaining practical-realities in a total perspective, and in uniting the doctrine and practical realities.

If in the “integrity criteria”, a sound theory must be sound in its doctrinal, logical and factual dimensions, respectively, in the “unity criteria” all the three doctrinal, logical and factual dimensions must exist and be integrated in a theory. If in the “integrity criteria” we are interested to see “internal fitness” of a theory in terms of its doctrinal integrity (i.e. its consistency and correctness in deriving insights from revelation, and its correspondence and confirmation to the principles, frameworks or values), logical integrity (i.e. its “coherence” or “logical consistency/no contradiction” from the hypothesis to the conclusion) and factual integrity (i.e. its “practical efficacy” and “correspondence” to the factual reality), in the “unity criteria” we are interested to see that “relationship” and “unity” of the doctrinal, logical, and factual dimensions in a theory. In other words, whether a theory is able to correspond to doctrine, logic and relevant phenomena in its explanation, and whether the three dimensions of Islamic economics, namely, the doctrinal, the theoretical, and the applied, intermingle and interact in theory and practice.

A good theory of Islamic economics will fulfill all those integrity criteria in the relational-aspects-unity of doctrinal, logical and factual. For example, a theory that is derived from revelation (doctrinal) must also be logically sound and rooted in empirical reality (i.e. can be applied and reliable). A theory that has no root in factual reality is meaningless or insufficient for grounding action. This is because:

- the system consists of general and universal rules, its application to particular cases requires further deliberation and specification, such empirical reality will provide necessary insight on applicability of theory in the practical realm; and

- the application of universal rules requires knowledge about existing conditions, only when theoretical conditions of an action correspond with its actual conditions does the application of the rule become possible and knowledge become probable (Safi, 1996, p. 171).
Likewise, a theory developed from facts observation would be useless without a confirmation or justification of the revelation or logically acceptable. This is because:

- some facts might be corrupt (false) if they deviate from the Islamic doctrine/principles/values or valid reasoning; and
- some facts are relative to the time and place that require further investigation and justification for their generalization.

In unity criteria, the dependence of empirical, logical and transcendental knowledge (reality) to each other is not one-sided. This is because; each dimension lacks something which can only be perfected if they are connected. Safi (1996, p. 174) called this interrelationship a “reciprocal dependency” whereby not only the empirical is dependent on the transcendental, but also the truth of the transcendental principles need to be empirically substantiated through their manifestations. This imperative contradicts the common practice in conventional economics which describes and interprets the fact merely as an autonomous phenomenon (as it is) in the empirical sense. The theory appraised is merely based on “objective-facts” and should be confirmed only by facts with the exclusion of subjective-ethical and ideological elements. Human knowledge in conventional economics is confined to the realm of empirical phenomena and the concept of truth is limited to “empirical truth”[3]. In this perspective, we would argue that methodological unity should be attempted. While dealing with revelation, intellectual reasoning and facts observation requires its own methodology, attempting to link and unite those methodologies in a methodological perspective is important to produce a coherent body of Islamic economic theory.

A theory that is not successful to show integrity and unity in all the three aspects is not a fit theory and could be replaced by another theory that could show integrity and unity in those three aspects. However, in line with Occam’s law if there are two theories that are considered to be equivalent on the ground of “internal-integrity” and “relational-unity”, as well as coherence and correspondence in those three aspects and therefore have equal explanatory power, then a theory that is concise and clearer is preferred[4].

3.2.1 Unity perspective in understanding realities. In Islamic ontology, while realities are viewed as varying from material, to spiritual and transcendental realities; from physical to metaphysical realities; from the sensible-observable to unobservable realities, they are also viewed in a unity perspective and are interconnected and interdependent to each other. In this perspective, there is no room for dichotomy, isolation and fragmentation or reduction and atomism of one to the other. In order to explain one thing we need to know its connections to all other things.

As the Islamic worldview holds the view of “multiplicity” and “unity” of Realities, Islamic economic methodology should not only recognize that multiplicity of realities, but should also be able to explain it in a broader and unity perspective that would provide a “comprehensive understanding” of the economic phenomena and a “complete picture” of the working economy.

A theory of Islamic economics therefore, should not only be able to explain the outer-observable phenomena that would only gain the outward appearance of the actual truth (and hence might be partial in approach and solution), but should also go deeper by not only revealing the “social reality” as suggested by Lawson (2003, p. 54) of the underlying and governing structures of social systems that consist of social relations,
rules, positions and institutions, but also by relating them to the transcendental reality by having a metaphysics or spiritual perspective. A theory that misses this unity perspective in understanding realities (such as reductionist, isolationist, or having a fragmented view) will not be accepted.

3.2.2 Unity of doctrine and practical realities. A theory in Islamic economics should also be able to unite the economic doctrines/principles/values/ideals and facts or factual experiences/empirical realities. A theory in this perspective is essentially the reflection of both doctrinal-ideals and practical-realities. Economic phenomena therefore are explained in terms of set of explanatory variables rooted in practical-realities as well as based on normative-ideals. This manifests itself in the unification of theories and intra-linkages of normative-positive dimension. A theory will unite the doctrinal and factual aspects of reality. Hence positive-normative distinctions to demarcate between the scientific and non-scientific aspects/dimensions as applied in conventional economics are not accepted.

This criterion comes from the Islamic epistemological principle that what might be apriori true should also be true aposteriori and vice versa. Practical-realities are essentially the accumulated experiences which are nothing more than the doctrine’s manifestation in the real-life. They are essentially the manifestation of internal human’s belief and consciousness. Doctrine in this regard is part of an individual’s and society’s “personality” and consciousness and would then transform and manifest it in the realm of practice. The transformation is taking place through:

- internalization Islamic values into one’s behavior; and
- transformation of Islamic ideals into institutions and economic practices.

Once the process of internalization and transformation takes place, an economic theory becomes an integral part of practice, and likewise, the practice (economic reality or fact) is nothing more than a manifestation of that doctrine (value) and hence unity criteria is fulfilled[5].

In this perspective, practical-realities (waqi‘ah) which occur based on the consciousness that emerge from Islamic doctrine/principles/values (haqq) are considered as valid (salim) reality which is a haqiqah and the reality which is against the Islamic doctrine/principles/values are considered as false realities (waqi‘ah fasidah)[6].

Nevertheless, the process is not as easy or smooth as thought. Some divergences and discrepancies occur. While the unification of doctrine and reality, normative and positive, ideals and practices, are preferred, some challenges and gaps could be seen. Generally speaking, at both doctrinal and empirical levels we could say that Islamic economics has yet to reach a satisfactory level of unity. At present, there is still a gap between theoretical ideals and practical realities. In Islamic economics literature, we see a compromise has been made in theoretical formulation by retaining conventional neo-classical assumptions, procedures and modes of analysis and apply them in the case of Islamic society. While we agree that not all conventional theories should be rejected, this should be treated in the short-run while attempting to appraise Islamic economic theory in a way that properly captures the Islamic ideals and Islamic practical-realities/cases simultaneously.
3.3 Tawhidian methodology (methodological unity)
A methodology that attempts to unify the objects of study, economic realities, doctrine and practical experiences, ideals and facts, normative and positive aspects and that fulfill the integrity and unity criteria in Islamic economics theory is called tawhidian methodology or methodological unity. This unity will mark the highest objective of Islamic economic methodology as the notion of scientific truth is defined in the unity framework that covers doctrinal, rational and empirical dimensions. This unity also marks the soundness of Islamic economic theory hence could avoid what Naqvi (1994, p. 20) terms as the “apologetic structure” of Islamic economics that puts it as a mere logical possibility rather than an actuality. Islamic economists in the tawhidian methodology must show that the system they put forward can be implemented and can better tackle specific economic issues[7].

Methodological unity, in our inquiry into the world, attempts to observe and theorize (appraise) propositions, hypothesis, assumptions and theories while rooted in Islamic doctrine. It must also be consistently “logical” and “empirical”. This would imply that there will be multiple methods of scientific enquiry in Islamic economics in accordance with the sources of knowledge. In methodological unity, those methods are not only recognized, but should interact and be integrated. The objective is to attain “theoretical integrity” and “unity” to arrive at a holistic understanding and coherent interpretation of reality and reach the truth. The knowledge from revelation, intellectual reasoning and facts observation will be unified in Islamic economic theory appraisal and empirical practices. We thus have a combination of the textual, rationalistic and empiricist orders in tawhidian methodology and an integration of normative/ideals/goals and positive/practices/directions perspective as well[8]. Therefore, in a tawhidian methodology, isolation, the dichotomy or conflict between scientific propositions and religious claims, between the ideational and practical/objective realms become obsolete. Instead, we will see the integration between the domain of rational and empirical reality and the Divine normative frameworks; and the integration among the moral, rationalistic and empirical aspects of epistemological inquiry (Choudhury, 1995, p. 20)[9].

In this endeavor, Islamic economics could also benefit from the development of methodology of social sciences especially in dealing with facts or empirical testing, although our treatment of empirical results differs from western scholarship. Based on the integrity and unity criteria, our attempt to interpret and evaluate facts is not aimed at establishing truth merely on those empirical facts without any reference to the revelation principles or logical analysis. Therefore, in methodological unity, we attempt to interact and integrate the western methodology and Islamic methodological legacy in understanding economic phenomena and coming up with a coherent body of theory in an Islamic perspective.

At the end, Islamic economic methodology aims at reaching the unification of multiple truths; doctrinal truth, logical truth and empirical truth. An Islamic economic theory would satisfy doctrinal consistency, intellectual rationality as well as pragmatic utility. Tawhid sets the framework of ethics and values as well as direction and goals which will ensure that multiplicity of methods are integrated. The tawhidian truth (al-haqq) is multidimensional, too complex and interwoven and cannot be reduced into “rational” truth or “empirical” truth. Truth for the Greek philosophers is understood more in terms of rational justification, rather than correspondence to an external reality. On the contrary, modern scientific method defines truth in terms of its correspondence
to external reality that require empirical and experimental test (Shah, 2006, p. 99). Truth in Islamic scientific tradition is also defined in the “ethical” criteria of good and bad, right and wrong and also in “spiritual” framework of its correspondence with Islamic doctrine and could assist human beings in spiritual transformation of self actualization.

With those methodological purposes and criteria in mind, we then consider a theory that satisfies the “internal-integrity” and “relational-unity” criteria as a good theory. The proven theory becomes a scientific discovery and as such, is added to the accumulated body of knowledge in Islamic economics. If we find new ideas or identify new problems, and the existing theory is not able to provide a proper answer, modification to that theory is needed. If theory cannot be modified to absorb the new ideas/problems, hence we should reinterpret the revelation insights, empirical facts and intellectual conclusions from where new insights, assumptions and hypothesis could be gained. The process would contribute to knowledge accumulation, and if this is systematized properly it will develop into an organized body of knowledge.

Finally, Islamic economic methodology will play a role to fulfill those criteria in Islamic economic theory appraisal and evaluation. It will continuously examine a theory in its doctrinal, logical and factual aspects and study their interrelationship and suggest theoretical modification for further improvement[10]. The application of the internal-integrity and relational-unity criteria in the process of theory appraisal in Islamic economic methodology could be seen in the following chart (Figure 1).

4. Conclusion

We have discussed two main pillars of methodological inquiry namely, how to “appraise” theories and how to “evaluate” the reliability of those theories in Islamic economics. The main objective of methodological inquiry is to develop criteria of acceptance or rejection of a theory as well as providing rationalizations and guidelines in the process of theory appraisal and evaluation. These criteria are also used to distinguish “true” over “false” notions in theories, between “valid” theories and “invalid” ones as well as the “acceptance” or “rejection” of that theory. Those criteria are related to the source of knowledge from which theories are appraised, namely divine revelation (wahy), intellectual reasoning (’aql), facts observation of universe (āfaq) and human behavior (anfus).

In theory appraisal, we discussed three purposes of Islamic economic methodology, namely:

1. To produce economic theory that could link doctrine and practical reality, ideals and realities, doctrine and factual experience, values and facts. A theory that dichotomizes them in its body (assumptions, hypothesis and conclusion) is not accepted as an Islamic economic theory.

2. To produce an economic theory that could explain economic phenomena and human actions and behavior in making choices/decisions in a comprehensive and integrated manner. A theory with a partial understanding of realities is not accepted as an Islamic economic theory.

3. To produce an economic theory that could help in goal realization. Islamic economic theory is goal and value-oriented, designed to realize the Islamic economic objectives and to the optimization of human well-being in all dimensions, moral, material, social, and spiritual.
Figure 1.
Islamic economic theory appraisal and evaluation in a methodological unity
Based on the nature and subject-matter of Islamic economics, the legitimate sources of knowledge and those purposes in Islamic economic theory appraisal, we proposed the criteria of "integrity" and "unity" as the main criteria to evaluate the fitness of a theory of Islamic economics.

A theory appraised in Islamic economics is evaluated by its internal-integrity of the doctrinal, logical and factual dimensions. A good theory:

• must be based on the Islamic doctrine/principles/values;
• must be capable of rational economic analysis in the sense that they must be consistent with economic assumptions and behavior, normative and positive, at the micro and macro levels; and
• must be also capable of translating itself into practical applications with the help of suitable Islamic policy instruments.

The validity of economic theory appraised in Islamic economics is evaluated by its:

• unity of doctrinal, logical and factual dimensions;
• unity of understanding and explaining realities; transcendental, logical and empirical realms; and
• unity of doctrine and practical realities, ideals/goals and factual experiences, values and facts, normative and positive dimensions, apriori and aposteriori.

Methodological unity (tawhidic methodology) is an Islamic economic methodology that would fulfill the integrity and unity criteria in Islamic economic theory and attempts to unify the object of study; the realities, doctrine and practical experiences, ideals and facts, normative and positive aspects. In this process, a continuous construction of new concepts and of new ways of classifying and describing phenomena is crucial for the production and accumulation of theories and later on accumulation of knowledge for discipline progress.

Notes
1. Both nature (world and universe) and human (self and behavior, as individual and society) can be a source of knowledge in Islamic economics. The Qur’an says “We will soon show them Our signs (ayat) in the universe (a†aq) and in themselves (anfus) so that it becomes clear to them that this [revelation] is indeed the truth (ha-mim: 53)” and “in the earth there are signs (ayat) for those who seek certitude (al-muqinin), as also within your own selves (anfus). Will you not then see? (Qur’an, Adh-dhariyat: 20).

2. This is because those theories are developed in an atomistic ontology by viewing individuals as part of an assumed-to-be isolated and self-contained set or system, instead of considering social reality as intrinsically dynamic and that all phenomena’s existence would depend on transformative human agency and are internally related or organic whereby once cannot exist without the other (a closure of concomitance) (Lawson, 1994, p. 262, 2003, pp. 15-17).

3. Hence, it is not surprising, when numerous empirical evidences found that the behaviour of human being tends to be pursuing self interest by maximizing his own utility, the conventional economics then construct theory of self-interest motive and utility maximization which supports this evidence irrespective of what the ultimate nature of human behaviour should be.
4. We should however note that this concise and clear criterion is for the purpose of convenience without sacrificing its comprehensive nature for the sake of “simplicity” as in reductionist principle.

5. The place of this unity according to Izutsu (1994, p. 15) is rooted in human consciousness himself whereby “the correlation between the metaphysical and the epistemological means in this context the relation of ultimate identity between what is established as the objective structure of reality and what is usually thought to take place subjectively in human consciousness. There should be no distance between the subject and object”. It is man who will apply the doctrine into practice and shape practice according to the doctrine.

6. If we could recall back, one of Al-Sadr’s (1983) arguments for not developing a science of Islamic economics is because at present the Muslim society is practicing false reality since no Islamic economic system has been established. Establishing a science of economics on the basis of false reality would produce a false science of Islamic economics.

7. This would also answer critics by Kuran (1995) who alleges that many Islamic economists hold highly unrealistic expectations concerning the potential effectiveness of norms in a complex economy.

8. On the multiple methods in the past Islamic intellectual tradition and the spirit of methodological unity, Bakar (1991) interestingly observes: “Mantiq (logic) was used extensively from the 11th century but did not lead to kind of secular rationalism experienced in the west during the enlightenment and renaissance. Similarly, the empirical studies employed by Muslim scholars did not lead to the kind of empiricism in the west beginning with Roger Bacon. This was because reason always linked to revelation and sense perception was never made the source and verification of all knowledge”.

9. Based on that perspective Nasr (1967, pp. 22-3) differentiates a tawhidic methodology with methodological reductionism as follows: the Muslim science breathed in a Universe in which God was everywhere. They were based upon certainty and searched after the principle of unity in things which is reached through synthesis and integration. The modern sciences, on the contrary, live in a world in which God is nowhere or, even if there, He is ignored as far as the sciences are concerned. They are based on doubt. Having once turned their back on the unifying principles of things, they seek to analyze and divide the contents of Nature to an ever greater degree, moving towards multicity and away from unity.

10. Anwar (1990, p. 39) in this regard insightfully comments “knowledge in Islamic economics must increase continuously through improvement in the existing theories, economic life of people, realities and evidence”.

References


Further reading


About the authors

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