

Kader, Haithem

**Article**

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# Human well-being, morality and the economy: an Islamic perspective

Haithem Kader

*Islamic Finance, Hamad Bin Khalifa University, Doha, Qatar*

## Abstract

**Purpose** – This study argues that in order to address the problems associated with the modern market economy at their core, such as persistent poverty, growing inequality and environmental degradation, it is imperative to re-assess the well-being and moral philosophy underpinning economic thinking. The author attempts to offer a preliminary way forward with reference to the Islamic intellectual tradition.

**Design/methodology/approach** – This study employs content analysis of classical and contemporary Islamic texts on human well-being and economic ethics to derive a conceptual well-being model. The paper is structured in four sections: section one provides an overview of relevant secondary literature on moral economic approaches; section two outlines the main well-being frameworks; section three discusses the concept of human well-being in Islam informed by the Islamic worldview of *tawhīd*, the Islamic philosophy of *sa'ādah*, and the higher objectives of Islamic Law (*maqāsid al-Sharī'ah*); and finally, section four discusses policy implications and next steps forward.

**Findings** – A conceptual model of human well-being from an Islamic perspective is developed by integrating philosophical insights of happiness (*sa'ādah*) with an objective list of five essential goods: religion (*Ḍīn*), self (*Nafs*), intellect (*ʿAql*), progeny (*Nasl*) and wealth (*Māl*) that correspond to spiritual, physical and psychological, intellectual, familial and social, and material well-being, respectively.

**Research limitations/implications** – Further research is needed to translate this conceptual model into a composite well-being index to inform policy and practice.

**Practical implications** – This model can be used to review the performance of the Islamic finance sector, not solely in terms of growth and profitability, but in terms of realising human necessities, needs and refinements. It can also provide the basis for the Organisation of Islamic Co-operation (OIC) countries to jointly develop a well-being index to guide national and regional co-operation. More generally, this study highlights the need for research in Islamic economics to be more firmly rooted within Islamic ontology and epistemology, while simultaneously engaging in productive dialogue with other moral schools of economic thought to offer practical solutions to contemporary challenges.

**Originality/value** – This study offers three aspects of originality. First, by outlining well-being frameworks, it highlights key differences between the utilitarian understanding of well-being underpinning modern economic theory and virtue-based understandings, such as the Aristotelian, Christian and Islamic approaches. Second, it provides a well-being model from an Islamic perspective by integrating the Islamic worldview of *tawhīd*, the Islamic philosophy of *sa'ādah*, and the higher objectives of Islamic Law (*maqāsid al-Sharī'ah*). Third, it proposes an ethical framework for informing economic policy and practice.

**Keywords** Well-being, Moral economy, *sa'ādah*, *Maqāsid*

**Paper type** Research Paper

## 1. Introduction

The meaning of well-being and the means towards its improvement have been at the heart of intellectual enquiry from ancient philosophical and religious traditions, to modern natural and social sciences. While the improvement of human well-being can be considered a



primordial individual and collective goal, its precise meaning and the means of achieving it have differed. A basic definition of well-being is “the state of being comfortable, healthy or happy” (Oxford Living Dictionaries, 2018). Some of the most prominent understandings of well-being in the Greek, Christian and Muslim traditions include *eudaemonia*, *felicitas* and *sa’ādah*, as discussed by the likes of Aristotle, Aquinas and al-Ghazālī, respectively. At the core of these understandings is the belief that living well entails living virtuously. In turn, economic activity is understood as being embedded in the domains of morality and ethics. However, with the rise of the utilitarian philosophy in Europe in the 19th century, well-being became synonymous with individual hedonistic pleasure and desire-fulfilment. This facilitated the process of the economy becoming disembedded from the social and ethical realms through the process of commodification (Polanyi, 2001). Furthermore, market incentives such as profit-seeking, crowd out non-market values, such as altruism, causing market economies to produce market societies where material values dominate all aspects of life (Sandel, 2012; Satz, 2010).

This study argues that in order to address the problems intrinsic to the modern market economy at their core, such as persistent poverty, growing wealth inequalities and environmental degradation, it is imperative to re-embed the economy within a moral well-being philosophy. It attempts to offer a preliminary way forward with reference to the Islamic intellectual tradition through content analysis of classical and contemporary Islamic texts.

## 2. Literature review

This study is informed by moral approaches to economic thinking that challenge the dominant epistemology underpinning the modern economics discipline. In *Ethics and Economics* (1987), Amartya Sen criticises the “engineering approach” of neoclassical economics, which adopts a positivistic epistemology and avoids directly addressing ethical problems. He questions certain fundamental concepts within economics, such as the concept of rational choice, which holds that maximisation of self-interest is rational to the exclusion of anything else. He also finds fault with concepts such as Pareto optimality, economic efficiency and utility-maximisation in modern welfare economics. He argues that utility-judged in terms of the metric of subjective happiness and desire fulfilment—is an insufficient criterion for assessing well-being: “while happiness and the fulfilment of desire may be valuable for the person’s well-being, they cannot – on their own or even together – adequately reflect the value of well-being” (Sen, 1987, p. 47). Furthermore, he argues that ethical considerations can impact on economic behaviour which are unaccounted for in mainstream economics informed by utilitarianism. Sen seeks to address these problems through the capabilities approach which places emphasis on unlocking human freedoms as opposed to raising utility. It integrates the Aristotelian notion of human functioning, focusing on what a given human being is or does [1]. It has generated a vast literature, in both theoretical and practical studies, and informed the human development approach which was adopted by the United Nations Development Programme (UNDP). However, a potential limitation of this approach is that well-being remains somewhat vague and subjective, especially from the perspective of a religious tradition, such as Islam, which details human nature and the requirements for living a good life (*hayat tayyiba*).

The moral economy approach is a related body of scholarship inspired by Karl Polanyi’s insights. Emphasising the human being’s social nature, Polanyi argues that “man’s economy, as a rule, is submerged in his social relationships” (Polanyi, 2001, p. 48); the dominant “transactional modes” prior to the creation of the modern market economy were based on reciprocity, redistribution and house-holding to meet sufficiency, rather than on competitive profit-seeking. Scholars of moral economy carried Polanyi’s arguments forward against the economic orthodoxy by emphasising the interplay of values, culture, history and institutions

in economic life (Baum, 1996). Similar to Sen's approach, the moral economy approach is considered a "loosely" Aristotelian economic theory in opposition to rights-based arguments that at present command the horizon of normative economic theorising" (Booth, 1994, p. 653). Booth (1994) clarifies the meaning of "moral economy" as a type of enquiry into economics which recognises how moral dispositions, values and norms influence and are influenced by economic activities (Booth, 1994). This approach acknowledges that all economies are moral economies in a broad sense, given that they are influenced by a range of norms, values, commitments, conceptions of the good and well-being. Yet, its exact nature depends on the particular worldview, conception of well-being and moral philosophy. It therefore, brings ethics to the forefront of economic theorising.

Islamic economics literature can be considered as a branch of moral economy thinking informed by the Islamic worldview. According to Wilson, Islamic economics is "a distinct school of thought, with a coherent set of ideas, both moralistic and proscriptive" (Wilson in Peil and Van Staveren, 2009, p. 283). There is a general agreement among Islamic economists that the overarching goal of the economy is to realise inter-temporal well-being – encompassing this temporal life and the everlasting hereafter – commonly denoted by the term *falāh* (lit. "success"). For example, according to Muhammad Akram Khan (1994) *falāh* is a multi-dimensional concept which has various spiritual, economic, cultural and political dimensions. Similarly, Umar Chapra uses the concept of *falāh* to denote "real well-being of all the people living on earth" which includes material components of well-being, such as income and wealth, as well as its spiritual and non-material components (Chapra, 2008a, b, p. 1).

To achieve *falāh* Islamic economists have developed an axiomatic approach to define the framework in which economic activity takes place (Asutay, 2007). For example, Naqvi (1981) outlines four axioms: *tawhīd* – unity, *‘adl wa ihsān* – equilibrium and beneficence, *ikhtiyār* – free-will and *fard* – responsibility. Ahmad proposes *tawhīd* – God's Oneness and Sovereignty; *rubūbiyyah* – "divine arrangements for nourishment and sustenance and directing things towards their perfection"; *khilāfa* – man's role as vicegerent of God on earth, including his roles and responsibilities, and; *tazkiya* – "growth towards perfection through purification of attitudes and relationships" (Ahmad, 1980, 1994, p. 20). Mirakhor and Askari use *walayahh*, – "unconditional, dynamic, active, ever-present Love of the Supreme Creator for His Creation"; *karama* – man's dignity and intelligence; *meethaq* – the primordial covenant between man and the Creator and *khilāfa* – the agent-trustee relationship (Mirakhor and Askari, 2010). All of these approaches provide somewhat complimentary conceptual foundations of an Islamic economy. These axioms are combined with the various moral rules and principles from the Shari'ah that pertain to the economy to inform how an Islamic economy may be actualised. However, scholars, such as Sardar (1985), have questioned the rationale behind the selection of axioms. Sardar argues that Islamic economics must go beyond a narrow discipline, to "an integrated field destined to become a pillar of Muslim civilisation" (Sardar et al., 2003, p. 43).

This endeavour requires awareness of classical Islamic economic thought to gain insights from Muslim scholars throughout the centuries who successfully integrated the Islamic worldview and moral philosophy in their analysis of economic matters (El-Askhar and Wilson, 2006; Islahi, 2014; Aydin, 2010, 2013). In this regard, Adi Setia consults the genre of mediaeval ethico-juristic treatises to set a sound metaphysical and philosophical basis upon which to conceptualise an "Islamic Gift Economy" as a sphere where private interest is integrated into public interest and economics is conceived as the "science of earning and provisioning for the common good" (Setia, 2009, p. 165). In particular, Ibn Khaldūn's "science of civilisation" (*‘ilm al-umrān*) provides a highly relevant multidisciplinary approach that integrates elements of political economy, moral economy and institutionalist approaches (Kahf, 2003; Alatas, 2006; Asutay, 2007; Chapra, 2007; Askari et al., 2015).

A number of applied studies attempt to derive an Islamic human well-being model from the *maqāsid al-Shari'ah* tradition (Anto, 2011; Syed Ali and Hasan, 2014;

Ahmed and Kasri, 2015; Ramli *et al.*, 2015; Amir-Ud-Din, 2014; Amin *et al.*, 2015). However, a problem with these applied studies is that the available data used to construct the well-being index does not adequately represent the theory. For example, Amir-Ud-Din utilises existing databases, such as the Pew Research Center's data to gauge religiosity. Yet, he acknowledges that the data available does not reflect the meaning of the preservation of religion in *maqāsid* theory. This raises concerns discussed by Abozaid and Dusuki (2007) and Setia (2015) about superficial understanding and improper application of *maqāsid* theory in Islamic economics and finance. In turn, it renders some of the "Islamic" *maqāsid* models of human well-being as almost indistinguishable from conventional utilitarian-based models (ibid). It is necessary, therefore to clarify how the *maqāsid* tradition can inform an Islamic well-being and moral economy approach.

### 3. Well-being and moral frameworks

To clarify the Islamic perspective of well-being, it is first necessary to outline the main well-being frameworks in the literature on human well-being. Well-being theorists distinguish between objective list theories (OLTs) of well-being and utilitarian theories of well-being (Parfit, 1984; Brey, 2012; Fletcher, 2016). They are discussed in turn.

#### 3.1 Objective list theory

OLTs of well-being hold that there are certain goods that are non-instrumentally good for people and contribute to their well-being, regardless of whether they desire them or not. Hence, they recognise objective conditions of people rather than subjective experience of pleasure or fulfilment of subjective desires (Brey, 2012). OLTs are usually pluralistic, involving a range of goods called "basic goods" which enable a person to satisfy their basic needs. A person's well-being depends possessing an adequate amount of goods on the list, such as knowledge, health, friendship and so on. It is up to the theorist to decide what goods are included in the list (Fletcher, 2016). While a "basic goods" approach is valuable—especially for poverty studies, arguably the perfectionist approach is more valuable for informing a holistic well-being approach as it seeks to include goods on the list that contribute to the perfection of human nature. According to Brey, "perfectionism constitutes the most influential explanatory OLT" (2012, p. 20). Whether it is based on secular or religious grounds, it holds that it is the human being's intrinsic nature and end—or *telos*—that defines what is good or bad for him. One of the most widely known perfectionist theories is Aristotle's theory of *eudaemonia* which holds that the happy life is a virtuous life attained through the perfection of our nature as rational and social animals (Brey, 2012). Other perfectionist theories of well-being include the Christian and Islamic approaches. Although utilitarianism is the dominant well-being theory underpinning mainstream economics, OLTs have been revived in recent years by neo-Aristotelian thinkers. OLTs are associated with teleological, deontological and virtue ethics moral frameworks [2].

#### 3.2 The utilitarian well-being approach

In contrast to OLTs, utilitarianism is informed by hedonistic and desire-fulfilment theories of well-being. Hedonism holds that "the only thing that is fundamentally intrinsically good for us is our pleasure; and the only thing that is fundamentally intrinsically bad for us is our own pain" (Heathwood, 2010 in Fletcher, 2016, p. 248). Although hedonism was less popular in philosophical circles in the pre-modern world, it became the dominant well-being philosophy in Europe through the thought of enlightenment scholars, such as Jeremy Bentham (d. 1832) and John Stuart Mill (d. 1873). In contrast with the pre-modern teleological understanding of happiness, according to Bentham, happiness is equivalent to pleasure ("the principle of

utility”). The goal of life rests in the maximisation of happiness, which is the only intrinsic good. Similarly, in his seminal text *Utilitarianism* (1836), Mill reduced morality to “the greatest happiness principle” as maximising pleasure and minimising pain. As Griffin notes, “Bentham and Mill used ‘utility’ both to explain action and to set a moral standard; they used its empirical role in arguing for its moral role” (Griffin, 1986, p. 12). Utilitarianism as a moral theory holds that morality only has instrumental value in so far as it contributes to utility. Furthermore, both Bentham and Mill were advocates of methodological individualism—a moral position widely held by scholars of the Enlightenment—whereby the general welfare was possible only if each individual was free to pursue happiness in his own way (Khan, 1994, p. 129). This moral theory has dominated economic theorising, although it has been criticised. According to Wight (2015): “By ignoring non-consequentialist ethical frameworks and insisting that all actions reflect only utility based on preference satisfaction, economists construct an extremely limited way of assessing social achievement” (Wight, 2015, p. 116).

Hence, we find two highly influential and distinct well-being frameworks. While the modern economics discipline has adopted the utilitarian approach, arguably the dominant approach associated with pre-modern religious and philosophical traditions – including the Islamic tradition – is the OLT. The next section clarifies the Islamic well-being perspective with reference to philosophical studies of happiness (*saʿadah*), *maqāṣid al-Sharʿiah* and mediaeval treatises about economic ethics.

#### 4. Human well-being from an Islamic perspective

##### 4.1 The Islamic worldview

The Islamic perspective of well-being is informed by the Islamic worldview that is conveyed by the concept of *tawhīd* – Unity, or Oneness of God. As a worldview “*tawhīd* is a general view of reality, of truth, of the world, of space and time, of human history” (al-Faruqi, 1992, p. 10). It is a God-centric teleological worldview which holds that all things are created with a natural purpose and function by God—the only true Deity (*Ihah*) and Lord (*Rabb*) of creation. It implies unity and harmony of dimensions of life—the soul and the body, worship and work, the spiritual and the material, state and society, freedoms and responsibilities and therefore aligns with the human being’s natural disposition (*fiṭrah*). According to Al-Rāghib al-Isfahānī (d. 1108 CE), the *tawhīdic* worldview is informed by three major principles known as the “purposes of creation” (*maqāṣid al-khalq*): worship (*ʿibādah*), stewardship (*khilāfah*), and moral and material development (*ʿumrān*) (al-Isfahānī, 1980, p. 31). These three concepts can be considered meta-ethics, or foundational axioms, that inform a Muslim’s connection to God and inject life with meaning and purpose. While *ʿibādah*, includes ritual acts of worship, such as prayer and fasting, it can be understood as “a comprehensive term for all that God loves and that pleases Him of speech, inner and outer actions” (Ibn Taymiyyah, 1999, p. 29). It entails willing servitude to God alone out of love (Al-Qaradawi, 2006, p. 182). The innumerable textual references that emphasise the centrality of worship makes it beyond doubt that it is the *raison d’être* of man’s existence and the ultimate test upon which his salvation lies (Al-Fasi, 2014, p. 14). Hence, *ʿibādah* is of central importance to the believer’s life and their worldly and otherworldly well-being. The image of man as a humble servant (*ʿabd*) of God stands in stark contrast to the view of man as “homo dominus” who is the master of his destiny and free to exploit the world’s resources as he wishes.

While worship of God can be considered as the ultimate purpose of human existence, its meaning can only be actualised by fulfilling the role of stewardship (*khilāfah*). The Qur’an states that God entrusted man as a steward (or custodian, or vicegerent) on earth to carry out His Will. Having accepted this trust man becomes personally responsible (*mukallaf*) and accountable for fulfilling his obligation (*taklīf*) through knowledge (*ʿilm*), capability to act (*qudrah*) and free will (*ikhtiyār*) (Al-Attas, 2015, p. 6). Specifically, it entails upholding justice



upon the earth (Q. 38:26). As all wealth belongs to God, the natural environment comes under man's custodianship (Q. 24:33). This negates the possibility that man can be faithful to God, while at the same time contributing to bloodshed, plunder and destruction of the earth's resources for the sake of his material gratification as is intrinsic to the neoliberal economic order (Nasr, 1997, p. 19). Hence, stewardship entails responsibility towards God and His Creation by maintaining justice.

The third higher objective—*ʿumrān* (also *ʿimārah al-ʿardh*, or simply *ʿimārah*)—carries meanings to live, to build upon and beautify the earth. *ʿUmrān* may be considered the meta-ethic governing economic activities related to earning and provisioning resources (*kasb* and *infāq*). *ʿUmrān* contains a core moral component related to values, such as justice, peace and freedom, without which material development cannot materialise. The expansion of material goods in the absence of moral values would lead to the opposite of *ʿumrān*, namely, corruption (*fāsād*), destruction (*tadmīr*) and conflict (*qitāl*), as the Qurʾān details in numerous verses. Ibn Khaldūn used the term *ʿumrān* to refer to various aspects of human settlement, including sciences, occupations and trades with positive moral connotations [3]. Hence, while *ʿumrān* has been associated with contemporary concepts, such as human and material development, as well as civilisation-building, it has a core moral dimension and is rooted in the Islamic worldview (Malkawi, 2013, p. 127).

Hence, the *tawhīdīc* worldview and the three higher purposes of creation can be considered the foundational axioms that guide individual and collective behaviour of Muslims to achieve holistic well-being.

#### 4.2 Well-being and moral virtue

The exact meaning of well-being that economic activity seeks to realise can be understood with reference to classical Islamic philosophical insights of happiness (*saʿādah*) and the higher objectives of the Shariʿah (*maqāṣid al-Shariʿah*). While Islamic economists commonly use the Qurʾānic concept of "*falah*" which means "success", the concept of *saʿādah* or happiness, is more commonly discussed in classical Islamic scholarship on inter-temporal well-being – especially within the Islamic ethics and *maqāṣid* traditions. Muslim scholars, such as al-Fārābī (d. 950 A.D.), Ibn Miskawayh (d. 1030 A.D.) and al-Ghazali (d. 1111), wrote extensively on the concept of *saʿādah* by integrating Aristotelean and Platonic concepts of well-being with the Islamic worldview. For them, *saʿādah* does not simply refer to subjective happiness but is a comprehensive concept that includes happiness, prosperity, success, perfection, blessedness and beatitude (Ansari, 1963, p. 319). It may therefore be equated with a good life (*hayāt tayyiba*), or holistic well-being. Al-Fārābī states, "happiness (*saʿādah*) is an intrinsic good [...] there is nothing beyond it that is greater than it that a human being can achieve" (Al-Fārābī, 2016, p. 61). They held that *saʿādah* can be realised through attaining a range of necessary and sufficient goods for the completeness of life. Necessary goods include "goods of the body" and "external goods", such as health, fame, wealth, power and friendship (Ansari, 1963, p. 327). These goods must be accompanied by virtues, which refer to the disposition, or goods, of the soul from which beautiful actions (*aʿfāl jamīla*) proceed to realise *saʿādah*. According to Ansari: "Miskawayh fully endorses Aristotle's view that perfect *saʿādah* includes to a considerable extent, besides intellectual wisdom and moral excellence, soundness of health and senses, wealth, friends, good name and social success" (Ansari, 1963, p. 327). Hence, they followed a perfectionist objective list theory of well-being [4]. Furthermore, these scholars recognised that human beings cannot achieve *saʿādah* on an individual basis but must co-operate. Al-Fārābī highlights that both the words for assistance (*musāʿadah*) and happiness (*saʿādah*) share the same etymological root (*s-a-d*), showing the intimate connection between altruism and well-being. Miskawayh connects happiness to love,

friendship and co-operation: “people must love each other, for each one finds his own perfection in someone else, and the latter’s happiness is incomplete without the former” (Ibn Miskawayh, 2001, p. 14). Al-Fārābī and Miskawayh held that collective virtuous action is necessary to produce a “virtuous city”.

These philosophical insights on *sa’ādah* emphasize that living virtuously is essential in order to live well. For further conceptual and methodological clarity, *sa’ādah* can be elaborated through *maqāṣid* theory.

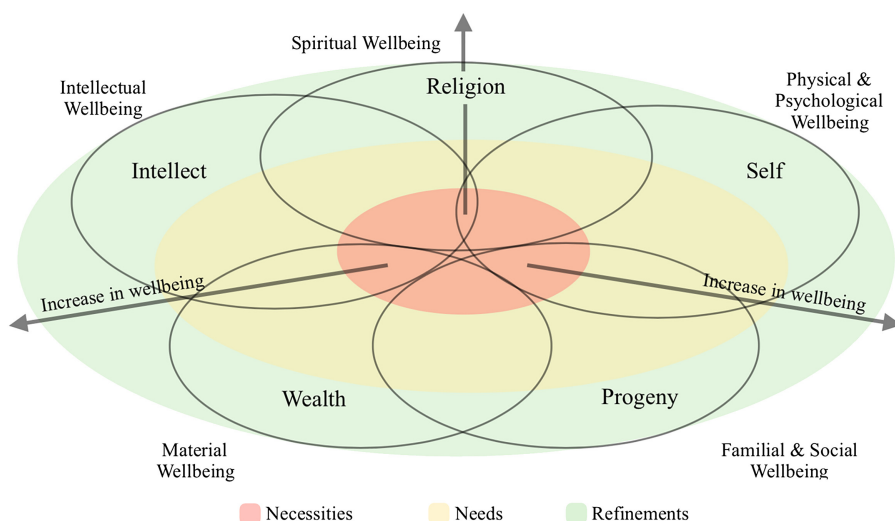
#### 4.3 The higher objectives of the Shari’ah

Based on a holistic reading of the Shari’ah, scholars such as al-Ghazālī and al-Shātībī, found that the Shari’ah aims to preserve and promote five essential goods (*al-dharuriyāt al-khams*)—Religion (*Dīn*), the Soul (*Nafs*), Intellect (*‘Aql*), Progeny (*Nasl*) and Wealth (*Māl*). Al-Ghazālī states: “all that involves the protection of these five essentials (*usūl*) is an interest (*maṣlahah*), and all that leads to their absence is a harm (*mafsadah*), while its prevention is an interest” (Al-Ghazali, 2012, p. 174). These goods are termed “essentials” because the absence of any one of them will lead to severe impairment of well-being, whether in this life or in the hereafter (Al-Raysūni, 2010). These five goods constitute general (*‘āmm*) categories which contain innumerable instrumental “specific” (*khās*) goods, which in turn contain various “partial” (*juzi*) goods. Together they are “complete” as they capture the holistic nature of inter-temporal human well-being, namely, spiritual, physical and psychological, intellectual, social and material well-being, respectively.

Goods differ in their scope, function and the extent to which they contribute to well-being. Due to the relative scarcity of resources, the realisation of one good may limit one’s ability to achieve the other. Hence, trade-offs must be made between certain goods. Therefore, al-Ghazālī and al-Shātībī elaborated upon a methodology of precedence based on a tripartite hierarchy of necessities (*dharuriyāt*), needs (*hājāt*) and refinements (*tahsinīyāt*). According to *maqāṣid* theory, necessities refer to goods whose absence will cause overburdening hardship to life, if not its termination altogether (Al-Raysūni, 2010). Necessities are universal, irrespective of context as their absence will lead to excessive hardship for people, regardless of place and time. Needs include goods whose absence will cause difficulty and hardship to life, yet to a lesser degree as compared to the level of necessity. Needs are context specific, differing according to time and place. Refinements are those goods that enrich and add value to life. In opposition to these categories of goods are “bads” or “luxuries” that upset the natural balance in the human and natural world (*al-mizān*) and harm well-being. Hence, at the core of the Islamic understanding of well-being is the notion of balance between goods, their interconnectivity and levels of priority. This comes from the recognition that man has a dual nature—both physical and spiritual—that needs too be nourished without causing deficiency or excess in any of the core components.

From the aforementioned discussion, a conceptual model of well-being is presented that captures the holistic nature of human well-being through the five “essential” goods—religion, the self, the intellect, progeny and wealth, respectively—according to the three levels of priority, as illustrated in Figure 1. below. These goods capture the holistic nature of inter-temporal human well-being, namely, spiritual, physical and psychological, intellectual, familial and social, environmental and material respectively. They are basic, universal (i.e. they apply to all people), indispensable (ie, their loss causes serious harm), inter-dependent, and are final in the sense that each contains a range of instrumental goods. Through the methodology of prioritising goods according to necessities, needs and refinements, economic activity can promote the existence (*wujūd*) of these goods and prevent their loss (*‘adam*) at different levels of priority. The next section details the various goods that contribute to realising the five essential goods.





**Figure 1.**  
The Islamic concept of human well-being

#### 4.4 The five essential goods

**4.4.1 Religion (Dīn).** Religion has provided a core component of individual and collective human well-being for as long as man has existed. Religion broadly refers to belief in and worship of a supernatural controlling power and can be a particular system of faith or worship (Oxford, 2018). Both the inner dimensions (*bātin*) and outer dimensions (*thāhir*) constitute religion (*dīn*). The inner dimensions relate to faith and spirituality that are contained in the metaphysical heart (*qalb*) and manifest in moral and ethical traits, such as truthfulness, patience, reliance, God-consciousness and so on. The outer dimensions relate to religious practice, such as rites of worship and performing good deeds. Hence, both the inner and outer dimensions need to be preserved and promoted to enable spiritual well-being to flourish. At the level of necessity comes “the five pillars of the religion” (*arkān al-dīn*), including faith (expressed in the testimony or *shahādah*), the daily prayers (*ṣalāt*), fasting (*ṣawm*), alms-giving (*zakāt*) and pilgrimage (*hajj*). They are named pillars because they are obligatory injunctions, without which the religion would dissipate. The testimony of faith is a formal statement based on sincere belief from the heart. Faith includes knowledge of God—His Names and Attributes, His Messengers, Revelation and faith in the “Unseen Realm” (*al-ḡayb*). Of all the Islamic rites, the most central are the five daily prayers (Nasr, 2004, p. 130). The prayers function to rejuvenate the soul through remembrance of God, protect from vice and provide solace from challenges of worldly life. Prayers performed in addition to the five daily prayers (i.e. those that are supererogatory and correspond to the legal category of “recommended” or *mandūb*) can be considered as being within the category of needs or even refinements. Falling short of the level of necessary worship will lead to a deficiency in spiritual well-being, while going beyond the level of refinement may compromise other aspects of well-being. Fasting during Ramadān is an obligatory rite, during the holiest of Islamic months, for those who have the physical capacity to perform it. Keeping voluntary fasts in addition to the obligatory fasts can be considered as being from the needs and refinements. The third pillar—alms-giving (*zakāt*)—is prescribed upon those who possess more than a minimum amount of wealth (*nisāb*) as specified in the *fiqh* texts. There is also obligatory spending (*nafaqah*) for dependants, such as the obligation upon a married man to take care of the needs of his wife and children. Performing charitable acts beyond this amount

can be considered within the category of need or refinement depending on the extent to which charity is given. Finally, Hajj is the fifth pillar of the religion which constitutes a necessity to be performed by the faithful at least once in a lifetime for those physically able and financial capable of doing so. Performing the Hajj more than once, or performing the Lesser Pilgrimage (*Ummrah*) can be considered as falling within the category of needs or refinements. It may even become bad if it contributes to wastage and excess, such as by spending excessively on luxurious pilgrimage packages, or when there are more pressing needs to be met (Al-Qaradawi, 2007).

Achieving the range of goods that constitutes religion at the level of refinement produces the spiritual state of the “tranquil soul” that enjoys peace, contentment and love. In the modern world, irreligious ideologies, such as secularism, atheism and consumerism that are projected through global capitalism constitute a major threat to the perseverance and promotion of religion, to the detriment of inter-temporal well-being (al-Attas, 1978). For example, the philosophy of consumerism promoted by the modern market system, thrives upon exploiting feelings of scarcity and encouraging insatiability, which contradicts the wisdoms behind worship, such as fostering contentment and moderation in behaviour. In contrast to consumerism induced by desire-fulfilment, religion teaches believers to uphold justice (*ʿadl*) and to exercise benevolence (*iḥsān*). As al-Ghazālī states: “God Most High has commanded us to observe justice (*ʿadl*) and benevolence (*iḥsān*) altogether. Justice is a means to salvation (*najāh*) only, and it functions just as capital functions in commerce. Benevolence is a means to success (*fawz*) and to the attainment of felicity (*saʿādah*), and it is comparable to profits in commerce” (Al-Ghazālī, 2015a, b, p. 85). Exercising benevolence in economic dealings, according to al-Dimashqī, requires self-sacrifice and altruism by favouring the other party, such as sacrificing some personal profit by weighing in favour of the buyer, reducing prices, gifting or other such benevolent acts (Al-Dimashqī, 2011, p. 215).

**4.4.2 The self (Nafs).** The second higher objective—*Nafs*—can be translated to mean “the Self”. The term conveys both the spiritual, psychological and physical aspects of life. At the level of necessity, adequate food, shelter and clothing are basic needs to sustain the self. Physical health is a final good with intrinsic value which also has instrumental value in contributing to other aspects of well-being through various positive spillovers associated with good health. Universal access to basic healthcare is therefore a necessity. The right to life extends beyond access to basic goods to the right to security from harm. Beyond physical health, basic civic and political liberties enable people to enjoy freedom, dignity and equality. Also at the level of necessity, there are “bads” related to intolerant ideologies—whether secular or religious—causing discrimination and hatred, which may lead to persecution, violence and terrorism.

Given that human beings are social creatures whose well-being is contingent upon the well-being of others, co-operation and reciprocity that build social solidarity come at the levels of need and refinement. As al-Ghazālī and Ibn Khaldūn outline, co-operation is the basis of the division of labour and the creation of economic value. According to the latter: “through co-operation, the needs of a number of persons, many times greater than their own [number] can be satisfied” (Ibn Khaldūn, 1969, p. 271). Ibn Khaldūn recognised that the resulting efficiency gains will produce surplus over and above the necessities and needs of the local population, which can then be exported, and the surplus labour can engage in producing Refinements (ibid). The ethic of co-operation has been acknowledged by Aristotle, Aquinas, Smith and Polanyi. Furthermore, it aligns with the communitarian philosophy of Islam that is embodied in the concept of *Ummah* and recognised in jurisprudential reasoning that gives precedence of communal or public interest over individual interest (Setia, 2009) [5]. Medieval scholars recognised that personal ethics—or “management of the Self”—(*siyāsat al-naḥs* or *ḥusn al-tadbīr*) extends to management of the economy as “the art of household management” (*oikonomia*, or *tadbīr al-manzil*) and to politics as “the art of stewardship” (*tadbīr al-khalīfa*)

(Essid, 1995, p. 11). Hence, ensuring well-being of the self entails concern for physical, psychological and spiritual well-being, by practicing ethical economic conduct towards one's self and others, rather than self-interested behaviour.

*4.4.3 Intellect ('Aql).* From the Islamic perspective, the intellect ('*aql*) does not refer simply to the mind but includes the heart and the soul. In line with the *tawhīdic* worldview, all knowledge emanates from God (the All-Knowing, *al-'Alīm*). Given the vital importance of knowledge for human well-being, seeking and conveying knowledge is regarded as an obligatory form of worship, that continues throughout one's life; by seeking knowledge in service to God, man is lead on the straight path towards God and ultimately gains His pleasure (al-Attas, 1978, p. 146). Medieval Muslim scholars recognised a hierarchy of knowledge and classified it according to two types. The first type of knowledge includes the essential religious knowledge that has traditionally been categorised into: creed ('*aqidah*'), jurisprudence (*fiqh*) and spiritual purification (*tazkiyah*). The second type of knowledge refers to "worldly knowledge" of the various experimental sciences ('*ulūm*') that is acquired through observation and empirical research. Basic primary educational provision of both forms of knowledge comes at the level of necessity as a universal right for all human beings and an individual obligation (*fardh 'ayn*). Beyond this, secondary and tertiary education can be considered at the level of necessity, need or refinement depending on the field of knowledge and the needs of the community; if there are not enough trained personnel in a particular field then the need becomes a necessity (as understood from the concept of communal obligation (*fardh kifāyah*)). Given the unity of knowledge, there is a need for a multi-disciplinary educational strategy to foster an integration of domains of knowledge to overcome the current dualism between "religious" and "secular" education. Education will be empowering if it fosters creativity, critical thinking, problem solving and decision-making skills. The promotion of cultural and artistic life comes at the levels of need and refinement.

Historically, endowments or pious foundations (*waqf*; pl. *awqāf*) have played a central role in providing services to meet the needs of society, particularly society's intellectual advancement. The main institutions supported by the *waqf* system have included mosques and *zāwiyas*, hospitals, schools, universities and libraries. Over the years, the *waqf* system grew to become the largest sector of the economy, mostly endowed by wealthy patrons, such as sultans, viziers, amirs, merchants and others of high social status (Abdel Mohsin *et al.*, 2016). Women of various socio-economic backgrounds, in particular, were known to be extremely generous in donating for endowments (*ibid*). This unique phenomenon of voluntary donations on such a large scale can only be fully understood with reference to the underlying Islamic worldview, moral philosophy and the inter-temporal understanding of well-being held by Muslims, which equates charitable donation to a profitable investment in material and spiritual terms. In contrast to privatisation and closure of the commons associated with the liberal market economy, the *waqf* system turns private wealth into sources of public benefit (Setia, 2011).

*4.4.4 Progeny (Nasl).* The protection and promotion of progeny is a fourth essential goal. Seeking to preserve and promote the well-being of one's progeny—or future generations—translates into a concern on behalf of individuals to ensure sustainability, such that this dimension can be understood as how well today's generation accounts for the well-being of future generations. Given that procreation is a human necessity and that marriage is considered from an Islamic perspective the only legitimate way of fulfilling it, marriage in turn becomes a general necessity. A sound marriage can produce a strong family as parents fulfil their responsibility towards God and towards each other as well as their children by establishing a peaceful home and giving them a good upbringing (Ibn Ashūr, 2006, p. 255). A good upbringing is likely to correspond with more dynamic and productive citizens when children become adults (Chapra, 2008a, b). Hence, according to Ibn Ashūr, "the consolidation

and proper functioning of the family constitute the foundation of human civilisation and the integrating factor of society's order" (Ibn Ashūr, 2006, p. 241).

Major socio-economic and cultural changes brought about by modern industrial and post-industrial lifestyles and the expansion of the realm of the market have caused drastic sociological transformations that affect the family, such as declining prevalence of and delayed marriage, increasing prevalence of divorce and so on. It is incumbent that economic behaviour addresses such challenges facing the family and society to safeguard present and future generations.

*4.4.5 Wealth (Māl).* Wealth (*māl*) is the fifth essential good. Earning from permissible (*halāl*) sources through one's individual effort, in order to support one's self and one's family, is considered to be an individual obligation (*fardh al-'ayn*) for the able-bodied. If a person is unable to support his poor dependants, it is a collective obligation (*fardh al-kifayāh*) for members of a Muslim society to take care of the needs of the poor, disabled and other dependants, such as orphans and the elderly. Hence, regarding spending, there is first and foremost the obligatory tithe (*zakāt*) that is to be collected as either 2.5%, 5% or 10% of wealth and given to eight categories of poor mentioned in the Qur'an as "community property" (*māl al-muslimīn*). It ensures that wealth is circulated to meet necessities, such as daily consumption, shelter, medical treatment and savings for emergencies. Islamic inheritance laws also support family members through the distribution of the deceased's wealth. The absolute poverty line can be considered a benchmark of the subsistence level of income which constitutes the level of necessity. Once necessities are met, wealth may be spent for the sake of licit personal consumption or invested in profit and non-profit ventures in order to fulfil needs and attain refinements. It is a collective obligation to ensure that adequate employment opportunities exist to provide goods and services that meet society's needs. Legislation for maximum working hours, minimum pay and decent working conditions come at the level of necessity. At the level of need and refinement, work should allow every member of the society to perfect their God-given talents.

By re-embedding the economy into the Islamic worldview, moral and well-being philosophy, material well-being and spiritual well-being can be co-constitutive. Historically, according to Ashraf (1988), the market and the mosque were "inseparable twins" that have served as the primary arena for public life, especially extra-familial sociability (Ashraf, 1988, p. 539). In al-Ghazālī's words, the "market of this world" is intertwined with the "market of the hereafter". The guild system that dominated the urban medieval Islamic economy provides another example (Lapidus, 1988). Guilds worked in conjunction with the state to maintain market regulation and entry, enforce production codes and collect taxes. In addition to their economic and political function, guilds served important social and religious functions, such as sponsoring religious ceremonies, celebrations and collecting funds for charity (ibid; Kuran, 2000, p. 43). The master-apprentice relationship enabled specialist knowledge to be preserved and passed down through generations. They were connected to fraternity associations, known as *futuwwah*, as well as spiritual circles (*ṭarīqa*). While in certain cases guilds were religiously and ethnically homogenous, according to Kuran (2000), inter-confessionalism was the norm, as guilds included Muslims, Christians and Jews, and various ethnic groups. The function of the guild in the pre-modern Islamic economy can be contrasted with the modern corporation that constitutes the driving force of the current global market economy. While the guild simultaneously served social, religious and market purposes, according to Hallaq: "the corporation is created by law for one purpose: to increase its wealth and to prioritise this purpose above all others, including social responsibility, which, when it exists at all, is placed in the service of generating even more profit" (Hallaq, 2014). Hence, it is essential for organisational structures and business models to ensure that pursuit of material well-being and spiritual well-being is co-constitutive and mutually reinforcing.

Thus, the fulfilment of human well-being requires the balanced preservation and promotion of the five essential, interconnected and interdependent goods: religion, self, intellect, progeny and wealth. There would be a deficiency in well-being if some of these essential goods and their corollaries are acquired while other goods are absent. Furthermore, goods are prioritised according to three levels of priority—necessities, needs and refinements, thus showing that the perfection of the objective list aligns with achieving the level of refinements in all five essential goods. These goods are summarised in Table 1 below according to the most appropriate measurable components.

## 5. Implications and steps ahead

A general criticism of Islamic economics is that it remains in the shadow of Western neoclassical economics (Sardar *et al.*, 2003). For example, according to Alatas: “Islamic economics is very much embedded in the tradition of British and American economics in terms of its near exclusive concern with technical factors such as growth, interest, tax, profits, and so on” (Alatas, 2006, p. 594). A key epistemological implication of this study is for Islamic economics to go beyond its disciplinary boundaries and connect to the rich Islamic ethical tradition, and to come into productive dialogue with other moral economy traditions. This can enable Islamic economics to become an “integrated field destined to become a pillar of the Muslim civilisation” (Sardar *et al.*, 2003, p. 43).

Another important implication is for the Islamic economy—including the Islamic banking and finance sector—to remain guided at all times by the goal of holistic human well-being, as underpinned by the Islamic worldview, moral philosophy, including principles, such as justice, benevolence, co-operation and concern for the poor. Despite impressive growth figures, a gap has emerged between aspirations and realities for which the sector has been criticised (Zaman and Asutay, 2009; Ahmed, 2011). Such problems facing the Islamic banking and finance industry can be traced back to a failure to set the conceptual foundations that underpin the industry (Asutay, in Cattelan, 2013). Hence, Islamic banks tend to replicate the conventional banking model of risk transfer – the most popular product offered by Islamic banks is the debt-based, mark-up contract (*murābahah*), while the equity-based, profit-and-loss contracts (e.g. *musharakah* and *mudhārabah*) are less common, even though they align more closely with the principle of co-operative risk sharing (Chapra, 2008a, b). Oftentimes, there is an emphasis on form rather than substance when products offered by Islamic banks are given “Shari’ah approval”, without giving sufficient consideration to their purposes and implications—what El-Gamal (2006) calls “Shari’ah arbitrage”. This may also involve the use of “legal tricks” (*hila*) to circumvent legal prohibitions, such as “sale and buy-back” (*bay‘-al-‘inah*) and “buying on credit and selling at spot value” (*tawarruq*) contracts (Abozaid and Dusuki, 2007, p. 147). This has led to the introduction of certain products onto the market that replicate the function of conventional products and provide credit for conspicuous consumption and morally questionable investments. In turn, the credibility of Islamic banks is being eroded amongst members of the public and academics.

Rather than attempting to replicate products offered by conventional financial institutions, Islamic banks should integrate their business model with the Islamic worldview and well-being philosophy. This will require education and training of practitioners so that employees can remain wholly committed to inclusive finance, with the highest ethical standards through a co-operative risk-sharing business model that targets necessities and needs, prior to refinements, with priority given to strategic sectors, small and medium-sized enterprises (SMEs), micro-businesses and financially excluded communities (Ahmed, 2011). Shari’ah approval of business practices and products must combine a positive ethical screening criteria with the current exclusionary criteria (which focuses on issues such as absence of interest, speculation, illicit commodities and so on). Integrating technology,

**Table 1.**  
Summary table of the  
Islamic concept of  
human well-being

The five essentials	Components	Necessities	Needs	Refinements	Bads
Religion	Five pillars of religion	Testimony of faith and basic religious knowledge	General religious knowledge	Wisdom ( <i>hikmah</i> ), spiritual refinement ( <i>tazkiyah</i> ) and virtue ( <i>ilisan</i> )	Irreligious ideologies; religious discrimination; moral corruption
	Prayers	Five daily prayers and Friday prayer	Congregational prayer, funeral prayers, Eid prayers	Voluntary prayers with reverence and humility ( <i>khushū</i> )	
	Fasting	Fasting Ramadan (once a year) Zakat (once a year)	Moderate consumption	Voluntary fasts; fasting of the heart	
	Charity	Hajj (once in a lifetime)	Relieving financial burdens of others	Charitable institutions; mutual gift-giving	
	Pilgrimage		Voluntary pilgrimage	Eco-tourism and visits to religious sites	
The self	Physical	Minimum calorie intake	Provision to meet food needs	Nutritious foods	Hunger; unhealthy food
	Shelter	Basic shelter	Needed physical infrastructure	Ascetic architecture	Homelessness; poor housing; poor sanitation
	Health	Basic healthcare provision	Healthcare needs	Advanced healthcare provision	Disease, sickness, intoxication
	Safety	Right to life	Safe and secure neighbourhood	Peace of mind	War, conflict, criminality, suicide
	“Abstract”	Basic individual rights and freedoms	Communal rights	Fulfilling human potential of oneself and others	Political oppression and injustice
Intellect	Mind	Primary education	Secondary education	Tertiary education	Fragmentation of knowledge
	Heart	Technical education Moral education			Entertainment industry, celebrity culture
(continued)					

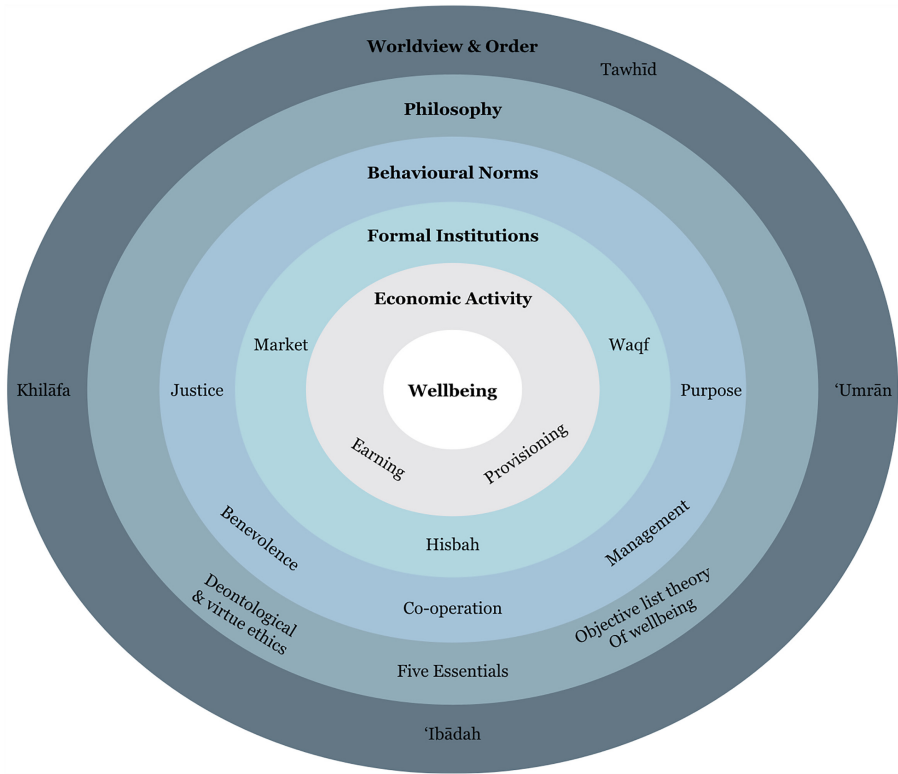


The five essentials		Components	Necessities	Needs	Refinements	Bads
Progeny	Familial, social and environment	Offspring	Procreation through wedlock	Upbringing needs of children	Virtuous upbringing and comportment ( <i>ḥusn al-tarbiyah; adab</i> )	Neglect; corruption of <i>fiṭrah</i>
		Marriage	Fulfilling rights of and duties towards: spouse, family, neighbour, community and nature	Needs of spouse	Love, peace and tranquility ( <i>ḥusn al-ʿishrah</i> )	Abuse; divorce
		Relatives		Needs of relatives	Strengthen family ties ( <i>ṣilat al-arḥām</i> )	Cutting familial ties
		Neighbours		Needs of neighbours	Friendliness, care and concern ( <i>ḥusn al-jūwār</i> )	Harming neighbours
		Community		Needs of community	Community outreach and engagement	Social strife
Wealth	Earning ( <i>kasb</i> )	Nature		Environmental conservation	Environmental regeneration	Environmental damage
		Income and employment	Permissible sources ( <i>ḥalāl</i> ) and meets subsistence	Safe and secure employment	Fulfilling work; self-esteem and self-actualisation; arts and crafts	Unemployment, poverty, inequality
		For-profit and not-for-profit	Sustaining one's dependants	Fulfilling personal, familial, societal needs	Establish sustainable organisation, e.g. <i>waqf</i> to support virtuous causes	Spending on harmful and immoral commodities and services
	Provisioning ( <i>infāq</i> )					

Table 1.

such as blockchain, mobile banking and electronic payment systems, can enhance financial inclusion if used wisely. Hence, grounding the Islamic economy within the Islamic worldview and moral philosophy that is guided by the well-being model can allow it to fulfil its original purpose and regain credibility and provide genuine solutions to problems, such as persistent poverty, growing inequality and environmental degradation. Figure 2 summarises the key components of the Islamic economy.

Finally, this study highlights the need for collective efforts to support the development of a composite Islamic well-being index which accurately measures each dimension of well-being as accurately as possible. While previous attempts to develop *maqāṣid*-based well-being indices are valuable and informative, the use of available data from a range of indices as proxies makes them unreliable measures as they do not reflect the concepts contained in the Islamic well-being perspective. These problems have been highlighted by the authors of these indices, such as Amir-Ud-Din (2014). Thus, a way forward can be for the Organisation of Islamic Co-operation (OIC)–as the largest Islamic multilateral organisation with a membership of 57 states–to support the development of an Islamic well-being index and to assist data collection efforts in Muslim communities. Such an index would be extremely useful for governments and policymakers to measure policy effects over time and for cross-country comparisons. Clearly, such an index would provide a more representative measure of well-being from an Islamic perspective compared to existing indices, such as the Human Development Index (HDI). A next step for further research is to collect data for each of these



**Figure 2.**  
A diagrammatic  
conceptualisation of  
the Islamic economy

components by conducting surveys in order to construct a well-being model that is truly representative of the Islamic well-being philosophy as outlined.

## 6. Conclusion

This paper has argued that it is necessary to reassess the well-being philosophy underpinning economic thinking. An Islamic conceptual model of human well-being has been developed by integrating the *tawhīdic* worldview, the philosophical insights of *sa'ādah* with an objective list from the *maqāṣid* tradition based on the five essential goods: religion (*Dīn*), self (*Nafs*), intellect (*'Aql*), progeny (*Nasl*) and wealth (*Māl*) that correspond to spiritual, physical and psychological, intellectual, familial and social, and material well-being, respectively. It has presented a methodology for prioritizing goods at three levels, according to human necessities, needs and refinements. While this well-being philosophy differs from the dominant utilitarian philosophy underpinning mainstream economics, it aligns with neo-Aristotelian and religious approaches based on a perfectionist objective list theory of well-being which consider living virtuously to be at the heart of living well. Hence, these approaches can come into productive dialogue to address common challenges posed by the global market economy and propose more ethical forms of market organisation and institutions, such as employee-owned companies and co-operatives. This dialogue can encourage the revival of the not-for-profit sector and foster critical introspection of the Islamic banking and finance industry. Finally, a collaborative effort is required to turn this model into an Islamic well-being index as a tool for policymakers and as a goal for national and regional co-operation, particularly between OIC member countries.

## Notes

1. Functionings relate to things a person may value being or doing while capabilities are the various sets of functionings that a person can achieve.
2. Deontology refers to “duty-”, or “rule-” based ethics with an emphasis on duty and moral obligation to some set of rules. It may come from secular reason, such as Kantianism, or religious law, such as divine command theory. The latter is associated with religious traditions which see moral life in the light of divine commandments, whereby that which is ethically, or morally “good” is that which God commands, while that which is “wrong” or “bad” is something forbidden by God (Rachels and Rachels, 2003, p. 50). This suggests a position of ethical objectivism, whereby some moral principles have universal validity.
3. Al-Fārābī uses a derivative of the term *'umrān*, “*al-ma'mūra*” to refer to human settlement upon the earth (Al-Fārābī, 2016, p. 69).
4. The Islamic philosophy of *sa'ādah* also bears resemblance to the Christian perspective of human well-being as outlined by two highly influential Christian theologians – Augustine (d. 430 C.E.) and St. Thomas Aquinas (d. 1274 C.E.) in the concepts of *beatitudo* and *felicitas*. See: Lauinger in Fletcher (2016).
5. Ibn 'Ashūr (2006) differentiates between individual and societal interests, giving those interests that are concerned with the community priority over those that were concerned with individuals.

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**Corresponding author**

Haithem Kader can be contacted at: [haithem.kader@sant.ox.ac.uk](mailto:haithem.kader@sant.ox.ac.uk)