

ISLAMIC ECONOMICS EDUCATION
IN SOUTHEAST ASIAN UNIVERSITIES

ISLAMIC ECONOMICS EDUCATION IN SOUTHEAST ASIAN UNIVERSITIES

This book discusses and analyzes an area of contemporary Islamic economics and finance that is relatively under-written, i.e., Islamic Economics Education. It provides a conceptual introduction by experts in Islamic Thought and Education on the urgent need for curriculum reforms in university education that is represented by integration between Islamic heritage (*al-Turath al-Islami*) and modern knowledge/disciplines. In this context, the Islamization of knowledge agenda, properly understood and undertaken by qualified academics, is a legitimate process required in the teaching of economics. *Islamic Economics Education in Southeast Asian Universities* presents the case studies and experiences of selected universities in Malaysia and Indonesia offering Islamic economics programs, reflects critically on these experiences, identifies important issues and challenges, and offers recommendations for the future progress of Islamic economics education.

Editors

Mohd Nizam Barom, Mohd Mahyudi Mohd Yusop, Mohamed Aslam Haneef and Mustafa Omar Mohammed are attached to the Department of Economics and the Centre for Islamic Economics, Kulliyah of Economics and Management Sciences, International Islamic University Malaysia.

Centre for Islamic Economics, IIUM

In line with the vision and mission of the International Islamic University Malaysia (IIUM), the *Centre for Islamic Economics* (CIE) was established to promote the discipline of Islamic economics at both theoretical and policy levels. One of the focus areas of the centre is Islamic economics education, related specifically to curriculum and human resource issues. For further information about the CIE, please visit www.iium.edu.my/cie.

International Institute of Islamic Thought

The International Institute of Islamic Thought (IIIT) is a non-profit academic, cultural and educational institution based in Herndon, Virginia. IIIT functions as a think tank dedicated to reform Islamic thought and bridge the intellectual divide between the Islamic tradition and Western civilization. As part of IIIT's continuous effort, this book is published in the hope that it will promote the Islamization of knowledge agenda; particularly in the area of Islamic economics and finance. For further information about the IIIT, please visit www.iiit.org.

Edited by

Mohd Nizam Barom, Mohd Mahyudi Mohd Yusop,
Mohamed Aslam Haneef & Mustafa Omar Mohammed



Centre for Islamic Economics
INTERNATIONAL ISLAMIC UNIVERSITY MALAYSIA

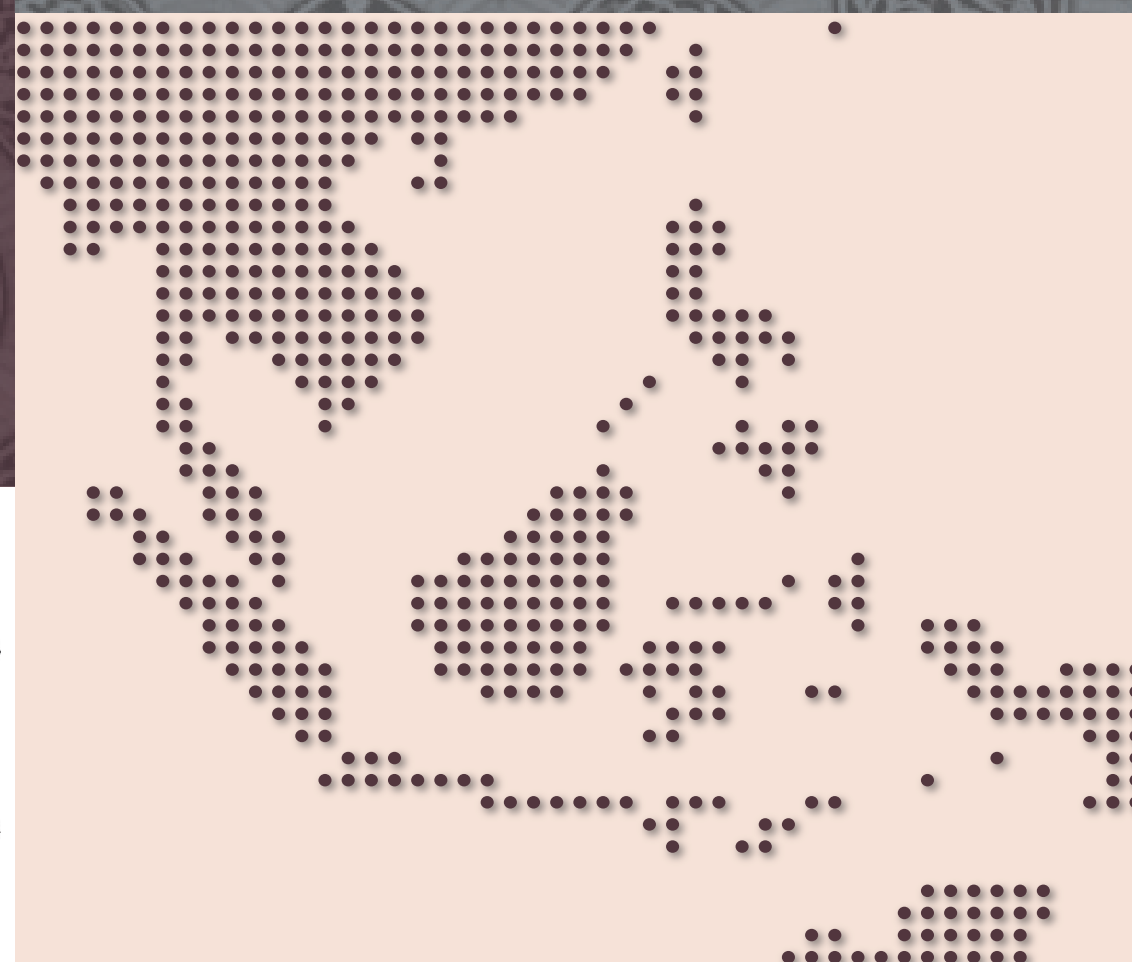


INTERNATIONAL INSTITUTE OF ISLAMIC THOUGHT

ISBN 978-983-44600-1-3



9 789834 460013



Chapter 12

Islamic Economics Program in the Faculty of Economics and Business, Universitas Brawijaya, Indonesia

Arif Hoetoro

1. Introduction

Islamic economics, as an intellectual discourse, is likely to be traceable from the awakening of Muslims civil society movement that has emerged in Indonesia since the 1990's. It was *Ikatan Cendekiawan Muslim Indonesia* (Indonesian Association of Muslim Intellectuals) or ICMI that first promoted the idea to improve on Muslims education and quality of human resource of the Indonesian people. Founded in Universitas Brawijaya on December 7th, 1990, ICMI advocated the domination of Muslims in the ranks of government, civil services, police and military, industries and commerce; with the relegation of ethnic and religious minorities to inferior ranks. ICMI also advocated the introduction of *Shari'ah* into the Indonesian legal and political system. This effort oversaw the establishment of Islamic courts, an Islamic bank and the promotion of Islamic media.

Following such an emergence of Muslims' consideration on Islamic principles applied in daily life, the need to introduce Islamic economics as a course in higher education has been welcomed by universities in Indonesia. Since 2005 some public and private universities have offered Islamic economics for students in both

undergraduate and post-graduate levels. However, while literature on Islamic banking and finance has increased tremendously, one very neglected area has been in the literature on the real aspects of Islamic economics. Consequently, the common feature of Islamic economics teaching in Indonesia has been dominated by increasing efforts to produce fresh graduates who can enter into the Islamic financial market; whereas, aspects on Islamic real economy gets less attention.

This chapter is aimed to present the initiatives of the Faculty of Economics and Business, Universitas Brawijaya in the teaching of Islamic economics that gives an emphasis on both financial and real sectors of the economy. Since July 2011, Islamic economics program is taught exclusively under the Department of Islamic Economics at the bachelor level.

2. Universitas Brawijaya at a Glance

Universitas Brawijaya (UB) was established as a public university in 1963. Located in Malang city, East Java, Indonesia; UB is one of the leading universities in Indonesia today with more than 30,000 students in various degree programs ranging from the Diploma Programs (One Year and Two Year Programs), Bachelor's Degree Program, Master's Degree Program, Doctoral Degree Program, and Medical Specialist Program dispersed over 14 faculties.

The name Universitas Brawijaya was granted by the President of the Republic of Indonesia through a wire sent on July 11, 1961. This name is derived from the title of Kings of Majapahit, a great kingdom in Indonesia that ruled during the period of 12th to 15th centuries. UB transformed into a state university on January 5, 1963 following a Presidential Decree issued earlier in the same year. This date was later promulgated as UB's anniversary (specially called Dies Natalies among Indonesian academic society members). Prior to its transformation into a state university in 1963, UB had started its

operation in 1957 in Malang, as a branch of University of Sawerigading Makassar. At that time, the Malang branch had two faculties; Faculty of Law and Faculty of Economics. Then, on July 1, 1960, its name was changed into the Municipal University of Malang. Under the new name, two more faculties were established a few months later, which were the Faculty of Trade Administration and the Faculty of Agriculture. Finally, the name of the university was change from the Municipal University of Malang to Universitas Brawijaya.

When its transformation into a state university started in 1963, UB only had 5 faculties; namely Faculty of Law, Faculty of Economics, Faculty of State Governance and Trade Management (an extension of the Faculty of Trade Administration, and now called the Faculty of Administrative Science), Faculty of Agriculture, and Faculty of Veterinary and Animal Husbandry. In 1973, the Faculty of Veterinary and Animal Husbandry was then divided into two faculties; Faculty of Animal Husbandry and Faculty of Veterinary. Based on the Decree of the Ministry of Education, Faculty of Engineering was also established by the university. The Faculty of Medicine, which was previously under the Foundation of Higher Education of East Java, officially became part of UB in 1974. Additionally, the Faculty of Mathematics and Natural Sciences was inaugurated following the issuance of a Decree from the Ministry of Education and Culture dated October 21, 1993. UB added another faculty, the Faculty of Agricultural Technology, by upgrading the status of Department of Agricultural Technology which was previously under the Faculty of Agriculture.

On the other hand, the Faculty of Economics and Business (FEB) has been the embryo of Universitas Brawijaya. It was founded by *Yayasan Perguruan Tinggi Ekonomi Malang* (YPTTEM) on June 27, 1957 by Notary Deed No.26 dated August 15, 1957. Since October 3, 1961, PTEM merged with UB and renamed as the Faculty of Economics, and then transformed into Faculty of Economics and Business (FEB) in January 11, 2011.

As a public university, FEB-UB follows the national curriculum in which it is designed to deliver common education without any religious emphasis. In the higher education system in Indonesia, religious education especially Islamic studies are within the domain of the Ministry of Religious Affairs. Nevertheless, certain amount of learning period have been given to religious contents in the national curriculum which can be seen as an effort to educate students with the consideration of morality and ethics. However, departing from this position, the Vision of the Faculty of Economics and Business is to become a center of excellence of higher education and development in economics and its related disciplines that are based on humanity, morality and ethics. FEB's mission is to produce graduates and scientific work in the field of economics that has the advantage of relevance and sophistication, characterized by moral and ethical values through education, research and community services in an integrated and sustainable way so that the graduates can compete at the international level.

3. Islamic Economics Teaching in FEB-UB

In responding to the emergence of Muslims consideration on Islamic principles in economic life, since 2007 FEB-UB has introduced Islamic economics related subjects as optional subjects for students of FEB. Within this scheme, the students are required to complete 6-12 credit hours that can be taken in one or two semesters. The subjects contained four courses, namely; Principles of Islamic Economics, History of Islamic Economic Thought, Islamic Banking and Finance, and Capita Selecta on Contemporary Islamic Economics. Although the number of courses is rather limited, it is expected that this will provide the graduates with relevant knowledge in the area, especially on Islamic banking and finance, where the demand for qualified workforce from the industry is very high.

However, this scheme cannot satisfy the public and industry's expectations of producing qualified graduates in Islamic economics and its relevant areas. The major problems we faced within this scheme have always been the lack of adequate literatures and qualified lecturers. FEB-UB may be seen as a conservative faculty that emphasizes more on the teaching of conventional economics. To respond to the need of the market and for the employability of the market for the graduates, the courses may merely provide basic knowledge of Islamic finance with minimal teaching of Islamic economics as a systematic discipline of knowledge.

Based on this reason, starting from July 2011, FEB-UB has started to offer Islamic economics as a full bachelor program for the students. This Islamic economics program is offered by a new department, namely the Department of Islamic Economics. While the initial focus is the program at the bachelor level, this will be followed by the introduction of Islamic economics programs at Master and Doctoral levels. In fact, the department is currently waiting for the approval or decree given by the Directorate of Higher Education to start the postgraduate programs. To achieve effective results of Islamic economics teaching at all levels, we synchronize the curriculum and locus of instructions as can be reviewed in Figure 1. At the bachelor level, the teaching of Islamic economics is focused on understanding and mastering the landscape of Islamic economics area; in which, it contains 80% for discussions on the fundamental concepts of Islamic economics and 20% for introduction to the methodology of Islamic economics. In a master degree program, the learning process is improved by stressing more on deepening the understanding of landscape and methodology of Islamic economics. It contains 60% for mastering Islamic economics theory and 40% for improving the knowledge of Islamic economics methodology. Meanwhile, at the doctorate level, the teaching of Islamic economics is designed to develop Islamic economics further by deliberating on analytical tools

to deconstruct modern economics and reconstruct Islamic economics as an organized body of knowledge. At this level, mastering the methodology of this new discipline is greatly emphasized.

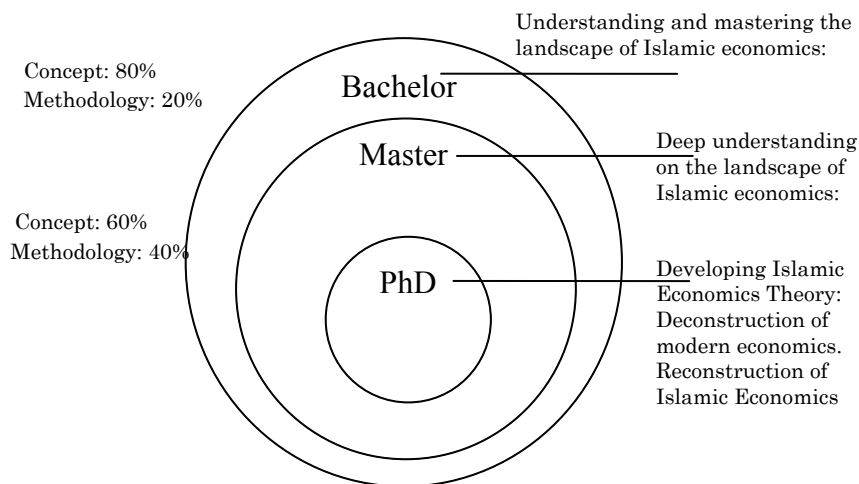


Figure 1: Synchronization of Islamic Economics Curriculum at Bachelor, Master, and Doctorate Levels

4. Islamic Economics Curriculum at Bachelor Level

As can be seen in Figure 1, the teaching of Islamic economics for bachelor students attempts to let them understand the landscape of Islamic economics. For this purpose, the courses have been designed to mastering the concepts of Islamic economics. However, in order to fulfill the job market of Islamic economics graduates, the courses also facilitate the students in improving their skills on some technical aspects of Islamic economics. For example, to be absorbed into the Islamic financial market, the students will be taught in the technical aspects of Islamic banking and finance; while, entrepreneurship will be offered as a tool to create innovative jobs in the real sector.

To achieve such objectives, the curriculum is made by offering (1) views of Islamic fundamentals on knowledge and economics, (2) theory of modern economics, and (3) courses on skill development. In

this regard, the students will be required to complete 140 credit hours in order to obtain a B. Islamic Economics degree. As depicted in Appendix 1, the general degree program is made up of the following components: University Required Courses (6 credit hours), Faculty Required Courses (90 credit hours), and Department Courses (44 credit hours). For courses required by the Faculty, although they are offered to give an understanding on the development of modern/conventional economics, the courses should be accompanied by the instilling of Islamic principles and values on the subjects. Here, we try to utilize an integrative approach in providing understanding on both Islamic and modern economics for the students. We expect that in the future we can integrate all the courses within the shade of Islamic principles and values. The complete structure of the courses offered to the students can be seen in Appendix 2.

Compared to other universities such as Universitas Islam Negeri (UIN), the courses of Islamic economics offered in FEB-UB emphasize more on mastering economics rather than *fiqh muamalat*. Since the substantive knowledge is economics, we try to train the students on how to understand modern economics subjects, and at the same time, the subjects should be *Islamized* or internalized via the application of Islamic principles. However, we also facilitate the students in understanding traditional Islamic literatures (*al-turath al-Islami*) on *fiqh* and *usul fiqh* by providing courses on Arabic language with zero credit hour that is to be taken as an extra course in every semester. This course is aimed at mastering *al-turath* passively; a skill which is needed in order to trace back the Islamic principles from its original sources. We believe that this objective can be achieved given that in Malang city there are many *pesantren* (Islamic boarding school) that offer Arabic language in their education system. By making mutual cooperation with such types of Islamic school, we will obtain teachers who can educate our students in mastering Arabic language and *al-turath al-Islami*. With regard to the structure of the curriculum, the

following general observations are noted on the program of Islamic economics:

5. Contents of the Program

Referring to the curriculum, Islamic economics program offered in FEB-UB can be characterized by several important features. First, the curriculum is designed to train the students in Islamic principles based on economics as the subject matter rather than *fiqh muamalat*. This is reflected in the sequence of the courses that emphasizes more on understanding the branches of economics placed on Islamic principles. This, of course, differs from *fiqh muamalat* that primarily discusses the complexity of Islamic principles and jurisprudence to observe our daily economic problems.

Second, the curriculum stems from the notion of Islamization of knowledge as the basis of building Islamic economics. This is reflected in the courses related to Islamization and other Islamic fundamentals being taught from the very beginning of the program, i.e. from the first semester. By offering such courses in the early semesters, we try to show that Islamic economics should be discovered from its purest sources of knowledge. Some critics argue that Islamic economics often fails to explore its own theory genuinely; instead, it merely quotes 'one or two verses of the holy Quran' in a basically conventional western framework. Our curriculum tries to properly address these sorts of comments.

Third, the curriculum has been designed to provide the students with a wide understanding in all branches of Islamic economics; either in financial or the real sector. This can be seen from the curriculum where all courses related to financial and real sectors of Islamic economics are proportionally provided. The notion behind this is to give the students an ability to enter the financial markets and to create a productive business. Hence, two important courses i.e. seminar on business development and Seminar on Islamic banking are made compulsory in the last semester before writing the mini thesis.

And fourth, as a course required by the Faculty, mini thesis becomes a requirement for every student to complete his/her bachelor degree in Islamic economics. This course is actually a common tradition in Indonesia's higher education system. This is a very important component to the bachelor of Islamic economics program as it can be used to measure students' knowledge on Islamic economics theory, problems, and issues.

6. Sequencing of Courses: Between al-Attas and al-Faruqi

The way in which FEB-UB offers Islamic economics program tends to follow both al-Attas and al-Faruqi views. Placing Islamization of knowledge and other Islamic fundamentals in the first semester shows some aspects of al-Attas' views, while, offering the courses by instilling Islamic values can be said to be following the al-Faruqi methods. However, as stated earlier, our mission is actually to educate the students that Islamization of economics in all its aspects should be deemed as an urgent agenda. Hence, the main objective of Islamic economics program is not so much of fulfilling the human resource demand of the Islamic banking and financial institutions; but more importantly to promote Islam as a basis for the study of modern economics theory and problems.

In the case of Universitas Brawijaya, as a non-Islamic or national university, we realize that potential students enrolling in the program comprises mainly by those who come from the national type school. So, FEB-UB proposed that the efforts towards Islamization of knowledge should be provided early in order to open the students' horizon on this very crucial topic. This is also important to internalize Islamic principles, values, and methodology for the students when they investigate the substance of Islamic economics. By adopting this approach, we try to deconstruct the philosophy of conventional economics and then reconstruct that body of knowledge with Islamic worldview in mind.

7. Integration of Knowledge

Based on the curriculum and the flow of the courses as appeared in the Appendices, the Islamic economics program offered in FEB-UB is structured to integrate *al-turath al-islami* and modern economics. It means that FEB-UB tries to build an Islamic knowledge in economic matters which is more than merely 'quoting one or two verses of al-Quran' in a basically conventional western framework. Of course, we realize that the term "Islamization of knowledge" is still debatable since some opponents have argued that knowledge is already Islamic; yet, FEB-UB should place the program on this track as it will help the student to understand areas of Islamic economics.

To achieve this objective, we adopt some aspects of both al-Attas' and al-Faruqi's views. Borrowing the al-Attas' perspective, Islamization of knowledge is offered in the first semester. It is designed as a special course constructing students' horizon on the true meaning of knowledge. While from al-Faruqi's views, the process of Islamization will be continued by instilling Islamic perspective in all the course works.

8. Lecturers and Other Needed Resources

The last point of observation on our Islamic economics program relates to the availability of trained lecturers and adequate resources. Some of our lecturers have completed their dissertation on certain aspects of Islamic economics; however, we realize that it is not enough. Thus, more trained lecturers on the subject are needed. As a short term measure, the service of lecturers from other institutions is utilized. Besides this problem, we are now still facing a lack of relevant textbooks on Islamic economics.

9. Concluding Remarks

Prior to introducing a full Islamic economics program at the bachelor level on July 2011, FEB-UB had prepared a road map of the program.

Our vision is to integrate both knowledge of *al-turath al-Islami* and modern economics. Here, we would like to offer Islamic economics in a sense that it should be an organized body of knowledge. However, realizing a lack of resources, much work still needs to be done in order to achieve the objective of Islamic economics program in FEB-UB. This contains the refinement of the program, the sequencing of courses in the integration, and the planning for manpowers that must be addressed in the future.

Appendix 1

Table 1: Program Structure: Bachelor in Islamic Economics FEB-UB

Requirements Hours	Courses	Credit Hours	Total
University Requirements	Citizenship	2	
	English I	2	
	English II	2	
			6
Faculty Requirements	Core Courses with Instilling Islamic Principles	90	
			90
Department Requirements	Department Courses	44	
			44
Total			140

Table 2: University Required Courses

Course Title	Credit Hours	Total Hours
Citizenship	2	
English I	2	
English II	2	
Total		6

Table 3: Faculty Required Courses

Semester	Course Title	Credit Hours	Total Hours
I	Principles of Micro Econ*	3	8
	Introduction to Business*	2	
	Introduction to Accounting*	3	
II	Principles of Macro Econ*	3	5
	Legal Aspects in Business	2	
III	Investment Management*	3	12
	Economics & Policy of Development*	3	
	Math of Economics	3	
	Micro Economics*	3	
IV	Monetary Economics & Policy*	3	15
	Human Resource Economics*	3	
	Statistics	3	
	Non-Islamic Bank Management	3	
	Macro Economics*	3	
V	Entrepreneurship*	3	18
	Industrial Economics & Policy*	3	
	Public Economics & Policy*	3	
	Econometrics	3	
	International Economics*	3	
	Natural Resource Economics*	3	
VI	Feasibility Study of Business*	3	12
	Research Methodology	3	
	History of Economics Thought	3	
	Institutional Economics*	3	
VII	Seminar of Business Development*	3	12
	Seminar of HRM*	3	
	Seminar of Research	3	
	Indonesia's Economy	3	
VIII	Field Study	2	8
	Mini Thesis	6	
Total			90

Table 4: Department Required Courses

Semester	Course Title	Credit Hours	Total Hours
I	Islamization of Knowledge	3	7
	Islamic Studies	2	
	Principles of Islamic Economics	2	
II	Introduction to Ushul Fiqh	3	11
	Islamic Culture & Civilization	3	
	Management of Islamic Business	3	
	Ayat & Hadith of Economics	2	
III	Ushul Fiqh	3	9
	Islamic Bank Management	3	
	History of Islamic Economic Thought	3	
IV	Al-Qawa'id al-Fiqhiyah	3	6
	Contemporary Fiqh Muamalat	3	
V	Accounting of Islamic Financial Institutions	3	3
VI	Fiqh & Management of Zakah	3	6
	Economic Ethics: Islamic Perspective	3	
VII	Seminar of Islamic Banking	3	6
	Islamic Capital Market	3	
Total			48