

## Philosophical Foundations of Islamic Economics: The Formation of Islamic Economics from the Perspectives of Epistemology, Ontology, and Axiology

Nur Halimah<sup>1</sup>

<sup>1</sup>Postgraduate of the State Islamic University Kiai Haji Achmad Siddiq Jember

The Islamic economy presents different challenges than conventional economics. Beyond monitoring the behavior of economic actors, including producer households, consumer households, and the government, the challenge is to develop a concept of ideal behavior according to Islamic teachings that economic actors should adopt and its potential impact on the economy. Specifically, this science, in addition to studying relevant variables that can cause differences between actual and ideal behavior, also proposes appropriate strategies to guide one's actions. Ontology discusses the nature of the object of study. In other words, ontology is the science of existence itself. Epistemology examines how knowledge systems are structured. In other words, it discusses the scope and limitations of science. Revelation's truth is not arbitrary, and its role in seeking truth is crucial because it is absolute. However, rational truth and empirical facts must be placed within the overall Islamic framework. In fact, Islam highly values reason, and God is angry with those who refuse to use reason. The study of the axiology of Islamic economics aims to examine Islamic economics from the perspective of values and interests. The existence of Islamic economics is expected to provide solutions to these problems.

Keywords: Islamic Economics, Ontology, Epistemology, and Axiology, Ideal Economic Behavior

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### 1. Introduction

The Economics can be understood not only as the study of the production, distribution, and consumption of goods and services, but also as a social activity grounded in human values. In the modern perspective, economics is part of a social dynamic that serves to address collective human needs. Zboron (2020) states that economics can be described as a social activity based not only on economic values but also on non-material social values. This means that human motivation for economic activity is not always based solely on material gain but also encompasses ethical, cultural, and spiritual considerations. Economic activity has been a part of human civilization since the beginning of time, long before economic concepts were scientifically formalized. The presence of economics in human life is a form of interaction between basic needs and the utilization of available resources. Therefore, economics grows as part of the survival instinct and the development of social structures. Economic activity always involves interactions between individuals in society who depend on each other. Iffah and Yasni (2022) emphasize that humans, as social beings, are naturally inclined to cooperate to meet their basic needs. In this context, the economy reflects interdependent social relationships, where individual economic success is determined by social contributions and trust. This concept emphasizes that the economy cannot be

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#### Address of Corresponding Author

<sup>1</sup>Postgraduate of the State Islamic University Kiai Haji Achmad Siddiq Jember, 68136, Jember, Indonesia

[noorhalimah992@gmail.com](mailto:noorhalimah992@gmail.com)

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separated from the social order and collective values embraced by a society. Schmidt and Juijn (2023) state that high and sustainable economic growth is the primary goal of a modern economic system. However, this economic growth should encompass dimensions of environmental sustainability and social welfare, not merely statistical growth. Thus, the economy must be understood as a complex and dynamic system, encompassing both material and non-material aspects in a balanced manner.

History records that economic practices have existed since the time of the Prophet Muhammad (peace be upon him), who emphasized the importance of the principles of justice, honesty, and blessings in trade. The Prophet was not only a spiritual leader but also a successful and trusted economic actor in his business activities. He implemented Islamic business ethics that prioritized the values of brotherhood, freedom, and equal rights in economic transactions. In fact, at that time, the use of currencies, namely the dinar and dirham, as legal tender in the trade system was already known. This demonstrates that economic activity in Islam is not only structured normatively but also has been practiced in real life. Misbach (2020) explains that the foundations of Islamic economics have been firmly embedded in the practices of Muslims since the beginning of the prophethood. Therefore, economics from an Islamic perspective is always linked to moral goals and transcendent spiritual values.

Although economic practices have existed since the beginning of Islamic civilization, the systematic study of Islamic economics as a science only began in the 20th century. This development emerged in response to the dominance of the conventional economic system, which was deemed incapable of comprehensively addressing issues of social justice. Meanwhile, Western economic thought was also developing rapidly with the emergence of classical theories from figures such as Adam Smith, David Ricardo, and John Stuart Mill. Adam Smith, a pioneer of modern economics, introduced the concept of the invisible hand and market freedom as the foundation of capitalism (Nugraha et al., 2023). However, the capitalist system, which emphasizes individual freedom and capital accumulation, has left behind significant inequality and economic crises. Therefore, the emergence of Islamic economics represents an attempt to reconstruct the global economic system, which tends to be exploitative and individualistic. Islamic economics presents an alternative solution that is more humane and socially just.

The capitalist system has long dominated global economic policy and served as the primary reference for the economic development of developing countries. However, over time, this system has faced considerable criticism for its inability to guarantee social justice and resource sustainability. Capitalism promotes the free market as the primary mechanism, without ethical intervention in the management of capital and wealth. Income inequality, market monopolies, and the global financial crisis are clear evidence of this system's failure to create collective prosperity. In Indonesia, the implementation of the capitalist economic system proved fragile during the 1997-1998 monetary crisis, which crippled the national banking and industrial sectors. Ironically, Sharia-compliant financial institutions such as Bank Muamalat were able to survive and demonstrate resilience to these shocks. This phenomenon marked a significant turning point for the rise of the Islamic economy in Indonesia as a viable alternative for development.

Sharia economics, as an alternative system, is based on the teachings of the Qur'an, Hadith, Ijma', and Qiyas, which are the primary sources of Islamic law (Hendri & Mei, n.d.). This system focuses not only on efficiency and economic growth but also emphasizes distributive justice and social responsibility. In modern society, the economy is often used as a benchmark for individual and national success, both in terms of wealth and global influence. Therefore, an economic approach based on religious values is crucial to maintaining a balance between worldly and afterlife needs. Islamic economics views wealth as a trust that must be managed in a fair, productive, and responsible manner. Sharia economic principles such as monotheism, justice, benefit, freedom, and responsibility form the main foundation of the community's economic activities. With these values, Sharia economics is not only an alternative system but also a new paradigm for ethical and sustainable economic development.

As a discipline, Islamic economics is required to have a robust and academically accountable scientific structure. Kızılkaya (2020) states that Islamic economics must present a clear object of study, a consistent scientific methodology, and room for the growth and accumulation of knowledge. Islamic economics should not be understood merely as the application of Islamic law to the economic sector, but as a social science that evolves in response to the challenges of the times. Therefore, an interdisciplinary approach that combines economic theory, fiqh, sociology, and even psychology is necessary to understand the economic behavior of the people. With this approach, Islamic economics can address contemporary issues with contextual solutions while remaining grounded in the principles of revelation. The excellence of Islamic economics lies in the integration of reason and revelation in producing economic policies that promote justice and the common good. This is a key strength that distinguishes Islamic economics from conventional economic systems that tend toward secularism.

Islamic economic instruments such as zakat, infaq, sedekah, waqf, and profit-sharing systems (mudharabah and musyarakah) are concrete manifestations of the application of sharia values in the economic system. The prohibition of usury (riba), maysir (gambling), and gharar (unlawful gambling) demonstrates strong moral control over financial activities to prevent harm to others. The principles of prudence and social responsibility are integral to Islamic economic practices, which are oriented toward justice and equity. This system also encourages the emergence of Islamic business ethics that are transparent, honest, and avoid exploitation in all forms of transactions. Thus, sharia economics not only drives economic growth but also ensures an equitable and just distribution of wealth. The principle of social benefit, not merely the accumulation of personal gain, is the primary indicator of economic success in Islam. This makes sharia economics increasingly relevant amidst the moral crisis and social inequality facing the current global economic system.

Muhammad Abdul Mannan, in Yunus et al. (2023), states that Islamic economics is a social science that bases all economic activities on comprehensive Islamic values. Islamic economics does not separate the spiritual and material aspects of human life, but rather makes the two a complementary whole. In this context, fulfilling human economic needs is not only aimed at survival but also to achieve the goal of blessing and divine pleasure. Therefore, Islamic economics provides a dimension of worship in every economic transaction conducted in a halal and thayyib manner. This makes Islamic economics more than just an economic system, but also a comprehensive way of life. In this system, societal welfare is seen not only from macroeconomic indicators, but also from the values of justice, social concern, and harmony in life. With this foundation, Islamic economics presents an answer to the challenges of the modern economy, which often loses its ethical and spiritual direction. Jeremy Seabrook emphasizes the importance of a philosophical approach in understanding Islamic economics, particularly regarding the dimensions of ontology, epistemology, and axiology (Arwani, 2017). From an ontological perspective, Islamic economics believes that everything belongs to God and that humans are merely caliphs entrusted with managing it. The epistemology of Islamic economics stems from revelation combined with human reason as a tool for understanding economic laws and principles. Meanwhile, the axiology of Islamic economics focuses on the values to be achieved, such as justice, welfare, and balance in life. Allen and Varga (2020) explain that ontology relates to what exists, epistemology concerns how we know, and axiology highlights the purpose and value of that knowledge. In the context of Islamic economics, these three are closely linked and inseparable. This approach gives Islamic economics a philosophical depth that underpins all its economic policies and practices.

Taking all of these descriptions into account, it can be concluded that Islamic economics is a system born from the integration of religious teachings, social values, and the needs of modern humans. This system is not only normative but also operational and adaptive to the dynamics of the times. Islamic economics offers concrete solutions to various contemporary economic problems with a just, inclusive, and sustainable approach. Amid the multidimensional crisis facing the global capitalist system, Islamic economics emerges as an alternative that brings new hope. This study aims to delve deeper into the characteristics, principles, and applications of Islamic economics in the context of Indonesia, a country with a Muslim majority. Therefore, this paper is expected to make a significant contribution to enriching the scientific literature and encouraging the implementation of Islamic economics in public policy practice. Islamic economics is not just a system, but a vision of a more just, humane, and sustainable civilization.

This study aims to analyze how digital transformation is applied to business licensing innovation through a one-stop shop management policy in Jember Regency. The research focuses on the implementation practices of the OSS system, as well as the obstacles and opportunities that arise in the local context. The results are expected to provide empirical contributions to improving public service governance in the region.

## **Literature review**

### **Ontology**

Ontology is a branch of philosophy that fundamentally examines the nature of existence. In Western philosophical tradition, the term derives from the Greek words "ontos" (being) and "logos" (science or study), so ontology is literally defined as the science of existence. In a scientific context, ontology plays a crucial role in providing a philosophical basis for the study of a discipline, including Islamic economics. Islamic economics has a distinct ontological foundation from conventional economics, stemming from divine revelation, namely the Qur'an and the Hadith, rather than solely from human rationality or empiricism. This makes the Islamic economic approach transcendent and normative, considering not only economic rationality but also moral and spiritual dimensions. Therefore, the existence of Islamic economics is inseparable from its ontological foundation, which integrates worldly and hereafter elements in an integral way. This concept implies that economics, in Islam, is not merely an activity of producing and distributing goods, but also a means of achieving welfare and social justice within the framework of worship to Allah SWT.

The Qur'an and Hadith, as the primary sources of Islamic economic ontology, not only serve as a normative foundation but also provide philosophical values for economic practice. Islamic economic ontology views human existence as a caliph on earth with the aim of managing resources fairly and sustainably, in accordance with sharia

principles. On the other hand, conventional economics prioritizes objectivity and value neutrality, which tends to neglect spiritual aspects. This difference raises a fundamental question in ontological studies: how to harmonize the sacred laws of Islamic jurisprudence (fiqh mu'amalat) with rational and pragmatic economic theory. In response, many Islamic economic thinkers suggest integrating the two domains to ensure economic practice remains efficient while maintaining its ethical and religious values. Therefore, in practice, Islamic economics performs two scientific functions simultaneously: pure economics and fiqh mu'amalat, which complement each other. This approach not only demonstrates the ontological uniqueness of Islamic economics but also affirms its position as part of a comprehensive and integral Islamic scientific system.

### **Epistemology**

"Episteme," which means "knowledge" in Greek, is the root of the term "epistemology." Epistemology is a branch of philosophy that specifically examines the nature of knowledge, including its origins, validity, structure, and methods of acquiring knowledge. More generally, epistemology aims to answer fundamental questions about what knowledge is, how humans know it, and the extent to which that knowledge can be considered true. According to M. Amin Abdullah, there are at least three main questions that serve as the starting point for epistemological studies: first, what is the source of knowledge? Second, where does true knowledge come from? And third, how do humans acquire this knowledge? (Na'im, 2021). These questions are crucial for distinguishing between information, opinion, and valid knowledge.

According to Kristiningsih (2003), epistemology encompasses the study of the origins of knowledge, the internal structure of knowledge, the methods for acquiring knowledge, and the purpose of knowledge itself. In the context of Islamic economics, an epistemological approach is important because this science has a basis that is not only empirical, but also normative and transcendental. This means that Islamic economics is not only obtained through observation and experimentation as in conventional economics, but also comes from sources of revelation such as the Qur'an and Hadith, as well as ijma' and qiyas, all of which are part of Islamic epistemology. Therefore, in the study of Islamic economic epistemology, it is necessary to examine how this science is formed from the combination of human rationality and divine revelation.

Epistemology in Islamic economics is also closely related to the role of reason and intuition in interpreting texts and social realities. Knowledge in Islam is constructed not only through empiricism and rationalism, but also through a spiritual and ethical approach that guides humans in understanding the holistic meaning of economics. In this regard, reason is not the sole tool for acquiring knowledge; revelation is the primary foundation that cannot be abandoned. As emphasized by Nihayah & Rifqi (2023), the epistemological approach in Islamic economics emphasizes how an economic theory or concept can be accepted or rejected, depending on its alignment with Islamic values derived from the Qur'an and Sunnah.

Furthermore, Islamic economic epistemology recognizes the integration of revelation (naqli) and reason (aqli) as the two primary sources of knowledge. This model differs fundamentally from Western economic epistemology, which largely relies on a positivistic and secular approach. In Islamic epistemology, the truth of knowledge is judged not only by its conformity to empirical data but also by its alignment with Islamic ethical and moral values. Therefore, the construction of knowledge in Islamic economics is more integrative, interdisciplinary, and based on the objectives of the maqasid sharia (the welfare of humanity in both its material and spiritual aspects). Through this unique epistemological approach, Muslim economists are not only required to understand basic economic principles but also to develop economic theories and practices that reflect the values of justice, balance, and blessings. This demonstrates that Islamic economics does not exist in a vacuum but is always closely intertwined with theological, sociological, and philosophical dimensions that enrich the treasury of Islamic scholarship. Therefore, a deep understanding of epistemology is a crucial prerequisite for the development and application of Islamic economics in an authentic and contextual manner.

### **Axiology**

Etymologically, the term "axiology" comes from the Greek words axion, meaning "value," and logos, meaning "science." Therefore, simply put, axiology can be defined as the study of values (Rokhmah, 2021). Axiology is a branch of philosophy that examines the nature, criteria, and types of values, as well as how these values play a role in human life and science. Axiology is important because it bridges the gap between knowledge and action, theory and practice, and science and ethics.

Within the scientific realm, axiology goes beyond simply answering whether knowledge is true or where it originates, but rather further asks what that knowledge is used for. In other words, axiology is closely related to the purpose and utility of knowledge. Kristiningsih (2003) emphasizes that axiology is not only relevant in philosophical studies but also touches on many other branches of knowledge, such as aesthetics, ethics, economics, and even religious studies. Therefore, science cannot be considered completely value-free; it always coexists with moral considerations and humanitarian goals.

In the context of Islamic economics, an axiological approach is crucial for understanding the underlying value orientation. Unlike conventional economics, which often focuses on rationality and efficiency in meeting material needs, Islamic economics lays down moral and spiritual foundations in every aspect. Islamic economics is not only a tool for achieving worldly prosperity, but also a means of devotion to Allah SWT. This devotion is reflected in the command to prosper the earth in a just, sustainable, and responsible manner.

Furthermore, the axiology of Islamic economics emphasizes the integration of ethical, social, and spiritual values in economic activities. The primary goal of implementing Islamic economics is not limited to the accumulation of wealth, but to achieve falāh happiness in this world and the hereafter. This encompasses individual

and social well-being, as well as material and spiritual well-being. Thus, values such as justice, honesty, mutual assistance (ta'awun), and balance (mīzān) serve as primary guidelines for the operation of Islamic economics (Nihayah & Rifqi, 2023).

Axiology also encourages scholars and practitioners of Islamic economics to consistently consider the moral and social impacts of the economic policies and systems they implement. For example, in developing Islamic financial products, it is not enough to simply ensure their compliance with Islamic jurisprudence (fiqh) but also to evaluate their benefits and welfare for the wider community. With this approach, Islamic economics is not only spiritually relevant but also adaptive to contemporary challenges such as economic inequality, environmental degradation, and resource exploitation.

Therefore, an axiological approach to Islamic economics can strengthen this discipline's position as a science that is not value-neutral, but rather imbued with moral, ethical, and transcendental dimensions. It not only contributes to the development of economic concepts based on justice and sustainability but also directs economic activity toward a more holistic goal of human life: worldly happiness aligned with the values of the hereafter.

## 2. Method

This research employs a qualitative approach, a research method grounded in constructivist philosophy that emphasizes understanding the meaning behind a social phenomenon. This approach was chosen because it is considered relevant for exploring and deeply understanding the processes, values, and meanings contained within a particular context. In qualitative research, the researcher is the primary instrument directly involved in the data collection and interpretation process. This research is not intended to test hypotheses, but rather to explore and describe reality in a comprehensive and natural way. The primary focus lies in detailed descriptions of the experiences, actions, and perceptions of individuals and groups within contextual situations. This approach allows researchers to gain a comprehensive understanding of the object of study, including the underlying values or axiological principles. Therefore, qualitative methods are highly appropriate for addressing in-depth and contextual problem formulations.

The purpose of using qualitative methods in this research is to analyze and describe social phenomena in depth, emphasizing the subjective meanings captured by informants or data sources. This method is particularly suitable for philosophical or social science studies that seek to explain the values, ethics, and practices within a particular system of thought or institution. In the context of this research, qualitative methods are used to explore the axiological dimension of Islamic economics through a literature study and documentation approach. Data collection techniques are carried out by reviewing various relevant documents, such as books, scientific journals, articles, reports, and other sources containing important information related to the object of study. This documentation is chosen because it can provide a comprehensive picture of the values embodied in Islamic economic theory and practice. The collected data are then analyzed qualitatively using an interpretive approach. The researcher seeks to uncover the philosophical meanings and normative values contained in these sources.

One of the strengths of this research method is its flexibility in data exploration and focus on analytical depth, rather than generalization. Researchers can inductively build theoretical and conceptual understanding based on the analysis of the various data collected. Data analysis is conducted interactively and continuously, starting from data reduction and presentation to drawing conclusions. The validity of the data in this study is strengthened by source triangulation techniques, which compare various literature and documentation from different sources to obtain a comprehensive picture. The validity of the study results is also supported by the researcher's critical reflection on his position and perspective in interpreting the data. Thus, the results of this study not only describe the data superficially but also explore the substantive values that underlie the object of study. This qualitative method is expected to fully reveal the contribution of axiology to the development of Islamic economics.

## 3. Results & Discussion

### Results

This study found that Islamic economics is built on a strong ontological foundation, viewing the existence of the economy not merely as a material activity, but as part of an interconnected spiritual and social reality. Islamic economic ontology embodies the concept of wise, fair, and balanced resource management, based on sharia principles. This concept differs from the more materialistic conventional economic paradigm. This ontology affirms the existence of humans as social and spiritual beings with a responsibility to achieve shared prosperity (falah). A literature review found that Islamic economic ontology is a combination of pure economics and muamalah jurisprudence, making Islamic economics a multidimensional science. This strengthens Islamic economics' position as a science inseparable from religious values and Islamic law.

In terms of epistemology, the analysis shows that the source of Islamic economic knowledge is rooted in the revelations of the Qur'an and Hadith, which serve as the primary foundation for developing Islamic economic theory and practice. This epistemological approach combines rational reasoning and revelation, enabling this science not only to explain economic phenomena but also to guide it toward moral and social goals.

The methodology for developing Islamic economics aligns with the principles of *ushul fiqh* (Islamic jurisprudence), so that every piece of knowledge is tested not only for rationality but also for its compliance with *sharia*. These findings indicate that Islamic economic epistemology possesses unique characteristics that distinguish it from conventional economics, which tends toward positivity. With this approach, Islamic economics can provide comprehensive alternative solutions to address the economic problems of the people. Other findings demonstrate the dynamic interpretation of Islamic economic law through *ijtihad*, which adapts to changing times and social contexts.

From an axiological perspective, the study identified that the core values of Islamic economics are justice, balance, trustworthiness, and the welfare of the people. These values are not merely theoretical but also serve as practical guidelines for daily economic activities. The axiology of Islamic economics aims to create an inclusive and sustainable economic system that prioritizes equity and avoids exploitation. The findings also emphasize that the distribution of income and wealth must be carried out fairly and without discrimination, in accordance with the *maqasid* of *sharia*. This strengthens the role of Islamic economics as a tool for upholding social justice and supporting sustainable economic development. The study found that the value orientation of Islamic economics integrates worldly and hereafter interests in a balanced manner, thus providing a spiritual dimension to economic management.

Furthermore, the research found that the concepts of ontology, epistemology, and axiology in Islamic economics are interrelated and form a coherent system. These three aspects together guide the primary goal of Islamic economics, namely achieving the welfare of the people as a whole. In the literature review, ontology provides an existential framework, epistemology supplies the means to acquire and develop knowledge, while axiology emphasizes values and ultimate goals. This relationship pattern demonstrates that Islamic economics cannot be separated from the values and objectives of *sharia*. The research also found that understanding these three aspects continues to play a crucial role in the formation of *sharia* economic policies in various institutions. Thus, Islamic economics is a holistic and contextual discipline.

In the socio-cultural context of Indonesian society, findings indicate that Islamic economics is highly relevant and has become part of the economic practices of Muslim communities. Islamic economic values, such as justice and balance, are applied in various economic activities, from trade and finance to community empowerment. Documentation studies show that the influence of Islamic economics can strengthen social solidarity and foster a sense of collective responsibility within society. These findings also indicate that the integration of local religious and cultural values can strengthen the success of Islamic economics at the community level. Thus, Islamic economics is not merely an academic theory but also a real and influential social practice. This opens up opportunities for the development of adaptive and applicable Islamic economic models tailored to local conditions.

Another important finding concerns the challenges in comprehensively implementing Islamic economic values in Islamic financial practices. A literature and documentation review revealed that despite the rapid development of Islamic financial products, there are still shortcomings in comprehensive aspects of justice and social values. Many products focus more on technical aspects and formal legality without optimally prioritizing axiological principles. This has drawn criticism from both academics and practitioners. Therefore, the study emphasizes the need to strengthen the integration of ontological, epistemological, and axiological aspects in the development of Islamic financial products and services. This is a crucial challenge that must be overcome if Islamic economics is to truly provide maximum social benefits.

The study also found that the development of financial technology, such as *Sharia*-compliant fintech, opens new opportunities for integrating Islamic economic principles with technological innovation. Documentation studies indicate that technology can expand financial access for Muslims while strengthening the principles of justice and social inclusion. However, a comprehensive epistemological approach is needed to ensure that such technology prioritizes not only efficiency but also moral values. These findings underscore the need for further research on how technology can be optimized in accordance with *Sharia* principles. Thus, the integration of technology and Islamic economics can become a new force in the development of the *Sharia* economy. This also opens up space for more ethical product innovations oriented toward the welfare of the community.

Furthermore, the research highlights the importance of Islamic economic education and literacy as key to the successful implementation of Islamic economic values. Documentation data reveals that the public and economic actors' understanding of the concepts of ontology, epistemology, and axiology of Islamic economics remains unequal. This results in the suboptimal application of Islamic economic principles in everyday practice. Therefore, strengthening formal and non-formal education is crucial to increasing the economic capacity and awareness of the community. These findings support the notion that Islamic economic education must fully integrate the philosophical dimension of science. With sound education, it is hoped that Islamic economics can

develop more significantly and have a broad impact. This will also foster a more critical and value-oriented future generation.

Overall, the results of this study demonstrate that Islamic economics as a science has distinctive characteristics built on an integrated ontological, epistemological, and axiological foundation. These three aspects serve as the foundation for developing Islamic economic theory, methodology, and practice oriented toward welfare and justice. This study also identifies opportunities and challenges in implementing Islamic economics amidst social dynamics and technological developments. With a deep understanding of these philosophical aspects, Islamic economics can serve as a relevant and adaptive alternative paradigm. These findings provide an important contribution to the development of Islamic economics in Indonesia and globally. Further research is needed to explore the practical and applicable aspects that can strengthen the position of Islamic economics in society.

## Discussion

The research results show that Islamic economics has a strong ontological foundation, where economic concepts are viewed as manifestations of divine values that govern material and spiritual reality. This approach differs significantly from conventional economics, which focuses solely on material aspects and profit. Islamic economic ontology integrates aspects of balance and justice in resource management. This concept also aligns with Aristotle's view, which places ontology as a fundamental study of existence and reality. Classical Islamic figures such as Al-Ghazali also developed this view by incorporating the spiritual dimension as an essential part of knowledge. Thus, Islamic economics offers a more holistic paradigm for understanding and managing the economic life of the people. This serves as an important foundation for developing Islamic economic theory and practice oriented towards the welfare of the people.

The epistemology of Islamic economics revealed in this study demonstrates that the primary sources of knowledge originate from revelation, namely the Qur'an and Hadith, which are then processed through the methodology of *ushul fiqh* and rational logic. This epistemological approach enables Islamic economics to combine rationality and moral values in economic decision-making. This epistemological model differs from the epistemology of Western economics, which is predominantly empirical and positivistic. By integrating revealed knowledge and reason, Islamic economics becomes a science that not only explains economic facts but also provides ethical guidance. This demonstrates a unique dual epistemology, capable of addressing the needs of the community in social and religious contexts. This epistemological model also enriches Islamic scientific literature and can serve as a foundation for further scientific research. Therefore, the epistemology of Islamic economics is a crucial aspect in strengthening the legitimacy of this science in the academic realm.

From an axiological perspective, this study confirms that the values of justice, trustworthiness, and balance are central to Islamic economic practices. These values are not only normative but also have a practical function in guiding the economic actions of the community. Islamic economic axiology emphasizes the ultimate goal of achieving collective prosperity (*falah*), rather than solely seeking individual profit. This provides an alternative sustainable and inclusive economic paradigm. This axiological concept aligns with the *maqasid* of *sharia*, which prioritizes the welfare of the community and prevents social harm. In the context of Indonesian economic development, these values are highly relevant for addressing inequality and poverty. Therefore, Islamic economic axiology can serve as a normative foundation for developing national economic policy.

The findings of this study are consistent with Muliadi's (2018) study, which states that Islamic economics is a multidimensional science aimed at improving human welfare through fair and balanced resource management. This study emphasizes the importance of integrating ontology, epistemology, and axiology as a foundation for the development of Islamic economics. This also aligns with Alam's (2016) opinion, which highlights the uniqueness of Islamic economic epistemology and axiology compared to conventional economic paradigms. With this framework, Islamic economics can become an alternative that is relevant not only in religious but also socio-cultural contexts. Furthermore, this approach can address the challenges of globalization and modernization, which often neglect the moral dimension of economic activity. Therefore, a thorough understanding of these three aspects of Islamic economic philosophy is urgently needed in the development of Islamic economics.

A comparison with Western epistemology shows that Islamic economics adopts a more comprehensive approach by incorporating spiritual and moral dimensions. This approach avoids the materialistic reductionism often found in conventional economics. Furthermore, Islamic economics allows for dynamic interpretations of laws and values, adapted to changing times, through *ijtihad*. This aligns with Arkoun's view that Islamic epistemology is a source of adaptive and progressive thought (Mulyana, 2020). This uniqueness empowers Islamic economics to continue developing without losing the essence of *sharia* principles. Thus, this epistemological approach adds depth and breadth to the scope of Islamic economics. It also encourages more contextual and relevant methodological and theoretical updates.

The axiological aspects found in this study confirm that Islamic economic values serve as an instrument for balancing worldly and hereafter interests. The emphasis on the distribution of social justice through mechanisms such as zakat and the prohibition of usury demonstrates a different orientation from capitalist economics. This approach is crucial for maintaining social harmony and preventing inequality that could disrupt societal stability. This study reinforces the findings of Shabri et al. (2021), who examined the role of Islamic values in sustainable economic development. These values form a normative framework that serves as a guideline for the implementation of Islamic economic policies. Therefore, Islamic economic axiology serves as a moral foundation that cannot be ignored in every Muslim economic activity. It also connects economic activity to broader social and religious goals.

This research also reveals that the ontological understanding of Islamic economics is closely linked to the socio-cultural context of Muslim communities in Indonesia. This connection is evident in the economic practices based on Sharia values that have grown and developed in society. This demonstrates that Islamic economics is not merely a theory but has become a real part of social life. This approach strengthens social cohesion and builds solidarity among Muslim communities. These findings are relevant to local approaches that combine religious and cultural values within the local community. Therefore, Islamic economics can be a strategic force in community-based economic development. It also opens up opportunities for the development of more contextual and applicable Islamic economic models.

Methodologically, this study demonstrates the need to develop research methods that align with the characteristics of Islamic epistemology. A qualitative approach using phenomenology and hermeneutics is highly appropriate for exploring the meaning and values within Islamic economic practices. This method allows researchers to understand the perspectives of economic actors in depth and holistically. Furthermore, this method also allows for contextual interpretation of sacred texts and Islamic legal traditions. Thus, Islamic economic research can produce richer and more applicable theories. This approach aligns with the increasingly complex needs of developing Islamic economics in the modern era.

In the educational context, these findings demonstrate the need for reform of the Islamic economics curriculum to incorporate the philosophical dimension of science integrally. Strengthening students' understanding of ontology, epistemology, and axiology will enrich their knowledge, enabling them to understand Islamic economics comprehensively. In addition to theoretical aspects, teaching values and ethics should also be a crucial part of the curriculum. This will support the development of Muslim economists who are not only technically proficient but also morally upright. Such education is expected to produce graduates capable of contributing to equitable economic development. Therefore, curriculum reform is a strategic step for Islamic educational institutions.

In Islamic financial practice, this study confirms that challenges remain in fully implementing Islamic economic values. Many Islamic financial products and services fail to fully accommodate social values and justice. This criticism aligns with Alam's (2016) findings, which demonstrate a lack of theoretical and applied coherence in the Islamic financial sector. Therefore, strengthening the epistemological and axiological foundations is necessary so that Islamic financial products truly reflect Sharia principles comprehensively. This also requires increasing literacy and awareness among Islamic financial industry players. Thus, the development of the Islamic financial sector can contribute more to the welfare of the community, while also opening up space for more ethical and inclusive product innovation.

The development of Islamic fintech presents a strategic opportunity to integrate technology with ethical Islamic economic principles. These findings underscore the need for financial technology development that focuses not only on efficiency but also on social justice and moral values. A holistic epistemological approach can help fintech product designers deeply integrate Sharia principles. This aligns with global developments where technology is a key driver of economic transformation. Therefore, the development of Islamic fintech must consider all three dimensions of Islamic economic philosophy. This presents both a challenge and an opportunity to expand financial inclusion for Muslims. Going forward, research on the integration of Islamic values into financial technology is urgently needed.

The results of this study also underscore the importance of interdisciplinary dialogue between Islamic economics and other social sciences. This approach will enrich understanding and strengthen the legitimacy of Islamic economics in both academic and practical domains. Through scientific collaboration, Islamic economics can adapt to constantly changing social, political, and cultural dynamics. This will expand the application of Islamic economics not only within Muslim communities but also on a national and global scale. Interdisciplinary studies can address modern challenges such as globalization, climate change, and economic inequality. Therefore, Islamic economics must be positioned as an open and adaptive science. This will enhance the relevance and competitiveness of Islamic economics in the future.

Reflecting on the research results shows that despite the strong theoretical foundations of Islamic economics, gaps remain in its practical implementation. This is related to the limited understanding of the



philosophical and ethical aspects of Islamic economics among the public and economic actors. Consequently, many Islamic economic practices appear to simply follow formal rules without internalizing its core values. Therefore, Islamic economic literacy must be continuously improved, both through formal and non-formal education. Strengthening the capacity of economic actors and policymakers is essential. This step is crucial to bridge theory and practice so that Islamic economics can function optimally in society. Furthermore, a deep understanding of the values and objectives of Islamic economics will strengthen the economic identity of Muslims.

This study's limitations lie in its focus on literature and documentation without extensive direct field observations. Future research could expand data collection methods with in-depth interviews and case studies in various Muslim communities. This would provide a more concrete picture of Islamic economic practices and challenges in society. Furthermore, comparative studies across regions and countries are crucial for enriching Islamic economic studies. This approach can help identify the most effective Islamic economic models appropriate to local contexts. Longitudinal research is also needed to examine the development of Islamic economics over time. This will strengthen the scientific basis and applicability of Islamic economics as a science.

Theoretically, strengthening the philosophical framework of Islamic economics is essential to address criticisms of the fragmentation and inconsistency of existing theories. With a unified understanding of ontology, epistemology, and axiology, Islamic economics can strengthen its status as an independent and comprehensive science. This will also encourage the development of new theories capable of addressing the challenges of the times. The existence of Islamic economics as a scientific paradigm can provide alternative solutions for a more just and sustainable economy. Therefore, further research should focus on developing Islamic economic theory based on the philosophy of science. This will enrich academic discourse and the practice of Islamic economics. Furthermore, integration with developments in the social sciences and technology is essential.

This research emphasizes the need to develop quantitative and qualitative indicators that can measure the success of Islamic economics in terms of its social values and objectives. Such indicators are crucial for assessing the impact of Islamic economics more objectively and comprehensively. For example, measuring equitable wealth distribution, levels of social solidarity, and poverty reduction can serve as benchmarks for the success of Islamic economics. Furthermore, indicators of spiritual economic blessings can also be developed through a qualitative approach. Developing these indicators will assist policymakers and practitioners in optimally implementing Islamic economics. This can also support accountability and transparency in Islamic economic practices. With appropriate indicators, Islamic economics can be more easily adopted and widely developed.

The constantly changing global context, such as global economic pressures, the pandemic, and climate change, demands that Islamic economics adapt and innovate. This research finding demonstrates that Islamic economics possesses strong value capital to respond to these challenges. The values of justice, sustainability, and shared prosperity are key in addressing the global crisis. By prioritizing sharia principles, Islamic economics can contribute to the formation of a more inclusive and ethical global economic system. This opens up significant opportunities for Islamic economics to play a strategic role on the global stage. The development of adaptive Islamic economic research and policies is essential to achieve this. Therefore, international collaboration in Islamic economic research and practice is crucial.

Islamic economics also has the potential to strengthen national and regional economic independence by prioritizing ethical and social principles. The findings of this study support the role of Islamic economics in encouraging the development of community-based sharia-compliant MSMEs. This can help reduce dependence on the often unfair global economic system. Through economic empowerment based on Islamic values, the welfare of local communities can be sustainably improved. This approach also supports inclusive development that accommodates all levels of society. Furthermore, sharia-compliant economic empowerment can be a solution to address poverty and unemployment. Therefore, strengthening the Islamic economy is a crucial strategy for national development.

A critical reflection on the current situation shows that synergy between the government, academics, and Islamic economic practitioners still needs to be improved. Close coordination and collaboration are essential to align Islamic economic theory and practice. The government can play a role in developing regulations that support the comprehensive development of Islamic economics. Academics must continue to conduct relevant and applicable research to strengthen the scientific basis of Islamic economics. Meanwhile, economic practitioners must consistently implement Islamic economic values in their daily activities. This synergy is key to the success of Islamic economic development in Indonesia. Therefore, collaborative efforts must be a primary focus going forward.

In conclusion, this study confirms that Islamic economics has great potential as an alternative paradigm for addressing various contemporary economic problems. With a solid philosophical foundation, Islamic economics can provide solutions based not only on material matters but also on moral and spiritual values. This is highly relevant for building a just and sustainable economy. Further research is needed to develop practical

aspects and performance indicators for Islamic economics so that it can be implemented effectively. Research should also shed more light on the dynamics of social and technological change that influence the development of Islamic economics. Thus, Islamic economics can continue to grow and contribute positively to the community and the wider community.

#### 4. Conclusion

The process of developing Islamic economic theory differs from that typically used in the social sciences. Researchers in the social and natural sciences typically seek to achieve new understanding based on previously established principles. However, in Islamic economic doctrine, all stages of theory development involve intervention and guidance from Islamic teachings. Islamic economic ontology and its characteristics represent a fresh approach to economic issues and phenomena related to the concept of the source of economic problems based on "maqasyid sharia," as well as the goal of economics in achieving "falah." From an epistemological perspective, knowledge in economics can be achieved through observation of social phenomena that arise as people strive to meet their needs. In Islamic economics, the axiological aspect involves utilizing religious values and morals as a basis for generating *maslahah* (benefit) for humanity.

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