



## CHAPTER 2

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# Exploring the Epistemology of Utility Function in Islamic Economics: Foundation of Islamic Finance

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### KEY TOPICS

- Epistemology of Utility Function
- Faith and Utility
- Islamic Economics

### 1 INTRODUCTION

Islam manifests itself as a last and conclusive religious doctrine in the series of Abrahamic and pre-Abrahamic prophetic religions. It shares many common grounds with its Abrahamic cousins in the divine methods used in revelation, procedures of canonisation and approaches to authoritative interpretations and the transcendental prescription of recording oral and

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written traditions, with a difference: wherein Muslims employed slightly more rigorous concerns in solidifying and preserving the religious text by introducing sciences to document and preserve sacred texts. The Qur'an exhibits accounts of many previous prophets by annotating their interaction with people, thus illustrating their tormented experiences and expedient proficiency, in a calling to submit to Allah's will. This is epitomised within the connotation of the Arabic word, *Islam* (Salvatore 2007: 134). In the Islamic version of this process of divine revelations, each revealed doctrine confirmed and re-established the preceding ones. Islam being the last and final doctrine invalidated the previous ones and introduced a new set of rules called *shari'ah*. In all the revealed doctrines, the methods and rules of submission differed, although the principle of submission to Allah's will and the relationship status of creator to creation remained the same. Therefore, Islam claims that it did not introduce any new ideas, rather, it restored and created a renaissance for previously introduced morals, ethics and principles, along with re-establishing a relationship of creator and creation combined with the message of submission to Allah's will (Salvatore 2007: 134).

## 2 CONCEPT OF UTILITY IN ISLAMIC ECONOMICS

Admonishment in Islam is sourced from a contract between creator and creation, established in a time of pre-worldly existence. This contract sets the foundations of the relationship between the two, which is further recollected by announcing the concept of *fitra* (natural human nature). There are many indirect references to *fitra* (human nature) in the Qur'an, such as verses<sup>1</sup> [7:172–173], which are further elaborated in the *hadith*, for example (Sahih Muslim, Book No. 33, *Hadith* No. 6425):

No child is born but upon *Fitra*. He then said. Recite: The nature made by Allah in which He created man, there is no altering of Allah's nature; that is the right religion.

<sup>1</sup>[7:172] (Recall) when your Lord brought forth their progeny from the loins of the children of 'Adam, and made them testify about themselves (by asking them,). Am I not your Lord?. They said, Of course, You are. We testify. (We did so) lest you should say on the Day of Judgment, We were unaware of this [7:173] or you should say, It was our forefathers who associated partners with Allah, and we were their progeny after them; would you then destroy us on account of what the erroneous did?

Human beings are created with *fitra* and ‘there is never a change in the original nature created by Allah’ (Qur’an, 30:30). Shah Wali Allah further suggests that *fitra* is a religious doctrine that has remained throughout the ages, and there is consensus from all the prophets regarding this (1996: 72). Creation has its state of *amr* (order, law) and the *amr* for humans is in their creation founded on *fitra*, through which they exhibit a built-in function for judgement and understanding of what is good and what is not. Due to human vulnerability and susceptibility to the devil’s whispers and *nafs* (lower soul), they become dormant in righteousness and require a call, followed by continuous development to return to the natural state of *fitra*. Islam is considered as this call which is achieved through *furqan*<sup>2</sup> (the criterion). The Qur’an is a discourse on frames of action and interaction between Allah and humans, and between humans and other creation. The Qur’an is based on (Arkoun 2002: 566):

Complex historical process engaging simultaneously [in] social, political..., cultural, and normative factors. These are [further] entangled with ritual, customs, ethics, familial structures [,]... the competing structures of the imagination and the collective interactive memory of... all cultural groups of the ancient Near East.

The Qur’an was revealed through *wahyi* (revelation) and was further elaborated by Muhammad the Prophet of Islam, through his behaviour, actions, response to other’s actions and didactic sayings known as, *Sunnah*. These two sources create a skeleton structure for jurisprudence, law and regulations; however a review of the Qur’an reveals that it was neither intended to be and nor is ‘an exhaustive catalogue of discrete exhortations and specific commands’ (Salvatore 2007: 135). In Rahman’s opinion, the Qur’an (as cited in Neuser and Sonn 1999: 60):

Emerges as a document that from first to the last seeks to emphasize all those moral tensions that are necessary for creative human actions.

The Qur’an is a religious text, which also concentrates on the moral principles joined with some social and economic law. While the Qur’an combined with *hadith* introduces an under structure of legal axioms through

<sup>2</sup> *Furqaan* is one of the many names of Qur’an.

which Islamic law is built, its focus remains to elevate humans from minimum divine requirements, by building a society on systematic moral principles. The Qur'an has an axiomatic 'nexus between salvation and human action' (Salvatore 2007: 135). This nexus is facilitated by pronouncing the right human action,<sup>3</sup> along with the right attitude for that action, as an *ibada* (service to Allah). Human beings are accredited as witnesses of their own actions and they are motivated to contemplate guarding themselves against wrong human actions through the development of *taqwa* (God consciousness).

The Qur'an also outlines the capability of moral fluctuation in human beings. It lays the philosophical foundations of this abstruse idea in verse seventy-two of chapter thirty-three and in versus thirty to thirty-four of chapter two. Verse<sup>4</sup> seventy-two in chapter thirty-three demonstrates the unwillingness of creation to take Allah's trust, that is, the responsibility to obey Allah, subject to the condition of free will. Human beings took this responsibility in return for a reward, with the condition of fulfilment of trust. The verse goes further and points to human ignorance in taking of this trust. The condition of not knowing or being ignorant of trust can metamorphose by developing the understanding circumscribing the trust.

Chapter two verses thirty to thirty-four records a conversation between angels and Allah, in which angels elaborate upon the capacity of unjust actions in humans. In Islamic teachings, the angels by their nature are not capable of retaining, attaining or comprehending any knowledge or information other than what Allah has given them. Therefore, angels address their concerns based on what Allah has divulged. The conversation goes further and demonstrates a very key human proclivity, that is, by attaining divine knowledge, which is revealed to them, they can improve their status within Allah's creation and can reach a higher state of piety. Therefore, one of the key factors in a physical and practical return to the state of *fitra* is gaining knowledge and building comprehension of the type of actions required, based on revealed knowledge. However, converting the knowledge into intentions and further into actions requires an active role of

<sup>3</sup>This Qur'an guides to the most upright Way and gives good news to the believers who do right actions that they will have a large reward (17:9).

<sup>4</sup>Verily, We did offer the trust of compliance to the heavens, and the earth, and the mountains and they, being fearful, breach not what is entrusted upon them. Yet man, with his free will, is the only one who breaches this trust of compliance. For, verily, he wrongs himself without knowing it (33:72).

other key factors. Shah Wali Allah identifies two major forces in a human: they are *al-ruh al-tabiiyya* (natural forces) and *quwwa bahimiyya* (animalistic forces) (1996: 58). Natural force calls for the system of morals and principles as they emanate from the soul because of human creation on *fitra*, while the animalistic force is based on physical needs and these are similar in humans and animals. These two forces have separate individual perceptions and cognition of pleasure and pain, which can equally result in right or wrong human actions.

The fulfilment of physical needs or all animal instincts is not necessarily always wrong or evil. Similarly, all the acts of worship and attempts for striving are not always good or right as they could involve polytheism which to Islam is unjust. The type of result these two forces mutually or independently can produce depends on ‘influence’. A human is under three kinds of major influences. The first is *nafs* (soul) which has many further sub-categories and classifications. Other than *nafs*, there is a conscience, and influence of whispers from Satan. These influences channel the two forces in humans either towards right human actions or wrong ones. For humans to return to state of *fitra* requires the forces to be in equilibrium. The state of equilibrium is when the two forces result in the actions of rightly guided people as mentioned in the Qur’an and *hadith*. Shah Wali Allah suggests that the state of *fitra* is composed of four key components: *tahara* (purity); *ikhbat* (humbleness towards Allah); *taqwa* (piety); and *adala* (justice) (1996: 157).

These components are part of a development journey, which is expatiated in numerous works, evinced by many scholars and further explicated in Nazim and Asutay’s research work,<sup>5</sup> which is shown in Fig. 1 (2009: 87). The embarkation of the development starts from *tawhid* (Allah’s unity/uniqueness/sovereignty) and each development stage accumulates from it (Zaman and Asutay 2009: 87). The second landmark is this development process is *fiqh* (Jurisprudence) followed by *adl* (Justice), *iman*,<sup>6</sup>

<sup>5</sup>For further reading on stages of development within Islam please consult: Nazim Zaman and Mehmet Asutay, 2009. Divergence Between Aspirations and Realities of Islamic Economics: A Political Economy Approach to Bridging the Divide. *IIUM Journal of Economics and Management* 17(1), 73–96.

<sup>6</sup>According to hadith, Iman is: “That you affirm Allah, His angels, His books, His messengers, and the Last Day, and that you affirm the Decree, the good of it and the bad of it”.

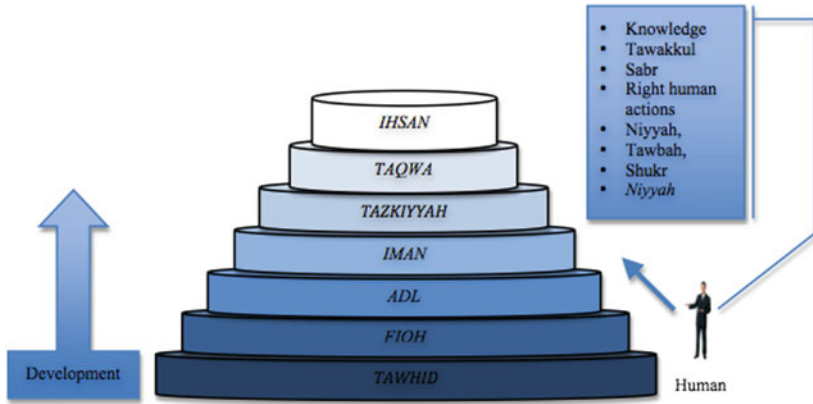


Fig. 1 Development journey in Islamic economics

*tazkiyyah* (Self purification), *taqwa* (God consciousness) and *Ihsan*<sup>7</sup> as a final ‘finishing embellishment’ (Zaman and Asutay 2009: 76). This is illustrated in Fig. 1.

The advancements in this journey of development are dependent on further factors. It requires the individual to build momentum and energy (EMD) which helps him or her to fulfil the requirements of his/her current development stage. When an individual fulfils the requirement, he or she progresses to the next stage. A level of EMD is required, even if one remains at one stage. The factors behind the build-up of momentum and energy can be infinite in numbers; however, the theological foundations for many of these factors have a recursive feature. When the potential of these factors is confined to the analytical observation and study, whereby, the process of constant progression in the life of the Prophet Muhammad is kept in view with the context in which Qur’an descended (*al-Asbab al-Nuzool*) in smithereens, it acts as vantage points. An analysis of these vantage points unfolds and elucidates certain key and vital development factors that build up the required momentum and energy. These vital and key development factors consist of two set of agents: one has a practical dimension, while the other subsumes the spiritual dimension. This is also

<sup>7</sup>According to hadith, Ihsan is: “That you worship Allah as if you see Him, for if you don’t see Him then truly He sees you”.

shown in Eq. (1), where ‘EMC’ refers to the level of momentum and energy, ‘Set A’ refers to a set of agents with practical dimensions, and ‘Set B’ refers to set of agents with spiritual dimensions.

$$\text{EMC} = \text{Set A} + \text{Set B} \quad (1)$$

The elements of Set A are: *ilm* knowledge; *tawakkul* (reliance); *sabr* (patience) and rightful human actions, while members of Set B consist of: *niyyah* (intention); *tawbah* (repentance) and *shukr* (a show of gratitude and acknowledgement).

As

$$\text{Set A} = \{I\!l\!m, Tawakkul, Sabr, \text{rightful human actions}\}$$

And

$$\text{Set B} = \{N\!i\!y\!y\!a\!h, Tawbah, Shukr\}$$

Therefore:

$$\begin{aligned} \text{EMC} \approx & \{I\!l\!m, Tawakkul, Sabr, \text{rightful human actions}\} \\ & + \{N\!i\!y\!y\!a\!h, Tawbah, Shukr\} \end{aligned} \quad (2)$$

Knowledge, as formerly explained, is a vital distinction, which allows humans to differentiate between good and bad; however, this alone cannot incapacitate human’s capacity for unjust actions. Therefore, knowledge needs to be translated into rightful human actions. Al-Asafahaani in his work *Hilyatul Awliyaa* elaborates on this concept by quoting Abu Darda’s saying (Pearl of Wisdom II, May 20, 2010):

One does not become truly pious unless he becomes learned, and one does not enjoy the beauty and benefits of his knowledge unless he practices what he knows.

The Qur’an asserts the importance of rightful actions by dedicating more than a hundred and eighty-five verses to this matter. In these verses, it provides a clear distinction on the impacts of right and wrong human actions. Another factor with direct reciprocity to the correct human action is *niyyah* (Intention). Muhammad, the Prophet of Islam, pronounced the

importance of *niyyah* by saying<sup>8</sup>: “Deeds are [a result] only of the intentions [of the actor], and an individual is [rewarded] only according to that which he intends” (Sahih Bukhari, 1[1]: No. 1).

At the core of every human action is *niyyah*. It is not only the act of judgement of righteousness in human actions, but it also has an imperative tendency that, it can increase, decrease or nullify the outcome of rightful human actions on an individual’s development process. Besides *niyyah*, the wrongful human actions also influence the individual’s development process, and any individual despite his/her progress within the development process is vulnerably prone to wrongful human actions. Although Qur’an associates believers with rightful human action<sup>9</sup> and nonbelievers with wrongful human actions,<sup>10</sup> it also at some places associates nonbelievers with the conduct of rightful human actions<sup>11</sup> and wrongful human conduct of actions<sup>12</sup> by believers. The Qur’an (2:35) while narrating the anecdote of Adam’s exile from the heavens expatiates *tawbah* (repentance) as a key function, which differentiates between the intrinsic nature of righteousness and evilness. Adam and Satan both committed sins by acting unjustly, however, Adam resorted to *tawbah* (repentance), which was accepted by Allah and further facilitated the development process for Adam. The Qur’an through many other startling verses<sup>13</sup> draws attention towards this tool of regaining momentum for

<sup>8</sup>Sahih Bukhari, Vol 1, Book 1, Hadith No. 1.

<sup>9</sup>As for those who believe and do right actions, We will pay them their wages in full. Allah does not love wrongdoers (Quran, 3:57).

<sup>10</sup>They denied Our Signs, so Allah seized them for their wrong actions. Allah is fierce in retribution (Quran, 3:11).

<sup>11</sup>The metaphor of those who reject their Lord is that their actions are like ashes scattered by strong winds on a stormy day. They have no power at all over anything they have earned. That is extreme misguidance (Quran, 14:18).

<sup>12</sup>(Believers say): ‘Our Lord, we heard a caller calling us to faith: “Believe in your Lord!” and we believed. Our Lord, forgive us our wrong actions, erase our bad actions from us and take us back to You with those who are truly good.’ (Quran, 3:193) (His servants are) those who say: ‘Our Lord, we believe, so forgive us our wrong actions and safeguard us from the punishment of the Fire’ (Quran, 3:16).

<sup>13</sup>But as for those who do evil actions and then subsequently repent and believe, in that case your Lord is Ever-Forgiving, Most Merciful (Quran, 7:153).

You who believe! Repent to Allah. It may be that your Lord will erase your bad actions from you and admit you into Gardens (Quran, 66:8).



development. The Qur'an signifies and connotes this correlation between rightful human actions and *tawbah* by stating:

Except for those who repent and believe and act rightly. They will enter the Garden and they will not be wronged in any way. (Qur'an, 19:60)

Ghazali expounds *tawbah* as “the first step of the aspirants...the prelude of the selection and election for those who are brought close to God” (Al-Ghazali 1990: 30). The necessary prerequisite and a condition for *tawbah* is the *niyyah*, state of remorse, knowledge of wrong and an imperative intention to correct what is wrong, along with the feeling of guilt and regret for past wrongful actions, followed by a determination and an intention to abstain from what is wrong and opt for high moral and righteous conduct in future (Al-Ghazali 1990: 30). The above prerequisite knowledge allows the individual to realise the practice of wrongful human action and enables him/her to rectify and/or abstain from it. When the act of *tawbah* fulfils all the required conditions, it may elicit a call of response from Allah.

From the 99 names of Allah mentioned in the Qur'an, two specific names explain particular virtues of forgiveness and mercy through which Allah responds to the calls of those who repent. These names are: *at-Tawwab* (*acceptor of Repentance*) and *ar-Rahim* (*most merciful*). Allah's attribute of *at-Tawwab* and *ar-Rahim* 'expresses the manifestation of grace' in response to human actions (Chaghatai 2006: 1165). What adds to the above discourse in this context is also widely apparent in the Qur'an (25:71),<sup>14</sup> where the action of righteous conduct calls for the divine response of *tawbah*. The virtue of grace as a pivotal intrinsic value enables the development of momentum, which together with *tawakkul* (reliance) and *sabr* (patience) forms an important part in the appreciation of this intrinsic development. The Qur'an reflects on this: 'Only those who are patient shall receive their reward in full, without reckoning' (39:10). The Qur'an mentions *tawakkul*<sup>15</sup> numerous times and elaborates on the virtues it possesses in attracting divine grace and acts as a tool capable of producing a reactionary manifestation of grace from Allah. The manifestation of divine grace comes with a requisite, that the individual in

<sup>14</sup> Allah is Ever-Forgiving, Most Merciful-for certainly all who repent, and act rightly have turned sincerely towards Allah (Quran, 25:70-71).

<sup>15</sup> Whoever relies on Allah (has Tawakkul), He is sufficient for him (Quran, 65:3).

exchange offers *shukr* (thanksgiving), as illustrated in the verse<sup>16</sup> (2:52). *Shukr* further triggers a divine response of re-compensation, as explicitly mentioned in verse<sup>17</sup> (3:145). The more these variables are inflated, the more an individual develops.

The collective force of all these intrinsic factors provides the momentum required, for progressing through development stages. A decrease or underdevelopment of one or more of these factors can cause retrogression and can abate or even negate the effects of other factors, which may result in downgrading within the hierarchy of development stages. However, an increase cannot be even or linear along the whole range of factors. The balance in increase within members of ‘Set A’ depends directly on an individual’s circumstances. The circumstances equal the endurance and capacity of the individual, as mentioned in Qur’an<sup>18</sup> (02:285). Hence, it suggests that: endurance and capacity of the individual sets the benchmark for elements of set ‘A’. The elements of ‘Set B’ play an equal part as do members of ‘Set A’; however, they are purely of a metaphysical nature and pose asomatous characteristics, therefore, neither they nor a standard for them can figuratively or literally be quantified, although to progress in development stages there exists a non-quantifiable benchmark (NB) for members of ‘Set B’.

Each Muslim is at one of the development stages and to progress to the next level requires all the elements of ‘Set B’ to be on or above the invisible benchmark along with all the elements of ‘Set A’ to be on or above the ‘capacity’. The elements of ‘Set A’ can be over the capacity, when he/she outperforms as compared to what his/her circumstances allow. The ‘Fig. 2’ demonstrates an example, where an individual ‘Y’ has an excess knowledge while he is required to build a history of ‘right human actions’ along with increase in *sabr* and *tawakul*. Once all elements of Set A and B reach the required level, all the requirements of the current development stage are executed, and the individual ‘Y’ can then progress onto the next stage. After progression individual ‘Y’ might become more aware of further ‘opportunities for performance’. This awareness could

<sup>16</sup>Then We pardoned you after that so that perhaps you would show thanks (Quran, 2:52).

<sup>17</sup>We will recompense the thankful (Quran, 3:145).

<sup>18</sup>God does not burden/impose a self except its endurance/capability (Quran, 02:285).

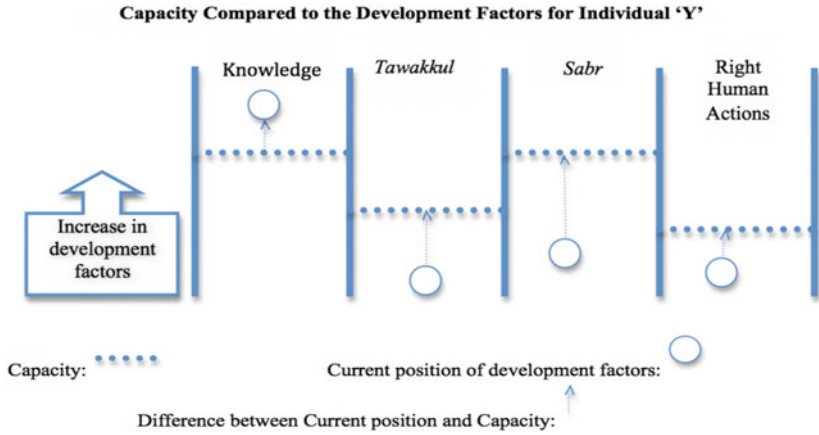


Fig. 2 Capacity development in Islamic economics

redefine circumstances and as a result enlarges capacity, and in this manner, the new standard for further progression will be set.

‘Opportunities for performance’ are simply the junctures where a Muslim can seek pleasure of Allah. Qur’an (9:72)<sup>19</sup> designates the pleasure of Allah as an ultimate achievement. To further elaborate on the ‘opportunities for performance’, consider the example of individual ‘X’. Individual ‘X’ is at the second development stage that is *fiqh*, who, after expanding the elements of Set A and Set B, executes all the requirements of the second stage and progresses on to *Adl*. At this point, individual ‘X’ is already fulfilling all the requirements of *fiqh*. However, on reaching the stage of *Adl*, he/she realises that there is a wider responsibility towards rectifying social injustice. On this realisation, individual ‘X’ has a choice to either act, and endeavour to establish justice; or ignore this realisation. The realisation and willingness to act requires a different type and level of knowledge: *tawakkul*, *sabr*, rightful human actions, *niyyah*, *tawbah* and *shukr*. These levels set the new standards and benchmarks, while the realisation of the need to rectify injustice provides an awareness of further ‘opportunities for performance’. If individual ‘X’ chooses not to act, he/she will slip down to the previous level. However, the *maqasid al*

<sup>19</sup> Best of all is Allah’s goodly pleasure; that is the grand achievement (Quran, 09:72).

*shari'ah* (purpose of Islamic law) will define which decision for individual 'X' is appropriate and advisable.

Similarly, the social and economic actions of a Muslim also largely depend on the scenario he/she faces during the development journey. In other words, the difference between the set benchmark and values of members of Set A and Set B; the requirements of the development stage along with the current position of individual within development stages; translate into the satisfaction an individual gets from performing different actions and by consuming different goods or services. In economics, the measure of satisfaction is 'utility', which explains the economic behaviour of individuals. Through the understanding of the development process, utility as shown in Eq. 1 can be further divided into two major forms that is: holistic utility and atomistic utility.

$$\text{Utility} = \text{Atomistic Utility} + \text{Holistic Utility} \quad (3)$$

Atomistic utility is a natural inclination, or a propensity based on the utilitarian philosophical concept of pain and pleasure. Bentham suggests that these innate natural forces 'point out what we ought to do, as well as to determine what we shall do' (Bentham 1948: 1). Holistic utility is the perception of an individual based on the following: the increase across the members of Set 'A' and Set 'S' required to reach a benchmark; along with an individual's current position in the development stages and requirements of current development stage. The nature of *fitra*, in humans, instigates towards the continuous development, however, *nafu* and other external influences can exert negative effects on this instigation. In every human, the ratio between instigation and negative factors (*nafs* and other external factors) determine the individual's willingness for development. This further translates into the values of elements of Set A and B, which interpret the 'holistic utility' an individual receives from specific good or services. Fluctuation in all the above factors can result in different 'holistic utility' for different goods and services. The aggregate of 'atomistic utility' and 'holistic utility' forms the correlation with want or desire.

'Holistic utility' is the concept that encompasses this world, the Hereafter and the Judgement Day, for instance, based on the assumption that the consumption of product 'x' is prohibited religiously. This means that the product 'x' does have an atomistic utility, however, its consumption is classified as a sinful act which makes the aggregate 'holistic utility' zero

or negative. Therefore, while a utility can be positive within an atomistic framework, however, the same utility when perceived from the ideology of ‘holistic utility’ can turn the aggregate into a negative, making the aggregate zero or negative. It could be suggested that, when the aggregate of atomistic and holistic utility turns into a negative value, the individual develops a hatred towards that thing and perceives it as something, which does more harm than good. The higher an individual goes in the developmental stages, the larger the difference between the holistic and atomistic utility becomes. This line of argument can also be used to explain the consumer behaviour from Islamic economics perspective.

The literature in ‘Islamic Economics’ presents discombobulating views on utility. The general view of Islamic economists is that our rationale only helps us to pursue atomistic utility. The reason our rationale is insufficient, is because we only possess information regarding the physical world. This understanding is also reflected in the categorisation of knowledge acknowledged by classical scholars and presented by Usmani. He makes claims about the categorisations stating: ‘Each one of them has a definite range and fixed sphere of activity beyond which it does not work’ (Usmani 2007: 32). The first two are the knowledge gained through senses and knowledge gained through intellect, however, these two factors do not provide us with the information needed to understand and pursue holistic utility. Therefore, Usmani argues that the ‘Wahy’ (Divine Revelations) are sent to enlighten us about the third type of knowledge, which we cannot perceive on our own (Usmani 2007: 33). In the Torah, the laws categorised as *chukim* and *mitzvot* are also considered threads from a similar fabric of knowledge. The third type of knowledge is rationalised as the knowledge which provides the information required to acknowledge our covenant with Allah, and if we choose to do so, then it presents the methodology that we can use to maximise utility in a controlled manner by applying the prescribed methods of increasing holistic utility. Furthermore, believing in a religious philosophy reflects an act of following the principles approved by that religious philosophy and rejecting the actions negated by the philosophy. The factors that permit one to do so are considered as the third type of knowledge.

There are many individuals who do not follow Islamic religious philosophy and lack the third type of knowledge. Therefore, they should not possess ‘holistic utility’, and neither withstand elements of Set A and B with a positive value. However, the present state of the world and a survey of history proves otherwise. Human beings who do not approve of

Islamic religious philosophy show clear signs of ‘holistic utility’ in their actions and consumption; therefore, it would be disproportionate to assume that individuals outside the Islamic development stages are unable to accumulate any ‘holistic utility’.

Holistic utility is the expression of ‘good’, and transcendental sources of Islam show a clear distinction between two types of good. One is referred to as ‘*khair*’, while the other is classified as ‘*maroof*’. The *hadith*<sup>20</sup> (*Sahih al Bukhari, Kitab al Munaqib: 3493*) which designates the word ‘*khair*’ with individuals who performed good actions, while being outside the fold of Islam; along with the verse<sup>21</sup> (3:110) which assigns *maroof* as a unique attribute of a Muslim community; explicates into a framework of two tiers of ‘good’. In this framework, *khair* may be suggested as general good present in the entire humankind, which may stem from *fitra* and it could be the source of natural law; while *maroof* is the known good, and revelation is the source which allows human beings to know, this known good. Therefore, individuals outside the fold of Islam can develop *khair*, which in return could stimulate some of the variables in holistic utility. For such an individual, who although does not approve of Islamic religious philosophy and lacks the third type of knowledge, hence is deficient of a known good that is: *maroof*; however, he or she can still generate positive values within some of the variables of EMC, by stimulating good that is: *khair*, which originates in form from *fitra*; as demonstrated in Fig. 3.

Therefore, through the right application of intellect, the production of ‘right human actions’ and *sabr* can arise, while the motivation and guidance underpinning them may burgeon from *khair*, with its roots in *fitra*. The singularity of existence of *fitra*, in all human beings could also be the reason for similarities in normative ethics across different cultures and regions, around the world. However, according to an Islamic theological position, the disassociation of these human beings with Islamic religious philosophy results in no meaningful value for other development factors like *Tawakkul*, *Niyah*, *Tawbah* and *Shukr*. Consequently, the positive value for ‘right human actions’ and *sabr* does not translate into any momentum and energy (EMC), which could be utilised to rise in the

<sup>20</sup> People good at the time of ignorance, will remain good after accepting Islam (*Sahih al Bukhari: Kitab al Munaqib, 3493*).

<sup>21</sup> Ye are the best community that hath been raised up for mankind. Ye enjoin right conduct and forbid (Quran, 3:110).

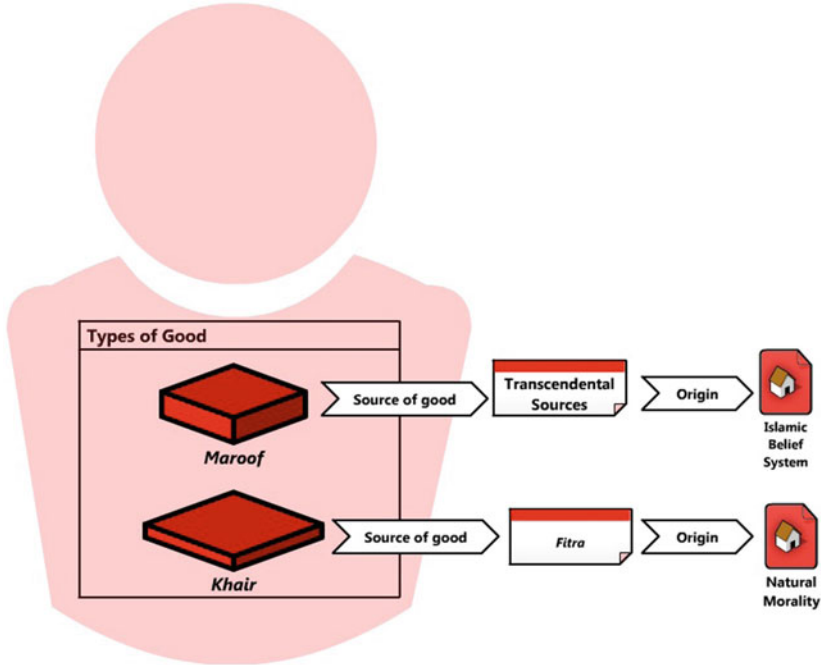


Fig. 3 Types of good, in intention, decision and action of humans

hierarchy of development stages. The Qur'an explains this within the following verse (14:18):

The metaphor of those who reject their Lord is that their actions are like ashes scattered by strong winds on a stormy day. They have no power at all over anything they have earned. That is extreme misguidance.

Therefore, the process of development is dependent on the theological requirements, because of this, the first development stage and the foundation stone for further development is considered as *tawhid*. Furthermore, the theological basis for striving by performing correct human actions combined with the self-realisation of a need for development, purposeful obedience and a continuous struggle of self-guarding against wrongful human actions, along with the acknowledgement of inability to succeed without alliance, assistance and the will of Allah, acts as a structure of

joist to percolate a just and congenial society which not only generates but also nurtures moral and just socio-economic activities. Such a society is made up of diverse individuals who are at different development stages and possess a manifold combination of development factors. Therefore, Islam regulates such a society with stringent and acrimonious regulations designed to allow individuals with different level of morality, to develop without causing any harm or injustice in society.

### 3 CONCLUSION

The laws mentioned in Qur'an and hadith are austere in their nature, but they are also predominately behest with strict laws of evidence. The rigorous laws of evidence provide allowances for individuals with different levels of morality, while the rigid austere laws obviate individuals with varied morality, from unjust and evil actions which could harm others or society. This could also be a reason for a limited number of puritanical regulations directly mentioned in Qur'an and hadith, and is also reflected in the political theories of Al-Baqillani, Al-Mawardi and Ibn Taymiyyah, in which the 'state' is perceived as a secular institution and an indirect expression of Islam (Lapidus 1996: 19), while the direct expression of Islam is through the community of Muslim scholars and holy men. The laws and regulations of the state, although they could stem from *shari'ah*, however, its institutional enforcement should be limited to the explicit transcendental laws directly subscribed in Qur'an or hadith. These laws only prevent individuals possessing various levels of morality, from vitiating the society, while the advocacy for development is to be provided by the holy men and Muslim scholars.

Market regulations fall under the same category outlined above. Therefore, the market regulations enforced by the state should be limited to the explicit transcendental laws directly subscribed in Qur'an or hadith. The development of society and markets, within an Islamic framework, should be conducted by the holy man and scholars; as they can directly influence the factors behind holistic utility. Moreover, the dictums, legal maxims and moral aphorisms concerning regulations are divinely constituted and possess wider areas of engagement, and if in the process of implementing them, these dictums, legal maxims and moral aphorisms are narrowed so as to contextualise them with the issues concerning the market and the society, there is a possibility that the process of contextualising could



create laws, which may hinder the development of individuals at lower levels of development stages, by adversely effecting the factors required for development. In such a case, the society may end up having a minority of individuals with high levels of holistic utility, alongside an underdeveloped majority with higher level of atomistic utility.

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