

A REVIEW OF THE ISLAMIC PERSPECTIVE ON CONSUMER BEHAVIORS

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Abstract:

Modern economic theory focuses heavily on how consumers select how much to consume now and how much to save for the future. This is a major aspect of consumer behavior (Khan, 1984). Related to this statement, the article by Prof. Muhammad Annas Zarqa has pointed to an issue that is crucial because this is likely to be one of the main questions that economists would be worried about. Thus, this paper has two aims, the first of which is to examine the notion of consumer behavior in Islamic economics. While the specific objectives were to emphasize that not all traditional theories are compatible with Muslim consumer behavior, to demonstrate that Islamic injunctions and rules related to consumption should not be introduced as constraints on consumer behavior, and to indicate the interdependence between the utility of different Muslims, attempts were made to modify consumer behavior related to shari'ah. This research uses qualitative methodology. In conclusion, Zarqa believes that the existing consumer theory must be modified to accommodate Muslim consumers. Then he addressed the point that the distinction between the preference function and the utility function should be examined in Shariah. Because classical economics considered that customer behavior must be based on the utility function in order to be satisfying, Zarqa has proposed that this problem be explored and further investigated utilizing the empirical method, without regard to the Islamic prohibition on consumer behavior.

Keywords: Consumer Behavior, Utility Function, Muslims

INTRODUCTION

How the consumer allocates their earnings between different expenses and how they select how much to purchase now and how much to save for the future is a primary issue in contemporary economic theory. This is one of the critical focuses of consumer behavior (Khan, 1984). In regard to this statement, Muhammad Annas Zarqa's article has been cited as addressing a topic that is fundamental not only because of its significance in the field of applied economics, but also because it is likely to be one of the primary concerns of economists. In addition, discussions on Islamic consumer behavior are relatively uncommon, particularly in the field of empirical studies. This is backed by Zarqa's assertion that there are a limited number of discussions on empirical investigations. To return to this essay, he attempted to review some papers by eminent scholars on Islamic consumer behavior. Upon reviewing these articles, it was discovered that the author did not include a reference or citation. In fact, during our search, we discovered several of them, but only the citation or abstract. They are listed below: 1. M. Monzerkahn (Theory of Consumption), 2. Fahim Khan, "Macro Consumption Function in an Islamic Context," J. Res. Islamic Econ., Vol. 1, No. 2, pp. 3–25, 1404/1984; or Fahim Khan, "Macro Consumption Function in an

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Islamic Framework," J. Res. (Essay in Islamic Economics, Islamic Foundation, U.K., 1995); 3. Shawqidunia (we were unable to locate it), 4. Mohammed Afr (we were unable to locate it), 5. Bendjilali (Toward a theory of the behavior of the Muslim consumer, Journal of the Social Sciences, Kuwait, 1989), 6. Asaduzzaman (Micro foundations for the basic needs approach to development: the lexicographic utility function). The Pakistan Journal of Applied Economics, Vol. 5, No. 1, 1986, pp. 1-11, 7. Abdul Hamid Mahbub (A theory of Muslim consumer behavior and welfare economics, the author has noted that there are several points in this article need for discussion. Therefore, we write this article in order to review his paper in order to give the better understanding and correct the false or misleading statement. In fact, is hard to analysis this article where it was an article review, but we try to understand what position the author stand for.

As such, this article has two purposes. The overall purpose is to examine the notion of consumer behavior in Islamic economics. While the specific goals are to demonstrate that not all traditional theories are appropriate for Muslim consumer behavior, and that Islamic injunctions and rules related to consumption should not be introduced as constraints on consumer behavior, we have attempted to modify Shariah-related consumer behavior to demonstrate the interdependence between the utility of different Muslims.

RESEARCH METHODS

The method used in this research is qualitative method. The data collection in this paper was getting by collecting some articles from many prominent scholars, which the author were reviewing, then several important points noted to become substance in this paper.

FINDINGS AND DISCUSSION

1. Issues raised by Anas Zarqa

In this essay, Zarqa emphasizes key points to be explored before analyzing the study conducted by other economists on consumer behavior in Islamic economies. Secondly, according to Zarqa, the conventional economic theory of consumer behavior is no longer directly applicable to analyzing the Muslim customer. On the basis of his opinion, he argues that the existing consumer theory must be modified to accommodate the needs of Muslim consumers.

In addition, Zarqa stated that Islamic injunctions and rules should not be seen as limitations when developing a theory of Muslim consumer behavior. According to him, Islamic principles and norms must be included into the legal framework. He also stated that the reward in the Hereafter is contingent on his consumption habits in this life. He stated that it is difficult to demonstrate the connection between a Muslim's behavior in this life and the reward he would receive in the Hereafter due to the relationship's complexity.

Zarqa introduces al-contribution Ghazali's in his famous work "Ihiya' Ulum al-Din" in accordance with the function of social welfare. He agreed that Theory of Imam al-Ghazali can have an impact on the relationship between current consumer behavior and the Hereafter. In addition, he emphasized that al-al-Muwafaqat Shatibi's also contributes significantly to this study on Muslim consumer behavior.

Zarqa elaborated that the Islamic Shariah attempts to alter the consumer utility function. He emphasized that traditional economic theory accepts the utility function as exogenously

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given and believes it to be an individual characteristic. He stated that the Shariah has a different approach. Certain components of the human utility function are still acceptable in Islam and should not be destroyed, in his opinion. He stated that the present parts of economics may be adjusted to conform to Shariah principles.

Then Zarqa highlighted the concern that the distinction between the preference function and the utility function should be explained in Shariah. Because classical economics considered that customer behavior must be based on the utility function in order to be satisfying, from a Shariah perspective, however, the situation differs. According to him, the Shariah stresses that the preference function may or may not match the genuine utility function. Furthermore, Shariah defines and encourages you to make your choice function similarly to your true utility function.

Lastly, he emphasized the significance of dependency between the utility of various Muslims, with Shariah presuming that there is a great deal of interaction. Last but not least, he emphasized that there are two big flaws in his study, namely, that he only gave limited attention to the potential relationship between consumer behavior and the Hereafter. Second, he did not demonstrate how the relationship genuinely affects a consumer's decision or how it may normally alter a person's demand for goods and services.

2. Articles Reviewed by Anas Zarqa

In this work, Zarqa has referenced a variety of articles in which Muslim consumer behavior is discussed. First, according to a study by Monzer Kahf, the consumer utility function in Islam consists of two spending categories: spending now and spending for the Hereafter. Then, Kahf addressed the concept of rationality and claimed that a Muslim consumer acts rationally in the conventional sense of maximizing utility. His utility is met not just when he consumes for himself, but also when he spends in the cause of Allah and to assist others.

The second article is by Fahim Khan. In the article, Khan attempts to demonstrate the analytical result of the relationship between saving and consumption in three kinds of expenditures, namely expenditures spent in Allah's service, expenditures on consumption, and savings. He attempts to demonstrate the connection between these three elements of the Muslim utility function. Shawqi Dunia has subsequently utilized several Shariah texts to show that the utility function is an exclusively Islamic notion, in opposition to the perspective of a party that opposes the utility function. He also demonstrated that the justification for employing an indifferent curve is unfounded.

Ben Djalali and Bashir have also given their thoughts on Muslim consumer behavior. According to their study, Muslims exhibit three preferences: the demand for necessities, the utility derived from conveniences, and the utility derived from luxuries. They emphasized that the consumer will prioritize necessities first, followed by conveniences, and then luxuries. Mohamed Arif then conducted extensive research on customer behavior. He imagined that the average consumer would split his income into numerous propositions, such as revenue to be used in Allah's service, necessities, conveniences, and luxuries. He calculates the proportional distribution of revenue across the aforementioned groups.

Assaduzzaman concluded in his paper that if the consumer begins with the concept of necessities to satisfy the basic needs that must be met and cannot be exchanged for other goods and services, the so-called lexicographic utility function will invalidate all utility analyses presented in conventional economics. Zarqa disapproved of this viewpoint. According to his opinion, lexicographic function more accurately reflects the Islamic

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attitude toward consumption. The Prophet (PBUH) spent the same amount on perfume as he did on food, which serves as proof of this. Lastly, is research by Abdul Hamid Mahbub whereby he has presented an analytical version of question on how to spend in the way of Allah or for the benefit of others and for one's own benefit. He separates the Muslim's expenditures into two categories: E-1, for his personal consumption and that of his dependents, and E-2, for expenditures in Allah's service or to others. He believed the buyer would choose between these two costs. Hence, based on the Iman degree of the Muslim consumer, he will spend more of his budget or income on himself or on Allah's cause in order to acquire utility.

As a conclusion, Zarqa proposes that this problem be explored and further investigated utilizing the empirical method, ignoring Islamic prohibitions against consumer behavior. In addition, he advised that the relationship between what the spending contributed to Allah's cause and for personal consumption be thoroughly evaluated by a mathematician.

3. Analysis

Following a discussion of many concerns raised by Muhammad Anas Zarqa in the preceding section, we would now like to comment on the topic at hand. As stated previously, Zarqa believes that the conventional microeconomic theory of consumer behavior is no longer directly applicable to the analysis of the Muslim customer. On the basis of his reply, we concur with him that we must rectify and alter the consumer theory so that it meets the needs of the Islamic ummah. In addition, we appreciate it when Islamic economists who have undertaken research and written about these issues make revisions and alterations. God, as we all know, requires us to fully embrace this faith (Islam). Thus, it is obligatory for us as Muslims to adapt every part of our lives to Islamic principles. Economics is one of these aspects. We must comprehend and follow the Islamic guidelines for proper consumption. In addition, the economists' efforts to create a model within an Islamic framework relevant to this issue are beneficial to the welfare and goodwill of the ummah.

Making consumer behavior relevant to Shariah by modifying the usual utility function is, in our view, an important endeavor for the ummah since consumer behavior is a fundamental concept in economics that has a substantial impact on economic activities. In an Islamic environment, it is evident that Muslim consumer behavior differs from that of non-Muslims. The ultimate goal of a Muslim is not just to maximize utility but also to increase his affection for the hereafter and to achieve (*falah*) or succeed in the hereafter. From this perspective, it is clear that the theory of consumer behavior that we employ has specific implications. Whether we implement the conventional theory or the Islamic theory, there may be definite outcomes. This ummah will benefit from a modification of consumer behavior theory as it relates to Sharia.

Zarqa stated that in the Shariah approach to the theory of consumer behavior, the human utility function cannot be eliminated due to fundamental human characteristics. Nonetheless, we may alter the utility function through religious instruction and consumer education. The Shariah, according to Zarqa, emphasizes that our preference function may or may not align with our actual utility function. Islam also informs us of our true utility function and encourages us to conform or make our choice function identical to our true utility function. For this assumption, Zarqa paid close attention to the connection between consumer behavior and the future. His analysis was still in its infancy and lacked specificity.

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Zarqa also evaluated various studies in the field of consumer behavior in this study. Some significant points from the work of Dr. Monzer Khaf were highlighted. He emphasized that, from an Islamic perspective, the consumer utility function is a function of two types of expenditures (consumption in this world and consumption for the afterlife). Zarqa further mentioned that Khaf developed the concept of reason in his work, according to which Muslims likewise act to maximize utility. In the following statement, Zarqa explains that his utility is not only a function of what he consumes but also, in some way, a function of what he expends in the service of Allah and what he expends to assist others.

However, Zarqa did not elaborate on the rationality from an Islamic viewpoint and the concept of utility maximizing according to Kahf, which are referenced in the preceding sentence. Understanding the concepts of rationality and utility, as indicated previously by Zarqa, are crucial to the study of consumer behavior in order to adjust the theory of conventional behavior so that it is appropriate in Muslim societies. To satisfy Zarqa's wish to tie the theory of consumer behavior to Shariah, we would like to provide additional perspectives from Khaf, which we believe will broaden our understanding of this topic.

Kahf further stated that in accordance with Islamic teachings, every Muslim must provide a portion of "his time, wealth, and effort" to the advancement of the spiritual, moral, and economic life of the society. Using or consuming our fortune must also adhere to Islamic principles. Thus, in the Islamic perspective, consumer goods are the good-given, helpful, clean, wholesome, and beneficial consumable commodities whose usage contributes to the customer's material, moral, and spiritual improvement. If we compare the utility notion prevalent in modern economics to the concept of goodness, we can see that in modern economics, anything that can be exchanged on the market has economic utility. This is a necessary but insufficient requirement for defining goods in Islam. In order for goods to have economic utility, they must be morally clean and untainted as well as marketable.

Zarqa should also explain the following significant aspects from Kahf's work regarding Muslim behavior: a choice's outcome has two components: its immediate effect in this life and its later effect in the world to come. Thus, the utility of such a decision is the sum of the present values of these two consequences. Second, the number of alternative uses of one's money is expanded by incorporating uses whose benefits will not be realized until after death.

Furthermore, in agreement with M. Fahim Khan's position in his Macro Consumption Function in an Islamic Context is Zarqa's viewpoint presented above. This is owing to the fact that Islam has its own unique ethical, social, and cultural framework, which gives entirely different premises for consumer behavior study. The same view was expressed by Muhammad Yusuf Saleem in his paper Method and Methodology in Fiqh and Islamic Economics, in which he insisted that research in Islamic Economics must rely on methods that suit its social and descriptive nature, as it is primarily concerned with describing economic realities.

Zarqa's agreement with certain comments and interpretations of Islamic principles is dubious. Consider the author's distinction between E1 and E2: E1 is "spending to gain satisfaction in this world," whereas E2 is "spending for others to earn reward in the afterlife." (p. 7). The aforementioned remarks contradict Islamic values. A Muslim always remains a Muslim. If he spends his money on himself and his family (E1) or on others (E2), he does so in accordance with Allah's commandments in order to gain a reward in the afterlife. The Prophet once stated, "Whatever you spend on yourself, Allah counts as sadaqa, and whatever you spend on your wife, Allah counts as sadaqa." The similar thing

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happened to one of the Sahaba when he was gravely ill and near death. He wanted to leave his money to Allah because he believed it was the only way to receive benefits from Allah. But, the Prophet disapproved and imposed a cap of one-third. The Prophet reminded the Sahaba that spending on one's family also constitutes sadaqah.

Now consider Khan's statement: "The more God-fearing a person is, the higher the "a" value, and the greater proportion of overall spending will go to E2" (p. 9). This sentence suggests that the author views E2 as a measure of God-fearingness. Such a stance is dubious from an Islamic perspective. Whether a person spends a greater or lesser proportion of his income on E2 depends on a number of factors, such as his income, family size, personal and family needs, and other special family concerns and responsibilities, such as a family member with a chronic illness requiring unusual medical care, high education costs, etc. Particular situations vary among people. As stipulated by the Quran, spending should begin with family members, including parents and relatives, before moving on to others.

They ask thee what they should spend (in Charity). Say: Whatever ye spend that is good; is for parents and kindred and orphans and those in want and for wayfarers. And whatever Ye do that is good - Allah knoweth it well. 2:215

Abu Dhar, radiyallahu 'anhu, reported that some of the companions of the Propet, sallallahualayhiwasallam, said to him:

"O Messenger of Allah, the rich have taken away all the rewards. They observe the prayer as we do, and they keep the fasts as we do, and they give sadaqah (charity) from their surplus riches." Upon this he (the Prophet) said: "Has Allah not prescribed for you (a course) by following which you can also do sadaqah? Verily in every tasbih (i.e. saying Subhanallah) there is a sadaqah, every takbir (i.e. saying Allahu Akbar) is a sadaqah, every tahmid (i.e. saying Alhamdulillah) is a sadaqah, every tahlil (i.e. saying Lailahailallah) is a sadaqah, enjoining of good is a sadaqah, forbidding of evil is a sadaqah, and having sexual intercourse with your wife is a sadaqah. They (the Companions) said: "O Messenger of Allah, is there reward for him who satisfies his sexual passion among us?" He said: "Tell me, if he were to devote it to something forbidden, would it not be a sin on his part? Similarly, if he were to devote it to something lawful, he should have a reward." (Recorded by Muslim)

According to Ibn Rajab, the hadith demonstrates that the Prophet's companions were eager to perform good deeds and charitable acts. When they observed several buddies spending their wealth and doing nice things, they had a great desire to do the same. Can we conclude that the companions' inability to spend their wealth on others (E2) makes them less God-fearing?

Hence, a person who gives a relatively small amount of his salary to E is not necessarily less devout. Only Allah has the comprehensive understanding of all circumstances necessary to render such a verdict. Yet, the Holy Qur'an provides hints regarding the factors that will determine the reward in the afterlife. Among these considerations are the five pillars of Islam: taqwa (enjoining the good and forbidding the wicked), zikr, and good deeds in general. Thus, zakah and generosity are not the only determinants of God-fear and eternal recompense.

Considering what Zarqa has described through his personal analysis and/or review of the numerous texts, it appears that he has not yet reached a definitive judgment about the subject. Zarqa's view of consumer behavior from an Islamic perspective, as described above, still raises concerns, criticisms, and debate. The viewpoint of Mustafa Omar

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Muhammed, who wrote Infaq Model Based on Al-Levels Shaybani's of Kasab, becomes very relevant if included in the final section of our examination of the issues. In his article, Omar looks at the works of Al-Shayabani and divides al Kasb, which means "halal ways to make money or wealth," into three levels: 1) Fard al-'Ayn, 2) Mandub, and 3) Mubah. Furthermore, Mustafa Omar developed an infaq model from the level of al-Kasb, yielding the following equation:

$$IQ = IFa + IMd + IMb$$

IQ is Infaq, Ifa is Fard al 'Ayn (mandatory) infaq, IMd is Mandub (recommended) infaq, and IMb is Mubah (permissible) infaq. As already said, kasb is halal mal, while infaq (iq) is the spending part of this mal (wealth).

In addition, we believe that Mustafa Omar's writing will serve as a bridge between opposing viewpoints, as noted previously. In addition, this model accommodates the argument that disagrees with the split of E-1 and E-2, as well as the question of how to differentiate the two. The infaq format is highly applicable to answering this question. Due to this model's incorporation of the individual, social, material, spiritual, moral, and legal elements into the individual's spending decisions and conduct, we prefer Mostafa Omar's theory that he created his model to gain rewards for the acquirer both now and in the afterlife.

Furthermore, we must note that Zarqa's assessment of seven consumer behavior-related publications deserves a great deal of praise, since it was likely one of the most complete reviews of its kind at the time it was published, in 1991. However, there are a few points that, from our perspective, would have made the article review more comprehensible: Zarqa should have provided references to each article he reviewed and discussed them in greater detail, as opposed to providing brief analyses of some articles that led to reader confusion.

CONCLUSION

This article demonstrates that numerous theories of consumer behavior have been suggested by contemporary scholars. Even yet, these principles are still disputed and require extensive discussion. The author attempted to incorporate Islamic precepts into consumer behavior theory. Even in mathematical form, he advised conducting empirical studies on Islamic consumer behavior. On the topic of consumer behavior, we believe that all presented theories have already accounted for it.

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