

RESEARCH IN ISLAMIC ECONOMICS AND FINANCE IN MALAYSIA: A REVIEW

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Abstract

This paper evaluates and analyses contents on several selected journals on Islamic economics and finance in Malaysia between 1977-2003. A brief introduction on the purpose, importance and structure of the journals are highlighted followed by its history, within the first part of the article. This paper also covers the background of the journals, the methodology and reviews the relevant articles. Apart from that, descriptive statistics concerning the classification of field of study for each journal and subtopics of articles reviewed were also presented. A brief content analysis of Islamic economics system, Islamic finance and banking, Islamic economic development and Islamic management articles were discussed to examine its prospects for research in the future. This review found that the scope and areas of interest, as indicated by the publications, are narrow and few. This paper concludes with a discussion on the needs to proliferate the research and publication in the areas of Islamic banking and finance, Islamic economics and Islamic management

Keywords: Islamic economics and muamalat, Islamic finance, content analysis

INTRODUCTION

This paper reviewed articles published in five major referred local journals. These journals are published by faculties of universities and institutions associated to Islamic studies. The selected journals are Jurnal Islamiyyat of Universiti Kebangsaan Malaysia (UKM), Jurnal Syariah of Universiti Malaya (UM), IIUM Journal of Economics and Management of International Islamic University of Malaysia (UIAM), Jurnal Fikrah of MARA University of Technology (UiTM) and Jurnal IKIM of Institute of Islamic Understanding Malaysia (IKIM).

Generally, the articles published are in the areas related to Islamic studies, shariah, *dakwah*, Islamic economics and finance and other contemporary Islamic issues. However, to serve its purpose this paper only review articles written on the subject of Islamic economics and finance. Using content analysis approach, the paper attempts to highlight the general trend of the journals selected and to identify research interests among writers in this area. The findings of the study will reveal the extent the attention is given to the topics of Islamic economics and Islamic finance. This is crucial to see whether the depths and breadth of areas covered and sufficient source of literature review is available for researchers in this area.

The structure of the paper is as follows. After the introductory section, background of the journals reviewed is discussed, followed by the methodology. The next section discusses the review of articles and content analysis of the selected topics. The paper concludes with a discussion and conclusion on the findings as well as direction of future research and publication in this area.

BACKGROUND OF JOURNALS REVIEWED

The purpose of the study is to review research in the area of Islamic studies in general and Islamic economics and finance in particular. The articles in the selected journals will be reviewed via content analysis approach. The selection of the journals is based on the general theme of Islamic studies. The identified journals are Jurnal Islamiyyat, published by Faculty of Islamic Studies, UKM, Jurnal Syariah, published by Faculty of Syariah, Islamic Studies Academy of UM, IIUM Journal of Economics and Management (JEM), published by

Kuliyyah of Economics and Management Sciences, UIAM, Jurnal Fikrah, published by Islamic Education Studies Unit, UiTM, Shah Alam and Jurnal IKIM, published by IKIM. These journals are selected as they are believed to be among the major journal publication in this area in Malaysia. Details of the journals reviewed are presented in Table 1.

The nature and scope of the journals under review differ greatly, but in general it can be classified as research in Islamic studies. A brief explanation on the background of each journal ensued.

The articles published in Jurnal of Islamiyyat encompass all areas of Islamic studies, namely usuluddin and philosophy, Arabic studies and Islamic civilization, dakwah and leadership studies, shariah and al-Quran and al-Sunnah studies. The journal also welcomes contributions on subjects written on Islamic perspectives. There were 24 volumes of Jurnal Islamiyyat published starting from 1977 (vol. 1) until 2003 (vol. 24) however volumes 5, 23 and 24 were omitted due to inaccessibility. A total of 114 articles were reviewed. Only two articles (1.75 %) belong to Islamic economics studies. The remaining 112 articles (98.25 %) belong to the Islamic studies category.

Meanwhile, the objective of Jurnal Syariah emphasizes studies on shariah, law, politics, muamalat and contemporary thoughts. This journal welcomes article contribution in Bahasa Melayu or English in the areas related to Shariah and law. 14 issues of Jurnal Syariah were reviewed starting from January 1993 to July 2000 except one issue in July 1998 due to lack of possession in the libraries. Overall, there are 169 articles published. From all the issues reviewed, only 9 articles are related to Islamic economics system (5.3 percent), 4 articles are related to Islamic finance and banking (2.4 percent) and the rest are Islamic studies articles (92.3 percent). In the areas of Islamic economics and muamalat, 4 articles discussed about zakat while one article each is on pawnshop, property jointly acquired, banking, taxation and Islamic economics.

The IIUM Journal of Economics and Management (JEM), formerly known as the Journal of Islamic Economics, is published twice a year by UIA. In line with the objectives of the Kuliyyah and the University, the journal is dedicated to the development, promotion and understanding of Islamic economics and areas pertaining to management and accounting. The scope and objectives of the journal were altered in the year 2002. The IIUM Journal of Economics and Management had attempted to widen its focus as

Table 1: Journals Reviewed

Journal	Review Period	No. of Volumes Reviewed	No. of Articles Reviewed	Medium	Publication Frequency	First Published	Articles per issue
Jurnal Islamiyyat (published by UKM)	1977-2003	21	2	Bahasa Melayu, English & Arabic	Annual	1977	5-12
Jurnal Syariah (published by UM)	1993-2000	15	13	Bahasa Melayu & English	Biannual	1993	12
JEM ¹ (published by ULA)	1987-2002	11	21	Bahasa Melayu & English	Biannual	1987	3-6
Jurnal Fikrah (published by UiTM)	1998-1999	2	5	Bahasa Melayu & English	Annual	1998	10-15
Journal IKIM (published by IKIM)	1998-2000	6	14	Bahasa Melayu & English	Biannual	1983	6-7

¹IIUM Journal of Economics and Management, ULA.

Source: The respective journals, various issues.

compared to the years before that. Its coverage does not only concern issues related to Islamic economics but also on other specific areas such as management and accounting. The articles are written mainly in English and some in Bahasa Melayu. Format of the articles are open to various style. Articles published are in the form of commentaries, book reviews, article reviews, comments and discussions on topics related to the theme of the journal. The averages of 3 to 6 articles were published per journal.

The research interests discussed in *Jurnal Fikrah* (published by UiTM) are shariah, economics and Islamic finance and Islamic studies. The concept of the journal is multidimensional, with a focus on contemporary Islamic issues. In addition, *Jurnal Fikrah* has the average of 10 to 14 articles per issue. The articles were written in Bahasa Melayu and English as the medium (only 12.5% of the articles were written in English). Out of the 24 articles published in 1998 and 1999, there are only five (21%) articles written in the areas of Islamic economics and finance.

Jurnal IKIM (published by Malaysian Institute of Islamic Understanding) covers a wide range of research interests viz. strategic issues, global issues, implementation of the economic system in the modern age, inter-faith relationship, mass media functions and the portrayal of Islam and its ummah, technological development and technological transfer, environmental issues, human rights and socio-economic and political issues. There are general titles for practitioners, specialists and laymen. Out of 41 articles being published within the period of 1998-2000, only 14 articles (34.15%) are written in the areas of Islamic economics and muamalat (11 articles, or 26.83%) and Islamic finance (3 articles or 7.32%). The articles were written in either English medium or Bahasa Melayu (during the period under review, only 14.64 percent of the articles were written in Bahasa Melayu language). On average, each edition of the journal published about six to seven articles.

In summary, all journals covered varieties of research interests. A total of five journals were reviewed within the period of 1977 to 2003 (26 years). One journal was established in late 1970s, two in 1980s and two in 1990s. All of the journals accepted publications in both Bahasa Melayu and English medium, except *Jurnal Islamiyyat*, which also accepted articles written in Arabic. The usage of different medium of language enables contributions from both local and international participants. Within the period under review,

none of the journals increased the frequency of its publication or increased the average number of articles being published. This might be due to difficulties in getting relevant articles. Only IIUM Journal of Economics and Management seemed to shift its focus by broadening its scope; from focusing on Islamic economics to covering the area of both Islamic economics and management.

METHODOLOGY

The paper adopts content analysis approach. The review covered the period of 1977 to 2003, with a few exceptions due to lack of possession of the journals. Overall, there are five journals reviewed with approximately 400 articles, excluding book reviews, article reviews and commentaries.

The review focuses specifically on the articles written in the areas of Islamic economics and finance. It follows that the articles would be classified into four categories namely Islamic economics system, Islamic finance and banking, Islamic economic development and Islamic management. The classifications are made based on either the content or the abstract of the articles. It is noted that some areas might overlap due to different nature and research interests of the specified journals. Therefore, this review would categorize the articles based on these criteria: high frequent mention of key words and also the contents inclined towards either categories Islamic economics system, Islamic finance and banking, Islamic economic development and Islamic management accordingly. After screening, a total of 56 articles are considered for detailed reviews.

The other articles that do not match the aforementioned criteria would be classified under Islamic studies subjects. Islamic studies subjects would include the topics on al-Quran and al-Sunnah studies, Arabic studies, Islamic thoughts and philosophy, Islamic scholars, Islamic civilization, comparative studies in religion, dakwah and leadership studies and shariah. It should be noted that the five journals reviewed either belong to or attached strongly to research in the area of Islamic studies. Therefore, most of the writings will distinctively relate to Islam, albeit at varying degree and length. This paper does not review articles in those categories.

Further investigation was performed based on the descriptive and content analysis approach. The descriptive analysis will highlight the general

trend of the journals reviewed while content analysis will ascertain on the nature and depth of the issues explored. The study will also determine the intensity of research undertaken, whether it is research based or library research.

REVIEW OF ARTICLES

In general, the findings of the study revealed that very few articles have been written in the area of Islamic economics and finance. Within the period of 1977 until 2003, based on the journals reviewed, about 33 percent of the overall writings were attributed to these two areas. The rest of the articles came from the Islamic studies. The classification is presented in Table 2. However, due to the emergence of Islamic banking and finance in the late 1980s, there is a shift in the direction of the research interests. Subsequently, greater number of articles could be found in the Islamic finance area, especially in IIUM Journal of Economics and Management (JEM) and Jurnal IKIM.

Table 2: Classification of Field of Study

Journal	Islamic Economics (%)	Islamic Finance (%)	Islamic Studies (%)
Jurnal Islamiyyat	1.8	0	98.2
Jurnal Syariah	5	2.5	92.5
JEM	66.7	33.3	0
Jurnal Fikrah	8.5	12.5	79.0
Jurnal IKIM	26.8	7.3	65.9
Total	21.8	11.1	67.1

Source: The respective journals, various issues. Compilation and classification made by researchers. Figures are rounded to the nearest number.

In order to facilitate a more focused analysis, the paper further categorizes the relevant articles into four main areas namely Islamic economics system, Islamic finance and banking, Islamic economic development and Islamic management. The categorization of the subtopics is listed in Table 3.

Table 3: Subtopics of Articles Reviewed

Subtopics	Jurnal Islamiyyat (Qty)	Jurnal Syariah (Qty)	JEM (Qty)	Jurnal Fikrah (Qty)	Jurnal IKIM (Qty)	Total
Islamic econ. system	0	9 69.2%	11 50%	2 40%	1 7.2%	30 53.6%
Islamic finance & banking	0	4 30.8%	8 36.4%	3 60%	3 21.4%	18 32.1%
Islamic econ. development	2 100%	0	2 9.1%	0	3 21.4%	7 12.5%
Islamic management	0	0	1 4.5%	0	7 50%	1 1.8%
Total	2 100%	13 100%	22 100%	5 100%	14 100%	56 100.0%

Source: The respective journals, various issues. Compilation made by researchers.

ISSUES IN ISLAMIC ECONOMICS SYSTEM

Due to broad coverage of Islamic economics systems, various issues were examined. The issues range from property jointly acquired to the form and structure of zakat. Zakat management and Islamic economics systems are among the frequently chosen topics. Further elaboration on each topic will follow suit.

Shamsiah Mohamad (1995) analyzed several laws relating to pawnbroking activities in Malaysia with special reference to Pawnbroking Act 1972 from the Islamic perspective. This paper analysed some provisions of the Act which are thought not to be Islamically acceptable. Subsequently, a paper by Ab. Kadir Hj. Muhammad (1996) discussed the concept of property jointly acquired by husband and wife during marriage. The misinterpretation of the term is explained and solution offered where the provision should be verified and standardized among states in Malaysia.

Baharuddin Sayin (1998) focused on the administration and management of waqaf property in Peninsular Malaysia. He compared the waqaf management system and provided tables on classification of waqaf properties among the states under studied. Furthermore, Mahmud Saedon Awang Othman and Muhammad Ariffin (1999) surveyed the position of taxation of land (al-kharaj) according to Islamic perspective by looking at hukm

concerning land tax, its procedures as well as its measurements. Meanwhile, only two papers discussed issue on the banking system as indicated by Mohd Daud Bakar (1998) who gave explanation on muamalat requirement and the shariah dynamically effect on modern banking. Another article by Mohamed Ariff (1989) discussed Malaysia's experience in Islamic banking, in terms of its historical background and the establishment of Bank Islam Malaysia Berhad (BIMB).

Market mechanism from the viewpoints of prominent Islamic scholars was discussed by Abdul Azim Islahi (1995). He analyzed the concept of market mechanism in Islamic literature, as developed by the Muslim scholars. The study is confined to the ideas of following representative personalities such as Abu Yusuf, Al-Ghazali, Ibn Taimiyah and Ibn Khaldun. The study concluded with the note that considerable ideas on the market and pricing mechanism were found within the Muslim scholars long before the mid-eighteenth century, and that the views of Islamic writers were far detailed and clear. Another study done by Cengiz Kallek (1995) described how Prophet Muhammad SAW built a sovereign Islamic state by signing a treaty, the "Constitution of Medina" and established a market called the "Market of Medina". Guiding with two principles of no taxes and no monopoly, an institution named al-hisbah is created to oversee that the economic rules of shariah were carried out. The economic system of Prophet Muhammad SAW is followed successfully then by the four caliphs with no deviation. The study suggests that Muslim have to take lessons from the Prophet realistic strategy to rebuild the Islamic economic sovereignty through the establishments of Islamic unions and communities where the Muslim would be dominant.

A study on Islamic justice in Islam is done by Saiful Azhar Rosly (1995) who argued that in Islam, economic activities are guided by two main principles, namely revealed and observed principles. The first principle determines what is right and what is wrong about economic behavior, while the latter guided men to plan, forecast, predict and strategize to overcome basic economic problems. These principles or economic theories are Quranic based and is a source of economic principle after al-Quran, al-Sunnah, ijma, qiyas and ijihad. The author summed-up that today, applied model building in Islam is difficult to exercise, as there is hardly any country in the world that fully practice Islamic law in the economy.

Muhammad Akram Khan (1987) discussed in broad about the methodology and general terms of Islamic economics to show its major differences with the methodology of traditional economics. This paper also studies some of methodological issues relating to Islamic economics. The need for a methodology for Islamic economics is also highlighted. Besides that, Mahmud Abu Saud (2002) explained the basic concepts of Islamic economics with the focus on money, interest and qirad where he also underlined the basic rules of social material behavior and delineated the system of Islamic economics such as *riba* and *zakat*. Meanwhile, Ab. Mumin Ab. Ghani (1999) analyzed the individual freedom and government intervention in the market in the context of Islamic economics. He explained the ways Islam treats individual freedom and the extent of government interference is allowed as opposed to conventional and socialist approaches. A.H.M. Sadeq (1989) focused on Islamic views on pricing factors of production and its implication for functional distribution of income. Beginning with the investigation of factors of production and their definitions, he further explained the factor pricing and income distribution in traditional economic views as well as in Islamic perspectives.

Meanwhile, the writings on *zakat* focus on two aspects. Firstly the government role in collecting and distributing *zakat* and secondly the need to revised the form and structure of *zakat* disbursement. An article by Nik Mustapha Nik Hassan (1987) highlighted some aspects of the economics of *zakat* and the position of *zakat* in Malaysia. The administration of *zakat* was briefly discussed emphasizing on several problems on the *zakat* collection followed by the disbursement of *zakat* and its implementation. The author suggested some improvements for the *zakat* administration in Malaysia in terms of education, economy and the centralization of the *zakat* institution. The discussion on the role of government was also undertaken by Mahmood Zuhdi (1994) when he wrote on the power of authorities and methods in *zakat* administration in Malaysia. The government should manage *zakat* collection and distribution as set by Islam. Another research conducted by Ahmad Hidayat Buang (1999) delineated *zakat* as one of the mechanism to eradicate poverty in Muslim society and focused on the institutions involved with *zakat* collection, such as *Baitulmal* and *Pusat Pungutan Zakat*. The author also analyzed the collection and distribution of *zakat* in Kuala Lumpur.

The form and structure of zakat were investigated by some writers. A study done by Monzer Kahf (1989) is a continuation of the line of thinking suggested by Shaikh al-Zahra on the subject of zakat. Shaikh Mustafa al-Zarqa suggested that several areas in the fiqh of zakat needed a fresh consideration because of changing circumstances, based on the consistency and justice conditions that should always be fulfilled in zakat. He commented that new forms of wealth and income should also be treated in zakat in addition to the old ones, which were prevailing at the time of the Prophet Muhammad SAW. In addition to that, the author also presented more cases and arguments in favour of an overall reconsideration of the fiqh views on zakat. In accordance, Muhamad Anwar (1995) proposed the establishment of a financial institution called "Awqaf-Zakat Investment Fund" to help underdeveloped Muslim countries. This institution will be registered as a waqaf institution but operate as a profit-seeking organization. The author argued that the operational mechanism of the institution is in line with the shariah requirements; hence will contribute towards the socio-economic development of the Muslim countries.

Mahmood Zuhdi (1993) discussed the nas and hukm of zakat on salary and professional income. The concept of maslahah is also explained in deciding whether or not to pay zakat from salary and professional income. In 1995, the author reemphasized his opinion by arguing that the general provisions of the Quran and Hadith can be used to include other properties of income as new sources of zakat. His opinion was supported by Mujaini Tarimin (1998), when she suggested that the rate of zakat should be between 5 percent to 20 percent on all modern form of income. The article outlined the historical background and the law governing the waqaf administration. It also compares the waqaf management system and provides tables on classification of waqaf properties among the states under studied. In another article, (1999), she investigated zakat on Al-Mal Al-Mustafad. She defined "Al-Mal al-Mustafad" as a zakat on income gained from salary, wage, allowances and etc. The article argues that zakat on income should not only be imposed on farmers since majority of Malaysians in other professions have higher income. On the other hand, Zakariah Abdul Rashid (2000) discussed the flow and stock concept of zakat. The author concluded that there was a marked difference between the two concepts; therefore, zakat

should be levied at the rate of 2.5 percent to 5 percent on all stock assets and 5 to 10 percent on the flow assets.

In brief, the two areas of focus were moderately discussed. There is a consensus of opinion that there should be a new hukm of zakat on salary and professional income. According to these authors, that zakat should be levied in current means of deriving income, including income generated in business and financial instruments.

There is no clear pattern that emerges from the writings on Islamic economics system. The articles have touched on various issues, focusing on different perspectives. The discussions were mainly general and theoretical in nature. No particular topic received considerable attention during the period under review.

ISSUES IN ISLAMIC FINANCE AND BANKING

Islamic finance and banking is the next main focus of the study. The common topic of interests is the different types of Islamic financing mode, for example Bay Murabahah, Bai Bithamin Ajil (BBA) and Al-Ijarah Thumma Al-Bai. The prospect and challenges facing BIMB was also examined. Ziauddin Ahmad (1989) observed the present state of the Islamic banking movement in terms of its goals and objectives. The paper proceeded with the discussion on the factors influencing the movement and the objectives of switching from conventional banking to Islamic banking. The author also included quantitative and qualitative analysis of the growth and development of Islamic banking. Meanwhile, Abd elrhman Elzahi Saaid et al (2003) investigated the x-efficiency of Islamic banks in Sudan. The results suggested that the sample banks used, had low levels of x-efficiency, implying Sudanese Islamic banks were not optimizing their inputs usage (technical inefficiency). Among the policy implications offered were the guideline for the Sudanese government to chart a policy on banking deregulation and mergers and the sources of x-inefficiency which could be used by the banks managements to overcome the problems of inefficiency.

Mohd. Daud Bakar (1997) discussed the new approach of project financing instrument in Islamic banking system. These muamalat-based instruments will be both profitable to the financiers and depositors in the long term. Therefore, new paradigm orientation among Islamic bankers, legal

system, share advisors, investors and depositors needs to be developed. Another article by Joni Tamkin Borhan (1998) discussed the application of Bay Murabahah in Islamic Commercial Law while in 1999 he looked at some issues, problems and the prospects of BIMB. On the other hand, Syed Musa Alhabshi (2002) contemplated about the issues of financial performance measurement and suggestions. The need for a profit sharing distribution policy of Islamic financial institutions is also discussed. A portfolio returns model of Islamic financing contracts is proposed for the financial institutions. Both the accrual and the cash aspects of performance measurement and distribution policy are also discussed.

Another author, Azlan Khalili Shamsuddin (1998) took up the issue of the difference between what is true investment as opposed to what is mere speculation if not gambling in the stock market. In the author's view, it is very important both from an economic and ethical outlook as well as religious perspective that the differences between the action of gamblers, speculators and investors be understood. According to the article, what is the common element of the three activities is the presence of risk, although the level of risk exposed may differ, as risk in investment is presumably smaller, whereas larger risk usually present in both speculation and gambling. The paper depicts that what differentiates gambling from speculation and speculation from investment is the time-horizons of the investments. Speculations generally last longer than gambles but are briefer than investments. The author concluded that a particular frame of "holding-period" would determine whether the actions of investing in stock exchange are gambling, speculating or true investing.

Furthermore, Surtahman Kastin Hassan and Abdul Ghafar Ismail (2000) provided a succinct summary of BIMB and all other interestless banking scheme in Malaysia until 1998. The authors commented on the low percentage of market share captured by BIMB since its inception in 1983. The article reaffirmed that BBA is the prevalent mode of financing in modern day Islamic banking, despite the profit-sharing mode proposed by the early Islamic Scholars. On the other hand, Mazilan Musa (2000) commented on the current practices of Islamic financing method, especially BBA, in Malaysia. He clearly illustrated his ideas and reminded readers to be aware of potential areas where the element of *riba* might present. The focus of his discussion was on BBA and Al-Ijarah Thumma Al-Bai.

A comparison of conventional and mudharabah financing is done by Obiyatulla Ismath Bacha (1995) who examined why the Islamic equivalent of term loans and project financing, mudharabah and musharakah, constitutes a very small portion of Islamic banks' total asset. The agency problem of both conventional debt and equity financing is examined; it is shown that in mudharabah financing these problems would be accentuated. According to the author, a case is made that the reason for this has to do with the characteristics of mudharabah financing as practiced by Islamic banks. It is shown that mudharabah is really hybrid between conventional debt and equity, since it has features of both and thus has the agency problems of both. Finally, mudharabah financing is viewed in the framework of the signaling theory and control hypothesis of corporate finance. Saiful Azhar Rosly and Azizi Che Seman (2003) mentioned that Malaysian shariah scholars outside the supervisory bodies do not fully support Bay al-Inah mode of financing due to its interest-bearing features. The authors claimed that the Middle-Eastern shariah scholars did not favor Bay al-Inah contract as well. Therefore, a diversification policy is critical in seeking the acceptance of Malaysia's Bay al-Inah funds at the global level.

Although it is clearly stated in al-Quran and al-Sunnah, the issues of *riba* has remained debatable among the Muslim scholars. Ramawan Ab Rahman and Ghafarullahudin Hj Din (1998) list various activities and situations where the act of taking a sum of money in addition to the principal is possibly permissible. Examples given are in the case of service charges, indexation, property rents, capital financing and etc. However the paper concluded that Islam definitely prohibits all sorts of interest regardless whatever persuasive names given to it. Ahmad Hidayat Buang (1998) depicts that interest is prohibited not only because it is technically similar to '*riba*' (extra money charged in addition to the principal), but more so because it leads to oppression on the debtors unjust wealth distribution in the economy. Saiful Azhar Rosly (1989) introduced some theoretical aspects of Islamic banking asset management strategies for reducing economic instability. The paper also show equity-based Islamic banks contain some structural features that reduce the procyclical tendencies and therefore shield public welfare from further deterioration.

Issue on Islamic capital market is explored by Abdul Ghafar Ismail and Mohd Saharudin Shakrani (2003). They investigated the relationship between

return and beta for Islamic unit trusts using the cross sectional regression analysis. Using the conditional CAPM and cross-sectional regression analysis, the evidence in this paper tends to support a significant negative relationship in a down-market. They also suggested that beta could be used as a tool in explaining cross-sectional difference in Islamic unit trusts' returns and as a measure of market risk. Based on the adjusted- R^2 and standard error of the conditional relationship between returns, it was found that beta is higher in a down market than in an up-market. Therefore, both statistics are appropriate measurements of conditional relationships.

Only two articles, each from *Jurnal Syariah* and *Jurnal IKIM*, discussed on the topic of *takaful*. Ahmad Hidayat Buang (1996) examined the nature of an Islamic insurance contract and suggested the correct basis of its agreement. His writing equate Islamic insurance contract or *takaful* with *mudharabah* contract because of similarities of some criteria. On the other hand, Mohd Daud Bakar (1999) explored both *takaful* and *retakaful* issues, maintaining that challenges facing *takaful* market is synonymous with its prospects. He also mentioned that there should be greater emphasize on *retakaful* issue as well. The research approach undertaken by both articles is mainly theoretical in nature.

To conclude, the writings on Islamic banking and finance differed in terms of the methodology and approach taken. The data used in the analysis are more current and the issues discussed have direct implications towards Islamic banking and finance in Malaysia. Some writers referred to the performance of BIMB, as the benchmark for the acceptance of shariah compliance banking products. A few writers proposed that there is a need for a viable, self-sustained network of a global Islamic system to further strengthen Islamic banking and finance in Malaysia.

ISSUES IN ISLAMIC ECONOMIC DEVELOPMENT

There are seven articles written on Islamic economic growth and development. However, all of them discussed different issues. The topics of discussion range from the principles of Islamic economics to the Islamic labor market. The review of the articles is provided below.

The concept and objectives of economic development from an Islamic perspective were explored by Zubair Hasan (1995). Among the major issues

discussed were the question of motivation, the role of the state and the population problem. Multiplicity of motives rather than self-interest as regulator of human conduct in the development effort is emphasized. Another article written by S.M. Hasan-Uz-Zaman (1981) outlined the basic principles underlying Islamic economic system. These principles guided the early caliphs to design an Islamic economic policy. Among the main concepts examined are the policy of removing injustice, the policy of reviewing the burden of oppressed class and eradication of poverty. The proposed methods to be used were collection of poll tax, the administration of land-tax and the introduction of zakat. Besides that, the management of expenditure over revenue gives an idea of good governance in improving the economic growth and public welfare in addition to increase its defense potential. The nine objectives for the early government objective are; improvement in the distribution of income and wealth, stability of prices of essential goods, security of supply, expansion in production, satisfaction of collective needs and others, population planning, protection and safeguard of consumer and lastly defense.

The role and meaning of economic development in Islam were another issue discussed by A.H.M. Sadeq (1987). The paper presented a theoretical construct showing how economic development is related to the achievement of welfare in the two stages of human life, the fleeing worldly life and the eternal life of the hereafter, and then the index of economic development. The author extended the index needed for such economic development.

Meanwhile, Muhammad Syukri Salleh (1999(a)) discussed the merits and demerits of the 'top-down and bottom-up' approaches to Islamic economics. He suggested that combining both approaches would help spur economic growth, maximizing the iman (faith) and taqwa (piety) vis-à-vis the habluminanallah and habluminannas concepts inherent in both approaches. In another article (1999(b)), he conducted a case study of Terengganu and its Wawasan SIHAT vision. The case study was based on the theory that Islamic system has been accomplished through an 'accommodative approach' in Malaysia. Terengganu attempted to establish the first mujtama' madani model of development in the world. Meanwhile, the last article in this category by Surtahman Kastin Hassan and Abd Ghafar Ismail (1999) briefly highlighted the thoughts of a great Muslim scholar, Imam Al-Ghazali, in the area of Islamic economics and finance.

Another paper by Surtahman and Abd Ghafar (2001) discussed about labor, its classification and over supply of labor and wage concept from Islamic perspectives. According to them, Muslim must not necessarily follow conventional concept in applying the labor and wage concept. It is relatively difficult as Muslim has to develop new understanding based on the previous Islamic thinker compared to the ready and available conventional method prepared by the conventional. The article explained the relationship between a worker and its creator. An employee as a person is accountable for his duty and has a responsibility to its creator as well as to his employer. The employee will get remuneration for the services offered in terms of salary paid at the end of the months. The wage concept in Islam will have to take into considerations all expenses for every worker. This consideration is not included in the conventional theory of wage determination.

ISSUES IN ISLAMIC MANAGEMENT

Discussions of the issue in Islamic management are strikingly scant. The limited studies done in this area is proven by Azhar Kazmi (2003) who recognized the lack of interest among researchers to study issues on Islamic management. Therefore, he identified the directions of research in this area and tried to develop a research framework for Islamic management.

The discussion on work ethics of Islamic workers and the social responsibility of a firm were the focus of the following writers. Syed Othman AlHabshi (1987) pointed out six prerequisites of such agents envisaged by Islam through its ethical principles. Apart from that he also touched upon synthesizing ethics with economics and the tawhidi paradigm. Nik Mustapha Hj. Nik Hassan (1998(a), 1998(b), 1999, 2000(a), 2000(b)) contributed five articles in the area of business and management. His writings focused on the topics of creativity, productivity, work ethics of Islamic k-workers, smart-partnership concept and social responsibility of firms. The dichotomy of religion and worldly knowledge, according to him, would be an obstacle to economic prosperity. He proposed good work ethics as a 'winning formula' for the ummah. Shaikh Mohd Shaifuddeen Shaikh Mohd. Salleh (2000) on the other hand, touched on the subject of 'knowledge management.' His article discussed the importance of knowledge in the global world, and the need to fully utilized knowledge as a new source of

asset in the context of k-economy. The focus of his article was ethics and social responsibility.

To conclude, the importance of inculcating Islamic values in undertaking daily economic activities is important to increase work productivity. A few authors relate to the welfare considerations of the **employers** and employees in an Islamic economic framework. Work ethics is another area that has been discussed. Most of the writings in this area are theoretical and **conceptual** in nature.

CONCLUSION

Since the emergence of Islamic banking and finance in 1980s, more researches and studies have been done in the areas of Islamic finance, Islamic economics and muamalat to better understand the theory, concepts and practices involved. This paper reviews the amount and coverage of researches done specifically on Islamic economics and finance in five referred local journals namely Jurnal Islamiyyat, Jurnal Syariah, IIUM Journal of Economics and Management, Jurnal Fikrah and Jurnal IKIM. Our findings show that from all the articles written in the journals, only about one-third are relevant to Islamic economics and finance area. Among the topics of interest that have been discussed are the different types of Islamic financing modes such as Bai Murabahah, Bai Bithamin Ajil and Al-Ijarah Thumma Al-Bai and also the prospect and challenges faced by Bank Islam Malaysia Berhad. Most of the articles are conceptual and theoretical as opposed to empirical in nature. From the analysis, issues on Islamic economics system are the main interest of authors followed by Islamic banking and finance. In contrast, extensive and wider aspects of Islamic economics and finance have been discussed and explored in the international Islamic journals such as the Journal of Islamic Banking and Finance, International Journal of Islamic Financial Services and American Journal of Islamic Finance. These could be due to the specific specialization of areas of the journals. Therefore, Islamic scholars, Muslim academicians, researchers, professionals and practitioners in Malaysia should take the opportunity to conduct more studies with a critical review of Islamic principles on the areas of Islamic economics and finance. Finally and more importantly, they should also make their findings available in journals.

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