Durham University

Durham E-Theses

Towards an authentic Islamic development model: Incorporating the roles of trust and leadership in the Islam – Iman – Ihsan paradigm

NAZIM ALI ZAMAN

How to cite:

ZAMAN, NAZIM ALI (2013) Towards an authentic Islamic development model: Incorporating the roles of trust and leadership in the Islam – Iman – Ihsan paradigm. Doctoral thesis, Durham University.

Use policy

The full-text may be used and/or reproduced, and given to third parties in any format or medium, without prior permission or charge, for personal research or study, educational, or not-for-profit purposes provided that:

- a full bibliographic reference is made to the original source
- a https://etheses.durham.ac.uk/id/eprint/6946/ is made to the metadata record in Durham E-Theses
- the full-text is not changed in any way

The full-text must not be sold in any format or medium without the formal permission of the copyright holders.

Please consult the full Durham E-Theses policy for further details.

Academic Support Office, The Palatine Centre, Durham University, Stockton Road, Durham, DH1 3LE
e-mail: e-theses.admin@durham.ac.uk Tel: +44 0191 334 6107
https://etheses.durham.ac.uk

Towards an Authentic Islamic Development Model

Incorporating the Roles of Trust and Leadership in the *Islam* – *Iman* – *Ihsan* Paradigm

by

Nazim Ali Zaman

Thesis Submitted in Fulfilment of the Requirements
For the Degree of Doctor of Philosophy at Durham University

Durham Centre for Islamic Economics and Finance
The School of Government and International Affairs

University of Durham, UK

2012

Towards an Authentic Islamic Development Model: Incorporating the Roles of Trust and Leadership in the *Islam-Iman-Ihsan* Paradigm

Nazim Ali Zaman

Abstract

Over half a century after Islamic economics, as constructed in the post-colonial search for a modern Muslim identity, claimed that a morality-based economic system, built on the axiomatic foundations of Islamic ontological thought, would achieve the social and political aims of Islam, Muslim lands are in a dire state of underdevelopment and chaos in which basic human rights are absent even though resources are not scarce. Therefore, it may be said, that this Islamic economic vision has failed to produce any desired effect. The question is, why?

This research explores the ontological sources of Quran and Sunnah, aims to identify the reasons for the failure and, through the reformulation of a new authentic model, aims to present an Islamic development methodology which is holistic in nature and which transcends the limitations of the economic or political spheres. The resulting model encompasses the concept of trust and leadership in Islam and identifies the role and functioning of each one separately.

This research, which is qualitative in nature and utilises the methods of discourse analysis and textual and contextual deconstruction, is structured around three major essays the first of which details the overall development model as the path of *Islam-Iman-Ihsan* (submission-faith-perfection), the second with the role of *iman* (faith) as the binding force in Islamic social order and the last details a new concept of Islamic leadership, drawn from the prophetic example, and outlines its specific functions to construct the environment in which Islamic development can be sustained.

Statement of Copyright

The copyright of this thesis rests with the author. No quotation from it should be published without the author's prior written consent and information derived from it should be acknowledged

Acknowledgement

و ما توفيقي الا بالله

ALHAMDULILLAH All praise is due to ALLAH the ONE who has revealed knowledge to us and has created in us the ability to reflect upon it.

I would like to express also my thanks to Dr Mehmet Asutay who supervised this work and provided valuable and thoughtful insights and contributions over the years to help shape the final work.

My family have been very supportive and extremely patient with my studies and without them I would not have had the strength to continue and so I would like here to express my heartfelt gratitude to them.

Thanks also to all of my colleagues and friends with whom I have shared many happy times and who have also contributed to the ideas in this work.

Table of Contents

ABSTRACT ..... **I**

STATEMENT OF COPYRIGHT ..... **II**

ACKNOWLEDGEMENT ..... **III**

CHAPTER 1 ..... **1**

INTRODUCTION 1

1.1 BACKGROUND *1*

1.2 AIMS, OBJECTIVES AND RESEARCH QUESTIONS *4*

1.3 SIGNIFICANCE OF THE RESEARCH *7*

1.4 RESEARCH METHODOLOGY *8*

1.5 STRUCTURE AND LAYOUT *9*

CHAPTER 2 ..... **10**

DEVELOPMENT THEORIES: A LITERATURE REVIEW 10

2.1 INTRODUCTION *10*

2.2 CONVENTIONAL THEORIES *11*

2.3 NON-CONVENTIONAL APPROACHES TO DEVELOPMENT *27*

CHAPTER 3 ..... **42**

DEVELOPMENT AND ISLAM 42

3.1. INTRODUCTION *42*

3.2. THE FOUNDATIONAL AXIOMS OF ISLAMIC ECONOMICS REVISITED *44*

3.3 FROM ISLAMIC ECONOMICS TO ISLAMIC FINANCE: ASSESSING THE SUCCESS OR FAILURE OF ISLAMIC BANKING AND FINANCE *48*

3.4 REAPPRAISING DEVELOPMENT IN ISLAM *57*

3.5 THE JOURNEY: CONSTRUCTING ISLAMIC DEVELOPMENT *66*

3.6 ASPECTS OF POLITICAL ECONOMY *73*

3.7 CONCLUSION *77*

CHAPTER 4 ..... **80**

IMAN, TRUST AND INSTITUTIONS: TOWARDS AN ISLAMIC DEVELOPMENT METHODOLOGY INTRODUCING A MAKKAN – MADINAN MODEL 80

4.1 INTRODUCTION *80*

4.3 THE MEANING OF TRUST *83*

4.4 TRUST IN ECONOMIC DISCOURSE *85*

4.5 TRUST AND SOCIAL CAPITAL *92*

4.6 TYPES OF TRUST *97*

4.7 TRUST AND SOCIAL ORDER IN MODERN THOUGHT *99*

4.8 VIRTUES, MORALITY AND MODERNITY *107*

4.9 TRUST AND ISLAMIC THOUGHT *114*

4.10 IMAN, IHSAN AND 'AMAL – AN AUTHENTIC ISLAMIC FRAMEWORK OF VIRTUE, TRUST AND ITS ACTUALISATION *115*

4.11 IMAN,'AMAL AND KNOWLEDGE *121*

4.12 AN INTEGRATED MODEL OF IMAN / TRUST: THE MICRO-FOUNDATIONS OF ISLAMIC DEVELOPMENT *125*

4.13 IN SEARCH OF HISTORICAL RATIONALE *128*

4.14 IMPLICATIONS FOR AN ISLAMIC DEVELOPMENT METHODOLOGY *147*

4.15 CONCLUSION *149*

CHAPTER 5 ..... **152**

TOWARDS AN AUTHENTIC ISLAMIC LEADERSHIP MODEL 152

5.1 INTRODUCTION 152

5.2 LEADERSHIP: SURVEYING THE CONVENTIONAL THEORY 155

5.3 EMERGING TRENDS IN LEADERSHIP RESEARCH 163

5.4 CLASSIFYING MODELS AND THEORIES OF LEADERSHIP: ESSENTIALISM VS. CONSTRUCTIVISM 168

5.5 ISLAMIC LEADERSHIP: SURVEYING THE LITERATURE 171

5.6 CONSTRUCTING AN AUTHENTIC ISLAMIC LEADERSHIP THEORY – THE PROPHETIC MODEL 179

5.7 PROPHETIC LEADERSHIP IN QURAN 186

5.8 LEADERSHIP IN THE SUNNAH 190

5.9 ISLAMIC LEADERSHIP DEVELOPMENT 204

5.10 DEVELOPING A UNIQUE ISLAMIC LEADERSHIP MODEL 212

5.11 CONCLUSION 221

CHAPTER 6 224

ARTICULATING AN AUTHENTIC ISLAMIC HUMAN DEVELOPMENT PARADIGM 224

6.1 SYNTHESIS 224

6.2 CONSTRUCTING AN AUTHENTIC ISLAMIC DEVELOPMENT 233

6.3 CONCLUDING REMARKS 250

CHAPTER 7 256

CONCLUSION 256

7.1 SUMMARY 256

7.2 IMPLICATIONS FOR ISLAMIC ECONOMICS THEORY 259

7.4 IMPLICATIONS FOR RESEARCH IN SHARIAH 260

7.5 DELIMITATIONS OF THE RESEARCH 261

7.6 FURTHER RESEARCH 262

APPENDIX A 265

CLASSIFICATION OF MAKKI AND MADANI CHAPTERS OF QURAN 265

APPENDIX B 276

THE NAMES OF THE DAY OF JUDGEMENT 276

REFERENCES 279

List of Tables

TABLE 5.1 PERMUTATIONS OF COMBINATIONS OF SPIRITUAL AND MATERIAL ASPECTS 178

TABLE 5.2 LEADERSHIP CHARACTERISTICS OF PROPHETS MENTIONED IN THE QURAN 182

TABLE 5.3 FREQUENCY OF CITING OF PROPHETIC LEADERSHIP CHARACTERISTICS IN QURAN 184

List of Figures

FIGURE 3.1 ACTUALISATION / ARTICULATION OF *TAWHEED* 63

FIGURE 3.2 MULTI-FACETED AND DYNAMIC ELEMENTS OF *IHSAN* REALISATION 64

FIGURE 3.3 CONTINUOUS VERTICAL AND HORIZONTAL INTERACTIVE ASPECTS OF THE *TAWHEEDI* ESSENCE OF THE DEVELOPMENT PATH 65

FIGURE 4.1 VERTICAL AND HORIZONTAL ASPECTS OF *IMAN* 124

FIGURE 5.1 SELF-DEVELOPMENT (INITIAL STAGES OF SELF-CONSTRUCTION) 210

FIGURE 5.2 OUTLINING THE FUNCTIONAL STAGES OF ISLAMIC LEADERSHIP 214

FIGURE 5.3 EMPOWERING EFFECT OF ISLAMIC LEADERSHIP IN SOCIETY 215

FIGURE 6.1 CURRENT APPROACHES TO ISLAMIC DEVELOPMENT 226

FIGURE 6.2 FOCUS, MECHANISMS AND LEADERSHIP TYPES OF CURRENT APPROACHES TO ISLAMIC DEVELOPMENT 226

Chapter 1

INTRODUCTION

1.1 BACKGROUND

In the post-colonial period of the 20th century many nations on the continents of Asia, Africa and South America welcomed a new found freedom and independence and also some new nations were born. An important part of this new freedom was the search for self-identity and expression whether through nationalism, ethnicity, language or religion. However, perhaps more importantly there was a quest for development in these lands which had been exploited, plundered and abandoned by the European nations that colonised them. In pursuit of development and betterment for the populus, many of these newly independent nations again turned to the West for aid and support. The concept of developmentalism was and is a Eurocentric approach, with roots stretching back to Enlightenment rationalist thought, which had become in great favour in post-colonial times as the accepted wisdom explaining why the 'third world' was underdeveloped and how the West could remove that backwardness. The theory had gained even more ground after the success of the Marshall Plan to rebuild Europe after World War II as the Eurocentric attitude led to the belief that all nations would and indeed should follow the model and experience as dictated by the West if they wished to be 'developed',

Amidst this background, Muslim lands were also seeking to construct their own particular identities and Islam formed the core of these. One of the outcomes of this social constructivist effort was the emergence of modern Islamic revivalist thought which sought to 'catch up' with the West through the use of modern theory and practice in all spheres whilst at the same time not abandoning the Islamic identity. Therefore a process began of adopting

Western methods and education, filtered and adjusted to ensure the removal of aspects openly objectionable to Islam, in many spheres of life (in many ways a forerunner of the later 'Islamisation of Knowledge' movement). Ideas such as Islamic economics and politics began to be expressed in the recent era in the writings of Maududi (1946; 1970; 1960b), Al-Sadr (1961) amongst others. The distinction of these writings was their construction of ideas around the central theme of Islamic ontology and epistemology and so separation from Western secular thought. However despite such espoused distancing, these modern Islamic economic ideas actually employed much of what constitutes modern neo-classical economic thought. Nevertheless the value of this contribution was to introduce to the hitherto rationalist developmentalist thought, the novel idea that economic theory and practice can indeed be informed by and constructed around a religiously sourced morality.

The discipline of Islamic economics aims to express Islamic moral and spiritual teachings as applied to an economic system. The foundational principles of this system stem directly from Islamic ontology namely Quranic discourse and are intended to build a just and morally responsible economic system which seeks to actualise Islamic values in society as a whole and in the economic sphere in particular Although the early theory was more social and political in nature and proposed aims of establishing the Islamic principles, when it came to identifying specific and practical measures to be taken, a partial analysis approach was adopted which focussed on the neo-classical framework and its methodologies which resulted in the emergence of Islamic banking and finance (IBF) which has been the only institutional outcome of such thought to date.

One important tangible outcome of Islamic economic thought, therefore, has been the IBF industry which has existed in its current form since the 1970's. This Islamic finance sector aims to adhere to the *Shariah* (Islamic law) whilst operating in the global finance market. The main method of achieving this

has been to eliminate all traces of practices prohibited under Islamic law, such as *riba* (interest), *gharar* (ambiguity / uncertainty) and *maysir* (gambling), from all transactions. The emphasis clearly has been on the outward 'form' of compliance with *Shariah* and this reductionist or minimalist approach has so far given little regard to implications and consequences and whether these could be may be deemed unfavourable in the light of broader Islamic aims. Nevertheless the IBF industry has grown rapidly over the last three decades and now has a considerable global presence in Muslim countries and also in the West.

However despite several decades of growth and accumulation of large sums of money, the industry today faces criticism that it has contributed very little towards establishing those Islamic economic values and principles which were aimed at by the theory and hence the wealth generated by IBF remains amongst the wealthy and achieves virtually no social, moral ends. The industry has been criticised for manipulating the *Shariah* in the form of manufactured contracts as well as for becoming ever closer to conventional capitalist finance thorough increasing reliance on utilising almost exclusively debt based contracts which do little to aid the real economy of Muslim lands (Nomani, 2006). Hence IBF has been accused of being inefficient and costly on the one hand and being insincere and disingenuous towards Islam on the other. Either way it is clear that the axiomatic principles espoused by Islamic economics have not appeared in operational form to date. This can be said to be a failure of Islamic economics theory as its focus on neo-classical methodologies have not led to the realisation of its aims. Thus there is a call to revisit the foundations of Islamic economics with the objective of understanding this failure and discovering an authentic paradigm for Islamic development.

Therefore, this research begins, against this backdrop, an effort to understand and attempt to explain why the aims and goals of Islamic economics may not have been realised, even after all these years of

independence and development of Muslim nations, and despite the operation of IBF for over three decades. Part of this effort is the elaboration of an Islamic development model which correctly locates not only the economic but also the political and social institutions alongside the role of self-development and leadership.

1.2 AIMS, OBJECTIVES AND RESEARCH QUESTIONS

In an attempt to contribute to the development of knowledge base through developing an authentic and insider approach to the aspiration of Islamic economics and the social failures of Islamic finance, this research develops a multi-dimensional approach to 'development' by accepting the multifaceted nature of development beyond 'economics'. In doing so, this research is structured around three major essays, which are synthesised to develop a coherent understanding of development. Due to such a structure, each essay has its own research aims and questions as follows:

Essay 1 Development and Islam

This paper aims to construct an authentic 'Islamic development discourse and paradigm' by locating it within the micro-foundations of Islamic norms entirely beyond the neoclassical paradigm.

In responding to this aim, the following objectives are developed:

(i) to present an overview of the history of development theory in the conventional Western approach over the last few centuries
(ii) to identify the rationalist and secular methodological roots of the conventional developmentalist paradigm and the various transformations it has undergone till today are listed. The most important contributions to the field are discussed in an attempt to correctly locate its failures and criticisms

(iii) to present an overview of modern Islamic economic thought and its objectives as well as the Islamic banking and finance industry which has arisen from it. The failure of IBF to realise the aspirations of Islamic economics is demonstrated
(iv) to present the micro or axiomatic nature of Islamic economics
(v) to construct an Islamic development model based on the micro foundations derived from Islamic ontology

The research questions in this paper include the following:

(i) Is the failure to realise the aspirations of Islamic economics a problem of economics or *fiqh* (Islamic jurisprudence)?
(ii) Does Islam have its own authentic concept of development?
(iii) What are the means and methods to attain development in Islamic terms?

Essay 2 *Iman*, (faith) Trust and Institutions

This paper aims to explore the concept of *iman* as a social binding force and as such its functioning as trust.

The following objectives are developed:

(i) to discuss the conceptual meaning of trust and its impact in the development process within the conventional framework
(ii) to locate and explore trust within the *iman* framework according to Islamic ontology and its social binding function
(iii) to consider various implications of *iman* as social capital leading development within the Islamic paradigm by modelling the relationship between vertical and horizontal actualisations of *iman*

The research questions of essay 2 include:

(i) What is the role of *iman* in the Islamic development model?
(ii) What is the prerequisite to social order from an Islamic viewpoint?
(iii) How does *iman* relate to '*amal* (actions) and hence to social interaction?
(iv) Is there a distinct Islamic development methodology or process and what is the relationship of *iman* to institutions within that?

Essay 3 Islamic leadership model

This last paper aims to explore the role of leadership in the Islamic development process by identifying an Islamic leadership model from ontological sources.

In responding to this aim the following objectives are developed:

To explore the body of knowledge containing Western concepts of leadership and identify the dichotomy which exists within it

to develop the Islamic concept of leadership from Islamic ontological sources by articulating prophetic leadership through its unique aspects

to develop an authentic Islamic leadership model which integrates into the Islamic development model outlined in essay 1

to identify those unique functions and roles of Islamic leadership which distinguish it from general good behaviour and locate them within a leadership development methodology

Research questions in essay 3 include:

(i) Is there a distinct and authentic Islamic leadership model?
(ii) What distinguishes Islamic leadership behaviour from general good behaviour?
(iii) What is the leadership development process in Islam?
(iv) How does Islamic leadership affect the society at large?

1.3 SIGNIFICANCE OF THE RESEARCH

This research addresses several issues not addressed in the existing literature of Islamic development.

Firstly a new and authentic concept of Islamic development is presented which goes beyond the spheres of economic activity and identifies the relationships between the foundational axioms of Islamic ontology and the development process. Hence the concept of development is framed within the *islam-iman-ihsan* paradigm and the roles of *fiqh* and economic activity are correctly located within the overall framework. This model also makes plain that IBF alone cannot be held responsible for the realisation of Islamic axioms in society but rather such development must arise from within the people.

Secondly the concept of trust in Islam is explored in relation to development and such work does not exist in the available literature at present. This exploration results in the discovery of a connection between *iman* and social order in Islam which is immensely important for the concept of Islamic development.

Furthermore the analysis in this study of the historical context of the Prophetic era reveals new and interesting relationships which inform the understanding of Islamic development methodology and process. Again such a study has not been carried out to date related to the development process.

An essential contribution of this research is the development of an authentic Islamic leadership model along with its functions and processes and its relevance to development of an Islamic social order. Previous works on Islamic leadership have not been so extensive or profound and generally tend to be focussed on narrow definitions and scope of leadership such as management and administration or 'good Muslim behaviour'.

Altogether this research presents authentic Islamic knowledge not based on existing modern ideas but rather derived directly from the Quran and Sunnah, which brings together the concepts of development, trust and leadership in a coherent and extensive manner which provides a fresh approach and unique contribution to the field of Islamic development.

1.4 RESEARCH METHODOLOGY

The research presented in this study utilises qualitative research methodology and is discursive in nature as it deals with exploring concepts and employs the methods of discourse analysis as well as textual and contextual analysis as the main part of the research utilises secondary texts.

The analysis of Islamic concepts and ideas is carried out within the framework of Islamic ontology and epistemology and hence the essential elements of that framework are assumed.

1.5 STRUCTURE AND LAYOUT

This research is based around three main essays or papers, which provide the main contribution and discussion. The structure is as follows:

After this introductory chapter **Chapter 2** is presented which contains the review of the literature on conventional theories of development.

Thereafter is **Chapter 3** which is the first main essay and it discusses Islam and development. The relationship between Islam, *Iman* and *Ihsan* is interpreted as a developmental path centred on and around *tawheed* and this model locates within it each of the axioms of Islamic ontology.

Chapter 4 is the second major essay and analyses the concepts of *Iman*, trust and institutions within the development framework. The vertical and horizontal actualisation of *iman* is elaborated and the dynamic nature of its relationship with social institutions is explored. The primacy of iman is substantiated with reference to prophetic methodology in Makkah and Madinah.

The third and last major essay, **Chapter 5**, is entitled towards an authentic Islamic leadership model and presents an Islamic leadership model and methodology derived from the examples of prophetic leadership in Islamic ontology. Importantly the unique features specifically related to leadership are described along with their functions in the leadership paradigm.

Chapter 6 is a synthesis and discussion bringing together all three essays and drawing combined conclusions.

Finally **Chapter 7** contains concluding remarks.

Chapter 2

DEVELOPMENT THEORIES: A LITERATURE REVIEW

2.1 INTRODUCTION

Development linguistically defined in the broadest terms can be stated to mean the betterment of all. It represents improvement, advancement, progress and a sense of moving forward in a good way. However when used as a part of terminology it represents different concepts and ideas to different people. Once beyond the very basics of existence such as life, food and shelter, development becomes a theoretical means to various ends and is affected by political, religious, cultural and ideological views held by those proposing it as a theory. Hence although most would agree that development in the basic sense of betterment for all is desirable, there is immense disagreement on what betterment eventually entails and also on how it is to be achieved.

In the modern sense development and developmentalism have come to represent one of the utopian ideals of Enlightenment thought whereby it is envisaged that the rational, scientific modern mind can intervene to improve the lot of the human being by freeing him from the vicissitudes of nature and also from the limitations placed by morality and religion. Thus free from these bonds, human beings can utilise their minds in the exploitation of the material world for their benefit and hence produce theoretically limitless growth and abundance. The application of scientific methods to the study of human behaviour, especially in the economic sphere, would enable control, prediction and assessment to such a degree that theories of growth and increase could be formulated and applied in the form of policies. Developmentalists (those who believe that a project of scientifically achieving betterment for all in all aspects of life is feasible and worth working for) would

claim that development is more than mere economic growth of nations and that it reaches into every sphere of human well-being of every individual, however critics point out that in fact there is no other subject matter for development to consider as its very scientific nature precludes all things immeasurable by statistics. It can be seen that development is an emotive and contentious issue which is often used by antagonists and protagonists alike in attempting to influence attitudes and beliefs. Here a brief overview will be presented of conventional development theories followed by a more detailed look at the ideas of their most effective critics.

2.2 CONVENTIONAL THEORIES

2.2.1 Classical Economics

As development in its modern meaning is most definitely centred on the material and scientifically measurable aspects of human existence, economics has come to be its main theoretical pillar. Economics arose strongly as a self-proclaimed science in the eighteenth century following the earlier philosophical movements of the Enlightenment period. It attempted to apply scientific methods to derive the supposedly universal laws which govern human economic behaviour and in this way do for social science what physics and biology had done for the physical sciences. However the actual triggers of the rise of economics were other than pure scientific endeavour. Conventional economic theory was to provide theoretical underpinnings to the nascent capitalist movement which was reacting against the previously dominant systems including the feudal system, the aristocracy and monarchic state control in the form of mercantilism. The founders of this new movement, later to become the dominant capitalist elite, were also attempting to break free from traditional religious control even in its mutated form of Calvinism and the protestant ethic. The ground needed to be prepared for the new dominant class of industrialists and financiers who could freely exploit the new ‘found’ wealth in the colonised lands without hindrance from king or

God. Thus Hobbes (1588-1679), Locke (1632-1704) and Hume 1711-1776) led the philosophical charge to establish self-interest and unlimited private ownership as the new and only criteria in a successful society.

Upon this ‘enlightened’ philosophy was built the superstructure of classical economics which was to become the temple of the capitalist faithful. The grandfather of this subject was famously Adam Smith, a close confidant of Hume. His book *The Wealth of Nations* (1776), published interestingly in the years of the American Revolution, and the later *Principles of Political Economy* (1848) of John Stuart Mill formed the beginning and end of a period of economic thought referred to as ‘classical economics’. Smith, true to his ‘Enlightenment’ forebears, articulated that self-interest is the only motivator for economic activity and markets are simply spaces where these self-interests can be balanced and exchanged with one another. He added that this self-interest should be controlled and disciplined by the rational individual and if this was not sufficient then by state regulation. He posited that prices were essentially determined by labour input and hence wages paid to workers. Adding to this he recognised the element of cost of rent which entrepreneurs paid to landlords and so adjusted his price formula to be the sum of wages, rents and profits. Smith suggested that prices determined in such a way would be kept in a natural balance by market forces so that if prices fell in the market, producers would move to a product that involved lower rents and wages so as to maximise profits. Hence a ‘just’ price would be insured by the ‘invisible hand’ of market forces. The profits in the form of savings provided capital for further investment in labour and technology. Hence the Smithian view of development was the unfettering of self-interest so it may lead to an accumulation of more and more capital. The idea of free markets was central to this theory as it was necessary to refute the mercantilist tradition of barriers and protectionism. For Smith this ‘natural liberty’ was a moral high ground as it espoused a natural freedom which was being strangled by mercantilism. To defend this stance Smith proposed the idea of division of labour as the true grounds for competitive advantage

whereby specialisation and expertise enabled increases in efficiency and design of new technologies which would result in greater gains in the markets.

David Ricardo (1772 – 1823) was a very wealthy British trader who gave much attention to intellectual activities especially in the field of political economy. Like Smith, Ricardo was against the land owning class and was part of a group of reformist thinkers labelled ‘the philosophical radicals’ who wrote in support of the freeing of trade ad removal of restrictions such as tariffs which they argued resulted in artificially high prices for goods which in turn led to higher rents and favoured only the land owners whom they saw as contributing nothing to the value of production. Ricardo proposed a theory of comparative advantage between nations and argued that each nation would specialise in what it could produce more efficiently than others due to knowledge and geographical advantages. In essence he extrapolated Smith’s idea of division of labour to the international arena and hence argued against any barriers to free flowing trade between nations. One may read between the lines here that what Ricardo was in effect trying to achieve was to weaken the land owning class by ensuring rents could not be increased simply due to increase in the prices of basic foodstuffs through the artificial imposition of tariffs and duties, as was the case in Britain at the time in the form of the Corn Laws which imposed duties on imported goods according to their prices abroad.

Ricardo’s arguments eventually led to the Corn Laws being repealed in 1846 and became an important contribution to classical economics. The theory of liberal free trade between nations leading to an efficient international market where speciality and geographical advantages gives comparative advantage is still lauded and proposed as valid today. Paul Samuelson, the Nobel Prize winning author of one of the most widely accepted text books on economics and development today, calls this principle of international comparative

advantage the “unshakeable basis for international trade” (Samuelson, 1980:630).

John Stuart Mill (1806 – 1873) was one of the later classical economists. He is credited with introducing a socially responsible and ethical dimension to economics living as he did in a time when the darker aspects of the industrial revolution, such as the growing state of misery for much of the working class, were already apparent in society. Although he agreed in principle with the earlier notion of utility as proposed by Bentham (1748-1832), Mill introduced the notion of ‘higher’ pleasures such intellectual and sensual ones and suggested that these were the more desirable ones to be had by sentient beings and society as a whole. The antagonism between workers and capitalists was recognised but was seen as something that would disappear eventually after the initial phase of industrialisation had passed and society moved from raw capitalism towards co-operativism. In this way, Mill envisaged a society in which government had a laissez-faire approach but at the same time put in place some measures to ensure social justice such as wealth distribution and minimal standards of treatment towards workers and the poor. These ideas were expressed in Mill’s writings of “Principles of Political Economy” published in 1848 and the later “On Liberty” published in 1859. Most significantly perhaps Mill viewed a differential between science and values. The scientific laws of economic behaviour could well analyse and predict matters of production, supply and demand but the question of wealth distribution and ethics was an entirely different matter which depended upon the norms and value systems of the society and these may allow government intervention to ensure the achievement of the greater and fairer social good. These opinions proved to be very important in the field of development and paved the way for the likes of Marx and Engels to propose the social theories of their own.

Although Mill is often seen as the final chapter in most accounts of classical economics, there was another significant contribution made by the German

journalist Friedrich List (1789 – 1846) who, after being repeatedly imprisoned in his native land for his liberal ideas, lived in America and France. Although liking the idea of free trade forwarded classical economists, List recognised that such free trade assumes an international peace and equality to exist whereby nations would all be equal in terms of development and ability to partake of the market. This was a utopian picture which List knew well did not exist in the world. Instead he preferred the notion, popular in America, that fledgling industries should be protected through a national regime of tariffs and duties at least until such a time that the growing nation could become self-sufficient and able to compete. He argued that in actuality in a world dominated politically and economically by the British, the freeing up of all international trade would lead to "universal subjection of the less advanced nations to the supremacy of the predominant manufacturing, commercial and naval power" (List, 1916:103).

2.2.2 Neo-Classical Theories

In the latter part of the nineteenth century economics was transformed from a political economics approach to a purely scientific economics approach. In the mould of the physical sciences, economics became an area of study obsessed with the mathematical analytic tools of calculus, algebra and geometry. Efficiency was now the aim of economic study and in order to allow a mathematical analysis of the realities of production, labour and trade, assumptions had to be made which treated as exogenous many factors which were not 'conducive' to scientific analysis such as values, ethics, fairness etc. what remained was a static, sanitised and mechanical view of what an economy actually represented. All the parts or stages of the economy that were to be studied scientifically were considered in terms of mechanics and physics and hence the economy was treated as some complex but easily compartmentalised machine. Factors of production and resources were essentially inputs, work and skills were distinct and controllable processes and outputs were considered for their ability to be sold

in the market. Once the economy was considered as a physical entity, it merely remained for analysts to seek improvements in efficiency at each stage and in each part of the machine. Hence the emphasis became to be placed upon efficient allocation of resources, efficient processes of production and efficient markets. This shift became known as the marginalist revolution and its pioneers included William S. Jevons (1835 – 1882), Carl Manger (1840 – 1921) and Leon Walras (1837 – 1910). Although the details of marginal theory is beyond this work, it is useful to note that this shift indicated a move away from the consideration of utility per se, which is not easily quantifiable, towards the concept of how small changes in constraints lead to decisions about usage of goods or services. In other words how changes in given situations impact directly upon the preferences of users or consumers. This shift in perspective allowed the quantifying and mathematical analysis of preferences and choices. Jevons emphasised that rational consumers would arrange their choices of consumption according to the marginal utility of each available option so that with changes at the margins the consumer would continuously be achieving a balance between the consumption of various goods and services. These early thinkers concentrated on the consumption side and formed the basis of marginal utility theory.

Later generations applied the approach to the production side and looked at the resources of labour and capital in terms of their marginal productivity. That is how one could be substituted for the other to achieve greater efficiency with a given output. To be able to quantify utility and preference in this way and apply it to a mechanical model of the economy required a static view rather than a dynamic one. The static model of the economy also provided a further opportunity to borrow from the physical sciences with the search for equilibrium in that model. Hence marginalist theory was employed to explain how changes in supply affected changes in demand and vice versa with the assumption of the desired state of equilibrium always being the aim. Hence between marginal productivity and marginal utility there would always

be a tension which aimed at resuming the equilibrium state. Markets were assumed to be the balancing mechanisms which ensured the economy was always in a state of equilibrium.

This second generation of marginalists formed the main body of neo-classical economics and included Alfred Marshall (1842 – 1924) in England, Friedrich von Wieser (1851 – 1914) and Eugen von Bohm-Bawerk (1851 – 1926) in Austria and Vilfredo Pareto (1848 – 1923) in Switzerland. The neo-classical approach can be summarised as one which advocates a science bereft of historical, political or sociological content, which is abstract and supposedly neutral. It assumes universality in applicability and utilises mathematical methodologies. It is an attempt to envisage an economy in terms of a static arrangement which is assumed to always tend towards balance. Hence dynamics and ideas of development or change are relegated to after thoughts if thought of at all. Government intervention is deemed unnecessary in all but the most extreme situations.

In brief neo-classical economics makes great assumptions such as perfect competition, neutral and free markets and efficiency maximisation at all stages, which when in place lead to the efficient mechanisms of supply and demand achieving overall balance and ultimately all the participants in the economy will receive rewards which are according to the worth of their own particular inputs. In this way the capitalist system justifies any distribution pattern which may result no matter how skewed or lopsided it may appear.

2.2.3 Post Neo-Classical Thought

Thorstein Veblen (1857 – 1929) challenged neo-classical views of the economy and posited that two distinguishable forces are at play and influence change. The first is the technical, mechanical side which rationalised production and resulted in useful and necessary outputs which

helped development. The second was the business side which favoured fashionable and attractive products which were designed not to last too long so that demand would be renewed often and hence lead to greater profits. He argued that this unproductive consumer demand was often fulfilled through borrowing based on anticipated future incomes and this in turn led to cycles of expansion and contraction in the economy which in turn enabled larger firms to take over smaller ones and hence concentrate further the wealth in the hands of the few. By presenting this view of three competing aspects of the economy, namely the technical process, the business process and the predatory process, Veblen over turned the neo-classical view of smooth and static equilibrium of the economy. This view introduced the variation of human motives and hence moved away from the approach of treating the economy as some physical machine that could be analysed purely through quantification.

The German historical school of economics also argued that the economic could not be separated from the social and deemed Ricardo and the marginalists to have been too abstract in their assumptions. Furthermore the German school now also added a dynamic perspective by emphasising the role of history in the development of economic relations. Gustav Schmoller (1838 – 1917) furthered the historical schools and found that neo-classical thinkers, notably his fellow countryman Menger, had made the mistake of assuming universality of laws and claiming that humans are motivated only by self-interest. Again the instabilities which can be clearly seen through long-term, historical inductive analysis were of concern and this led the German school to emphasise human psychology as an important factor in change.

Joseph Schumpeter (1883 – 1950) was also interested in the nature of change and in particular sudden and large changes rather than the minute changes assumed by the neo-classicists. Sudden considerable changes, according to Schumpeter, were the norm in any economy and were driven by

the production side rather than the consumption side. These changes he put down to innovation and creativity. He labelled this process of sudden change ‘creative destruction’ (Schumpeter, 1934) as the new would replace the old in production. Schumpeter was influenced by German philosopher Friedrich Nietzsche and referred to the will and power to create and to fight as the main energy behind innovation and entrepreneurship rather than the simplistic hedonism of Bentham’s pleasure and pain theory. In this way Schumpeter also laid great importance on the human psyche in understanding development.

John Maynard Keynes (1883 – 1946) also directed himself to dismantling some of the notions held by neo-classical thinkers, amongst them the idea that unemployment was voluntarily undertaken by workers to maintain equilibrium. Keynes seriously doubted that economic systems somehow maintained equilibrium and balance but rather required intervention to do so. His ideas did not gain much of an audience until of course the Great Depression brought the point home forcibly for all. Keynes believed that demand was generated both by consumers and also by investors who required plant, tools and machinery and that this aggregate demand could be generated at any level of employment, whether low or full. The variables were consumer demand which depended upon income and hence employment and investor demand which depended upon expected returns which in turn themselves were influenced by the prevailing interest rate. Hence Keynes concluded that investment in the real economy, that is building of factories, infrastructure and machines led to employment and fed into the whole economy through income being spent and secondly that the interest rate could be manipulated so as to make that investment the only rational choice for entrepreneurs. However, simply adjusting interest rates was not seen as enough by itself to invigorate investment by entrepreneurs and Keynes suggested that governments would need to spend themselves in the economy directly through the initiation of national projects. This government spending would entail, at least initially, a budget deficit but was

necessary to lift the economy out of any recession. In this way Keynes argued that it was not the market which would automatically maintain the most productive balance, as neo-classicists had argued, rather at downturns it required state intervention in the form of monetary and fiscal adjustments to generate and maintain demand and hence employment (Keynes, 2006). Governments did spend their way out of the Depression through preparations for war and hence Keynesian theory received a great boost. In the post-war period then Keynesian economics became the backbone of a new thrust towards social democracy and governments, particularly in Europe and less so in America, began announcing programmes of government spending to support the welfare of those who had fought and struggled for democracy. Economic growth was now seen as the main way to progress.

Away from Europe and the United States, state intervention to boost the economy was being employed in the East Asian countries of Japan, Korea, Singapore and Taiwan at the same time as Keynes was proposing his ideas. These countries adopted a state-led approach in which fledgling industries such as steel, shipbuilding and engineering were set up and supported through investment and tariff regimes which restricted foreign competing imports whilst at the same time resource imports were heavily subsidised. The resulting ‘miracle’ of industrial growth in post-war Asia was then fundamentally due to state intervention to control industry and support its growth through tariffs and grants whilst at the same time investing in skills and research through state-provided education and training. This approach was seen in countries in a catch-up position globally (Chang, 2002).

In Latin America too, state intervention was advocated as a means to development. It was suggested that these poorer countries differed in many respect to the already developed nations of Europe and North America and hence the neo-classical universal model did not apply at all in these places. Two main differences, one in inflation theory and the other in trade theory, were cited as examples of where neo-classical theories failed to apply in

Latin America. Firstly it was argued that inflation was not simply reduced by constricting money supply because large landowning interests did not respond to market forces and hence supply was inelastic (Seers, 1962). Secondly the concentration on production of raw materials such as sugar or tobacco did not result in an equal benefit to producing countries, as suggested by the likes of Ricardo, but rather proved to be disastrous in the wake of the Great Depression when fall in demand led to these raw materials being useless and in some instances even being burnt as fuel in locomotives. In the post-war period the United Nations Economic Commission for Latin America (UNECLA) found that conventional development theories did not cater for these 'underdeveloped' nations and instead account should be taken of their particular historic, social and traditional situations which lead to a different economic reality. What was needed in these countries, it was suggested, was structural adjustments such as land reform and import substitution. The former to reduce the influence of large landowners and the latter because it was deemed that the terms of trade between these countries, on the periphery, and the stronger nations at the centre, were detrimental and were actually causing underdevelopment rather than curing it. Rather than importing technology from abroad it was deemed better that such countries should start their own production of technology. Most Latin American countries accepted the UNECLA report and began the necessary policy adjustments (Baer, 1972). Structuralist theories resulted in rapid industrialisation and growth in most of Latin America however they later became associated with 'bad practice' as they were seen to lead to neglect of agriculture, expensive production of low worth goods and providing a means for foreign ownership of strategic assets (Harris, 1986).

Post Second World War, development economics emerged as a distinct field which concentrated on the 'underdeveloped' or 'developing' countries and the reasons of their lagging behind the 'developed' nations in terms of economic growth and progress. Several different approaches and theories became apparent during this period and included, among others, Rosenstein-Rodan's

(1943) “big push” theory, Hirschman’s (1958) unbalanced growth theory and theories of economic geography which tried to explain growth as something which arises unequally in various places and this inequality becomes entrenched by causing movements of capital and labour towards centres of growth and hence away from other places which in turn become even more deprived. In all of these cases the emphasis was to demonstrate that conventional economic theory, whether neo-classical or Keynesian, by concentrating on equilibrium and exogenising many factors, was inadequate to provide solutions to development problems which existed in much of the world.

However in the 1970s and 1980s there was a backlash against development economics which criticised the apparent non-scientific approach of some aspects of its theories. This backlash was in essence a neoliberal reaction to Keynesianism, the more social approaches and structuralism. Toye (1987) writes of this ‘counter-revolution’ and identifies its instigator as Chicago economist Harry Johnson (1923 – 1977) who argued that these movements had responded to social perceptions rather than objective scientific evidence. Keynesian theory, he argued, had held sway for a period because of its promise to end unemployment which was a popular notion rather than a scientific one. The Great Depression, Johnson suggested, was not due to the systematic failings of capitalism but rather to a peculiar set of coincidences. He also claimed that structuralist policies focussing purely on industrialisation in places not suitable for it, especially African nations, had led to misuse of resources and corruption (Johnson, 1971). Later Bauer (1976) and more crucially Lal (1980; 1983), as he was himself from a developing country, condemned development economics as misguided and morally wrong and instead argued for reduction in state interference and championed the ‘liberalising’ of markets and trade. This call for a laissez-faire approach harked back to the liberal attitudes of the nineteenth century and hence became known as ‘neoliberalism’.

These neoliberal academic arguments were being made against a backdrop of increasing inflation and decreasing per capita output in Europe and the United States. An apparent failure of Keynesian policies was unfolding and gave credence to the neoliberal platform. Hence in the 1980s in the United States under Reagan and in Britain under Thatcher, neoliberal policies were put in place with vigour and commitment.

2.2.4 Neoliberalism

The founding fathers of modern neoliberalism are were, no doubt, Austrian economist Ludwig von Mises (1881 – 1973), his student Friedrich von Hayek (1899 – 1992) and his colleague at the University of Chicago Milton Friedman (1912 – 2006). The details of their work and contributions are too vast to be included here but can be summarised as the primacy of the efficient, free market, the freedom of the self-interested, rational individual and the removal of all state interventions into the economy. A key element to these neoliberal theories is the role of monetary control which is seen as the only intervention required to deal with inflationary problems. State intervention in the form of fiscal policy, labour laws, market regulation or redistribution are not only damaging and unhelpful but are actually seen as immoral as any control of, or imposition upon the free market is nothing other than the attempt of the powerful to curtail the freedoms of the people.

Such neoliberal thinking influenced the rightist governments of the United States and Britain from the 1980s and influenced the international development agenda dramatically. Just as the classical liberal economics of the nineteenth century had provided the theoretical justification of much colonialist endeavours throughout the world, so the revived neoliberalism was seen as an opportunity to further the hegemonic, imperialist agendas of the United States and Europe under the guise of free market policy and competitive trade arrangements. The most notorious face of these attempts was advanced by Williamson (1990; 1997) and termed by him “The

Washington Consensus". It was a collection of policies reforms which Latin American, and by extension all other 'developing' nations, needed to implement according to the financial institutions based in Washington such as the World Bank and the International Monetary Fund, in order to meet the criteria of efficiency and "set their houses in order". The consensus is seen as the epitome of the neoliberal agenda and development policy and consisted of removal of state regulations and withdrawing of government interventions and replacing these by the forces of efficient free markets and the choices of self-interested rational individuals. Externally it required the devaluation of currencies, to make exports cheaper, convertible monetary systems to allow free conversion to Dollars, and the unrestricted flow of capital and goods into and out of countries. Internally labour had to be de-unionised and government subsidies, such as those on foodstuffs, had to be removed whilst taxation had to be reduced, especially on corporations. All of these measures were supposed to reduce government spending and hence deficits, increase foreign direct investment and hence stimulate industry, increase competition and hence increase efficiency and specialisation (Brohman, 1996).

The model suggested by the Washington consensus was applied initially in Latin America and then later in Africa and Asia. Two major institutions were pivotal in enabling this application worldwide. The International Monetary Fund (IMF) and the International Bank for Reconstruction and Development, commonly referred to as the World Bank, were both set up at an international conference held in Bretton Woods in 1944. Together they are the main pillars of what are referred to as International Financial Institutions (IFIs). The IMF was set up to help when countries face balance of payments issues by providing short term loans and the World Bank provided guarantees for commercial loans for longer term investments in 'developing' countries. The latter initially focussed on infrastructure building or rebuilding as in the case of post-war Europe. However this focus has changed several times during its history. Under the leadership of Robert McNamara, from 1968 to 1981, the

bank switched to a basic needs approach and emphasised the investment in providing an uplift in the living conditions of the poorest through provision of food, shelter, health and education by giving the money directly to those sectors rather than other business or trade sectors. Hence reducing absolute poverty became a goal alongside rapid economic growth in general. However in the 1980s the bank shifted notably towards neoliberal policies and advocated, in their annual development report of 1981, that countries must adjust policies such as exchange rate mechanisms, industry protection, government spending and taxation. In short the policy was to liberalise trade, invigorate private investment by loosening state regulations, focus on agriculture as an export and remove impediments to FDI.

The policies of the IFIs led to many countries borrowing to fund their development. As such countries were also opening up to foreign investments, private banks such as Citicorp began lending to them in large amounts in the 1960s and by the next decade these countries had large debts on their books. The oil shocks of 1973 and after when OPEC countries doubled and later quadrupled the price of crude oil drastically changed the geo-economic environment throughout the world. Oil--rich countries amassed surpluses which were invested in the United States and Europe to gain secure greater returns. Meanwhile those countries which relied on importing oil and gas resources, coincidentally the poorest countries, now suddenly found it impossible to do so from their own funds and yet relied on this energy to maintain their own industrialisation and development. The result was that these countries had no alternative but to increase borrowing just to survive. Inevitably in a short space of time they found themselves in deeper and deeper debt and were eventually borrowing just to repay the interest on earlier borrowing. Ironically it was the money invested by the still developing oil-rich states, what became known as petro-dollars, that was being recycled as loans to the borrowing nations via American and European banks who accrued the interest.

Inevitably a situation arose where some nations simply could not repay any longer and in 1982 Mexico was one of the first countries to face severe economic crisis due to inability to meet repayments on $20 billion of debt. Argentina, Brazil and others soon followed in the same manner. The IMF and World Bank intervened and rescheduled the debts on conditions that radical structural adjustments be made. In effect throughout the 1980s and 1990s the IFIs systematically implemented neoliberal policies and agendas across the developing world (although interestingly such measures were not applied in the United States itself). In this way the IFIs have become the main sources of globally accepted development policies in recent times.

However, the Washington consensus and the neoliberal policies of the IFIs have far from achieved development and growth where it was intended. In fact the inequality between wealthy and poor nations is increasing. In 1960 the ratio of the income of the 20% of the world's population living in the richest countries to the income of the 20% living in the poorest countries was 30:1 whilst by 1973 the figure was 44:1 and in 1997 the ratio was 74:1 (UNDP Human Development Report 1999). Also notable is the fact that those nations showing the greatest and fastest growth, such as China and India, are those which implemented policies almost exactly opposite to the Washington consensus. All of this has led to many critics of neoliberalism viewing it as a means to secure the interests of the modern day imperialist hegemony of the United States. This backlash has come not only from academics but also from amongst grassroots activists protesting at social injustices in the world. The 'battle of Seattle' at the WTO meeting in 1999 symbolises this reaction in vivid reality. Hence the neoliberal approach of the original Washington consensus, has had to rethink its approach and this has led to a reformed, or adjusted approach to development which attempts to incorporate governance and institutions, and later to the Millennium Development Goals which incorporate ideas of 'human development' and are formed not by the IFIs alone but also by the United Nations, the group of wealthy nations referred to as G7/G8, other national governments, faith

organisations, influential academics, NGOs, celebrities and others. More recently the issue of debt relief has taken the attention of the public through campaigns by high profile musicians and celebrities and has led to public pressure resulting in the formulation of policies on the international stage supposedly designed to relieve the debt burden on the poorest of nations. However, it may be noted, the debt relief is tied to conditional clauses and these clauses may be seen as repetitions of the neoliberal agenda of market liberalisation and removal of barriers to allow foreign investment, as clearly stated in the G8's summit report of 2005 on debt relief.

It can be seen that development and the developmentalist agenda has become synonymous with neoliberal policies and agendas in recent times. This has led many to reject developmentalism altogether as it is seen to be the dictations of a small number of Western elites imposing and policing a set of requirements on the rest of the world in a neo-imperialist manner. Although the exploration of these critiques of developmentalism is beyond this current work, several of the conceptions and theories of development which differ fundamentally from the classical and neo-classical approaches will be discussed briefly.

2.3 NON-CONVENTIONAL APPROACHES TO DEVELOPMENT

2.3.1 Marxism

Perhaps the most well-known and certainly the most often cited critique of capitalism is Marxism or Marxist philosophy. However Marxism is considerably similar to capitalism and classic economic thought in so far as it was born of the same modern Enlightenment project and shares the aims of material development arising out of scientific advancement which enables greater efficiency in the production process. The literature dealing with Marxism and its critiques is vast and well known and need not be recounted

here. However a brief overview of the philosophy of Marxism and how it differs and disagrees with conventional concepts of development will be presented.

The difference between the two approaches lies in the explanation of the mechanics of that production process and the understanding of the social relations involved within it. Karl Marx (1818 – 1883) and Friedrich Engels (1820 – 1895) are the German philosophers who created this philosophy and in some ways it was a reaction to the earlier views of Hegel (1770 – 1831) and his philosophy of idealism and the transcendent 'World Spirit'. Marx and Engels formulated a philosophy they termed historical materialism which proposed, opposite to idealism, that ideas or conscience did not lead to actions and systems rather real life situations and actions led to ideas and consciousness. Hence human existence and all of its associated phenomena could be explained through the analysis of the material actions and social situations people find themselves in. However Marxism kept the Hegelian notion of the dialectic which contends that society always contains forces which are sometimes complimentary and sometimes contradictory. The social contradictions lead to struggle in each sphere of life and the construction of situations which lead to this struggle is the key to understanding social relations within processes (Marx and Engels, 1965).

Using this philosophy Marxism criticises capitalism in several key areas. The starting point of the analysis of economic and social realities is for Marxism the material necessities to sustain and reproduce life and hence the production process, that is how humans utilise their abilities to extract nourishment and resources from their surroundings, is the cornerstone of the theory. How this production process is organised in society is the economic order and this in turn is what affects all other aspects of life such as the political, social, philosophical, legal and moral systems which arise out of it. Hence the mode of production is considered the 'base' and the systems which grow out of it are termed the 'superstructure'. In the criticism of

capitalism it is argued that the mode of production has historically become such that those who own land and resources, the minority bourgeoisie, exploit those who actually produce output through their labours, the majority 'proletariat'. This leads to a social contradiction which takes the form of a class struggle and hence all issues of societal development must be discussed within the framework of this class struggle. Capitalist and classical theory, it is argued, creates the deception that the market is a place where growth is generated by the combined efforts of entrepreneurs and workers and where both benefit according to their inputs. Rather the reality is that capitalists do not give the workers the worth of their labour and so that surplus from the market value of the product is accumulated by the few who become increasingly richer through this process. This, according to Marxist philosophy, is the actual mode of production in the capitalist system and not idealised notion of free markets and development for all as presented in classical economics.

Furthermore Marxism sees this class struggle and the exploitation of the many by the few as eventually leading to a drastic and violent correction of the contradictory state of affairs in the form of a revolution of the working class against the bourgeoisie. Initially this would lead to a totalitarian state run by the proletariat but this would, after adjustments had become widespread, lead to a 'communist' society based on co-operation and mutuality and where ownership of land and resources would be not private but shared by all in society and thus the contradictions of the capitalist system would be eliminated and struggle would cease (Marx, 1972; 1977).

Other important aspects of Marxism which differentiate its view of development from that of conventional economics include the conclusion that the mode of production is a socially constructed one rather than a naturally or universally occurring one. That is to say that land owners and capitalists have become to be in their positions historically and the struggle between them and the workers is continually recreated so as to maintain the means of

accruing wealth through exploitation. In this way crises must be continuously created in a cyclical manner so that competition never becomes even or equal. Furthermore development is seen as historically moving from primitive societies where resources are communally shared, through a phase of the rising of land owners and powerful aristocracy to capitalism and eventually to an advanced stage of communal ownership wherein technological advances will enable all in society to reduce the amount of labour necessary to sustain and reproduce life.

Marxism represented for a long time an envisaged alternative to exploitative capitalism which held out a utopian prospect of harmonious society. However history has shown this path of socialism to be far from harmonious and eventually to be a dismal failure and indeed a deception itself. Critics of Marxism point to the failure of Marxism to realise that those who would administer a state wherein private ownership was to be denied and forced communal life would be implemented would themselves wield such power and control that far from alleviating class struggles they would enforce them and indeed potentially enact far greater exploitation than any capitalist system had done so far. Also by reducing the life experience of human beings to mere production processes a totally materialistic outlook was taken which was in denial of very real aspects of human behaviour which embody all that it means to be human. The result was the treatment of individuals as production machines and little else and to treat life as the means of producing and consuming material resources and little else. This unnatural construction was doomed to failure and the world witnessed the awful outcomes of that failure throughout the socialist / communist parts of the world until the demise of the Eastern European communist states in the 1990s.

2.3.2 Post-Structuralism

With the domination of Marxist thinking in development in from the 1960s through the 1970s, there grew a tendency to see the world systematically and in terms of structural forms. This meant that grand, generalised theories attempted to locate all events and realities in terms of class struggles, hegemonic designs or some overarching system. The attempts were to not leave any phenomenon unexplained or unaccounted for. These structural theories began to draw criticism which initially emanated from France and the United States and questioned any notion of universalism and even any idea that events somehow were a part of something greater or historically determined in any way. The Enlightenment project and its resulting modernist philosophies were criticised not only as being inaccurate but, more importantly, as being maliciously motivated.

Rorty (2009) criticises modern theories of 'representational truth' in which it is claimed that symbols and models accurately mirror real structures of events. He argues that such representations can never be more than the subjective perspectives of the thinker. Post-structuralist philosophy, such as that of Jacques Derrida (1930 – 2004) questioned the objective accuracy of 'reality' as expressed in theories, especially those of modernity, and instead posited that these 'realities' are merely the linguistically created projections of the mind of those proposing them. Derrida himself used the term deconstruction to mean the analysis of the linguistic structures to expose weaknesses of such constructions which may be identified by discovering inconsistencies and contradictions within the texts themselves. In other words the arguments can be shown to fail by their not meeting their own internal logic and criteria (Derrida, 1970). In this way post-structuralism seeks to challenge the very heart of modernism that is its concepts of reality, rationality and objective truths.

Young (2004) states that French post-structural thought was particularly concerned with the relationship between the claim of Enlightenment thinkers to espouse the universal truth and the rise to economic, political and military power of the Europeans. Of critical importance is the geocentric heart of modernity which preaches that European Enlightenment is the only universal truth and hence progress and development is framed in terms which prescribe that Europe leads, is at the top of the ladder, and all others must follow and imitate if they are to progress. Hence, Derrida (1970:213) states "The white man takes his own *logos*, that is, the *mythos* of his idiom, for the universal form of that he must still wish to call Reason". In this way it can be seen that Marxism also is really a part of that European mythology as it takes the Enlightenment notions of rationality and objective science as its base principles.

2.3.3 Post-Colonialism

Post-structuralism gained prominence, ironically, because of its European roots. However there were also criticisms of the European Enlightenment project emanating from those parts of the world subjected to its oppressive and exploitative force. The motives and strategic aims of European modernity were being questioned by those considered the 'other' in much of Western discourse historically. The fact that European Enlightenment, along with its 'rational' truths that the white man was naturally disposed to advancement and all others naturally disposed to follow, was designed to justify, promote and maintain Western imperialist intentions was not better understood than by those subjected to its colonial domination. Intellectuals from those places which had been colonised were beginning in the twentieth century to discover the very apparent hypocrisy of Western philosophies of modernity as they also knew the reality of how such modernity enjoyed by the West had been built upon the misery of the rest of the world. Hence the body of post-colonial contributions to the concept of development and progress began to grow and be taken seriously.

Frantz Fanon (1925 – 1961), a culturalist of mixed West Indian and Algerian descent, wrote strongly and passionately in such books as *The Wretched of the Earth* and *Black Skin, White Masks* (originally published in French in 1961 and 1952 respectively) about how the image and identity of the colonised peoples was constructed and limited by the colonising powers (Fanon, 1967; 2004). Edward Said (1935 – 2003) made one of the most considerable contributions to post-colonial thought with his writings including the well-known book *Orientalism*. He utilised Foucault's method of discourse analysis to present his concept of Orientalism as a "mode of discourse with supporting institutions, vocabulary, scholarship, imagery, doctrines, even colonial bureaucracies and colonial styles" through which he argued European culture "produced" the Orient (Said, 1995:2). In this way the notions of Occident and Orient, along with all power relations which grow from them, were exposed as malevolent constructions which influenced and framed all discourse flowing from Europe and the United States since the Enlightenment. Others such as Spivak (1988) and Bhabha (1983; 1984) furthered the exploration of the construction of the identity of the 'other' and debated whether the numerous variant positions could or should be treated as one collective reality or block or whether such simplified notions such as the Orient, the colonised or the subaltern were unhelpful and reliant upon Eurocentric philosophies.

The relevance of post-colonialism to development theory has been to shift the focus from purely universalist, scientific, economic analyses towards culturally, historically and politically sensitive approaches. Eurocentric theories and prescriptions now became suspect and increasingly challenged internationally as local solutions based upon indigenous knowledge and experiences gained credibility. This emphasis on indigenisation highlighted other subtler issues in the relations between the 'developed' West and the 'developing' rest of the world in the post-colonial era. The dominance of western hegemony has been obvious in the spheres of economics and

politics but intellectual dependence has also been an important factor highlighted in the literature.

Colonisation was essentially a process, through military dominance, of extracting physical resources from foreign nations, utilising or processing those resources back home in Europe and then exporting the products as superior goods to the rest of the world again. This process is what enabled the growth and expansion of Europe rather than any natural propensity to be advanced or more creative. Economically this process has been repeated again through classical and neoliberal policies which gain access to foreign markets and their assets, produce goods from those assets and materials and resell those products globally. Financially also loans are given supposedly to aid development but the receiving nations eventually must repay such an increased amount, due to imposed interest rates, that in effect the borrowing nation is actually funding the lending nation. In this same way the West has come to dominate the field of knowledge and use this to further strategic aims of maintaining dominance in all spheres. Hence the colonised nations were left with legacies of educational systems whereby the people learned the languages of the colonisers, such as English or French, if they were to be considered educated at all. The elite and powerful in post-colonial societies were those who received education and training in Western institutes and promoted and implemented policies devised in and dictated from Western centres of research. Hence the dominance in knowledge came to replace the military dominance and ensured the indigenous would not rise to upset the status quo.

Intellectual dependency is so obvious and yet is not often noticed as it has become part of the accepted norms or global society. For instance, students in Africa and Asia study the history and philosophies of Europe and the United States in order to achieve qualifications accepted in the West and hence fulfil their dreams of reaching the West to study such subjects even further. The dominance of Western thought can be demonstrated by the fact

that 95% of articles published in science journals are written in English (Bollag, 2000) and that rankings and ratings of academic journals as well as universities themselves are issued in the West and maintain the dominance of the West's institutes and journals. Indeed the whole concept of rankings merely supports the notion of the superiority of the West as something to be followed by all others.

Outside of the West many intellectuals have been calling for indigenous thought and science rather than mimicry and followership. The colonisation of minds has been a greater hurdle to overcome, in many ways, than the initial military occupations. The minds colonised and captured in this way are uncritical, unoriginal and subservient to ideas and thoughts originating in the West. Alatas describes characteristics of this captive mind as "the inability to be creative and raise original problems, the inability to devise original analytical methods, and alienation from the main issues of indigenous society" (Alatas, 1993:308).

2.3.4 Post-Developmentalism

The effect of post-modernism, post-structuralism and post-colonialism on developmentalism has been profound and has led to the questioning and criticism of the very idea of development. Progress and advancement, once assumed to be universally desirable aims for humanity, now came to be seen as means to power and control and deemed to be damaging and harmful in many situations. Some, such as Illich (1997), questioned even those aspects of the 'developed' world such as schools, hospitals and factories which were the hallmarks of advancement as tools, methods and packages whereby the rich could impose on others a systematic dominance designed to maintain and promote their being richer. He pointed out that far from being beneficial, this way of life had increased poverty, exploitation and misery for the majority of people. Instead he called for alternative research on fundamentally different ways of life and the abandonment of the addiction to development

as this was leading to complete failure. Even attempts to modify the notions by attaching ‘sustainable’ or ‘friendly’ were objectionable remarketing. Hence the notion of growth for growth’s sake has become something which needs abandoning.

Arturo Escobar, in a similar vein to Foucault, saw development as a language of power. Concentrating on the post-war period he identified the discourse of development arising out of the rise of the hegemony of the United States which came to dominate all spheres of life including political, economic, cultural and intellectual. Escobar saw the post-structural critique of modernity as an extension of earlier Marxist criticisms of the economic realm, which now was applied to the discourses of truth, knowledge, identity and culture. Academic institutions such as the universities of Harvard, Cambridge, Oxford and others, along with large development organisations such the World Bank and the IMF not only controlled more than finance and resources but actually exercised power through the creation of knowledge, ideas and discourses which would dominate and not tolerate any other (Escobar, 1995). In this way the imperialist agenda managed to ‘colonise’ the realm of knowledge and hence reality itself so pervasively that even those who sought to oppose it would be limited to using the framework and terminology produced by it and hence alternatives such as social development, sustainable development and ethical development were proposed as supposed alternatives. Escobar focussed on the post-war period and especially on economic development. He analysed the construction and promotion of power and knowledge through the institutions of planning, education, health, environment, women’s rights and sustainability. He found that development had come to mean modernisation through industrialisation and this idea was exported across the globe in the form of an integrated system of institutions. This system dictated the development discourse and so he states “the system of relations establishes a discursive practice that sets the rules of the game: who can speak, from what points of view, with what authority, and according to what criteria of expertise” (Escobar, 1995:41). Escobar saw the hegemony of

development as being different from the earlier one of colonisation which was explained by Said in that it constructed a discourse of knowledge and power through a systematic network of institutions which controlled and managed 'underdevelopment' by defining and proscribing all possible thought and imagination. This post-structural analysis was fundamentally different from alternative approaches that had gone before insomuch as it sought not to modify or improve but to dismantle altogether the existing systems.

Escobar's post-structural deconstruction of development led others to suggest the failure and end of Western development philosophy. Sachs (1992:1) claimed "[t]he idea of development stands like a ruin in the intellectual landscape" and "development has become outdated.....grown obsolete". Latouche (1993) noted that the dream of '*la grande societé*' promised by the West was achievable only for the few and its cost was tremendous for the rest of the world in terms of destruction of community and misery. As the West was seen as collapsing, Latouche was more interested in a post-Western world and in this he saw the informal part of society as holding promise, that part that had been exploited and abandoned by Western thought. Here he envisaged people living in personal environments, having religious and metaphysical systems of belief, conducting life according to rationalities which seemed deviant or incoherent in the present system. For Latouche this was the only hope of escaping Western development even if at present it seemed fictional (Latouche, 1993).

Post-structuralists have not only criticised but also suggested wherein possible solutions may lie. *The Post-Development Reader* (Rahnema and Bawtree, 1997) collects many of the views in this field. The positions taken by the majority of post-structuralist thinkers on development may be grouped under three broad themes.

Firstly there is the issue of scale and power. Many post-structuralists, drawing on the philosophies of thinkers such as Ivan Illich, Fritz Schumacher

and even Mahatma Ghandi, believe that the heart of the problem of modernity lies in the immense scale of corporations, institutions, planning and technology. These elements of society grow to such proportions that they exceed the human scale and become supra-human entities the control and management of which then becomes impossible by peoples. One obvious example is the fact that growth has led to single corporations having greater income than whole continents. Another aspect is that people in the world have become overwhelmed and enslaved within mega-frameworks and systems from which they cannot free themselves and hence freedom is taken away from individuals and they are left powerless. Esteva and Prakash (1997) advocate that people should 'think and act locally' as local knowledge and control enabled better decisions and cohesion. Global thinking leads to a loss of sense of community, loss of control and hence loss of freedom. At the local level community is more important than individuality and although peoples had their own views of the their place in humanity, such views need not mean the wish to exercise power over others.

Secondly, and related to the first, is the concept of living simply. This is a re-examination of man's relationship with the material world around him. Modernity has led to an unsustainable situation where the impact of human actions has devastated the very world upon which humans rely. Hence the minority of people, in order to satisfy their desires and whims for luxury and technological phenomena, have begun to exploit and destroy the majority of the earth's resources. What post-structuralists demand is a wholesale rethink of this way of life. What is required is an existence in balance with nature (Sachs, 1997) and this requires conscious decisions by people to consume in a manner not detrimental to the greater good of a balanced existence. Such ideas derive their support from mainly religious philosophies which advocate minimal indulgence in the material as a means of greater enjoyment of the spiritual. Such thinking is common to almost all religions throughout history including Buddhism, Confucianism, Judaism, Christianity and Islam. The idea of simple living is not merely a ban on enjoyment, as portrayed in modernity's

rejections of religion, but rather an understanding that consumption cannot be the purpose of human life as happiness and tranquillity is often to be found in transcendental and spiritual activities and indulgence in materialism often leads to anguish, conflict and misery. Hence, as pointed out by the likes of Gandhi, a simpler life with less industrialisation and consumption is not only better ecologically but spiritually.

Lastly, as modernity was so obviously problematic, there is a call by post-structuralist thinkers for an examination and new appraisal of pre-modern societies. It is argued that although such societies had not the technological and material developments of modernity, their lives were nevertheless organised and had no less time for recreation and leisure. Also it has been shown that economically they were also productive and culturally many were developed to considerable levels. Although modern Western thought portrays many such cultures and societies as backward and undeveloped, these ideas are more based in racist and imperialistic attitudes than in any reality. Importantly many pre-modern societies had integrated views of morality and legality and were effective in intellectual pursuits. Modernity, with its technological military dominance surged in to this world with malevolent designs and rent it asunder for its own geopolitical ends (Rahnema and Bawtree, 1997).

Hence post-structuralism, post-colonialism and post-developmentalism see development, in its modern Eurocentric guise, as a problem rather than a solution and as something thrust on other nations rather than requested by their people. It is to be resisted and overturned and genuine, indigenous ways of life need to be put in place, which allow people to express their own standards, wishes and aspirations in their own lives.

2.4 Summary

The purpose of this chapter has been to outline the evolution of the philosophy and practice of development within Western economic thought in the modern era. Such an overview is a prerequisite to progressing to present any notion of Islamic development as most of such notions which exist today are largely founded upon, or grow out of, the base of conventional Western ideas of development which was apparent at the time that modern Islamic economics began to emerge.

Of course conventional, western or Euro-centric, theories and concepts of development have gone on to represent ideas more inclusive of social and ethical agendas than the economics-focussed approaches outlined in this chapter. Perhaps some of the most significant contributions to this broadening of concepts have been made by Sen (2009; 1999) who, in numerous works, has framed development in terms of freedoms, capabilities and justice and by doing so has cut through the arguments about which economic models are more suited to developing nations or how international policy encourages or discourages independent development, to get straight to the personal experiences of those human beings who make up those developing nations and societies. Effecting a shift from tangible, technical and material factors to subtle, philosophical and human-centred aspects is a tremendous achievement considering the history of the field. However Sen does not stop at merely presenting philosophical argument but rather criticises approaches such as Rawlsian transcendental theory of justice (Rawls, 1999) as being not implementable in today's world (Sen, 2006) and so emphasises real solutions which effect real peoples' lives where it matters. In this way Sen has sought to present development as a field of knowledge which tackles the immediate questions of justice and freedom which for most of the world's population constitute the priorities of daily life.

However the further discussion of conventional development theory is not the purpose of this work and is far too vast to be incorporated into it in any meaningful way. Hence the above chapter presents only a review of development theory up to the point at which Islamic economics theory began to emerge as an alternative approach to development which focussed on the moral and ethical precepts of Islam to articulate its arguments. This provides the background within which and against which the concept of Islamic development may be located so as to highlight both its differences from it as well as any similarities it may have with it.

Furthermore the very modern, or anti-traditional, perspective of Western theory and practice not only provides justification for exploring an alternative approach rooted in the traditional, but also allows the Islamic development theory proposed in this work to be suitably contrasted with existing approaches and hence establishes the unique and novel contribution of this work.

CHAPTER 3

DEVELOPMENT AND ISLAM

3.1. INTRODUCTION

The interesting and relevant aspects of post-developmentalist thought are the recognition of a need to examine pre-modern or traditional views of development and the inclusion of moral and religious approaches within that recognition. In modern times, the search of an authentic Muslim identity pave the way for the development of discipline known as Islamic economics, which is defined within systemic understanding providing 'a just society' in terms of production, consumption and distribution.

The founding fathers of Islamic economics (such as Maududi, Chapra, Siddiqi, and Ahmad among others) wrote extensively of the potential for Islam to provide an alternative way to development, which was both ethical and socio-economic, being based on moral and welfare principles. Justice, social equity, brotherhood, charity and co-operation were cited as the means of uplifting society, which the Islamic system aimed at.

The only manifestation or product of this Islamic economic 'theory' in recent times has been the Islamic banking and finance (IBF) industry, which, unfortunately has not realized the goals and aspirations put forward by the pioneers in the 1960s and early 1970s. Rather, the IBF industry seems to have grown as part of the conventional financial sector in the global capitalist economy. Considering the extensive growth in IBF in the last thirty years, it is sad that this growth has not touched the lives of ordinary Muslims in the streets of the Muslim world beyond the Gulf region. This departure from the ideals of Islamic economics, thus, has drawn criticisms from many in the field and indeed "a distinctive feature of recent discussions on Islamic banking has

been the growing wedge between its conventional theory and current practice" (Hasan, 2005:11).

This paper attempts to re-visit, via a return to the epistemological and ontological sources of Islam, both the aspirations and the criticisms against the realities in attempt to understand where it all went wrong. Hence, a re-appraisal of the Islamic development model is proposed and it is demonstrated that the interactive and dynamic nature of this model essentially requires it to be re-considered within the wider scope of a political economy rather than in the narrow spheres of economics or *fiqh* (jurisprudence). It is essential to note here that the word fiqh in Arabic has a literal meaning of 'deep and broad understanding', however for the purpose of this paper, it is used according to its definition by the *fuqaha'* (jurists) in which it represents only the codified body of Islamic laws or *ahkam*. This paper asserts that piecemeal solutions, as in the case of Islamic banking, will not be able to provide a solution to the development needs of Muslim societies and communities. In other words, a reductionist approach that relegates the aspirations of Islamic economics to establish an ethical and moral economy to one that merely prohibits *riba* (understood as interest) and the establishment of Islamic financial institutions within the given capitalist value system, would not yield the noble goals aspired to. These are the issues, which are critically examined in this work.

In order to have an impact in relation to developmentalist objectives, which remains a challenge for all the countries in the world, Islamic moral economy has to be prioritised to produce the 'human centred economic development' as aspired by Islamic ontology. This is the aim of this paper: to develop a fresh articulation of Islamic development within the moral economy tenants of Islam.

Taking the present post-developmental criticism as a starting point, this paper seeks to examine the concept of 'development' or 'progress' as contained in the Islamic worldview. In order to do this, the existing body of knowledge, in recent times, which are mostly from an economic perspective,

which also include references to wider ideals, is appraised along with any implementations of such which may exist. This modern expression is then be located within an authentic and indigenous model derived from the ontological and epistemological sources of Islam and new suggestions for development will be arrived at.

3.2. THE FOUNDATIONAL AXIOMS OF ISLAMIC ECONOMICS REVISITED

Early writings in the modern sense depicted Islamic economics as a grand and, some would say, utopian image of the type of societal development that would result from implementing Islamic social and economic theory. Towards this end broad foundational axioms such as *Tawheed*, *adl*, *ihsan*, and *tazkiyah* were listed, and methods including *zakah* and *riba*-free trade were presented as the framework of the system. Much of the literature of Islamic economics, then as now, was taken up with presenting these foundational concepts of Islam along with locating their epistemological references in Quran and *Sunnah*.

The discipline of Islamic economics relies wholly on these philosophical foundations derived from Islam, which distinguish it from those of secular and materialistic based systems such as capitalism and socialism. Islamic economists have always devoted most of their energies to enumerating and elucidating these axioms in an attempt to distinguish the aims and justifications of Islamic economics as a valid alternative. Although the writings on this subject are wide ranging and numerous, much literature in the field simply duplicates and repeats similar information and hence for a concise list of these axioms we may refer to the early works.

Syed Abul Ala Mawdudi in numerous works (1946; 1970; 1960a; 1960b) and Mohammed Baqir Al-Sadr in his book *Iqtisaduna* (1961) were amongst the earliest writers in Islamic economics in modern times. Both argued that the wider, over-arching principles of Islam apply to all aspects of life, and

economics is no exception to this. These principles or axioms are those, which lead to spiritual development and enable the human being to reach noble heights of thought and action and rightfully claim the title of vicegerent of God on earth. There is consensus on this view amongst Islamic economists. Various writers such as Ahmad (1980), Chapra (2000; 1992), Naqvi (1981) and Siddiqi (1981) amongst others have listed such axioms as follows:

3.2.1 *Tawheed* (Allah's unity/uniqueness/sovereignty)

This is the core of all Islamic teachings, which underlies and simultaneously permeates all Islamic thought and action, as the individual's faith in Allah and reliance upon Him. As the vertical perspective of Islamic ontology, Tawheed is the starting point of justice in Islam, as it essentialises the individuals having equal distance in their relationship with Allah. This implies that individuals "do have equal opportunity to enjoy the bounties on earth created by God" (Asutay, 2012:95)

3.2.2 *Adalah* (Justice)

Justice in Islamic terms entails giving due rights to all those that are entitled under Shari'ah. Hence it incorporates the rights of citizens, rights of neighbours, rights of husband or wife, rights of parents or children, rights of workers or employers, and so on. It also includes more abstract ideas such as rights of animals and the environment. This axiom is the opposite of *zulm* or oppression.

This horizontal perspective of Islamic ontology is expressed through the individual's interaction and inter-relationship with the rest of creation and manifests itself in other axioms also. Among the implications of this horizontal aspect of justice, within the *Tawheedi* framework, is the idea of equal rights

for all humans as defined by the Creator and the just allowance of access to the resources provided by the Creator.

3.2.4 *Taqwaa* (God-consciousness)

When Umar the second caliph of Islam asked Ubayy ibn Ka'b about *taqwaa* he was asked what he did when walking on a path full of thorns. Umar replied that he lifted up his cloak and walked carefully. (Ibn Kathir, 1980:263 vol 1) Hence it may be taken to imply conscious, contextual awareness employed to actualise positive norms and exemplary behaviour. A kind of constant monitoring of externalities and situations which enables assessment and adjustment of behaviour so as to maintain the right course and improve standards of development. Thus *taqwaa* helps to realise the process of advancing towards *falah* and it should be noted that this concept is closely related to the concept of *ihsan*.

3.2.5 *Tazkiyah* (Purificaton)

The heart of the development process is *tazkiyah*, as it is "concerned with growth towards perfection through purification of attitudes and relationships" (Ahmad, 1994:20). In relation to the other axioms in an integrated manner, *tazkiyah* "directs the individual towards self-development, which leads to economic and social development in harmony with the growth activity that requires purification. In other words, this principle refers to growing in harmony in every aspect of life" (Asutay, 2007a:8). The result of *tazkiyah* is expected to be *falah* or the success in this world and in hereafter.

3.2.6 *Ihsan* (Beneficence and Perfection)

If *Tawheed* is the foundation and central core of Islam then *ihsan* is the final crowning glory or finishing embellishment. It is the ultimate aim of the dynamic process of development in the economic, social and spiritual sense,

and attaining it implies the attainment of *falah* (salvation). However it is not separate from the core but may be seen rather as an overall finish to all other axioms. In the same manner as a completed construction may be related to its constituent building materials. It can, consequently, be interpreted as the actualisation and realisation of all other values and axioms rather than any distinct quality. *Ihsan* and its centrality to the model proposed here is discussed further in the following sections.

3.2.7 *Ukhuwwa* (Brotherhood)

This implies the brotherhood of humanity as recognised children of Adam. Hence it implies a sense of bonding, affinity and co-operation which is realised in an ideal Islamic society and is a conceptual extension of *adalah*.

3.2.8 *Khilafah* (vicegerence)

Khilafah defines that human beings are vicegerents of Allah on earth thus implying man's ultimate accountability to Allah. As a representative of Allah on this earth, one carries a responsibility, namely the realisation of the axioms of Islam as described here, which one will ultimately be accounted for in the hereafter. Thus Islam provides a two-dimensional utility or welfare function integrating the 'expected utility' of the hereafter with the utilities of this world. In other words, the repercussion of the utility of this world is actualised in the hereafter and is therefore integrated in the utility function producing a two-dimensional utility function. It should be noted that this is a concept that governs not only rulers and leaders but all members of the community.

3.2.9 In conclusion

This list is by no means exhaustive and other major principles can be added such as *sabr* (patience), *'ubudiyyah* (servitude), *shukr* (thankfulness), *jihad* (struggle) and *'ijz* (humility).

Consequently, these axioms constitute the "micro-foundations or the foundational principles of the Islamic economic system, which are entirely different than the axioms and foundational principles of any other economic system" (Asutay, 2007a: 9). As such the framework within which any Islamic concept of development must be defined is that built around these fundamentals of human behaviour outlined in Islamic ontology and expressed through the above axioms. The integral roles of spiritual and moral elements alongside those of physical and social elements, as well as the overwhelming focus on the hereafter alongside the necessity of the worldly, are emphasised and inseparable. Therefore the Islamic development model which is to be constructed from these fundamentals is unlike other modern concepts of development which are located within the modern secular framework which views development in material terms only even when considering social aspects and morality in these modern discussions reaches no further than fair and equitable distribution of wealth and resources. The realities of axiomatic principles such as those mentioned cannot be contained within the narrow scope of economics alone and so discussion of Islamic economic development must encompass the ontological perspective of Islamic development as argued in this paper.

3.3 FROM ISLAMIC ECONOMICS TO ISLAMIC FINANCE: ASSESSING THE SUCCESS OR FAILURE OF ISLAMIC BANKING AND FINANCE

Islamic economics, thus, provides foundational axioms and proposes an ethical and systemic understanding of economics and finance based upon ontological and epistemological sources of Islam. Several decades later,

however, the only structural and institutional application of Islamic economics has come in the form of the banking industry and has resulted in the growth of what is now termed the IBF industry. However, as Islamic economic theory has not developed the operational axioms, which would have provided the normative framework within which IBF could have functioned, we see, as pointed out by Asutay (2007a), that IBF "has implicitly adopted neo-classical assumptions". The result being that IBF, rather than realising the axiomatic aspirations of pioneering Islamic economists and helping to establish socio-religious norms in the form of a moral economy, has actually achieved little more than re-marketing of capitalist debt-peddling as a pseudo-Islamic alternative. This failure of IBF has drawn the criticisms of many Islamic economists recently. For detailed discussions of these see Siddiqi (2004), El-Gamal (2006), Hasan (2005), Asutay (2007a; 2007b) and Nagaoka (2007), amongst others.

The detail of the criticism levelled against IBF is not of concern here. Nevertheless it is relevant to note that it may be grouped under the following broad categories.

Firstly the concept of interest-free banking and finance has been criticised on the grounds that it is economically not feasible. Issues of efficiency and cost are used to highlight how such an approach leads to products being more costly and hence even less accessible to those in need. Indeed, it is said, if one of the oft-quoted *maqasid* (aims) of *Shariah* is to safeguard the wealth of the people then IBF certainly fails here. Another economic challenge for IBF is the fact that very little of the large amounts of wealth associated with it have actually reached the most needy in Muslim societies, being circulated instead amongst large corporate interests in oil rich states. It is therefore no surprise that the emergence of IBFs coincides with the oil-shocks and the emergent capital in the Gulf in 1970s.

Secondly, a growing criticism against the process of re-engineering financial products to make them *Shari'ah*-compliant, is focussed on the actual validity of the *fiqh* (jurisprudence) involved. Some sceptics, such as El-Gamal (2006), have expressed unease at the fact that Shariah scholars who authenticate such contracts are themselves employed by the industry hence leading to potential conflicts of interest, while others have claimed that such contracts are purposely designed to circumvent *Shari'ah* laws and so violate broader principles or *maqasid* associated with the prohibition of *riba*. The consensus of critics in this category is that *fiqh* is restrictive, outdated and unable to meet the challenges of the modern capitalist-dominated world economy; and therefore remains only as a technical approach to economic issues rather than taking into account policy dimensions which can provide the essential solution for the development problems of Muslim societies and communities.

Lastly, and recently increasingly, the Islamic banking and finance industry has been accused of failing to achieve, or even move towards, the social, moral and spiritual aspirations which had been outlined and presented as goals of Islamic economics. It is claimed that IBF, as the practical outcome of Islamic economic theory, is responsible for and duty-bound to deliver the objectives of that theory and so to provide a means to implement Islamically fair and equitable income distribution, poverty alleviation, social uplift programmes and a strategic readdressing of the balance of wealth and power at least in Muslim societies. Also internally the industry should, according to this strand of criticism, be focussed on attaining moral and spiritual sincerity rather than merely financial and commercial efficiency.

The IBF industry answers each of the above criticisms. In the first case it is accepted that due to the nature of the special contractual forms and the host legal systems there are inevitably, at present, additional transaction costs which reduce efficiency in the market. However this is the price of compliance with s*hariah's* strict rulings on the prohibition of interest in financial transactions. As it is a greater imperative in Islam to avoid prohibited

actions than it is to reduce costs, this is a price that must be paid at least until legal regimes can better accommodate IBF. Secondly the accusation that contracts are merely superficially altered to bypass rulings on interest is denied outright and it is stressed that although some of these contracts may indeed resemble very closely the conventional ones in terms of end result or aim, nevertheless they are contracts which are compliant with *shariah* and this is regulated by renowned *shariah* scholars and experts from around the world. Lastly it is argued that the impact of Islamic finance on a wide scale social level is something that will take time to appear. Also these aims of Islamic economics cannot be realised through IBF alone but require many inputs at the political and social levels too.

However despite such answers and explanations by the IBF industry the criticisms still persist and this leads to erosion of trust and confidence resulting from the growing scepticism surrounding both the effectiveness and authenticity of the IBF. This paper seeks to present a new perspective which explains the on-going debate from a starting point of Islamic ontology and epistemology and locates the issues within the broader framework of Islamic development and its methodology.

Islamic rulings have two aspects to them which may be stated in any one of several ways; form and substance, legal and moral, material and spiritual or doctrine and guidance. If the sources of Islamic thought, namely Quran and Sunnah, are studied it becomes apparent that they do not consist of lists of detailed legal edicts or instructions but rather broad guidance and emphasis thorough repetition of general principles and observations of human behaviour in a variety of contexts. For example the methodology of Quranic instruction utilises to a great extent the narration of stories or instances of historical importance through which lessons of good and bad are conveyed in a manner that can then be extrapolated for any future context. In the Sunnah instances of Prophetic guidance, reaction and non-reaction are recorded

which vary greatly depending on the varied contextual settings to the extent that different reactions can be observed for similar instances.

The relevance, in terms of methodology, is that at the base of Islamic thought are a number of general principles, related to certain constants of human behaviour, which are emphasised repeatedly throughout the Quran and Sunnah and teachings of the scholars and form what may be considered the core and essence of everything Islamic. The axioms enumerated by Islamic economists represent these very core principles of Islamic ontology and hence are both expansive and profound in nature as they are expressions of the very nature of human reality and behaviour. Alongside these over-arching and constant principles are more specific and detailed instructions formulated as commands and prohibitions which constitute the legal rulings of Islam. These legal edicts enable a society to function along Islamic guidelines by facilitating the establishment and maintenance of norms and institutions in a standardised manner. However it is very important to note that legal specifications are not ends in themselves but are means to aiding the movement of a society towards the more general goals of Islam. These legal requirements constitute the doctrine element of Islam and are dynamic and flexible in nature so that they can be adjusted depending on contextual relevance and priority. Hence much of the Islamic legal framework is derived from the sources but is given detailed form by scholars according to their own deliberations and considerations of context and applicability. Also importantly the process of formulating legal edicts keeps the overall general aims as goals and ends towards which the laws should be the means. Hence Islamic legal tradition is very varied with many opinions and views being accommodated with ease and also many transformations occurring over time. One enlightening observation in this regard is that of the over six thousand six hundred or so verses of the Quran only five hundred deal directly or indirectly with *ahkam* (legal rulings) whereas the remaining majority deal with issues of *aqidah* (belief) or *akhlaq* (morality).

With reference to the criticism of Islamic banking the above understanding of Islamic guidance and doctrine is an indispensable prerequisite for understanding and reconciling the differences. It is clear that the manipulation of the contract to avoid *riba* in any form is the root of many misconceptions on both sides of the argument. It is a legal requirement and hence is part of the specific requirements and instructions contained in Quran and Sunnah and is an imperative which cannot be dispensed with. However we also know that the legal form is not the essence or end of Islamic guidance but the means to achieving broader and more profound aims. Therefore the removal of *riba* from the contractual form cannot be labelled as irrelevant or mere manipulation as it is in fact compliance with a very important and clear Islamic imperative. However at the same time if the compliance with the legal form is believed to be all that is required to make it Islamic then such a belief is rightly open to criticism for ignoring the essential principles of Islam. Hence the correct understanding of the relationship between legal form and wider principles is essential in order to locate this debate in the wider context of Islamic development.

The social aspects of Islamic economic thought are also expressed through use of the wider general axiomatic principles found in Quran and Sunnah. Most if not all writings on Islamic economics in recent times build their argument for the need for such an alternative concept in economics on the grounds of these axioms. As IBF is the sole visible outcome of such recent Islamic economics theory, it is looked to by many as the means to achieve such social economic goals as poverty alleviation, fairer distribution of wealth and reduction in exuberance. However these socio-economic aims have not materialised in over forty years of the industry and do not appear to be anywhere on the horizon as yet. This situation is leading some to criticise IBF for what is labelled its social failure or moral failure to uphold or promote Islamic moral economy principles. Again this paper seeks to introduce a perspective on this debate which correctly locates the arguments within the wider realm of Islamic development methodology.

To date IBF has concentrated on building a commercially viable and efficient financial platform which operates without recourse to *riba* or interest in any way shape or form. This is in an effort to comply with important Islamic rulings regarding transactions but also to compete in a global financial market. Hence although *shariah* compliance is necessary and cannot be legitimately criticised from an Islamic point of view, it is however a valid criticism to point out that the aims and aspirations listed by Islamic economists have been side-lined or even worse totally ignored in the pursuit of market efficiency and profit maximisation. Furthermore it can be seen that IBF operates mainly at a corporate or sovereign level where the funds utilised and held originate from and return to the wealthiest segment of Muslim society. In this way its behaviour is almost identical to decadent capitalism bar the contractual form. Thus the criticism levelled at its failure to achieve any social uplift for the needy is justified and valid and can be added to by the criticism of actually undermining general Islamic principles and aims by facilitating the circulation of wealth amongst the already wealthy, something which is in direct contravention to major Quranic principles. It seems that IBF is focussed on and obsessed with wealth creation and wealth maximisation for the already wealthy and seems reluctant to play any wider social or moral role I society. This can be evidenced by the convergence of IBF towards conventional finance practices and its heavy reliance on debt-based instruments. This paper concurs with such criticism of the industry and its neglect of Islamic principles beyond the contractual, legal level, calling into question the legitimacy of its claim to be Islamic.

Hence we can restate that the salient features of Islamic economic theory which distinguish it from other theories of economic activity and behaviour, are those concerned with social justice and morality based upon the religious belief system of Islam. Economic welfare in this world is sought not as an end but as a means to spiritual welfare in both this world and the next. Naqvi (1997) describes the Islamic economic system as one “which optimally combines the concerns of social justice with those of economic growth” and

goes on to claim that such a system must have a “capacity to ensure social justice in all states of the economy”. This understanding of the centrality of justice is further elaborated by Chapra (1979:p.8) who quotes Ibn Qayyim’s statement that “anything that departs from justice to oppression, from mercy to harshness, from welfare to misery, and from wisdom to folly, has nothing to do with the *Shari’ah*”. An integral part of this role of social justice is the concept of equitable distribution and the Quranic guidance that the poorer members of society have a right in the wealth of those better off. Hence the purpose of wealth in an Islamic society is not just to be disposed of as one may wish, but rather to recognise that it is a trust from Allah and so must be used within the constraints and guidance given by Islam.

In terms of the criticism of IBF by those authors mentioned earlier, the failure to realise any meaningful contribution to this social justice role within the Islamic economy has drawn most attention. The argument is that if the central element of an Islamic economic theory is its emphasis on social justice and moral priority over self-interest and wealth consumption, then the one institution which has emanated from this theory should surely be the means to implement and demonstrate this priority to the world. However from being concerned with social justice, IBF has been seen to move away even from its role in developing the real economy towards convergence with conventional debt-based financing.

On the face of it this is a strong and valid criticism and has led many within the industry to question its direction and strategy. However to be fairer to IBF it may be pointed out that even in the 1970s, Islamic economists (Al-Sadr, 1973) were aware of the limitations of any emerging Islamic finance industry and saw it as merely a starting point which could be built upon and strengthened later. The difficulty is that IBF must operate in a world dominated by conventional finance and also non-Islamic political and legal regimes. These facts mean that although in an ideal Islamic economy, the finance sector would serve the social cause extensively, in the current

situation the other institutional factors are not supportive of Islamic values and so weaken the ability of any one institution to affect the environment. Hence the fulfilment of those social justice roles requires many institutions and factors to be operating together and cannot rely solely upon the finance industry to provide social uplift in an environment where legal, political and social systems are not conducive.

Therefore, the major theme of this work is to present a holistic and expansive model of Islamic development and correctly locate within that model the roles and limitations of both economic activity and *fiqh* or legalistic doctrine. In this respect it can be evidenced that the advancement towards profound Islamic principles on a society-wide basis relies on behaviours, concepts, norms and institutions many of which are beyond the realms of both the economic and the legal. Therefore it is perhaps unrealistic and to some extent unfair to apportion the blame for the failure to achieve the socio-economic aims of Islam on the banking and finance sector. In reality the causes of such failure are to be located in other spheres of modern Islamic society and although IBF may be helping precipitate some of those failures it cannot be held solely liable.

Therefore this work aims to demonstrate that through the re-conceptualisation of the Islamic development paradigm arrived at by examining ontological and epistemological sources of Islam, all areas of criticism above can be seen to be in some way unhelpful, limited and myopic and lead to a situation where the wider picture is neglected as a result of an unnecessary fixation with only particular constituent elements such as the use of certain contractual forms rather than others or the suggestion that microfinance initiatives can satisfy the social aims of Islamic economic thought.

In order to present the wider picture and locate the elements within it, the model proposed in the following sections aims to elucidate how human

development in Islam is an interactive dynamic process, which transcends the spheres of both economic activity and *fiqh* and in fact concentrates on greater and more critical aspects of Islamic society such as *iman*, '*ilm*, *taqwa* and *insaniyyah*.

3.4 REAPPRAISING DEVELOPMENT IN ISLAM

Conventional economics arose as a distinct science only in the post-Enlightenment period as a reactionary step to ensure competition was maintained with the natural sciences, which gained great impetus at the time. Similarly Islamic economics had not existed as a distinct science in Islam until the post-colonial period when it was deemed necessary in the pursuit of nation building to have an Islamic alternative to all western sciences as part of Islamic identity politics in a constructivist paradigm. Islamic economics, therefore, is a modern articulation and systemisation of the revealed knowledge with an attempt to provide the Islamic system of economics defined within authentic norms and forms of Islam. Although economic realities are included in the earliest of Islamic teachings, the concept of development permeates through and is entwined within the fabric of the Islamic ontological standpoint on the nature of the human being. This implies that development is not merely economic but goes far beyond into the spheres of moral, spiritual and universal uplift. Thus, the need for a distinct Islamic development paradigm to be formulated is clear. To support this, El-Ghazali (1994) asserts that the concept of development should be reviewed to include basic human needs and not solely the "rates of growth of simplified development components". This is important, as the emergence of Islamic economics in 1970s is a reactionary response to failure of nationalistic capitalist or socialist development strategies, which were rightly accused of denying a human centred economic development, which is suggested to be the core of Islamic economic strategy. The multi-dimensional approach of this constructivist economic development strategy is particularly stressed by Islamic economists, such as Ahmad (1994) who acknowledges the

comprehensive nature of Islamic development which includes moral, spiritual and material dimensions and so becomes a goal and value-oriented activity, devoted to the optimisation of human well-being in all these areas.

Before discussing a development model or paradigm, development as a concept and its nature should be defined and importantly how Islamic economics in terms of theory and policy is to be located within it. The Quran and the Sunnah of the Prophet Muhammad are the ontological sources for all Islamic understanding and provide the fundamental definitions of what human existence is and what it should be. These sources are endless oceans of knowledge and of course this work cannot contain but a small selection of the relevant guidance. The following will be sufficient for the purpose of this work to outline a broad definition of development in Islam.

To illustrate the dynamic nature of human development and the essentiality of change as being central to this, Quran speaks of positive human progression in terms of a journey along the *sirat* (path). This is referred to by Allah sometimes as '*as-sirat ul mustaqeem'* (the straight path) or '*siratee*' (my path). This is significant as the implication is that Islam does not accept sedentary or static existence rather engagement and interaction are required for the development of the individual and society. In this dynamic interactive model, human, spiritual, and socio-economic development is part of a continuous change paradigm. Such a change-oriented attitude is reinforced by other verses in which Allah denounces the asceticism and seclusion of monks away from society as "an innovation not prescribed by Us" (Quran 57:27).

Those who are successful in this journey are described in many verses and often referred to as *muflihoon* (successful ones) or *muhsinoon* (achievers of perfection). For the purpose of this paper we may consider these two states being synonymous, whereby the concepts of *falah* and *ihsan* are connected. The details of the path and the actions of those who are successful are an

indication of what Islam requires of mankind in order to reach the higher status, which elevates humans, above all other creation as identified in the following Quranic verses (the relevant words are in bold italics).

> “And I did not create the jinn or mankind except that they should ***worship Me***” (Quran 51:56)

> “And that you should worship Me. This is the ***straight path***” (Quran 36:61)

> “Those who ***believe*** in the unseen and establish salaat and spend from what We have provided them; and those who ***believe in what was sent down to you*** (oh Muhammad) and what was sent down before you and have ***certain belief*** in the hereafter. Those are the ones on true guidance from their Lord and those are ***the successful***” (Quran 2:3-5)

> “Say (O Muhammad): "Come, I will recite what your Lord has prohibited you from: ***Join not anything in worship with Him***; be good and dutiful to your parents; kill not your children from fear of poverty, We provide sustenance for you and for them; come not near to shameful sins whether committed openly or secretly, and kill not anyone whom Allah has forbidden, except with justice. This He has commanded you that you may understand. And come not near to the orphan's property, except to improve it, until he (or she) attains the age of full strength; and give full measure and full weight with ***justice***. We burden not any soul, but that which it can bear. And whenever you speak do so justly even if a near relative is concerned, and fulfil the Covenant of Allah. This He commands you that you may remember. And verily, this is ***my Straight Path***, so follow it, and

follow not (other) paths, for they will separate you away from His Path. This He has ordained for you that you may become ***Al-Muttaqûn*** (the pious)." (Quran 6: 151-153)

Consequently, belief in Allah alone and all that He has revealed is the essential and prime requisite of travelling the straight path to success; and the articulation of belief in Allah provides the source and guidance to reach *ihsan* and *falah* in a dynamically changing order or paradigm in a constructivist manner. Hence, the axiom of *Tawheed* is unquestionably simultaneously both the bedrock of all Islamic activity and the emphasised indispensable core of any potential developmental exertions if they are to succeed. If this pre-requisite is not present, there can be no hope of movement along the road to Islamic development. In other words any 'development' achieved without its base and core being *Tawheed* cannot be termed Islamic. As the central core of a successful life, *Tawheed* sustains all other activities by permeating the fabric of life and simultaneously maintains the criterion or standard by which all aspects of life are to be judged. A constant auditing cycle, as it were, is implemented with reference to the *Tawheedi* essence and actualisation.

Another aspect of the metaphor of a path being repeatedly used implies that development is not instantaneously achieved but is instead a dynamic process continuously evolving and progressing. This metaphor is a useful one and will be continued in this work, as development in human and socio-economic sense, is "equal to growth and change" (Ghazali, 1990:24). Therefore, orientation towards activity in Islam is 'becoming' in terms of self-development and process orientation as opposed to 'doing' (which is taking an action and achievement focus) and 'being' (which is self-expression oriented). This is related to the evolutionary nature of human life as perceived by Islam, which is in opposite direction with the Hegelian or modern worldview of the 'state of be'. In other words, Islamic worldview is a 'no end'

paradigm in the sense even the 'hereafter' is a continuation of this world complementing the 'no end' nature of developmentalism.

In the last of the verses above we see more detail given as to what comprises the journey along the path, which leads to achieving those major foundational axioms or principles. As stated above, since development is looked upon by Islam as a multidimensional activity, all the efforts would have to be made simultaneously in a number of directions, the methodology of partial analysis by isolating one key variable and attempting to explain the entire process (such as human life) almost exclusively concentrating on that variable (such as economic activity) would not work. It should be noted here that the mistake of neo-classical economics has been this partial analysis of, and overemphasis of, consumption oriented economic activity by exogenising other dimensions of real life. However, as opposed to such an exogenised world-view, Islam seeks to establish a balance between different factors and forces and as such all of them could have to be harnessed and mobilised, as political economy would suggest. Hence, Islamic political economy represents an interactive and intersected paradigm in which all these forces, which determine real life, are endogenised in a multidimensional integrated model. This refers to '*Tawheed'* as an axiom of this political economy, which implies that all the systems including economic, political, social *etc*. should work in an integrative manner under '*Tawheed'* to result in Islamic order, and hence it suggests an all-encompassing developmentalism.

To substantiate this paradigm, Islamic epistemology can provide further insights. For instance, in the Islamic sciences it is a well-known principle that the *Sunnah*, or speech and actions of the Prophet Muhammad, is used to gain a more detailed insight into the broader guidelines presented in the Quran. For the purpose of this paper, one particular *hadith* known as the *hadith of Jibreel* is particularly important and has been presented by all classical scholars of Islam as the concise summary of the whole of Islam. It

merits reproduction in full. As recorded in the *Sahih* of Imam Muslim (Muslim ibn al-Hajjaj, 1995)

'Umar, the second caliph, narrated that:

> "While we were sitting with the Messenger of Allah, may Allah bless with him and grant him peace, one day a man came up to us whose clothes were extremely white, whose hair was extremely black, upon whom traces of travelling could not be seen, and whom none of us knew, until he sat down close to the Prophet, may Allah bless with him and grant him peace, so that he rested his knees upon his knees and placed his two hands upon his thighs and said, 'Muhammad, tell me about Islam.' The Messenger of Allah, may Allah bless with him and grant him peace, said, 'Islam is that you witness that there is no god but Allah and that Muhammad is the Messenger of Allah, and you establish the prayer, and you give the Zakat, and you fast Ramadan, and you perform the hajj of the House if you are able to take a way to it.' He said, 'You have told the truth,' and we were amazed at him asking him and [then] telling him that he told the truth. He said, 'Tell me about *iman*.' He said, 'That you affirm Allah, His angels, His books, His messengers, and the Last Day, and that you affirm the Decree, the good of it and the bad of it.' He said, 'You have told the truth.' He said, 'Tell me about *ihsan*.' He said, 'That you worship Allah as if you see Him, for if you don't see Him then truly He sees you.' He said, 'Tell me about the hour.' He said, 'The one asked about it knows no more than the one asking.' He said, 'Then tell me about its signs.' He said, 'That the female slave should give birth to her master, and you see poor, naked, barefoot shepherds of sheep and goats competing in making tall buildings.' He went away, and I remained some time. Then he asked, 'Umar, do you know who the questioner was?' I said, 'Allah and His Messenger

know best.' He said, 'He was Jibreel who came to you to teach you your *deen*'."

The centrality of this *hadith* to Islamic development is indicated by the fact that it is referred to in classical writings as *Umm-ul-Hadith* or the mother of *hadith* just as *Surah Al Fatihah* is referred to as *Umm-ul Kitab* or mother of the book (Al-Qari, 2001). The reason for this importance is that in these few lines it articulates the whole roadmap of human development within the mentioned change paradigm of interactive and integrated model. In other words, the articulated model of Islamic development can be located within the wisdom inherent in this *hadith*, as it indicates that development aims at actualising *ihsan* within the *Tawheedi* interactive dynamic model. Three main concepts of *Islam*, *iman* and *ihsan* are clarified and each one's relation to the other then becomes apparent.

Firstly, Islam is constructed with the foundational existence of five pillars: *Tawheed* in the form of *shahadah*, *salat*, *zakah*, *sawm* and *hajj*. The first of these is the framework within which all others are built, as *Tawheed* is the core and the beginning of development. It underpins all other stages, as shown by the quoted sources above, and it also must permeate the fabric of life at all the stages built upon it. Thus, *Tawheed* is the beginning, the middle and the end in this journey and formulates the criterion by which all actions, beliefs and thoughts must constantly be assessed so as to ensure compliance within the framework of the model. Subsequent to *Tawheed* and built upon it are the outward attestations and actions of worship which by necessity are expressions of *Tawheed* and which exist as a tangible framework to give shape to Islam in society. This stage of development includes all such outward actions and speeches as encompassed by the law. As the substructure upon which development is to be founded the robustness and solidity of this stage is of prime importance. Nevertheless it must be noted that it is not the ends but simply means to the ends and such actions devoid of *iman* are by themselves of no benefit and remain only as hollow

movements and sounds. Al-Ghazali (1971) likens these outward actions to the skin or peel of a fruit whose only function is to hold and give shape to the beneficial flesh inside.

As a science, *fiqh* (according to the definition adopted in this paper) is concerned solely and wholly with this stage. Knowing these limits of *fiqh,* Al-Ghazali (1971) relegated it to the category of worldly sciences, as its subject matter is laws, which apply only to this life. Thus, each action in Islam has a basic minimum requirement for the purposes of the legal administration of society, which is outlined by *fiqh*. It then has to positively grow to the levels of *iman* and then even higher to *ihsan* if there is to be development in terms of progressing along the journey outlined in the Quran and Sunnah.

The concept of *iman* is elucidated next. This is primarily translated as faith or belief and in the *hadith* we see the articles of faith are enumerated. At this stage *Tawheed* impacts directly upon the inner dimensions of belief, thought and intention and so actions are not dictated by externalities but rather motivation originates and emanates from within. This stage is also affected by such foundational principles as *tazkiyah* (self-purification), *rububiyah* (nourishment, directing things to their perfection) and *tawakkul* (reliance). The transition to this stage is one of moving from doing to knowing and hence actions, emerging as a direct actualisation of intentions, now gain relevance and provide support to further development.

The third category mentioned is that of *ihsan* or perfection as informed and shaped by *tazkiyah* and *rububiyah*. This is an advanced stage of development and is shown in this *hadith* to be more or less equated with realised sincerity. That one should at all times be aware of Allah’s presence and ensure that one’s actions are done purely for His sake alone.

Ihsan then represents the peak or plateau of Islamic human development and the culmination of the harmonic exercise of the mutually inter and intra dependent precursors of Islam and *iman*. Indeed as the end point of the journey along the path, *ihsan* forms the nexus between journey and destination, between *talab* (seeking) and *falah* (success) and so the actualisation of development itself in Islamic terms. The effect of *ihsan* is to transform *iman* to *yaqeen* (certainty) and so knowing becomes being, blind faith becomes gnosis and the heart sees clearer than the eye. Through the ubiquitous nature of *Tawheed* the effect of *ihsan* extends to Islam also and now renders every action and speech an act of sincerest compliance to the will of Allah. This is the *summum bonum* aspired to in the model of Islamic development and demonstrated by the Prophets. Seen in isolation, *ihsan* is utopia, however when all underlying stages with their corresponding institutions are harmonised and concurrently focus in the same direction along the path, it provides a strategic goal for humanity to strive towards and the rate of progress towards this goal then becomes the measure of development success.

A key element of the dynamic and interactive nature of Islamic development is alluded to in the *hadith* above. *Ihsan* is shown to be a state not normally experienced in the life of most; that is to worship Allah as if one is seeing Him; and is located at the end of a process initiated by simple statements and the outward actions of worship, thus implying change and dynamism. Worship here encompasses the wider sense of fulfilling responsibilities to Allah as well as those to the creation, and so equates to actualising the human being's role of *khilafah* on earth and hence economic development comes well within its scope also. In other words, worship articulates the qualities, nature and the corresponding action in every realm of life rather than being a ritual and function.

Islamic development is inextricably and fundamentally linked to change as mentioned above, which must become apparent and effected in all actions

and thoughts. Success in this model of development cannot be measured by any static snapshot in time but rather by rates of change in key institutions and individual actions. Accordingly the society must not become stagnant or complacent as this denies the essence of the *Tawheed*i understanding of travelling towards Allah, which is a dynamic process of actualising and articulating *ihsan*.

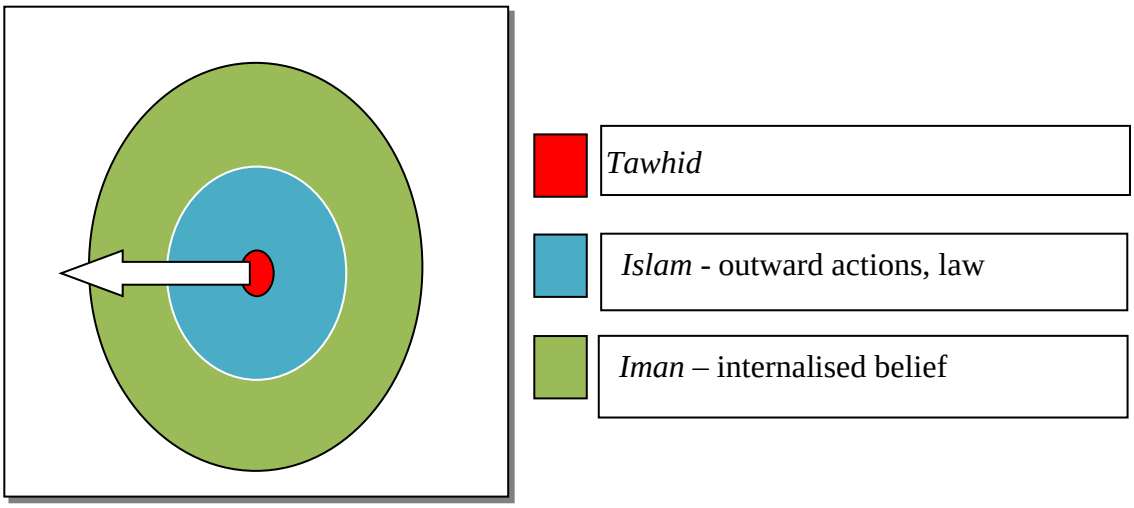
From this brief look at the sources and key conceptual milestones we are now in a position to understand better the process of human development and betterment as intended by Islam. The next section represents this process as a journey along a path, which crosses multiple levels and transcends numerous stages towards its higher aims and ideals.

3.5 THE JOURNEY: CONSTRUCTING ISLAMIC DEVELOPMENT

The beginning of any journey to development in Islam must essentially begin at *Tawheed*, as stated so far. This is then repeated, as it is central theme to all endeavours, actions and states of being in Islam and underpins all the subsequent development. In other words, *Tawheed* is the essence of Islam and as such is the ubiquitous quality, which serves both as a constant support to development and the criterion by which it is to be assessed. It simultaneously supports the Islam universe and permeates its every part. We can thus begin to represent our model of the '*path*' of development in an expository form as follows. The arrow in figure 3.1 represents development as a movement out from the initial core of *Tawheed* through the legal requirements and obligatory duties and on towards the stage of correcting inward intentions and self-control. In other words, *Tawheed* as the foundational framework informs, shapes and directs *fiqh* and actualisation of *iman* towards growth and development within this dynamic continuous paradigm. In this *fiqh* is only the technical process of facilitating and defining the limiting parameters of this development and as such it represents the outward 'form' within which the 'substance' of *iman* must exist through the

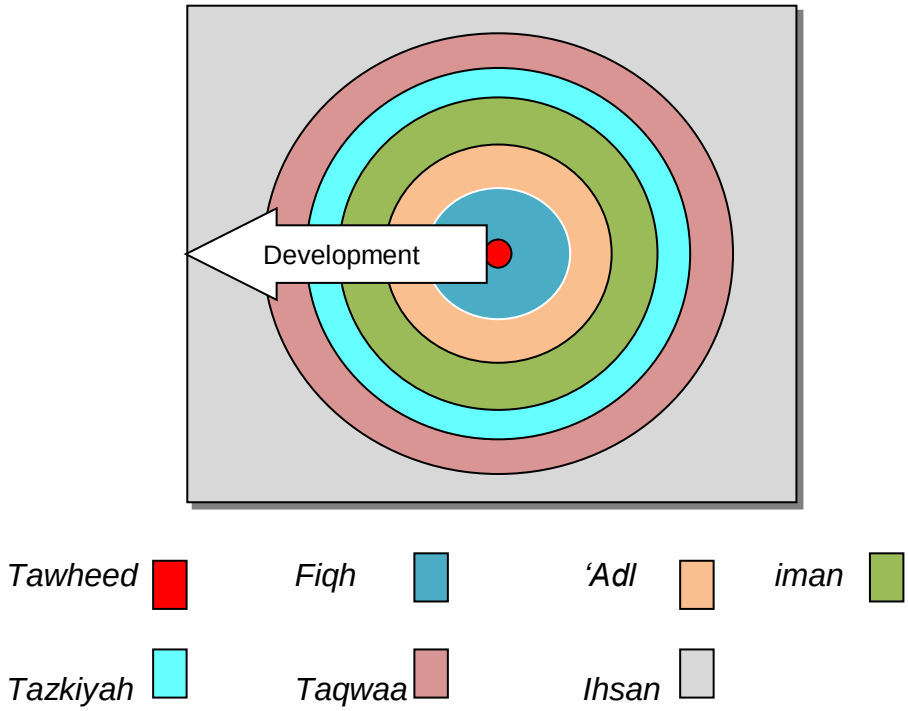
processes of *tazkiyah*, *adalah etc* in order to achieve development towards *ihsan*.

Figure 3.1 Actualisation / Articulation of *Tawheed*



In expanding the framework articulated in figure 3.1 in line with the development path, as mentioned above, the axioms such as *'adl* (justice), *taqwaa* (piety), *tazkiyah*, *rububiyah* and *ihsan* will be included to show the substance of the development model. These are represented as circles of ever increasing diameter and signify the journey to each stage traversing the previous stage in a progressive manner as shown in figure 3.2

Figure 3.2 Multi-faceted and Dynamic Elements of *Ihsan* Realisation



In this model of development every aspect of life under Islam follows a similar path of progression from *Tawheed* through *fiqh* and *iman* through to *tazkiyah* and *ihsan*. Each higher stage is not simply a ring lying beyond the last stage but actually a circle, which has its own centre at *Tawheed* but spreads beyond the previous stage to higher platforms of development not reached by the previous. Hence, one can develop from a simple literal application of laws to a deeper understanding and sincerity, but that sincerity now also applies at the stage of laws and actions. In other words although one may reach higher developed levels one is still bound by the underlying requirements of law and duties. One can never claim in Islam to be so spiritual that one no longer needs to fulfil ones obligations under the law, as interactive change paradigm defines the nature of Islamic development.

In further developing the model, figure 3.3 illustrates the multi-faceted and interactive nature of the *Tawheed*-centric development model. *Tawheed* is seen as both the underlying basis and simultaneously the constant central

core of the development process as a whole. Just as it remains the constant throughout the vertical rise through development stage to stage, it also permeates each individual stage horizontally. In realisation, this means that *Tawheed* runs like a golden thread through every aspect of human existence to ensure strategic aims are not abandoned at any point. This is the interactive 'audit-cycle' of the process. Parallel to this the dynamic role ensures that through constant feedback and improvement at each stage, a positive progression is also realised towards higher stages.

Figure 3.3 Continuous Vertical and Horizontal Interactive Aspect of the *Tawheedi* Essence of the Development Path

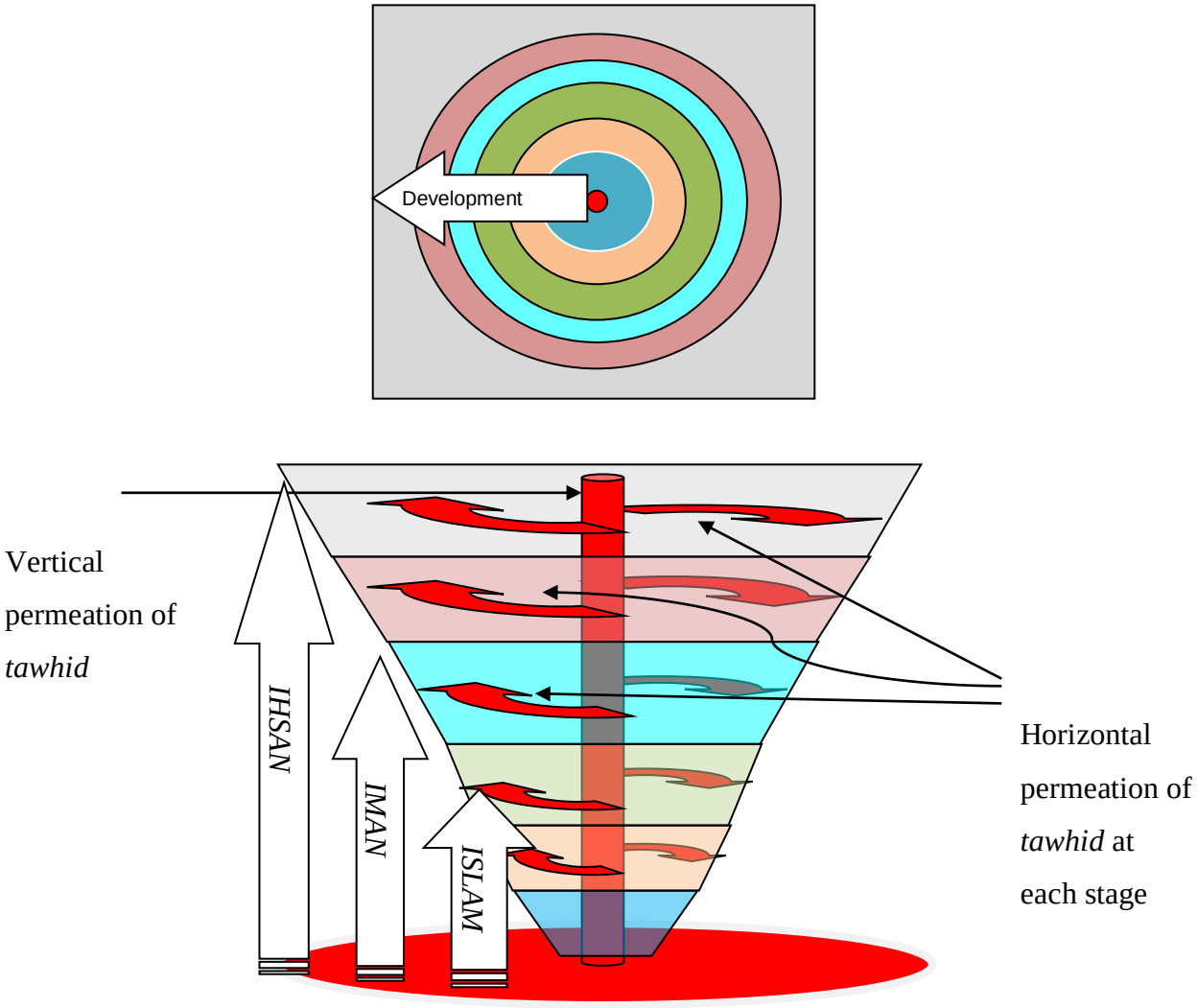


Figure 3.3 is a representation of the centrality of *Tawheed* to the developmental process both vertically throughout the process and horizontally at each level reached. The implications of this include the individual's development starting with the base of *Tawheed* shown in red and moving upwards through the stages of *islam*, *iman* and *ihsan*. Concurrently and continuously at each stage are the horizontal actualisations of *Tawheed* in the form of human behaviour in society interacting with the rest of creation. Hence the upward spiral of Islamic development in this model is dependent upon the horizontal spread of *Tawheed* at each stage without which development is not possible according to the Quranic definition. Thus it is the social embodiment of the mutual implications of *Tawheed* which complete the process of development and this implies that this model does not accept that individuals can be considered as developed Islamically unless there is a horizontal element of their *iman* in evidence throughout society. Thus the lack of Islamic social development is a clear indication of the lack of individual Islamic development also.

3.6 REFLECTING ON THE MODEL: IMPLICATIONS FOR ISLAMIC ECONOMICS AND FINANCE

Having formed this very rudimentary understanding of development as outlined in Islam we now locate Islamic economics within this model in order to better understand the reasons why the financial institutions of Islamic financing as part of the Islamic economics system has thus far failed to move towards realisation of its early outlined ambitions.

In Islam, the subject matter of economics is seen a means to an end and not an end in itself. Hence, the exposition shows not economic growth or wealth accumulation as goals or stages of development. Zaman (2008:5) cites Shafi (1979) to illustrate the point:

> "Economic progress is desirable for man and the earning of a halal livelihood is required after the religious requirements. At the same time it is equally self-evident that in Islam the fundamental problem of man is not economic, and economic progress is not a goal or objective of life for humans"

Because of this point there is no separate discipline of economics in classical Islamic writings although the subject matter of economics is widely dealt with under various subjects such as law, statecraft and social behaviour. The reason for this is that it is very difficult if not impossible to isolate the subject of development from other realities of life. As explained before, development and other economic issues cannot be analysed in isolation, as social reality, of which economics is a part, can only be known using a multi-disciplinary approach as is also contended by the new political economy approach in the conventional sense.

As mentioned, one aspect of the practical articulation of Islamic economics has been the birth of IBF, which in turn has failed to live up to expectations and hopes in terms of providing the uplift in human welfare. The reasons of this social and developmental failure, as some see it, of IBFs should be searched for within this multi-dimensional and *Tawheed*i development process utilising the authentic definition of development as has been thus far provided.

The axioms of early Islamic economics have been shown to be those outlined within Islamic epistemology. However the development model outlined here shows that these axioms lie far beyond the realm of simple financial transactions and contract law. Much of Islamic finance so far is located within a mostly neo-classical framework because its founders have themselves been very much influenced by neo-classical economics, and as the hegemony of the conventional approach allows no other discourse, have remained within the boundaries of conventional knowledge when designing

this apparent alternative, while Islamic economics mostly represents a hybrid identity between mainly Islamic sources and the attempted Islamisation of (secular) knowledge. Thus, a major problem has been the failure to locate the actualisation process because of limiting the debate to economic rather than political economy debates.

We now see that to seek to explain the lack of development and uplift of society and human well-being wholly upon economic deficiency, inability of the banking sector, or the technical manipulation of *fiqh* is extremely misplaced, betrays a lack of understanding of the Islamic model of society and reflects a misunderstanding of true Islamic developmental methods. In other words, IBF has relied on *fiqh* for its Islamic credentials whereby *fiqh* is relegated, in a reductionist manner, to a mere technical, contractual and legalistic process without any reference to the Islamic value system. This has inevitably led to the ignoring, and even dismissal of any consequential effects in society.

What is in fact the case is that any solution limited to financial methods or economic tools will never by itself bring about wholesale uplift and development as prescribed by Islam, and this is what is expected by the IBF industry of the *fiqh* process. In fact the factors, which lead to long term and widespread development of society in line with Islamic ideals are many, such as the socio-politically constructed Islamic political economy emphasising on a moral economy. This observation is supported by the fact that, as noted in the previous section, macroeconomic development has been shown to have failed even in the conventional understanding and therefore, over the last three decades, conventional economics and policymaking has been emphasising the micro-dynamics of the development process. This transformation in conventional economics indicates a convergence towards value-oriented economic systems, as the discussion in the preceding sections indicates. Hence the importance in Islamic economic thought to adopt a political economy approach, a value-oriented or better still a value-

based approach is all the more relevant. The following section, thus, reflects on the political economy nature of Islamic economics by bringing the discussion together.

3.6 ASPECTS OF POLITICAL ECONOMY

A distinguishing feature of Islam as a worldview today is its integrational approach, as has been evidenced in the preceding section. Its concept of the human being as an amalgamation of soul and body underlies its ontology. Thus, its guidance covers all dimensions of human existence from spiritual to physical, private to public, personal to universal. Islam deplores the artificial dissecting of affairs of materialism as vehemently as it does the unnatural exclusion of the material found in monasticism. It is this perspective, which adds such complexity to the development model described as many aspects dynamically, interact and continuously evolve to produce the outcomes. The difficulty in isolating these aspects in order to analyse distinct stages of the process is no less than that in separating body from soul in order to fathom the secrets of human behaviour.

The model proposed involves the complex relationships between faith, justice, wealth, co-operation, truth, charity, law, security and many more aspects of human existence. These aspects weave together interactively and dynamically to form the very fabric of society. This fabric is what has been defined by some as the institutions of society. In the words of North (1990), “institutions are the rules of the game in a society or, more formally, are the humanly devised constraints that shape human interaction.” Without confining ourselves within the debate on economic institutions, we can nevertheless, conclude from the model presented here that the actualisation and realisation of Islamic developmental axiomatic goals depends at least to some extent on the identification, support and propagation of the specific indigenous institutions of Islam associated with each axiom. In other words, these humanly devised institutions, which shape human interactions should

be located within the ontological and epistemological content and definition of Islamic political economy beyond the narrower definition of Islamic economics. Consequently, understanding these operational and institutional features will lead to a systemic conceptualisation of Islamic development not as a state of being but as a process of 'becoming'.

From this perspective, having understood the intertwined roles of socio-political energies in the construction and maintenance of a positive Islamic fabric of society and the systemic nature of Islamic development, the limited scope of IBF to affect any change becomes vividly apparent. In failing to outline the operational foundations required to realise the goals of Islamic developmentalism, Islamic economics lays itself open to accusations of perhaps naively not concerning itself with the political economy of Islam today, which indicates the urgent necessity of considering Islamic political economy as a system beyond mimicking neo-classical economics with a value system of Islam in the form of Islamic economics.

It should, therefore, be noted that any system has several necessary elements and all of these must be identified and specified for that system to be fully realised. Asutay (2007a) has listed such elements of an Islamic economic system as follows.

a) Framework paradigm (with ontological and epistemological sources) in terms of point of reference

b) Value system

c) Foundational axioms

d) Operational principles / mechanism

e) Specific methodology

f) Functional institutions

The model identified and explained in this paper so far, complements this view by specifying necessary conditions to the mechanisms, methodology and institutions. While each of these particularities exists in Islamic political economy as discussed by Asutay (2007a), each of these elements must be constructed around the central core of *tawheed* and be constantly shaped and formulated by this. Secondly each one must positively traverse each of the three fundamental levels of *Islam*, *iman* and *ihsan* in order to contribute to Islamic development.

Taking the case of IBF, an institution of Islamic economics today, it is clear that the industry has forsaken the value system, identity politics and systemic understanding of Islamic economics and has become a part of mainstream international financial system (Asutay, 2007a; 2007b). Its connections to the axioms of Islamic development extend only to the level of *Islam* in that its contracts merely satisfy *fiqh* requirements but there is no sign of transcending this level to those of *iman or ihsan*. Hence, the failure of IBF to meet the aspirations of Islamic economics can be accurately located in the model proposed here but also they can be overcome by the framework suggested in this paper, namely Islamic political economy, namely the *tawheedi* oriented paradigm aiming to articulate and actualise the objectives of *iman* and *ihsan* in an authentic manner to achieve development.

The focus, therefore, now needs to shift from Islamic economics to Islamic political economy as the development process or journey identified is a synthesis of the various institutions, values, transactions and choices with a common core of *tawheed* and strategic goals to elevate society towards success. The interactive nature of Islamic development, thus, necessitates realisation of political and institutional pre-requisites for the successful establishment of any of its subcomponents. Hence, economic institutions such as various forms of financial intermediation and financial modes, public

finances, commercial institutions, and institutions such as *zakah*, *hisbah*, *waqf* and *sadaqah* related to the micro dimensions cannot be actualised in any beneficial or *ihsan* form except with the support of institutional values aspired by Islamic political economy such as actualisation and articulation of *Tawheed* and *khilafah* roles in the form of justice, property rights, security and trust but also *tazkiyah*, *rububiyah* and *ukhuwwah*. However, Islamically optimum and efficient functioning of such an integrated system in turn to be deeply rooted in any society requires political will and power. This political aspect has previously been an aside or an assumption rather than a central issue when discussing development in Islamic economics. As an example El-Ashker and Wilson (2006:xi) state that the

> "Islamic system per se has the capability of providing the operational norm and workable model, providing other things are equal; and these 'other things' are a) the degree of adherence to Islamic norms and ideals b) the politically strong Islamic state c) the lack of internal hostility from the political machinery to Islam through national governments and externally through international pressure and d) the adaptability of Islam to new changes in society, technologically and otherwise".

It should, therefore, be contended that the absence of major political pre-requisites was not given any deeper consideration, other than to state that such pre-requisites needed to be in place for Islamic economics to function and this is the prime factor for the failure of the Islamic economic system to be established anywhere and to effect any social uplift whatsoever. Despite devoting very little of his writings to these political necessities, except for his work on the Ibn Khaldunian model, Chapra (1992) accepts that the political factor is one of the most important factors responsible for the failure of the Muslim countries to implement the Islamic strategy for development with justice.

3.7 CONCLUSION

This chapter aimed at revisiting the concept of development in Islam with the objective of conceptualising it beyond traditional treatment through a political economy approach rooted in micro dynamics as essentialised and articulated by *Tawheed*i paradigm of continuous change supported with the process logic of 'becoming' orientation towards activity.

Based on the discussion and discourse presented in the preceding section, it can be stated that the Islamic development model presented in this paper demonstrates the essentiality of actualising the axioms of Islam at every level and every stage of the journey along the path to success. The policy implications of this broad framework are that at the level of Islam, institutions such as law, property rights, contract enforcement, *zakah* infrastructure and security must be established on a society wide level along with other institutions mentioned above. This is the basic needs scenario and may be summarised as *huquq Ullah* (the rights of Allah), which requires the articulation and actualisation of the notions of Islamic political economy to serve the human well-being as identified by *maqasid al-Shari'ah*.

The subsequent level of *iman* as well as relying on the institutions of the previous level also requires higher concepts to be commonplace such as brotherhood, unity of *ummah*, *sadaqah* and *waqf* and its value system based on justice, *tazkiyah* and *rububiyah*. These are included in the body of *huquq ul 'ibad* (rights of the people) and nourish the voluntary sectors with *ethics of care* as part of *huquq ul 'ibad* within *huquq Ullah* located in the *Tawheed*i paradigm presented in this chapter.

The ethics of care as an attitude and value enables to actualise the notions of Islamic political economy, as it negates the transaction oriented relationship between individuals and Allah in serving the needy. Hence, ethics of care is

an essential element of the value system of the Islamic political economy. Also at this stage *taqwaa* becomes essentialised and so society leans further away from disobedience and harm. Furthermore not only is the establishment of these institutions necessary but the eradication of systems and policies, which undermine any of the above is absolutely essential.

In concluding, the nature and specifics of this 'establishment' of norms and values is the much needed area of future research. However, it is important to note that politics or political establishment is not always synonymous with state or government led establishment. Rather, the historic evidence suggests that qualities of leadership, vision, knowledge and ability within civil society nature of politics are the keys and these may appear from any section of society.

It should be recalled that the state is a modern concept and hence is not inherently an Islamic organisation of the politics of the society; and as the Virginia School of political economics states, state should not be perceived in a romantic sense to serve the society and maximize a romantically constructed social welfare function, as new political economics evidences such a social welfare function does not exist at all, nor does there exist 'benevolent despotic' politicians to maximise such a welfare function. This is important, as Islamic political activism has romanticised the Islamic state as a solution. However, contemporary Muslim experiences with state (Islamic or otherwise) and academic knowledge as articulated by new political economy together with past Muslim history show that 'state' is far too romanticised, and the founding fathers of Islamic economics since 1970s contributed to this romantic view of the state. However, realities are different, and actualisation of Islamic political economy as a moral economy with its political economy institutions seems to be fulfilled in a more efficient manner (Islamically as well) through civil society based political settings, as the proposed development process and strategy in this paper is very much based on micro

foundations, and therefore confinement and curtailment of state on the path of actualisation of this process is the last thing to be desired.

Lastly, it may be suggested that *ihsan* as the peak of the development path cannot materialise unless and until the previous two stages are embedded in the norms and the psyche of society and are actualised at both the individual and the institutional level. The implications of this fact are to be seen in Islamic societies where the Western intellectual, social, political, economic and cultural hegemony has dominated for decades and has resulted in Muslim populations aspiring to *all* that modernity brings with it, despite verbal claims of attachment to Islamic ideals. The fact that the majority of people in places where Islamic banking is well established, such as Malaysia, still prefer the higher returns and perceived security of conventional banking to the more expensive and perceivably riskier Islamic alternatives (Mohammad-Karim, 2010) is just one indication of deeper issues of failure to actualise the systemic fundamentals of Islamic development.

Chapter 4

IMAN, TRUST AND INSTITUTIONS: TOWARDS AN ISLAMIC DEVELOPMENT METHODOLOGY INTRODUCING A MAKKAN – MADINAN MODEL

4.1 INTRODUCTION

The fact that trust, as a value shaping the relationship between individuals and between individuals and institutions, is an important factor in economic life is not a new discovery. John Stuart Mill in his work entitled *Principles of Political Economy* first published in 1848, after asking what explains the difference in productiveness between people of different regions and countries, identifies trust as one of the prime factors along with natural resources, education and skill. “The advantage of mankind of being able to trust one another penetrates into every crevice and cranny of human life: the economical is perhaps the smallest part of it, yet even this is incalculable” (Mill, 1900:111). He goes on to state that increase in trust helps reduce costs in terms of lawyers, judiciary and the “whole apparatus of punishment” (Mill, 1900). This implies that the existence of trust results in the reduction in transaction costs in an economy. Such recognition of the centrality of trust in any discussion on economic realities has been well documented in recent times also. One of the most well-known examples of this comes from Arrow (1972:357) who claims that “virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time. It can plausibly be argued that much of the economic backwardness in the world can be explained by the lack of mutual confidence”.

The existing body of knowledge indicates that due to such centrality of the role played by trust it has become a crucial part of academic research within varied fields of economic and social science. These include transaction cost

economics (Williamson, 1985), economic sociology (Granovetter and Swedberg, 1992) and political science (Putnam, Leonardi, Nanetti, 1993). The debate is a wide ranging one and crosses many disciplinary boundaries. This has led to a somewhat confused and confusing picture of what exactly trust is and how it affects development in any way as each discipline within the social sciences sees trust through its own particular glasses resulting in many usages and definitions bounding about, none of which can be particularly definitive.

For the purpose of this study two of the broad approaches to trust will be considered. These are the economics approach, sometimes referred to as 'individualistic rationality' or 'calculative theories of trust' and secondly the sociological approach which seeks to address trust in terms of common social values or norms and sees it as adding to what Putnam labelled "social capital" (Putnam *et al*., 1993). Common to both is the idea that trust is a phenomenon that can be identified in society by the results it produces in terms of enabling, facilitating and affecting exchange.

It should be noted that another important categorisation has been made in the literature between types of trust according to its results and the levels of society where it operates: personal trust or trust between individuals as distinct from institutional trust or trust between the public and intermediate and higher level institutions present in society. Indeed a large number of studies in the literature concern the debate as to what is cause and what is effect when considering trust and institutions. Therefore after introducing the conceptualisations of trust and its possible determinants, the theory of institutions and their effect on economic development is touched upon. The relationship between trust, institutions and development is explored. A wide variety of work is drawn upon for this purpose including that of Fukuyama (1995), Gambetta (1988), Luhmann (1979), and Sako (1992) amongst others.

4.2 AIMS AND OBJECTIVES

This paper by drawing upon the economic and social knowledge base, presents a new, comprehensive conceptualisation of trust which is deeply interconnected with the concept of ends and goals and hence intertwined with intention. The modern literature on the subject of trust exists largely in the fields of economics and sociology and hence the understandings of trust within these disciplines is explored and compared and various definitions, factors and functions of trust are presented. Following on from this and amalgamating the concepts, the key roles of trust in building social order are examined and outlined and it is suggested that trust is a phenomenon inextricably bound with the idea of shared values and goals for a society.

In this way a teleological perspective for understanding trust is presented, which applies equally at each level and situation of individual life or social order. By moving along this path of defining trust in some way being founded on teleological beliefs and values, it is apparent that a move away from the exclusivity of either calculative and rationally predictive definitions of trust or those of pure altruistic trust, is proposed. The disadvantage of using the term altruism with regards to trust is that it gives a connotation of an intention which excludes any reference to self-benefit whereas when considering trust as an actualisation of a belief in an end goal of good it is inevitable that such behaviour will to some extent involve benefit for the one intending through it to move closer to a perceived good. What is proposed is an approach which aims to understand the nature and functions of trust by focusing on its *telos* rather than its *techne*.

Before attempting to examine trust on the basis of any concept of good or virtue it is necessary to first outline what is meant by this concept of virtue and this entails an understanding of its underlying philosophy. This stage is crucial for further development of this study, as contemporary understandings of virtue and good rely upon a relatively recent attempt at redefining morality in light of the development of modernity and its own philosophies. Hence, the

process of redefining morality in modernity as rationally interminable is elucidated and demonstrated to be a flawed philosophical approach.

Thus the relevance of pre-modern concepts of virtue and morality is stressed and as such, the concept of trust and social order in Islamic thought is explored and the concept of *iman* as trust is introduced.

The relevance of this to the previous chapters is that having presented an Islamic model which considers development as a dynamic process of moving through the stages of Islam, *iman* and *ihsan*, whilst identifying the centrality and importance of *Tawheed*, this chapter now examines, at a micro level, the exact functioning of *iman* in its role as the fabric which holds together social order in an Islamic society. Further to this the vertical and horizontal aspects of *iman* are elucidated in respect to their relation to the Islamic development model proposed and this introduces also the locating of the function of institutions within that model.

Finally an historical rationale is presented in support of the above mentioned explanation of the micro-level workings of *iman* in building an Islamic society. This is done by analysing the Prophetic period and its phases in Makkah and Madinah respectively. This analysis provides the grounds for suggesting a methodology for the Islamic development model presented in the previous chapters.

4.3 THE MEANING OF TRUST

The literature on trust goes beyond economics, economic sociology and politics and extends to the realms of philosophy (Williams, 1988), political science (Dunn, 1988) and social anthropology (Hart, 1988), however its conceptualisation has commanded particular attention from economists and sociologists. Trust has arisen as a key issue in transaction cost economics (Williamson, 1993), game theory (Dasgupta, 1988), sociology (Luhmann, 1979), and economic sociology (Granovetter, 1985). Yet despite the plethora

of material emerging on the subject, in the words of Gambetta (1988), trust remains an “elusive notion” as he argues that beyond acknowledgement of its importance, analysis of trust has been undermined by its pervasiveness in the face of the increasingly specialised social science: “[T]his very pervasiveness [of trust] seems to have generated less analysis than paralysis: in the social sciences the importance of trust is often acknowledged but seldom examined, and scholars tend to mention it in passing, to allude to it as a fundamental ingredient or lubricant, an unavoidable dimension of social interaction, only to move on to less intractable matters” (Gambetta, 1988:ix).

In recent years, however, interdisciplinary discourse has grown and trust has emerged as an evocative theme upon which interest across the social sciences has converged (Swedberg, 1987). In evidencing this, Shapiro (1987:625) notes that “the conceptualisation [of trust] has received considerable attention in recent years, resulting in a confusing potpourri of definitions applied to a host of units and levels of analysis”.

It seems as though the pervasiveness of trust which once deterred its analysis, has now led to a proliferation of definitions each used in a different context. As Sztompka (1995) rightly points out, trust is defined by some as a characteristic of a particular class of action, while others identify it as a precondition for any such action to take place. At the same time, some discuss trust with reference to governments and organisations, while others examine trust between individuals or people in particular roles.

It should be noted that definitions of trust differ not only between disciplines, but also within disciplines. As Coleman (1988:527) argues, “Elements of these two intellectual traditions [economics and sociology] cannot be brought together in a pastiche. It is necessary to begin with a conceptually coherent framework from one and introduce elements of the other without destroying that coherence”.

Gambetta (1988:219) provides a simple definition that can be refined according to the purpose of investigation; “trusting a person means believing that when offered the chance, he or she is not likely to behave in a way that is damaging to us”. The precise aspects of definition one takes will vary depending on which manifestation of trust one wishes to analyse, however the main thrust of existing economic studies is towards studying the effects of trust on relationships between economic agents and how or if these effects can be measured, predicted or manipulated. Thus the focus of the following sections is on the relevance or otherwise of trust to socio-economic development.

4.4 TRUST IN ECONOMIC DISCOURSE

The neoclassical concept of perfect competition effectively keeps the concept of trust outside the realm of economics. Trust only enters the discussion if one departs from neoclassical orthodoxy because according to the neoclassical paradigm, the perfectly competitive market is populated by large numbers of anonymous buyers and sellers who meet for an instant to exchange standardised goods. All actors in the perfectly competitive market seek to maximise their own welfare, but this does not include the pursuit of self-interest through acts of deceit or the withholding of relevant information. Under the assumptions of the perfectly competitive market, there is no need to trust (or distrust) as perfect competition assumes perfect knowledge shared by all. In other words “the economic system is rendered transparent to all agents thereby negating trust as an issue” (Platteau, 1994).

Social relations between economic agents do sometimes surface in the neoclassical discourse, but usually only in the form of obstacles to the workings of the competitive market. This is seen in Adam Smith’s well-known statement that, ‘people of the same trade seldom meet together, even for merriment and diversion, but the conversation ends in a conspiracy against the public or in some contrivance to raise prices’ (Smith, 1776:232). In short,

anyone wishing to examine the concept of trust cannot do so from within the idealised model of perfect competition. In the real world, markets are not perfect as information and knowledge are most definitely not equally available to all actors and thus opportunities for dishonest behaviour are abundant. Therefore the second best solution is the norm in economic analysis due to the failure of the perfect market. Without a framework that incorporates these features, the concept of trust remains outside the scope of economic analysis.

As a result of the failure of the first bet solution, transaction cost theory appeared as an alternative to the neoclassical view of economics. This concept forms the foundation of 'new institutional economics' and is most commonly associated with Williamson (1975; 1985). He recognised that costs are incurred during economic transactions in "obtaining relevant information, the cost of bargaining and making decisions, and finally the costs of policing and enforcing contracts" (Hodgson, 1988:180). Although in some cases the transaction costs may be negligible, in others they outweigh the benefits of exchange. If the latter condition applies, rational agents do not proceed with the transaction.

As articulated in the theory, the factors that give rise to transaction costs may be divided into two categories: human attributes and transaction-specific characteristics. Williamson (1975; 1985) describes economic actors in terms of two key human attributes. The first he calls 'bounded rationality' - a cognitive assumption, according to which agents are intentionally rational but their capacity to receive, process, store and retrieve information is limited (Williamson, 1975). In other words all possible information impinging on any transaction cannot be known by any agent and to maximise what can be known itself incurs costs. In fact, the costs may be so great that agents fail to undertake the contemplation necessary to foresee some future contingencies. In addition, there may be contingencies that are

unforeseeable (*i.e*. 'acts of nature') that within the context of Williamson's analysis may be regarded as having infinite transaction costs (Kreps, 1990).

Williamson (1975) also identifies as another attribute, ‘opportunism’ which extends the neoclassical idea that economic agents are guided by self-interest, to include *strategic* behaviour. Opportunistic agents will, where it is advantageous, “selectively reveal and distort information, even provide false information” to trading partners, if they can escape being penalised (McGuinness, 1991:68). It is important to note here that “not all agents are assumed to behave opportunistically, but that it is costly to find out who will and who will not” (Knorringa, 1994:76). Thus, agents face a problem of how to keep opportunistic behaviour in check with information being imperfect and costly to acquire (Knorringa, 1992).

Williamson (1985) stresses the following important characteristics of transactions. The first is asset-specificity: the “extent to which transaction-specific investment in the form of money, time or energy, cannot be readily used in transactions with others” (Grabher, 1993). Second is the amount of uncertainty involved in a particular transaction, which may arise as a consequence of both imperfect information and the opportunistic behaviour of others. Lastly, the frequency of transactions has an effect on the relative costs of alternative arrangements under which the transaction is undertaken. What this means is that if a particular transaction occurs regularly or frequently between the same parties then the cost of governance measures such as legal contracts, insurance *etc.*is small per transaction. However if the transaction occurs only once or twice, these costs may prove prohibitively large as it is “generally more costly to put into place specialised mechanisms for one particular transaction” (Kreps, 1990:749).

Transaction cost theory, nevertheless, faces criticism in several areas. One such criticism is that even where penalties exist for breaches of laws, the intricacy of many business dealings means that not all possibilities in the

process of a transaction can be covered. The transaction costs of regulating some contracts may be more than the benefits to be gained from exchange (Lazerson, 1988). Consequently, in the absence of mechanisms other than contracts, a loss of efficiency may arise as agents relinquish mutually beneficial exchange (Leff, 1986). Furthermore, the individuals who are responsible for the policing mechanisms may themselves behave opportunistically. As Arrow (quoted in Fiewal, 1987:594) asserts, “it is not adequate to argue that there are enforcement mechanisms, such as the police and the courts; these are themselves services that must be bought and sold and it has to be asked why *they* will in fact do what they have been contracted to do”.

Indeed, stretching the point, if enough agents behave in an opportunistic way, the market would function at a very basic level, market exchange would become risky and rare. In such circumstances, “exchange would remain primitive, and market society as we know it would not exist” (Moore, 1994:819). Of course many economies today have developed far beyond primitive spot markets. However, it is clear that transaction cost theory alone cannot explain all forms of the co-ordination of economic activity found in the real world.

More recently a new view has emerged that much of economic activity is underpinned by social relations. It is suggested that bilateral relations and broader social structures create a degree of ‘trust’ between agents which in turn lowers the transaction costs of exchange. Hence, trust between agents allows transactions to occur without the stringency and cost of legal organisation whilst concurrently minimising the risk from opportunistic behaviour. Lorenz (1998) views trust as a distinct but complementary mechanism to the monitoring and enforcing of sanctions: “I would like to suggest that the transaction cost literature...can tell us something about the role of trust in the economy....Trust enters into the argument because the presence of these costs is directly linked to the possibility that economic

actors will behave opportunistically....If transactions are thought of as friction in the economy, then trust can be seen as an extremely effective lubricant" (Lorenz, 1988:198).

Similarly, Moore (1994) argues that it is the generation of trust that makes agents who are "incompletely protected by law willing to dispense with detailed personal policing of every transaction, and put great trust in exchanges involving large apparent risks" (Moore, 1994:819). If the costs involved in a potential transaction are prohibitive, the presence of trust between trading partners may reduce expenditure on policing mechanisms to a level where both parties would benefit from exchange. It is the notion that trust can lower the costs of exchange, or lower the prohibitions of them, that has pushed the issue into the mainstream of economic debate. If this notion is true then the next step is to find some way to recognise, predict and influence trust in a society in order to achieve beneficial economic results. This challenge has led to the two rather distinct approaches touched upon earlier.

The first approach is to envisage trust in purely calculative terms. There is much literature available which takes this approach, most notably from Coleman (1990), Hardin (1993), Dasgupta (1988), Gambetta (1988) and others. This paper is not concerned with this approach in any detail but rather will move forward from the criticisms levelled against this rational choice approach. Hence a brief outline of the approach and then its critics' views are given here.

The groundwork for the calculative or rational choice approach evolves from the observation that trust becomes an issue to be considered in situations where unknown or uncontrollable elements exist. In other words trust is a factor in situations of risk. Economic exchange of most types involves risk to some degree or other and so trust is a variable which is important to pin down. All proponents of the calculative approach would endorse the above

statement. In fact some go as far as to exclude any definition of trust which does not involve risk. Dasgupta (1988:51), for example, excludes from his analysis of “Trust as a Commodity” usages that do not involve risky action (such as 'I trust you are well'). Luhmann (1988:97) suggests that trust “presupposes a situation of risk”. Risky action as a particular characteristic of trust, however, is most explicit in the work of Coleman (1990:91) who describes situations of trust as “a subclass of those involving risk”. He goes on to state that “the elements confronting the potential trust or are nothing more or less than the considerations a rational actor applies in deciding whether to place a bet” (1990:99). As is to be expected from a calculative approach, trust has been expressed in these writings as a mathematical equation as follows:

$$G*p > (1-p)*L$$

where

G = returns to a particular transaction

L = the loss arising from a default, and

P = the probability that the partner honours the commitment

This equation has been added to, varied and used to try to present a precise, scientific model that can predict the influence of trust in situations. However, as with much of economic thought, this attempt to categorise an aspect of human behaviour as if it was purely a chemical or physical process observable and measurable in a test-tube is obviously problematic.

Such studies raise the question; what is it we are actually measuring here? Is it trust or simply risk? As Williamson points out, “transaction costs economics

refers to contractual safeguards, or their absence, rather than trust or its absence. I argue that it is redundant at best and can be misleading to use the term ‘trust’ to describe commercial exchange for which cost-effective safeguards have been devised in support of more efficient exchange. Calculative trust is a contradiction in terms.” (Williamson, 1993)

Thus Williamson’s argument, whilst attempting to show trust as being irrelevant in economic exchange, has undermined the calculative rationality theorists’ attempts to show trust as being nothing but a subcategory of risk. Further criticisms of the approach also exist in the literature.

The alternative approach to gaining an insight into the dynamics of trust is one which sees it as part of the complicated and intermingled network of human behaviour known as social relations or social order. Human behaviour, according to this view, is more than a set of rational calculations based on self-interest and is continuously and dynamically affected by changing social interactions and experiences. Trust is to be located within this social phenomenon rather than in abstract probability depending on external factors only. This approach has become known as the social common values approach.

An important critical perspective is provided by Keynes who criticised the idea that economic decisions are nothing but calculations when he stated that most of our decisions “can only be taken as a result of animal spirits – of a spontaneous urge to action rather than inaction, and not as the outcome of a weighted average of quantitative benefits multiplied by quantitative probabilities” (Keynes, 1973:161).

Keynes is not dismissing the importance of calculation of course, but is correctly observing that it alone is insufficient in fully understanding the initiative employed by human beings when engaging in economic exchange.

There is a point beyond which calculation and rational theory cannot further reduce uncertainty. This is the point when many other social factors come into play. Trust is one such factor. It is something which enables us to overcome the impossibility of knowing all possible outcomes. It is an aid to be relied upon and a critical and valuable means to enable socialisation and therefore has been associated with the concept of social capital.

4.5 TRUST AND SOCIAL CAPITAL

As well as the consideration of trust as an economic and calculative concept, the work of sociologist Niklas Luhmann gives insight into trust as a social phenomenon. Like Williamson, he argues that calculativeness is antithetical to trust, however he reaches the opposite conclusion and suggests that trust is not a prediction, the correctness of which could be measured when the predicted event occurs and after some experience reduced to a probability value. He further states that these types of techniques which are significant within the framework of decision-making models, are functional equivalents of trust but not acts of trust in the true sense. As far as they extend, trust is unnecessary (Luhmann, 1979).

Whereas Williamson sees calculativeness as making trust redundant, Luhmann sees that impossibility of calculativeness as making trust indispensable. The complexities of social organisation are so great that some assumptions have to be made before calculativeness can operate. For Luhmann uncertainty and lack of information threaten to overwhelm our capacity for action. It is trust that allows us to close off certain avenues of possibility and so reach decisions about others. In this view trust is not antithetical to calculativeness but rather complementary to it. The complexities of calculation are so overwhelming that they must be reduced by some degree before calculativeness can begin to operate.

What Luhmann is describing is something which allows a person to ignore or show indifference to certain possible outcomes. This 'something' can come from many sources such as previous experience, common values, accepted norms, religious beliefs, ethnicity, social ties, reputation *etc*. Trust is affected by many if not all of these variables. Collectively these factors which are interwoven in a society's fabric have been referred to in the literature as 'social capital'. The idea, although it has been around for a very long time with perhaps Adam Smith being one of the first to use it, has really taken off since the studies of Smith (1971), Smith (1979) and Putnam (1993); the latter being the most cited contribution.

The concept of social capital, which started off as an indiscriminate amalgam of the above, has now been analysed more closely and its distinct elements have been treated separately. Social trust is one of those elements and the one which concerns us in this study. It has been shown, in the now substantial literature, to be associated not only with economic development but also with rule of law, justice, governance, corruption, levels of violent crime and subjective well-being. See Knack and Keefer (1997), Zak and Knack (2001), Bjornskov (2005), Uslaner (2002), Coleman (1988), La Porta et al (1997), Putnam (2000) and Helliwell (2002).

However the theory of trust and social capital, despite being widely accepted as an approach that addresses many issues hitherto ignored by economists and political scientists, does have its critics and it has been claimed that it is more of a loosely put together set of ideas than a testable theory of any worth. The grounds for these criticisms are several. Some are as follows.

Firstly, despite the great amount of research on it, the definition of social capital remains substantially elusive. Following Coleman (1988), a great part of the literature refers to social capital as all "the aspects of the social structure that facilitate certain actions of actors....within the structure… making possible the achievement of certain ends that, in its absence, would

not be possible" (Coleman, 1988:98). Such "productive" aspects of the social structure can vary according to different environmental situations and agents' needs: "A given form of social capital that is valuable in facilitating certain actions may be useless or even harmful for others" (Coleman, 1988:98). According to this view then, it seems virtually impossible to provide a single, universal, definition of what social capital is, and hence, a unique, underlying, method of measurement to be used within the empirical research.

Secondly, the fact that social capital is a multidimensional concept allows each researcher to focus on a particular aspect of the concept, according to the aims and scope of his own study. This makes any general assessment of results or observations difficult, due to incomparability in sampling designs and question wording (Wuthnow, 2002; Paxton, 1999). Furthermore, a large number of the existing cross-national studies on the economic outcomes of social capital are based on data drawn from the *World Values Survey* (WVS). This survey is problematic in several regards when using its results to form general understandings of trust. The first drawback stems from the fact that trust is not a defined measurable quantity. As such it will be defined by different people in different ways. Indeed one of the reasons for carrying out such research is to better define the concept. A prime example of this is the World Values Survey (Inglehart, 2004), used in an international comparison by Knack and Keefer (1997), in which the following question was asked. "Generally speaking, would you say that most people can be trusted or that you cannot be too careful in dealing with people?" Knorringa and van Staveren (2005) noted that people find it difficult to answer the question: "Respondents in our survey found this by far the most difficult question to answer, and many respondents made clear they could not answer such a question in general, but that it depends on the type of other person". This indicates that even where answers are given they will be wholly subjective and dependent upon each individual's concept of what trust is. Secondly, trust measured through surveys is a "micro" and "cognitive" concept, in that it represents the individuals' perception of their close social environment,

related to the particular position that interviewed people occupy in the social structure.

As pointed out by Foley and Edwards (1999), empirical studies based on cross-country comparisons of trust may be a *cul de sac*, because of their inability to address macro outcomes, in view of the absence of the broader context within which attitudes are created and determined. Fine (2001) argues that "if social capital is context-dependent – and context is highly variable by how, when and whom, then any conclusions are themselves illegitimate as the basis for generalisation to other circumstances" (Fine, 2001:105).

The vast majority of literature follows Putnam's (Putnam et al., 1993) seminal work and therefore studies focus mostly on voluntary organisation as a proxy for measuring social capital. The claim is that in areas with stronger, dense, horizontal, and more cross-cutting networks, there is a spill-over from membership in organisations to the cooperative values and norms that citizens develop. However, until now the literature has not provided a micro theory explaining trust's transmission mechanism from groups to the entire society, and the logic underlying the connection between social ties and generalized trust has never been clearly developed (Rosenblum, 1998; Uslaner, 2002). Thus, every finding on the correlation and/or the causal nexus connecting membership in civic associations to supposed social capital's economic outcomes must be handled with extreme caution.

However, it may be suggested that perhaps the greatest problem with the notion is that there is much confusion as to what social capital is and how it is to be distinguished from its outcomes. Research reliant upon an outcome of social capital as an indicator of it will necessarily find social capital to be related to that outcome. It has been correctly noted that social capital becomes tautologically present whenever an outcome is observed (Portes, 1998; Durlauf, 2004). Related to this is another great weakness of the

research on social capital, namely that even when a significant relationship between social capital and economic development is demonstrated, doubts remain on the form and direction of the causal nexus connecting variables. Of course, it can be argued that higher levels of economic development determine the accumulation of positive endowments of social capital, and not vice versa. For example, Southern Italy's underdevelopment could be seen as a main cause for the growth of amoral familism. This has been one of the main points subsequently raised against the works of Putnam (1993) and Fukuyama (1995) amongst others.

It is clear that the greatest criticism levelled against social capital theory flows from the necessarily nebulous nature of the concept. Problematic issues with the empirics arise solely for this reason. However, the fact that the concept has initially evolved as an undistinguished and amorphic one can be seen also as one of its strengths. It has enabled the research to cross disciplinary boundaries and also forced cross-disciplinary collaboration. The result is that economists, sociologists, politologists, theologians, philosophers, lawyers and others are together analysing this social reality. As a result of this multi-faceted investigation we are now developing more refined strands of conceptualisation whilst better understanding the correlations between each strand. Had this concept been clearly defined as simply an economic or sociologic one, perhaps we would have arrived at a somewhat blinkered view of a wider social phenomenon.

However, the need to narrow down and differentiate between different elements of social capital is now necessary if the concept is to progress. Here trust and its many aspects will be examined in some more detail.

4.6 TYPES OF TRUST

As trust has been explored from different perspectives and with different motivations, it has been broken down into a variety of categories and divisions, which unfortunately, just as in the case of its definition, muddies the waters more than clarifying them.

Luhmann (1979; 1988) speaks of ‘system trust’ whereby a system is assumed to be operating in a predictable way and trust is placed in that function rather than in the people. As with much of the earlier literature, this is a rather vague and undefined statement. Although examples of this ‘system’ trust are given, such as trusting qualified doctors without previous personal acquaintance, they do not help in analysing the behaviour. After all it often *is* the people that are ultimately being trusted. The ‘system’ is simply providing knowledge upon which to base the trust. This becomes clearer when such trust is betrayed and the individuals are ultimately to carry the guilt. However the concept can be useful just to differentiate between personal trust and other types of more generalised trust. This type of trust is more commonly referred to as ‘institutional trust’.

Lewis and Weigert (1985:972) encompass the cognitive, emotional and behavioural dimensions of trust: "Trusting behaviour may be motivated by strong positive affect for the object of trust (emotional trust) or by 'good rational reasons', why the object of trust merits trust (cognitive trust), or, more usually, some combination of both". According to Lewis and Weigert trust in everyday life is a mix of feeling and rational thinking.

Fox (1975) separates ‘vertical’ and ‘lateral’ trust in an organisation, whereby vertical trust implies the existing trust between subordinates and superiors, while lateral trust develops horizontally between those who share a similar

work situation. The meaning of trust is recognised at the personal, departmental (intrafirm), interfirm, district and nationwide level (politics).

Barney and Hansen (1994) have developed a three-level trustworthiness scale: weak-form trust, semi-strong-form trust and strong-form trust. According to them, weak-form trust exists in competitive commodity markets, where there are limited opportunities for opportunism and thus no real vulnerabilities. Semi-strong trust exists when parties find it irrational to behave opportunistically, perhaps for the fear of losing their reputation. In strong-form trust (also called *principled trust)* the parties have internalised values, principles and behavioural standards, which reflect the two partners' history, culture and personal beliefs and which counteract opportunism.

Similarly, Sako (1992) distinguishes three levels of trust: ‘contractual trust’, ‘competence trust’ and ‘goodwill trust’. The first, the contractual level, refers to honouring written or oral agreements by a mutual agreement on ethical codes. The second type of trust, competence trust, refers to the expectation of a trading partner's competence, both technical and managerial. Goodwill trust refers to mutual expectations of open commitment to each other, and is the most abstract form. Sako describes it as the partners' “willingness to take initiatives”, to take advantage of “new opportunities” which may be “over and above what was explicitly promised” (Sako, 1992).

Bidault and Jarillo (1995) also define trust by separating it into two components, technical trust and moral trust. A study on trust-creation includes both credibility (capabilities) and goodwill in the definition of trust (Blomqvist, 1993).

Many of the above are overlapping and this again is a hindrance to better analysis. The focus of many studies has been the distinction between interpersonal trust and institutional trust. The former is based on personal

ties, knowledge and firsthand experience and resulting in strong trust but also in restricted trust. The latter enables wider trust radii and grows out of shared values and commonly accepted norms. This distinction is particularly relevant when studying societies traditionally seen as having ‘low trust’.

The conceptualisation of social capital as an interweaving of trust, values, beliefs, norms, relationships and habits is most productive, by definition, when implemented in the analysis of society and social order. A sociological understanding of social capital is an indispensable element when formulating theory of socio-economic development. Such an understanding should furnish sufficient basis, along with the above survey of the role of trust in the economic sphere, to construct a holistic framework for understanding the comprehensive and amorphous nature of trust in human behaviour.

4.7 TRUST AND SOCIAL ORDER IN MODERN THOUGHT

There exists a general consensus amongst sociologists and institutional economists alike that trust, whether defined as action, belief, choice or intention, is most correlated with social order and furthermore some claim that trust is synonymous with social order. There is, however, a persistent and what seems insoluble dilemma which has faced each and every one of these theorists and it has been expounded with the elaboration of each distinct theory discussed in the other parts of this study; the dichotomous tension which exists between the individual and society whereby the interests of the former seem to be unavoidably at odds with those of the latter. Various methodologies and methods have been employed to attain a plausible if not definitive solution, ranging from the exclusively individual-centred approach of early rationalists to the value-centric perspective proposed by later normativists and from those focussing on actions to those concentrating on beliefs. Trust also, due to its overlapping with social order, has naturally been treated with similar methodologies and this has led to the nebulous debate over types of trust on the one hand and factors determining trust on the

other. It has also been classified into numerous categories which vary dependent upon precisely which perspective is taken and hence interpersonal and impersonal trust, calculative and altruistic trust, knowledge-based and belief-based trust are just some of the variants proposed. Studies have focussed on trust at the individual level and at the society or community level and most writers formulate a criterion for the classification of trust into two distinct types, that found in individuals in close social networks and that found in general society, based on the sphere in which it operates.

The evolutionary path of both economic thought and sociology seems to be converging towards greater eclecticism using amalgamations of rational self-interest and moral values. In this way new institutional economics and development economics seem to be borrowing heavily from sociology and perhaps, it may be suggested, even merging into it.

Hence trust can be seen as a complex social phenomenon rather than a simple rational choice between options or calculation of probability. Treating it as such, a holistic picture of trust can be constructed from the research existing in various branches of knowledge. This study rejects the narrow definition of trust as purely a calculation of risk which is free from any moral or virtue related intention. The alternative definition of trust is often labelled as altruistic trust. This definition, as recorded in recent literature, requires elaboration and further discussion for the purposes of this study.

Altruistic trust, when contrasted with predictive or calculative trust, is often identified as that attitude or quality which enables one to give the other ‘the benefit of the doubt’ (Mansbridge, 1999). In this way it is equated with empathetic behaviour where, despite a probability of harm or loss to oneself, one still acts purely for the benefit or good of the other. As such the word altruism is employed in its ‘Comteian’ sense as the opposite of egoism, that is, behaviour intended solely for others without any element of self-benefit.

An interesting observation about this usage is the connotation that such trust is linked to and indeed dependent upon an intention. The importance of this is that it allows trust to be considered as a consequence of intention and hence links it to beliefs. This is opposed to Jones' claim that one of the fairly obvious facts about trust is that it "cannot be willed" (Jones, 1996).

The distinction between altruistic and predictive trust has probably been best highlighted using game theory. In the iterated prisoners' dilemma both players will gain most if they can maintain a run of mutual co-operation. A tit-for-tat strategy pays off well but any defection by either player immediately ends the run of mutual co-operation. Another high pay-off strategy is 'generous tit-for-tat' in which the first move is co-operative and subsequent moves duplicate the other. A generous throwing in of a co-operative move after a run of mutual defection can be used to see if the other will reciprocate and thus begin another run of co-operation. If trust is taken to be purely a prediction, then the generous approach of starting with a co-operative move or throwing in a co-operative move despite the other's defection, is solely based upon an estimate of the likeliness of the other to co-operate immediately afterwards. This estimate will be based on knowledge of the other's intentions as well as previous moves and the knowledge that the other is also estimating one's own next move. As such knowledge is far from certainty, the logic of self-interest leads to the conclusion that defection is rational.

If altruistic trust is taken into consideration then the generous first move of co-operation can arise due to empathetic behaviour based upon personal attitudes or beliefs. Acting in such an altruistically trusting way will result in more co-operation as well as more exchanges resulting in the defection of the other than if trust was only as much as prediction warranted. Thus such altruistic trust has at least two characteristics. Firstly it must exceed that level of trust which can be justified by prediction based solely upon available information. Secondly it must contain an element of empathetic behaviour

motivated by an intention, either consciously or unconsciously, to benefit the other.

The above exploration of altruistic trust offer a useful insight into how social interaction involves more dimensions which are worthy of study than simply calculation of risk. One other such dimension is trustworthiness as a moral behaviour which when introduced into the prisoners' dilemma positively affects the possible outcomes. If the other is known to be trustworthy then one can more confidently, with less risk of loss, indulge in generous co-operating moves and thus the overall number of co-operations will increase. Of course the crux of the matter is how it can be known that the other is trustworthy. This will be explored later in this work.

The above account of trust as being altruistic behaviour has been challenged by Hardin (1999) who claims that as trust is not behaviour but simply a belief, it cannot be described as being altruistic or indeed as good or bad in any way. Rather, he claims, such altruism is in fact "merely an instance of acting beyond trust" (Hardin, 1999:25). What Hardin is highlighting here is that although trust may be seen to be operating to some degree in many different situations, some involving simple prediction and some involving altruistic behaviour, it is nonetheless unhelpful to try to identify a different type of trust for each of these situations. What is needed, he argues, is a useful understanding of what the essence of trust is which is common to all of these situations and of course he goes on to suggest his own, and it may be said rather muddled, understanding of trust as 'encapsulated interest'.

However Hardin here is demonstrating the same behaviour which he is highlighting as problematic. His claim that *A* trusts *B* because *A believes* that *B*'s interest is encapsulated in his own takes us no further than Mansbridge's claims of altruistic behaviour because Hardin must now qualify *belief* and its sources just as Mansbridge must qualify the *belief* that altruistic behaviour is somehow beneficial. Hence the difference between the two can be seen as a

linguistic, and one may say pedantic one. Essentially the explanation of the beliefs held which lead to trusting behaviour is lacking in both accounts.

The confusion over the exact nature of trust, as highlighted by Hardin and others, demonstrates the lack of a unifying or comprehensive theory of trust which can apply in all situations where trust can be observed to be acting. One reason for this is that although all contributors to the field begin with an intention to provide, definitively, *the* most comprehensive or encompassing explanation of trust, they invariably proceed to narrow down their view of trust by striving to exclude possible explanations which are seemingly incoherent with their own. Thus those who believe trust to be predictive direct their energies to prove that morality can play no part; and those who argue for the altruistic or virtuous aspects of trusting behaviour strive to demonstrate that mere calculation cannot account for such realities. It is the narrow focus on any one type of trust, as preferred by it proponents, that precludes all other types from consideration and thus leads to incomplete understandings of the phenomenon. What is suggested here is that all instances of trust and trusting behaviour are considered, in some way, as one phenomenon expressed in various aspects of behaviour and thought and that the variation is due to the variance in situation, application and the sequential and consequential effects.

Rather than isolating trust as either a cause of order or a consequence of it, a novel and comprehensive approach can be suggested. Trust is belief *and* action; cause *and* effect; condition *and* result. Rather than assuming trust is of different distinct types, trust can be taken to be the same essential phenomenon but one that constantly and consciously is adapted to fulfil distinct purposes in varied situations. From this perspective whether interpersonal or general, system or community, trust in these situations is essentially the same phenomenon but the functions and effects are varying and appropriate to each requirement. Applying this view to social order it can be stated that trust is each of the following.

(i) The prerequisite of social order - in so far as individuals must trust others to some extent in order to constitute society.

(ii) A sustainer of true social order itself - as the absence of trust means the collapse of such order

(iii) The consequence of social order – because order results in institutions which further stabilise the order and so bolster trust

At this point an important clarification to make is that true social order is not one which is forcibly imposed upon members of society but rather one which arises through common goals and values. Hence brutal totalitarian or dictatorial regimes, although they may maintain systems and functions, are not considered social order for our purpose but are more akin to forced captivity. Such imposed order is highly inefficient and unsustainable. For example prisons maintain order but it is despite prisoners' common aims rather than because of them and so we cannot state that prisoners' trust or mistrust affects the order which undoubtedly exists.

It may be asked how useful such a model is when we realise that in any modern society, order is often maintained, to at least some degree, despite the lack of trust of its members. The reply would be that although the criticism holds, it is nevertheless valid to construct an ideal in theory despite the lack of a perfect example in practice. Indeed it is argued in this work that development is not a static measurement but rather a dynamic which is essentially directed towards greater social order and one critical indicator of this is the level of trust which is concurrently supported at the personal, inter-personal and institutional levels.

Considering each of the three situations given above in more detail, the roles, functions and results of trust in each one may be explored.

a) Trust at an individual level enables decisions and choices to be made efficiently and ultimately emanates from knowledge held about numerous material and moral realities. Individual trusting behaviour is a pre-requisite to any social co-operation and so to social order
b) Trust at a social level must be the very fabric of the society and give rise to institutions through actions of all members based upon commonly held beliefs and aiming at common goals and ends
c) Trust must be, by definition, the intended consequence of social order. The purpose of social order is the establishing of trust and it achieves this through the feedback effect of institutions on society

Among the implications of this three-stage model is the relationship of trust to ends or goals. At the individual level trust grows out of personal beliefs which in turn are the determinants of the person's view of ends or goals. Thus beliefs and convictions underpin ontology from which is formulated a conception of virtue and hence a sense of morality and values. Each individual's own belief of what constitutes a goal eventually leads that individual to work towards it and inevitably interact and co-operate with others. This holds whether the envisaged goal is pure self-interest, or pure altruism based on a faith in virtue, or anything in between the two extremes.

Once society is realised through co-operation, the goals which enable that society to develop must be those held commonly by all or the majority of members. This stage is the most complex to analyse because of the multiplicity of agents and actions, acting and interacting in harmony or antagonism. Personal goals may not be realisable for every member of society and so a continuous process of negotiation and choices begins. In this way multiple value-based systems require accommodation in one and the same time and place. This requires agreement and sharing of commonalities to avoid conflict and so it is at this hurdle that the driving concept of self-interest must give way to a value-based rationality. Pure trust,

based on faith in some virtue as an end goal, is essential in some amount, to keep the society from decaying and spiralling down into inhumanity.

Society, to enable the trust fabric to become strengthened and sustainable, in order to move towards those common goals, must establish institutions which ensure the common goals and concepts of virtue are given longevity and established as abstracts not limited to any space or time. If these institutions, such as norms, legislation, standards, culture, language etc cannot appear or do so too late, then the society is in danger of losing consensus and agreement and return to a situation where individuals again must, from first principles, establish co-operation through negotiation. Institutions, therefore, serve to reinforce common value systems and morality and thus increase efficiency or, stated alternatively, avoid inefficiency through repeated negotiations due to repeated failures of trust. Thus the institutions established through the initial negotiations and agreements, which themselves were enabled by trusting individuals coming together, eventually serve to maintain and reinforce the common trust fabric of society which bolsters each individual's confidence in his or her own personal trust and beliefs once those are seen to be positive factors in society.

Having examined the concepts and understandings of trust in the economic and sociologic spheres and the connection between trust and social order this study now moves on to present a novel and comprehensive conceptualisation of trust which is fundamentally intertwined with an understanding of morally derived ends and goals. This may be seen as a teleological perspective of trust which incorporates the role of individuals' belief as well as social interaction between them. Therefore a deliberate move is made away from exclusively calculative or rationally predictive understandings of trust towards one which firmly anchors trust to beliefs and morally guided aims. It is proposed that trust be understood by focussing on its *telos* rather than its *techne*.

However before any such understandings can be presented it is necessary to explore the concepts of virtue and morality and hence there is a requirement to understand the underlying philosophy from which such definitions stem, especially in terms of the modern understanding of these ideas as these have become rather abstract and deemed to be purely interminable and subjective notions. A thorough investigation of how modern conceptions of virtue have been developed since the Enlightenment period and onwards is presented with the intention of highlighting the failures of modernity to satisfactorily accommodate an authentic concept of virtue and morality within its rational and secular framework. The purpose of locating precisely this failure is to then go on to propose that pre-modern concepts of virtue actually are far more suitable for understanding realities such as trust and morality and furthermore that social order based on these morally directed teleological behaviours is one which is far more in tune with human nature and hence would serve human development more.

Therefore the following section elucidates the philosophical background to the forming of understandings of concepts such as virtue, morality, trust and the development of social order.

4.8 VIRTUES, MORALITY AND MODERNITY

All moral philosophies fundamentally presume some form of sociology as, by necessity, every moral philosophy offers, either explicitly or implicitly, a conceptual analysis of the relationship of a person to his or her reasons, motives, intentions and actions and in doing so it generally presupposes that these concepts are embodied in the real social world. Even Kant, who restricts moral agency to the intangible realm of the *noumenal*, nevertheless in his writings on law, history and politics, implies otherwise. Thus it follows that we cannot fully understand the claims of any moral philosophy until we have outlined what its social embodiment would be. This was the view of moral philosophy held by Socrates and Aristotle and indeed also Hume and

Adam Smith; but since Moore's *Principia Ethica,* first published in 1903, and probably earlier, a narrow conception of moral philosophy has dominated and enabled moral philosophers to ignore this task. This narrow conception finds its roots in the theory of emotivism which in turn can itself be traced back to the philosophical thinking of the Enlightenment.

Emotivism, although championed in the 20th century by Ayer (1952; 1959) has its roots in the Enlightenment thought of Hume (1777) and Berkeley (1751; 1878), is the belief that all moral judgements are purely expressions of attitudes, preferences or feelings and as such it is a non-cognitivist position. It differs from subjectivism in that emotivists claim that moral statements are not just statements of opinion of preference but in fact contain commands so that the statement that something is 'good' is actually a command that others should take it as good. Emotivists sharply contrast these moral judgements with factual judgements which can be either true or false. Hence, it is claimed, as moral judgements cannot be shown to be true or false, no agreement can be reached in the moral sphere by any rational method. Moral argument, according to emotivists, is only used to forward or project our own feelings and attitudes and by doing so, produce the same in others. Without going into deeper philosophical discussions it is, nonetheless, important in this study to understand the social impact of emotivism.

The effect of emotivism in the social sphere is the fact that it, in essence, entails the elimination of any genuine distinction between manipulative and non-manipulative social relations. As an illustration of this, the contrast between Kantian ethics and emotivism may be considered. For Kant, and similarly many earlier moral philosophers, a human relationship not informed by morality is one in which each person treats the other primarily as a means to his or her ends. Whereas such a relationship which is informed by morality is one in which each treats the other as an end. The latter is to be unwilling to influence another except by reasons which that other judges to be good. By contrast, to treat another as a means is to seek to make that other an

instrument of my purposes by adducing whatever influences will be effective on this or that occasion. If emotivism is true, this distinction is illusory because moral argument can ultimately have no use except the expression of my own feelings or attitudes and the transformation of the feelings and attitudes of others. Therefore one cannot appeal to impersonal criteria, for there are no impersonal criteria. The only reality of purely moral discourse, therefore, is the attempt of one will to align the preferences, attitudes, choices and feelings of another with its own. Others are always means, never ends.

To contextualise the effect of this elimination of any distinction between manipulative and non-manipulative treatment of others it is necessary to look at some alternative spheres of life in which it operates.

One such sphere of life is that of the bureaucratic organisation as originally embodied in the thought of Max Weber. These organisations, whether private or public bodies, define the working tasks of today's professional and working force. Such organisations characteristically engage in a competitive struggle for scarce resources to put to use towards their predetermined ends. Therefore a central responsibility of managers is to direct and redirect their organisations' available resources, both human and non-human, as effectively as possible toward those ends. Every bureaucratic organisation embodies some definition of costs and benefits from which the criteria of effectiveness are derived. Hence bureaucratic rationality is the rationality of matching means to ends economically and efficiently.

What is relevant here is that Weber's thought embodies just those dichotomies which emotivism does, and eliminates just those distinctions which emotivism eliminates. Dealing with ends implies dealing with questions of values, and on values reason is silent; any conflict which may arise between rival values, according to this view, cannot be rationally settled. Hence, rather than being able to rationally arrive at some moral justification,

one must simply choose-between causes, nations, classes, parties, ideals. *Entscheidung* plays the same role in Weber's thought that choice of principles plays in that of Sartre. Values, claims Raymond Aron (1968) in his elucidation of Weber's thesis, are created by human decisions. He also ascribes to Weber the view that each man's conscience is 'irrefutable' and that values rest on a choice whose justification is purely subjective.

Weber's understanding of values was greatly indebted to Nietzsche and hence Macrae (1974) in his book labels him an existentialist; for although he maintains that a person may be rational in acting consistently with his or her values, he also holds that the choice of any one particular evaluative stance can be no more rational than the choice of any other. Hence for Weber, all faiths and all evaluations are non-rational; all are merely subjective directions given to feeling and sentiment.

Weber can therefore be seen, in a broad sense of the word, as an emotivist and his picture of a bureaucratic authority is an emotivist one. Weber of course saw himself to be distinguishing the concept of power from that of authority, as authority, he claimed, serves ends. However, as Rieff has noted, "Weber's ends, the causes there to be served, are means of acting; they cannot escape service to power" (Rieff, 1975:22). The result of Weber's emotivism is that in his thought the contrast between power and authority, is effectively eliminated as an instance of the disappearance of the contrast between manipulative and non-manipulative social relations. According to Weber no type of authority can appeal to any rational criteria to justify itself except that type of bureaucratic authority which appeals to its own effectiveness and what this reveals is that bureaucratic authority is nothing other than successful power.

According to the view of emotivism, therefore, to be a moral agent is to be able to stand back from any situation in which one is involved, from any quality that one may possess, and to pass judgment on it from a purely

abstract point of view that is wholly detached from any social particularity. Therefore anyone can be a moral agent, since it is in the self and not in social roles or practices that moral agency must be located.

Inner conflicts are, for the emotivist self, merely the confrontations of one, contingent arbitrariness with another. It is thus a self with no given continuities, save those of the body it resides in and of the memory which gathers in its past. However, it has been well understood by thinkers of all times that the human being's existence encompasses far more than just these two elements.

The emotivist self, therefore, becomes completely distinct from its social embodiments and also lacks any rational history of its own. If this emotivist self is compared to its historical predecessors a sense of loss can be envisaged. The emotivist self can be seen as having suffered a deprivation, a stripping away of qualities that were previously believed to belong to the self. The self thus becomes thought of as lacking any social identity, because the very kind of social identity that it once held is no longer available; the self is now without criterion, because the kind of *telos* it once employed to judge and act is no longer thought to be credible. In order to rediscover these criteria or *telos* which enabled the pre-emotivist self to claim social identity it is necessary to explore that social identity.

In many pre-modern, traditional societies the individual identifies himself or herself through his or her membership in a variety of social groups. Brother, sister, cousin and grandson, member of this family, that tribe, this village, or indeed creation. These characteristics do not belong to people accidentally, to be stripped away in order to discover 'the real self'. They are an integral part of peoples' substance, defining, at least in part and sometimes completely, their obligations and duties. All people inherit a particular space within an interwoven set of social relationships; without that space, they are a stranger, an outcast or a nobody. However, to identify oneself as such a

social person is not to occupy a static position but rather to find oneself located at a certain point on a journey with set goals; to move through life is to make progress, or to fail to make progress, toward a given end. A completed and fulfilled life is, thus, an achievement and death is the point at which someone can be judged happy or unhappy. Hence the ancient Greek proverb: 'Call no man happy until he is dead.'

Crucially this idea of a holistic life, as the prime subject of objective and rational evaluation which provides the content for judgment upon the particular actions of a given individual, is an idea that becomes generally unavailable at some point in the move towards and into modernity. Mostly this fact passes more or less unnoticed, for it has been thought of historically mainly not as loss, but as gain, as the emergence of the individual freed from the constraining social bonds of those hierarchies which modernity rejected at its birth and from what modernity has claimed to be the superstitions of teleology. Thus it can be seen that the peculiarly modern self, the emotivist self, lost its traditional boundaries provided by a social identity and a view of human life as ordered to a given end.

The Enlightenment project that gave birth to emotivism, as an attempt to find a basis for morality using a rationality which by definition is silent on matters of morality, is where morality was detached from any sense of *telos*. Pascal, Hume, Kant, Diderot, Smith and Kierkegaard all rejected any teleological view of human nature, any view of man as having an essence which defines his true end.

It can be understood, then, how this project was bound to fail. The joint effect of the secular rejection in Northern Europe of both Protestant and Catholic theology and the scientific and philosophical rejection of Aristotelianism, was to eliminate all notions of man moving towards his *telos*. Since the aim and point of ethics is to enable mankind to pass from its present state to its true end, the eradication of all ideas of essential human nature and with them the

rejection of any notion of a *telos* leaves behind a moral scheme consisting of only two elements whose relationship now becomes quite unclear. On the one hand there is a certain content for morality: a set of injunctions detached from their teleological context. On the other hand there is a certain view of untutored human nature as it is. Now since the purpose of moral injunctions was originally to correct, develop and elevate that human nature, they are obviously not going to be such as could be deduced from observations of human nature as it is but rather as it should be.

The injunctions of morality, understood in this way, are likely to be those that human nature has strong tendencies to disobey. Therefore the moral philosophers of the 18th century were engaged in what was an inevitably unsuccessful project; because they certainly attempted to locate a rational basis for their moral beliefs in a particular understanding of human nature, while they had inherited a set of moral injunctions and a conception of human nature which had been specifically designed to be at odds with each other.

It is understood by this preceding discussion then, that if trust is to be examined as a phenomena related to virtues, morality, beliefs and higher end goals for society or humanity, it is not to be done within the so-called 'rationalist' framework of social science as laid out by the Enlightenment and post-Enlightenment thinkers, as this framework does not allow any moral judgement or act to exist as a social truth attainable by rational means. Instead such a reality is to be best understood in terms of a framework which is wholly based upon the concepts of rationally definable virtues and end goals common to all humanity. Such a framework would be one that existed in pre-modern thought generally and in religious thought specifically.

It can now be understood that to understand morality and its role in informing social order cannot be understood within the modern rationalist framework but rather requires to be located within a pre-modern framework which correctly identifies the teleological nature of human development as a journey

towards aims and ideals stemming from an understanding of shared concepts of virtue. This is the very framework of religious thought and specifically of Islamic ontology. Hence it is concluded that the role of trust in the formation of social order can be better analysed and understood when this is done within the Islamic paradigm of human development mentioned in previous chapters.

A distinction of Islamic thought as compared to Christian thought is that the framework provided by Islamic ontology is a holistic one, which not only combines moral with rational but sees the latter as dependent on the former and which continues to this day to combine concepts of belief, morality, virtue and rationality in a way which was eliminated in Christianity by the likes of Calvinism. Hence it would follow that exploring Islamic thought for any illumination of the concepts of trust and virtue may well produce beneficial insights for the purpose of this study. The following is an attempt to uncover the nature of these concepts and their relationship with each other and with human development in general.

4.9 TRUST AND ISLAMIC THOUGHT

Modern socio-economic writings on trust have contributed much to its understanding as an important element in studying human behaviour as society. The seminal works of Coleman (1988) and Putnam *et al* (1993) in recent literature have highlighted social capital as a term which, simply put, incorporates ideas of value and benefit embedded in social networking and others have demonstrated trust to be very significant when studying social capital. However, the exact nature of the form, function and factors of trust has not been elucidated to any extent that may preclude the necessity for further clarification and hence the details of its roles in socio-economic phenomena remain vague. This study identifies some fundamental assumptions of modernity which prevent a better understanding of trust as a human entity and then proposes that Islamic ontology, not confined by any

such assumptions, provides a greater understanding of the roles of trust in society through the concept of *iman*.

Analysing, through study of authentic Islamic ontological and epistemological foundations, the concept and functions of the essence of *iman*, its actualisation and its relation to the human developmental paradigm of Islam, a dual phase model of Islamic development methodology is proposed. This model seeks to elaborate the multiple functions of *iman* at the individual, societal and institutional levels, as actualisations of trust and then compare these with those of trust and social capital in modern thought, whereby the endogenised nature of trust within the Islamic development framework is defined.

In order to provide evidence to substantiate the proposed model the study utilises the classical categorisation of Quranic revelation in to Makkan and Madinan phases to identify the evolutionary developmentalist element of Islam. Closer textual, contextual and linguistic analyses of this categorisation provide insights into the Quranic development methodology. Hence, the dynamic and interdependent nature of the Islamic development methodology is to be determined and the function of trust is located within the *Islam-iman-Ihsan* paradigm

The model presented in this paper extends the Islamic development framework being developed in this research by building upon the previous chapter which reconceptualised Islamic development.

4.10 *IMAN, IHSAN* AND *'AMAL* – AN AUTHENTIC ISLAMIC FRAMEWORK OF VIRTUE, TRUST AND ITS ACTUALISATION

Before discussing any matter from an Islamic perspective it is necessary to present the underlying ontological principles from which it springs as these

are more often than not distinctly at variance with what one may assume to be their equivalent in conventional western thought. It is an essential prerequisite to return to first principles in order to avoid taking on board any assumptions obtained from within that conventional modern framework which itself is a deliberate result of the Enlightenment project mentioned above which aimed at removing all traces of morality or virtue based upon any notion of religion or revelation.

Islamically speaking, human affairs may, for the purposes of this study, be conveniently divided into those relating to bodily actions, those relating to the sphere of the mind and those related to the heart or spirit. One possible means of classifying these domains is to speak of three basic dimensions of human existence, such as acting, knowing, and willing, or put another way those of activity, intellectuality, and spirituality. Such a tripartite division is commonly met in Islamic texts and one of its earliest formulations is found in a famous *hadith* (a saying of the Prophet) called the 'Hadith of Gabriel', in which the Prophet divides 'the way of life' that is, the *deen*, into three basic dimensions. In naming these three dimensions, the Prophet employed terms that have played important roles in the development of Islamic intellectual history:

- *Islam* (submission)
- *iman* (faith), and
- *Ihsan* (virtue)

In order to understand the *deen* of Islam as a reality possessing these three dimensions one must grasp some of the implications of these words in the Quran and the Sunnah.

4.10.1 The First Dimension – Islam

Considering the first dimension we see that in the Quran, the word Islam, meaning ‘submission’, can be understood to have at least four senses, all of which are concerned with the relationship between Allah and His creatures.

In the broadest sense, Islam is used to convey the idea that every creature, by the fact of being Allah's handiwork, is controlled by Him.

To Him ‘submits’ everything in the heavens and the earth, willingly or unwillingly and unto Him they will be returned (Quran 3:83).

In a narrower sense, Islam means voluntary submission to Allah's will by following His revealed messages. The Quran mentions the Prophets among the ‘Muslims’ that is, those who have freely submitted to Allah.

Abraham was not a Jew, nor yet a Christian; but he was an upright man who had surrendered (to Allah), and he was not of the idolaters (Quran 3:67)

Similar verses use the word *muslim* for Yusuf (Quran 12:101), Nuh (Quran 10:72), Lut and his family (Quran 51:36), the apostles of ‘Isa (Quran 5:111), and other pre-Islamic figures. Even Pharoah claims to be a *muslim* when he realizes that he is going to be drowned (Quran 10:90).

In a third and still narrower meaning, Islam designates the religion revealed to Muhammad through the Quran. The most obvious Quranic example of this usage is the verse revealed at the Prophet's farewell pilgrimage.

Today I have perfected your religion for you, and I have completed My blessing upon you, and I have approved Islam for you as a religion (part of Quran 5:3).

In the fourth and narrowest sense, Islam refers to the outward works of the religion as distinguished from an inner something that makes the religion genuine and sincere. One verse is especially significant, since it differentiates between Islam and *iman*, submission and faith.

The Bedouins say, "We have faith." Say [O Muhammad!]: "You do not have faith; rather, say, 'We have submitted;' for faith has not yet entered your hearts" (Quran 49:14).

In this fourth sense, Islam corresponds to one of the three dimensions of Islam, and hence its meaning needs to be clarified if we are to understand the meaning of Islam in the third sense.

The Hadith of Gabriel differentiates even more clearly than this Quranic verse between Islam in this fourth sense and *iman*. It is true that some Quranic verses and Hadiths use the two terms as synonyms, but this does not prevent the texts from drawing distinctions in other contexts. According to this Hadith, Islam consists of the ‘five pillars or foundations’: saying the double Shahadah (bearing witness that there is no *ilah* (god) but Allah and that Muhammad is His messenger), performing the ritual prayer, fasting during the month of Ramadan, paying *zakah* (the alms-tax), and performing the *hajj* if one has the means to do so.

4.10.2 The Second Dimension - *Iman*

The second dimension of the *deen* is *iman* (faith). The Quran frequently employs the term and various semantically derived words, especially the plural of the active participle, *mu'minoon* (those who have *iman*, the faithful). Although translators normally render *iman* as "faith" or "belief," such translations leave out an important connotation, because the word derives from a root, *amana*, which means to be secure, safe, and tranquil. Hence, the literal sense of *iman* is to render secure, safe, calm, and free from fear. The implication is that, through *iman* in Allah, one becomes secure from error and rooted in the truth. *iman* has a cognitive dimension that is a step in the direction of certainty. For this reason this study will use the Arabic word '*iman*' and the English phrase 'cognitive faith' or 'cognitive trust' when needed for explanation. In a number of verses the Quran provides a list of the objects of *iman*. For example,

But righteous is he who believeth in Allah and the last day and the angels and the Scripture and the Prophets (Quran2:177)

In the *Hadith* of Gabriel, a formulaic expression is given to these objects by defining *iman* as "having *iman* in Allah, His angels, His scriptures, His messengers, the Last Day, and the measuring out of good and evil". Worthy of notice is the fact that the Prophet repeats the word *iman* in the definition itself, which indicates that here, as opposed to certain other *hadith*s, the meaning of *iman* is not at issue, but rather the objects of *iman*. All the objects mentioned in the hadith are studied to various degrees in the Islamic sciences of *Kalam*, *Fiqh* and *Tasawwuf*.

Of particular importance here is the relationship between *Islam* and *Iman* in that the distinction is not one of separation but of perspective. Whereas *Islam* may be viewed as an acceptance from without, of *Tawheed* and a realisation

of its requirements in terms of actions, and hence the enumerating of the five pillars being central to its definition, *iman* may be seen as a belief arising from within which compels towards action. Hence a distinction between the two concepts can hardly be made for the purposes of social order because it would merely be a distinction of the individual's intention which cannot be determined objectively. What is more relevant to Islamic development is the fact that both concepts are bound together through the role of actions. The implication is that the actualisation of both *Islam* and *iman* in the society is the source of development and what can be assessed. Hence the role of *'amal salihah*' or good actions comes into discussion as the tangible nexus of both *islam* and *iman*.

4.10.3 The Third Dimension - *Ihsan*

The third dimension of the *deen* is *ihsan* (perfection or virtue). The Prophet employed the word *ihsan*, which is the most difficult of the three terms to translate. It is an active form from the root *hasana*., which means beautiful and good. Hence, the word *ihsan* means to accomplish what is beautiful and good, to do something well, to do something perfectly, to gain perfect and virtuous qualities. The standard by which the good, the beautiful, and the virtuous are judged cannot be an individual's opinion, because ontologically the nature of truth and virtue is determined by Islam. In the *hadith* of Jibreel, the *ihsan* is defined as "serving [or worshiping] Allah as if you see Him, because if you do not see Him, He nonetheless sees you." In other words, this third dimension of Islam is concerned with depth, or the inner attitudes that accompany activity and thought. According to this definition *ihsan* implies that one must be aware of Allah's presence in everything one does which is to say that one must have a state of soul in conformity with works and *iman*.

In terms of development the implications are that ihsan represents the aims and goals of development in that it is the continuing movement towards perfection and is experienced only through the acceptance of *Islam* and the

will of *iman* channelled through the actions or striving of '*amal*. Therefore Islamic development is less concerned with any static state achieved as it is focussed on the dynamic process of improvement of the human condition, individually and socially, and is motivated by belief in the goals of perfecting virtue.

4.11 *IMAN,'AMAL* AND KNOWLEDGE

In Islamic epistemology the locus of *iman* is deemed to be the *qalb* (literally meaning heart), which is the centre or essence of the human being. Hence the *qalb* is taken to be the place of intelligence, understanding, reflection, love and every positive human quality. The *qalb*'s deviation and illness lead to ignorance, unbelief, and negative character traits. Its *iman* is inseparable from knowledge and noble character traits. Many Quranic verses and *hadith*s mention the good qualities of the *mu'minoon* (cognitively faithful) or the bad qualities that cannot dwell in the same heart with *iman*.

Specialists in the science of *kalam* are especially interested in the cognitive dimension of *iman* and its implications for putting the Shariah into practice. Sufi theoreticians are more interested in the moral and spiritual dimension of *iman*, and their explanations of the nature of *iman* in the heart come together with explanations of *ihsan* and its near-synonym, *ikhlas* (sincerity). The *fuqaha* (jurists) are concerned with *iman* only to the extent of the legal implications of being either Muslim or non-Muslim.

If both the Quran and the *hadith* literature make clear that *iman* is intimately related to positive character traits, they also bring out the cognitive dimension implicit in the word itself. Some *hadith*s connect *iman* with knowledge in a way that fits into the concerns of the kalam specialists. For example, the Prophet is reported to have said, "*iman* is a knowledge [*ma'rifa*] in the heart, a voicing with the tongue, and an activity with the limbs." Abu Hanifah

followed up on this approach by defining *iman* as confessing with the tongue, recognizing the truth [*tasdiq*] with the mind, and knowing with the heart (Al-Qari, 1997). Al-Ghazali expresses the 'Ashari theologians' view, when he defines *iman* as recognizing the truth [of something] in the heart, voicing [that truth] with the tongue, and acting [on its basis] with the limbs (Al-Ghazali, 1990). Notice that Al-Ghazali's definition like the just cited hadith, includes activity and works (that is, Islam) as part of *iman*. However the difference between the two definitions is merely one of perception and not reality. A simple analysis of the Quranic verses dealing with *iman* and/or *Islam* will reveal that the two are sometimes used synonymously. This has led to scholars holding the view that they are two sides of the same coin in that the reality being elaborated is the relationship between belief and action; *islam* represents the perspective of the relationship of actions to belief whilst *iman* represents the perspective of belief to actions. Abu Hanifa describes one side of this relationship whereas Al-Ghazali describes the other.

One of the most common terms employed in *kalam* to define *iman* is *tasdiq*, which means to recognize or affirm the truth of something. The essence of *iman* is to know that something is true and to acknowledge its truth in word and deed. Smith suggests that equating *iman* with *tasdiq* implies that "*iman* is the ability to trust, and to act in terms of, what one knows to be true" (Smith, 1979:107) What one knows to be true are the objects of *iman*; Allah, the angels, the scriptures, and so on.

In English, 'faith' is normally understood as volitional rather than cognitive and is often thought of as related to supposition and opinion rather than to knowledge and certainty. In contrast, *iman* in Islamic terms pertains primarily to knowledge and the certainty established on the basis of knowledge. It stands above knowledge, not below it. It adds to knowledge a dimension of personal commitment, an engagement with the truth that one knows. As Smith elaborates, "[t]he object of *iman* being thought of as clear and

incontrovertible, the issue is, what does one do about what one knows?" (Smith, 1979:109).

From the above discussion it is possible now to clarify the Islamic conceptualisation of *iman* as a form of cognitive trust which also entails a parallel element which is actualised in actions. At the same time *ihsan* is the perfection and end which is the sole object of good actions. Hence *ihsan* is virtue, to borrow an Aristotelian term, and *iman* is the cognition, gained through inner and outer reflection, which identifies this virtue for the human being, and enables him to be safe and secure on the journey towards it.

This conception of *iman*, *'amal* and *ihsan* is further supported by realising a Quranic linguistic technique. It is a feature of the Arabic language that word order in sentences is not fixed but can vary with differing results in degree rather than meaning. When applied to Quranic verses the *mufassireen* (exegists) have noted that this technique is widely employed. Words often precede others in order to express precedence in time, importance, emphasis or any combination of the three.

One of the most oft repeated phrases in the Quran is the following: 'those who have *iman* and do good acts'. This indicates, according to the linguistic inference, the precedence of *iman* over *'amal*. Keeping in mind the earlier definition of *iman* as being inclusive of *'amal*, what is implied then is that the cognitive aspect of *iman* is a prerequisite for good actions and hence is the first which needs to be established. In other words, the Quranic view of success is to first recognise the ultimate perfection, Allah, and then act in such a way as to move towards that perfection. Obviously any act cannot be deemed virtuous until one first is sure of what virtue is. This observation has important implications for trust and development in Islamic terms as discussed later.

Hence *iman* has a component which realises the knowledge of the ultimate virtue and secondly another component which actualises this knowledge through actions so as to progress towards that ultimate virtue. These components can be labelled as the vertical, through which man knows Allah, and the horizontal, which entails virtuous acts that move one towards Allah. This categorisation of *iman* is a very useful one. Combining the above two categorisations of vertical and horizontal *iman* with the previous observation that *iman* is best understood as cognitive trust, it becomes possible to elucidate an Islamic concept of trust in terms of *iman*, *'amal* and *ihsan*.

Firstly the vertical qualities of *iman* are seen to be purely functions of the relationship of an individual with Allah. Traditionally referred to as qualities of the "heart", they form the essential foundation of Islamic life. Without this component all Islamic axioms are rendered insignificant and irrelevant to life and hence we can say that this vertical aspect of trust gives conceptual realisation to other axioms.

Recalling the earlier three-stage formulation of trust it is now possible to equate this vertical component of *iman* with the personal, individual based trust which emanates from the knowledge of realities, and which is a prerequisite to any social realisation of trusting behaviour.

The second category includes the horizontal aspects of *iman* which are only realised in relation to actions. These aspects directly affect human relationships in society and so impinge on the actualisation of Islamic axioms such as *khilafah* (vicegerence), *ukhuwwah* (brotherhood) and *adalah* (justice) etc.

This horizontal component correlates with the second stage of trust at a social level which is the very fabric of the society and gives rise to institutions through actions of all members based upon commonly held beliefs and

aiming at common goals and ends. Hence it is possible to express the notion that the horizontal component of *iman* as an actualisation of the cognitive trust in Allah, in turn enables, and indeed encourages, the individual to demonstrate trust and trusting behaviour towards others in society. The degree to which this trust is realised in society will determine the degree to which the developmental axioms of Islam are realised in the institutions of that society.

4.12 AN INTEGRATED MODEL OF *IMAN* / TRUST: THE MICRO-FOUNDATIONS OF ISLAMIC DEVELOPMENT

If the above conceptualisation of *iman* as cognitive trust which can be used to explain the workings of an Islamic development model, is to be helpful at all in formulating an implementable Islamic development theory that can lead to practical policy formulation, it is important to determine the mechanisms which will enable *iman* to become actualised in society and in turn facilitate the establishment of supportive institutions, and also the dynamic relationship of such institutions to *iman* itself.

It is suggested here that vertical elements of *iman* enable individuals to actualise horizontal elements in society insofar as when there is an increase in individuals sharing cognitive realisation or belief so there is an increase in mutual trust amongst those individuals. This cooperation or mutual trust is motivated not by risk assessments or calculations, but by knowing that such action, if intended to enable one to get closer to the ultimate happiness, is beneficial regardless of material outcome. This is because *iman* is not blind faith but is rather a cognitive recognition of Allah as the ultimate good which is to be sought in life. This shared knowledge, or realisation, leads to a 'weave' of trust relationships developing which creates a 'fabric' of trust in society. Initially this trust may be low-level existing only between family members or those known to each other, however at some point a critical mass will be reached whereby this fabric of trust will be strong enough to

support the institutionalised realisation of values and axioms. Importantly, it is suggested here that supportive institutions must therefore arise from the cognitive trust present in society if they are to be functional.

It is helpful at this stage to refer to Hardin's (2002) use of the terms trust and trustworthiness to describe, respectively, the vertical aspects of *iman* and the horizontal aspects of the actualisation of *iman*. In other words, it is the initial cognitive belief in an ultimate good which then should lead to one aspiring and striving to move towards it. This action or '*amal* component leads to one's becoming more trustworthy in the opinion of others. Hence, as Hardin argues, rather than speak of generalised trust, as do Fukuyama, Putnam and others, it is probably more accurate to speak of initial trust in the concept of virtue-led existence, leading to trustworthiness developing as a commonly accepted and understood good trait which, in turn, leads to wider scale interactions between strangers. Such interactions are supported by, and in some cases depend upon, the trustworthiness of one in the eyes of the other.

Furthermore, the appearance of institutions and the translation of values into norms have consequences which go far beyond the original tight circles of trust which existed. Institutions affect all in society, actualising the axioms of Islam aimed at human development. The relationship worthy of further analysis is the dynamic one between *iman* and institutions. In other words to understand how development at the individual level leads to the shaping of institutions at the social level and how that in turn feeds back to inform further individual development for others.

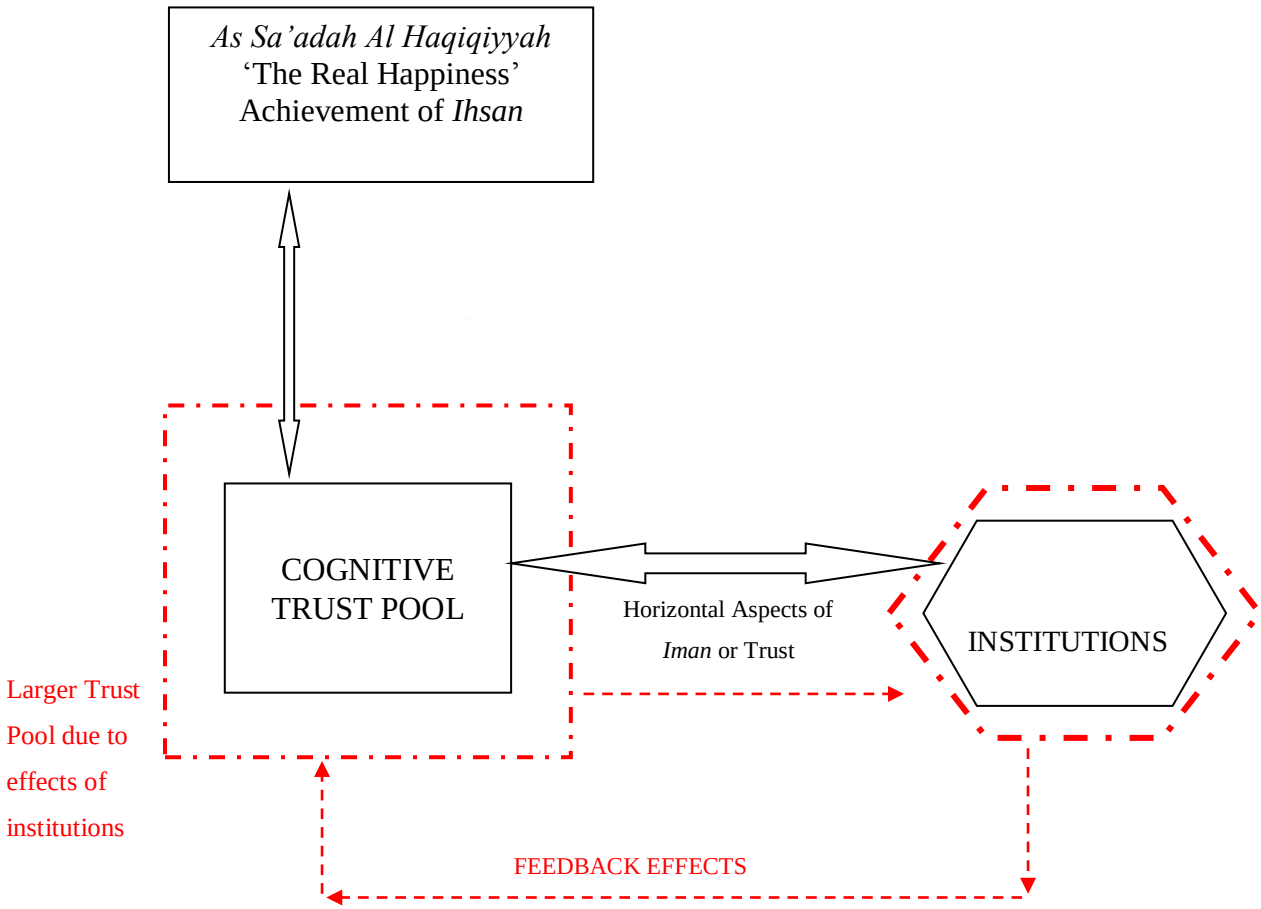
We have seen that vertical aspects of *iman* expand the pool of interpersonal trust and this in turn when it reaches a critical level spawns a society wide trust fabric which enables the establishing of institutions and the actualising of the axioms. However the institutions themselves, in turn, function to engender and support trust by embedding, throughout the society, values such as *'adl* (justice), *aman* (security), *huqooq* (rights) and *ukhuwwah*

(brotherhood) by establishing these axiomatic values as the normative and operative framework. Hence there is a “feedback” effect that serves to further expand the pool of trust, the expansion of which enhances and supports the institutions. Hence those members of society who may not initially possess cognitively based *iman* would be able to benefit from the institutional support and hence may become inclined towards the values which spawned those institutions. In this way a society of Muslims and non-Muslims may function where both groups actively support the *iman* based institutions by willingly valuing the *iman* based trust fabric. The overall result is the upward dynamic of human development as defined in Islam. This feedback effect is the precisely third stage of trust outlined earlier, whereby trust is an outcome, or product, of the institutions that it helped spawn initially, which now strengthens the normative framework and so assists individuals to develop efficiently within society. Hence there emerges an Islamic theory of trust which upholds all three stages of the earlier suggested forms of trust.

Therefore it can be seen that trust in society is affected by its vertical aspects of individuals’ *iman* but also by the effect of having institutions in society which support the horizontal actualisation of that *iman*. At the same time effective institutions can only be established once a critical mass of trust exists but these institutions, once established, subsequently serve to bolster the levels of trust in society. Once these two-way relationships are identified it is possible to locate probable causes of both breakdown of trust and institutional failure. It is suggested here that failures in either the horizontal or vertical aspects of *iman* will lead to shrinking of the trust pool and so a reduction in levels of trust throughout society. The widespread development of society is thus possible when the trust pool of *iman* is maximised.

The above discussion can be represented in diagrammatic form in Fig 4.1 as the proposed model in this paper.

Figure 4.1 Vertical and Horizontal aspects of *Iman*



4.13 IN SEARCH OF HISTORICAL RATIONALE

The above proposed theory of trust in Islam is a holistic one in which all of the functions, factors and determinants of trust, as identified in modern economic and social thought, are found to be represented in authentic Islamic thought by the concepts of Islam, *iman*, '*amal* and *ihsan*. Each of these has its subcategories but they are not of concern here. Indeed this Islamic theory of trust as 'social capital' is more coherent, detailed and compatible with a virtue-based view of human existence than any such account in modern socio-economic writings.

Having proposed the theory as being the authentic expounding of the Islamic methodology of engendering *iman,* which fulfils the role of trust as social capital, and hence provides the framework within which Islamic development can take place; this study now presents evidence from historical sources through contextual and textual analysis.

If the theory and derived methodology are accurate, *iman* should have the two, clearly distinguishable aspects (cognitive belief and its actualisation) and the former should initially precede the latter. The temporal relationship suggests that a historic analysis is appropriate and useful. The basis for such an analysis exists in classical Islamic scholarship within the studies of *tafseer* (Quranic exegesis) wherein a distinction is made between *Makki* and *Madani* verses and chapters.

Al-Zarkashi (1988) records a consensus view of classical scholars that *Makki* chapters or verses are those which were revealed before the Hijrah (migration) of the Prophet from Makkah to Madinah, and *Madani* refers to those revealed after this event. In this way, he goes on to note, there are a few chapters or verses that are labelled *Madani* although they were revealed within the environs of the city of Makkah.

The classification of *Makki* and *Madani* chapters of the Quran has enabled scholars over the years to analyse certain themes, sequences and patterns during the Prophetic era which in turn allows, via extension of principles and analogous interpretation, an understanding of the methodology of Islamic development and Prophetic pedagogy. This study aims to employ the classical thematic and sequential analysis of the relationship of patterns and time to demonstrate validity of the developmental methodology and model proposed.

With regards to *Makki* and *Madani* verses, according to Islamic epistemology the Quran was revealed over 23 years of the lifetime of the Prophet Muhammad. The first verses were revealed to him when he was 40 years old and living in the city of Makkah. This was a city centred on the black cubic building named the *Ka'bah* which was built in earlier times by the Prophet Ibrahim (Abraham) who is considered in Islam to be the father of monotheistic religions. However, at the time of Muhammad, this city was a hub of tribal power based upon polytheistic loyalties to the idols housed in the *Ka'bah* itself as well as its importance in being a trade and commerce centre of Arabia. In this environment the Prophet began to preach the verses of the Quran and thus began the Islamic development of the society.

The unmistakable theme of early Quranic verses is the emphasis on *Tawheed* (the monotheistic doctrine) in worshiping only one Allah and opposing the general belief of the *mushrikoon* (polytheists) of Makkah. All Makkan chapters fulfil this overarching aim and it is by far the major portion of their message. Similarly the Madinan chapters by and large concentrate on finer details of law making and governing society and the addressees are clearly the Muslim community. However with a deeper analysis it is possible to categorise the contents of these chapters further into several distinct subject areas, each of which reveals a different perspective and approach. The use of varying approaches in itself reveals a certain methodology which the chapters employ in meeting the overall aim.

As well as content analysis to determine thematic patterns, another extremely productive method is textual analysis. By studying and comparing the vocabulary, language and rhetoric of the chapters it is possible to deduce several important ideas regarding the aims and purposes of the early revelation. This paper therefore presents a brief analysis of the Makkan and Madinan chapters in order to support sequential aspects of the methodology outlined earlier regarding development and trust-building.

The early revelation of the Quran was of course in the mainly polytheist society of Makkah. In the following section a summary of the main subjects, themes and linguistic styles that are to be found in the Makkan chapters are discussed.

4.13.1 Features of Makkan revelation

4.13.1.1 Allah as Creator and Sustainer of the Universe

The Makkan chapters, addressing the polytheist society of the day, repeatedly bring attention to the immediate and obvious aspects of creation and remind the listeners that it is indeed Allah who has created all that they perceive and also that which they do not perceive. Makkans at the time did know of Allah and worshipped Him as Lord of the *Ka'bah*, but had also set up idols and private deities alongside Him. Therefore these chapters served as a recall or reminder to something which they could not deny. It was an appeal to purify the worship of only one god; in other words an appeal to *tawheed*.

The second note of interest is that this appeal is made to '*aql* or intellect. Addressees are required to ponder, reflect, meditate and come to rational conclusions regarding creation. Hence the belief that is being called to is not a blind one but one of cognitive acceptance of reality. For this reason the aspects of creation mentioned in these chapters are those with which the desert Arabs were very familiar indeed such as sky, water, camels, stars, plants and of course human beings themselves. The following verses are sufficient as example.

> Lo! In the difference of day and night and all that Allah hath created in the heavens and the earth are portents, verily, for folk who ward off (evil) (Quran10:6)

> And He (Allah) hath constrained the night and the day and the sun and the moon to be of service unto you, and the stars are made subservient by His command. Lo! Herein indeed are portents for people who have sense (Quran16:12)

> Have they not seen the birds above them spreading out their wings and closing them? Naught upholdeth them save the Beneficent. Lo! He is Seer of all things (Quran67:19)

> And Allah hath given you wives of your own kind, and hath given you, from your wives, sons and grandsons, and hath made provision of good things for you. Is it then in vanity that they believe and in the grace of Allah that they disbelieve? (72) And they worship beside Allah that which owneth no provision whatsoever for them from the heavens or the earth, nor have they (whom they worship) any power (Quran16:72-73)

> And hath made of service unto you whatsoever is in the heavens and whatsoever is in the earth; it is all from Him. Lo! Herein verily are portents for a people who reflect (Quran45:13)

The Makkan revelations present the above subject matters as *ayat* (signs, portents) and '*ibratun* (a lesson to benefit from) but also place a caveat that it is only those who seriously reflect on these things who will benefit from guidance. Those people are referred to in the Quranic vocabulary in several ways.

(i) لِقَوْمٍ يَعْقِلُونَ liqawmin ya'qiloon - for a people who use their '*aql* (intellect, reason)

(ii) لِقَوْمٍ يَتَفَكَّرُونَ liqawmin yatafakkaroon - for a people who reflect, ponder

(iii) لِقَوْمٍ يَتَّقُونَ liqawmin yafqahoon - for a people who understand

(iv) لِقَوْمٍ يَتَّقُونَ liqawmin yattaqoon - for a people who fear Allah

(V) لِأُوْلِى ٱلْأَبْصَـٰرِ liulil-absaar - people of vision

(vi) لِأُوْلِى ٱلْأَلْبَـٰبِ liulil-albaab - people of brains, understanding

(vii) لِأُوْلِى ٱلنُّهَىٰ liuli-nuha- people of intelligence

By employing such vocabulary and literary style the Makkan chapters emphasise recognition of Allah, the supreme and ultimate creator and mover of all causes, through reflection, use of reason, contemplation and acceptance of realities already known to the human being. This is by far the dominant theme of these chapters.

4.13.1.2 Accounts of the Prophets

Large sections of the Makkan discourse is concerned with relating accounts of previous Prophets sent to mankind and the way their nations dealt with them and the consequences of those dealings. Makkan chapters contain most of the accounts of those Prophets who have gone before such as Adam, Nuh, Hud, Saleh, Ibrahim, Ismaeel, Ishaq, Lut, Shu'aib, Yusuf, Yunus, Musa, Haroon, Dawud, Ilyas, Alyasa, Sulaiman, Zakaria, Yahya, and 'Isa. These stories have all appeared in Makkan chapters. There is very little historical detail given although what is presented is repeated many times over. The simple, direct and oft repeated message is one of warning to those who may not heed the messengers' words. The overall effect seems to be establishing the truthfulness and trustworthiness of Prophets.

One particular feature of the Prophets' accounts in the Makkan chapters is that the narration of the enmity between Adam and Iblis (satan). Again the effect is to build up cognitive faith in a sense of virtue and vice, good and evil. The addressee should begin to realise that anyone or thing that calls away

from the message of the Prophets is actually the enemy of mankind. In this way, without elaborating details of rules and laws, a comprehensive system of a virtue-led lifestyle is being embedded within the thought of society members.

4.13.1.3 Life, death and resurrection

In the Quran, life on Earth is inseparable from the afterlife, a fundamental notion in the Quran. Linguistically, it is not possible to talk in the Quran about this life without any semantic reference to the next, since every term used for each is compared and contrasted with the other. This can be seen with, for example,

الدنيا و الآخرة or الاولى و الآخرة

[this world and the next or the first life and the last]

Both pairs of words refer to this first life and the next, this wordly life and the hereafter, but each word always appears with its counterpart in the Quranic text and consequently, the frequency of occurrence of these terms in the Quran is the same. In the cases of *al-dunyaa* and *al-akhirah*, each appears 115 times. Belief in the hereafter or next life is also often referred to alongside a belief in Allah. The phrase 'if you believe in Allah and the Last Day' is very common in Makkan chapters.

After *Tawheed* and Prophethood, the most discussed subject in the Makkan chapters is *al-qiyaamah* (day of resurrection) and beyond. Its presentation style is also very striking and worth noting here. The final *juz'* (part) of the Quran is made up of chapters which are almost entirely Makkan. These chapters have a distinct literary style which many scholars have commented upon. The verses are short, repetitive and rhyming. The language is very

eloquent by the standards of classical Arabic and at the same time very forceful and shocking in places. The rhythm of these chapters is unlike the remainder of the Quran in that it is brisk, compelling and, especially in the verses describing resurrection and judgement, it is almost frightening. It is, it can be said, designed to capture, and not let go, the attention of those who may not be too interested in hearing long lectures or explanations and yet it leaves even the outwardly uninterested listener with a sense of awe and focus.

Death is mentioned abundantly throughout the Quran but especially in the Makkan chapters. It is Allah who gives death (and life); death is inescapable; it is an awakening and is a painful one for those who do not prepare for it. Again man is forced to think ahead to the inevitable reality and ponder its purpose.

> Lo! We it is Who quicken and give death, and unto Us is the journeying (Quran 50:43)

> We mete out death among you, and We are not to be outrun (Quran 56:60)

> Then how (will it be with them) when the angels gather them (at death), smiting their faces and their backs! (Quran 47:27)

Alongside death the concept of resurrection and judgement is a common theme of Makkan chapters. The purpose of death is to lead to the ultimate life of the next world of which the first stages will include a judgement and accounting of deeds. This is a reality which all must face and, importantly, none can influence. Here the true recompense of deeds done in this world will be met. This is the cornerstone of the Islamic view of an ultimate end which determines the goals and virtues to be adopted in this life.

The day of rising or resurrection is mentioned in the Quran with over 36 different names (see appendix II). The reader of Makkan chapters is thus constantly challenged with the image of the inevitable day of account; a day from which there will be no escape and no return. The gravity of this accountability becomes the central theme of Makkan chapters through the ubiquitous nature of this imagery. Although the polytheist Makkans did not necessarily believe in an afterlife, this repeated, stern and grave warning of the day of judgement was designed to cause thinking people to reflect on the possible serious consequences of being heedless to it. An oft quoted example in classical texts is the saying of the caliph ‘Ali to someone who denied the hereafter, “If you are correct then we both cease to exist after death and hence I have nothing to worry about, but if I am correct, and there is a judgement after death, then you have much to worry about”. In this way the Makkan chapters paint a picture of a terrible and difficult day in which one’s eternity hangs in the balance; a day worth preparing for by doing good in this life.

Resurrection particularly seemed incredible to the polytheist Makkans: they perceived resurrection as being biologically impossible, questioning it again and again, such as in the following verses

> And they used to say: When we are dead and have become dust and bones, shall we then, forsooth, be raised again (Quran 56: 47)

In rebuttal, the Quran employs a simple and basic argument: if a Creator can accomplish something once, it can easily do it again.

> Were We then worn out by the first creation? Yet they are in doubt about a new creation (Quran 50:15)

Indeed, a second creation, according to the Quran, would be easier than the first one.

> He it is Who produceth creation, then reproduceth it, and it is easier for Him (Quran 30:27)

> ...saying: Who will revive these bones when they have rotted away? (78) Say: He will revive them Who produced them at the first, for He is Knower of every creation (Quran 36:77-78)

Another argument employed in the Quran to convince disbelievers is the comparison between the initial act of creation and the later act of resurrection.

> Say (unto them, O Muhammad): Allah giveth life to you, then causeth you to die, then gathereth you unto the Day of Resurrection whereof there is no doubt. But most of mankind know not (Quran 45:26)

What is being achieved by the Makkan Quranic discourse is the establishment of belief in the as yet unseen – the future and the metaphysical. This belief must be cognitive and so it rests upon the *tawheed* and Prophethood as also expounded in the Makkan chapters. The relationship and dependence of one aspect of faith on the other is what is being clarified by the later revealed verse of *surah al-baqarah* (chapter 2).

> Those who believe in the Unseen, and establish worship, and spend of that We have bestowed upon them; (3) And who believe in that which is revealed unto thee (Muhammad) and that which was revealed before thee, and are certain of the Hereafter. (4) Those are on the guidance from their Lord. They are the successful (Quran 2:3-4)

Hence it is clear that Makkans were being gradually convinced of the rationality of belief in The Creator, the trustworthiness of the Prophets, the accountability of the hereafter all in order to pave the way to outlining a virtue-based and virtue-led way of life, the details of which would follow once people were ready to follow it for the right reasons.

4.13.2 Islamic Legal Rulings in Makkan Chapters

As well as the majority of verses dealing with matters of *Tawheed* and *iman*, the Makkan chapters also contain mention of actions and duties which are obligatory or commended in Islam. However most of these duties were only enforced later in Madinah and are mentioned in these chapters only briefly or as recommended good acts. These Islamic legal rulings include:

4.13.2.1 The obligation of salah (the formal prayer)

According to Al-Bukhari (1991), the obligation of prayer came during the night journey of the Prophet to Heaven. It relates to a hadith of the Prophet, in which he said: “it was given to me the obligation of fifty prayers every day and on my way back to the earth I passed through the other heaven where I met the Prophet Moses who asked me for what I was given and I told him fifty prayers a day. Moses advised me to go back to Allah and to ask for a reduction of prayers as that was too much for my nation to do so. It is only after many negotiations that I obtained the obligation for only five prayers a day.” Indeed the Makkan chapters frequently mention the prayer but use simple words on this subject and do not indicate any specific legislation or requirements. For example:

> (sinners will be asked) What hath brought you to this burning? (42) They will answer: We were not of those who prayed (Quran 74: 42-43)

> Except those devoted to prayer those who remain steadfast in their prayer. (Quran 70: 22- 23)

Despite these Makkan verses it is known that there were no formal group prayers conducted regularly in Makkah. This has led scholars such as Al-Qurtubi (1996), Al-Tabari (1954) and others to conclude that these verses simply encouraged the Muslims to develop a habit of praying and that it was

done individually and voluntarily at this stage or that prayer was generically ordained but the details of how and when to pray were formalised later in Madinah.

4.13.2.2 Zakah and the feeding of the poor

There are many references to *zakah* (legal charity to the poor) in Makkan chapters. However, according to Al-Qurtubi (1996), the legal obligation for *zakah* only came in the second year after the *hijrah* (migration to Madina), during the Madinan period. According to Al-Tabari (1954) and Ibn Kathir (1980) this reference appears in the Makkan verse

> Eat ye of the fruit thereof when it fruiteth, and pay the due thereof upon the harvest day, and be not prodigal (Quran 6: 141)

The 'due' is taken to be employed as an indirect reference to *zakah*. However there is no consensus view as to whether *zakah* was made obligatory in the Makkan period or the Madinan.

According to Al-Qurtubi (1996), the majority of verses in the Madinan chapter Al- Tawbah (Quran 9) are Makkan, but verses 103 and III are Madinan, meaning that *zakah* is from the Madinan period:

> Of their goods, take alms, so that you might purify and sanctify them ..... Allah has purchased of the believers their persons and theirs goods (Q9:103 and 111)

According to Al-Qardawi (1999) the Islamic legal ruling of *zakah* is briefly mentioned in Makkan chapters, but a more detailed analysis is found in Madinan ones, as it became obligatory only at this time, i.e. after the *hijrah*. This is to be expected as it was in madinah that the Islamic society was established.

Whether or not *zakah* was actually made compulsory in Makkah or not, there are however numerous other Makkan verses which extol the virtues of paying charity to the needy and poor. These verses again demonstrate the Makkan methodology of encouragement, without compulsion, towards good in order to habituate the new adherents to Islam in the ways of actualising their *iman* in the forms of doing good to their fellow citizens. The following suffice as examples.

> Lo! He used not to believe in Allah the Tremendous, (33) And urged not on the feeding of the wretched (Quran 69: 33-34)

> And in whose wealth there is a right acknowledged (24) For the beggar and the destitute (Quran 70: 22-25)

> So give to the kinsman his due, and to the needy, and to the wayfarer. That is best for those who seek Allah's Countenance. And such are they who are successful (Quran 30:38)

4.13.2.3 Certain prohibitions

Apart from the above, certain other prohibitions exist within the Makkan chapters. These prohibitions did not come as formal rules but rather as encouragement towards better behaviour. The effect of this was to begin to establish the concepts of right and wrong coming from Allah alone. In other words this was the prerequisite for establishing a virtue-based social order which people would readily accept. This is how they appeared in the Makkan Quran:

> And of the fruits of the date-palm, and grapes, whence ye derive intoxicating drink and (also) good nourishment. Lo! Therein is indeed a portent for people who have sense. (Quran 16:67)

In this example, the lesson to people is to take care of what they ate and drank because some food was good for them and some were not, such as fermented drink. However there was as yet no prohibition against it; merely an indication of its harm was presented.

> That which ye give in usury in order that it may increase on (other) people's property hath no increase with Allah; but that which ye give in charity, seeking Allah's Countenance, hath increase manifold (Quran 30: 39)

Here again *riba* (interest) is presented negatively as having no value with Allah, and yet it is not prohibited outright in this verse. Of course later in Madinah it was likened to war against Allah and his Prophet.

Another example, in (Q6: 118-120), mentions the sacrifice of animals for some being other than Allah, which was very frequent among Makkan polytheists.

Ibn Kathir (1980) in his explanation of these verses states that Allah emphatically prohibits the eating of meats for which His name has not been invoked, or the eating of meat from carrion, but instead only eat meat on which Allah's name has been mentioned. He also adds that these verses are part of the *shari'ah*, and are related to the *'aqidah* (belief), so they convey the meaning that everything permissible and prohibited is from Allah. This opinion is further supported by the verse

> And speak not, concerning that which your own tongues qualify (as clean or unclean), the falsehood: "This is lawful, and this is forbidden," so that ye invent a lie against Allah. Lo! Those who invent a lie against Allah will not succeed (Q 16: 116)

4.13.2.4 Encouraging good conduct

Laws concerning social and family life, including marriage, divorce, etc., are presented in detail in the Madinan chapters. However, some basic guidance relating to self-conduct and family life appear briefly in some Makkan chapters such as:

> And of His signs is this: He created for you helpmeets from yourselves that ye might find rest in them, and He ordained between you love and mercy. Lo! Herein indeed are portents for folk who reflect (Q30:21)

Furthermore it is observable that the Makkan chapters begin to give ordinances encouraging broad principles of good conduct between not only family members but all members of society and indeed between all human beings.

> Lo! Allah enjoineth justice and kindness, and giving to kinsfolk, and forbiddeth lewdness and abomination and wickedness. He exhorteth you in order that ye may take heed. (90) Fulfil the covenant of Allah when ye have covenanted, and break not your oaths after the asseveration of them, and after ye have made Allah surety over you. Lo! Allah knoweth what ye do (Q16: 90-91)

What is stressed here is that the details of legislation and or technicalities of sanctions is preceded in revelation by some underlying foundational principles or axioms which enable people themselves to locate all of their actions within a value based framework of norms. This clearly indicates a Quranic methodology of developing social fabric which is able then to support the requirements of legal necessities.

4.13.3 Features of Madinan revelation

In contrast to the short versed, almost bullet-point-like style of the Makkan chapters which served to grasp the attention of those who might hear, the Madinan chapters tend to be longer and, in a narrative style, give detailed discussions of the issues. Many Madinan verses are, in fact, longer than many whole Makkan chapters. The longest verse of the Quran is verse 282 in the Madinan chapter Al-Baqarah (Quran 2). The change in style reflects the change in audience. Whereas Makkans were polytheists hostile to Islam, now in Madinah it was the Muslims themselves being guided in the details of their religion and matters of law and society. Thus, the audience at this stage of revelation not only needed to, but was quite willing to listen attentively to longer verses teaching the vital laws of Islam (Philips, 1997).

In terms of content there are still repeated reminders of Allah's supremacy and sovereignty but these reminders now accompany, and usually follow, the detailed elaborations of other matters. These detailed matters are comprised in majority of the following.

4.13.3.1 Ahkaam (commandments or laws)

The chapters revealed during the Madinan stage contained many social, economic and theological laws and commandments which were necessary for the organization and development of the nascent Islamic state. It was during this period that the last three pillars of Islam *zakah* (charity), *sawm* (fasting) and *hajj* (pilgrimage) were declared and made compulsory. Similarly, it was during this period that drinking alcohol, eating swine and gambling were all absolutely forbidden.

4.13.3.2 Ahl al kitab (the people of the book)

The Quran makes recurrent reference to the people of the book, i.e. the Jews and the Christians. Although the people of the book are mentioned in various chapters, the Quran specifically provides comprehensive details about the Jews in the second chapter Al-Baqarah (the Cow) while the third chapter Aal ‘Imran (the family of 'Imran) provides details about the Christians. Also, several Madinan verses represented answers to the questions raised by the *ahl al-kitab* (the people of the book) such as in Quran 5: 78-82. The Muslims in Madinah now also came into contact with the Christians on a larger scale than they had in Makkah. As a result of this, there are a number of Madinan verses clarifying Christian queries about the Prophet ‘Isa (Jesus) and Allah.

4.13.3.3 Al Munafiqoon (The hypocrites)

Madinah was a society in which all institutions, political, legal and otherwise, became Islamic under the rule of Muhammad who had been invited to lead the various tribes and parties. However it continued to include among its members Jews, Christians and other non-Muslims. Some of those chose to outwardly accept Islam and benefit from the support of the institutions whilst secretly working against the Islamic rule by allying with the polytheists of Makkah and/or the Jewish tribes of Madinah. These people are referred to in the Quran as *munafiqoon* (hypocrites) and are widely mentioned in the Madinan verses. The relevant implication of these verses is that now the attention seems to turn from introducing fundamental ideas of faith in Allah and the hereafter to more subtle issues of belief such as intention and hypocrisy. Also the suggestion that institutionalised Islam needs to pay close attention to issues, and potential pitfalls of a mixed society, and the interaction of those institutions not only with Muslims but also non-Muslims.

4.13.3.4 Qitaal (Fighting in the cause of Allah)

Qitaal (fighting/warfare) against the polytheists is a part of the wider concept of *Jihaad fi sabeelillah* (struggle in the way of Allah) and was only allowed by Quran in gradual stages, not allowing offensive warfare until after the migration to Madinah. Again the contrast between the appeal to personal faith and knowledge of the Makkan verses and the community based instructions of the Madinan phase is clear to see. The stronger Islamic community or state which existed in Madinah and was able to undertake military operations to defend its nascent being and go on to conquer its enemies was founded upon the firm base of belief and faith in an ultimate aim which was established and reinforced during the days in Makkah.

The above analysis enables the broad categorisation of Makkan and Madinan chapters according to subject content and style which in turn enables a comparison to be made and is presentable in the following way.

4.13.4 Summary of Content and style of chapters/verses

4.13.4.1 Makkan

1. Chapters that have a verse that commands to prostrate to Allah (آيات السجدة) (except chapters 13 and 22)

2. Chapters that contain the word *kalla* كلا (never) and these are found only in the second half of the Quran.

3. Chapters that have the phrase يأيها الناس (O Mankind) but do not have the phrase يأيها الذين آمنوا *(O you who believe)* are Makkan, except chapter 22.

4. Chapters that relate the story of Adam and Iblis (satan) except chapter 2.

5. Chapters that relate the stories of previous Prophets and their people except chapter 2.

6. Short, simple verses, and strong rhetorical style and rhythmic sound.

7. Repeated use of emphasis, exhortation, analogies and oaths.

8. Emphasis on the cognitive belief in Allah, the Day of Judgement and description of *Nar* (hellfire) and *Jannah* (paradise).

9. Call for adherence to good, broad, moral and universal characteristics like truthfulness, kindness to relatives and the elderly etc.

10. Debate with the polytheists and the refutation of their associating partners with Allah.

4.13.4.2 Madinan

1. Mention of *Qitaal* (fighting) and detailing its rulings.

2. Details of Islamic jurisprudence and legislation including detailed laws governing family, financial transactions, international law and acts of worship

3. Mention of *nifaaq* (hypocrisy).

4. Any verse that starts with يا أيها الذين آمنوا (O you who believe)

5. Long verses

6. Dialectics with the 'people of the Book' i.e. Jews and Christians.

4.14 IMPLICATIONS FOR AN ISLAMIC DEVELOPMENT METHODOLOGY

Elucidation of the historical perspective provides an authentic insight into any Islamic development methodology that can be identified. Although the categorisation of Quranic revelation into Makkan and Madinan is not one which was directed by the Prophet Muhammad or his immediate successors, it has been seen as a useful distinction by many later scholars of Quranic studies and has been an integral part of most classical writings on the sciences of the Quran. The distinction is not a strictly demarcated one in so far as Makkan chapters and verses are not a distinct variety as compared to Madinan ones, rather both combine to form an integrated whole, but some patterns and style differentiation can nevertheless be identified and those can further contribute towards understandings of dynamics and progressive methodologies where such exist.

Accordingly the comparative analysis of Makkan and Madinan phases of Quranic revelation as outlined above highlights several significant contextual, stylistic and linguistic shifts in perspective and content between the two. Noting these considerable patterns it becomes possible to infer a number of important methodological trends in the development paradigm of an Islamic social order.

Early revelation overwhelmingly focuses upon establishing a cognitive belief in Allah and the concept of accountability through the formation of the vision of the hereafter and judgement. Throughout this phase of *iman* building the appeal is consistently and constantly made to the use of '*aql* (rational intellect) and increase in '*ilm* (knowledge) through *tafakkur* (reflection) and *tadabbur* (deliberation). Hence *iman* is essentially a cognitive realisation of realities of human and supra-human existence and constitutes the foundation and central core of human development which must originate from the individual's own efforts. The significance of this phase of development to the

overall Islamic development paradigm cannot be overstated and can be assessed by realising that the majority of Quranic verses expound, enunciate and emphasise these very issues and are of the early Makkan phase.

Secondly the fundamental and central core of *iman* continues throughout all Quranic revelation including the Madinan phase wherein it takes on a more refined and subtle perspective emphasising introspection and continuous self-awareness. The significance of this is that the Islamic development methodology is dynamic rather than static or incremental. Hence development in Islamic terms is the undertaking of the journey and the ability to do so continuously, rather than the achievement of any particular stage or level.

Significantly the establishment of fully functioning Islamic institutions is elaborated in the later revelations of the Madinan stage. Whilst this may be claimed to be rather an expected observation, in accordance with the fact that the Islamic society only became free to govern itself after the migration to Madinah, it nevertheless also indicates a methodological process of development wherein the refined issues of governing a society, of Muslims and non-Muslims alike, are to be addressed effectively once the initial foundational development stage of *iman* building is either complete or well underway within a significant sector of the society. However, analysis of those Quranic verses dealing with institutions reveals that a major function of those institutions is to reinforce the *iman* building paradigm in such a way as to facilitate the continuous development of society.

Hence the inferences for an Islamic development paradigm which arise from the analysis of the Makkan/Madinan dynamic of revelation can be summarised as the initial establishment of a knowledge-based, cognitive faith (*iman*) which identifies ultimate virtues and goals, followed by the de facto growth of institutions which in turn support a wider facilitation of the continuous *iman*-based development towards the ultimate virtues and goals.

4.15 CONCLUSION

The positive correlation of trust and social order has been established conclusively in social, political and economic literature spanning several centuries. However engaging with the intricacies and mechanisms of its nature, functions and factors has proved to be a challenge and has resulted in it being assigned by most writers to the rather nebulous category of social capital á la Putnam *et al*.

Modernity and its conventional philosophy and analysis in socio-economic spheres precludes consideration of virtue and morality as anything other than a subjective construction of the individual mind, taking the perspective, as it is bound to do, of its *alma mater* the Enlightenment project of the eighteenth and nineteenth centuries. However this perspective also leads to the preclusion of several aspects of human behaviour exhibited in trusting relationships which in turn prohibits precisely that understanding of trust which can explain its function as social capital and bridge the seemingly great divide between individual and societal interaction. Hence by bringing the concept of ultimate virtue into view, trust can be seen to have motivations, functions and forms which better explain the 'social capital' role it most definitely fulfils.

Assuming the existence of a widely held concept of ultimate virtue, or *sumum bonum*, which the constituent elements of society proximate towards, through utilisation of embedded social resources, in order to develop, the function of trust can be identified and categorised at three separate, but dynamically intertwined and interdependent, levels. At the individual level it establishes the concept of virtue as the ultimate goal and enables the interactions of individuals on that basis. Furthermore, trust in common values then provides the fibre for weaving the institutional fabric designed to support and bolster society along developmental lines. Lastly, trust is itself an outcome and

product of those social institutions and hence feeds back to expand the initial trust pool which initiates the developmental process.

Islamic ontological and epistemological sources provide a virtue-centric socio-economic framework pivoting around and essentially stemming from the conceptualisations of sovereignty of Allah as expressed in *tawheed*, virtue based actions expressed through *islam*, belief based trust as expressed through *iman*, accountability as restraint expressed through the concept of *akhirah* and the all-pervading trust expressed through *iman*. The primary element in this framework is quite obviously *iman*. It forms the fundamental basis of the *deen* of Islam and the structural spine of all of its theory and guidance including the socio-economic models of development. The essence of *iman* begins in the individual sphere and its actualisation is to be seen at societal and institutional levels. In this way the concept of *iman* in Quranic discourse has significant and revealing parallels with the concept of trust as earlier expounded, and clearly fulfils roles and functions of individual trust and also forms the most critical component of social capital.

The textual, contextual and linguistic analysis of Quranic revelation under the categorisation of Makkan and Madinan phases reveals aspects of Islamic developmental methodology through the recognition of significant patterns and dynamics which not only underline the centrality of *iman* but interestingly lead to implications regarding hierarchical and sequential precedence when considering implementation of development methodologies.

Relating this sequential nature of Islamic development methodology to Figure 4.1 and superimposing the various spheres of *iman* and its actualisation it can be noted that the individual aspect, which may be termed the vertical element of *iman*, is the element which, through cognitive beliefs of the ultimate virtue, creates the trust pool. Furthermore the actualisation of *iman*, which may be termed its horizontal element, contributes to social capital and the forming of Islamic institutions. Thirdly there is a feedback effect whereby

one intended effect of institutions is to facilitate and bolster the level of *iman* in society and hence expand the trust pool.

The holistic, or macro level perspective provides an understanding of the complex dynamic nature of the Islamic development methodology in so far as it reveals the interdependent, concurrent and continuous nature of the relationship of *iman* with institutions, of the individual with society and of trust with development. The implications of this include the fact that only when both phases of development, *iman* and institutions, function efficiently and concurrently will Islamic development be achieved and furthermore that such development is defined not by reaching any particular level or goal but by continuously moving towards the goal of *Ihsan*. Hence Islamic development is to be measured by how efficiently and extensively individuals and society are together moving through the *Islam-iman-Ihsan* journey and conversely failure may be measured by how extensively the barriers to such movement exist within the society. It is suggested therefore that Islamic development efforts should give due importance to recognising these barriers and hindrances which undermine the building of a social fabric based upon trust, and implementing their removal in order to facilitate the intended development process for individuals and society as a whole.

Chapter 5

TOWARDS AN AUTHENTIC ISLAMIC LEADERSHIP MODEL

5.1 INTRODUCTION

In the fields of management, sociology and politics, leadership is a subject that has been studied and analysed extensively in modern times. It is an integral part of human nature and profoundly impacts both personal and social dimensions of development.

Modern research on leadership has produced numerous and diverse theories, studies, surveys, terms and phrases in an attempt to locate and define the phenomenon in order to facilitate its analysis and prediction. The study of conventional leadership theories reveals that the majority of research on the subject in recent times focuses on one of two areas. The first is an essentialist philosophy which posits that certain universal realities can be identified that give rise to leadership. These realities or essences may be traits or characteristics of the leaders, specific relations between leaders and followers or certain situations coinciding with certain personalities, but the common theme is that they are standard and universal and can be isolated as replicable factors. These essentialist theories include trait/behaviour theory, contingency theory and situational theory.

The second type of research is anti-essentialist or constructivist and concentrates on the varying nature of leadership and its complexities hence stressing that leadership cannot be wholly understood by the application of simplistic reductionist models or specific universal realities. Rather, the anti-essentialists or constructivists claim that leadership is a dynamic and interdependent phenomenon that is particular to the one-off circumstances in which it occurs and nothing about it is absolutely universal or easily replicable

or predictable. In short this approach is to present leadership as a subjective set of processes and interactions not essentially attached to either the leader or the followers and not consisting of any universal realities or truths. Theories such as social/culture theory, cognitive theory and contextual theory all belong to this camp.

A vast amount of literature has been produced on the subject of leadership. This work will refer to what are considered the most important contributors to the field. Works such as Burns (1978), Greenleaf (1977) and Heifetz (1994) represent essentialist thought whereas other, usually later writings, such as Astin and Leland (1991), Ensari and Murphy (2003) and Offerman and Phan (2002) argue against what they claim to be the simplistic and reductionist ideas of essentialist works that do not take into account variations in circumstance and interpretation.

With such pioneering work as Hofstede's (1980), it has been shown that managerial concepts and behaviours vary greatly across cultures. The term cross-cultural management has been coined to define that research aimed at explaining and predicting such variations. More recently Den Hartog *et al* (1999) and Brodbeck *et al* (2000) have demonstrated that leadership models and prototypes are closely linked to cultural values and vary accordingly. This realisation of sometimes vastly different models and paradigms that exist globally have led to the view that conventional theories of leadership are actually peculiarly Western theories and are not universally applicable. This view is reinforced when one realises that the whole essentialist / anti-essentialist debate does not exist at all in many non-Western cultures.

The focus of this study is not the linguistic definitions of 'leader' or 'leadership', but rather the philosophies and approaches that underlie the research mentioned above, for it is these fundamentals that cause the studies to focus on particular perceived aspects of leadership and not others. The first part of this work is an exposition of the dichotomy that has resulted

in modern western leadership theory as a result of varying views of human realities. The second part is the examination of the Islamic ontology, that recognises a dual nature of the human being, and can provide a more coherent and replicable understanding of leadership and its implications. Hence the role of leadership in an Islamic development paradigm will be analysed and an innovative, integrated theory of leadership will be located within the Islamic development paradigm.

This paper intends to firstly review the existing modern literature. This will be presented as a summary of the main theories that exist. The critique of conventional leadership philosophy reveals that it struggles to explain the human phenomenon of leadership because of an incomplete understanding of the nature and functioning of the human being.

It is proposed that Islamic ontology provides a comprehensive understanding of human nature and hence may provide a coherent and holistic examination of leadership as it is neither wholly essentialist nor wholly constructivist. The Islamic leadership theory proposed is compared to existing conventional theories in order to ascertain how, if at all, it differs and whether it provides a novel viewpoint on the subject.

The aim of this work is to develop an authentic theory of Islamic leadership centred on the role of knowledge and social capital and integrated into the Islamic development paradigm. This theory will be derived from the Prophetic ideal and will demonstrate the ‘dualistic’ nature and function of the Islamic archetype leader combining self-development, stemming from the vertical aspects of *iman* (cognitive faith), with the facilitation and promotion of similar human development amongst the followership, which comprises the horizontal aspects of the actualisation of *iman* in society.

This paper follows on from the previous chapters which first outlined the Islamic development model as being structured around the *islam-iman-ihsan* dynamic focussing on the vertical and horizontal actualisations of *tawheed*, and secondly explored the role of *iman* as the trust fabric helping to build individual and social order and institutions. In particular analysis of the historical context of the Prophetic era indicated an evolutionary methodology to Islamic development evident in the Makan and Madinan phases.

In moving from the development of individuals to that of society, a key role which is necessary is that of leadership. The Quranic guidance indicates this and the Prophet's example in Makkah and Madinah embodies this concept. Therefore this paper aims to examine the authentic concept of Islamic leadership and locate its role within the Islamic development paradigm developed in this work. Drawing on the ontological sources of Quran and Sunnah, the distinguishing features of this leadership model, as opposed to existing Western theories, are highlighted and its roles and functions at the individual level as well as the society level are discussed.

5.2 LEADERSHIP: SURVEYING THE CONVENTIONAL THEORY

This section aims to discuss the direction of modern thought on leadership and in light of the development of theories, its limitations and shortcomings will be identified. This discussion will be utilised to demonstrate the need to move beyond the current polarised debate in western leadership research and look towards alternative approaches.

5.2.1 Development of Leadership Theories

5.2.1.1 Power and Influence Theories

Perhaps one of the most influential works on leadership in the past century was written by James MacGregor Burns (1978) who puts forth the quintessential essentialist perspective within the power and influence tradition, reviewing hundreds of years of conceptualisations of leadership in order to ascertain key aspects. His goal was to develop a 'general' theory of leadership that transcends time, context, and culture. Burns puts forth the proposition that leadership is an ideal relationship that is characterised by two basic types: transactional and transforming. The transactional leader is much more common and is involved with exchanging one thing for another. Bureaucrats, political parties, and legislators tend to operate within the transactional form of leadership. The transformational leader seeks to cultivate followers' higher needs and engages the "full person of the follower" (Burns, 1978). The transformational leadership process is more mutual and elevates the follower and leader.

Burns also examines moral leadership that is related to the fundamental needs, aspirations, and values of the followers and also an inherent part of transformational leadership. The aim of leadership is social change measured by intent and by the satisfaction of human needs and expectations. Burns refers to this aim as the 'essence' of leadership. Transformational and transactional leadership are idealised types that are characterised by essential, timeless, unchanging features that can be identified across culture, situation, and context. In addition, Burns believes it is possible for the leader to identify the 'true' and essential needs of followers – certain universal, psychological, economic, spiritual, aesthetic, and safety needs.

5.2.1.2 Trait and Behavioural Theories

Greenleaf's (1977) concept of the servant leader falls within the trait/behavioural approach to studying leadership. Greenleaf identifies the essential features of the servant leader, providing a guide for behaviour. He

describes exemplary individuals he has observed who exhibit the behaviours of servant leaders and importantly he notes that the qualities transcend context, organisation, or historical time period. The two essential behaviours are integrity and a profound sense of the mystical, both guided by the heart. The leader is a servant, a person who first wants to serve others and puts their needs and desires before his or her own. A set of traits and behaviours mark the servant leader: goal oriented, listens and understands others, pays attention to language and meaning, imagination, reflection, acceptance and empathy, focusing on the unknowable, Prophetic or practicing foresight, awareness and perception, persuasion, and conceptualising. Greenleaf reviews the actions and traits of leaders throughout history to identify this group of essential traits and behaviours.

5.2.1.3 Contingency Theories

For the most part, situational or contingency scholars are also essentialist; they document idealised and universal personality traits and situations and match the leader's orientation with certain organisational contexts or situations. Fiedler (1997) is one of the early writers on contingency theory, examining how a leader's personality or behaviour affects leadership performance and situational theory, focusing on aspects of the organisation or environment. The 'essential' leader's personality traits are task-oriented versus relationship-oriented. The "essential" leadership environment feature is situational control marked by: (i) the leader being or feeling accepted and supported by group members; (ii) the task is clear cut and structured; and (iii) the leader has the ability to reward and punish, and thus obtain compliance. While the task-motivated leader performs best in both high and low situational controls, relationship motivated leaders perform best in situations in which control is moderate. Fiedler's conclusion is that leaders perform best in situations that match their leadership style. People can be reduced to an enduring preference style that can be matched to a stagnant environment that can be identified at some point in time. Experience, training, and

organisational turbulence are also conditions that can be “fixed” and examined in relation to leader effectiveness.

5.2.1.4 Situational Theories

A more recent version of situational theory is Heifetz’s adaptive leadership (Heifetz, 1994). Similar to Fiedler’s work, Heifetz attempts to identify idealised situational types that can be examined and planned for by change agents. There are three leadership situation types:

(i) Type I - clear problem definition, clear solution and implementation, primary locus of responsibility for the work is with the leader and the work is technical;

(ii) Type II – problem definition is clear, solution and implementation requires learning, the primary locus of responsibility for work is shared between leaders and followers and the work is both technical and adaptive;

(iii) Type III – the problem definition requires learning, the solution and implementation requires learning, the primary locus of responsibility for work is with the follower and secondarily the leader and the work is adaptive.

Technical kinds of work are routine and mechanical and the follower can depend on the leader to develop a solution. Heifetz uses a medical analogy of a patient to describe how certain medical situations require little troubleshooting, the diagnosis and solution are clear. However, in Type II and III situations, the work is adaptive and requires involvement of the patient.

The task of leadership is to be able to accurately identify the situation and match leadership activities. Type I responses are the most typical, because they entail a more authoritative approach, which is prevalent in society. However, Heifetz points out that many of the situations we encounter are actually type II or III and that a type I response is not effective. He reviews various leaders' decisions examining when they effectively identified the situation type and matched their response and showed that they encountered successes when this occurred. What makes Heifetz or Fiedler essentialist is that the situations they identify are not believed to differ based on cultural, social, psychological, and historical differences.

5.2.1.5 Constructivist theories

Leadership remained a relatively essentialistic phenomenon until the 1980s when researchers began to challenge assumptions of universality through the development of cultural, cognitive, contextual / processual theories of leadership (Bensimon, Neumann, Birnbaum, 1989). Many different aspects were examined including cultural differences in leadership, social differences (for example, race and gender), different psychological orientations, organisational differences (that different organisational contexts require different leadership) and historical differences (for example, that different approaches to leadership were required in the 1960s than are required now) (Astin and Leland, 1991; Ayman, 1993; Bensimon et al., 1989; Bolman and Deal, 2003).

More recently, post-modern theorising of leadership has also been conducted. Post-modern scholars challenge universal truths and essences because there is no objective vantage point (or reality) and our perceptions are the only thing we can come to know (Grint, 1997). They also question whether universal essences or truths even exist beyond our perceptions. Instead, knowledge is seen as contingent to local conditions and contexts.

All of the above perspectives relate directly to the notion of creating non-essentialist views of leadership in the following manner. Social constructivists, constructivists, and post-modernists take a non-essentialist view that leadership is shaped by local conditions, individual backgrounds/experiences, and circumstances. Local conditions and circumstances vary and “essential” situation types are not possible to identify. There are no essential traits or behaviours that can or should be identified; the process is contingent upon many factors and conditions. Yet, as noted earlier, anti-essentialists, for the most part, are not abandoning the idea that leadership exists, but that it is more complex, multi-faceted and varying than previously envisioned. Social constructivists and postmodernists suggest that past essentialist studies of leadership identified traits and behaviours or influence strategies that reflected the perspectives of those in power; generally wealthy, white men (Astin and Leland, 1991). The major strands of non-essentialist leadership research: cognitive, cultural, and contextual / processual theories will be reviewed here.

5.2.1.6 Cognitive Theories

Cognitive theories of leadership identify how leaders have different perspectives or lenses (Bensimon *et al*., 1989). For example, Bolman and Deal’s research (2003) demonstrated that leaders tend to examine situations through one or more lens or cognitive orientations (e.g., political, symbolic, structural, or human resource). Building on contingency theory, they also demonstrated that different situations might require different cognitive approaches to leadership; a political orientation might serve a leader in one situation while a bureaucratic orientation is important within another. They break from contingency theorists’ essentialist efforts of matching situation and leader type. Instead, they describe how leaders often try to lead organisations by finding the one right answer and the one best way and they are stunned by the turmoil and resistance that they thereby generate.

Bolman and Deal (2003) argue that leaders must be passionately committed to their principles, but flexible in understanding and responding to the events, situation, and contexts around them that are constantly shifting and changing. They claim we cannot come to an understanding of some essential traits, behaviours, power and influence strategies, or even cognitive orientations that are the essence of leadership. Instead, leaders must constantly relearn and leadership is more artistry, not exact or precise. Research demonstrating that leaders have vastly different cognitive orientations resulted in social/cultural research about other types of differences among leaders' approaches and beliefs.

5.2.1.7 Social and cultural theories

The social / cultural leadership literature examines gender, race and cross-cultural issues (Astin and Leland, 1991; Helgesen, 1990; Rosener, 1990). Although few studies exist, research on racial or ethnic differences in the U.S. have found that their leadership also differs from the earlier research conducted on all white, male samples. Native Americans emphasise community, wisdom, and spirituality as important for leadership and African Americans describe a non-hierarchical, community based definition of leadership (Ayman, 1993; Tierney, 1993).

Cross-cultural studies have exploded in the literature in the last few decades and provide some of most powerful examples of the non-essentialist position. Dickson *et al* (2003) describe how since 1996 there has been a decline in the quest for universal leadership principles and a rise in awareness of differences, generally applying Hofstede's dimension of culture. The research examines a host of issues from differences related to individual countries -- to an examination of clusters of countries based on like contexts or histories. The studies reveal unique ways that leadership is defined among Eastern (collective, holistic, spirituality based) and Western cultures (hierarchical, authority based, and individualistic) (Ayman, 1993; Cox, 1993). Other studies

have examined cross cultural difference based on more general societal/cultural differences such as individualistic (focus on individual achievement and rights) versus collective societies (focus on collective achievement and rights) and found dramatic differences (Ensari and Murphy, 2003; Hofstede, 2005; Offerman and Phan, 2002).

5.2.1.8 Processual and contextual theories

In addition to different mental models, cross-cultural, racial and gender differences, studies have also examined how context affects leadership (Parry, 1998; Pettigrew, 1997; Pettigrew, Woodman, Cameron, 2001). Osborn *et al* (2002) argue that the leadership literature has long emphasised micro perspectives and therefore macro perspectives that take context and complexity into account have received limited attention. Many contextual and processual theories of leadership emerge from anthropological approaches applied to the study of organisational phenomena. The focus is on how organisations and societies have particular histories and cultures that affect organisational phenomena, including leadership. Contexts are usually so distinctive that comparison across them is often not meaningful. For example, Tierney's (1988) analysis of higher education leadership demonstrates how leadership is like a spider's web—each one is unique to the spot in which it is created. Similarly, leadership is unique within each context. Also, leadership is dynamic and unfolds over time – an underlying assumption of processual theories. Because it is a process, it is volatile, sensitive to changes, and universal essences make little sense in this emergent understanding and context of leadership (Dawson, 1994).

5.3 EMERGING TRENDS IN LEADERSHIP RESEARCH

5.3.1 Ethical Leadership

More recent literature indicates two general classes of leadership styles: transactional and transformational (Bass and Avolio, 1994), with the majority of leaders studied characterised as transactional (Wren, 1998). Transactional leadership is based on contingent rewards, motivates followers to achieve goals, and focuses on results (Den Hartog, Van Muijen, Koopman, 1997; Gini, 1998; Odom and Green, 2003). Static organisations in stable environments are more likely to experience transactional leadership modes, and the emphasis on task, authority and results urges management to steer the way without reference to a moral compass. Odom and Green (2003) agree, suggesting that transactional leadership creates an environment where even good intentions are more likely to result in unethical behaviour.

On the other hand, transformational leadership is based on vision, trust-building, core values, continuous learning and long-term sustainability. Such leadership motivates followers to achieve a vision built on objectives that include concern with all stakeholders, and acts as mentor or role model (Torpman, 2004) to followers moral development. Northouse (2009) suggests the four 'I's of transformational leaders as: individualised consideration, intellectual stimulation, inspirational motivation, and idealised influence. Organic organisations operating in variable and dynamic environments are more likely to support transformational leadership styles where the importance of collective identity (Shamir, Zakay et al., 1998), leading by example, employee development and a learning culture combine to promote an ethical approach to leadership.

Ethical leadership is a leadership style that derives from a model of transformational leadership wherein the vision is one of the achieving moral

good, and the core values are those of integrity, trust, and moral rectitude. Ethical leaders should inspire others in the organisation to behave in similarly ethical ways, and they are persuasive in their communities to effect change in the direction of positive moral goals. They are in possession of what Kanungo and Mendonca (1996) term ‘moral intelligence’. Moral intelligence at the individual level relates to a stage of moral development that recognises norms as part of a social contract and that elevates the social contract above the moral minimum of law (Kohlberg, 1969). Moral intelligence paves the way for ethical leadership that engages in ethical conduct based on doing the right thing consistently, and recognising one’s moral responsibilities towards members of a community (Ciulla, 2004; Rost, 1995). Since unethical behaviour results from moral rationalisation that denies the consequences of decisions with ethical impact (Nash, 2001), ethical leaders must be able to identify when a decision has moral consequences, and must then use ethical decision-making methods that take into account more than just bare-bone results (Sama and Shoaf, 2002), and choose to do the right thing consistently.

Personal qualities such as integrity are important to perceptions of leadership effectiveness and research has borne that out. For example, survey research has linked perceived leader effectiveness with perceptions of the leader's honesty, integrity, and trustworthiness (Kirkpatrick and Locke, 1991; Kouzes and Posner, 2003). And, cognitive trust (the exercise of care in work, being professional, dependable) (McAllister, 1995) has been associated with effective styles of leadership as well (Dirks and Ferrin, 2002).

Burns (1978) proposed that transformational leadership is moral leadership because transformational leaders inspire their followers to look beyond self-interest and work together for a collective purpose. However, this seminal work sparked a debate about the ethics of transformational and charismatic leadership with scholars weighing in on both sides of the issue.

Kanungo & Mendonca (1996) argued that transformational leadership involved an ethical influence process, while transactional leadership did not. However, Bass (1985) argued that transformational leaders could be ethical or unethical depending upon their motivation. Howell (1988) made a distinction between personalised and socialised charismatic leadership, with socialised charismatic leaders being the more ethical of the two and Howell & Avolio (1992) supported the distinction in a qualitative study.

The relationship between ethics and transformational and charismatic leadership is questioned still. However, empirical research tends to support the view that transformational leadership, as conceptualised and measured by Bass and Avolio via the Multi-Factor Leadership Questionnaire (Avolio, Bass, Jung, 1999), does describe a leader with an ethical orientation. Furthermore, Turner, Barling, Epitropaki, Butcher, & Milner (2002) found that subordinates perceive leaders with higher moral reasoning to be more transformational. Also, transformational leadership has been found to be positively related to perceived leader integrity (Parry and Proctor-Thomson, 2002; Tracey and Hinkin, 1994). Hence transformational leadership and ethical leadership overlap in their focus on personal characteristics. On the other hand, theory and research also suggest that ethical leadership and transformational leadership are distinct constructs (Brown, Trevino, Harrison, 2005).

5.3.2. Authentic Leadership

Authentic leaders are “individuals who are deeply aware of how they think and behave and are perceived by others as being aware of their own and others' values/moral perspective, knowledge, and strengths; aware of the context in which they operate; and who are confident, hopeful, optimistic, resilient, and high on moral character” (Walumbwa, Avolio et al., 2008:4). Luthans and Avolio (2003:4) view authentic leadership as a “root construct”

that “could incorporate charismatic, transformational, integrity and/or ethical leadership”.

Openness, self-awareness, consistency and transparency are at the core of authentic leadership. In addition, being motivated by positive end values and concern for others (rather than by self-interest) is essential to authentic leadership. Authentic leaders showcase positive attributes such as hope, optimism, and steadfastness. Lastly, authentic leaders are capable of judging ambiguous ethical issues, viewing them from multiple perspectives, and aligning decisions with their own moral values (Avolio and Gardner, 2005)

Similar to transformational leadership, authentic leadership appears to overlap with ethical leadership particularly in terms of individual traits. Both authentic and ethical leaders share a social motivation and a consideration-of-others leadership style. Both are ethically principled leaders who consider the ethical consequences of their decisions (Luthans and Avolio, 2003). However, authentic leadership also contains content that is unrelated to the ethical leadership construct. For example, authenticity and self-awareness are not part of the ethical leadership construct. In research by Trevino *et al* (2000) about ethical leadership, authenticity, or being true to oneself, was rarely if ever mentioned. Rather than self-awareness, interviewees who talked about ethical leaders frequently discussed what might be termed ‘other awareness’. It is perceived that ethical leaders' care and concern for others was paramount.

5.3.3. Spiritual Leadership

Spiritual leadership is comprised of “the values, attitudes, and behaviours that are necessary to intrinsically motivate one's self and others so that they have a sense of spiritual survival through calling and membership” (Fry, 2003:711) and “is inclusive of the religious-and ethics and values-based

approaches to leadership" (p.693). It has also been described as occurring "when a person in a leadership position embodies spiritual values such as integrity, honesty, and humility, creating the self as an example of someone who can be trusted, relied upon, and admired. Spiritual leadership is also demonstrated through behaviour, whether in individual reflective practice or in the ethical, compassionate, and respectful treatment of others" (Reave, 2005:663).

The concept of spirituality in modern leadership theories is not very old and until recently, most leadership theories did not address the role of religion or spirituality in political or workplace institutions (Hicks, 2002). The apparent separation of spirituality from the workplace was due to the assumption, whether implicit or explicit, that workplaces or other social institutions are secular (Hicks, 2002) and secularism attempts to keep religion a personal or private matter. Thompson (2004:27) also views the "gap between moral purpose and moral performance as a problem created in part by the alienation of spirituality from civic life." He further argues that: "We are a nation of privatized morality that places corporate and civic leaders in a labyrinth of uncertainty when they try to establish a moral foundation for actions and decisions affecting the public interest. This uncertainty is compounded by an Enlightenment tradition of modern secular pluralism privileging rational discourse as the vehicle of public moral sentiment."

Fry (2003) proposed a causal theory of spiritual leadership that incorporates vision, hope/faith, and altruistic love, theories of workplace spirituality, and spiritual survival. He further argues that spiritual leadership theory is not only inclusive of other major extant motivation based theories of leadership, but that it is also more conceptually distinct, parsimonious, and less conceptually confounded. By incorporating calling and membership as two key follower needs for spiritual survival, spiritual leadership theory is inclusive of the religious and ethics and values based approaches to leadership (Fry, 2003).

Brown and Trevino (2006) present a table comparing features of these types of leadership which demonstrates that all of these types of leaders (including ethical leaders) are altruistically motivated, demonstrating a genuine caring and concern for people. All of them also are thought to be individuals of integrity who make ethical decisions and who become models for others. Employees are likely to admire such leaders, identify with their vision and values, and wish to be like them. However, except for ethical leadership, none of these approaches focuses on leaders' proactive influence on the ethical/unethical conduct of followers in the context of work organisations. Ethical leaders explicitly focus attention on ethical standards through communication and accountability processes. This more 'transactional' aspect of ethical leadership is a key differentiator between ethical leadership and these related constructs. In addition, these other constructs include characteristics that are not part of the ethical leadership construct (*i.e*., visionary orientation, religious orientation, self-awareness). Thus, ethical leadership is clearly related to, but distinct from these other leadership theories.

5.4 CLASSIFYING MODELS AND THEORIES OF LEADERSHIP: ESSENTIALISM VS. CONSTRUCTIVISM

The leadership theories and models discussed in the preceding sections either theoretically developed to shape the everyday management style, or are grounded theories in the sense of being based on the everyday practice of management styles in the 'situation'. The former attempt can be located within essentialism, while the latter trend is located within constructivism. Essentialists attempt to identify inherently human qualities, independent of all circumstances and surroundings, as the origins of the leadership experience. On the other hand, constructivists vehemently deny anything other than natural processes and subjective perceptions as the constituents of leadership.

A most basic definition of essentialism may be expressed as ‘members of a category have a property or attribute (*essence*) that determines their identity’. Essentialist philosophy has changed slightly over time, but early proponents include Plato and Aristotle, who believed that the universe was made up of two different realities: the essential universe and the perceived universe (Takala, 1998). The essential universe was that ideal or perfect universe while the perceived universe was a façade or perception. The perceived universe is continuously changing and dying. The goal of wisdom and later scientific research is to identify the essences or ‘real knowledge’ and to get beyond the perceived, which is merely opinion and belief. The essential forms are more ‘real’.

How does this essentialist view affect the study of leadership? Plato attempted to identify the ideal mindset and skills (such as prudence, wisdom, justice, courage) for the philosopher king that could be used within any situation in order to move societies toward the ideal state. The king was, of course, a leader.

Plato and Aristotle’s views of the nature of reality were also infused into modern notions of science. Popper, in the 20th century, supported in general ‘methodological essentialism’ (based on Aristotle’s views) which directs research of invisible essences through examination of their phenomenal changes (Ellis, 2001). Scientific essentialism, which gained credibility in the first half of the 20th century, defends the view that the fundamental laws of nature depend on the essential properties of the things on which they are said to operate. These laws are not imposed upon the world by the forces of nature, or anything else, but rather are immanent in the world. Natural objects must behave as they do, because to do otherwise would be contrary to their natures. Essentialist ontology was used to explain the physical world and it was also applied to social phenomena over the last hundred years and used in virtually every discipline and field. In terms of leadership,

essentialism aims to identify the universal laws (represented through traits, behaviours, and power/influence strategies) that govern the phenomena.

Anti-essentialists or constructivists hold that a complex system of cultural, social, psychological, and historical differences, not a set of pre-existent human essences, position or constitute the subject or human phenomenon (Fuchs, 2005). Some constructivists find the search for universal human characteristics problematic in the face of deeply embedded cultural differences. Others worry about the ability of labels to properly identify complex phenomena. Yet, non-essentialists are not abandoning the idea that phenomena exist, such as leadership, but that it is more complex, multi-faceted, and varying than previously envisioned

The opposition, division and polarity of the two philosophies, seems, at first sight, to be an unbridgeable gap. However this gap is only one perception and only exists in theory as practical life is not always so distinct. Making this point, Izetbegovic (1984) rightly notes, Marxism, as a theory, rejected the family and the state but actually kept both institutions. Every spiritual religion renounces the attachment to this world but accepts the struggle for a better world and social justice. Just as Marxism has had to accept some degree of individual freedom so religion has had to accept some degree of force. It is obvious that in real life man does not live according to any consistent philosophy.

The philosophical roots of the essentialist and constructivist theories lie in two different approaches to explaining the reality of the human being. However, the fact that these approaches are distinct and take separate paths does not necessarily imply that they cannot exist harmoniously together. In fact such co-existence would be the most probable result considering that they are both sincerely attempting to understand the same phenomenon.

Defining leadership solely as a function of individual charisma or traits, as a bundle of behaviours or skills, or as a list of optional approaches and contingencies is a flawed approach. Experience clearly fails to confirm these ideas. Rather, leadership is an interactive, dynamic relationship between a leader and followers constantly and mutually engaged. It takes place in situations (groups, organisations and societies) where both the leader and the followers are united enough in terms of values and trust each other enough to undertake participation in joint activity.

According to the Islamic perspective, spirituality can be gained by living everyday life, through its daily activities, and performing routine tasks while establishing a discipline that Allah asks for. Looking at the above characteristics of spiritual leadership, scholars have argued that many of the characteristics of 'spirituality in the workplace' – the building of community, concern for social justice within the organisation and its vision, and equality of voice — are basic themes of Islam (Kriger and Seng, 2005). Some further suggest that the values of service, surrendering self, truth, charity, humility, forgiveness, compassion, thankfulness, love, courage, faith, kindness, patience, and hope, mentioned in the workplace spirituality literature, (Kriger and Hanson, 1999), are to be found not only in the Quran, but also in popular Islamic wisdom literature, philosophical debates and the mystical guidance of esoteric Islam, Sufism.

5.5 ISLAMIC LEADERSHIP: SURVEYING THE LITERATURE

In early Islamic literature several terms have been employed which refer directly or indirectly to leadership and leaders. These include *wilayah*, *imamah*, *khilafah*, *amr* and *ra'a* amongst others. These terms have been used to convey the general meaning of leadership and when so employed they are synonyms. However from an etymologic perspective each term has a subtle variance from the others and an exploration of this reveals interesting insights into the Islamic view of leadership.

Wilayah, meaning leadership or headship is derived from the root *wala* and its semantic field contains the words *waliyy, mawla, tawalla* etc which have several meanings including ally, friend, helper and close relation (Al-Zabidi, 1965). Hence an accurate understanding of this term as applied to leadership terminology must incorporate these underlying meanings also. Considering Ibn Taymiyyah's (1988:11) definition of *wilayah* as "maintaining the *deen* of the people such that if it is lost they are the losers and maintaining a life that will help people to understand their *deen*". In the light of the semantic connotations it can be safely assumed that he understood it to represent a role of supporting and enabling the vision of Islam in society rather than simply the codes of law or government.

Imamah is probably the most common word to be associated with the general concept of leadership and is employed for heads of state as well as leaders of prayers. The word is derived from the verb *amma* meaning to be in front of or to go before (Al-Zabidi, 1965). It incorporates a sense of example or role model, one who leads by example and leads from the front. Again in Quranic usage it is applied to describe the leadership of the Prophet Ibrahim (Quran 2:124) and implies example or role model for all following peoples. The more technical definition employed for the head of state or government is only to be found in Islamic texts specifically dealing with political issues such as Al-Mawardi's oft quoted book *Ahkam Al Sultaniyyah* (Al-Mawardi, 1983) in which he employs the term to refer specifically to government and political rule.

Another term for leadership, *khilafah* is derived from *khalafa* meaning to follow, come after, succeed or come behind (Al-Zabidi, 1965). The word *khalifah* occurs in the Quran in reference to the Prophet Adam at his creation and one of its implications is that the human race was to represent Allah on the earth succeeding the Jinn who had previously been there (Al-Qurtubi, 1996). Abu Bakr who succeeded the Prophet Muhammad as leader of the Muslims was given the title *khalifah al rasul* or successor to the Prophet. This

title was not adopted by Umar, the successor of Abu Bakr because, as he explained himself, it would need to be successor to the successor to the Prophet and so would become cumbersome in future (Nomani, 1991).

Lastly, the term *ra'a* means to graze or pasture and from it stems the word *ra'iy* or shepherd (Al-Zabidi, 1965) which is also used in terms of leadership to mean anyone in charge of some affair of another. Hence it brings another dimension to the meaning of leadership in Islam, namely that of responsibility as a shepherd often is responsible for the care of something not directly owned by him or her but which he or she is answerable for to the owner. This aspect of the meaning of the term is supported by the fact that a semantically very closely related word carries the meaning to quiver or tremble.

Thus it can be seen that the semantic analysis of the various terms used in Islam for leadership reveal subtle connotations related to the function and role of leaders. The following section further explores the concept of leadership practice as discussed in the classical and recent literature.

5.5.1 Classical Islamic Concepts of Leadership

Amongst the earliest surviving writings which deal with leadership as a distinct discipline or subject are those of Abu Al Hasan Al-Mawardi (972-1058 CE). Living in the later Abbasid times he was an eminent scholar and served as chief *qadhi* of Baghdad before serving for several years as an ambassador to the Abbassid regime, something which undoubtedly helped formulate his concepts of governance and leadership. Although he also wrote on ethics and jurisprudence, his most famous work is undoubtedly the book known by its shortened title of *Al Ahkam Al Sultaniyyah* or 'The Rules of Governance'. In it Al-Mawardi systematically outlines his recommendations for the way government is to be organised and administered. His ideas of leadership outline not only duties and responsibilities of government officials

at all levels from the local to the *khalifah* himself, but also the techniques, methods and systems that will lead to a just and efficient system. He laid great emphasis upon the qualifications required for anyone in a leadership position particularly stressing justice and knowledge of the higher requirements of Islam (Al-Mawardi, 1983). It should be noted, however, that his contribution, in this book, was more to the mechanisms and procedures of government than to any general concept of leadership derived from Islamic ontology.

One of the criticisms of Al-Mawardi has been that he seems to justify, in *Al Ahkam*, the concept of seizing power by force or usurpation though his concept of *imarat al istila* (emirate by seizure). He gives several conditions under which he deems such rule to be legitimate, and therefore he has been accused of writing to justify the behaviour of the political rulers of his time. However if one considers that in *Al Ahkam* he is merely outlining the practices of the day and how they relate to possible legal formalities, and not setting forth his theoretical concepts of what Islamic rule is or should be, then his writings may be seen in context. As further support to this version of Al-Mawardi's thought is the evidence found in his other writings. One of these, *Tahsil an Nadhar wa Ta'jil adh Dhafar*, is a work on governance and rule and in it Al-Mawardi sets out a broader theory of governance and uses it to criticise and censure many practices of the Abbassid rulers of his time, which he saw to be corrupt and not justifiable. It is also in this other wok that he proposes that religious beliefs form the most sound and durable basis for rule and also sets forth a cyclical concept of state development, three centuries before Ibn khaldun.

Hence Al-Mawardi's contribution, if we are to be fair to him, goes beyond his legalistic work of *Al Ahkam As Sultaniyyah* to a broader and more conceptual theory of state building in *Tahsil an Nadhar*. He was in fact the pioneer of many ideas regarding governance and society which would later be attributed

to other authors. His works deserve further study and examination and may still contribute greatly to the field of development of Muslim societies.

As one of the most important and highly regarded contributors to Islamic thought, Abu Hamid Al-Ghazali (1058-1111 CE) wrote on leadership specifically in his book *Al Tibr Al Masbuk fi Nasihat Al Muluk* known in English as 'Counsel for Kings'. Writing at a time in which he believed Muslim scholarship had come to over emphasise the literal and textual commandments of Islam through elevating the science of *fiqh* or jurisprudence to a level beyond its actual status, Al-Ghazali outlined for the rulers of his time what he believed Islamic leadership should embody. Unlike Al-Mawardi, he set out ten principles, all derived from and supported by the Quran, the Sunnah and the writings of early scholars and sages, which included *shuraa* (consultation), *'adl* (justice), tenderness towards citizens and striving to solve the problems of the people both personal and public (Al-Ghazali, 1987). Al-Ghazali interestingly sensed the link between the leadership's losing sight of the greater principles of Islam and the social disarray which the Muslim world found itself in at a period just before the Mongol invasion of Baghdad.

Ahmad Ibn Taymiyyah (1263 – 1328 CE), another great scholar of Islam, lived in the period following the fall of Baghdad. He wrote a book entitled *Al Siyasah Al Shar'iyyah* (Shariah Politics) in which he details the requisites of an Islamic leadership and addresses in particular the need for reform as he had witnessed the utter failure of leadership in his time. As well as principles such as consultation, justice and trust Ibn Taymiyyah's writing is noted for his emphasis on adherence to Islamic commands especially for those who are in positions of leadership (Ibn Taymiyyah, 1988). When seen against the background of the Abbassid collapse and failure of Muslim forces to resist the Mongol invasion it can be understood why Ibn Taymiyyah saw the decadence and decline of Islamic practice amongst the leadership as the greatest of malaises. His emphasis on strict regulations and control is also

evident in his later book entitled *Risalah Al Hisbah* (Treatise on the Hisbah) in which he outlines the institution of micro level market regulation. This regulation and control is identified as a key responsibility of the government and an indicator of good leadership.

Widely considered to be the founder of social sciences, Abd Ar Rahman Ibn Khaldun (1332 – 1406 CE) is one of the best known and most respected of Islamic scholars to date in both East and West. His famous introduction to his voluminous work on history known simply as *Al Muqaddimah* (The Introduction) outlines what is probably the first ever systematic approach to the study of history and culture. He provided a new perspective on leadership by analysing its roots in social organisation and culture. His theory of legitimate leadership being built up from the society and resting upon foundations of trust and bonding which must exist in society was unique and is reflected even today in theories of social capital (Ibn Khaldun, 1978). He focussed not on government and its regulation but rather on society and its cohesiveness as an indicator of leadership and by recognising that leadership is only successful and sustainable if arising from and then promoting social cohesion which he terms *asabiyyah*.

In sum, it can be seen that classical Islamic writings on leadership followed two distinct approaches. On the one hand scholars have concentrated on the administrative technicalities of governance and regulation and thus concentrate on outlining the qualifications and procedural details of leadership in government. This approach tends to conceptualise leadership as a set of functions and roles and adopts a top-down perspective. On the other hand are those who express leadership as a set of human qualities prescribed and proscribed by the Quranic view of human nature and purpose. These writings emphasise responsibilities in terms of relationships and hence focus on psychological and sociological analyses to understand the phenomenon. This second approach outlines a less rigid and more

dynamically flexible conceptualisation of leadership as a human and hence social quality.

Both approaches have been utilised at various stages of Islamic history and this would suggest an understanding that prevailing social context determines the relevance of the approach adopted. This demonstrates clearly the dynamic nature of Islamic development concepts and the location of leadership within them. Hence although the underlying essential assumptions remain constant the highly diverse aspects of leadership, from the legal to the social to the political, in Islam may assume different levels of relevance at different times.

It is noteworthy that the various attempts by classical Islamic scholars mentioned above were made at different points in history and in very varied circumstances and contexts. As such the approaches to Islamic leadership demonstrate several distinct perspectives and include the functions and mechanisms employed by leaders for effective governance, the importance of the normative framework which must guide leadership, the high standards of individual quality and behaviour required of leaders, the relationship between leaders and their subjects and also the very nature of leadership and its evolution and impact in a social sense. Each of these approaches inform the Islamic leadership model presented in this paper.

5.5.2 Contemporary Islamic Leadership Literature

Recent studies and writings on Islamic leadership are disappointingly few in number. Those that exist tend to be aimed at either claiming that Islamic leadership consists of displaying the qualities of an ideal Muslim or pragmatically attempting to demonstrate that conventional management theory can be accommodated within an Islamic framework. The former type of work does little to add to the understanding of a distinct Islamic leadership

theory as it fails to distinguish leadership from other Islamic behaviour. The latter type is obviously flawed and can hardly be described as authentically Islamic and furthermore it results in a narrow concept of leadership as a set of administrative duties in the workplace. Some of these contributions are discussed as follows.

Al-Kittani (1920) collected sayings and actions from the life of Muhammad together and outlined some administrative practices of the Prophet. However this was not an attempt to formulate any concept or theory of leadership.

More recently Abu Sin (1986) writing primarily from the perspective of organisations and government, stressed the link between leadership and social values and hence argued that *shuraa* or consultation must be utilised to lead to a humane environment which would lead to greater productivity. Al-Buraey (2002) advanced this concept further and posited that Islamic leadership should assist individuals to achieve success in both this world and the hereafter. Hence he correctly notes that a prime function of Islamic leadership is to enable and direct human resources towards achieving happiness in society.

Coming from the 'Islamisation of knowledge' movement, Beekun and Badawi (1999) emphasised, as many others before them, the importance of moral behaviour and ethics in Islamic leadership. However a major drawback of this well organised work is again an inability to draw out those elements which distinguish leader behaviour from that of other Muslims. Leadership functions are only outlined using the conventional management and administrative frameworks and no authentic principles of Islamic leadership theory are provided from first principles. This attachment of general Islamic values to an existing framework which stems from a modern understanding of human nature seems almost like an afterthought and hence is extremely disappointing from the perspective of developing a systematic and distinctly Islamic understanding of the phenomenon of leadership. Also the focus on

administration and workplace management is an extremely narrow view and something which does not limit the earlier classical writings on the subject.

Other recent works on Islamic leadership include those which focus on administration and management applications of leadership such as the works of Ali (2005) and Hamidi (2006), however these are not intended to address the issues of a general theory of Islamic leadership which could be applied to the development process.

5.6 CONSTRUCTING AN AUTHENTIC ISLAMIC LEADERSHIP THEORY – THE PROPHETIC MODEL

As identified, leadership is a phenomenon demonstrated in the social context through dynamic relations of interaction between leaders and followers. However it is initialised in the individual with the recognition and development of qualities and behaviours which synthesise the actuation and perception or acceptance of leadership behaviour. Hence in the Islamic epistemic tradition leadership is analysed as a sub division of the analysis of human nature and behaviour. As such it is to be found in all discussions relevant to the purpose of human existence and the role of Islam as the route to the achievement of such purpose. The in depth ontological and epistemological debates within the Islamic tradition are beyond the scope of this work. However a brief outline of how Islam frames the issue of human nature and development is essential before proceeding to attempt to formulate an Islamic leadership model.

The human being is seen as being constituted of two elements, namely the worldly, material or animal aspect and the other-worldly, spiritual or angelic aspect. Various Islamic writings employ various exact terms to annotate these aspects of human nature but all derive this concept from Quranic verses which allude to the creation of Adam from clay and the subsequent

‘blowing’ into that clay from Allah Himself. (Quran 15:29 & 23:12 among others). This dualistic view of human nature is also found in pre-Islamic thought such as that of the Greek philosophers. However the Islamic understanding varies in an important and critical way from that of the Greeks in that the material or animal aspect of the human being’s constitution is not considered as an equal opposite to the spiritual aspect or a hindrance which is to be eradicated or overcome, but rather as a complimentary and necessary aspect without which achievement of aims would be impossible and which is as inferior to the spiritual as the clay is inferior to Allah’s majesty.

This animal aspect nevertheless acts as a subservient but essential tool available to the spiritual powers in the struggle to develop along the path of Islam (Al-Attas, 1990). It is only through the material or worldly aspect of its self that the human being attains sensory knowledge of creation and can implement the divine commandments. Indeed the material world is the place wherein the human being must begin the journey to development and recognition of Allah which is the ultimate purpose of human existence. In this way Islamic scholars have often presented a detailed and complex understanding of the workings and balance of human nature and its effects on human behaviour. This understanding far from separating material from spiritual, functional from moral or individual from universal, rather envisages all of these facets as equally relevant elements which combine, interactively, to form the human being. Therefore the development of each of these elements is fundamental to the development of humans and hence humanity. It is the concept of this balance which is paramount in the understanding of Islamic leadership concepts as expounded in the classical writings of Islam.

The importance of understanding this ontological approach to human nature and how it may facilitate the conceptualising of an Islamic leadership paradigm is briefly elucidated by the following elaboration which is to be found in almost all Islamic socio-philosophical writings and especially those

concerned with human development such as the works of Al-Ghazali, Ibn Khaldun, Shah Wali Ullah and more recently even the poetry of Iqbal.

Since the Quran states that man is created solely to worship Allah, which Al-Ghazali (1990) takes to mean 'to know Allah', and has been created as an amalgam of the two aspects, spiritual and material, it follows that this constitution is designed to allow him to traverse the path of development towards that gnosis and hence return to his successful position. Hence the balance of the spiritual and the material, as it was created, is essential if human development and ultimate success is to be achieved. That balance is referred to as the natural state or '*fitrah'* and is what is indicated in the *hadith* which states that all humans are born on the *fitrah* (Al-Bukhari, 1991).

However this '*fitrah'* state is a dynamic and is affected and impinged upon by experiences an individual goes through after birth. Hence although the constitution of man is essentially the same, its propensity to change and its constant state of flux means that not all humans are equal in all aspects. Furthermore the spiritual and material aspects of man's existence each have an independent disposition which may become stronger or weaker as it is influenced by knowledge and action and general experience throughout life. Additionally, as these two aspects are in combination with each other in every human being, this combination can either be a competitive one or an integrative one. The inclination is for these aspects to pull in opposite directions and the self is in constant struggle to achieve and maintain the *fitrah* state of balance. However, if this struggle is not undertaken, then one or other aspect can dominate the other.

Moreover Islamic scholars agree that if the struggle is undertaken by the individual then a balance is achievable which results in both aspects complimenting each other towards positive aims. What most affects this struggle is the fact that both aspects of the human self are dynamic and various factors affect the state of being of each. Just as the material aspects

of human nature are strengthened and weakened in the physical world so the spiritual may also be strengthened and weakened in their own realm. Hence the relative strength of each of these two aspects is another factor in achieving the overall balance. The Arabic word *nafs* is used in Islamic writings to describe various related concepts of the self and can be translated in different contexts as soul, life, desires, spirit etc. in the Quran it used to indicate the combined entity which is the essence of the human being and the amalgam of material and spiritual. The constant state of flux and dynamic correlation of these aspects and their resulting overall states are elaborated in the Quran by reference to three distinct states of the *nafs*, as discussed below.

Firstly '*al nafs al ammarah bi al soo*' or the self which commands to evil (Quran 12:53) is a term used to describe the imbalance of the self in which the material or animal aspect dominates and is in opposition to the spiritual. In this state the individual will tend towards evil, because of succumbing to the temptations and urges of his or her animal side, and hence towards ruin rather than development. This is the undeveloped or underdeveloped self.

The second term employed is '*al nafs al lowwamah*' or accusing self (Quran 75:2) indicates the self which recognises the animal tendency's working against the spiritual as a negative tendency and hence is constantly accusing itself in an attempt to check this tendency and bring the animal aspect in line with the tendency of the spiritual to move towards Allah. Consequently, a state of constant struggle or '*mujahadah*' exists which is the never-ending process of developing the self.

Lastly the term '*al nafs al mutmainnah*' or self at peace (Quran 89:26) is used to elucidate the state in which both animal and spiritual are no longer antagonistic but rather the animal is subservient to the spiritual and works towards the same aims. This is the state alluded to in the *hadith* narrated in the *Sahih* of Muslim (1995) in which the Prophet Muhammad is reported to

have said “There is none among you in whom there is not a devil" They said: "Even in you, O Messenger of God?!" He said: "Even in me, but Allah helped me to overcome him and he has submitted to me, so he doesn't order anything except good”. This stage is the ultimate aim of self-development in this life. Considering that the two aspects can each be strong or weak and can then combine with each other either competitively or complimentarily, this results in eight possible permutations of combination for any human being; as in table 5.1.

Table 5.1 Permutations of Combinations of Spiritual and Material Aspects

	Spiritual high	Spiritual low
Material high	A- competitive B-complimentary	E- competitive F- complimentary
Material low	C- competitive D- complimentary	G- competitive H- complimentary

The categories A to H in Table 5.1 represent the eight various states of balance. The relevance of this representation to the study of Islamic leadership theory is accurately presented by the following quote from Shah Wali Ullah who labels the two aspects as *malakiyyah* (angelic) and *bahimiyyah* (animal) (Wali Ullah, 2003:76)

> “The one composed of integrated elements works with the higher and the lower together and desires both simultaneously. The one whose

> angelic side is the highest of all is the one sent for leadership of religion and the world simultaneously….[t]he leaders among them and those who should be followed…are those whose two sides are integrated and whose angelic nature is of the high type. The ones most obedient to them are those whose components are integrated and who have a preponderance of the lower angelic side."

It is therefore the nature and degree of the combination of the two human elements that determines propensity for leadership or indeed followership and the manner in which it is exercised, if at all. Shah Wali Ullah (1995) has detailed that categories B and D are most suitable for being leaders both of the religious and the worldly affairs of society. This would seem to be because the path to development for humanity according to Islam, is the path to realisation of the higher spiritual origin of man which leads him closer to Allah and hence those whose spiritual vision and experience is more developed and so are better equipped to lead others to it. Interestingly he also mentions those who would most readily follow such leaders as being those in categories F and H in Table 5.1, hence demonstrating the awareness Islamic scholars had of the importance of studying follower behaviour in leadership theory.

If the suitability for leadership depends upon achieving a certain state of balance of the dualistic aspects of the self and these aspects in turn are dynamic and continuously in a state of flux, it follows that the individual who is to demonstrate leadership must primarily undertake the struggle of self-development to attain the required inner balance. This self-development then is the singularly most crucial element of the Islamic leadership model and has been extensively written on by scholars in every age of Islam. *Tahdhib ul akhlaq* (perfection of manners) or *tazkiyat un nafs* (purification of the self) are terms commonly used to name this process of self-development to achieve the correct balance. The vast array of literature in the field of *tasawwuf* is well known and need not be repeated here.

All writings on self-development in Islam agree that knowledge is the basis upon which self-development is constructed. The ultimate aim is knowledge of Allah according to the Quranic verse (Quran 51:56) “I have not created the Jinn and Mankind except to worship me” regarding which Ibn Abbas explained ‘worship’ to mean ‘know’ (Al-Ghazali, 1990). However the journey begins with knowledge of the self as expressed in a traditional saying, wrongly ascribed by some as a Prophetic *hadith* but nevertheless genuine in meaning, which states ‘whoever knows his self knows his Lord’.

Hence the branch of science concerned with self-development towards the goals of Islam is known as *‘ilm ul akhlaaq* or science of characteristics or manners and elaborates those qualities which enhance and strengthen the self, in terms of positive combination of the spiritual and the animal, as well as those traits which are negative and lead to inner conflict thus inhibiting the journey of development. Of the positive characteristics which are required, some relate to the spiritual self and some to the animal self. In regards to leadership theory, it is critical to know which positive characteristics can be enhanced to aid achievement of the balance essential to leadership potential.

Previous studies on Islamic leadership which have considered any positive characteristic mentioned in the Quran and Sunnah to be the qualities of leadership hence losing sight of the particular amidst more generalised elements of Islamic good behaviour. This is an inaccurate, shallow and unhelpful approach and achieves nothing in furthering the enquiry into precise Islamic advice for leadership methodologies. Rather a filter is required whereby the identification of only those attributes, qualities or approaches specifically and uniquely associated with leadership models is made possible and hence a concept which differentiates between leadership and Islamic morality in general is formulated which can then be applied at an operational or policy level. The approach adopted here will be to derive from the prime sources of Islam any direct guidance on leadership issues and

analyse the discourse to establish any relevance to leadership concepts applicable today.

Leadership in Islam is inextricably intertwined with two concepts. Firstly '*ihsan'* or '*falah'* translated broadly as human development and expounded in chapter 3, provides the strategic goal towards which leaders must move themselves and others. Secondly '*huda'* translated as guidance furnishes the processual context and methodological technique which enables the leader to function as such. It follows that those individuals who achieve self-development and employ and provide guidance for others to do likewise are classified in Islam as leaders and hence the archetypal leaders are then the Prophets and no Islamic leadership discourse can be justified without reference to the concept of Prophethood. Hence it is essential that any authentic Islamic leadership theory is founded upon and focuses on the leadership of the Prophets as detailed in the primary epistemological and ontological sources of Islam and expressed through the norms essentialised in Islam.

5.7 PROPHETIC LEADERSHIP IN QURAN

The word '*nabiyy*' is used in both Arabic and Hebrew to mean Prophet. Another term '*rasul*' meaning messenger is also employed in Arabic to differentiate those Prophets who brought with them a new revealed code of law or 'shariah'. For the purpose of this work such a differentiation is not essential and both '*nabiyy*' and '*rasul*' will be translated as Prophet. Those Prophets mentioned by name in the Quran number twenty five as agreed upon by consensus of scholars. However there are several other figures including Dhul-Qurnain, Luqman and Khidhr (not mentioned by name but referred to in Surah Kahf) whom some have argued to be Prophets also whilst others have claimed were not Prophets but wise men of Allah. However there were many other Prophets sent as guides to humanity over the ages as mentioned in the Quran (16:36), "And verily We have raised in

every nation a messenger". However not all of these have been mentioned in the Quran (4:164), "And messengers We have mentioned unto thee before and messengers We have not mentioned unto thee". The total number of Prophets has been reported in hadith to be 124,000 (Ibn Hanbal, 1993) or 224,000 (Al-Qari, 2001) but the very nature of vagueness on the exact count of Prophets indicates that the number is not of importance rather the fact that there has always been a need for leaders and guidance and that no nation or peoples are free of this need.

The accounts of Prophets given directly in the Quran contain much information including relevant historical, social, theological, legal, spiritual and moral issues and much of this information is repeated several times. However in order to remain focussed, only that information impinging on leadership and its dynamics will be considered. Extracting such information from the verses wherein Prophets are mentioned directly enables the analysis of those positive qualities or behaviours of Prophets which would be related to their ability to lead themselves and others towards development. All verses wherein Prophets are mentioned were textually and contextually analysed to filter out that information not relating directly to their leadership qualities except in terms of personal traits and behaviours which are fundamentally a part of the process of self-development, such as being repentant, fearful of Allah etc. Furthermore those verses which are repeated exactly several times are shown in the results only once for conciseness. The result of this analysis is presented in Table 5.2 omitting the unnecessary repetition.

Table 5.2 Leadership Characteristics of Prophets Mentioned in the Quran

Prophet	Surah & Ayat	Characteristic or behaviour mentioned
Idris	19:56-57	Truthful
	21:85-86	Patient, righteous
Nuh	71:2	Clear (plain) warner
Hud	7:68 & 26:125	Trustworthy
Saleh	11:62	Man of promise
Ibrahim	2:124	Leader of mankind
	4:54	Wisdom
	6:84-87	Righteous
	11:75	Forebearing, tender hearted and turning (to Allah)
	16:120-123	Grateful
	19:41	Man of truth
	21:72	Upright, leader
Ismail	19:54	True to promise
	21:85	Patient, righteous
Yaqub	38:45	Strength and vision
	38:48	Excellent
	12:68	Possessor of knowledge
Yusuf	12:22-24	Judgement / wisdom and knowledge
	12:46	Truthful
	12:54	Trusted
	12:55	Knowledgable and safeguarding
Ayub	38:44	Patient, excellent servant

Shuayb	11:87	Tolerant
Musa	28:14	Judgement and knowledge
	28:26	Strong / capable and trustworthy
Dawud	27:15	Knowledge
	38:17-26	Strength, wisdom, decisive speech Vicegerent on earth to judge with truth
Sulayman	27:15	Knowledge
Yahya	19:15-33	Strength, judgement, affection, purity, not arrogant, not harsh nor difficult
Isa	43:65	Wisdom & clarity

Reclassifying the above characteristics, behaviours and qualities which directly relate to leadership aspects of the Prophets, it is possible to group according to similarities and hence indicate loosely a scale of relative importance based upon frequency of occurrence in the Quran.

Table 5.3 Frequency of Citing of Prophetic Leadership Characteristics in Quran

Quality, behaviour or characteristic	Frequency
Knowledge / wisdom	12
Truthfulness / trustworthiness	10
Strength / Ability	8
Patience	8
Piety / righteousness	7
Clear communication	3

The above categorisation and indication of relative importance is of course not definitive but nonetheless proves useful when aligned with further evidence. The Quranic verses considered above concern the Prophets from Adam to Isa. However in Islam the pinnacle of Prophethood and hence the best example for Muslims to emulate is of course the final Prophet Muhammad. His personality and life represents the ideal of human development and as such the final stage of Prophetic development. Hence for further evidence of the Islamic Prophetic leadership model the body of knowledge known as the '*Sunnah'* must be analysed in order to conceptualise a complete and ideal leadership theory.

5.8 LEADERSHIP IN THE *SUNNAH*

Sunnah is an Arabic word translated as a 'way', 'course', 'rule', 'mode' or 'manner of acting' or 'conduct' or 'life' and when used with the definite article in Islamic literature it is specifies the speech and conduct of the Prophet Muhammad (Lane and Lane-Poole, 1984vol 4). In order not to detract into a wider discussion of Islamic qualities of righteousness and worship presented in the *Sunnah,* which would be a monumental task going beyond the scope of this work, the focus will solely be on those aspects of relevance to leadership theory.

The Prophet Muhammad represents for Muslims '*al insan al kamil*' the ideal human and '*uswah al hasanah*' the perfect example (Quran 33:21) and '*khatam al nabiyyin*' the seal of the Prophets (Quran 33:40) and hence the exemplar of human leadership. The leadership of the Prophet Muhammad is acknowledged by followers and foes alike and its effectiveness can be partly assessed through objective consideration of the transformation achieved, in a matter of 25 years or so, of the rudimentary existence of the tribal people of Arabia into a cohesive and energetic force motivated by him to devote their lives to the noble cause of serving Allah in hope for a reward intangible in this world; a force which has continued to exist dynamically in all parts of the

world over fourteen hundred years after his death. Evidence of how this leadership developed and functioned is to be found in the Quran and also in the *Sunnah* through both the words and deeds of the Prophet Muhammad. This evidence will be presented under the following headings which facilitate comparison with other leadership concepts mentioned previously but also relate directly to the Islamic concept of development as a journey.

5.8.1 Knowledge and Vision

Knowledge is the prime resource on the journey of self-development. It is the purpose of human existence to gain knowledge of Allah and hence knowledge of guidance towards the ultimate goals of humanity. As indicated from the analysis of Quranic verses regarding Prophetic leadership, knowledge is the most often repeated quality of Prophets and it may be concluded therefore it is the most important. The Prophet Muhammad is no exception to this and indeed his knowledge is of the most reliable kind as represented by the direct revelation to him from Allah. Critical to understanding an important aspect of his leadership, however, is the emphasis laid by the Prophet Muhammad upon institutionalising knowledge and making it the very foundation upon which the development of humanity is constructed. He did this in two ways.

The Quranic revelation contains many verses exalting the status of the knowledgeable and learned which need not be repeated here, but study of the *Sunnah* reveals how the Prophet Muhammad actually, from the very start of his Prophetic mission, began to institutionalise the value of learning amongst his followers. The biographies written by Ibn Hisham (1955) and others as well as the hadith collections all report how, even before the open declaration of Islam in Makkah, the Prophet had established Dar Al Arqam which was a house where followers would secretly gather to learn directly from the Prophet the knowledge which was being taught by him. Hence an educational establishment was the first institution of Islam long before any

political or social organisation could be achieved. Furthermore those few who could manage to secretly attend these lessons were then expected by the Prophet to return to their families and friends and pass on what they had learned. In this way a systematic approach to education was being established which relied upon the oral tradition as literacy was not common at that time. There is much evidence in the *Sunnah* which indicates the Prophet's deliberate motivating of his followers towards learning and also importantly, the essential relation between knowledge and leadership.

The following *ahadith* (Prophetic sayings) illustrate the above.

> "The best of you is the one who learns the Quran and teaches it" (Al Bukhari).

> "If there are three of you then make one the Imam and the one with greatest right to be the imam is the most well-read" [learned of Quran] (Al Bukhari).

Both of these sayings emphasise the importance of learning and also suggest that leadership is the right of the learned and knowledgeable as they are the best of people in terms of Islamic development.

Furthermore the Prophet has also reiterated the message of the Quran that the people of learning are those who must lead the people at large and hence who have greatest right to be leaders of society and state if that society is to follow the path of development stipulated in Islam. Al-Bukhari includes in his chapter on knowledge the saying of the Prophet "The learned are the heirs of the Prophets". As Prophethood itself is not inherited thus, it remains that their knowledge and leadership of the *ummah* is what is intended here. This is further clarified in the following narration also included in Al-Bukhari's chapter on knowledge.

> Abdullah bin Amr bin Al Aas narrates: I heard Allah's Apostle saying, “Allah does not take away the knowledge, by taking it away from the people, but takes it away by the death of the religious learned men till when none of them remains, people will take as their leaders ignorant persons who when consulted will give their verdict without knowledge. So they will go astray and will lead the people astray."

Here not only is the right of the learned to be leaders indicated but furthermore the absence of knowledge and learning is identified as the reason for misguidance of individuals and of society as a whole. Hence good leadership as defined in Islamic terms is synonymous with learned leaders.

The knowledge and learning referred to in these Prophetic statements is the knowledge of the Quranic guidance, framework and ontology. It is knowledge of human nature and its relation with its Creator and the rest of creation. Hence this learning constitutes, in terms of leadership theory, the stage of self-development wherein the individual consciously formulates a vision, a sense of a destination which is to be journeyed towards. This is the constructing of the individual’s self-identity and sense of purpose. This self-transformation is not aimed at merely satisfying a personal need for achievement but rather “[i]t has a spiritual quality which transcends the mere mundane or material sense of self-development in terms of the acquisition of some skills or attainment of an objective”. Roland (1988) elaborates by stating that this self-identity may be defined as the inner psychological organisation that enables people to develop internalised, complex world views.

Hence the prerequisite of leadership in line with the carefully defined concept outlined in both the Quran and *Sunnah* is the acquisition and internalisation of the knowledge of the Islamic world view as contained in the Quranic guidance. This phase of internalisation and construction of Islamic self-identity is essential and indispensable for arriving at a vision which defines strategic goals and aims and which is to be communicated and precisely

articulated to the followers in order that they may share the experience of development willingly and enthusiastically.

The second aspect of knowledge which relates to the development of a vision and hence relates to leadership is the knowledge of the interrelated dynamics of the present situational context. If development is to be defined in terms of a journey towards envisioned goals and leadership is what guides people along that journey then an essential part of the vision must be a thorough understanding of the status quo or the starting point of the journey. For if the present situation or position is not fully encompassed then potential barriers to development may not be recognised and may become unsurpassable.

Hence as well as knowledge of the Islamic world view any leader must gain or have access to knowledge concerning the *status quo* and in particular those real norms, systems, institutions and processes which are not in line with that world view and hence would need innovating, renovating, transforming or eliminating in order to progress towards the goals aimed at. Only by correctly identifying the deficiencies of the *status quo* can a leader formulate the correct means of correction. This identification forms the first stage of charismatic leadership and is required in order to carry out the transformational process involved in articulating the vision to followers. Its relevance to Islamic leadership theory is that it implies that solely knowledge of the Islamic world view and its stated end goals is not sufficient for effective leadership. Alongside this in depth understanding must be an equally profound understanding of the alternative systems and institutions which exist and which may hinder development along Islamic lines.

In the example of the Prophet Muhammad such attainment of knowledge was constantly emphasised and practiced. Although, as Prophet, Muhammad would receive knowledge directly from Allah, he nevertheless stressed the process of *shuraa* or consultation with his companions on many issues from

warfare tactics to divorce to treatment of prisoners. The purpose of deliberately consulting others may have been to demonstrate the method knowing that leaders after himself would no doubt be in need of this technique of gathering knowledge from those who better understand a matter. No leader can master all knowledge and so must rely upon others knowledgeable in certain areas. From another perspective this exercising of *shuraa* or consultation is a display of trust the leader has in the followers and their ability which in turn engenders deference and loyalty amongst followers. This is an affective reciprocity relationship and is conducive to achieving both personal and organisational objectives (Kanungo and Mendonca, 1996). Such a leadership influence process which employs empowering strategies designed to develop the self-efficacy of followers is transformational and if those strategies are an integral part of the vision which is shared by followers they not only increase followers' competence but also further enhance loyalty to that vision. Hence *shuraa* extends beyond mere participative decision making and forms a crucial element of the Prophet Muhammad's leadership strategy.

To reiterate, Islamic leadership theory then suggests that thorough knowledge of the status quo is as indispensable as thorough knowledge of the Quranic world view if one is to formulate a vision that can be effectively articulated to followers and can be attained realistically. Also through the emphasis of all types of knowledge an opportunity is gained to implement affective leadership styles to engender trust, which itself constitutes a distinct and important element of Islamic leadership.

5.8.2 Trustworthiness

Long before his Prophethood and call to Islam, as Muhammad, he was identified in Makkan society with the label of *Al-Ameen* or the trustworthy one. There is evidence in the *Sunnah* that even those opposed to the message of Islam nevertheless accepted the honesty and trustworthiness of

Muhammad. The following are all related in Al-Bukhari's collection of authentic hadith which indicate that the truthfulness and trustworthiness of Muhammad were qualities well known in his community .

> The chief of the Quraysh, known to Muslims as Abu Jahl, was once asked, "Is Muhammad truthful or is he a liar?" He replied, "Woe to you! By Allah, Muhammad is truthful and he has never told a lie. But if the sons of Qusayy acquire the standard, the distribution of water for pilgrims, the custodianship of the *Ka`bah* and Prophethood, what will be left for the rest of the Quraysh?"

> Abu Sufyan, was asked by Heraclius the Byzantine emperor about Muhammad, "Did you ever accuse him of lying before he said what he said?" Abu Sufyan said, "No." So Heraclius went on to conclude, "I knew from what you told me that he would not lie about Allah the Almighty having refrained from lying to people."

> Ibn `Abbas reported: "After the verse *'And warn your closest kinsmen'* was revealed, The Messenger of Allah went out, climbed the hill of Safa and shouted to get their attention. They said, "What's this?" and gathered before him. He addressed them, saying, "If I was to inform you that horsemen were in the valley behind this hill ready to attack you, would you believe me?" They replied, "Yes, for we have never known you to lie".

It is evident and expected that the Islamic view of leadership should place such a great importance on a quality such as trustworthiness and truthfulness. However a subtler and yet more critical observation may be highlighted here. If the above reports are to be cited in support of trustworthiness being a major factor in Islamic leadership theory, two questions or issues arise which must be satisfactorily explained.

Firstly, all of the above reports, and many other similar ones, concern Muhammad as a citizen of Makkah before his claim to Prophethood. Hence the truthfulness mentioned does not directly give any information about Muhammad when he was the leader or statesman. Secondly, in most of the reports the people testifying to Muhammad's honesty are

those who did not follow him or accept his message, with the exception of his wife Khadijah. Therefore in what way does this evidence support the claim that trustworthiness is a positive factor in Islamic leadership development?

Upon close consideration of these issues a subtle detail of Islamic leadership theory emerges which has hitherto been ignored in the literature. It is an inescapable conclusion that the quality of trustworthiness and truthfulness must be demonstrated by an Islamic leader *before* any attempt to attract followers to an Islamic vision. Hence we see that the Prophet Muhammad's quality of being *Al-Ameen*, the trustworthy, had been demonstrated in the whole society long before any claim of revelation and Prophethood was made let alone before any Islamic injunctions were taught. Furthermore, it may be concluded that such a quality is a prerequisite to articulation of the vision and indeed is part of the self-development stage of leadership development. Hence only if trustworthiness is evident in the leader, without claim to leadership, can any vision eventually be successfully shared with followers.

5.8.3 Strength and Courage

Accounts of the strength and courage of the Prophet Muhammad are numerous in the *Sunnah* and relate to social, political and military situations. The importance of leading from the front is as undeniable in Islamic theory as it is in modern western theory. A simple illustration of this is the fact that the Arabic word most commonly used for leader is *imam* which is derived from the root meaning 'to be in front of'. However apart from the literal meaning of strength and courage which was demonstrated by Muhammad in situations of battle and which inspired those around him, there is another aspect of the concept of strength in Islamic theory which forms an integral and substantial

part of Islamic leadership theory. It can be elucidated using the following two *hadiths* recorded in the authentic collection of Al-Bukahri.

> Abu Hurayrah narrates that the messenger of Allah said “A strong person is not the person who throws his adversaries to the ground. A strong person is the person who contains himself when he is angry”.

The world view brought by Islam demanded a total change in the existing frameworks in Arabia at every level. As such the articulation of that vision employed its own innovative linguistic and communicative methods which included the redefining of many terms familiar to the Arabs of the time, giving wholly new interpretations and implications. The above hadith represents one of these redefinitions given by the Prophet Muhammad. The understanding of strength is deconstructed and reconstructed to reflect the inner dimensions of human reality as being more important than the outwardly physical aspects. Hence the concepts of self-control, self-development, tolerance and consistency with the Islamic vision are identified and highlighted for followers in order that they do not lose focus on their strategic goals of development.

This is transformational and ethical leadership in action as it is aimed at causing a paradigm shift in a tribal, warring society where physically overpowering and defeating ones enemies was considered a great virtue worthy of praise. What the Prophet Muhammad achieved is a refocus and revaluation towards the moral and spiritual aims detailed in the Quranic message wherein courage is associated with steadfastness in the face of adversity on one’s journey of development and strength is associated with the ability to overcome barriers on that journey. Hence self-control and consistency with Islamic ideals are always essential and there is danger that anger may cloud the judgement at the time of adversity. Therefore the Prophet Muhammad is reconstructing the whole concept of strength and courage so as to ensure it is this new perspective which people aspire to and regard as virtuous.

As all leaders, the Prophet Muhammad not only redefined terms and set out ideals in speech but also provided an example of the new concepts in action through his life. The effectiveness of this new concept of strength would be demonstrated by the Prophet Muhammad in an event which provides the evidence of perhaps his greatest show of courage. This is found in the narration of Al-Bukhari regarding the conquest of Makkah.

Eight years after being forced to migrate the city of Makkah, the Prophet Muhammad returned with a force of over ten thousand men. The chiefs of Quraysh, were overwhelmed and forced to succumb. However the Prophet Muhammad had ordered his generals not to fight unless attacked and hence the conquest was achieved with almost no loss of life. The Quraysh chiefs had either been arrested or had accepted Islam and pledged allegiance to the Prophet Muhammad. At this moment of supreme power and with none to challenge his authority, the Prophet Muhammad put into actions his own words and displayed an act of supreme leadership by granting a general amnesty and forgiveness for all Makkans, regardless of whether they had persecuted him and other Muslims in the past. Any inclinations towards revenge were not allowed to surface and the focus was kept on achieving the strategic goals of Islamic development for all.

This example of strength in leadership, honoured by Muslims to this day, represents a milestone in Islamic history and cemented the paradigm shift from purely tribal perspectives to those of greater humanity. Having achieved the higher aims of Islam to rid Makkah of polytheism and backwardness, the Prophet Muhammad remained focussed on those ideals which he preached and through this one act of clear leadership achieved the allegiance of all Makkans without need for persuasion or coercion.

5.8.4 Patience and Tolerance

Closely related to the quality of strength is the quality of *sabr* or patience. As seen in the Quran, patience is associated with leadership through the example of Prophets and also through the exhortation of Muslims in general. In the *Sunnah* there is much mention of the benefits of patience and it is related to internalised psychological state wherein one, at times of extreme emotional shock or enduring hardship, is able to not lose sight of the Islamic strategic vision and hence not fall into despair or become defeatist. Patience differs from strength only in its contextual space. Whereas strength is associated with being able to overcome presented obstacles on the path of development without straying from the strategic goals of Islam, patience is the ability to bear loss or deficiency without becoming despondent of those goals.

The Prophet Muhammad showed patience as a leader at those times when it may have seemed that the cause of Islam had suffered irreparable harm and was in grave danger of extinction. The occasions are numerous. The early days in Makkah when, without power, the weak and poor were forced to suffer extreme hardships at the hands of the chiefs of the Quraysh and Muhammad could not prevent it, the boycott of Muslims when they faced starvation and death, the forced migration, the many battles being outnumbered and even suffering loss. At all times the Prophet Muhammad taught patience and contentment with little, promising the rewards of paradise as a long term focus.

The relevance of patience to leadership is well established. Consistency in approach and not losing sight of the vision is required from leaders during success and during setbacks. After all, the followers look to the leader to set the course and lead the way. If the journey is to be completed the leader must not lose the way no matter what befalls them. The Prophet taught this

to his followers through example and through words. The following examples are given by Al-Bukhari.

> "The example of a believer is that of a fresh tender plant; from whatever direction the wind comes, it bends it, but when the wind becomes quiet, it becomes straight again. Similarly, a believer is afflicted with calamities (but he remains patient till Allah removes his difficulties.) And an impious wicked person is like a pine tree which keeps hard and straight till Allah cuts (breaks) it down when He wishes."

These reports show how the followers were encouraged to remain patient in adversity by renewing their focus on the shared vision of Islam. The second report also demonstrates how effective this message had been as the mother is willing to bear her son's death on the basis of the Prophet Muhammad's promise. This trust would not be possible had it not been for the Prophet Muhammad himself demonstrating patience and sharing with the people in their hardships.

5.8.5 Compassion and Humility

The Prophet Muhammad has been described in the Quran as "a mercy for all worlds" (Quran 21:107). The evidence of his mercy and compassion as recorded in the *Sunnah* is too vast to be included here. However its importance to his leadership requires elaboration.

By far the greatest part of the Prophetic mission of Muhammad may be paraphrased as the emancipation of people from the exploitation of other people. This is in a sense the essence of *Tawheed* or unity of Allah as the Lord worthy to be worshipped. In this regard the leadership of the Prophet Muhammad centred around his concerns and affection for the weaker and disenfranchised of society. Hence in Makkah at the beginning of his mission it was the poor and the slaves who flocked to listen to his teachings and not the nobles or the chiefs. Indeed this appeal to inner qualities of humanity

over the worldly lures of power or wealth is the hallmark of Islamic teachings and was embodied by the Prophet Muhammad in his own life.

Even when leader of all Arabia and beyond, the Prophet Muhammad's concern and anxiety was for those less fortunate in society and at the same time he himself lived a life of austerity and sacrifice. The Quran itself states that he is the best example and the beloved of Allah, yet the Prophet Muhammad to his last continued to be a humble servant just as he expected anyone else to be. His compassion and humility earned him widespread respect and honour amongst the people and he taught these qualities as the foundational principles of Islam. Al-Bukhari reports the following.

> Al-Khuzai reports that the Prophet said, "Shall I inform you about the people of Paradise? They comprise every obscure unimportant humble person, and if he takes Allah's Oath that he will do that thing, Allah will fulfil his oath (by doing that). Shall I inform you about the people of the Fire? They comprise every cruel, violent, proud and conceited person."

> Abdullah ibn Amr said: "The Prophet entered upon me so I gave him a pillow (to sit on) made out of skin and filled with date palm fibres. The Prophet (refused to sit on it) and he choose to sit on the (bare) ground, and he left the cushion between him and myself"

> Aisha was asked, "What did the Prophet use to do when he was in the privacy of his home'? She replied, 'He used to be in the service of his family'. He used to repair his sandals and patch his own *thobe* (shirt) and he would milk the sheep".

> Ibn Majah (1998) narrates the following in his chapter on the character of the Prophet. Abu Mas'ud said: "A man came to the Prophet and he began to speak to him, and he was seized by fear (of the Prophet). Upon witnessing his demeanour the Prophet said to him: "Take it easy and calm down, for verily I am not a king, but instead I am only the son of a Quraishy woman who used to eat dried salted meat strips".

The open display of compassion and humility described in so many records of the Prophet Muhammad's life serve a dual purpose from the perspective of

his leadership. Firstly, as discussed previously, it is essential for any authentic leader to practice what he or she preaches and therefore it was imperative that the highly principled vision that the Prophet Muhammad was instilling in his followers was first implemented in his own actions and character and by so doing he could demonstrate the lack of distance between leader and followers in the Islamic tradition. This affinity and reciprocal relation engenders and bolsters trust and respect throughout all sectors of the community.

Secondly, as will be elaborated later, a transformational leadership strategy was being implemented whereby the fundamental concept of leadership within the tribal Arab society was being challenged and reconstructed. In a very patriarchal society the concept that a great leader could also display characteristics such as compassion, mercy and love openly towards his followers was unheard of and unthinkable. However this harshness was incompatible with the vision of human development along the lines of Islamic guidance which stresses the qualities of Allah including His all-encompassing mercy and love. The Prophet Muhammad as a leader having the complete trust and respect of his followers, had to, through a social learning model, challenge the *status quo* and reform the society's expectations and norms and through moral reasoning but also through his own unambiguous ethical behaviour. Often tribal leaders amongst the Bedouin would challenge the new paradigm. However the Prophet Muhammad continued to emphasise compassion and mercy over authority and enforcement as a style of leadership. Ibn Hisham (1955) reports an incident when such a Bedouin witnessed Muhammad playing with and kissing a baby. Upon this the Bedouin expressed astonishment and asked "do you do such a thing?" to which Muhammad replied "what can I do for someone in whose heart Allah has not put mercy?"

The above is a summary of the qualities and characteristics of the Prophet Muhammad which enabled him to fulfil the role of leader effectively and

efficiently. They are also those aspects of his personality which his followers admire, respect and consider with great reverence. As such it may be seen as a brief synopsis of that aspect of his leadership which relates to the concept of charismatic leadership in that it focuses on the perceptions of his qualities amongst his followers. However this is not the greater part of his leadership style and constitutes only the first aspect to be discussed in this work. The second aspect of the Prophet Muhammad's leadership style and methods is the synthesis of processes and constructive developments which he undertook with great hardship in order to institutionalise and make perpetually dynamic the Islamic vision for all in society.

5.9 ISLAMIC LEADERSHIP DEVELOPMENT

Analysing the evidence of prophetic leadership presented in the Quran and the *Sunnah* and throughout the classical Islamic texts we are in a position to formulate a model of Islamic leadership development from these sources. The distinct stages and distinguishing features of leadership and its effect on and relationship with the overall Islamic development paradigm can now be identified. These stages together represent the nature and role of leadership in the Islamic development process and are simplified and collected under four headings representing four major stages of the process. This categorisation does not imply sequential priority nor does it imply absolute separation or distinction between the different stages but is helpful in understanding the relationship between the stages. Rather each stage describes a different sphere of knowledge and action although all stages can run concurrently and most definitely overlap to a great extent.

5.9.1 Constructing the Self

Initially the individual must undergo a process of inner transformation through the acquisition and internalisation of knowledge as framed by Islamic

epistemology. This consists of a profound understanding of Islamic ontological perspectives and is termed '*tafaqquh fi al deen*'. The term is taken from a saying of the Prophet recorded in the collection of Al-Bukhari which states that "whomever Allah intends good for, He makes him to understand the *deen"*. This may be better translated as 'whomever Allah intends development for He makes him to understand the *deen*'. Here the term *tafaqquh* comes from the root *faqahah* meaning to deeply comprehend or internalise and the related word *fiqh* is taken here to mean profound understanding rather than its more limited terminological use adopted later for legal jurisprudence only.

Muslim thinkers throughout the last fourteen centuries have reiterated that the purpose of human life is to know Allah through His divine attributes. *Tawheed* or monotheism is the central essence of all things Islamic. Hence the knowledge to be internalised for self-development is the realisation of the reality that Allah's unity and uniqueness is found in His many attributes. Hence the multiplicity indicates the unity and knowledge of this is attained through the understanding of the relationship of the latter to the former. This perspective is as essential for individual development as it is for leadership development because it facilitates the comprehension of human nature as a single essence comprised of the dual propensities of the material and the spiritual. Furthermore comprehending *tawheed* also leads to an understanding of the relationship of the individual to the community. Hence leaders can only realise their responsibilities towards the rest of the society once they acknowledge that individuality is merely a means of realising the unity of the community.

Achieving the balance of the self as articulated by so many Islamic thinkers involves knowledge and action. The internalisation through reflection and contemplation must be accompanied by the externalisation through actions and behaviour if the correct balance is to lead to higher development. Such development is led by the '*aql,* which in Islamic ontology comprises both *ratio*

and *intellectus*, and benefits the *ruh* or soul. Hence the prerequisite to any leadership development is this self-development to know oneself and hence know Allah. This process allows one to understand the true and rightful place of everything and everyone within creation and their relation to the Creator. It is this ontological stance which formulates the vision of Islam which a leader must first comprehend and then communicate to others.

Knowledge, in Islamic terms, implies more than simply information retained and is in fact bound with the concept of belief. That is to know something is to believe it to be true and vice versa. Hence the knowledge internalised for self-development, to meet this criterion, must be believed and hence it follows that it must be acted upon. Claim to knowledge without action is mere hypocrisy. Therefore at the stage of self-development the internalised knowledge of the Islamic vision must be demonstrated through the application to one's self of the principles of Islam throughout one's life. This is why we find that the Prophets, such as Muhammad, always were known in their communities as upright and moral individuals even before their claims to Prophethood or leadership. Humanity must be evident in one's self before one calls others to it.

5.9.2 Development and Articulation of a Vision

Vision is an essential ingredient of most leadership theories (Ladkin, 2010). It consists of both identifying strategic aims and outlining a roadmap to achieve them. In Islamic leadership the strategic goals are those of the revealed guidance, namely knowing Allah in this world and returning to Him in the next. As such they remain constant for all times and all peoples. However the Islamic leader is tasked with the formulation of a road map and this is a dynamic process which is constantly in flux because of the changing of time and space and hence provides a very challenging test of leadership. One at which many fail.

Assessment has been identified as a key process in leadership development (McCauley and Van Velsor, 2010). Kanungo and Mendonca (1996) present an evaluation of the *status quo* as the first stage of a charismatic leadership model. Assessment and evaluation of this kind is a critical and often neglected stage of vision development in the Islamic paradigm. As discussed above, the example from Quran and *Sunnah* reveals the thorough knowledge and understanding of current context and *status quo* that all Prophets acquired and maintained. Indeed this may be the reason all Prophets were sent to their own people amongst whom they lived and whose condition they well understood.

The Islamic leader is bound by commitment to justice and compassion as these are attributes of Allah which are to be enacted in this world by His *khulafa* or vicegerents. Therefore just as the Quran (2:285) announces that "Allah burdens no soul except with what it can bear". it is essential that leaders are in touch with the condition of the people so as to know their capacities for change. It follows that detailed analysis of the *status quo* of not only one's own community but the world at large with all of its institutions, norms, philosophies and abilities is essential to the articulation of a balanced and achievable vision. It is the leader's responsibility to ensure the roadmap presented for followers to share is not only moving in the right direction but also one which can gain the trust and support of even the weakest in the community.

Clarity of communication is also a quality of the Prophets mentioned in the Quran. A critical element of formulating a vision within the Islamic leadership model is the articulation and communication of that vision to each and every member of society. The most effective method of achieving this is through the revealed guidance itself. However this provides the over-arching framework and leaves the specific details to be elaborated according to time and context. Hence the leaders must ensure that the knowledge and understanding acquired at the self-development stage is effectively and

efficiently communicated to others. The immense diversity of followership ensures that this articulation becomes an immense challenge to any leader. Once again it is possible to find in the example of the Prophet Muhammad the perfected method of articulation such that all sections of a basic and largely illiterate community became the most understanding and loyal carriers of the vision. The communication skills of the Prophet involved language, patience, empathy, attentiveness, clarity, humour, love, trust and so many more leadership qualities. The linguistic, mentoring and pedagogical techniques employed by the Prophet Muhammad are beyond the scope of this work and form the basis of much needed future research.

5.9.3 Constructing the Environment

In terms of knowing Allah through reflection upon themselves and creation, all human beings are equal in their needs and responsibilities. The Quran (53:38) states that “no bearer of a burden shall be made to carry the burden of another”. Therefore the development of one’s self along Islamic guidelines is the responsibility of the individual and all members of society are accountable for themselves. Hence leaders are not any different from their followers in regard to this stage of development. The key and critical distinguishing trait or quality which sets leaders apart from all others is the ability to move beyond self-development to focus efforts and energies upon facilitating the development of others. The Prophetic example is the perfection of this ability. As Prophets they are individuals who have achieved the highest levels of self-development through efforts and the grace of Allah. Hence they are guaranteed their reward but nevertheless they go on to make the greatest of efforts and sacrifices for the sake of all of their followers. This is the distinction which justifies the label of Islamic leader.

After having assessed the *status quo* and having known the strategic aims, the Islamic leader must initialise and promote the construction of an environment wherein all followers are facilitated in their journeys of self-

development. This may be termed the public sphere of leadership and involves the struggle or *mujahadah* to remove the obstacles to development, establish the institutions and eventually emancipate the people through empowerment. Herein lies the purpose of all that has gone before in terms of knowledge and vision. The implementation on the ground of the strategic values of Islam designed for the uplift of humanity and the actuation of their journey towards *ihsan* and *falah* or success is the most prolonged and arduous of the Islamic leader's tasks. Indeed it can be said that from the day of the first call to Islam until he left this world, this task is what occupied all of the Prophet Muhammad's time, efforts and wishes. Although the details of this stage of the process and what is required of the leader in terms of thought and action is too great a body of knowledge to explore in this work, several of the fundamental features and facets of this effort can be outlined.

Implementing and establishing pedagogical and communicative strategies in order to ensure sharing of the vision with a diverse followership is an early and critical requirement. The leader must recognise the centrality of knowledge as a resource which can be utilised and mobilised in society. Just as the leader's own development begins with knowledge so too must the followers' development be founded upon it. The swifter and the more widespread the process of learning and sharing of knowledge can be achieved the more expeditious will be the acceptance of the vision amongst followers. The hallmark of the Prophetic leadership model is teaching and learning and this is summed up in the saying of the Prophet Muhammad "I was sent as a teacher" (Al-Bukhari, 1991).

Identification of barriers to development which exist in the *status quo* is a prerequisite to removing them systematically. The process of deconstructing existing concepts and norms facilitates the eradication of social pressures which limit the freedom of individuals to follow the new guidance. The leaders role in this process is to expose and undermine such barriers and in so doing redefine concepts and norms in line with the vision. This process is an

extremely complex and dynamic one which may utilise many skills and methods. Evaluation, deconstruction and subsequent reconstruction of institutions and identities is required in the society if it is to be transformed in a way that does not depend upon the presence of any one leader but rather can become self-sustaining and dynamically perpetual.

Hence the Islamic leader must establish a framework to facilitate the construction of a public sphere which in all its aspects is designed to empower every individual to progress in his or her own personal development. In order to do this macro level guidance and direction must be given and this must focus on developing social capital rather than merely economic or political capital. The leader's role is not to dictate at the micro level but to monitor it whilst also overseeing the macro level and demonstrating wisdom and judgement at the same time as compassion and guidance. In this regard the scholars of Islam, such as Al-Ghazali (1990) and Al-Shatibi (2003), have outlined broader principles termed *maqasid al shariah*, or general purposes of *shariah*, alongside the more detailed body of knowledge which is divided into the various branches of science. The *maqasid* provide the macro level understanding of what all Islamic injunctions and institutions should be moving towards and hence can be used as a criterion against which to measure effectiveness of Islamic leadership.

5.9.4 Empowerment and Emancipation

The final stage of the Islamic leadership process proposed consists of redistributing the task of leadership throughout each and every level of the society. Not to be confused with delegation, the distribution of leadership intended here is perhaps unique to Islam and perfects the leadership framework in a manner that demonstrates that there can be no hierarchy in the Islamic society from the perspective of humanity's relation with Allah. Through this empowerment of the people each individual achieves a spiritual emancipation and along with this freedom also recognises the associated

responsibilities. The essence of emancipation in Islam is *tawheed* or the knowledge that none but Allah is worthy of submitting to. However this remains only a belief and abstract if the previous three stages of leadership have not been embedded in the society and witnessed by all.

The empowerment stage of leadership is a concept derived ultimately from the fundamental principles of *tawheed* revealed in the Quran which teach that an individual's whole life is to be dedicated to serve Allah and none else. The Prophetic statement which best defines empowerment in relation to leadership is one recorded in the *Sahih* of Muslim (1995) in which the Prophet Muhammad states:

> "Each one of you is a shepherd and each one will be asked about his flock..."

The *hadith* goes on to mention the role of the government leaders of the community, the heads of families and the heads of households. The message is that each and every person is a leader in some sphere or another and indeed these are roles which they must fulfil as they are accountable for these in front of Allah. Breaking the whole of society down in this way indicates the emphasis of Islamic leadership on the micro level. However such attention to the micro level does not entail micro management by the leaders but devolves this responsibility down to those at that level. For example at the family level the head of the family leads and is responsible directly to Allah for this. By extension this entails that the state or society do not micro manage families. Hence government is light and not overburdening but at the same time responsibility of individuals is very great to maintain and lead the social institutions of Islam. Furthermore we can state that the importance of social institutions such as family and community are crucial and indispensable precisely because they allow the exercise of leadership and control by every member of society in the matters closest to them.

Analysing the Prophet's statement further another aspect of its relevance to leadership theory raises itself. Government's leadership of society is compared to that of the head of a family over that family. What is implied then is that the duty of government leaders is to ensure the development of society just as a family is raised. The analogy is an interesting one. Islamically speaking, it is not incorrect to state that one member of a family would not be allowed to develop at the expense of others and a house would not be decorated if it meant that no money is left for food. This is because in Islam, as expressed in the *maqasid*, preservation of the religion and preservation of life are given priority over the preservation of wealth. It follows then that leaders of government are responsible for ensuring fairness and good judgement in their allocation of resources and development of society and compassion and love should permeate the relations between leaders and followers. Such an example was set by Muhammad and his immediate successors who remained astonishingly accessible and accountable throughout their periods of rule and who always gave priority to ensuring that every member of the society had access to justice and was able to exercise their rights under Islam before any large scale material development of the society took place.

5.10 DEVELOPING A UNIQUE ISLAMIC LEADERSHIP MODEL

Following the analysis and discussion presented above, a unique Islamic leadership model is now outlined which interrelates with and is born out of the Islamic development model presented in Chapter 3 and utilises the concept of social order based on the axioms of Islamic development as constructed in Chapter 4.

The model presented here envisages the Islamic leadership process as having to be initiated at the very outset as it depends upon and rises out of individual development which is independent from any leadership functions which may later be fulfilled by the individual. This aspect is drawn from the

evidence presented in this paper of prophetic leadership of individuals who had attained self-development before any prophetic mission was begun. Hence the starting point of this model is the self-development process of the individual which entails, as presented in Chapter 3, the process of enhancing the *fitrah* state by internalising and then actualising *tawheed* and the other axioms of Islamic ontology in the form of *iman* and '*amal* in the developmentalist approach towards *ihsan*.

However, the unique contribution of this model is the isolating of Islamic leadership functions and methodologies which are realised, once the self-development stage is matured, in the horizontal expression of the individual's *iman* through understanding and then effecting his / her environment and thereby helping others to also progress along the developmental path. In the terms of the foundational axiomatic framework, this stage is the realisation of such qualities as *tazkiyah, adalah, ukhuwwah* and *rububiyyah* amongst others, which all relate to the *huquq ul 'ibad*. In other words, this model suggests that leadership can only be demonstrated through the relations with the rest of creation as a part of this worldly life. Such an approach correctly identifies and locates the role of *khilafah* as a responsibility towards Allah through interaction with His creation to maintain the system of '*adl* (justice) and al-*meezan* (the balance) set by Him in nature.

The sections below highlight the unique features of this Islamic leadership model with the aid of diagrams.

5.10.1 Hybrid Model

Modern theories on leadership produced a dichotomy of understanding with some claiming it to be a set of essential qualities not related to time or context whilst others suggesting it to be wholly situational or contextual. Recent trends, such as ethical or authentic leadership, seem to be an

attempt to amalgamate human values, which are considered to be almost universal, with perceptions of followers and dynamically reactive behaviour not separable from context. In this way there has been a convergence towards an understanding which accommodates both essentialist and constructivist viewpoints.

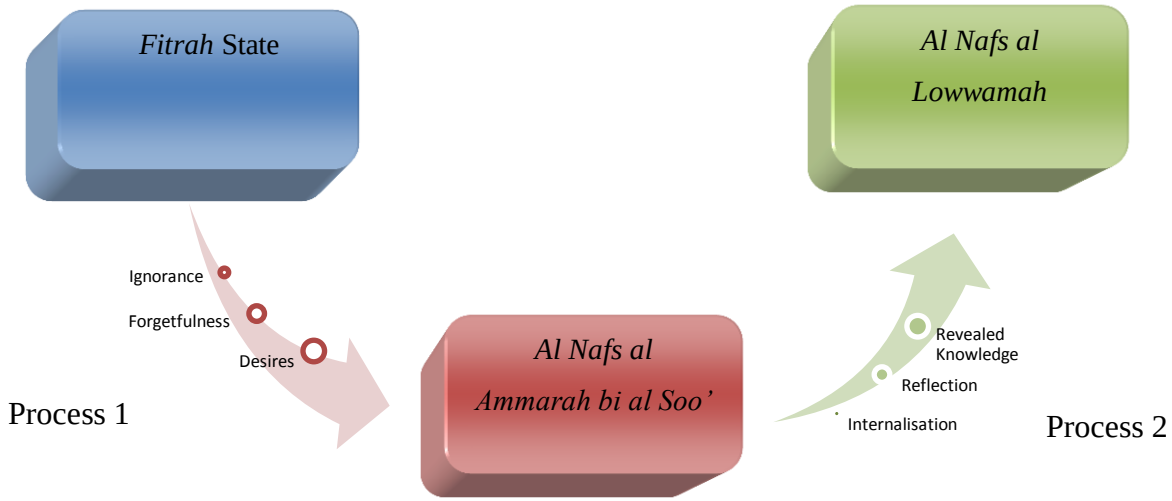
The Islamic leadership model proposed in this paper is a hybrid model combining both essentialist and constructivist elements with regard to its understanding of human nature and the developmental journey. The Islamic ontological approach suggests an essential aspect of human nature in the dynamic between the material and spiritual facets of the *fitrah* which must be balanced to achieve development. The Islamic leader however must undergo self-development initially and then facilitate such development for others. In this way the leader, building upon an essential base, first is constructed through internalisation of knowledge and then socially constructs through externalisation of effort and struggle. Both of these phases are intrinsically intertwined to produce leadership and are dynamically continuous throughout the leadership development process. The development process itself is underpinned by the constant and universal Islamic vision and guidance found in the divinely revealed sources of knowledge.

Figure 5.2 illustrates the first of these stages of leadership development which is the self-development phase. All human beings begin life on the *fitrah*, or human nature, as described by Allah to be a pure state of balance perfectly tuned for the *ihsani* paradigm. However this balance is not static but a dynamic reality and hence may be upset or transformed through interaction with the rest of creation and the impulses of the animal aspect of the human form. Hence the *nafs*, or self, can go through differing phases and forms which cause it to incline towards development or destruction.

The self-development process is shown in figure 5.2 as the transformation from *nafs al ammarah* towards *nafs al lowwamah*. Such transformation must

be informed by reflection upon revealed knowledge and the internalisation of the foundational axioms of Islamic development in turn leading to the actualisation of these axioms through *'amal salihah*.

Fig 5.1 Self-development (initial stage of self-construction)



Process 1: Material externalities towards which the animal aspects of self are drawn resulting in unbalanced self, tending away from spiritual goals of development

Process 2: Impact of guidance received through revealed knowledge internalised and reflected upon through use of *'aql* resulting in strengthening of spiritual aspects of self and hence movement towards spiritual goals of development by initialising of *mujahadah (struggle).* This is the initialisation of the development process through the actualisation of the axioms of the Islamic development model.

If process 2 is a movement towards ‘knowing’ and then onwards towards ‘becoming’ it can be seen that process 1 is its reversal and can occur at any point. Hence if process 2 is the initialisation of development then process 1 is an anti-development – a move towards ‘un-knowing’ and ‘un-being’. This reversal or decline has been referred to metaphorically in the Quran as blindness, deafness and dumbness and also as equivalent to death itself.

5.10.2 Distinguishing Leadership Features

The Islamic development path, presented in Chapter 3 and as elucidated in the Quran and *Sunnah* is designated for all to follow and as such it does not distinguish leaders from followers in its address. However, through analysis of the Prophetic model of leadership, a clear distinction which identifies the unique requirements of a leader has been isolated. It has been well established that the Prophets of Islam all traversed the stages of self-development and achieved its aims to the highest degree possible before they embarked upon their Prophetic missions amongst their people.

Had the goals of Islamic development as individuals been all that was required, as suggested by previous works on Islamic leadership theory which suggest that leaders must simply be examples of perfect morality and ethical behaviour, then it may be argued that the Prophets would have had no need to further exert themselves in this life after having already achieved this status. This study has shown that the feature which distinguishes leaders from other ‘good Muslims’ is the compulsory duty to facilitate and provide for the similar development of all in society through positively influencing their environment and exerting themselves to remove the impediments to Islamic development. Hence the Prophets are praised in the Quran not solely for their own status in nearness to Allah, but rather for their struggles and sacrifices for their followers and humanity in general.

This distinct characteristic enables an assessment of leadership in Islamic terms and is represented at all of the stages of leadership development following the self-development stage. The effectiveness of an Islamic leader, thus, may be judged by the transformation of the community and environment around that individual along the Islamic developmental path either in terms of the eradication of barriers to Islamic development such as injustice, immorality, unethical behaviours *etc*. or establishment of institutions and norms which bolster and support Islamic behaviours in all spheres of society, economy, politics and ethics.

The critical stages of the leadership model presented in this paper are illustrated in figure 5.3 below coloured in blue and begin after the individual development stage coloured in green. Firstly the importance of the elements of the vision is emphasised including assessment, formulation and articulation. The leader, informed by the revealed knowledge and guidance, must be able to correctly and effectively understand the current context and environment in order to identify accurately the fundamental and critical aspects which may be hindering development and evaluate the appropriateness of developmental strategies.

Having assessed the current context, the vision must then be formulated in terms of which strategies and methodologies to propose and adopt to achieve maximum effectiveness. Finally that vision must be appropriately and effectively communicated to others so as to build community and societal synergy which will better enable the implementation of such strategies and concurrently empower and emancipate others to effect their development.

Beyond formulating and communicating the vision the most important stage is its actualisation and realisation which is the constructing of the desired environment and involves the five spheres shown in figure 5.3 namely embedding knowledge, effecting human compassion, challenging the *status quo*, establishing the normative base and value system and lastly

implementing mechanisms and frameworks which ensure sustainability and propagation of the norms and frameworks.

The overwhelming emphasis of this Islamic leadership model is upon deconstruction of existing barriers and constructing the profound and fundamental value base and normative groundwork as expressed through the foundational axioms of the Islamic development model. It is implied that without such preparatory steps the later attempts to implement legal, political and economic frameworks may be difficult and ineffective.

The functional outcome of such an Islamic leadership process is aimed at the empowerment and emancipation of all members of society and this is the societal embodiment of *tawheed* where people are freed from hierarchies and oppressive hegemonic regimes and ideologies and all stand equal in relation to Allah the sovereign. Such individuals, emancipated from oppression and obedience to man-made systems of rule and control, are thus able to pursue their own paths towards obedience to Allah and hence *falah* in this life and the next.

Figure 5.4 illustrates the manner that Islamic leadership becomes effective in society as those individuals who reach the levels of self-development that enable them to actualise their *iman* for the service of society.

The implications of this include the observation that attaining to a position worthy of leadership entails not a rank or privilege in the Islamic model, but rather a set of responsibilities towards one's fellow beings and the rest of creation. Hence the distinguishing feature of this leadership model is that it identifies the criterion by which general good behaviour may be separated from true leadership as the latter is only proved if one effectively aids the development of others towards the aims of the *ihsani* paradigm, in other words if one enables their empowerment within the Islamic framework.

Fig 5.2 Outlining the Functional Stages of Islamic Leadership

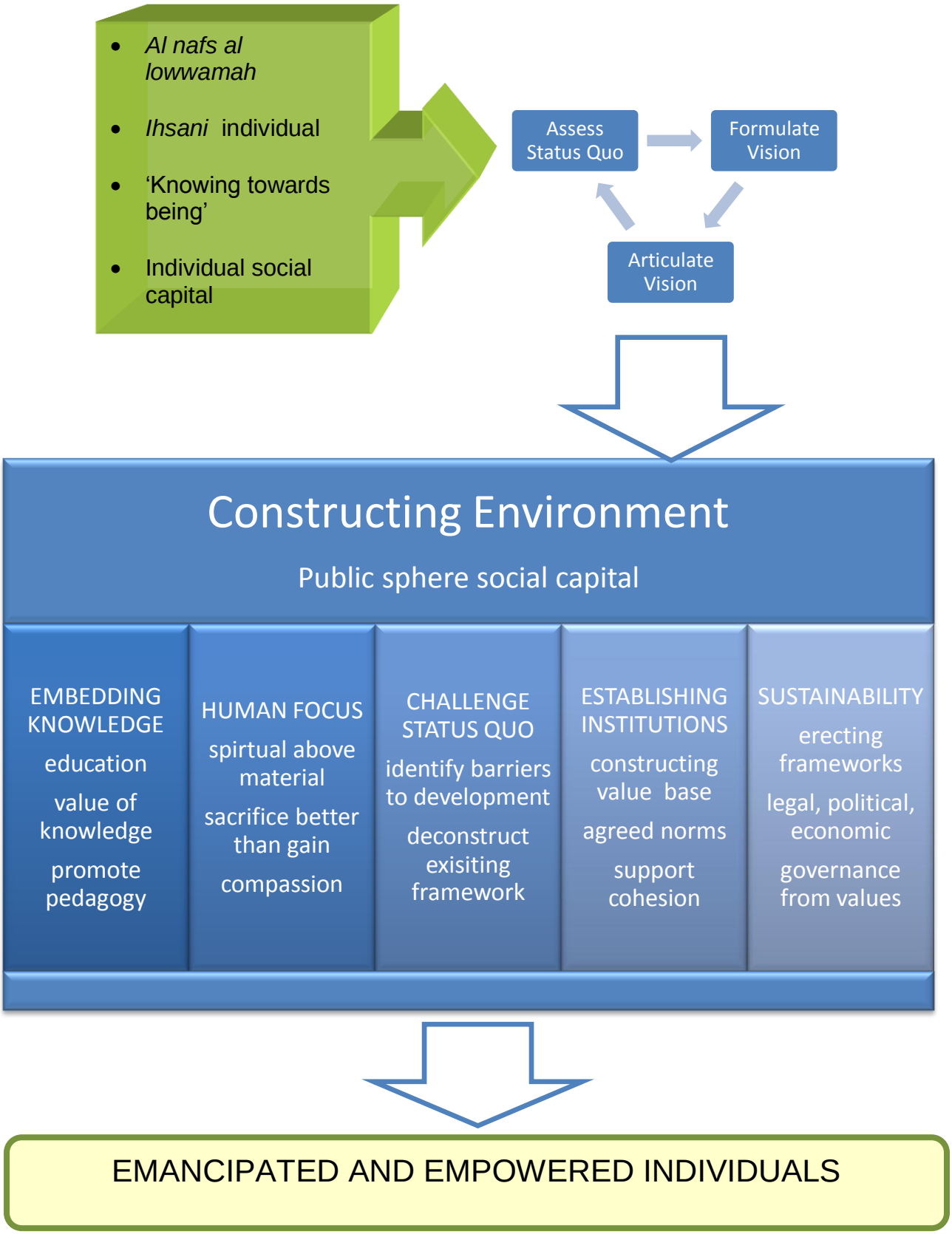
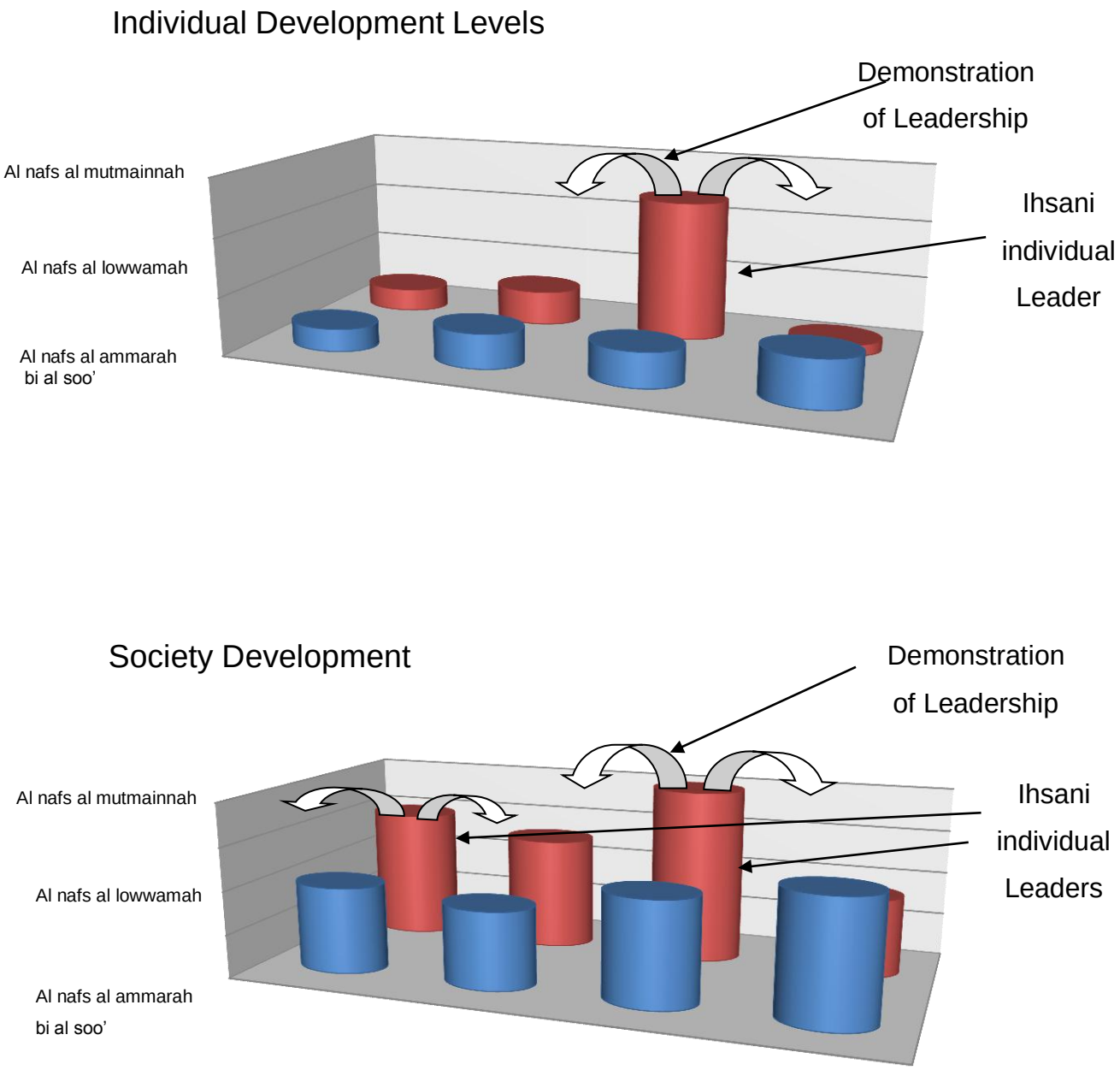


Fig 5.3 Empowering Effect of Islamic Leadership in society



In effect the leader, through demonstration of Islamic leadership, achieves the development of society by emancipating and empowering all individuals so that they are free to develop and in turn demonstrate leadership in their respective spheres.

5.11 CONCLUSION

Although leadership can appear to be an amalgamous and nebulous concept, several decades of modern research have attempted to specify and analyse what are understood to be its main features. An overview of the results of this analysis was presented in the first part of this work. It revealed a marked dichotomy amongst theoreticians as to whether leadership is an essentialist or a constructivist phenomenon. Furthermore the emerging trend in this field seems to be converging towards the incorporation of a values-based component which seeks to explain the social significance of leadership and its acceptance amongst followers. Hence there is a shift of focus from managerial approaches to the study of leadership towards a social one notwithstanding the continuing emphasis on administrative applications in the workplace or within organisations.

The existing recent works on Islamic leadership theory have failed to provide a genuine theory distinct from conventional ones. This failure has two dimensions. Firstly, as most of the works concentrate on administration and management, rather than distinguishing leadership from other generalised Islamic behaviour, they result solely in the application of Islamic terms to existing management theory. Secondly, in those works where leadership is distinguished from Islamic ethical behaviour, there is only a superficial treatment of the subject and hence no clear framework or model is derived from the Islamic body of knowledge which can be implemented to analyse the effectiveness of leadership utilising Islamic criteria.

This paper attempts to provide a model of Islamic leadership which is attained through the analysis of the Islamic ontological framework within which leadership is associated with, and epitomised by, the Prophetic model. The study focuses upon specific aspects of Prophetic behaviour which relate to the leadership of people and as such closely binds the concepts of leadership and development within the Islamic paradigm. What is achieved is

a novel and helpful Islamic leadership model which synthesises leadership qualities with a leadership development process and distinguishes itself from other Islamic social behaviour sufficiently so as to provide a basis for further development relating to assessment and policy making.

Having outlined an Islamic development model and identified the key role of *iman* as a binder of social order within that model, the next issue to address was how *iman* is actuated so as to affect society in such a manner. The examination of Islamic ontological sources revealed the prime motivators of Islamic development in society to be the prophets and as such they provided the example for an Islamic leadership model to be based upon. Hence those prophetic qualities which specifically relate to leadership were identified from the Quran and Sunnah and from within those, several key functions of leadership were isolated and used to formulate a leadership functioning methodology.

Key stages throughout this process include self-development as a prerequisite, followed by the formulation and articulation of a vision based upon constant evaluation of the context and environment, the purpose being to engender support from the community. Thereafter is the construction stage wherein effort is made to remove barriers to development and institute reforms of norms and values which would enable frameworks and systems to be embedded. Islamic leadership, thus defined, is to be seen to be effective when members of the society are empowered and barriers such as injustice, corruption and ignorance are removed.

A crucial element here is the empowerment of the people of the society. Indeed the stage of constructing a society along the lines of the vision can only be realised through the members of the society. Thus demonstration of leadership is not to maintain a position or hierarchy but rather to serve as a model for others to follow and when sufficient members also display leadership qualities, change is effected. Without such empowerment and

emancipation, the type of leadership begins to resemble an autocracy, as it is the leadership of other members of the community which also serve as a balance to the powers of any particular leader. In modern terms this empowerment would be best described as the role of civil society in the checks and balances on political power. The Islamic leadership model described here demands such empowerment of civil society to be legitimate and indeed springs from the society itself.

Chapter 6

ARTICULATING AN AUTHENTIC ISLAMIC HUMAN DEVELOPMENT PARADIGM

6.1 SYNTHESIS

This study aims to steer a new course in the field of Islamic development, a course which will transcend debates about material economics and technical legal frameworks to construct a new paradigm in which the principles and norms of the Islamic understanding of human development can be relevant and influential in policy making today. As such it is necessarily exploratory in nature but deems authenticity as absolutely essential in the conceptualisation of any Islamic theory, model or proposed framework. Hence the research, presented in the form of three essays, utilises concepts and ideas contained in and derived from the first principles of the sources of Islamic ontology and epistemology. The core concept of each essay is human development.

Development is linguistically associated with advancement, progress and growth and may be defined as an occurrence of or a process of improvement. However, beyond the concept of growth, development is a normative concept in its essence as it carries an essentially ethical, moral and even egalitarian message, which aims to shape the nature and mechanisms of policy making for the betterment of life for all. Although most if not all people would agree that development is desirable and that it must include the access to and provision of all basic necessities for human social existence such as nutrition, health, security, ownership and of course happiness, there are great variations in understanding the methods and mechanisms that such development is to utilise and to what extent it is possible and even whether or not it is to be given priority over other global needs. The reasons for these differences are many but include the vast

variance in cultural, political and material contexts around the world and as the subject of betterment for all is such an emotionally potent one it generates considerable debate and discussion and is also utilised by some to sway public feelings and opinion towards or away from particular ideas, movements and approaches.

Developmentalists argue that they apply modern, scientific, rational methods to understand the processes and dynamics of achieving betterment for all and as such they build upon those notions given birth to by the Enlightenment. Those notions, as explored in this work, aimed at freeing man from both the servitude to nature, by gaining mastery over it through science, and the servitude to the metaphysical universalism of religion, by rejecting all notions of essentialism and placing man as “god” and all else as simply a projection of his subjective thought. However there appears to be an incongruence in this claim and one which leads to gross misunderstandings in the field of development studies today. What has actually materialised in the form of modernity is the mantra of secularism and its uptake in all branches of knowledge, from which developmentalism is no exception. This secularism, founded upon Enlightenment philosophies such as those of Hume, Kierkegaard, Nietzsche and Kant, aims at removing from the sphere of discourse all things deemed immeasurable or subjective which include morality, beliefs and any absolute ideas of good and bad. Hence one effect of this modern approach in the field of development has been to frame the definitions of “betterment for all” in terms of quantifiable and measurable factors which has lead to development becoming synonymous with growth. A second and more concerning effect has been the equating of technological superiority with human advancement which in turn dictates the prioritising of efforts towards achieving such superiority often at the expense of other aspects of human and societal development.

Hence, despite the claims of many developmentalists, the development agenda and discourse has been totally dominated by an artificial focus on

economic growth and material advancement (Mehmet, 1999). This has been designed and championed, not surprisingly, by those already economically and materially advanced. However the result of this approach has been utterly devastating and ruinous for so much of the world's population. So whereas such growth has no doubt occurred in the 'developed' countries of the West over the last part of the 20th century at a phenomenal rate, at the same time the inequality gap between the world's richest and poorest has also widened at an equally phenomenal rate. The evidence for this is abundantly available in the form of quantifiable data and need not be presented here. What is relevant is that this 'development' of some has without doubt occurred at the expense of many others (Latouche, 1993; 1996).

The continuing, and indeed accelerating increase in inequality between nations and peoples has drawn the attention of some to the underlying motivations, mechanisms and relations of development and developmentalism. Utilising the methodology and concepts of discourse analysis as proposed by Foucault (1980; 2002; 2007) and deconstruction as expounded by Derrida (1970; 1998), other post-structuralist thinkers and post-developmentalists such as Escobar (1988; 1995), Latouche (1993; 1996), Mehmet (1999), Rahnema (1991; 1997; 2000) and others have offered deconstructions of development and developmentalism in a wider effort to understand the complex relationships in play in international political relationships throughout the world today and in the recent past. This in depth critique of developmentalism led to many calls to abandon development altogether as a theory because of its problematic and unfair roots and instead to explore local, culturally indigenous visions of the desired path of change which have hitherto been excluded from the discourse overall.

In the midst of all of this debate and transformation, and despite the declaration by secularism that 'God is dead', religion has remained a constant reality and force even through modern times. The resurgence of

Islam as a provider of authentic meaning to life, despite the heavy handed secular strategies employed to render it irrelevant, is of particular interest. Islam's particular ontology and epistemology through which its understanding of the world and of human existence is framed. Although, as foundationally reliant upon the revealed guidance from Allah, it rejects the rationality and modernity defined and constructed by the Enlightenment and all which that entails, it does not go as far as some of the nihilist tendencies of post-structuralists such as Foucault and Derrida which deny the existence of any universal or objective truth. The metaphysical reality of the relationship between Creator and created is the truth conveyed and expressed by the Quran and the universe and human existence are reflections of this reality or truth. Hence human existence is not to be understood through mere human observations, be they objective or not, but through the knowledge of underlying representations of the truth. All Islamic thought to date has been aimed at gaining such knowledge through contemplating the created that is events, contexts, history, relationships etc, against the eternal guiding truths of the Quran. Hence event and context are deconstructed and analysed continuously and the power-knowledge relationships which are a hallmark of human behaviour are acknowledged but such acknowledgement does not lead to abandonment of belief in universal or objective truth rather it is constantly and dynamically referred to the criteria of guidance contained in the revealed message; a criteria which is not in contradiction to the sum of knowledge resulting from the experience of humanity since it began.

Islam's comprehension of human behaviour and social organisation is derived from its ontological foundations. As a constituent element of this conceptualisation, the Islamic system of economics has recently been presented as a viable alternative to both capitalist and socialist approaches as it is constructed through the ontology of Islam and an epistemology stemming from revealed knowledge. This authentic foundation separates Islamic economic thought from any secular, modern, Western constructed discourse or philosophy. Yet despite this authentic base the present form of

Islamic economic thought, which has appeared in the last half century or so, utilises and indeed is enframed by many of the constructions and institutions of the growth-oriented, euro-centric approach to development which results from the secular, rational and scientific based hegemony of modernity. Hence the modern incarnation of Islamic economics espouses nothing other than neo-classical economic discourse whilst maintaining its claim to Islamic ideals of society expressed in the axioms of justice, brotherhood, compassion, modesty etc. The greatest evidence of this is that thus far the only emanation from its theory has been the banking and financial industry thus firmly establishing its real roots in the modern growth and accumulation obsession rather than the non-material focus of the Islamic tradition.

Recognising the non-Islamic underpinnings of some elements of modern Islamic economic discourse, as articulated in the operation and institutionalisation of modern Islamic banking and finance, this work set out to arrive at an authentically defined understanding of an Islamic concept of human progress or change for the better. The concepts such as development, knowledge, trust and leadership presented in each of the essays can be synthesised to produce an overall systematic or inter-dynamic model of human development and some of its fundamentally essential factors including knowledge, trust and leadership. That synthesis is outlined in the following sections and the research is located within the existing body of knowledge and possible future work is indicated.

6.1.1 Existing Islamic Approaches to Development

6.1.1.1 Modern Islamic economics theory

Islamic ideals have been presented as the axioms of Islamic economics and the strategic aims of any Islamically just society. However, in translating or actualising these onto operational dimensions, an eclectic methodology is

utilised, as the foundation is defined by Islamic ontology but the actualisation process is borrowed from neo-classical economics. Therefore the language employed throughout all modern Islamic economic discourse is relegated to that of growth, wealth, capital accumulation, financial intermediation and development indicators such as GDP, GNP and per capita income. Hence all Islamic ideals, when discussed or presented, are bound to remain within the current boundaries of what is conventional economic good practice. As the discourse is essentially that of modernity and neo-classicism, it is inevitable that the institutions constructed by such discourse share those qualifications. Hence the only tangible outcome of modern Islamic economics theory has been in the form of banking and financial institutions and innovations; the very cornerstones of the modern capitalist hegemony. The de facto leaders of this process are the technocrats, financiers and bureaucrats of the global financial system who demand innovation from Islamic law in order to enhance their own competitiveness and thereby further the growth of the industry. Any social benefits of this advance, including the very axioms initially distinguishing the economic theory, are left to be gained from the elusive trickle down effects.

6.1.1.2 Political movements

Several differing perspectives of development are offered by various Islamic political movements existing today. All such movements centre their views of Islamic society on the necessity of *Shariah* institutions and legal framework. These views can be broadly summated in two categories. Firstly those who adhere to an absolutist position and hence argue that as Islam is a holistic social and political system the sole solution to the problems of underdevelopment is the establishment of an Islamic state, or *khilafah*, wherein *Shariah* is the only legal and governing framework and this must be enforced and enacted in all spheres of life for all citizens. Examples of this first category include the Hizb ul Tahrir, the Wahabi / Salafi movements in some Arab nations and also the Taliban in Afghanistan and Pakistan. The

second category of political movements includes those who accept the possibility of *Shariah* existing side by side with the existing systems of governance, most of which are post-colonial nationalistic systems, but nevertheless demand that *Shariah* frameworks and institutions be implemented as a fully functioning parallel governance regime. These groups also recognise the ideal of a totally *Shariah* based state but see this ideal being achieved in stages rather than instantaneously. The Muslim Brotherhood of Egypt and the Jama'at Islami of Pakistan are examples of this category of movements.

The precise nature of these movements and their methodologies and tactics are not of relevance here, rather it is sufficient to note that the focus and emphasis of all of them is on the priority given to the legal and governance frameworks and institutions. Although social development is an undeniably important factor of these movements' ideologies, it nevertheless is seen as an inevitable consequence of the implementation and enforcement of Shariah laws and governance structures. The centrality of Shariah, and in particular its legal framework of *fiqh*, to the vision inevitably entails the leadership of those with expertise in such areas, namely those knowledgeable in *fiqh* and Islamic legal principles.

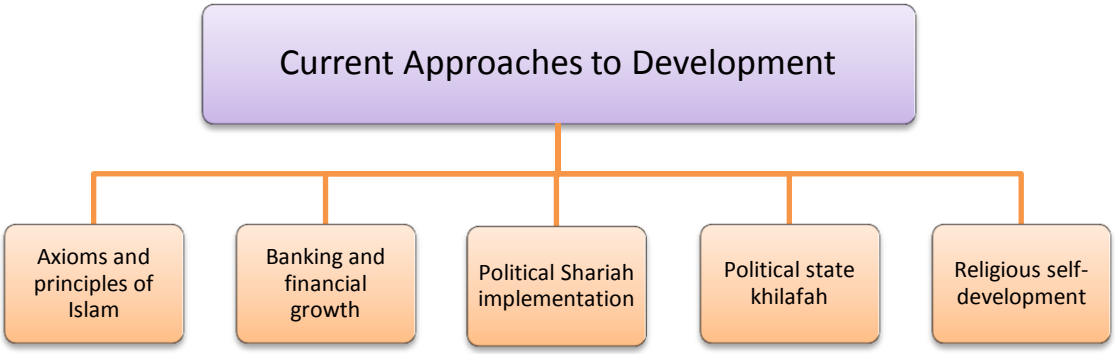
6.1.1.3 Religious groups

The most widespread and numerous of those engaged in the processes of Islamic development of any kind are the groups, institutions and networks that focus their efforts on the religious beliefs and practices of individuals. Their operations, although global in reach, function at the localised levels and through the networks of mosques, traditional education and the scholars such education produces. These groups represent the most embedded form of grassroots Islamic movements and this has provided their longevity. By far the majority of these groups work is concentrated at the local level and upon the religious practices of individuals and hence upon individual self-

development in terms of Islamic piety and worship. Organised and operated by the scholars emanating from the *madaris*, or religious universities, the leadership of these groups is also constituted from those scholars. Because of the authenticity and trust that these groups wield, their support and backing is essential for any Islamic movement and hence both the Islamic financial and political movements claim the support of these scholars to gain legitimacy.

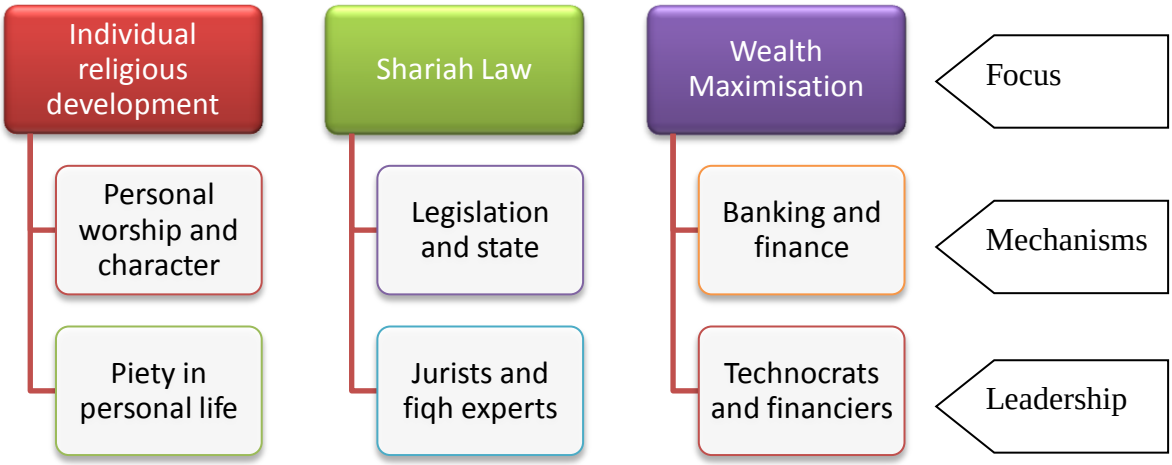
In a post-colonial, secularised Muslim world, the religious groups have become more detached from both the economic and the political spheres. Having been disenfranchised to a large extent by the modern nation states, they adapted to a narrow focus on preserving the tenets and basics of the religion amongst the mass populous. Hence, although these groups have a micro-level presence and also have the valuable commodity of trust, they have become, at the same time, increasingly distant from the macro-level, systematic mechanisms of social order. Thus although extremely vocal and committed on the issues of individual religious practice, worship and personal Islamic law, these religious groups appear astoundingly impotent or voluntarily silent regarding social issues such as institutionalised corruption and injustice, widespread poverty, abuse of basic rights and political incompetency which are all endemic in the Muslim world today. Therefore the current approaches to development in the Muslim world can be explained, as in Figure 6.1, in terms of the focus and the leadership implications and attitudes.

Fig 6.1 Current approaches to Islamic development



These approaches or methodologies can further be categorised according to conceptual discourse, enframed mechanisms and leadership implications as in Figure 6.2:

Figure 6.2 Focus, Mechanisms and Leadership type of Current Approaches to Islamic Development



The dominant current approaches to Islamic development each form a separate strand in the representation. Each chooses to focus upon a particular aspect and proceeds to construct its discourse around that core. The discourse is then, by necessity, given form through institutions and

mechanisms which at one and the same time provide tangible expression and also restriction and limitation. These institutions and mechanisms serve as lenses through which the central focus is to be elucidated and observed. However just as lenses are of fixed focal length and exclude from view anything beyond those parameters, so these institutions and mechanisms become not only a means to achieve focus but additionally a means to obscure vision. Hence each strand of thought gradually becomes oblivious of the others. Of course, as Islam and its sources provide the initial stage of each strand, there is an amount of overlap and cross-referencing and each borrows and utilises from the others at times and stages. However none of this interaction fundamentally alters the discourse and focus of any one strand to any great extent. Hence the institutions and mechanisms remain largely distinct and separated and no degree of combination or integration is demonstrated.

In this manner it can be demonstrated that current Islamic development approaches and theories fail to provide an overarching vision which locates each strand within the holistic, wider Islamic ontological framework in such a way as to enable the relative assessment of criticality and the dynamic inter-relation and interaction of each strand. This failure provides the knowledge gap which this work aims to move towards filling.

6.2 CONSTRUCTING AN AUTHENTIC ISLAMIC DEVELOPMENT

This work explores, through original epistemology, the concept of development in Islam; the terms and language used to convey the idea of betterment, progress, advancement and ultimately success in the Quran and the Sunnah; the conceptualisation of human development as a journey towards ultimate success is demonstrated as is the idea of progress in the form of advancement from a certain stage to the next. That journey and those stages have been concisely expressed in the *hadith* of *Jibreel* (Gabriel) and

this provides the roadmap for the development concept outlined in the first part of this work.

The authentic development iterated utilises the language, texts and concepts that the current strands of thought also present such as worship, law, faith, knowledge, justice, brotherhood, freedom and piety amongst others. However what distinguishes this work from current strands is that an attempt is made to locate all of those existing strands within the authentic model in such a way as to reveal, or unconceal, the relative space each must rightly occupy within the ontological framework and thereby arrive at an understanding of the interrelated dynamic between them and thus any time-space priority which may exist.

This analysis results in the realisation that both the enforcement of a legal framework by the state or otherwise and the accumulation of wealth through economic activity are relatively partial aspects of Islamic development and are certainly not the initiators of any Islamic development process. On the other hand self-development and a knowledge-based belief are fundamental imperatives and form the very platform and core of developmental efforts. However this aspect is not limited to self-development but must extend to the construction of an environment which is conducive to the human uplift of society as a whole and hence the institutions and mechanisms of social order become part of the strategic aims. Furthermore the analysis also reveals that the Islamic development path takes *insaniyyah* (humanity) as its central focus and the institutions of knowledge and the mechanisms of compassion, moderation and self-sacrifice support that focus.

This new approach may be termed an Islamic humanity development approach as its aim is to broaden the scope of the vision and achieve a holistic conceptualisation which incorporates, combines and correctly locates the existing approaches within itself so as to avoid imbalance and overemphasis on any one strand of development. Furthermore the roles of

technical legal frameworks, economic activity and personal character development are given time-space relativity so their implementations and importance can be assessed in the development process with due consideration of their interactive dynamics with other functions and the contextual situations they may be applicable in.

It is not sufficient for any who wishes to gain a thorough comprehension, to simply state that both spirit and material are important in Islam, that work for this life must accompany work for the next, that the market exists adjacent to the mosque or that man must eat if he is to pray. All of these statements, and any other which convey the same meanings, are so obvious as to render them childlike. The hub of the matter is not whether these aspects of life are desired or not, nor whether they are Islamic or not, but rather the crucial distinction which needs to be made is what roles they play in the process of Islamic humanity development and what is the nature of the interdependence of those roles and from where is to be derived the scale of importance which will serve as a criterion in assessing the prioritising of each of these roles. For example there is no doubt that Islam allows individuals to gain and nurture their wealth, but a valid question may be 'how Islamic is a society where Muslim billionaires, who may fulfil the essential religious practices of daily life from a legal perspective, build golf courses in the desert whilst many children may be starving to death at the distance of a few hours journey away'? Such are the complex and intricate questions which are arising and beg to be answered by Islamic thinkers today.

This work highlights the need to acknowledge relative significance when it comes to assessing various aspects of Islamic development theory. An unbalanced or skewed approach may satisfy the apparent criteria of the legal texts, but may also be the cause of unintended and clearly un-Islamic consequences. The question of balance in approach is not a new one but has dogged the minds of theorists, planners and policy makers throughout Islamic history and indeed throughout human history. However the present

global and inter-related nature of economics, politics and society has resulted in these issues being of paramount importance for the entire Muslim world at the same time.

Regarding modern Islamic economics it is accepted that the aspirational and strategic aims elucidated through the epistemes of Islamic discourse have been successfully enumerated and listed in the literature. However this literature has consistently failed to provide perspective and scale to the picture and hence although axioms such as *taqwa* and *ukhuwwah* are detailed alongside others such as rule of law and wealth distribution, there is a lack of any systematic attempt to analyse the relationships between these axioms in terms of scale and priority within the methodological framework. It is common to see piety and moderation listed and only a few pages later the 'need' for financial growth and capital accumulation is passionately argued and there is little or no attempt at providing the context within which these potentially conflicting behaviours can be located in a manner that provides balance and perspective. This failure has allowed the exploitation of the legitimacy which is provided by the axiomatic theory and has resulted in a highly distorted and unbalanced practice in the name of Islamic economics which is being lately realised to a greater degree. The gaps in the theory have translated into some unbalanced and unchecked practice in the industry of Islamic banking and finance solely because the more fundamental axioms of Islam, noted by the theory, have not been operationalised at all and no such operational methodology has been offered by the Islamic economists to date. Hence there is an absence of a defined normative framework as well as a lack of any systematic value-based regime that could enframe the essentially capitalist functions of the finance industry.

This research attempts to provide some analysis of the details of actual dynamics of the inter-relation and also interaction of the axioms particularly from the perspective of methodology and practice. When locating the relative positions of varying aspects of Islamic development discourse within a

coherent and systemic understanding of the inter-related mechanics of function, it is suggested that both the legal enforcing framework in society and also the economic elements are subsequent and rely upon the fundamental aspects of *tawheed*, *iman* and trust as well as any institutions which support these in society. The correct functioning of law and economy must assume the existence of the *a priori* strong normative framework.

Neither economic strength nor an enforced legal and legislative system can be the initiators of Islamic development as both have a dependent and subsequential relationship with the *tawheedi* sub-base and core of Islamic society and it is this relationship which defines the parameters of interaction which correctly locate the two elements and prescribe their functions within the overall development model. This relationship is clearly indicated in all of the foundational principles of Islam contained in the Quran and the Sunnah. The emphasising of knowledge, belief and humanity over all things functional and mechanic cannot be denied and is the overwhelming theme of the Quran which continuously emphasises the spiritual over the material. Hence it is somewhat astounding that the axioms of Islamic economic theory can be, through a reductionist, functional approach, be equated with wealth creation and jurisprudential edicts.

Iman is the knowledge-based belief underpinning all that is Islamic and must form the trust fabric in any society which is to be termed as Islamic. It provides the commonality of aims and furthermore underlies the normative framework of shared values which furnish all in society with the vision and strategic aims to work towards. In this sense it is the cement which binds individuals and is an essential factor in all operative systems and frameworks. Without this trust fabric institutions and systems which may well be derived from Islamic principles are bound to failure. This trust fabric, essentially the institutionalised form of *iman*, is the primordial stage of Islamic development and all else is subsequent to it by definition. Hence the failure, in modern societies, of the implementation of legal frameworks or economic

mechanisms to produce the desired strategic objectives of Islam can be identified with the failure to first establish the *imani* trust fabric to a sufficient degree.

The term utilised by Ibn Khaldun (1978) for this trust fabric is *asabiyyah*. Often translated as social cohesion or solidarity it is an attempt to isolate the force which enables peoples to act together towards a unified aim or set of aims. It has largely been interpreted to represent the social bonds stemming from blood relations and the ties of kinship and tribal association and as such it enables an accurate analysis of the rise and fall of many civilisations in the cyclical model suggested by Ibn Khaldun. In brief, this cyclical model posits that those on the periphery of great centres of civilisation become disenfranchised and hence disenchanted with the central power and because they have a stronger *asabiyyah* they are able to overcome the centre and assume the power role. Once at the centre their original sources of *asabiyyah* become weakened and they assimilate somewhat to the norms and values and culture of the existing society. Thus a new modified form of the previous society is formed. Eventually the new periphery utilises its own strong *asabiyyah* and the cycle begins again. This model very accurately describes the civilisations and empires of Ibn Khaldun's time as well as some of those before and after. However, when considering the Islamic civilisation and its rise and spread, there is a subtle difference which is not noted by many scholars.

The societies and empires which the Muslims came to conquer and control, always transformed to adopt the values, beliefs and systems of the Muslims rather than the Muslims losing their original values and adopting existing ones. This indicates a subtle divergence from the cyclical model of *asabiyyah* and its assumption of centre-periphery relations. Although the great centres of Persia and Byzantium had well established systems and norms and their populations were definitely tribally and ethnically distinct from the Arabs who brought Islam to the region, the resulting civilisations almost wholly took on

the beliefs, values and systems of Islam. There were examples of existing Persian and Roman practices being adopted but these were exceptions rather than norms. Therefore it can be concluded that the *asabiyyah* of the Islamic peoples was something other than tribal or kinship connections. Indeed it was such a strong binding force that even far from the centre and amongst cultures greatly variant from those in Arabia, it remained the dominant force and was not diluted or weakened by those influences.

Ibn Khaldun's concept of *asabiyyah* has become very popular as the sole expression of Islamic social theory. This is in part due to the exclusive attention given to it by orientalist academics as it appears, unlike other Islamic writings of the time, to secularise the concepts of state and government by relegating religion to a supporting role only whilst promoting kinship, tribalism and military power as the prime factors. Recent writers on Islamic economics, because of their methodology of Islamisation of existing Western sciences, have simply reinforced this exclusivity and interpretation of Ibn Khaldun as the Islamic thinker with most to offer for modern times. However, it is suggested here that Ibn Khaldun's concept of asabiyyah is not the most suitable concept of social development for the modern Muslim society for at least two reasons.

Firstly the concept of *asabiyyah* describes a relation of kinship or blood-relations which forms the core of tribal societies such as those which were prevalent at the time of Ibn Khaldun and earlier. Such tribal forces of cohesion are largely irrelevant in much of the world today and even ties of family and kinship do not have much influence at the government or society-building level beyond the immediate locality of village or neighbourhood. Hence what Ibn Khaldun was describing or theorising about was a temporal phenomenon which he empirically deduced from the events of his age. Therefore to speak of social cohesion in terms of kinship or tribal bonds is not helpful in the modern world.

Secondly, there exists another theory of social development which has been totally ignored by the orientalists, and hence also by most modern Islamic economists. Al Mawardi is generally known for his work on the rules of government entitled *Al Ahkam As Sultaniyyah*. However he also authored another short work entitled *Tashil An Nadhar wa Ta'jil Adh Dhafar* (facilitating administration and hastening success) which some (Hamid, 2001) believe to be a wider and more theoretical work. In this writing, which precedes Ibn Khaldun by nearly three centuries, Al Mawardi gives his theory of how societies are organised or governed and states that this involves institutionalisation and administration. The institutionalising of rule can be of three kinds; religion, force and wealth, and Al Mawardi states his preference of religion as the most sustainable and durable form of institutionalisation of rule and the one which citizens have most commitment to. Here religion means a belief system, not necessarily Islam, which is in line with the beliefs of the citizens. Hence in this work Al Mawardi is not dealing with legal codes or administrative procedures, as he does in *Al Ahkam*, but rather with religion as a social force for cohesion.

Therefore rather than Ibn Khaldun's concept of asabiyyah which stipulates that kinship and blood-ties are what brings people together to govern a society, and is of limited use in the modern world setting, the approach taken by this work is closer to the view of Al Mawardi in that religious belief forms a more durable and sustainable cohesive force which can bring a group of people together to form and govern a society.

For an Islamic society, that religious, social cohesive force, binding trust fabric or whatever it may be named, is *iman* and nothing else. However, it should be noted that, *iman* is not faith in the unknown as it is commonly perceived. Rather it is firm and unshakeable knowledge of the reality that Islam and all its connotations and implications are the sole means of success for human beings in this world and more critically in the next. The implications of this knowledge in terms of development theory include the

acceptance and confirmation of the fact that human progress, success and development cannot be envisaged as the result of anything from without of Islam or anything not completely from within Islam. If, therefore, the Islamic world is seen to be in decline or in a weakened state, the underlying reason for this would have to be a weakening of the religious fabric which was the source of initial strength and progress. In other words the trust fabric of Muslim societies today is in such a state of disarray that the furthering of Islamic development becomes arduous if not impossible and it has become to be so because of people's belief that systems and methodologies, essentially alien to Islam, are the means to measure success and progress, rather than the criteria furnished by Islam itself.

Hence, this view suggests that the adoption of neo-classical approaches to growth as means to development, and the subsequent attempts to engineer legalistic justifications from the Islamic sources is nothing other than the weakening of the actual social capital of Muslim societies. It weakens the trust fabric because although there is a token claim that Islam is the ideal, this is accompanied by practical compromises which indicate that in fact th belief is that methods and theories founded on wholly un-Islamic ontology are more effective and more efficient in producing the success which is desired. The compromises take the form of claiming that because it is overwhelmingly difficult to envisage a truly Islamic solution implementable today, it is pragmatic and functionally prudent to adopt the prevailing systems and perhaps adapt and bend the Islamic framework to allow this adoption. This is essentially a summary of the modern approach to Islamisation in practice, whatever its theoretical form may have been when suggested by Al-Attas (1978). This approach stifles at the outset any attempt to tackle the problems of discovering authentic Islamic solutions to modern issues of development by choosing to adopt an easier route which would be less confrontational with modernity.

The authentic Islamic development theory proposed in this work identifies this potential error in application by correctly isolating the *imani* or trust element as constituting both the foundation and the core upon and around which all institutions and mechanisms must be constructed. Any such institution or mechanism which inherently undermines or weakens this base and core, through compromise, inevitably cannot effectively be a helpful addition to the Islamic development process.

That Islamic development can only be envisaged as being initiated from a base of trust is not a ground breaking revelation. The more relevant and crucial matter is to understand how such a base comes into existence and by what means and through which methods it is strengthened and made endurable. The latter part of this work attempts to do this by searching for an authentic Islamic methodology for the establishment of trust and the mechanisms through which such trust is maintained and promoted and thus supports subsequent institutions such as the legal and economic systems.

Trust is a bi-dimensional function in the Islamic discourse. The primary dimension is 'vertical' and consists of the knowledge based belief or *iman* and reflects the remembrance of the relationship between individual and Allah which is referred to in Quranic terms as the covenant made by mankind. With this state of awareness comes an acceptance of certain responsibilities and accountability before Allah for conduct in this life. Hence *iman* is in fact a state of being; being in relation to Allah, the Creator of that being. The relationship with the Creator then underpins and enframes all other relationships, which would of course be those with the rest of the creation. *iman* then, in other words, furnishes the ontological perspective and framework for Muslims which determines the boundaries, if any, of their being and hence all their doings.

This leads to the secondary dimension of trust within the Islamic discourse, which may be termed as 'horizontal' to continue the metaphor. It is the

embodiment of those responsibilities which accompanied the initial acceptance of the covenant mentioned above and hence may be termed the actualisation of *iman* in society (or within the creation). The actions to demonstrate the belief; or alternately stated, the doing which springs from the contextualisation of the being.

What is key to understanding the functions of this trust in Islamic society is the interplay of the dynamic relationship between its two dimensions. Whether the relationship correlates and the details of any such correlation and its effects on society are important questions which remain untouched in modern Islamic development literature. This work has attempted to explore, at least initially, this relationship and its implications for the Islamic development model proposed, by examining both Quranic discourse and language and also the Prophetic example in the Sunnah. What the results of this analysis suggest may be summarised as several points.

i) although the vertical and horizontal aspects of trust are as inextricably linked as are the individual and society, nevertheless *iman* takes precedent over *amal*. That is to say that development of social capital or bonding must clearly begin with individual *iman* and then affect society through *amal*. Hence a directional, sequential and relative understanding of development is essential in the Islamic discourse.

ii) given the above, it follows that the societal aspects of trust must grow organically out of individuals' own knowledge based belief rather than any exogenous factors such as legislative regimes or moral impositions. Coerced compliance would then achieve little other than resentment and/or hypocrisy. Hence we may state that development must, at least at the stage of building trust or *asabiyyah*, be endogenous and organic.

iii) as *amal* must organically stem from *iman* in order to feedback and bolster that *iman*, any social embedding or institutionalising of *amal* which is not grown out of such an *imani* base will inevitably have little or no effect on achieving Islamic development in society.

The evidence presented in support of the above conclusions is in the form of the precedent of the actions of the Prophet Muhammad, which are seen in Islamic thought as an elucidation and implementation of Quranic guidance. The Prophetic mission was exactly one of developing the *ummah* or Islamic society in a way that would enable principles and systems to endure well after him as there was to be no further Prophet to be sent by Allah. This implies that in his actions it should be possible to find methodologies and models which could be applied and implemented in any place or time. One of the most striking features of the Prophetic mission is its distinct dual phase nature. The Makkan phase and the later Madinan phase are so distinct and varied in terms of revealed guidance as well as leadership behaviour and also policy formation that any serious student of Islamic development is forced to analyse the significance of the distinguishing features.

Hence, returning to the development model proposed, the significance of the Makkan / Madinan sequential approach is that the initial base of development is that of *iman*. It also forms the central core in the diagrammatical representation as even well into the development process, each and every action must still be an actualisation of *iman*. In other words institutions and policies cannot exist merely on their functional aspects such as legal or economic validity, but rather must grow out of and have a firm attachment to the core elements of *iman*. If this connection is broken or becomes ambiguous then the institutions and policies themselves lose authenticity. It is possible to state, therefore, that Islamic policies, institutions and mechanisms may be measured in their effectiveness by the social trust which underlies them.

Having proposed a more comprehensive model of Islamic development and noted the fundamental core and critical foundation of *iman* and *tauhid*, as well as a sequential methodology which correctly locates particular elements such as economic factors and legal frameworks within that model and highlights their limitations and their inter-relation and overlap, there remains the question of how such a foundation and core are to be established and strengthened. Again for possible answers to this it is necessary to explore the sources of Islamic knowledge.

In exploring the Quranic discourse in the search of the mechanisms and methods to actualise and establish the *iman* based development strategy, it is evident that the Prophets have been those who are charged with the task of developing society along Islamic guidelines and uplifting humanity. Hence in order to comprehend the nature of Islamic leadership of society along the path to development it is sensible to analyse the leadership qualities and methods of the Prophets as related in the Quran. The resulting findings presented in this work are introductory and general in nature but provide a direction of enquiry which may be elaborated in further works and also provide sufficient knowledge to further the current understandings of Islamic leadership especially as applied to development.

Amongst the results presented, several are of particular relevance to development and may provide ground for advancing Islamic development studies beyond the current state. Once again it has been helpful to consider this leadership methodology in the distinct phases of Makkan and Madinan. This is because each phase represents distinct and uniquely challenging circumstances which are to be contextualised when considering applicable methods. The Makkan phase provides a context wherein Islamic systems and frameworks are not the dominating norms and society is not inclined towards leaving those established norms for fear of change and possible loss, whether of political, economic or social identity. The Islamic leadership at this stage faces steep learning curves and seemingly unsurmountable

obstacles. The Quranic methodology at this stage is to establish the knowledge based *iman* and *tauhid* through deconstruction of prevailing practices and belief systems such as idol worship and class systems designed to oppress some section of society for the benefit of another. Hence by exposing the shortcomings and exploitative nature of these systems, Muhammad at the same time empowered all of society on an equal footing before Allah. The implications of this methodology are twofold. Firstly before any Islamic society can establish its norms, systems and frameworks, the existing obstacles to such systems must be clearly and effectively dismantled, at least in the minds and hearts of the people. This deconstruction, analysis and exposition constitute what is sometimes referred to as *tazkiyah* (purification) in classical texts. Secondly, after developing one's self the task of the leadership truly begins which is to work for and facilitate the individual development of others in terms of *iman* and hence trust. Therefore the Makkan phase of Prophetic leadership, comprising approximately half the total Prophetic mission, is concerned with the establishment of a trust base in society around *tauhid* and *iman* and building bonds of trust based on humanity which allow the immediate addressing of issues such as social exclusion and exploitation through the concept of brotherhood and social justice. Belief in systems of human development is nurtured organically without the imposition or established existence of such systems on the ground. It is recognition of the critical role of trust emanating from within individuals in the success of any system or institution which is to be established. The systems would later, in the Madinan phase, grow organically out of this existing trust base of society and need not be imposed.

Several important points may be derived from the analysis in this work in regards to Islamic leadership and its relationship with development. Islamic leadership requires the following in order to be effective in following the Prophetic leadership methodology.

i) a holistic understanding of Islamic development and its strategic goals including the correct locating of particular elements within that holistic model and an understanding of the relation and dynamic interactive nature of each of those elements with the others. This means an understanding beyond simply *fiqh*, or economics or politics and one which keeps true perspective and scale within the Islamic ontological understanding of human nature and human purpose.

ii) a detailed knowledge of any non-Islamic systems which may be in place so that those elements of it, which may represent possible hindrances or obstacles to Islamic development, may be correctly identified, clarified and deconstructed. Hence the removal of injustice.

iii) compassion and mercy are hallmarks of Prophetic leadership. Realising that all Islamic development is aimed at the betterment of humanity rather than the imposition of legal rulings and hence the social welfare and uplift of all is paramount and must take precedence over statecraft or the economic advancement of some at the expense of others. The excuses of marginal utility, trickle-down effect or nationalism are not acceptable in an Islamic development strategy. The struggle for others is a distinguishing factor of Islamic leadership.

iv) vision and the ability to formulate strategy are essential for Islamic leaders. Understanding at all times not only the strategic aims of Islamic development but also being able to correctly assess the possible consequences of any actions taken. The consequential approach is something which elevates leadership above management and again requires perspective.

The above few points are sufficient to illustrate one of the claims of this work; that the requirements of Islamic leadership cannot be fulfilled by those with

specialities in specific areas alone, such as jurists or technocrats or politicians unless they can demonstrate the wider requirements as noted. This highlights further questions which need to be satisfactorily answered if Islamic development is to progress. Who are those who can demonstrate Islamic leadership as defined here? If the specific areas of *fiqh*, economics, politics and statecraft are too narrow, or insufficient in there scope, then which areas are Islamic leaders to be found in?

It is well established in the Islamic discourse that leaders are to be from amongst the '*ulema* or learned. This is established by Quranic text as well as Prophetic guidance and is not a surprising conclusion as those who are most knowledgeable are best equipped to lead. In specialised fields and areas this maxim is applicable and has always been so. Hence in the field of jurisprudence the mufti is most qualified and is looked to for guidance in matters of *fiqh*. Similarly in matters of economy and politics the expert economists and experienced politicians are placed in positions of leadership of their fields and so on. However what has been lacking, in modern times most markedly, has been the over-arching leadership which could bring under its umbrella all of the above and more and provide a comprehensive understanding of Islamic strategy and its implications. Hence today a state of affairs exists wherein the jurists refuse to address social and political issues and politicians are unable to satisfy spiritual or moral requirements of Islam. Each knowledgeable sector has become content to not wander out of its own domain for fear of facing challenging situations.

An example of this reality is the fact that economists, bankers and technocrats have been able to employ the services of jurists to provide legalistic rationale for developing a financial industry, specialising in providing credit and yet neither banker nor jurist is able to address the recent concerns raised by many over possible social consequences and the moral and ethical compromises which have accompanied a sector heavily reliant on debt creation, amongst other things.

Again returning to the sources of Islamic knowledge and methodology it is possible to find a theoretical basis for the over-arching leadership mentioned above. Historical precedents demonstrate how Islamic leaders, at various times, have demonstrated vision and understanding of strategy and consequence when making decisions and implementing policies. A detailed breakdown of these examples is not possible here but it is sufficient to cite the example of Umar the second caliph of Islam. On several occasions Umar acted on his own understanding of a situation and several times these actions apparently conflicted with legal rulings and even with the precedent of both the Prophet and Abu Bakr before him.

Umar was caliph when the lands of Iraq were conquered by the Muslims. After this vast area came under Muslim rule, Umar broke with tradition and implemented a decision not to divide these lands amongst the Muslims as spoils of war. This was an unprecedented decision as neither Abu Bakr nor the Prophet Muhammad had ever ordered such a thing before. Umar's decision may be seen as one based on his vision and ability to understand the disastrous consequences of taking away the lands of so many people. On another occasion Umar did not apply the legal penalty for theft on a man obviously caught stealing bread. The reason given by Umar was that if the man was so poor that he was forced to steal bread to stay alive, then the caliph, himself, is responsible and not the man. Here again is an example of a leader deciding on the basis of something beyond the legalistic understanding. There are other examples of such leadership throughout Islamic history.

The types of situations where such over-arching and comprehensive leadership is required are complex and not easily categorised as either legal or political or economic issues. In such instances it becomes difficult or pedantic to attempt to apply Islamic rulings to the letter as the situation is such that it requires new rulings or it sits somewhere in between existing rulings. such decisions require discretion and extreme caution as well as

knowledge, vision and courage on behalf of the leadership. Traditionally there has been a branch of knowledge which dealt with some such situations and the requirements of such leadership to be displayed. It has been termed *siyasah shar'iyyah* by scholars such as Ibn Taymiyyah and Ibn al-Qayyim and has been interpreted by some to be the allowance of discretion in matters of governance and social importance. This discretion is not beyond controversy as it is possibly open to abuse, but at the same time, if established Islamic practice is not violated, it can provide a greater depth to understanding complex issues faced today.

A detailed discussion of *siyasah shar'iyyah* is not intended here and can be found elsewhere in existing literature (Ibn Taymiyyah, 1988; Kamali, 1989). However it is relevant to note here that issues of Islamic development today entail very complex situations and demand deeper consideration than may be found in the simpler legal rulings or modern economic theory. If economists and jurists are, by themselves, unable to address the wider implications and issues surrounding Islamic development today, then it may be appropriate to consider some form of collective effort of those with expertise in various fields such that this effort is able to demonstrate the core elements of Islamic leadership, wherein decisions can be agreed upon by all which address social, political and humanitarian aspects of development alongside economic and legal ones.

6.3 CONCLUDING REMARKS

Modern Islamic economics set out to attempt to provide an Islamic alternative to conventional economic theory which was deemed to be incompatible with Islamic values as it concentrated on materialistic aspects of development and had interest as its prime mover and motivating function. However the chosen methodology for achieving such results was to Islamise existing neo-classical methods so as to arrive at a solution which would be readily available and could integrate into the global economic and financial systems without too

much antagonism. Hence *riba*, or interest, was targeted as the clearly objectionable element and all energies were directed towards engineering conventional methods which did not utilise this element at all in their functioning. Therefore banking and finance, as the main propagators and promoters of *riba* in the conventional system, were seen as the starting point of reform and so called Islamic banking was conceived and brought into the market as the Islamic alternative.

Over fifty years after the dawn of Islamic banking the wider axiomatic goals of social justice and wealth distribution remain conspicuous by their absence. The Islamic banking and finance industry is a growing market and has successfully engineered many products which avoid or circumvent *riba* in their contracts. However there is growing concern and debate around the fact that although *riba* has been eliminated from the contractual details there is scant evidence of Islamic social values appearing in the economy and even the banking and finance industry has come to rely so heavily on debt-based products which mimic conventional finance so closely as to achieve little else than what would be seen in a conventional interest based contract.

Critics have pointed out that mimicking the conventional methods and being less efficient at it, serves only to move further away from the Islamic social aims originally intended. Some of the Shariah scholars who did so much to enable Islamic banking to take off are amongst those now criticising the industry's unbalanced approach in almost wholly promoting debt-based products. Others have singled out the legalistic approach of those scholars as being unable to insist on wider Islamic values when proposing new solutions. All criticism thus far shares the common ground that whatever has been achieved in Islamic banking and the elimination of riba, there remains an urgent need to address wider social and political issues of development and economy in the Muslim world.

This work takes a step back in an attempt to understand the essence of development in Islam and therefore to comprehend its authentic methodologies. One contribution of this work is to conceptualise a holistic Islamic development model and correctly locate within it the spheres of economy and jurisprudence. From this view the relative dynamics of development and the inter-relation of its elements can be made clearer. For instance it shows that neither Islamic banking nor the jurists can be expected to take responsibility for the lack of implementation of axiomatic nroms such as social justice or humanity development. Such issues are clearly outside the scope of either of these communities and cannot be addressed by mere wealth creation or legal rulings. The political and social nature of the fundamental problematic issues affecting the Muslim world require deeper and more sustainable reform which must begin at the foundations of Islamic society, namely *iman*, trust and knowledge.

It is suggested that Islamic development studies must break free from an obsession with wealth creation and material progress if it is to ever achieve anything other than conventional society. The focus must be upon knowledge-based human development and the strategic goals of Islamic development as outlined here must remain the criteria against which progress is to be judged. Hence it must be recognised that all Islamic development ultimately depends upon and indeed must grow out of a stable and sustainable base of *iman* and trust. The primal institutions of Islamic society must place knowledge and justice foremost and in order to achieve this, the leadership must be of the kind suggested in this work. Development must grow organically from individuals' self-development which cascades down to enable the development of others along the lines required to establish the Islamic social bonding or cohesion termed by some as social capital. Only if such a micro-level approach is followed will there be any stable base on which Islamic development can stand.

Material development without a core and base of humanity and god-consciousness is actually detrimental to the Islamic development process. Equally any legal framework imposed or put in place without a pre-existing strong *imani* foundation is also a hindrance to Islamic development as defined in this work.

It is suggested that whilst scholarly research in the implementation of *riba*-free finance in today's market must continue to be refined so as not to allow convergence with the conventional systems through the desire to compete, at the same time authentic research into whole system alternatives must be carried out even if such work seems not applicable today. Islamic ontology challenges the very assumptions of modern society and its institutions and so Islamic research must do the same if it is to claim true alternative status.

Such alternatives will naturally involve much more than economics and law. Islamic systems require a paradigm shift in all areas including amongst others the philosophical, social, political and ecological. Such change requires the pooling of knowledge and expertise across disciplines and across nations. Indeed it requires visionary and courageous leadership at all levels. Hence the initial observations of this work in the subjects of trust and leadership in Islamic ontology may provide a valuable contribution.

As with any theoretical work there are issues which arise regards testing and proving or disproving the theory or theories proposed. Although such issues are beyond the scope of this work and will be mentioned in the section on future research implications, two such issues will be discussed here.

The first is the question of measurement and monitoring which relates to social capital theory in general. The concept of trust or factors in social cohesion is by its very nature a nebulous one and encompasses many realities of human interaction and behaviour, not all of which can be

scientifically made distinct or isolated. The difficulty surrounding the measurement of phenomena such as trust or social capital has been highlighted by many who study them and often leads to criticisms of the theories. The OECD has published several reports into the issues of measurement of social capital internationally following its conference on the subject held in 2002. These reports address the issues of measurement and monitoring by considering various different breakdowns of social capital and its contexts. An example of these breakdowns is the consideration of types of social capital; such as group participation, networking and trust. Further considerations include defining the aspects which one wishes to measure such as the levels of social capital over time, the factors involved by age, gender, ethnicity and so on or the types of social capital be it bonding, bridging or linking. Healy (2002), after noting the above desired refinements in measuring social capital cites the World Bank's on-going efforts to measure aspects of social capital in the developing world and their attention, among other things, to whether members of a group or network share the same religious beliefs. All of the above indicates that the role of religious beliefs, or trust in religious institutions, can be measured through extensive surveys to ascertain both individual and group based behaviours, and would provide evidence of social capital through the existence of the expected results of such existence.

A drawback of the measurement attempted in conventional Western academia is that social capital is seen as the catalyst for moving towards democratisation and hence many of the measurements designed circle around how embedded democracy is within a community. This Eurocentric view that the best, or in some cases, only outcome of social capital or trust in institutions must be democracy is a narrow one and deliberately excludes other possible outcomes. In Islamic terms, the social cohesion factor of religious beliefs may lead to other structures and mechanisms which may be close to or far from Western democracy models. Hence when considering the

measurements of Islamic social cohesion one must be careful not to blindly import conventional measurement frameworks.

The second issue or question which arises when discussing Islamic beliefs as a means to social cohesion, is the fact that the modern world varies greatly from the traditional world and so societies differ greatly from those which existed historically. For example how do social networking and group cohesion function in urbanised societies where traditional concepts of family, community and togetherness may no longer be valid? Furthermore how would people sharing religious beliefs form social bonds across the earth in a globalised world where modernity cannot be avoided? Although both of these questions are relevant and indeed the complex relationship between Islam and modernity today is intriguing, nonetheless what is evident is that Islam, as a religious and cultural phenomenon, has not only survived the onslaught of modernity but rather has seen much of a revival in recent times. Ironically the very elements of modernity and globalisation have aided the communication of Islamic ideas across boundaries and borders to all those who adhere to the faith in any way wherever they may be. Indeed the concept of social capital would naturally be enhanced and promoted with the 'shrinking' of the global village and the increase in communicative abilities.

Both the above considerations provide much ground for further study into the concept of Islamic social capital or trust-based development.

Chapter 7

CONCLUSION

7.1 SUMMARY

This research has a number of research questions and several aims which were intended to be reached through the realising of certain objectives as detailed in the introduction of this study. The previous chapters, comprising the three main essays, have shown how those aims were achieved and presented some answers to those questions.

Firstly, the concept of development, as a dynamic movement towards betterment and progress, is elaborated from the perspective of modern developmentalist theories and as a part of this, the tradition of post-modern and post-colonial thinking to discover and justify approaches outside of the Eurocentric or imperialistic hegemony is discussed. Islamic economics and Islamic development theory is seen as one of these indigenous approaches which offers a unique perspective on such realities as progress and development. Hence the body of knowledge of authentic Islamic thought is looked to ascertain what concepts of development or progress it may contain.

In this way it is shown that Islam does indeed have its unique concepts and perspectives of development which focus on the moral and spiritual foundations of human development and social order as a priority and hence concepts such as trust, justice, brotherhood, compassion are seen as the overriding aims of such development rather than material growth or accumulation of wealth. As such the research questions related to whether Islam has a unique concept of development are answered in the affirmative.

Furthermore, given that the Islamic development model prescribes the foundational axioms to be the aims of development and that these axioms are mostly related to over-arching moral and spiritual institutions, the limited roles of economic activity and legalistic frameworks is rightly identified. The implication of this is that neither economic activity nor the imposition of legal frameworks is able to bring about development in Islamic terms without certain other prerequisites being in place and therefore must be seen as only a part of the wider developmental model.

In the second essay, the notion of trust and its relevance to economic and social thought is outlined from a conventional perspective. It is shown that these modern attempts to explain the phenomenon of trust are ambiguous and seem to have failed to grasp the essence of it, especially with regards to its role as 'social capital'. Having explored the philosophical roots of modernity and its moral theory to expose its peculiarly secular nature and furthermore shown that theory to be flawed and incapable of consistently dealing with the concept of morality which is so essential in any social order, the validity and suitability of a development theory derived from religious concepts of morality is established. Hence an understanding of the Islamic moral base is developed and *iman* is identified as fulfilling the role of trust or 'social capital', as a binding force for social order.

The functions and roles of *iman* are elucidated and in particular its dynamic relationships with other concepts such as Islam and '*amal*. In this way the fundamental role of *iman* in the Islamic development process is clarified at both the individual and societal levels. The articulation of the vertical and horizontal aspects of *iman* aims to illustrate how its essential relationship with '*amal* acts to bring about social order and morally based interaction.

Evidence for the primacy of iman and its functioning nature in the Islamic development process is presented through the contextual analysis of the precedent of the prophetic era in Makkah and Madinah. Thus a distinct

Islamic development methodology is suggested which essentialises *iman* as the prime element and foundational precept upon which any Islamic society must be built.

Lastly, the third main essay explores the precedent of the prophetic era more closely and clarifies the role of leadership in the Islamic development process. Prophetic leadership is seen as the initiating spark to any Islamic development and this is reiterated throughout the sources of Islamic ontology. Hence this essay outlines the distinguishing features of this leadership and proposes a methodology which locates the role of the Islamic leader in achieving development in society.

The key contribution of this study of Islamic leadership is that self-development is not the end but merely the pre-requisite for any Islamic leadership activity and hence simply listing the characteristics of good Muslim behaviour is insufficient to expound any concept of Islamic leadership. Rather it is the positive effect on others and on society as a whole which distinguishes Islamic leadership from followership.

Stages of the Islamic leadership development process are identified as self-development, assessment of environment, formulation and articulation of a vision and then engaging in the deconstruction and reconstruction of the society. The last stage having several phases itself.

In this way the study has achieved its stated aims thorough its objectives and has furnished answers for the research questions initially asked. The following sections offer comment on the possible implications for the existing body of knowledge in the fields of Islamic economics, Islamic political economy and *Shariah*.

7.2 IMPLICATIONS FOR ISLAMIC ECONOMICS THEORY

Islamic economics theory, which presented the aims and goals of Islamic development as morally based social norms and institutions which would establish justice and equity through an Islamic economic system, failed to provide a detailed framework through which such aims would be achieved. The result is that IBF has set out a financial structure which aims to comply with the requirements of the *Shariah* but must function in isolation as other Islamic institutions, even economic ones, simply do not exist to complement it.

This study has identified an Islamic development model which locates the role of economic and legal institutions within the wider social development process. Hence it shows that in order for any economic institutions to contribute to the development process as intended there must be other institutions in place. For example any financial initiatives for the alleviation of poverty can only be effective in an environment where basic Islamic human needs such as justice and compassion already thrive.

Therefore the implications of this research for Islamic economics is quite profound and indicates that the systemic understanding of the Islamic development process needs to be revisited from an authentic perspective and the focus must become wider than conventional views in which growth and wealth accumulation are the primary objectives.

7.3 IMPLICATIONS FOR ISLAMIC POLITICAL ECONOMY

Amongst the more valuable contributions of this work to the existing literature are its implications for the field of Islamic political economy. The integration and embedding of concepts such as trust and leadership within the Islamic

development paradigm are unique to this work and firmly establish the link between economic, social and political development of an Islamic society.

The importance of political leadership and social capital is emphasised in this study as these two areas are identified as the missing elements which lead to the failure of Islamic development to materialise thus far. As many current problems in the Muslim world require solutions which extend far beyond the economic and legislative realms into the cultural, moral, political and social spheres. Thus to speak of economic development is to see only part of the picture but rather academics and policy makers alike must now address the issues of injustice and inequality which deeply impact the lives of Muslims throughout the world. Hence, as this work identifies, there is a need for Islamic leadership which improves the development along the lines of Islamic morality by assessing the current environment and working to remove the barriers to such development before institutionalising the Islamic axioms.

This study should act as an initiator of the debate around such issues of political economy and the need to move away from the focus on wealth and growth alone.

7.4 IMPLICATIONS FOR RESEARCH IN *SHARIAH*

Similar to the point above, Islamic *shariah* scholarship must also broaden its vision from the narrow, reductionist approach of the legal experts, towards developing an Islamic vision for development which encompasses the moral and spiritual aims of Islam. This paradigm shift amongst Islamic scholars is the most critical as truly authentic solutions are required and as such this work requires profound understanding of the Islamic ontology and vision.

This study identifies a need for Islamic leadership which is derived from and in turn establishes the institution of knowledge and learning. However

learning is not established for its own sake but rather it should enable and inform the development process which must entail tackling the barriers to development and hence the political element of such leadership is indispensable.

Therefore the implications include the need for more detailed study in the field of *al-siyasah al-shar'iyyah* (Shariah of politics) which is a traditional science rich in its content of authentic Islamic political thought formed over the many years in which this concept was a reality. Such research would, no doubt, shed much needed light on the interface between *Shariah*, politics and society.

7.5 DELIMITATIONS OF THE RESEARCH

This research is necessarily exploratory in nature as it aims to explore new avenues of knowledge from new perspectives. As such it is limited in scope to only exploring those concepts which can be evidenced directly from Quran and Sunnah and even then not all such concepts can be addressed in such a work.

Development is a broad topic and this research discovers only some aspects of it which are not exhaustive or comprehensive. The aim of these essays is to indicate a new avenue of research which is rich enough to provide authentic Islamic knowledge not yet extracted or applied to present day issues. It is hoped that further research can be undertaken which builds upon this study.

The discussion of *iman, islam and ihsan* again is brief in comparison to the knowledge which already exists in relation to these concepts from the approach of theology or philosophy. This study cannot encompass those discussions and does not attempt to. Similarly other philosophical concepts

are mentioned briefly but only for the purpose of locating one concept within the body of knowledge and it is clear that to discuss such concepts fully is beyond this study.

The alleged failures of IBF are mentioned in brief for a contextual understanding but it is not the aim of this study to discuss or debate the functioning or otherwise of the Islamic banking and finance industry. The only concern here is the discovery of authentic Islamic concepts or theories of development, trust and leadership.

Lastly the section on leadership makes no great mention of the contribution of Shi'i thought to this field as to do so would have entailed more material and discussion than was possible in this work. However it is noted that such an exploration would be extremely beneficial and a valuable contribution indeed for any future work as it would provide another unique perspective on the issue.

As explained, all of the concepts and discussions in this study are exploratory and so necessarily broad rather than profound. This implies that there is much scope for further research in the future to explore each of these topics more fully and in greater detail.

7.6 FURTHER RESEARCH

Further research is required in all aspects covered in this work, not least the conceptualisation of what development actually represents in Islam. The methodological aspects of societal development along Islamic guidelines may be explored more deeply from the Prophetic example and those of the leaders after him who succeeded to some extent in realising development for Muslims. Another aspect requiring further study is the role of leadership in developing trust at an individual and social level as this would seem to be a

key to understanding how to engender organic growth of Islamic values from grassroots.

This work was intended as an exploratory beginning to discovering truly authentic Islamic theory and methodology of development from first principles as something not relying on other ontological approaches but rather to be found in the sources of Islamic thought namely the Quran and Sunnah. It is not claimed that any immediately implementable solution has been arrived at but rather that an alternative and authentic theory may find this work useful to build upon. Some specific avenues of research which may build upon this work are identified here.

Within the theory presented there are several concepts which have been mentioned but which require further elaboration and enquiry. An example of this is the idea of the institutions of an Islamic society which are required to bolster the *imani* trust fabric and support it. Some of these are self-explanatory such as the legal and justice systems and the religious centres, but others require identification and detailing. For example what constitutes an Islamic education system or what is the nature of public services in Islam? Furthermore after identification of Islamic institutions, the question of prioritising needs to be addressed, when considering judicial, social, educational, economic and environmental institutions to mention a few. Hence the institutionalisation of the aspects of theory presented here requires further exploration not possible in this work. Further research could focus on answering such questions.

Within the field of development studies, any theory must compete with rival explanations and discourses. In this regard it would be extremely useful to highlight the comparative advantage of an Islamic development theory, such as the one presented here, against conventional ones which now also include social and ethical perspectives. Such comparative studies could highlight the elements of Islamic development theory not covered by

conventional theories, such as the implications of the Islamic ontological approach to humankind's relation to Allah and hence the source of guidance to be followed. Also, further research could analyse and highlight the elements of conventional theories which would be incompatible with any Islamic society such as secularism and the removal of moral filters on behaviour which are viewed as objectives in some conventional concepts of freedom and progress.

Perhaps the greatest area which is opened up for further research as a result of this work contains the implications of implementing such a theory in the real world. The identifying of Islamic institutions and the measurement of trust in the society have already been indicated to be prerequisites to such an implementation. Further to this are the policy implications of the concept of Islamic leadership such as how such leadership is to be identified within a society and what the mechanisms of selection may actually be. Much further research on Islamic sources of leadership theory needs to be carried out before such issues can be addressed. The questions may include some of the following. Is Islamic leadership the realm of religious elite? Is the concept of *shura* (consensus) the equivalent of democracy? How do the public play a role in the selection or deselection of their leaders?

As IBF has emerged due to the concentration of academics and practitioners alike on Islamic financial models, so there is now also a need to identify what other Islamic institutions are required in order to help achieve the goals of Islamic economics and Islamic development in general. In this regard a future avenue for research is the political and social institutions of Islam that can bring about real, positive change for many in the Muslim world. Hence there needs to be a shift from economic thought to political economy and beyond to social policy.

APPENDIX A

CLASSIFICATION OF MAKKI AND MADANI CHAPTERS OF QURAN

Chapter No.	Chapter name		Makki / Madani	No. of Verses	Disagreement
1	الفاتحة	Faatihah(TheOpening)	Makki	7	x
6	الأنعام	'An-'aam(Cattle)	Makki	165	
7	الأعراف	'A'-raaf(TheHeights)	Makki	206	
10	يونس	Yuunus(Jonah)	Makki	109	
11	هود	Huud(Hud)	Makki	123	
12	يوسف	Yusuf(Joseph)	Makki	111	
14	إبراهيم	'Ibraahiim(Abraham)	Makki	52	
15	الحجر	'Al-Hijr(TheRockyTract)	Makki	99	
16	النحل	Nahl(TheBee)	Makki	128	x

17	الإسراء	Baniii-'Is-raaa-'iil(TheChildrenof'Israel)	Makki	111	
18	الكهف	Kahf(TheCave)	Makki	110	
19	مريم	Maryam(Mary)	Makki	98	
20	طه	Taa-Haa(Ta-Ha)	Makki	135	
21	الأنبياء	'A'mbiyaaa'(TheProphets)	Makki	112	
23	المؤمنون	Mu'-minuun(TheBelievers)	Makki	118	
25	الفرقان	Furqaan(TheCriterionofRightandWrong)	Makki	77	
26	الشعراء	Shu-'araaa'(ThePoets)	Makki	227	
27	النمل	Naml(TheAnt)	Makki	93	
28	القصص	Qasas(TheStory)	Makki	88	
29	العنكبوت	'Ankabuut(TheSpider)	Makki	69	x

30	الروم	Ruum(Romans)	Makki	60	
31	لقمان	Luqmaan(Luqman)	Makki	34	
32	السجدة	Sajdah(TheProstration)	Makki	30	
34	سبأ	Saba'(Saba)	Makki	54	
35	فاطر	Faatir(TheAngels)	Makki	45	
36	يس	Yaa-Siin(YaSin)	Makki	83	
37	الصافات	Saaffaat(ThoseWhoSetTheRanks)	Makki	182	
38	ص	Saad(Saad)	Makki	88	
39	الزمر	Zumar(TheTroops)	Makki	75	
40	غافر	Mu'min(TheBeliever)	Makki	85	
41	فصلت	Fussilat(TheyareExpounded)	Makki	54	

42	الشورى	Shuurah(Counsel)	Makki	53	
43	الزخرف	Zukhruf(OrnamentsofGold)	Makki	89	
44	الدخان	Dukhaan(Smoke)	Makki	59	
45	الجاثية	Jaasiyah(Crouching)	Makki	37	
46	الأحقاف	'Ahqaaf(TheWind-CurvedSandhills)	Makki	35	
50	ق	Qaaaf(Qaf)	Makki	45	
51	الذاريات	Zaarayaat(TheWinnowingWinds)	Makki	60	
52	الطور	Tuur(TheMount)	Makki	49	
53	النجم	Najm(TheStar)	Makki	62	
54	القمر	Qamar(TheMoon)	Makki	55	
56	الواقعة	Waaqi-'ah(TheEvent)	Makki	96	

67	الملك	Mulkulk(TheSovereignty)	Makki	30	
68	القلم	Qalam(ThePen)	Makki	52	
69	الحاقة	Haaaqqah(TheReality)	Makki	52	
70	المعارج	Ma-'aarij(TheAsendingStairways)	Makki	44	
71	نوح	Nuuh(Noah)	Makki	28	
72	الجن	Jinn(TheJinn)	Makki	28	
73	المزمل	Muzzammil(TheEnshroudedOne)	Makki	20	
74	المدثر	Muddassir(TheCloakedOne)	Makki	56	
75	القيامة	Qiyaamah(TheRisingoftheDead)	Makki	40	
77	المرسلات	Mursalaat(TheEmissaries)	Makki	50	
78	النبأ	Naba'(TheTidings)	Makki	40	

79	النازعات	Naazi-'aat(ThoseWhoDragForth)	Makki	46	
80	عبس	'Abasa(HeFrowned)	Makki	42	x
81	التكوير	Takwiir(TheOverthrowing)	Makki	29	
82	الانفطار	'Infitaar(TheCleaving)	Makki	19	
83	المطففين	Tatfiif(Defrauding)	Makki	36	x
84	الانشقاق	'Inshiqaaq(TheSundering)	Makki	25	
85	البروج	Buruuj(TheMansionsoftheStars)	Makki	22	
86	الطارق	Taariq(TheMorningStar)	Makki	17	
87	الأعلى	'A'-laa(TheMostHigh)	Makki	19	
88	الغاشية	Gaashiyah(TheOverwhelming)	Makki	26	
89	الفجر	Fajr(TheDawn)	Makki	30	x

90	البلد	Balad(TheCity)	Makki	20	
91	الشمس	Shams(TheSun)	Makki	15	
92	الليل	Layl(TheNight)	Makki	21	x
93	الضحى	Zuhaa(TheMorningHours)	Makki	11	
94	الشرح	'Inshiraah(Solace)	Makki	8	
95	التين	Tiin(TheFig)	Makki	8	
96	العلق	'Alaq(TheCloth)	Makki	19	
97	القدر	Qadr(Power)	Makki	5	x
100	العاديات	'Aadi-yaat(TheCoursers)	Makki	11	
101	القارعة	'Al-Qaari-'ah(TheCalamity)	Makki	11	
102	التكاثر	Takaasur(RivalryinWorldlyIncrease)	Makki	8	

103	العصر	'Asr(TheDecliningDay)	Makki	3	
104	الهمزة	Humazah(TheTraducer)	Makki	9	
105	الفيل	Fil(TheElephant)	Makki	5	
106	قريش	Quraysh('Winter'or'Qureysh')	Makki	4	
107	الماعون	Maa-'uun(SmallKindness)	Makki	7	
108	الكوثر	Kawsar(Abundance)	Makki	3	
109	الكافرون	Kaafiruun(TheDisbelievers)	Makki	6	
111	المسد	Lahab(PalmFibre)	Makki	5	
112	الإخلاص	'Ikhlaas(TheUnity)	Makki	4	x
113	الفلق	Falaq(TheDaybreak)	Makki	5	x
114	الناس	Naas(Mankind)	Makki	6	x

2	البقرة	Baqarah(TheCow)	Madani	286	
3	عمران آل	'Aali-'Imraan(TheFamilyof'Imraan)	Madani	200	
4	النساء	Nisaaa'(Women)	Madani	176	
5	المائدة	Maaa-'idah(TheTableSpread)	Madani	120	
8	الأنفال	'Anfaal(SpoilsofWar)	Madani	75	
9	التوبة	Tawbah(Repentance)	Madani	129	
13	الرعد	Ra'd(TheThunder)	Madani	43	x
22	الحج	Hajj(ThePilgrimage)	Madani	78	x
24	النور	Nuur(Light)	Madani	64	
33	الأحزاب	'Ahzaab(TheClans)	Madani	73	
47	محمد	Muhammad(Muhammad)	Madani	38	x

48	الفتح	Fat-h(Victory)	Madani	29	
49	الحجرات	Hujuraat(ThePrivateApartments)	Madani	18	
55	الرحمن	Rahmaan(TheBenficent)	Madani	78	x
57	الحديد	Hadiid(Iron)	Madani	29	
58	المجادلة	Majaadalah(SheThatDisputeth)	Madani	22	
59	الحشر	Hashr(Exile)	Madani	24	
60	الممتحنة	Mumtahanah(SheThatIsToBeExamined)	Madani	13	
61	الصف	Saff(TheRanks)	Madani	14	x
62	الجمعة	Jumu-'ah(TheCongregation)	Madani	11	
63	المنافقون	Munaafiquun(TheHypocrites)	Madani	11	
64	التغابن	Tagaabun(MutualDisillusion)	Madani	18	x

65	الطلاق	Talaaq(Divorce)	Madani	12	
66	التحريم	Tahriim(Banning)	Madani	12	
76	الإنسان	'InsaanorDahr(TimeorMan)	Madani	31	x
98	البينة	Bayyinah(TheClearProof)	Madani	8	x
99	الزلزلة	Zilzaal(TheEarthquake)	Madani	8	x
110	النصر	Nasr(Succour)	Madani	3	x

APPENDIX B

THE NAMES OF THE DAY OF JUDGEMENT

الحاقة	**يوم الآخر**	**يوم الدين**
Al-Haqqah [The Reality] **(69:1)**	Yawmul-Akhir [Last Day] **(2:8)**	Yawmud-Deen [Day of Judgment] **(1:4)**
يوم الوعيد	**يوم الجمع**	**يوم القيامة**
Yawmul-Wa'eed [Day of Warning] **(50:20)**	Yawmul-Jam'i [Day of Gathering] **(42:7)**	Yawmul-Qiyamah [Day of Resurrection] **(2:85)**
يوم الخروج	**يوم الخلود**	**يوم لا ريب فيه**
Yawmul-Khurooj [Day of Coming Out] **(50:42)**	Yawmul-Khulood [Day of Eternal Life] **(50:34)**	Yawmul Laa Rayba Feeh [A Day about which there is no doubt] **(3:9)**
يوم نحس مستمر	**يوم عسر**	**يوم عصيب**
Yawmu Nahsim Mustamirr [A Violent Day] **(54:19)**	Yawmun 'Asir [A Hard Day] **(54:9)**	Yawun-'Aseeb [A Distressful Day] **(11:77)**
يوم التناد	**يوم التغابن**	**يوم مجموع**
Yawmut-Tanaad [The Day When There Will Be Mutual Calling] **(40:32)**	Yawmut-Taghabun [Day of Mutual Loss & Gain] **(64:9)**	Yawmun-Majmoo' [A Day where mankind will be gathered together] **(11:103)**

يوم الحق	يوم عسير	يوم مشهود
Yawmul-Haqq [Day of Truth] **(78:39)**	Yawmun-'Aseer [A Hard Day] **(74:9)**	Yawmun-Mashhood [A Day when all will be present] **(11:103)**
الساعة	**يوم الموعود**	**يوم لا بيع فيه ولا خلال**
As-Saa'ah [The Hour] **(6:31)**	Yawmul-Maw'ood [Promised Day] **(85:2)**	Yawmul-Laa Bay'un Feehi wa Laa Khilaal [A Day when there will be no bargaining nor befriending] **(14:31)**
يوم التلاق	**الواقعة**	**يوم الوقت المعلوم**
Yawmut-Talaaq [Day of Mutual Meeting] **(40:15)**	Al-Waqi'ah [The Event] **(56:1)**	Yawmul-Waqtil-Ma'loom [Day of The Time Appointed] **(15:38)**
الطآمة الكبرى	**القارعة**	**يوم الحسرة**
At-Taammatul-Kubra [The Greatest Catostrophe] **(79:34)**	Al-Qari'ah [The Striking Hour] **(69:4)**	Yawmul-Hasrah [Day of Distress] **(19:39)**
الغاشية	**الصاخة**	**يوم لا مرد له**
Al-Ghashiyah [The Overwhelming] **(88:1)**	As-Sakhkhah [The Trumpet Blast] **(80:33)**	Yawmun-Laa Maraddalah [A Day which none can avert it] **(30:43)**
يوم الآزفة	**يوم الفتح**	**يوم البعث**
Yawmul-Aazifah [The Day That Is	Yawmul-Fath [Day of Decision]	Yawmul-Ba'th [Day of Resurrection]

(30:56) **(32:29)** Drawing Near] **(40:18)**

يوم الفصل **يوم الحساب**

Yawmul-Fasl [Day of Sorting Out] Yawmul-Hisab [Day of Account]

(37:21) **(38:16)**

References

Abu Sin, A. I. (1986). *Al Idarah fi Al Islam*. Dubai: Al-Ashiyah.

Ahmad, K. (1994). *Islamic Approach to development: Some policy Implications*. Islamabad: Institute of Policy Studies.

Al-Attas, M. N. (1978). *Islam and secularism*. International Institute of Islamic Thought and Civilization (ISTAC).

Al-Attas, M. N. (1990). *The nature of man and the psychology of the human soul*. Kuala Lumpur: International Institute of Islamic Thought and Civilization.

Al-Bukhari, M. i. I. (1991). *al-Jami` al-Sahih*. Beirut: Dar Ihya' al-Turath al-`Arabi.

Al-Buraey, M. (2002). *Administrative development: an Islamic perspective*. Kegan Paul International.

Al-Ghazali, A. H. M. (1971). *Ihya Ulum Al Deen (F. Karim, Trans)*. Lahore: Sind Sagar Academy.

Al-Ghazali, A. H. M. (1987). *At-Tibr al-Masbuk fi Nasihat al-Muluk*. Beirut: Dar Ibn Zaudan.

Al-Ghazali, A. H. M. (1990). *Ihya Ulum al-Din*. Beirut: Dar Al Ma'rifah.

Al-Kittani, A. H. (1920). *Nizam Al Hukumah Al Nabawiyyah*. Beirut: Dar Al Kutub Al Amali.

Al-Mawardi, A. H. (1983). *Al-Ahkam As-Sultaniyyah*. Beirut: Dar Al Kutub Al Ilmiyyah.

Al-Qari, A. b. S. M. (1997). *Sharh al-Fiqh al-Akbar*. Karachi: Gateway Publications.

Al-Qari, A. b. S. M. (2001). *Mirqat al-mafatih: Sharh mishkat al-masabih*. Beirut: Darul Kutub Al Ilmiyyah.

Al-Qurtubi, M. i. A. (1996). *Al-Jami` li-ahkam al-Qur'an*. Beirut: Dar al-Kutub al-`Ilmiyah.

Al-Sadr, M. B. (1961). *Iqtisaduna*. (10th 1987 ed.) Bayrut: Dar al-Ta`arif lil-Matbu`at.

Al-Sadr, M. B. (1973). *Al-Bank al-La Ribawi fi al-Islam*. Beirut: Dar al-Ta'awun li al Matbu'at.

Al-Shatibi, A. I. (2003). *Al-Muwafaqat*. Beirut: Dar al-Kutub al-'Ilmiyah.

Al-Tabari, M. b. J. (1954). *Jami` al-bayan `an ta`wil al-Qur'an*. Cairo: Maktabah Mustafa Al-Halabi.

Al-Zabidi, M. M. (1965). *Taj al-'Aroos min jawahir al qamoos*. Kuwait: Ministry of Communication.

Al-Zarkashi, M. i. A. A. (1988). *Al-Burhan fi `ulum al-Qur'an*. (1st ed.) Beirut, Lebanon: Dar Al-Kutub Al-Ilmiyyah.

Alatas, S. F. (1993). On the indigenization of academic discourse. *Alternatives, 18,* 307-338.

Ali, A. (2005). *Islamic perspectives on management and organization*. Edward Elgar Publishing.

Aron, R. (1968). *Main currents in sociological thought*. London: Weidenfeld & Nicolson.

Arrow, K. J. (1972). Gifts and exchanges. *Philosophy & Public Affairs, 1*, 343-362.

Astin, H. S. & Leland, C. (1991). *Women of influence, women of vision: A cross-generational study of women and change*. San Francisco: Jossey Bass.

Asutay, M. (2012). Conceptualising and Locating the Social Failure of Islamic Finance: Aspirations of Islamic Moral Economy vs the Realities of Islamic Finance. *Asian and African area studies, 11,* 93-113.

Asutay, M. (2007a). A Political Economy Approach to Islamic Economics: Sytemic Understanding for an Alternative Economic System. *Kyoto Bulletin of Islamic Area Studies, 1,* 3-18.

Asutay, M. (2007b). Conceptualisation of the second best solution in overcoming the social failure of Islamic finance: Examining the overpowering of homoislamicus by homoeconomicus. *IIUM Journal of Economics and Management, 15*.

Avolio, B. J., Bass, B. M., & Jung, D. I. (1999). Re-examining the components of transformational and transactional leadership using the Multifactor Leadership Questionnaire. *Journal of Occupational and Organizational Psychology, 72,* 441-462.

Avolio, B. J. & Gardner, W. L. (2005). Authentic leadership development: Getting to the root of positive forms of leadership. *The Leadership Quarterly, 16,* 315-338.

Ayer, A. J. (1952). *Language, truth, and logic*. (20010 ed.) (vols. 8) Dover Pubns.

Ayer, A. J. (1959). *Logical positivism*. (2 ed.) Free Pr.

Ayman, R. (1993). Leadership perception: The role of gender and culture. In M.Chemers & R. Ayman (Eds.), *Leadership Theory and Research: Perspectives and Directions* (pp. 137-166). San Diego: Academic Press.

Baer, W. (1972). Import Substitution and Industrialization in Latin Amercia: Experiences and Interpretations. *Latin American Research Review, 7,* 95-122.

Barney, J. B. & Hansen, M. H. (1994). Trustworthiness as a source of competitive advantage. *Strategic Management Journal, 15,* 175-190.

Bass, B. M. (1985). *Leadership and performance beyond expectations*. Free Press New York.

Bass, B. M. & Avolio, B. J. (1994). *Improving organizational effectiveness through transformational leadership*. Sage Publications, Inc.

Bauer, P. T. (1976). *Dissent on development*. Cambridge, MA.: Harvard Univ Press.

Beekun, R. I. & Badawi, J. A. (1999). *Leadership: An Islamic Perspective*. Amana Publications.

Bensimon, E. M., Neumann, A., & Birnbaum, R. (1989). Making sense of administrative leadership: The" L" word in higher education.

Berkeley, G. & Krauth, C. P. (1878). *A treatise concerning the principles of human knowledge*. JB Lippincott & co.

Berkeley, G. The querist containing several queries, proposed to the consideration of the public. *Eighteenth century*, (in press).

Bhabha, H. K. (1983). The other question. *Screen, 24*, 18.

Bhabha, H. K. (1984). Of mimicry and man: The ambivalence of colonial discourse. *October, 28*, 125-133.

Bidault, F. & Jarillo, C. J. (1995). Trust in economic transactions. In *EMOT Workshop* Geneva.

Bjornskov, C. (2005). The multiple facets of social capital. *European Journal of Political Economy, 22*, 22-40.

Blomqvist, K. (1993). Trust in technology partnerships between small and large firms.

Ref Type: Unpublished Work

Bollag, B. (2000). The New Latin: English Dominates in Academe. *Chronicle of Higher Education*.

Bolman, L. G. & Deal, T. E. (2003). *Reframing organizations: Artistry, choice, and leadership*. Jossey-Bass Inc Pub.

Brodbeck, F. C., Frese, M., Akerblom, S., Audia, G., Bakacsi, G., Bendova, H. et al. (2000). Cultural variation of leadership prototypes across 22 European countries. *Journal of Occupational and Organizational Psychology, 73,* 1-29.

Brohman, J. (1996). *Popular development: Rethinking the theory and practice of development*. Oxford: Wiley-Blackwell.

Brown, M. E. & Trevino, L. K. (2006). Ethical leadership: A review and future directions. *The Leadership Quarterly, 17,* 595-616.

Brown, M. E., Trevino, L. K., & Harrison, D. A. (2005). Ethical leadership: A social learning perspective for construct development and testing. *Organizational Behavior and Human Decision Processes, 97,* 117-134.

Burns, J. M. (1978). *Leadership*. New York (etc.) ; London : Harper and Row.

Chang, H. J. (2002). *Kicking away the ladder: development strategy in historical perspective*. Anthem Press.

Chapra, M. U. (1979). *Objectives of the Islamic economic order*. Leicester: The Islamic Foundation.

Chapra, M. U. (1992). *Islam and the economic challenge*. Leicester, U.K: Islamic Foundation.

Chapra, M. U. (2000). *The future of economics an Islamic perspective*. (21 ed.) Leicester: Islamic Foundation.

Ciulla, J. B. (2004). *Ethics, the heart of leadership*. Praeger Publishers.

Coleman, J. S. (1988). Social capital in the creation of human capital. *American Journal of Sociology, 94*.

Coleman, J. S. (1990). *Foundations of social theory*. Cambridge, Mass. ; London: Belknap Press of Harvard University Press.

Cox, T. (1993). *Cultural diversity in organizations: Theory, research, and practice*. Berrett-Koehler Publishers.

Dasgupta, P. (1988). Trust as a commodity. In D.Gambetta (Ed.), *Trust: Making and Breaking Cooperative Relations* (pp. 49-72). Oxford: Basil Blackwell.

Dawson, P. (1994). *Organizational change: A processual approach*. London: Paul Chapman.

Den Hartog, D. N., House, R., Hanges, P., Ruiz-Quintilla, S., & Dorfman, P. (1999). Culture specific and cross culturally generalizable implicit leadership theories; Are attributes of charismatic and transformational leadership universally endorsed? *The Leadership Quarterly, 10,* 219-256.

Den Hartog, D. N., Van Muijen, J. J., & Koopman, P. L. (1997). Transactional versus transformational leadership: An analysis of the MLQ. *Journal of Occupational and Organizational Psychology*.

Derrida, J. (1970). Structure, sign, and play in the discourse of the human sciences. *A postmodern reader,* 223-242.

Derrida, J. (1998). *Of grammatology (G.C. Spivak, Trans.)*. Baltimore: Johns Hopkins Univ Press.

Dickson, M. W., Den Hartog, D. N., & Mitchelson, J. K. (2003). Research on leadership in a cross-cultural context: Making progress, and raising new questions. *The Leadership Quarterly, 14,* 729-768.

Dirks, K. T. & Ferrin, D. L. (2002). Trust in leadership: Meta-analytic findings and implications for research and practice. *Journal of applied psychology, 87,* 611-627.

Dunn, J. (1988). Trust and political agency. In D.Gambetta (Ed.), *Trust: Making and Breaking Cooperative Relations* (pp. 73-93). Oxford: Basil Blackwell.

Durlauf, S. N. (2004). Social capital. In The Centre for the Study of African Economies: The Berkeley Economic Press.

El-Ashker, A. A.-F. & Wilson, R. (2006). *Islamic economics: A short history*. Leiden: Brill.

El-Gamal, M. A. (2006). *Islamic finance: law, economics, and practice*. Cambridge UK: Cambridge University Press.

El-Ghazali, A. H. (1994). *Man is the basis of the Islamic Strategy for Economic Development*. Jeddah: IRTI- Islamic Development Bank.

Ellis, B. (2001). *Scientific essentialism*. England: Cambridge.

Ensari, N. & Murphy, S. E. (2003). Cross-cultural variations in leadership perceptions and attribution of charisma to the leader. *Organizational Behavior and Human Decision Processes, 92,* 52-66.

Escobar, A. (1988). Power and visibility: development and the invention and management of the Third World. *Cultural Anthropology, 3,* 428-443.

Escobar, A. (1995). *Encountering development: The making and unmaking of the Third World*. Princeton Univ Pr.

Esteva, G. & Prakash, M. S. (1997). From global thinking to local thinking. In M.Rahnema & V. Bawtree (Eds.), *The Post-Development Reader* (London: Zed Books.

Fanon, F. (1967). *Black skin, white masks*. Grove Press.

Fanon, F. (2004). *The wretched of the earth (R. Philcox, Trans.)*. New York: Grove Press.

Fiedler, F. (1997). Situational control and a dynamic theory of leadership. In K.Grint (Ed.), *Leadership: Classical, contemporary, and critical approaches* (pp. 126-148). New York: Oxford University Press.

Fiewal, G. R. (1987). *Arrow and the Foundations of the Theory of Economic Policy*. London: Macmillan.

Fine, B. (2001). *Social capital versus social theory : political economy and social science at the turn of the millenium*. London : Routledge.

Foley, M. W. & Edwards, B. (1999). Is it time to disinvest in social capital. *Journal of Public Policy, 19,* 199-231.

Foucault, M. (2002). *The order of things: An archaeology of the human sciences*. Psychology Press.

Foucault, M. (2007). *Archaeology of knowledge*. Routledge.

Foucault, M. & Gordon, C. (1980). *Power/knowledge: Selected interviews and other writings, 1972-1977*. Pantheon.

Fox, A. (1975). *Beyond contract: Work, power and trust relations*. London: Faber and Faber.

Fry, L. W. (2003). Toward a theory of spiritual leadership. *The Leadership Quarterly, 14,* 693-727.

Fuchs, S. (2005). *Against essentialism: A theory of culture and society*. Harvard Univ Pr.

Fukuyama, F. (1995). *Trust : the social virtues and the creation of prosperity*. London: Hamish Hamilton.

Gambetta, D. (1988). *Trust : making and breaking cooperative relations*. Oxford: Basil Blackwell.

Ghazali, A. (1990). *Development: An Islamic Perspective*. Malaysia: Pelanduk Publications, Petaling Jaya, Selangor Darul Ehsan.

Gini, A. (1998). Work, identity and self: How we are formed by the work we do. *Journal of Business Ethics, 17,* 707-714.

Grabher, G. (1993). *The Embedded firm: on the socioeconomics of industrial networks*. London: Routledge.

Granovetter, M. S. (1985). *Economic action and social structure: the problem of embeddedness*.

Granovetter, M. S. & Swedberg, R. (1992). *The sociology of economic life*. Boulder, Colo. ; Oxford: Westview.

Greenleaf, R. K. & Spears, L. C. (1977). *Servant leadership: A journey into the nature of legitimate power and greatness*. Paulist Press.

Grint, K. (1997). *Leadership: Classical, contemporary, and critical approaches*. Oxford University Press, USA.

Hamid, E. A. (2001). Al-Mawardi's Theory of State-Some Ignored Dimensions. *AMERICAN JOURNAL OF ISLAMIC SOCIAL SCIENCES, 18,* 1-18.

Hamidi, M. L. (2006). The Theory and Practice of Islamic Management Style: The Experience of Bank Muamalat Indonesia. *Review of Islamic Economics, 10,* 115.

Hardin, R. (1999). Do we want trust in government? In *Democracy & Trust* (pp. 22-41). Cambridge: Cambridge University Press.

Hardin, R. (2002). *Trust and trustworthiness*. Russell Sage Foundation Publications.

Harris, N. (1986). *The end of the Third World: newly industrializing countries and the decline of an ideology*. London.

Hart, K. (1988). Kinship contract and trust: the economic organization of migrants in an African city slum. In D.Gambetta (Ed.), *Trust: Making and Breaking Cooperative Relations* (Oxford: Basil Blackwell.

Hasan, Z. (2005). Islamic Banking at the Crossroads: Theory versus Practice. In M.Iqbal & R. Wilson (Eds.), *Islamic Perspectives on Wealth Creation* (pp. 11-25).

Healy, T. (2002). The measurement of social capital at international level. *Social Capital: The Challenge of International Measurement Series of the Organisation for Economic Co-operation and Development (OECD).Paris: OECD.URL: http//www.oecd.org/dataoecd/1/60/2380281.pdf*.

Heifetz, R. A. (1994). *Leadership without easy answers*. Belknap Press.

Helgesen, S. (1990). Women's way of leading. New York: Doubleday.

Ref Type: Generic

Helliwell, J. F. (2002). *How's life? Combining individual and national variables to explain subjective well-being [Offprint]*.

Hicks, D. A. (2002). Spiritual and religious diversity in the workplace:: Implications for leadership. *The Leadership Quarterly, 13*, 379-396.

Hirschman, A. O. (1958). *The strategy of economic development*. New York: Yale university press.

Hodgson, G. M. (1988). *Economics and institutions : a manifesto for a modern institutional economics*. Cambridge: Polity.

Hofstede, G. (1980). *Culture's consequences: international differences in work-related values*. Beverly Hills, Calif: Sage Publications.

Hofstede, G. (2005). *Cultures and organizations: Software of the mind*. McGraw-Hill London.

Howell, J. M. (1988). Two faces of charisma: Socialized and personalized leadership in organizations.

Howell, J. M. & Avolio, B. J. (1992). The ethics of charismatic leadership: submission or liberation? *The Executive, 6*, 43-54.

Hume, D. (1777). *Enquiry into the human understanding*. Oxford, Clarendon Press.

Ibn Hanbal, A. (1993). *Al Musnad*. Beirut: Dar Ihya al-Turath al-'Arabi.

Ibn Hisham, A. M. (1955). *Al-Sirat al-Nabawiyyah*. Cairo: Matba'at Mustafa al-Babi al-Halbi.

Ibn Kathir, I. i. i. U. (1980). *Tafsir al-Qur'an al-'Azim*. Qahirah: Maktabah Dar al-Turath.

Ibn Khaldun, A. R. (1978). *Al-Muqaddimah*. Beirut: Dar al-Qalam.

Ibn Majah, M. b. Y. (1998). *Al-Sunan*. Beirut: Dar-ul-Kutub al-Ilmiyyah.

Ibn Taymiyyah, A. (1988). *Al-Siyasah al-Shariyya fi Islah al-Rai wa al-Raiyyah*. Beirut: Dar Al Kutub Al Ilmiyyah.

Illich, I. (1997). Development as planned poverty. *The post-development reader,* 94-112.

Inglehart, R. (2004). *Human beliefs and values : a cross-cultural sourcebook based on the 1999-2002 values surveys*. (1st ed. ed.) MeÌ • xico : Siglo XXI.

Izetbegovic, A. (1984). *Islam between East and West*. Indianapolis, Ind., USA: American Trust Publications.

Johnson, H. G. (1971). The Keynesian revolution and the monetarist counter-revolution. *The American Economic Review, 61,* 1-14.

Jones, K. (1996). Trust as an affective attitude. *Ethics, 107,* 4-25.

Kamali, M. H. (1989). Siyasah Sharúiyah or the Policies of Islamic Governmentú. *The American Journal of Islamic Social Sciences, 6,* 59.

Kanungo, R. N. & Mendonca, M. (1996). *Ethical dimensions of leadership*. Sage Publications, Inc.

Keynes, J. M. (1973). *Collected Writings of John Maynard Keynes*. (vols. 7) London and Cambridge: Macmillan and Cambridge University Press.

Keynes, J. M. (2006). *The general theory of employment, interest and money*. Atlantic Publishers & Distributors.

Kirkpatrick, S. A. & Locke, E. A. (1991). Leadership: Do traits matter? *The Executive, 5,* 48-60.

Knack, S. F. & Keefer, P. (1997). Does social capital have an economic pay-off? A cross-country investigation. *The Quarterly Journal of Economics, 112,* 1251-1288.

Knorringa, P. (1992). *Adaptive capacities in the Agra footwear industry*. Department of Development Economics, free University of Amsterdam.

Knorringa, P. (1994). Lack of interaction between traders and producers in the Agra footwear cluster. In P.O.Pederson, A. Sverrisson, & M. P. van Dijk (Eds.), *Flexible Specialization* (London: Intermediate Technology.

Knorringa, P. & Van Staveren, I. (2005). *Social capital for industrial development* UNIDO.

Kohlberg, L. (1969). *Stage and sequence: The cognitive-developmental approach to socialization*. Rand McNally.

Kouzes, J. M. & Posner, B. Z. (2003). *Credibility: How Leaders Gain and Lose It, Why People Demand It, Revised Edition*. San Francisco, CA: Jossey-Bass.

Kreps, D. M. (1990). *A course in microeconomic theory*. New York: Harvester Wheatsheaf.

Kriger, M. & Seng, Y. (2005). Leadership with inner meaning: A contingency theory of leadership based on the worldviews of five religions. *The Leadership Quarterly, 16,* 771-806.

Kriger, M. P. & Hanson, B. J. (1999). A value-based paradigm for creating truly healthy organizations. *Journal of Organizational Change Management, 12,* 302-317.

La Porta, R., Lopez-de-Silanes, F., Shleifer, A., & Vishny, R. (1997). Trust in large organizations. *American Economic Review, 87,* 333-338.

Ladkin, D. (2010). *Rethinking Leadership: A New Look at Old Leadership Questions*. Edward Elgar Pub.

Lal, D. (1980). *A liberal international economic order: the international monetary system and economic development*. Princeton, New Jersey: Princeton University.

Lal, D. (1983). *The Poverty of Development Economics*. (16 ed.) London: Institute of Economic Affairs.

Lane, E. W. & Lane-Poole, S. (1984). *An Arabic-English lexicon*. Cambridge: Islamic Texts Society.

Latouche, S. (1993). *In the wake of the affluent society: An exploration of post-development*. Zed Books.

Latouche, S. (1996). *The westernization of the world : the significance, scope and limits of the drive towards global uniformity*. Cambridge, UK ; Cambridge, MA : Polity Press in association with Blackwell's.

Lazerson, M. (1988). Organizational growth of small firms: an outcome of markets and hierarchies. *American Sociological Review, 53,* 330-342.

Leff, N. H. (1986). Trust, envy and the political economy of industrial development: economic groups in developing countries. In.

Lewis, J. D. & Weigart, A. (1985). Trust as a social reality. *Social Forces, 63*, 967-985.

List, F. (1916). *The national system of political economy (S.Lloyd Trans.)*. London: Longmans.

Lorenz, E. H. (1988). Neither friends nor strangers: informal networks of subcontracting in French industry. In D.Gambetta (Ed.), *Trust: Making and Breaking Cooperative Relations* (pp. 194-210). Oxford: Basil Blackwell.

Luhmann, N. (1979). *Trust and power: two works*. Chichester: Wiley.

Luhmann, N. (1988). Familiarity, confidence, trust, problems and alternatives. In D.Gambetta (Ed.), *Trust: Making and Breaking Cooperative Relations* (Oxford: Basil Blackwell.

Luthans, F. & Avolio, B. J. (2003). Authentic leadership: A positive developmental approach. *Positive organizational scholarship*, 241-261.

MacRae, D. G. (1974). *Weber*. London: Woburn Press.

Mansbridge, J. (1999). Altruistic Trust. In *Democracy & Trust* (pp. 290-309). Cambridge: Cambridge University Press.

Marx, K. (1972). *The Grundrisse*. London: HarperCollins Publishers.

Marx, K. (1977). *Capital (vol. 1)*. UK: Penguin.

Marx, K. & Engels, F. (1965). *The German ideology*. London: Lawrence & Wishart.

Maududi, S. A. A. (1946). *Towards understanding Islam*. (3d ed. ed.) Darul Islam, Pathankot, Punjab, India: Tarjumanul Quran.

Maududi, S. A. A. (1960a). *First principles of the Islamic state*. (2nd ed rev ed.) Lahore: Islamic Publications.

Maududi, S. A. A. (1960b). *The Islamic law and constitution*. Lahore: Islamic Publications.

Maududi, S. A. A. (1970). *The economic problem of man and its Islamic solution*. (2nd ed ed.) Lahore: Islamic Publications.

McAllister, D. J. (1995). Affect-and cognition-based trust as foundations for interpersonal cooperation in organizations. *Academy of Management Journal, 38,* 24-59.

McCauley, C. D. & Van Velsor, E. (2010). *The center for creative leadership handbook of leadership development*. (Third ed.) Jossey-Bass Inc Pub.

McGuinness, T. (1991). Markets and managerial hierarchies. In G.Thompson, J. Frances, R. Levacic, & J. Mitchell (Eds.), *Markets, Hierarchies & Networks: The Coordination of Social Life* (pp. 66-81). London: Sage.

Mehmet, O. (1999). *Westernizing the third world: The Eurocentricity of economic development theories*. (Second ed.) London: Routledge.

Mill, J. S. (1900). *Principles of political economy with some of their applications to social philosophy*. (8th ed ed.) London: Longmans, Green, Reader, and Dyer.

Mohammad-Karim, M. S. (2010). *Profit-Sharing Deposit Accounts in Islamic Banking: Analysing the Perceptions and Attitudes of the Malaysian Depositors.* Durham University, Durham.

Moore, M. (1994). How difficult is it to construct market relations? A commentary on Platteau. *Journal of Development Studies, 30,* 818-830.

Muslim ibn al-Hajjaj (1995). *Sahih Muslim*. Beirut: Dar al-Kutub al-`Ilmiyah.

Nagaoka, S. (2007). Beyond the Theoretical Dichotomy in Islamic Finance: Analytical Reflections on Murabahah Contracts and Islamic Debt Securities. *Kyoto Bulletin of Islamic Area Studies, 1*.

Naqvi, S. N. H. (1981). *Ethics and economics an Islamic synthesis*. Leicester, U.K: Islamic Foundation.

Naqvi, S. N. H. (1997). The Dimensions of an Islamic Economic Model. *Islamic Economic Studies, 4,* 1-24.

Nash, L. L. (2001). How the church has failed business. *Across the Board, 38,* 26-32.

Nomani, F. (2006). The dilemma of riba-free banking in Islamic public policy. *Islam and the Everyday World: Public Policy Dilemmas.Routledge, London,* 193-223.

Nomani, S. (1991). *Al-Farooq*. Karachi: Dar Al Ishaat.

North, D. C. (1990). *Institutions, institutional change, and economic performance*. Cambridge: Cambridge University Press.

Northouse, P. G. G. & Northouse, P. G. (2009). *Leadership: Theory and practice*. Sage Publications, Inc.

Odom, L. & Green, M. T. (2003). Law and the ethics of transformational leadership. *Leadership & Organization Development Journal, 24,* 62-69.

Offerman and Phan (2002). Culturally intelligent leadership for a diverse world. In R.Sternberg (Ed.), *Multiple Intelligences and Leadership* (pp. 187-210). New York: Basic Books.

Osborn, R. N., Hunt, J. G., & Jauch, L. R. (2002). Toward a contextual theory of leadership. *The Leadership Quarterly, 13,* 797-837.

Parry, K. W. (1998). Grounded theory and social process: A new direction for leadership research. *The Leadership Quarterly, 9,* 85-105.

Parry, K. W. & Proctor-Thomson, S. B. (2002). Perceived integrity of transformational leaders in organisational settings. *Journal of Business Ethics, 35,* 75-96.

Paxton, P. (1999). Is social capital declining in the United States? A multiple indicator assessment. *The American Journal of Sociology, 105,* 88-127.

Pettigrew, A. M. (1997). What is a processual analysis. *Scandinavian Journal of Management, 13,* 337-348.

Pettigrew, A. M., Woodman, R. W., & Cameron, K. S. (2001). Studying organizational change and development: Challenges for future research. *Academy of Management Journal,* 697-713.

Philips, A. A. B. (1997). *Usool At Tafseer: The methodology of Qur'anic explanation*. Sharjah, UAE: Dar Al Fatah.

Platteau, J. P. (1994). Behind the market stage where real societies exist - Part 1: the role of public and private order institutions. *Journal of Development Studies, 30,* 533-577.

Portes, A. (1998). Social capital: its origins and applications in modern sociology. *Annual Review of Sociology, 24,* 1-24.

Putnam, R. D. (2000). *Bowling alone : the collapse and revival of American community*. (1st Touchstone ed. ed.) New York ; London : Simon & Schuster.

Putnam, R. D., Leonardi, R., & Nanetti, R. (1993). *Making democracy work: civic traditions in modern Italy*. Princeton, N.J: Princeton University Press.

Qaradawi, Y. (1999). *Fiqh az-zakat: a comparative study : the rules, regulations and philosophy of Zakat in the light of the Qur'an and Sunna*. London: Dar Al Taqwa.

Rahnema, M. (1991). *Global poverty: A pauperizing myth* Montreal: Intercultural Institute of Montreal.

Rahnema, M. (2000). Towards post-development: searching for signposts, a new language and new paradigms. *Development: critical concepts in social sciences,* 304.

Rahnema, M. & Bawtree, V. (1997). *The post-development reader*. London: Zed Books.

Rawls, J. (1999). *A theory of justice*. Harvard university press.

Reave, L. (2005). Spiritual values and practices related to leadership effectiveness. *The Leadership Quarterly, 16,* 655-687.

Rieff, P. (1975). *Fellow teachers*. London: Faber and Faber.

Roland, A. (1988). *In search of self in India and Japan*. Princeton New Jersy: Princeton University Press.

Rorty, R. (2009). *Philosophy and the Mirror of Nature*. New Jersey: Princeton Univ Press.

Rosenblum, N. L. (1998). *Membership and Morals*. Princeton: Princeton University Press.

Rosener, J. (1990). How Women Lead. *Harvard Business Review, 68,* 119-125.

Rosenstein-Rodan, P. N. (1943). Problems of industrialisation of eastern and south-eastern Europe. *The Economic Journal, 53,* 202-211.

Rost, J. C. (1995). Leadership: A discussion about ethics. *Business Ethics Quarterly, 5,* 129-142.

Sachs, W. (1992). *The development dictionary: A guide to knowledge as power*. London: Zed books.

Sachs, W. (1997). The need for the home perspective. In M.Rahnema & V. Bawtree (Eds.), *The Post-Development Reader* (London: Zed Books.

Said, E. W. (1995). *Orientalism western conceptions of the Orient*. London: Penguin.

Sako, M. (1992). *Prices, quality and trust: Inter-firm relations in Britain and Japan*. Cambridge: Cambridge University Press.

Sama, L. M. & Shoaf, V. (2002). Ethics on the web: applying moral decision-making to the new media. *Journal of Business Ethics, 36,* 93-103.

Samuelson, P. A. (1980). *Economics*. (11th ed.) New York: McGraw-Hill.

Schumpeter, J. A. (1934). *The theory of economic development: an inquiry into profits, capital, credit, interest, and the business cycle*. New Jersey: Transaction Publishers.

Seers, D. (1962). A theory of inflation and growth in under-developed economies based on the experience of Latin America. *Oxford Economic Papers, 14,* 173-195.

Sen, A. (1999). *Development as freedom*. Oxford: Oxford University Press.

Sen, A. (2006). What do we want from a theory of justice? *The Journal of philosophy, 103,* 215-238.

Sen, A. K. (2009). *The idea of justice*. Harvard University Press.

Shafi, M. M. (1979). *Islam ka Nizam-e-Arazi (Islam's system of Land Tenure)*. Karachi: Idarat ul Maarif.

Shamir, B., Zakay, E., Breinin, E., & Popper, M. (1998). Correlates of charismatic leader behavior in military units: Subordinates' attitudes, unit characteristics, and superiors' appraisals of leader performance. *Academy of Management Journal, 41,* 387-409.

Shapiro, S. (1987). The social control of impersonal trust. *American Journal of Sociology, 93,* 623-658.

Siddiqi, M. N. (2004). What Went Wrong. In *Roundtable on Islamic Economics* (pp. 26-27). Jeddah, Saudi Arabia.

Siddiqi, M. N. (1981). *Muslim Economic Thinking: A Survey of Contemporary Literature*. Leicester: The Islamic Foundation.

Smith, A. (1776). *The Wealth of Nations*. London: Penguin.

Smith, W. C. (1979). *Faith and belief*. New Jersey: Princeton University Press.

Spivak, G. C. (1988). Can the subaltern speak?

Swedberg, R. (1987). Economic sociology: past and present. *Current Sociology, 35,* 1-221.

Sztompka, P. (1995). *Trust: the missing resource of post-communist society*. Krakow: Institute of Sociology, Jagiellonian University.

Takala, T. (1998). Plato on leadership. *Journal of Business Ethics, 17,* 785-798.

Thompson, L. J. (2004). Moral leadership in a postmodern world. *Journal of Leadership & Organizational Studies, 11,* 27.

Tierney, W. (1988). *The web of leadership*. Greenwich, CT: JAI Press.

Tierney, W. (1993). *Building communities of difference: Higher education in the 21st century*. Granby, MA: Bergin and Garvey.

Torpman, J. (2004). The differentiating function of modern forms of leadership. *Management Decision, 42,* 892-906.

Toye, J. (1987). *Dilemmas of development: Reflections on the counter-revolution in development theory and policy*. New York: Blackwell.

Tracey, J. B. & Hinkin, T. R. (1994). Transformational leaders in the hospitality industry. *The Cornell Hotel and Restaurant Administration Quarterly, 35,* 18-24.

Trevino, L. K. & Hartman.LP, &. B. M. (2000). Moral Person and Moral Manager: How Executives Develop a Reputation for Ethical Leadership. *California Management Review, 42*, 128-142.

Turner, N., Barling, J., Epitropaki, O., Butcher, V., & Milner, C. (2002). Transformational leadership and moral reasoning. *Journal of applied psychology, 87*, 304-311.

Uslaner, E. M. (2002). *The moral foundations of trust*. New York : Cambridge University Press.

Wali Ullah, S. (1995). *Hujjat Ullah il-Balighah*. Beirut: Dar al Fikr.

Wali Ullah, S. (2003). *The Conclusive Argument from God (M. K. Hermansen Trans)*. Islamabad, Pakistan: Islamic Research Institute.

Walumbwa, F. O., Avolio, B. J., Gardner, W. L., Wernsing, T. S., & Peterson, S. J. (2008). Authentic Leadership: Development and Validation of a Theory-Based Measure_. *Journal of Management, 34*, 89.

Williams, B. (1988). Formal structures and social reality. In D.Gambetta (Ed.), *Trust: Making and Breaking Cooperative Relations* (pp. 3-13). Oxford: Basil Blackwell.

Williamson, J. (1990). *Latin American adjustment: how much has happened?* Washington, D.C.: Institute for International Economics.

Williamson, J. (1997). The Washington consensus revisited. In L.Emmerij (Ed.), *Economic and Social Development into the XXI Century* (pp. 48-61). Washington, D.C.: Inter-American Development Bank.

Williamson, O. E. (1975). *Markets and hierarchies: analysis and antitrust implications: a study in the economics of internal organization*. New York: Free Press.

Williamson, O. E. (1985). *The economic institutions of capitalism: firms, markets, relational contracting*. New York: Free Press.

Williamson, O. E. (1993). Calculativeness, trust and economic organization. *Journal of Law and Economics, 36,* 519-540.

Wren, J. T. (1998). James Madison and the ethics of transformational leadership. *Ethics, the heart of leadership,* 145-168.

Wuthnow, R. (2002). The changing of character of social capital in the United States. In R.D.Putnam (Ed.), *Democracies in Flux: The Evolution of Social Capital in Contemporary Society* (Oxford: Oxford University Press.

Young, R. (2004). *White mythologies: Writing history and the West*. (2nd ed.) Oxford: Routledge.

Zak, P. J. & Knack, S. F. (2001). Trust and growth. *The Economic Journal, 111,* 295-321.

Zaman, A. (2008). *Islamic Economics: A Survey of the Literature* Birmingham: International Development Department, University of Birmingham.