

**METHODOLOGY OF ISLAMIC ECONOMICS: AN ANALYSIS COMPARISON**

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**Abstrak. Methodology of Islamic Economics: an Analysis Comparison.** The methodology of Economics discussed by the economists covers the topics of positive vs normative, inductive vs deductive, incorporation vs exclusion of values, perscription vs description, apriorism vs empiricism, etc. This article discusses in broad term the methodology of Islamic Economics and to show its differences from the methodology of conventional economics. It also discusses some of the methodological issues relating to Islamic economics such as Islamic economics as a positive and normative sciences and differences between Islamic economics and fiqh muamalah.  
**Keywords:** Methodology, Islamic Economy, Comparison.
Introduction

This article discusses the concept and methodology of Islamic economics and shows its difference with conventional economic methodology. Some major contemporary issues related to the methodology of Islamic economics will also be discussed in this paper.

Requirements to the Methodology of Islamic Economics

Methodology of a main subject is to investigate the truth of concepts theories and principles of the subject. In conventional economic learning there are many different opinions regarding the methodology. Members of the conventional economics of classical times until today discussed the question of methodology accounts for the positive economic issues vs. Economic normative inductive vs. Deductive method the concept of value and ethics in the economy and others.

The question that arises is why the methodology of which is the need to learn discipline. The answer given is the methodology required by the study of all disciplines to reach the truth of the theories contained in these disciplines. In the economic field just needed to find the truth about all matters concerning the economic theories presented by a person concerned compared with other theories. According to Islamic economic perspective the human tendency to seek the truth was described by the Qur’an. The Qur’an also encourages people to leave things ambiguous and stick to the truth and reassure.
**The Purpose of Islamic Economics Methodology**

Although there are vast differences between conventional economic experts with regard to methodological issues, but they basically agree on three key issues such as the following:⁵

1) Humans since the beginning of its birth selfish and act rationally
2) The primary purpose of human life is progress and the increase in materialism and
3) Every human being has a tendency to maximize the use of material and have sufficient knowledge to make informed decisions.

Three things above in the methodology of conventional economics is rejected by Islam. This is because Islam has a different view of the three cases above. First, is not a human right since the inception of selfish sendri. Based on the fact and empirical evidence throughout the history of human civilization, they are seen to act upon the altruistic spirit that is prioritizing pleasure to others and not selfish. Altruistic nature is something that should not be separated from human life and Islam teaches his people to be willing to sacrifice for others. Among the properties that exist in Islam cultivates these properties is the nature of grants, charity, gifts and etc.⁶ Al-Qur’an praises the Muslims because they prefer others above themselves even if they are in trouble.⁷

The attitude taken out or feel concern for others is the superior value and in the Muslim community.⁸ Various institutions that exist within the Muslim community as an institution of waqf takaful charitable funds and treasury objectives conduct charitable to others. In the non-Muslim community charity events are also part of their lives. For instance in the United States in 1986 there were 22000 establishments engaged in charitable activities.⁹ This proves the assumption that humans in conventional economic thought was selfish can not be verified in real life.

Second: Matter is not the main goal in the Muslim community.¹⁰ Though materialism and wealth is something that is important in human life but Islam encourages its followers to al-Falah achievement of a prosperous life and parts and get the pleasure of Allah in this world and the hereafter. Blessings enjoyed by
Muslims whether in the form of material or spiritual. On the other hand Islam has never taught a favor and leave the world’s wealth is solely pursuing eternal life hereafter. Taught to every Muslim is a balanced life between this world and the hereafter. Wealth and material obtained as a result of a lawful business and become a bridge to every Muslim to worship God community family and yourself. In other words wealth is a means to an al-Falah in this life and the hereafter. Thus, wealth mention that matter is the ultimate goal of human life is something alien within the framework of Islam.

Third: The assumption that the next man who mentions have enough knowledge about something is contrary to Islam. Al-Qur’an considers men do not have a perfect knowledge of things in life. Only God has perfect knowledge of everything. Therefore in this world of human need divine instructions and guidelines as contained in the Qur’an and the sayings of Prophet Muhammad.

Islamic Economic Methodology

The main principle of the methodology is to help achieve the truth. The main principle of Islamic economics is composed of principles derived from the Quran and al-Hadith of the Prophet Muhammad sourced divine guidance. Therefore in Islamic economics the question of truth or falsehood economic fundamentals did not arise as it was sourced to both a source. Only when there is an economic problem in the sources of Sharia al-Qur’an hadith ijma ‘and qiyas then people use common sense to find a solution to economic problems but do not deviate from the principles of Islam. In this situation then the question of methodology appear in the study of Islamic economics. For instance there are many verses of the Koran which outlines the principles and expectations with respect to economic phenomena. Among the verses of the Qur’an are as follows. Allah says which means:

a) “Allah will deprive usury of all blessing, but will give increase for deeds of charity: for He loveth not creatures ungrateful and wicked.”

b) “if only They had stood fast by the Law, the Gospel, and all the Revelation that was sent to them from their Lord, They would have enjoyed happiness from
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every side. there is from among them a party on the right course: but many of them follow a course that is evil.”

c) “but when They forgot the warning They had received, we opened to them the gates of all (good) things, until, in the midst of their enjoyment of Our gifts, on a sudden, we called them to account, when Lo! They were plunged In despair!”

d) "(And to preach thus), 'Seek ye the forgiveness of your Lord, and turn to Him In repentance; that He may grant you enjoyment, good (and true), for a term appointed, and bestow His abounding Grace on all who abound In merit! but if ye turn away, then I fear for you the penalty of a great Day:"

e) "But whosoever turns away from My Message, Verily for Him is a life narrowed down, and we shall raise Him up blind on the Day of Judgment."

f) “and Remember! your Lord caused to be declared (publicly): "If ye are grateful, I will add more (favours) unto you; but if ye Show ingratitude, truly My punishment is terrible indeed."

The verses above for example explain the principles of the general economy and make specific predictions. These predictions do not need to explain because it is the revelation of God. At the same time economic theories proposed by humans can be verifiable by the verses in question and if the theories are contrary to the Qur’an or the hadith then it is rejected altogether.

The scope of Islamic economic studies include the study of Islamic values are sublime analyze real phenomena of economic life and find a way to change the conventional economic system practiced by Muslims to the Islamic economic system. Therefore sense of human thought to play an important role to review the theories which do not conflict with Sharia-compliant sources. Reviews can be in the form of rational and empirical as a theory must meet two criteria above. A theory must be correct from the point of rational and correct from the point of empirical evidence.

The question of the use of the method of inductive and deductive methods in the methodology of Islamic economics is also a heated discussion between members of Islamic economics. In this they concluded that both methods are relevant in the study of Islamic economics. Inductive method refers to a way of analyzing data using a
pattern of thinking that look for evidence of things that are special to get to the proposition of a general nature. While the deductive method refers to a way of analyzing data using a pattern of thinking that seeks to prove with arguments based on the public to things that are special.

Before the advent of Islam, the ancient world has resulted in a system of philosophy which is based on abstract speculation. Instead Qur'an invites people to see and look to the environment moon, stars, sun, night, day, rain, season, color and so on. This method creates semantic search for truth that leads to the use of inductive method in research. Al-Qur'an Letting the story of Prophet Abraham asking the empirical evidence after death. Recognition of the Almighty God by the Prophet Ibrahim Gov is through empirical methods.

"Behold! Abraham said: "My Lord! Show me How Thou givest life to the dead." He said: "Dost Thou not then believe?" He said: "Yea! but to satisfy My own undertaking." He said: "Take four birds; Tame them to turn to thee; put a portion of them on every hill and call to them: They will come to Thee (Flying) with speed. then know that Allah is Exalted In power, Wise."

In the above verse refers to the show's words look and see. In this case God uses experimental method to establish the validity of metaphysical truth. Thus, in Islamic Economic assessment the use of inductive method only as a continuation of the tradition established by the Muslims in the past. The problem is a scientific conclusion can not be made if researchers rely on inductive method. Accordingly, the deductive method is used simultaneously with the inductive method.

In conventional economic studies, deductive method is used based on the assumption that the human mind has complete knowledge and do not need to depend on others. This understanding is seen as opposed to the principles of Islam which is God alone who have complete knowledge about the future. Thus, Islam only accepts human reason as a legitimate source, but do not receive development model based on deductive method. The Islamic economy receives real-life situations that its suggested by Islamic economics in the use of deductive method is the observation of
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human behavior and the formation of institutions and then makes assumptions that are built on real knowledge. To get the results of these assumptions the researchers need to borrow methods research in fields such as sociology, anthropology, marketing, social, psychology, history, business, management and industrial relations.

Differences between Islamic Economic Methodology with Conventional Economic Methodology

Based on the above discussion can be summarized some basic differences between conventional economic methodology and methodology of Islamic economics. The first difference is that Islamic economics is formed based on the sources of revelation of the Qur'an and hadith. Interpretations are made to the source the Koran for example is in accordance with a method-a method outlined by the scholars. Instead of the arbitrary interpretation and blindly.

The second difference is that Islamic economics is to use methods inductive versus deductive method. This is because this method to test the truth or distortion of assumptions and expectations in the economy resulting from the action of the human rational and empirical evidence. Instead of conventional economics the use of deductive methods are preferred. This is because the assumptions made by the experts in the conventional economy does not need to consent with the actual situation. Among the basic assumptions that are usually put forward is the man selfish rational have perfect knowledge and their ability to find out which is best for itself. In this case Islamic economics using a combination of both methods to test assumptions and expectations regarding the truth or otherwise.

The third difference is that Islamic economy is built on the fundamental values and ethical manner and integrated as the justice generous simple like a sacrifice a sense of concern for others. All of these values are derived from the Shariah rather than a human invention. The question of value in conventional economics is not emphasized because they have selfishness greed materialism etc.

The fourth difference is the study of Islamic economics is normative and positive. It is said to be normative for Muslims always find ways and measures to change the conventional economic system practiced by the countries of Muslims to the Islamic economic system. It is also positive as the economy Muslims studying the
problems occurred and will occur in the real economy. In contrast to conventional economic studies only emphasize the positive economic as they study the phenomena in the real economy only.

The next difference is the goal of economic studies Islam is al-Falah get in this life and the afterlife in various aspects. Wherein in conventional economic goals were considered foreigners because of the economists conventional economic success measured by how much or little wealth and money that can be collected as a result of economic activity such as production and investment and the satisfaction of the consumption of goods and services available in the economy.

Methodology of Islamic Economic Issues

The members of Islamic economics has been much discussed issues of methodology in Islamic economics however this study only limit to the number of issues following among others;

a) Does the science of Islamic economics is positive or normative or both?

Generally positive economic participation is describing things that will exist in the economy or the assessment of the economic problems in the existing form. While normative economics involves the question of who should have happened or what should have been a person organization or state should exist otherwise. The question that otherwise exist depending on the measurement value or a subjective view that describes the values of what is good and bad at least at the level of theory formation. Although there are Islamic economists believe that the Islamic economy is a science normative but Professor Mannan stressed that the Islamic economic aspects of normative and positive inter-related to each other and any attempt to separate the two can be confusing to many. This does not mean non-existent parts of different normative and positive. In fact the Qur'an and hadith which is basically a source of statements in the form of normative also contains many other forms of normative statement. In fact the Qur'an and hadith which is the main source of Sharia is a source of statements that are normative also contains many statements in the form of positive. In conventional economic study, a positive approach is very stressed because they're just studying the phenomenon of the existing economic and postpone the measurement value in any economic decisions. While in Islamic economics,
normative economics approach is preferred because this approach aims to find a way to change the existing state of the economy to the practice of the Islamic economic system total.

b) Is the theory of Islamic economics is required in view of the absence of Islamic economics in the real situation?

This question is relevant if the Islamic economic system is not implemented totally within a country. Although there is a view that says there is no need to develop an economic theory does not exist in Islam because Islamic economic system in which the actual situation in a specific country where economic theories can be tested with real-world problems. They also explain that a theory must explain the reality of things. There is no strong reason to support the development of Islamic economic theory because it can not make an explanation or prediction based on the socio-economic reality of the Muslim community during the practice of conventional economic system that is created based on common human thought.

The argument can not be accepted because of their lack of appreciation of the role of the various theories arising from separate ideologies and public institutions in the development of the economy. Based on the historical reality of the conventional economic system not necessarily an economic theory that existed at a time that would explain and predict the behavior of reality as theorized it. This is evidenced when viewed on the theory of the free market that had been developed earlier by Adam Smith through his writing The Wealth of Nations in 1776 although in reality it sees free trade to social and economic progress that took place in Britain at that time. Similarly communist and socialist economic system of the modern which was highlighted 50 years earlier by Karl Marx in Das Kapital writings published in 1867. The communist economic system has become a fad among the Bolsheviks in Russia exactly 50 years after equality in economic theory proposed by Karl Marx.34

With regard to the economic system of Islam the rapid changes of late in the Islamic world and the Western world namely the implementation of Islamic economics in person is an example of how changes and religious values and economic liberate people from practicing the conventional economic system to expose them to the characteristics of a dynamic economic life, dynamic and fair. Thus the Islamic
ban on usury in Islamic banking and financial affairs rapidly in the Islamic world the Islamic capital market development and so provide a tremendous effect on the development of the economic system of Islam decade.

c) Is it an Islamic economy "system" or "science"?

Scholars of Islamic economics do not agree on the question of whether Islamic economics as a "system" or "science". Some thought of it as a "system" and others argued it was a "science". In this case Professor Mannan\textsuperscript{36} said Islamic economics as a system and the system. Islamic economics is basically a part of the "system" it can also be considered as a "science".\textsuperscript{37} Islamic economics is part of a complete way of life is based on four main sources of Sharia al-Qur'an hadith ijma 'and qiya\textsuperscript{s}. The system provides a mechanism that built itself towards thinking (ie ijtihad) and new problems that do not conflict with the basic resources. This means that the system provides a set of principles governing the whole way of life that is not limited by the mata. Based on the principles that built a framework that can explain the concept of economic behavior in the past present and expected economic realities in the future. It is clear that the Islamic economic theory can be modified or replaced with a new subject to the Shariah framework is immortal.\textsuperscript{38}

d) The role of the mind in interpreting the Qur'an and hadith.\textsuperscript{39}

The scope of economic studies including the question of Islamic values analysis of actual economic phenomena and search for ways to change the economic system that is now conventional to Islamic economic system as a whole. Thus Islamic economic framework continues to provide guidance to a small fraction of the current economic problems. The question of methodology is important especially when the mind and the human mind must play its rightful role within the scope permitted based on Islamic sources. In other words the economic theories of Islam not to be inconsistent with the principles of Shariah because it will open the door to criticism. Criticism of the theory would be based on two main issues namely the rational and empirical. The theory should properly be accounted for in terms of rational and verified empirically. In conducting a test of a theory conventional economics just use the word "how" instead of using the word "why" because this issue is related to faith
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and morality. In conventional economic studies that should be asked is "how firms make decisions? How is the market behaving? And how the economy responds to a phenomenon? Economics can not be questioned "why" because it would put the economy in a moral and ethical issues that are considered foreign in conventional economics. As known in conventional economic system marginalises the question of faith and morals. Instead the study of Islamic economics the truth of a theory that rationally and empirically tested using the question "how" and "why". And if the answer is not found in the sources of the Sharia may be Muslims will use his wits to do ijtihad based on the conditions set by the scholars'. As a result of the economic system of Islam according practiced by all people all places and all times.

e) An understanding of Fiqh Muamalat and Islamic Economics

In the study of Islamic economics there are those who create misunderstanding and unable to distinguish between Islamic jurisprudence and Islamic economics. Tenets are social relations which contains a variety of activities including economic and non-economic. In the aspect of which involves economic issues Fiqh Muamalat can not be separated from it because of the economic activities that should be controlled and guided by Islamic fiqh. In particular the Islamic jurisprudence is the study of human efforts to find the treasure and wealth in the way of business strive work and trade. While the economy is Islam briefly in defined as the science that studies the human activities that are in line with Shariah principles from the point of acquiring wealth and income use and management of productive resources for the benefit of themselves and the common good in the form of material and spiritual to seek the pleasure of Allah. The relationship between Islamic jurisprudence and Islamic economics is like the study of "grammar" with using grammar skills, the grammar is rather a principle while the use of language is the use of these principles. Fiqh Tenets of Islam is more of a rule relating to the laws of business and more of a legal framework for Islamic economics. Islamic economics is not a law on purely business but it also encompasses the social aspects of the review process and the result of human activities in a comprehensive manner that encompasses the use production and distribution of wealth and income in the Muslim community.
The distinction is not clear between the two often creates the impression that narrow of Islamic economics. Therefore the proper use of the theory is the study of consumer goods sometimes just a restatement of Islamic laws on diet. Likewise an explanation of the theory of production that only a restatement of Islamic laws in respect of the ownership and property in Islam.46

To make Ekonomi Islam can stand on its own in addition to Islamic jurisprudence studies in depth and detail is also necessary to draw scholars contribute ideas in the past and the application of economic theories put forward by them in the course of the current economic system. Assessment history is very important in economic science disciplines as history is the laboratory processing and testing of human life. As one of the social sciences economics need to bring back historical experiences of economic theories concerned. Through history future generations can study the history of economic thought and the history of economic units such as individuals (consumers or producers or investors) and firm. In this in-depth investigation should be carried out by the parties concerned to contribute ideas mengekedepankan economic scholars and thinkers such as former general of the Islamic, Abu Yusuf (113-183H/ 731-798M), Muhammad bin al-Hasan al-Shaybani (132-189H/750- 1058M), Abu Ubayd al-Qasim bin Sallam (m. 224 H/838M), al-Mawardi (m. 450H/ 1058M), al-Ghazali (450-505H/ 1058-1111M), Ibn Taimiyah (661-728H/ 1263-1328M), Ibn Khaldun (732-808H/ 1332-1404M), al-Maqrizi (m. 845H), Shah Wali Allah al-Dihlawi (1114-1176H/ 1703-1762M), dan ramai lagi.47

f) The lack of Resources
Shortage is a phenomenon arising from two opposite situation namely that the human will is not limited to the number of resources that are limited. In other words the factors existing production unable to meet human needs. This illustrates the concept of the absolute lack of conventional economic perspective and human economic system was formed by nature greedy selfish and materialistic. According to Islamic economic perspective humans are considered to be the caliph of God on earth is not as described above but acts as a natural state of man who meets all the requirements of life in varying degrees must be carried out even if there are insufficient resources issue..
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The phenomenon that is relative lack of resources is relevant in Islam and totally contrary to the concept of absolute shortage. In Islam there is no room to affirm the absolute lack of resources exists because human science of kin can imagine yourself a favor and providence of God are not limited.48

According to the understanding of Islam is described that man has business and capabilities are limited to exploiting the resources of the grace of God Almighty which is not limited to the factors of production but also include fresh air and clean water for human consumption and as a means for the afterlife everlasting.49

Conclusion

Writing the above can be concluded that the methodology of Islamic economics is a necessity in economic studies. The methodology of Islamic economics is a broad-based faith is present and based on the Syariah principles compared with conventional economic methodology resulting from the explosion of thought that many people are not grounded in the real.

References


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**Endnotes:**

3. This is the Book; In it is guidance sure, without doubt, to those who fear Allah. (Surat al-Baqarah 2: 2).
4. Surat Yunus 10: 36, Surat al-Najm 53: 28
7. but those who before them, had homes (in Medina) and had adopted the Faith, show their affection to such As came to them for refuge, and entertain no desire In their hearts for things given to the (latter), but give them preference over themselves, Even though poverty was their (own lot). and those saved from the covetousness of their own souls, they are the ones that achieve prosperity. (Surah al-Hashr 59: 9).
10. This property may be referred to the verses of the Koran regarding among surah al-An'am (6):32; Surah Ibrahim (14): 3; Surah al-Nahl (16): 107; Surah al-Qiyamah (75): 20-21; Surah al-'Adiyyah (100): 8.
11. Lihat Surah al-Hadid (57): 27


13 Surah al-Nisa’ (4): 11. “Allah (thus) directs you As regards your Children's (Inheritance): to the male, a portion equal to that of two females: if only daughters, two or more, their share is two-thirds of the inheritance; if only one, Her share is a half. for parents, a sixth share of the inheritance to each, if the deceased left children; if no children, and the parents are the (only) heirs, the mother has a third; if the deceased left brothers (or sisters) the mother has a sixth. (the distribution In all cases 's) after the payment of legacies and debts. ye know not whether your parents or your Children are nearest to you In benefit. these are settled portions ordained by Allah. and Allah is All-knowing, All-wise

14 Surah al-Baqarah (2): 276
15 Surah al-Ma‘idah (5): 66
16 Surah al-An’am (6): 44
17 Surah Hud (11): 3; Lihat juga ayat 52
18 Surah Taha (20): 124
19 Surah Ibrahim (14): 7

20 Muhammad Akram Khan, *op.cit.*, 56


24 Surah al-Baqarah (2): 260
25 Surah al-An’am (6): 75, lihat juga ayat-ayat 76-78
27 Muhammad Akram Khan, *op.Cit.*, 57-58
29 Sa’id Sad Martan (t.t), *Makdhal li al-Fikr al-Iqtiqasadi fi al-Islam* (Beirut: Muassasah al-Risalah), 54
35 Muhammad Abdul Mannan, “Islamic Economics as a Social Sciences: Some methodological Issues”, 30-32
36 Ibid, 32-33
37 The word science is defined as an organized set of knowledge about the physical world whether living or inanimate. It is also defined as an attitude and a method of forming a channel in the arrangement science. See *The Oxford Pocket English Dictionary*. 
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39 Muhammad Akram Khan, "Methodology of Islamic Economics", 55-56
43 Monzer Kahf, *The Islamic Economy*, The Muslim Student's Association of The United States and Canada, Indiana 1978, 7
45 Monzer Kahf, *op.cit.*, 7
48 This situation can be explained by the word of God says: for Allah is He who gives (all) Sustenance,- Lord of power,- steadfast (for ever). (al-Dhariyyat (51): 58
49 that man can have nothing but what He strives for; (al-Najm (53); 39; 10. and when the prayer is finished, then may ye disperse through the land, and seek of the bounty of Allah. and celebrate the praises of Allah often (and without stint): that ye may prosper. (al-Jum'ah (62): 10).