

Maqāshid al-sharī‘ah comparison to the concept of accounting in the paradigm of religiosity

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ABSTRACT

The purpose of this study is to describe the comparison of Maqāshid al-Sharī‘ah with the concept of accounting in the religiosity paradigm. In this study, the authors used a qualitative methodology through a literature survey examining the normative aspects of Maqāshid al-Sharī‘ah related to accounting. This study analyses experts' minds whose main ideas have been scattered in some literature. Firstly, the concept of accounting is based on Maqāshid al-Sharī‘ah Hifz al-Dīn, where accounting is not only oriented to material elements but also has the responsibility of financial activities to God and religion. Secondly, the accounting concept based on Maqāshid al-Sharī‘ah Hifz al-Nālīs significantly develops offspring into family-oriented balance sheets in the context of the afterlife. Thirdly, the accounting concept based on Maqāshid al-Sharī‘ah Hifz al-Aql makes accounting pious, intellectual, and socially righteous. Fourth, the accounting concept based on Maqāshid al-Sharī‘ah Hifz al-Nafs is the process of elevating the family's status in terms of financial activities. Fifth, it is not only the welfare of certain groups; the accounting concept based on Maqāshid al-Sharī‘ah Hifz al-Māl prioritises social concerns and pays attention to economic development and human interest in creating wealth. Indeed, the Maqāshid al-Sharī‘ah paradigm emphasises social accountability, which prompts more future research in this area.

1. Introduction

Islam is a holistic system that provides a comprehensive framework for all facets of an individual's life, including the conduct of commerce. There has been a paradigm shift from traditional utilitarian economics to Islamic economics in the last 50 years (Hanif et al., 2024). This occurrence is due to the rise of Islamic banks worldwide, particularly in the Middle East and Asia. Islam's literal definition is 'peace'. The Islamic worldview is shaped by the belief that Allah is the one true God and that human beings are created to serve and represent him on earth as his vicegerents. Central to this belief is the idea of obedience to Allah and compliance with his divine will, which together form a comprehensive religious and philosophical framework for Muslim thought and practice (Lewis, 2001). Hence, Islam is a way of life that necessitates

a connection between this world and the Hereafter. Truth, justice, fairness, goodwill, honesty, benevolence, and accountability before God are all Islamic ideals.

Allah (God) provides people with two sources of guidance: The Quran, which is God's revelation to the world and the Hadith (Prophet's Sayings) or Sunnah, which are God's inspired acts and descriptions of the Prophet Mohammad's behaviour (Aman, 2020; Antonio et al., 2020; Aslam & Haron, 2020). The holy book of the Quran entails a comprehensive set of principles and guidelines that serve as a code of conduct for individuals to lead their lives in accordance with the teachings of Islam. These teachings extend till the day of judgement, wherein every human being will be held accountable for their actions before the Almighty. The Shurāfi and consensus processes are another source of Islamic practice reference. The separation of actions and decisions into religious and secular is prohibited in Islam, and Shariah, the Islamic law, always governs their activities. The Shariah guidelines apply to every trait of human life, including business, management, and finance. Thus, exploring the compatibility or conflicts of accounting with Maqāsid al-Sharī'ah as the purpose of Sharī'ah law is critical in this context. According to many Islamic scholars, the objective of Islamic law, known as Maqāsid al-Sharī'ah, is to preserve and protect five essential values: religion (Hifz al-Din), lineage (Hifz al-Nālīs), intellect (Hifz al-Aql), life (Hifz al-Nafs) and property (Hifz al-Māl) (Abdullah et al., 2023). These objectives guide the implementation of Islamic law to ensure justice, morality, and the well-being of individuals and society. In Islamic jurisprudence, the importance of Maqasid al-Shariah lies in its role as a framework for interpreting and applying the law. It ensures that legal rulings align with the broader goals of promoting welfare and preventing harm (Antonio et al., 2020). This perspective allows Islamic law to be flexible, adaptable and relevant to different periods, contexts and challenges.

Although there have been significant advancements in comprehending the historical development of accounting systems and recording methods, the precise roots of these practices remain obscure. Zaid (2004) argued that accounting has served as a vital constituent of various facets of Muslim civilisation since the year 624 A.D. In response to religious regulations, such as zakāh, a mandatory religious fee imposed on Muslims, Muslim accounting systems and recording methods began even before the advent of Arabic numerals. Furthermore, Islam honours trading and commerce, and these activities necessitate some form of recording, as mentioned in Surah al-Baqarah (Quran 2:282):

“Oh, you who believe! When you deal with each other in a transaction involving future obligations in a fixed period, reduce them in writing. Let a scribe write down faithfully as between parties”.

Indeed, Islam integrates religious rituals, the socio-economic-political system, and the daily lives of its followers. Accounting is shaped by many factors, such as religion and culture (Cordery, 2015). Nevertheless, it is puzzling that this relationship does not seem to apply to the accounting condition in Indonesia, despite the fact that Indonesia has the largest population of individuals practicing the Islamic faith globally. Islam is the religion of Muslims, which can be said to be far from the values of capitalism. On the other hand, accounting reflects more on capitalism. This conflict prompts this paper to discuss the comparison of Maqāsid al-Sharī'ah and accounting from the perspective of Islamic religiosity, considering the ethics and moral aspects of Islamic teachings. Prior economic research discusses Maqāsid al-Sharī'ah, more in the context of Islamic finance (Tarique et al., 2021). Therefore, this study addresses a critical gap in the existing literature. While prior studies have extensively explored Maqāsid al-Sharī'ah in the context of Islamic finance, its application to accounting remains underexplored. Thus, the objective of this paper is to compare and analyse the principles of Maqāsid al-Sharī'ah doctrine, namely: 1) Hifz al-Din (keeping religion), (2) Hifz al-Nālīs (keeping offspring), (3) Hifz al-Aql (maintaining intellectual), (4) Hifz al-Nafs (safeguarding one's basic needs), and (5) Hifz al-Māl (maintaining assets) from the perspective of accounting practices. This study is essential because it documents that accounting is not only technically sound but also aligned with Sharī'ah's moral imperative. This study extends the knowledge of Maqāsid al-Sharī'ah into a more holistic understanding of accounting practices considering the welfare of individuals and society, thereby strengthening stakeholders' confidence and institutional legitimacy. The next sections

are the literature review, research methodology, and results and discussion. The paper ends with the conclusion section.

2. Literature review

2.1 *Capitalism and accounting*

From the mainstream economic view, capitalism is the catalyst for the development of financial accounting and reporting. The desire to possess properties, encourage consumption, and make money stimulates the establishment of the capital market, heralding the direction of accounting and reporting to be affected by the efficient market hypothesis. Accounting principles are based on corporate decision models and rational economic aims. The fundamentals of conventional accounting and mainstream economics are inextricably linked. Western accounting practices are designed to meet the needs of capitalists where coercive, mimetic and normative pressures are contributing factors to the spread of these accounting practices to large areas of the world (Grassa et al., 2024). The accounting practices in a particular region reflect the environment in which the people are in. If society has a culture characterized by elements of capitalism, the accounting system will automatically reflect capitalist practices.

It seems that at the level of the economic system and especially in the world of accounting itself, the style of capitalism is assimilated, both at the theoretical and practical levels. In a dialogical conversation with university students, they opine that the current accounting system is far from Islamic values (Kamayanti, 2012). The adoption of accounting based on elements of capitalism places great emphasis on the element of maintaining power. Harahap (2013) describes capitalism-style accounting as a tool to collect and maintain wealth so that the wealth accumulation process runs smoothly and remains in control in the hands of capitalists. The implication is that humans are trapped in utilitarian-hedonistic power because of their great attention to the material aspects of accounting capitalism (Triyuwono, 2011). This feature is also illustrated in the definitions of accounting that are used as a benchmark in making accounting standards, especially in Indonesia (Harahap, 2013).

There are several definitions of accounting according to institutions that are used as a reference to develop accounting standards, especially in Indonesia, including (1) Accounting is the process of identifying, measuring, and conveying financial information as information material in considering various alternatives in concluding by users (A statement of basic accounting theory). (2) Accounting is the art of recording, categorizing, and accounting in a certain way in terms of monetary transactions. It includes interpreting the results to make informed decisions (American Institute of Certified Public Accounting (AICPA)). (3) Accounting is a service activity. Its function is to provide quantitative information, generally in terms of money, about an economic entity that is intended to be used in making economic decisions as a basis for choosing between several alternatives (Accounting Principal Board /APB Statement No. 4). The 2018 International Accounting Standard Board's conceptual framework refers the general-purpose financial reporting as "to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions relating to providing resources to the entity" (IASB, 2018). The objective is meant for users to assess the entity's claim against resources and the management stewardship of the entity.

Some definitions above describe accounting as a field that focuses on monetary values for economic decision-making, devoid of any divine or humanistic elements. Accounting is the language of business that focuses more on material elements. The field of accounting is driven by rationality and efficiency to foster business growth. However, due to its association with capitalist ideologies, accounting is often characterized by masculine traits, and the positivist paradigm further reinforces this gendered representation of accounting (Syafe'ie, 2000), where materialistic characteristics support the accounting world. It is understandable that humans, who play a central role in the accounting world, may feel trapped by the challenges of navigating ethical dilemmas and making difficult decisions. According to Achsin (2006),

humans can become imprisoned by the nature of accounting positivism, influenced by their life attitudes and a hedonistic and materialistic lifestyle. The inherent tendency towards sinfulness in human nature constrains relationships to materialistic pursuits, leading to a disregard for the presence of a divine being in one's life.

2.2 God fearing

The secular view of the mainstream economy contrasts with the Islamic economic perspective that socioeconomic activities must conform to the principles of Shari'ah and ethics based on the Quran and the Sunnah. Mainstream economic theory emphasizes individual preferences and utility, while Islamic economics prioritizes the social outcomes of collective decision-making. The Islamic economic system places great importance on public accountability and strives to promote sustainable, high-quality community life as an intrinsic value. The conventional practices model a lot from the Western industry, where self-interest and the free market economy are prioritized (Khan, 2010). However, private interests are regarded as secondary and subordinate to the society under Shari'ah. First and foremost, Islamic economics focuses on a person's relationship with God in line with the first pillar of Islam, the belief in God, the creator, who has complete authority over human laws (Mohammed, 2013). Muslims are inspired to comply with their religious beliefs, abstaining from Allah's forbidden goods as a means of honoring His command.

It is interesting to observe whether the purpose of accounting is only for investment purposes. Mulawarman (2008) states that accountability is not only for the interests of owners and creditors but also for society and the environment. This has the consequence that the focus of accounting thinking is not solely on the concept of profit but also on accountability to social elements (Sukoharsono, 2010). In contrast to the conventional approach to accounting, the Islamic perspective considers God to be the ultimate stakeholder of the entity. This signifies a fundamental difference in the underlying worldview and values that inform the accounting practices between the two approaches. The first pillar of Islam, believing in God, emphasizes that Allah takes account of every Muslim's actions.

2.3 Man as khalifah

Rahman and Rahim (2003) conducted a literature review on the utilization of *maslahah*, an Islamic legal concept of public welfare, as a mechanism for accounting. This aims to demonstrate accountability as a Khalifah (leader) in the world towards Allah by protecting the public welfare. Based on the Quran and Sunnah, a Muslim should practice vicegerent or act as a Khalifah (leader) in carrying out the responsibility to get blessings from Allah and be accountable towards the community (Fantazy & Abdul Rahim, 2014). Humans accept the role and responsibility as a Khalifah in this world, while other creatures refuse to undertake such a responsibility, as Allah says in Surah al-Ahzab (Quran 33:72):

“Indeed, we offered the Trust to the heavens and the earth and the mountains, and they declined to bear it and feared it; but man [undertook to] bear it. Indeed, he was unjust and ignorant”.

According to the verse above, other creatures of Allah, besides man, have refused to take on responsibility, and those who have broken the trust have brought retribution upon themselves. Man, as Khalifah, is a steward of the world and its ecosystem. Man must strive for life while adhering to specific laws (haram and halal) and avoiding being cruel and unjust to others (Mukhlisin, 2021). Examples include interest prohibition, zakāh payment, contract fulfilment, and comprehensive disclosure of information for commercial or social contracts. Islamic economics guides the conduct of business and commerce. Excessive profit-making and a pure capitalistic approach while ignoring social well-being are not favored in Islam. The theoretical precepts of Islamic economics have been implemented in Islamic banks, takaful, and zakāh centers. The establishment of these institutions aims to realize Islamic ethical principles and spread interest in accounting according to the Maqāṣid al-Shari'ah.

2.4 Social accountability

Furthermore, Islam teaches that humans are not the absolute owners of wealth, and all these properties in this world belong to Allah (Lewis, 2001). Thus, if humans behave in a manner that is against Allah's wishes, they will get reprimanded either in this world or in the life hereafter (Ladewi, 2014; Salin et al., 2017). Islam teaches that eventually, Muslims will surrender to Allah, and every action will be judged on the Day of Judgement. This approach can be related to the practice of accounting, where adherence to the teachings of Allah requires accounting to report the truth and be far from manipulation. Since Allah is the supreme power and the absolute owner of the wealth, all belongings of humans will finally be returned to Him as he says in Surah al-Maryam (Quran 19:93-95):

“There is no one in the heavens and earth but that he comes to the Most Merciful as a servant. He has enumerated them and counted them a [full] counting. Moreover, all of them are coming to Him on the Day of Resurrection alone”.

Islamic teaching contends that wealth is not the absolute possession of humans, owners, or the shareholders of businesses. The supreme power is Allah. With the trust to manage the wealth of shareholders, directors or managers must be accountable to Allah and socially responsible, ensuring that their activities benefit both individuals and society. When an individual is answerable to Allah and has performed their duties, the effects of their actions are passed on to society. Thus, accounting practices should be based on the Quran and the Sunnah to disentangle ethical dilemmas in the accounting profession. From an Islamic perspective, being ethical is vital to humanity or a community where every Muslim is devoted to Allah SWT. The accounting practices should reflect these values. It is also promised that every good deed performed will be rewarded, not only in this world but also in the hereafter.

As Allah says in Surah al-A'raf (Quran 7:96):

“And if only the people of the cities had believed and feared Allah, we would have opened upon them blessings from the heaven and the earth; but they denied [the messengers], so We seized them for what they were earning.”

From the above, it can be seen how beautiful the teachings of Islam are. First and foremost, Muslims are required to be accountable to God, which entails a deep concern for society and the environment. Islam binds all aspects of life, including business activities, thereby influencing how business transactions are reported. Trade is always honored in Islam. Thus, it is essential to examine the accounting practices through the approach of *Maqāṣid al-Sharī'ah*, which implies looking at the objectives or purposes of *Sharī'ah* rulings.

2.5 *Maqasid al-sharī'ah*

The substantial rise of Islamic finance across the globe has sparked a keen interest in exploring *Maqāṣid al-Sharī'ah* in the context of finance and economics, which has led to discussions on accounting from an Islamic perspective (Mohammed et al., 2019). The discourse on *Maqāṣid al-Sharī'ah* has reached a significant stage, with al-Shatibi recognizing the fundamental component of al-Ghazali and emphasising that *Maqāṣid al-Sharī'ah* is the ultimate objective of Islamic law and that *Shariah* aims to foster the well-being of people in this world and the hereafter (Ishak & Asni, 2020). Almost all research on *Maqāṣid al-Sharī'ah* describes it as a concept that aims to promote benefits (*jab al-mashallah*) without causing harm (*dar al-afraid*) (Chapra et al., 2008). Al-Shatibi, known as the father of *Maqāṣid al-Sharī'ah*, has contributed significantly to the field through his important book, *al-Muwafaqat*, which reformed the concept of *Maqāṣid al-Sharī'ah* as the basis of regulation, rather than just one aspect of legal wisdom, as it was previously perceived (Ishak & Asni, 2020; Auda, 2007). His interpretation has provided greater clarity about the meaning of *Maqasid al-Sharī'ah* and has added various principles and examples to it (Ishak & Asni, 2020).

While al-Shatibi defined Maqāṣid al-Sharī'ah from his understanding of al-Ghazali's teachings, al-Ghazali inherited knowledge from his teacher al-Juwaini and decided to structure and develop the dimensions of Maqāṣid al-Sharī'ah in a manner acceptable to almost all later scholars (Ishak & Asni, 2020; Lamido, 2016). According to al-Ghazali, the dimensions of Maqāṣid al-Sharī'ah include the protection of religion (Hifz al-Din), protection of the soul (Hifz al-Nafs), protection of property (Hifz al-Māl), protection of reason (Hifz al-Aql) and protection of offspring (Hifz al-Nālīs) (Chapra et al., 2008; Wajdi Dusuki, 2008). These five elements support the purpose of Maqāṣid al-Sharī'ah, which is for the well-being of all mankind (maslahah).

Many Muslim scholars, such as al-Ghazali and a prominent Egyptian scholar, Sheikh Mohamad Abu Zahrah, divide maslahah into three levels: daruriyyāt (necessities), hājiyyah (needs), and taḥsīniyyāt (luxuries). Daruriyyat is considered fundamental and should not be neglected for the general well-being of mankind in this world and the hereafter. In addition to well-being (Maslahah), Sheikh Mohamad Abu Zahrah, in his book *Ushul al-Fiqh*, adds another two classifications of maqāṣid al-Shariah: purification of the soul or education (Tahdhib al-Fard) and justice (Iqamah al-'Adl). All three classifications, including maslahah, are related to the framework of al-Ghazali (Tarique et al., 2021).

Education in Islam encompasses all religious practices that aim to purify the human soul (taḥiyya al-nafs) and instil virtuous values such as patience, trust, and punctuality, among others. Through individual education, the objective is to cultivate productive members of society while also preventing them from causing harm to others (Ibrahim et al., 2019). In the same vein, justice in Islam is impartial, without bias towards ethnicity, kabilah sentiment, or religion, and is executed with moral excellence, sincerity, and impartiality. The fulfilment of human rights and responsibilities, along with the elimination of injustices and violations, is integral to achieving justice (Ibrahim et al., 2019; Kamali et al., 2009). The concept of Maqāṣid al-Sharī'ah further emphasises the importance of justice in Islam, where actions and issues are evaluated not solely based on their intentions but also their purpose and implementation (Ibrahim et al., 2019).

In recent years, Maqāṣid al-Sharī'ah has been discussed from a bioethics perspective. This approach is to avoid pseudo maqāṣid, the practice which is common among the liberals, where certain acts are proclaimed halal (permissible) with the reason of achieving Maqāṣid al-Sharī'ah by denying the teachings of the Quran and Hadith (Ibrahim et al., 2019). For example, the prohibition of polygamy and the application of Hudud (punishment in Islam). Islamic bioethics perspective on Maqāṣid al-Sharī'ah can be viewed as a "morality system based on Islam that combines two disciplines of knowledge, namely the biological science knowledge and knowledge related to the human value system in which the assessments are based on the objective, purpose or ultimate aim of every shariah of Islam" (Ibrahim et al., 2019, p.338). This perspective views Maqāṣid al-Sharī'ah as the religious-ethical spiritual compass concerned with accomplishing the essentials of humankind rather than maximizing profit and economic growth.

From the above, Islam is very concerned with the well-being and protection of individuals, and Allah provides Islamic law to achieve this objective through enriching the world and the afterlife. It can be concluded that Maqāṣid al-Sharī'ah encompasses the overall well-being of humanity and the surrounding environment to follow the order of Islamic laws (Ishak & Asni, 2020; Shinkafi & Ali, 2017). Maqāṣid al-Sharī'ah's framework allows a deeper understanding of the meaning of Shariah's flexibility. Thus, it offers a greater convergence between ethics and accounting applications (Mukhlisin, 2021 A). A comprehensive understanding of Maqāṣid al-Sharī'ah is crucial to prevent the potential exploitation of Islamic practices for the betterment of human welfare and to prevent the development of a literal, text-based interpretation of Islam (Ishak & Asni, 2020; Al-Qardawī, 2006).

Maqāṣid al-Sharī'ah serves as a guide for scholars to consider contemporary circumstances, societal and cultural background, as well as economic and political contexts, prior to advocating for the implementation of any religious rules. In essence, this approach encourages the adaptation of Islamic principles to meet human needs and customs. Through the depiction of accounting definitions based on the perspective of

Maqāṣid al-Sharī'ah, it is hoped that each entity will not have the mindset to seek maximum profit as measured from the monetary aspect. In a broader context, the accounting concept based on the perspective of Maqāṣid al-Sharī'ah will also help each entity fulfil the aspect of accountability based on humanist elements. Each part of the Maqāṣid al-Sharī'ah has interrelated elements that cannot be separated. This practice is, of course, different from the masculinity element in the accounting concept based on capitalism, which still focuses on the concepts of profit and capital capitalization.

3. Research methodology

The study adopts a descriptive qualitative methodology to explore the normative aspects of Maqāṣid al-Sharī'ah related to accounting. This approach allows for an in-depth examination of the underlying principles and values within the paradigm of religiosity. The research begins with an extensive literature review, delving into books, articles, documents, and other relevant sources that discuss the normative aspects of Maqāṣid al-Sharī'ah following the approach of Haniffa and Hudaib (2010). A review of 60 empirical studies and publications from the years 1964 to 2024 was conducted. The research methodology commenced with a comprehensive search for literature and publications using academic databases such as Scopus, web of Science and Google Scholar. Additionally, data is gathered from other relevant library materials, including academic publications, Quranic verses, research papers, and historical records that provide additional context and depth to the integration of Maqāṣid al-Sharī'ah in accounting studies (Haniffa & Hudaib, 2010). Specific keywords, including Maqāṣid al-Sharī'ah, Islamic Accounting, Islamic ethics and Islamic economy, were utilized to locate pertinent literature and reports. Upon selection of publications, their abstracts and main content were carefully reviewed to ensure their relevance to the current study; irrelevant papers were subsequently excluded. This phase aims to identify key philosophical principles within Islamic thought related to accounting. Next, the study draws from the development of the accounting civilization, emphasizing the integration of Maqāṣid al-Sharī'ah elements observed in real-world accounting practices. A summary outlining the main findings and principles was created for every aspect under examination concerning the integration of Maqāṣid al-Sharī'ah and accounting practices.

4. Results and discussion

4.1 *Maqāṣid al-sharī'ah comparison of accounting concepts in the paradigm of religiosity*

4.1.1 *Accounting concept based on maqasid al-sharī'ah hifz al-din (keeping religion)*

As a tool, accounting cannot be separated from the development of civilization. Although the fundamental concepts of accounting remain the same, the way in which accounting is practised is constantly changing to keep up with the modern business environment. According to Mulawarman (2014), the growth of technology, land, food, and energy has contributed to the rise of capitalist values, either intentionally or unknowingly, throughout human civilization. This reality of current accounting focuses more on the physical elements rather than theological values. Nevertheless, Luca Pacioli's modern accounting concept reflects the link between accounting and religion by using "In The Name Of God" as an opening in the financial reports, emphasizing the value of divinity in accounting (Kamayanti, 2012). Luca Pacioli, well known as the father of accounting, documented the method of double-entry recording applied in Venice during his time. His book was translated into various languages, contributing to the spread of accounting knowledge.

From another perspective, Luca Pacioli's profession as a religious monk shows a desire to combine thoughts between accounting itself and accountability to God (Kamayanti, 2012; Harahap, 2012; Sukoharsono, 2012). Indeed, some doubt Luca Pacioli's presence as a pioneer in the formation of modern accounting. This doubt was raised by Harahap (2012) and Kamayanti (2012), who claim that the Arabs had practiced the accounting method carried out by Pacioli since the 9th century AD. Meanwhile, Triyuwono

(2011) argues that modern accounting techniques originated from the culture of Spain, which at that time was a Muslim country and the center of technological development in Europe.

Apart from the differences in the perspective of the pioneers, for the author, there are similarities in the values that are carried, namely the religious content in accounting itself. To realize that accounting brings human relations closer to God, Triyuwono (2007) proposes an accounting concept based on the spirit of Manunggaling Kawulo-Gusti. This understanding was inspired by the teachings of Sheikh Siti Jenar, who assumed that everything comes from God and returns to God, as expressed by Djaya in Triyuwono (2011) in the following quotation: The teaching of “sangkan paraning dumadi”, which means the origin or direction of all events, describes a (philosophical) process, the continuity of the beginning and the end, how it begins and ends. This philosophy fosters an understanding of Manunggaling Kawulo-Gusti. The ideology of Manunggaling Kawulo-Gusti does not originate from a singular religious tradition but rather draws from a variety of belief systems. In the Quran, there is a verse: ‘Innaa Iilahi wa inna ilahi raajiuun,’ meaning that everything created by God will return to God (Quran 2:156). Whereas in the Bible, there is a verse about dust returning to soil as before and the spirit returning to God who gave it (Ecclesiastes 12:7), which means that human nature comes from God. Meanwhile, the Indian community recognizes the term Yoga to give the same meaning (Triyuwono, 2007). This indicates that in any religion, the conceptual goal of man, as God's creation, is to return to God and unite with Him eventually.

The management of accounting in Kawulo-Gusti requires human humility that fosters a connection with God. The use of self-centered and rational thoughts can hinder this unity. Instead, cultivating a humble mindset allows individuals to expand their perspectives to include irrational and spiritual thoughts. Spiritual accounting serves as a means of realizing this humility by teaching individuals to acknowledge their insignificance in life. However, to fully appreciate the value of spiritual accounting, a shift in its interpretation is necessary. An approach grounded in philosophy can facilitate this shift and promote greater awareness of the significance of spiritual accounting.

Conversely, if spiritual accounting is only interpreted from a pragmatic point of view, humans will still be oriented towards material elements. Thus, the accounting concept based on Maqāṣid al-Sharī‘ah Hifz al-Din is the process of accounting for financial activities to God and religion. This approach relates to integrity practices in reporting, social accountability, and full disclosure as acts of worship to God. The notion of God-fearing indicates that Allah keeps track of every Muslim's actions. Muslims believe that humans are not the only owners of money, that all the world's assets belong to Allah, and that if humans act in ways contrary to Allah's will, they will be punished, if not in this life, in the afterlife (Triyuwono, 2001). This means that the accountant should first fear Allah as the highest authority in front of his or her superiors and the public. The practice of being God-fearing develops a sense of self-consciousness in individuals, as they believe that Allah oversees everything, leading to the avoidance of corrupt and manipulative practices.

4.1.2 Accounting concept based on maqasid al-sharī‘ah hifz al- nālīs (keeping offspring)

Human aspects are essential in accounting concepts, considering that humans are the makers and implementers of the accounting concept. With humans, accounting can be strategized, implemented, and developed. Humans are also a significant factor in determining the direction of developing the accounting system. Using a business entity perspective in current accounting thinking shows that parties are privileged in economic activity. The main parties who prioritise profit from the results of business activities are owners, creditors, and investors. The implication is that other parties participating in the company's activities are deemed unnecessary to get a share of the proceeds from business activities. Whether we realise it or not, the utilisation of a business entity's perspective in accounting is driven by human greed to seek maximum profit (Suseno, 2013).

This is part of the ideology of capitalism, which prioritises the interests and freedom of the individual alone. Modern accounting thinking can lead to a social class that is aware of or does not have a conflict

with the religious values contained in the Quran and Hadith. Hifz al-Nālīs has significantly developed offspring into a family-oriented balance sheet in the context of the afterlife built on four supports: eternal happiness without experiencing destruction, contentment without experiencing poverty, glory without experiencing humiliation, and knowledge without experiencing ignorance. The goal of hereditary protection is thus achieved from all aspects (Rohman et al., 2021). The use of enterprise theory as a rationale for accounting has met the element of hereditary protection mandated in the Maqāsid al-Sharī'ah Hifz al-Nālīs for now. The extension of the enterprise theory is the Shariah enterprise theory, which puts Allah SWT or God as the ultimate trustee (Rifan & Ningsih, 2019). Relating to accountability to God, this theory is based on the pillars of corporate social responsibility, mainly safeguarding the public welfare and corporate stakeholders (Ladewi, 2014).

The principles of vicegerency or Khalifa are also founded on the belief that Allah is the supreme authority as indicated in Surah Al-Baqarah (2:30). The vicegerent's role is to improve the world for and on behalf of Allah, to reign over people, and to carry out Allah's commands on people, animals, and non-living things. In performing a job, Muslim accountants should refer to the motivation behind man's creation on the planet, as desired by Allah to perform the role of Khalifah or a vicegerent man. Humans were not made to no end; instead, they were created with a purpose to satisfy their role as Allah's Khalifa, to turn into His obedient worshipper, and to manage the universe well (Ladewi, 2014; Salin et al., 2017).

Additionally, the human aspect is also seen in the perspective of joint ventures that equates the owner's position with workers and other human resources as components of profit recipients, showing the existence of equality or hereditary concern in accounting. In the long term, this will motivate people to work to increase profits and develop the company because they feel part of its ownership (Sitorus, 2017).

4.1.3 Accounting concept based on maqāsid al-sharī'ah hifz al-aql (maintaining intellectual)

The current modern accounting concept is very thick with the nuances of egoistic, materialistic, and utilitarian (EGOMAU), which emphasizes the consideration of numbers and the achievement of company profits. Triyuwono (2007) states that the concept of EGOMAU in accounting causes dehumanization for humans. According to Latif (2012), the capitalist system that underpins modern accounting is home to self-interested individuals. The fundamental principle of EGOMAU in accounting revolves around the notion of human beings as profit-driven entities. This idea fails to acknowledge the importance of sharing among people despite its divine values. Accounting without EGOMAU is the fundamental goal of forming the concept of accounting from the perspective of the third principle of Pancasila.

This concept departs from a condition of modern accounting thinking, which has been based solely on owner satisfaction, giving rise to the impression that accounting is only created for the owner's benefit. The nature of egoism is contrary to the spirit of Pancasila, which upholds a sense of kinship in economic activity. In a broader scope, the EGOMAU concept, which is a characteristic of modern accounting, can lead to divisions in economic activity. The emergence of social disparities and privileges within the owner and investor classes results in the separation of relations among the groups participating in economic activity. Owners and investors feel that they are entitled to their profits, so they want to minimize other components (including human resources) that can incur a cost for them to reap the maximum profit. Property ownership is not an end for a man but rather a means to establish a decent life for himself, his family, and society. Because Allah is the true owner of the property, man should follow Allah's precepts and prohibitions. In this world, humankind is merely a vicegerent or Khalifa of Allah and will be held accountable for how they earn and use money (Ladewi, 2014; Salin et al., 2017).

Based on the description of the EGOMAU concept above, it is not in line with Shariah norms, including the Maqāsid al-Sharī'ah Hifz al-Aql, which preserves human resources. This should involve all aspects of life and human activities that have worship value and should not discredit others. Pious human beings will be borne by laying down basic ethical norms and reasoning based on the teachings of the Quran and the

Sunnah of the Prophet. Thus, the accounting concept based on Maqāṣid al-Sharī'ah Hifz al-Aql will give birth to intellectual and spiritual pious people.

4.1.4 Accounting concept based on maqāṣid al-sharī'ah hifz al-nafs (maintaining one's basic needs)

This maqasid emphasizes that the family must be the primary goal. Likewise, accounting should not prioritise social inequality. Accounting must be made with the orientation of the common welfare. This conjecture also relates to the deconstruction of accounting concepts that are described based on Maqasid Shariah Hifz al-Nafs. So, it can be said that realising accounting for the family is necessary in making an accounting standard that cannot only be made for the sole purpose of business interests without regard for the fate and interests of the family as an element of the welfare of a country. In another sense, accounting should focus not only on large companies alone but also on small and medium enterprises that align with the Maqāṣid al-Sharī'ah paradigm (Ludigdo, 2012). Observing the views of Abdulgani (1964), which states that to achieve cultural progress, the orientation of sovereignty must start from the hands of the family, as well as in accounting. The value of maintaining one's basic needs is an absolute price that must be upheld in accounting concepts.

Finally, by placing the family as the primary choice in accounting, directly or indirectly, companies or standard-setting bodies have implemented all economic components in achieving common goals. The common goal is the welfare of families from various class groups by involving all these elements in a common development paradigm. A nation's welfare can be seen from the increase in the number of upper-class people and the equal distribution of profits from economic activities. This is where accounting is required not only to prosper certain groups but also to focus on the interests of all the people. Indonesia's religious-based kingdoms had a tradition of employing populist and family-oriented accounting practices. This practice was indicative of the belief that a nation's eminence could be determined by the extent to which the family was given priority in the economy, particularly regarding accounting. Thus, the accounting concept based on Maqāṣid al-Sharī'ah Hifz al-Nafs elevates family status regarding financial activities.

4.1.5 Accounting concept based on maqasid al-sharī'ah hifz al-māl (maintaining assets)

The "Hifz al-Māl" platform within Maqāṣid al-Sharī'ah is not solely about prioritising one's family or individual needs. Instead, it goes beyond physical needs. It places greater emphasis on the real-sector economy, aiming to enhance overall societal welfare. The "Hifz al-Māl" refers to the protection of economic ownership by emphasising the preservation and proper management of wealth or assets in accordance with Islamic principles (Rasool et al., 2020). Accumulation of wealth is an integral component of the economy, evident through the possession of fixed resources and long-term goods, the capacity to generate income from financial endeavours, and the utilisation of food and services that fulfil basic needs (Rasool et al., 2020). The adherence of Islamic financial institutions to the Sharī'ah rules is of utmost importance. These institutions are required to refrain from engaging in any operations involving ribā (interest), gharar (excessive uncertainty), and gambling (Tarique et al., 2021). In place of interest, Islamic trade transactions are characterised by top-up costs (murābahah), while future sales and manufacturing contracts involve margins (salam and istiṣnā). Partnerships are replaced by profit-loss distribution (mudārahah/mushārahah), rental charges (ijārah) replace rent, and fee-based services (wakālah) are used (Mukhlisin, 2021). Furthermore, through zakāh, waqf, and sadaqah, wealth should be managed honestly and effectively. It should help reduce poverty, help those in need, and contribute to a fair distribution of income and wealth for wealth development (Rasool et al., 2020; Mukhlisin, 2021). For monitoring those kinds of transactions, it is crucial for accounting to practice transparency with full disclosure and valuation that reflects the true value of assets, Islamic contracts, and the substance of the transactions.

As for the concept of Maqāṣid al-Sharī'ah perspective of accounting, it can be summarised in Table 1.1 below:

Table 1.1. Maqāsid al-sharī'ah perspective accounting concept and principles

No.	Maqāsid al-Sharī'ah	Accounting Concept	Accounting Principles
1	Hifz al-Din	The process of being responsible for financial activities to God / Religion.	Social Accountability, Full disclosure and reliability
2	Hifz al-Nālīs	The process of creating brotherhood through financial activities.	Social Accountability, Records
3	Hifz al-Aql	The process of elevating degrees in terms of financial activity.	Materiality and presentation
4	Hifz al-Nafs	The process of elevating the family's status in terms of financial activities.	Presentation
5	Hifz al-Māl	Social care process, to pay attention to economic development and community welfare.	Full disclosure, reliability, assets and liabilities, records

The discussion below extends the discussion of Islamic accounting principles by Lewis (2001) into the concept of Maqāsid al-Sharī'ah.

4.2 Islamic accounting principles and maqasid al-sharī'ah

Maqāsid al-Sharī'ah, the objectives of Islamic law, aim to preserve five essential aspects of human life: religion (al-Din), lineage or offspring (al-Nālīs), intellect (al-Aql), life (al-Nafs), and wealth (al-Māl). Accounting principles within an Islamic framework must conform to these objectives, ensuring financial practices comply with the ethical principles as taught by the Quran and the Sunnah (Triyuwono, 2001). The Quran and Sunnah have established a set of ethical principles that delineate the concepts of veracity, equity, and justice, societal inclinations and preferences, corporate obligations and accountabilities, as well as certain accounting guidelines for financial reporting (Alani, 2012; Alshbili et al., 2020; Napier, 2009). According to Lewis (2001), the principles underlying the interest-free economic system, zakāh institution, and specialised business strategies are the basis of these Islamic entities. These business models have seen Islam emphasise equitable wealth allocations and realise the goal of social solidarity and socioeconomic justice in Muslim society, in line with Maqāsid al-Sharī'ah. Positive values such as ijtihād (moderate), justice, ihsān (kindness), honesty, patience, and public interest are needed in conducting business. Bad ideas such as dictatorship, miserliness, greed, wealth hoarding, and extravagance (israf) must be avoided. Accounting is a product of its environment; hence, it must be discussed and examined in an Islamic context to see whether the practice achieves its goals in that environment. It is vital to construct the theoretical framework for accounting based on Islamic philosophy, principles, and values from an Islamic perspective (Lewis, 2001), and Maqāsid al-Sharī'ah as discussed below.

4.2.1 Social accountability

The root of accounting is called 'hisāb', which means 'account.' In Islam, 'account' refers to a Muslim's obligation to account to God for all aspects of human activity for which they are responsible. God has entrusted all resources to us, and Man is a steward of what he has been given (goods, property, assets) (Lewis, 2001). In the corporate world, management and capital providers must take responsibility for their actions within the company's internal and external environment. This concept of accountability for keeping religion (Hifz al-Din) and lineage (Hifz al-Nālīs) extends beyond the private realm of an individual and encompasses their duty towards the larger community or society, also known as umma (Rasli et al., 2022; Abdullah et al., 2023). The conventional accounting methods that focus on individual responsibility may not suffice when it comes to fulfilling the obligations demanded by Maqāsid al-Sharī'ah for keeping lineage (Hifz al-Nālīs). Islamic accounting, therefore, aims to provide information that facilitates the discharge of

obligations towards the umma by all stakeholders involved in business transactions (Lewis, 2001). The practice of accounting and reporting is an act of worship to God as the main stakeholder in keeping religion (Hifz al-Din).

4.2.2 Full disclosure

In the context of Islamic accounting, the provision of accounting information is intended to serve the public interest. The umma, or the community, has the right to be informed about the impact of an organisation's activities on its well-being and to receive guidance on how this has been achieved in accordance with Maqāṣid al-Sharī'ah. Hence, the concept of accountability in this setting is defined as the obligation to disclose information fully, primarily to fulfil one's accountability to God as a religious activity (Hifz al-Din). Surah An-Nisa (Quran 4:29) prohibits the consumption of wealth in a vain manner, while verse Surah An-Nisa (Quran 4:58) orders the conveyance of messages to those who have the right to receive it and emphasises fairness. In many facets of Islamic life, a truthful and meaningful revelation of facts is critical. Full disclosure is apparent in the responsibilities of Muslims, like paying zakāh, which demands the declaration of the value of assets and liabilities since it reflects a Muslim's state of ability to help the poor. This practice, in turn, affects the management and preservation of wealth (Hifz al-Māl). The full disclosure of forthcoming responsibilities and obligations is crucial for the accurate assessment of potential liabilities and thorough risk analysis in the investment domain for wealth generation (Hifz al-Māl). Thus, disclosure of all relevant facts fairly and accurately is demanded in Islam.

4.2.3 Records

Quran indicates that Islam necessitates all trade activities, particularly credit loans and transactions, to be adequately documented for verification (Quran 2:182). In Islamic ethics, eliminating doubt and uncertainty from interpersonal transactions by proper documentation is deemed a fundamental value for sustaining the integrity of wealth (Hifz al-Māl) and lineage (Hifz al-Nālīs). Surah Al-Muthaffifin (Quran 83:1-3) explains the consequences for people who cheat to reduce the scales, while Surah Al-Nahl (Quran 16:90) orders fairness in transactions. The recording of truth, fair representation, and ethical business conduct is vital in Islam to prevent disputes and ensure that wealth is passed down fairly through generations, aligning with the Maqāṣid al-Sharī'ah of Hifz al-Māl and Hifz al-Nālīs.

4.2.4 Materiality

In an Islamic environment, the materiality of accounting information is considered vital if it is related to Sharī'ah requirements. For example, in the case of transactions in Islamic banks, material disclosure is critical for the umma to ensure their transactions adhere to the Sharī'ah requirements (Lewis, 2001). As the Holy Quran reveals the truth and the best way to live in the world (Quran 5:16), an essential tenet of an Islamic accounting system is disclosing all material information to fulfil faithful obligations and make economic and business decisions. In an Islamic accounting system, the provision of material information is a fundamental requirement for ensuring accountability in financial reporting. Such information is expected to be presented in a transparent and comprehensible manner. It upholds the preservation of intellect (Hifz al-Aql), with the aim of not misleading the user or compromising their ability to make informed decisions.

4.2.5 Reliability

Reliability applies to accounting as it does to every other facet of Muslim life (Lewis, 2001). Muslims are unable to fulfil their religious obligations (Hifz al-Din), if published financial information is incorrect. In that case, they are unable to assess their ability to perform their moral obligations, such as aiding the poor or paying zakāh. Performing Zakāh is the duty of Muslims as it is recognized as one of the pillars of

Islam. The Quran states that for a business entity, managers are to be honest with their stakeholders, and they must provide them with truthful, comprehensive, and trustworthy financial disclosure (Quran 4:58).

4.2.6 *Presentation*

Additionally, reliable data must also be given accurately and completely, including the way the information is presented. True disclosure of financial information and its presentation, without distorting the truth or manipulations, is thus necessary for fulfilling such duties and facilitating investment and commercial decision-making, aligning with the duty for religion (Hifz al-Din). Intellect is preserved (Hifz al-Aql) with an effective presentation of financial information, which enhances understanding and facilitates the proper interpretation of data necessary for responsible economic activities.

4.2.7 *Assets and liabilities*

According to the Holy Quran, financial statements in Islam encompass all items that are susceptible to monetary valuation, including assets, liabilities, and residual benefits. Assets that the owner has lawfully acquired through past events are considered Islamic assets (Lewis, 2001). Liabilities, on the other hand, refer to faithful obligations or debts owed to others without any interest (Lewis, 2001). The notion of equity in residual benefits is directly derived from the accurate financial evaluation of assets and liabilities. It is worth noting that in adherence to the Quranic principles, Muslim equity should not be commingled with any illegal possession. Proper management and reporting of assets are crucial for ensuring wealth preservation (Hifz al-Māl).

4.2.8 *Periodicity*

The Islamic practice of zakāh duty, which is performed annually (known as haul), provides evidence of an underlying basis for the application of periodicity in this context. 'No zakāh of wealth till a year has passed,' stated the Prophet Muhammad, prompting zakāh to use the periodicity concept for religious protection (Hifz al-Din). Muslims use the Islamic calendar, hijrah, and the lunar system rather than the Gregorian calendar. The application of periodicity in calculating wealth in order to pay zakāh demonstrates a proper methodology applied for the preservation of wealth (Hifz al-Māl).

From the above discussion, the Al Qur'an provides commercial teachings and emphasises the integration of worship rituals and socio-economic activities in the daily life of humankind. Maqāṣid al-Sharī'ah framework allows the discussion of accounting practices with the aim of achieving welfare promotion and prevention from harm, thereby receiving the blessing from God in this world and the hereafter.

5. Conclusion

Based on the above explanation, accounting has several definitions according to institutions that use them as benchmarks in making accounting standards, especially in Indonesia. In the normative aspect of the study of *Maqāṣid al-Sharī'ah*, it turns out that the orientation of accounting is not only investment but also the interests of owners and creditors. However, *Maqāṣid al-Sharī'ah* accounting is essential, and it is necessary to be accountable to God. It also has social elements such as society and the environment.

With this comparison of *Maqāṣid al-Sharī'ah* against the concept of accounting in the paradigm of religiosity: (1) The concept of accounting is based on *Maqāṣid al-Sharī'ah Hifz al-Din* (maintaining religion). In this aspect, accounting is not only oriented towards material elements but has the responsibility of financial activities to God / Religion. The concept of social accountability places a strong emphasis on the responsibility of businesses to demonstrate accountability not only to God but also to the communities that their operations may impact. The stakeholders' theory suits the explanation of social accountability from an Islamic perspective, which adds God as the first and foremost stakeholder.; (2) The accounting concept is based on *Maqāṣid al-Sharī'ah Hifz al-Nals* (keeping offspring). It significantly develops offspring into a family-oriented balance sheet in the context of an afterlife built on four pillars: eternal happiness without experiencing destruction, sufficiency without experiencing poverty, glory without experiencing humiliation, and knowledge without experiencing ignorance. Hence, the aim of protecting offspring is achieved from all aspects; (3) The concept of accounting based on *Maqāṣid al-Sharī'ah Hifz al-Aql* (maintaining intellectual) accounting should preserve human resources, which should involve all aspects of life and human activities in worship values. It should not discredit other people, and it should put reason and ethical norms based on the teachings of the Quran and the Sunnah of the Prophet. With that, intellectually and socially pious individuals will be nurtured.; (4) The concept of accounting based on *Maqāṣid al-Sharī'ah Hifz al-Nafs* (maintaining one's basic needs) includes elevating the family's status in terms of financial activities and not just the welfare of certain groups. The accounting concept is based on the *Maqāṣid al-Sharī'ah Hifz al-Mal* (maintaining the need for assets). This *Maqāṣid* prioritizes social care and pays attention to economic development and human welfare, especially in the tangible sector. It involves the practice of full disclosure and transparency to satisfy any reasonable demand for information in accordance with Shariah.

Maqāṣid al-Sharī'ah's perspective offers another view from conventional accounting that emphasises rationalism in economics and the maximisation of profits. Islam emphasises profitability that is reasonable and relates the practice of accounting to the oneness of God, thus making it accountable to society and the environment. Certain Islamic ethical beliefs directly influence accounting policies and concepts. The interest-free economic system, the institution of *zakāh*, and specialized business strategies are among the institutions based on these principles. Indeed, the Quran and Sunnah, from which ethical principles are formed, have defined what is truthful and fair for corporate duties and obligations, accounting requirements for the benefit of mankind in this life and the hereafter. In accounting, Muslims must adhere to Shariah and follow Islamic ethics. This study implies that the integration of *Maqāṣid al-Sharī'ah* into accounting practices has the potential to inform the development of a new accounting framework that more accurately reflects Islamic law's ethical and moral imperatives. This has far-reaching implications for the governance and operational frameworks of Islamic financial institutions and other entities operating under Shariah law. This study paves the way for future studies on Islamic accounting, exploring the potential need for alternative accounting systems by considering the recent developments regarding social and sustainability accounting in conventional accounting. Exploring the practical operationalization of *Maqāṣid al-Sharī'ah* elements within a system heavily influenced and dominated by Western practices is also a topic worthy of investigation.

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Authors’ contributions

Syahril was involved in the original draft preparation and writing. Faizul Abrori was involved in the re-writing the second draft. Norazida Mohamed was involved in reviewing and editing and Nor Farizal Mohammed was involved in re-writing, reviewing, extending and formatting the paper.



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