

The Role Of Islam In Accounting

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Abstract: *This paper aims to explain of idea the role of Islam in accounting. Every action taken must be by Islamic law and principles. Ethical principles define what is right, responsibility, and fairness. Based on the ethical principles in Islam, accounting requires fairness and honesty in corporate responsibility, which refers to accountability or transparency. The result of this paper indicates Islamic accounting is not about values but belief. This belief based on spiritual values learned from scripture and conscience.*

Keywords: *Islam accounting; Ethical Principles; Spiritual Values*

Introduction

Accounting is one of much practical science or applicable science nowadays used for almost every time in our daily life. In accounting has principles, standards, assumptions, techniques, and procedures as the foundation of financial reporting, which contains useful information to monitor the economic activity and affected the decision-maker (Sabrina, 2012).

Applicable science in accounting is more extensive and more complex if the one who faces the bigger scale of business. Just like other sciences, accounting science also develops according to technological developments and human civilizations, besides that, the factor of need also contributed to accounting science developments. But, like other sciences, they won't develop by themselves without meaningful things which can push the sciences' development themselves.

As a way of life, Islam has provided the very obvious way of guidance to live a life in every aspect. Islam is goal-oriented. The principles that directed every economic organization on individual and nation levels have a goal to achieve a comprehensive objective from the Islamic economy's principal (Yusanto, 2009).

The debate on accounting definitions started from 1930 till 1970. Every accountant has a different perspective on the accounting process and deciphers the differences in theories. The many perspectives from above are accounting as a language, as an event log, as an economic reality, as an information system, as a commodity, and accounting as an ideology.

The realization of achieving Islamic accounting is supported by God, gives the technical aspect and humanization which passed down from Syariah. As Triyuwono's said (2011) get to know God's Almighty in Islamic accounting reality present the technical aspect which refers to the accounting construct with measurements and disclosures related to authority and its implementations, based on Islamic principles (Prasetyo, 2018).

In this paper, the writers will not discuss the difference of perspectives, but more focused to comprehend to give a means, applies and objectives of accounting itself with development historical approach and Islamic accounting means.

Literature Review

In an article written by Prasetyo (2018) on paper "Initiating Islamic Accounting: Whether Islamic Accounting or Spiritual Islamic Accounting" said, the accounting function must in line with human function as intended by Allah SWT. Spiritual Islamic accounting is not religion accounting if religious accounting has a basis in accordance with the law and dogmatics in the Scripture. Spiritual Islamic accounting can provide belief, peace, morality, and faith.

In an article written by Handoko, and Huda (2018) on paper "The Review of accounting accountability of Islamic culture" said, Islam has a cohesive role who dictated how business must going and this role can be applied wherever and whatever culture. Therefore, accountability in Islam is an obligation that must be carried out as a form of accountability to stakeholders or society.

Research Method

This paper is meant to understand the role of Islam in accounting. In the process, this paper uses a qualitative approach by a library-based study to an obtained covered overview of accountability in Islamic culture. According to Sugiyono (2012), a library-based study are relating the literature review and others references are connected with values, culture, and norm which developed on researched social development, beside of that library-based study are important to do research, this is because research is not far away from the scientific literature. Based on that definition, this paper used various material where found at the library, like journals, books, and other literature which relevant. Therefore this paper aims to explain ofidea the role of Islam in accounting.

Result

Definitions of Accounting

Terminologically, accounting based on words "count" or "responsible". Accounting used for almost a business line to decide so it called a business language. In Arabic, accounting means al-muhâsabah, from the root words of hâsaba, yuhâsibu, muhâsabatan it means count (things, or number), accounting, or responsibility. These words are many times use in Al-Qur'an.

Word al-muhâsabah on Al-Qur'an, have in many verses. As a Muslim, Al-Quran, and Hadist are the Book of Regulations we use as a reference to life and activity solutions. If we willing to search the word accounting in this popular time of business, by all means, it can't be found in Al-Qur'an. But in base definition, understanding, substance, and objective, Al-Qur'an beyond the accounting expert, Far away from 1.400 years ago, before anyone has known the mathematics or accounting terms.

The Words hâsaba, yuhâsibu, muhâsabatan many times mentioned in Al-Qur'an, like in Surah (Q.s. Al-Baqarah[2]:284), (Q.s. Al-An'âm [6]:62), (Q.s. Al-Anbiyâ' [21]:47), (Q.s. Al-Thalâq[65]:8) and (Q.s. Al-Insyiqâq[84]:8). From the verse earlier, define that Allah demands human responsibility as what he did in his life. Every effort, activity that we did can be count by God. With this means, those verses motivated us to usually count profit or loss which we have done in this life (Antonio and Zain, 2018).

In Al-Qur'an, a word hisâb always associates with profit or loss. This is the essence of accounting function to calculate profit or loss on business activity. Like the business in life or afterlife to Allah. This is because of profit is like Pahala, and loss is like sins. Humans in life are preparing this profit/loss report. So, accounting finance is made for the financial report or financial data associated with this profit and loss.

Those verses are motivating us to be a real accountant. Who always self-evaluating about how many gain or loss that we achieved before we got a loss for every bit of life.

On Hadist, Rasulullah saw also define:

"from Syaddad ibn Aws, Rasulullah saw said; clever men are the ones who do count on his life and good deeds for the afterlife, weak men are the ones who do his desire and wishes to (get bless), Allah."

Also with the dearest friend of Rasulullah saw, Ummar Ibn Khattab said;

"Umar r.a. said; "do judge yourself before you got judged. And count your balance before you get counted."

Accounting History

Conventional accounting has known since human know number, it was from Firaun age in Egypt between 3.000-1.000 BC. Which known as Hammurabi agreement in Babilonia 2.500-500 BC. At the times Egypt and Babilonia civilizations had known the science of management. As the times when Firaun applied the management theory to built pyramids (Harahap, 2004).

This paper tries to explore the accounting history of Islam. Far from beyond this history began from Rasulullah saw age as The Messenger of Islam. From the beginning of the age, accounting has known at Surah (Q.s. Al-Baqarah[2]:284), (Q.s.Al-An'âm[6]:62),(Q.s.Al-Anbiyâ'[21]:47),(Q.s.Al-Thalâq[65]:8)dan(Q.s.Al-Insyiqâq[84]:8), and specifically included in Surah Al-Baqarah verse 282:

"O people who believed, when you deal with a transaction involving obligations for a fixed period of time, you shall write it down. And someone among you who write it down shall write it correctly. And never write as Allah has taught you. ..."

That verse revealed the accounting indication which is; debts and receivable, the due date of debts, the debts witnesses (writer/ note recorder), the obligations to do fairly on making notes and should apply the clear agreement with two witnesses, and the writing objectives. On Islam's Scripture, Accounting is mentioned as a crucial matter and specifically mentioned at the longest Surah, which explained the functions of write down, basics, and the benefits (Kantakji, 2003).

Therefore, we can see the history that Islam has known first the accounting systems, because Al-Qur'an has stated in the year 610, which is 800 years earlier than Luca Pacioli who published his book at 1494. In the history of Muhammad saw himself on His time had educated especially to His dearest friends to handle the accounting profession called "hafazhah al-amwâl" (financial supervisor). Also commanded 42 competent friends on their respective fields and paid them as zakat manager (Bayt al-mâl).

This is clearly as Islam's attention to accounting in the Islamic economy event had applied the accounting constitutions for personals, institutions or companies, waqaf accounting, the prohibition of wealth use rights, and national budgets. Then with the times since the first Hijriyah year till 23rd Hijriah, Rasulullah saw had built fundamentals of accounting which used by His dear friend as Khalifah who carry His footsteps.

As when Rasulullah saw had passed away, the leadership led by Abu Bakr Al-Shiddiq as the first Khalifah of Islam. Abu Bakr role for 2 years since 632-634. As long as he led, Abu Bakr had dealt with several cases to people who rejected pay zakat for the country. At Rasulullah times, income (except for sacrificial animals) had been stored in Nabawi Mosque. But later no more cash left require because whenever acquired the cash, it directly distributed. And that time also when received 80.000 Dirham cash from Bahrain.

Abu Bakr passed away, 'Umaribnal-Khath- thâb took the lead. He led for 10 years (13-23H/634-644 centuries), as long as his reign had a major development that felt by Islam society. Umar made economic policy. Because the Islam territory had expanded, Khalifah made to manage the nation administrate which refers to the advance administrations like Persia, which was divided the govern to 8 provinces that were Mekkah, Madinah, Syria, Jazirah, Basrah, Kufah, Palestine, and Egypt.

At the age of Umar ibn Khattab, he had made an income state budget, which these days is known as APBN (state budget). Umar ibn Khattab divided it into four portions; first for zakat, whom the need, poor, zakat caretaker, slaves, people who are in debt, sabilillah and ibnu sabil. Second, especially for an outcome for 1/5 booty, for Allah SWT. Third, spent on Bayt al-mâl, some discovered things, and a heritage who don't have the own heir, then this income used for giving who needed. Forth, for public expenditure. This came for jizyah, kharaj, and 'usyur.

Everything had been done by Umar Ibn Khattab continued by Usman ibn Affan and Ali ibn Abi Thalib r.a... Khalifah Ali when continued the duty has a mature concept on governance, he appointed a state treasurer and every Thursday able to distributed whole Bayt al-mâlincome at Madina, Basrah, Kufah calculated precisely at that day and the next calculation will be next Saturday.

When al-Khulafâ' al-Râsyidin times had an accounting constitution for personal, companies, waqaf accounting, the prohibition of wealth use rights, and national budgets. At the time after al-Khulafâ' al-Râsyidin, state financial reporting was developed by 'Umar ibn 'Abd al-'Azîz (681-720M) with mandatory by issued an invoice for receiving or spending funds. Introduce a book of notes and registry evolution of accounting management advance level when dynasty 'Abbâsiyah role.

At that age, accounting has classified as difference specialized like livestock accounting, agriculture accounting, treasurer accounting, construction accounting, currency accounting, and financial auditing.

A recording notes used a general ledger, included; (1) Jarîdah al-Kharâj (as like as receivable subsidiary ledger), shows individual liabilities on land zakat, agricultural product, and liabilities on livestock and individual debt repayments recorded in one column and payment recorded on another column. (2) Jarîdah al-Nafaqât (expenditure journal). (3) Jarîdah al-Mâl (funding journal), recorded income and expense of zakat. (4) Jarîdah al-Musadarîn, recorded individual income fine/confiscate which not appropriate as Syariah systems, corruption included.

Accounting continues to develop since the number discovered by Muslim mathematicians, al-Khawarizmi (Algorithm), at the IX centuries (780-850), who discovered number zero. And the book writer "al-Mukhtashar fî Hisâb al-Jabar al- Muqabala (Liber al-Gebras et Almucabola), who we called "father of mathematics".

And then showed at XV centuries, the accounting popularized in Italia by Luca Pacioli, a Priest, who wrote "Summa de Arithmetica Geometrica et Propotionalita" and quote a chapter about "Double Entry Accounting System". When Luca Pacioli showed up in Europe offered the

Double Entry theory is the discovery to everyone. So they made as to the first reference on accounting. But this is not fair, because far from Pacioli times had a book who discovered that theory. Many references said that He wasn't the one who discovered the "Double Entry Accounting System".

Accounting In Islam

The discovery of accounting science claimed from Italy by Luca Pacioli didn't accept by Muslim scholars. Because the validated source said a Muslim figure name had overtaken Luca Pacioli on accounting science. By the book, "Risalah al-Falaqiyyah Kitab al-Siqayah", the year 1363 al-Mazindâranî had made a formulation for accounting and Pacioli just take accounting information which had been revolved at that time or he just described by a simple method which used by Venetian trader at the Renaissance in Italy.

So it has been appropriate for Double Entry System who claimed as discover had been sued the truth by a scientist. Because of Luca Pacioli not the creator of that system. Even Littleton and Yame (1978) suspicious if the double-entry system comes from Spain with the reason the culture and technology of Spain at middle ages have far more advanced compared to Europe civilization, and at that time Spain was a Muslim nation which becomes Europe culture and technology center.

It means accounting in Islam age had been used for 745 years before Pacioli's book published. Then Islamic Accounting found the glorious peak at 765H/1363 with a manuscript written by 'AbdAllâhibnMuḥammadibnKayahal-Mazindâranî, "Risalah Falaqiyyah Kitab al-Siyaqah". Before the manuscript arranged. Many Muslim authors had arranged work for accounting and usefulness for Islam society started by al-Nuwairî(734H/1336M) and IbnKhaldûn(167H/784M).

Ethical Values

Islam's ethical system is different from the secular ethical system and from the moral lesson which believed by other religions. As long as civilization's history, types of secular assumed moral lesson just temporary and fluctuate because based on the creator's believed, take for example Epicureanism or doctrine about happiness for temporary happiness. This type of generally developed a new system that separated from religions. On the contrary, Islam thought to bond the relationship between humans with God and among humans.

Two specific aspects to combine relationship between Islam and accounting are Islam law, Syariah, claimed to manage every life, ethic and social aspects, and covered criminal jurisdiction. Accountants, as like the others, must carry out their duties according to Islamic's role and based their action on Islamic ethics. Accounting also teaches operational audits to improve the company's service quality.

Based on the Islamic ethic's principal, accounting needs a fair and honest on company responsibility called accountability. Accountability is a form of company or organization responsibility specifically for a non-profit organization.

Conclusions

when we examined the double entry on Surah Al-Baqarah: 282 with balancing concept, then on balance sheet; Assets equals liability plus equity; assets include current assets and non-

current assets; and recording liability and equity. The meaning of accounting on Al-Qur'an and Hadist generally for every human activity in life interactions and business related to worship.

Islam is not just based on accounting, but everything accounting do base on Islamic Ethical such as fair, honest, responsibility, and accountability. This ethical value improves what is the meaning to become a good accountant in life and for life.

In Islam, not just doing right for social responsibility, but have faith to do sincerely for God we will have peace in mind, good morality, and considered good for society when we do accounting services or audit services. Because the role Muslims do in life is to do good for Allah and do good for society.

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