THE ISLAMIC ETHICS AND INTEGRITY IN CONCEPTUALISING ISLAMIC ACCOUNTING CONCEPTS

Norazita Marina Abdul Aziz¹
Fadzila Azni Ahmad²

¹Centre for Islamic Development Management Studies (ISDEV), Universiti Sains Malaysia, 11800 Minden, Pulau Pinang. (Email: azitamarina@gmail.com)
²Centre for Islamic Development Management Studies (ISDEV), Universiti Sains Malaysia, 11800 Minden, Pulau Pinang. (Email: sukainah@usm.my)

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Abstract: Islamic ethics can be regarded as a part of Islamic axiological stances in scrutinising the integrity and transparency issues. In line with this, the axiological stances in constructing Islamic accounting concepts involves the delineation of the moral values and ethics in securing the integrity through Islamic monitoring (hisbah). In fact, the philosophical position derives from the true knowledge found in the Al-Quran, Hadis, Ijmak and Qiyas in bringing justice to life and the hereafter. The articulation of Islamic accounting concepts from the Islamic philosophical stances highlight the moral and ethical functions in constructing the concepts. The adherence to Shari’ah Islami’iah is a form of worship, the role of Islamic Perspective of Accounting (IPA) is thus an act of worship in fulfilling obligations to Allah (God), society and self in achieving Al-Falah (rewards in this world and hereafter). The paper inductively employed qualitative as a research method in contextualising the Islamic accounting concepts within its values and principles, which can be translated within the Islamic social accountability engagement and moral imperatives. Thus, the study is conducted to provide a holistic view of the underlying ethical values and morality principles of the Shari’ah Islami’iah (Islamic teachings) to establish integrity and transparency. In line with this, the Islamic moral values and ethical conduct of an individual is essential in delineating the relationship of between man and Allah; man and another man; and lastly, man and nature (through the conception of hablum minnallah, hablum minnas). The ontological position is founded from the Tawhidic position, which underpins the concept of Oneness of the God. Parallel to this, the epistemological foundation follows the understanding of the scope of social integrity and Islamic monitoring (hisbah) as an underpinnings knowledge that may construct the evidence of tolerance, moral and ethical values within Islamic setting.

Keywords: Islamic morality, Islamic ethics, Islamic accounting, Islamic integrity, Islamic accounting concepts.
Introduction
The Islamic accounting conception is essential for recording and deliberating Islamic transactions for Islamic business entities (Djeffal, 2014; Sivakumar Velayutham, 2014; Zurina Shafii & Nurazalia Zakaria, 2013). The complexity of Islamic transactions in the global markets, is comprehended to be an important factor in constructing the Islamic accounting concepts based on the Islamic Shariah Law. However, the construction of Islamic accounting concepts has to be derived from the Islamic philosophical stances, which has to be interpreted within the fundamental philosophical direction comprises of tasawur, epistemology, ontology, and axiology from Islamic position (Abdul Rahman Abdullah, 2005, 2016; al-Faruqi, 1982; al-Zarqa, 1980; Sayyid Qutb, 1991, 2000).

Currently in Malaysia, Islamic accounting has becoming an important issue in deliberating and applying the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) for the Islamic transactions. The Islamic accounting research focus on the Islamic teachings, law and values in deliberating the Islamic accounting (Gambling & Karim, 1986, 1991; Haniffa, 2002; Haniffa & Hudaib, 2004; Lewis, 2001, 2006).

Interestingly, the fundamental Islamic teachings revolves within the Islamic trades and borrowings, which is essential in Islamic business transactions, and justice in the life of the hereafter. These fundamental principles can be viewed in the al-Quran and also Hadiths that is narrated from the Prophet Muhammad Sayings. The understanding of the debt in the al-Quran is translated, which gives the meaning of:

“O you who have believed, when you contract a debt for a specified term, write it down. And let a scribe write [it] between you in justice. Let no scribe refuse to write as Allah has taught him. So let him write and let the one who has the obligation dictate.”

(al-Baqarah, 2:282)

Thus, the interpretation of this verse from Tafseer Ibnu Kathir denoted that if man undertaking a financial debt, the transactions have to be clearly written, with the appropriate date and amount of the debt has been transacted. The obligation highlights the promotion of justice and fair transactions of one party with another. Thus, the settlement of the debt has been precisely articulated and have to settle before one’s death.

Thus, the interpretation from the verse above show that the Islamic financial reporting has to be fully disclosed and appropriately communicated to users to assess whether an entity is operating within the Shariah boundary. Additionally, the financial reports has to fulfil its responsibilities to society, environment, and users to make decisions to be fully accountable for their actions (Hamid, Craig, & Clarke, 1993; Haniffa, 2002; Lewis, 2006; Shahul Hameed, 2001).

For the Islamic business, an entity has to associate with the lawful and disassociate the unlawful Islamic transactions. The unlawful transactions include the element of interest (riba); uncertainty (gharar), gambling (masyir) and prohibition of production of unlawful products (such as alcohol and pork and its derivatives) (Lewis, 2010).
In Malaysia, Islamic accounting standards are regulated by the Malaysian Accounting Standard Board (MASB). In 2009, they stopped the development of the Islamic accounting standards in Malaysia as they believe that the values and principles in Islam is similar to that is being proposed by International Standard Board (IAS) (MASB, 2011). The MASB will refer to the Shariah Supervisory Board and specialist in the area should they encounter any discrepancies pertaining to the Shariah Compliant (MASB, 2011).

Due to the complexity in the Islamic business transactions, the concerns of the lawful and unlawful elements and the accountingisation of the transactions has to be discussed further by incorporating the Islamic philosophical stances. It is expect to open a wider perspectives and broaden a new platform for research to be conducted especially on the applicability of the current Malaysian Financial Reporting Standards (MFRS) to the Islamic accounting transactions. Further, the discussion on the Islamic conceptual framework can be delineated on the suitability for adoption and modification of the MFRS to the Islamic accounting concepts and the harmonisation of Islamic accounting standards in the Islamic countries.

Consequently, this paper aims to investigate the Islamic accounting concepts within the Islamic philosophical stances and scrutinise the requirements within the Islamic accounting spectrum for recording Islamic transactions conducted by Islamic management entities.

The paper develops the Islamic context through the lens of Islamic philosophical stances, which is deliberated from the Islamic tasawur, epistemology, ontology and axiology. The study employs a grounded theory research design from interpretive position. The interview of five (5) informants and thick documentary review following the position of Gioia (2012) has been conducted for this grounded theory position. Later, the finding section will discuss on the fundamental base of Islamic accounting conception for Islamic management entities in attaining sustainable growth and financial stability for the public sphere as a whole.

**Islamic Accounting and Islamic Entities**

Currently, the trend of the accounting standard setters in the Muslim country tend to adopt and modify the International Accounting Standards (IAS) by withdrawing the unlawful elements in the business transactions to make them suitable for the Islamic transactions (Asian-Oceanian Standard-Setters Group, 2011, 2013a, 2015; Asian-Oceanian Standard-Setters Group (AOSSG), 2011, 2013, 2015). Alternatively, some scholars questions on the adoption and modification strategies that have been undertaken, for example, a discussion on a few debatable position such as fair value (Dodik Siswantoro, 2016; Zurina Shafii & Nurazalia Zakaria, 2013), policy choices (Mirza & Baydoun, 1999), Islamic accounting conceptual framework (Aprilia Beta Suandi, 2017), social responsibility disclosure (Haniffa, 2002; Haniffa & Hudaib, 2004, 2007, 2010; Haniffa, Hudaib, & Mirza, 2004), philosophical stances for Islamic accounting concepts (Lewis, 2001; Shahul Hameed, 2000, 2001).

From the review of the literature reveals the conventional accounting is developed under the premise of utilitarianism that holds the actions in producing greatest amount of goods for a number of people in the society (Neu, 1992; Shahul Hameed, 2001), which leads to greediness (Haniffa, 2002) and uneven wealth distribution to the society due to the failure in the capitalist systems (Antonio, 2003; Friedman, 1962). Thus, the Islamic accounting concepts is differ from the
conventional as it promotes the distribution of wealth, equal profit sharing and emphasis of the social welfare of the Islamic community (Kamla & Rammal, 2013).

Therefore, the Islamic Shariah Law is proposed as the foundation in building a theoretical framework for Islamic perspective accounting. Since adherence to Islamic Shariah Law is a form of worship, the role of Islamic perspective accounting is thus an act of worship in fulfilling obligations to Allah (God), society and self as well as achieving al-Falah (rewards in this world and hereafter) (Ahmed Alim, 2012; Mohamad Aslam & Hafas, 2011; Napier & Roszaini Haniffa, 2011; Rochiana Ayu & Norakma, 2011; Zakaria, 2011).

The articulation of the justice and accounts of the good deeds and bad deeds is deemed important and it shall be accounted for in the life oft the hereafter. Indeed, the verse of the al-Quran that emphasis on this notion can be seen from the al-Quran’s translation as below:

“And We place the scales of justice for the Day of Resurrection, so no soul will be treated unjustly at all. And if there is [even] the weight of a mustard seed, We will bring it forth. And sufficient are We as accountant.”

(al-Anbiyaa’, 21:47)

Thus, a holistic view of the underlying values and principles of the Islamic accounting concepts from the Islamic philosophical stances and its application for securing and promoting wealth stability for Islamic community especially for the zakat and waqf institutions.

Islamic management entities concerns with the complex Islamic transactions, which is essential for recording and reporting of accounting records. The recording systems has to be adhered to the Malaysian Financial Reporting Standards (MFRS) that is set by Malaysian Accounting Standard Board (MASB). Thus, the paper defines the Islamic management entities as an Islamic organisation, which is dealing with Islamic transactions in undertaking Islamic social welfare and benefits to the people especially within the Islamic community. The paper focuses on the waqf and zakat institutions, which are deemed important in recording, assessing and analysing Islamic accounting reports that include the lawful and exclude the unlawful elements in the Islamic accounting concepts.

In the Islamic management entities, the focuses is made to the waqf and zakat institutions, which acts as mediator in the collections and distributions of the waqf or zakat money (Mohd Yusof Othman, 2017). For zakat, the payment is regarded as one of the five pillars in Islamic principle. Zakat is an important mechanism for the country’s development of social welfare of the people to reduce poverty, securing equal wealth and strengthen the economic prosperity of Muslims’ society. The financial and physical support of the zakat institutions to the people in need, which is classified as asnaf, are essential for constructing independent Muslim society (Mohd Yusof Othman, 2017).

In waqf, the distribution will be conducted by the respective Islamic bodies and agencies according to the states in Malaysia. The distribution will be allocated to the people in the society through the land and cash waqf based on the sum of waqf allocations received from the public (Mohd Yusof Othman, 2017). According to Imam Abu Hanifa, waqf is the provisions of a specific thing within
the hold-ownership of the waqif (appropriator) and the devoting of its profits for charitable welfare for the poor or other actions through pious intentions.

For Muslims, the belief related to waqf focuses solely for religious matters and waqf can benefit all level of society. It is essential to complete the meaning of waqf and the influential effect of the waqf in the modern era to secure the financial sustainable development in the society. Waqf is standardly known as benevolence instruments where the profit is used to improve the welfare of the unfortunate society. However, the expansion of the waqf institutions has to be taken into account through intensive efforts from all respective parties to be ahead in the waqf development for the benefit of the Islamic community.

**The Philosophical Stances in Developing Islamic Accounting**

The philosophical direction in articulating and constructing the Islamic accounting concepts has becoming an important area to be discussed. In Malaysia, the adoption of accounting standards based on the International Accounting Standards (IAS) and later, the modification strategies has been conducted by withdrawing certain paragraphs, which deviate the nature of Islamic accounting. However, interestingly in the report stated by the Financial Accounting Standard Board (FASB), the deliberation of the Adam Smith position is taken to be the fundamental position in setting the accounting standard’s direction (Bryer, 2012, 2013). Adam Smith is known as semi-capitalist thinkers, which can be delineated from his suggestions on “capitalist” and “social reality” in accounting (Antonio, 2003).

Adam Smith position has widely influenced the ideology of American politics to the top business organisations, which undertaken hostility acts to oppress the labourers, unions and other related parties for “populism” of Smithian rhetoric (Antonio, 2003; Smith, 1776). However, Adam Smith position has becoming a dominant influence in setting the direction of FASB in 1953, which promoting anti-monopoly, free-market and individual liberalism (Smith, 1776; Soares, 2007).

The critic to Adam Smith position revolves within the line of the labour market and division of labour, which he believed that if labour was divided up too much, and people were stuck doing small tasks repeatedly throughout the day, it would affect them negatively (Antonio, 2003; Smith, 1776; Soares, 2007). His position may increase the greediness and egoism in maximising of wealth, which deviates the social welfare of the society (Kamla, 2009; Napier, 2009; Napier & Roszaini Haniffa, 2011; Rochiana Ayu & Norakma, 2011; Sivakumar Velayutham, 2014; Zurina Shafii & Nurazalia Zakaria, 2013). This deliberation violates the Islamic direction in cooperating the Islamic welfare for the social-economic in the society (Omar Abdullah, 2000; Shahul Hameed, 2000, 2001).

In this platform, the philosophical stances has to take into consideration as it is the root for understanding the fundamental paradigm in the constructing the Islamic accounting concepts (Abdul Rahman Abdullah, 1987, 2016; al-Faruqi, 1982; Haron Din, 1992; Sayyid Qutb, 1991; Syed Muhammad Naquib Al-Attas, 1995).

The important of *tasawur* has to be developed in a proper manner as a guidance to be referred to the collaborative Islamic research philosophy, which is directed from *tasawur*, epistemology,

The differentiation between these features is unique, which it interprets different layer of Islamic *tasawur* in describing certain functions and elements for each one. Epistemology relates to the theory of knowledge that underpins the seeking of the truth (Haas, 1992; Morgan, 1988). The epistemological stances comprises sources, method, limitation and effect of acquiring the true knowledge (Audi, 1998; Maynard, 1994; Muhammad, 2009; Naail Mohammed Kamil, 2011).

The conventional sources of knowledge focus on the literatures, books or conversational truth that provide a social construction of the social reality through human nature. The social reality can be driven from the texts, languages, conversations or gestures in deliberating the factual truth about the knowledge acquired (Schwandt, 2000). However, in the Islamic virtues the absolute and authentic sources of al-Qur'an, Sunah, Ijmak and Qiyas are regarded as the important source of referral (Muhammad, 2009; Naail Mohammed Kamil, 2011; Neuman, 2006, 2017).

The references of authentic scriptures mark an essential proclamation related to Islamic concepts for attaining the absolute truth (Muhammad, 2009; Naail Mohammed Kamil, 2011; Neuman, 2006, 2017). In consequence, the study focus on the Islamic epistemological stances as a point of deliverance in considering the development of Islamic accounting concepts based on narrative reviews, which highlights the al-Quran and Hadith in reflecting to the aims of this paper.

Research Methodology

The grounded theory research design is conducted through the lens of interpretive position. The data collection was gathered from five interviews in contemplating its procedures and routines in addressing the research objectives. The documentary review was conducted through interpretive inquiry of the texts mainly from the al-Qur'an, Hadiths and other specific literatures to gain the true knowledge. In-depth content analysis has been undertaken to investigate the Islamic accounting concepts and scrutinise on the possible ways in securing sustainable growth and financial stability in the Islamic society.

The findings reflect the Islamic accounting concepts has to be motivated from the Islamic epistemological stances in seeking for the true knowledge, particularly in delineating the contribution of Islamic management entities and ensuring the distribution of wealth to people in need. The Islamic accounting concept highlights the operationalization, management and implementation of Islamic management entities to accommodate social needs and social welfare.

In this paper, the identification of the Islamic accounting concepts has been conducted in two phase that are the first related to the grounded analysis on the concepts by following the stages suggested by Gioia (2012). The second phase involves the interview sessions from the five specialist in the philosophical stances in highlighting the Islamic accounting concepts. They are the professors, academics, and renowned experts in philosophical stances. The expertise for this area is important to validate the data based on their experience and respective knowledge.

The documentary review were conducted based on the grounded analysis, which employs interpretive inquiry of the texts mainly from the al-Quran, Hadiths and related literatures available
in accounting written in traditional and Islamic perspective (Corbin & Strauss, 2015; King & Horrocks, 2010; Marshall & Rossman, 2016; Patton, 2015). The research philosophical stances are driven within the Islamic tasawur, epistemology, ontology and axiology that is driven from the Islamic viewpoint (Abu-Zayd, 2010; Schleiermarher, 2002). The tasawur is the Islamic worldview, which is stipulated within the role of the servant in the whole-wide-world (Mohd Shukri Hanapi, 2014). The tasawur relates the development of a human as a great servant to Allah in attaining the success in the straight path for the life in the hereafter (Mohd Shukri Hanapi, 2014).

The seeking of knowledge for the truth can be delivered within the epistemological analysis of the al-Quran and Hadiths, which are regarded as the authentic sources of the truth (Ahmed Alim, 2012; al-Faruqi, 1982; al-Imam Abu Hamid Muhammad ibn Muhammad ibn Muhammad ibn Ahmad al-Tusi al-Shafii, 2013). The epistemology that is based on the Islamic scriptures can be accepted as a direct information of an Islamic absolute truth through the revelation from The One God. Once a person accepted the tasawur and epistemological stances through the absolute knowledge of truth, the innate knowledge is developed through the understanding as a servant to Allah. The inner-developed intuition based on the religious basis will lead to the understanding of ontological position regarding the true worldview as a Muslim (Ahmed Alim, 2012; al-Faruqi, 1982; al-Imam Abu Hamid Muhammad ibn Muhammad ibn Muhammad ibn Ahmad al-Tusi al-Shafii, 2013).

Later, the development of the one philosophical stances from the Islamic ontological position will indirectly lead to the development of one axiology through ethics and aesthetic that parallel the Islamic authentic scriptures (al-Quran, Hadiths, Ijmak and Qiyas). The contemplation of the Islamic philosophical stances influence the actions in oneself based on individual personal attitude who defined the truth within one locus of true innate knowledge that construct one belief of truth.

The grounded theory research design was employed in analysing the data. The method taken into action for this grounded theory involves documentary review and series of interviews to obtain in-depth insights based on iterative approach (Gioia & Chittipeddi, 1991; Gioia, Corley, & Hamilton, 2012). The grounded theory position allows the researcher to analyse the data deeply through an iterative process. A grounded analysis is conducted to create appropriate themes from various documentary reviews, which addressed the field of inquiry (Corbin & Strauss, 2015). The analysis may be more related to initial analysis and the coding process, which identifying for redundant and similar codes (Gioia & Chittipeddi, 1991; Gioia et al., 2012). In general, this grounded analysis approach involves a rigorous and systematic classification process of coding and identifying themes or patterns that emphasize the reliability and may replicable for other subsequent interpretations (Butt, Thorp, & Donohew, 1967; Holsti, 1969; Kassarjian, 1977; Weber, 1988). The analysis is a particularly useful approach when the purpose is to classify, summarize, quantify and tabulate qualitative data.

Once all data is organized and coded, qualitative (e.g., content, relationships between categories) and qualitative analysis will be carried out (by using qualitative analysis for attaining the prevalence of different categories) can be performed and followed by an interpretation of the results (Flick, 2006; Humphrey & Lee, 2004; Marshall & Rossman, 2016; Miles & Huberman, 1994; Patton, 2015).
Findings

The Element of Accounts (Hisab)

In Islam, the rights and obligations of individuals and organizations with respect to others are clearly defined by religion, and are neither imposed by secular law that is exposed to change, nor subject to personal views.

“And how many a city rebelled against the Commandments of its Lord and His Messengers then we took a severe account from it, and gave it a horrible punishment.”

(al-Talaq, 65:8)

From an Islamic standpoint, the action of undertaking good or bad deeds will be accounted as rewards or punishment from the Allah the al-Mighty. The verse reflected the consideration of a man to embrace Islam and following the guidance, rules and regulation stipulated in the absolute and authentic book of scriptures.

Despite the presence of many schools of thought in Islam, there is agreement on basic matters of principle (Hamid et. al, 1993, p. 136). The Islamic accountability considers an organisation to be accountable to God (Allah) and to the communities in which they operate and have a duty of truthful within the society they engaged in. In addition, the social responsibilities of an individual within the Islamic context are derived from the words of God (contained in the Al-Quran); and the good deeds and sayings (the Sunnah) of the Prophet Muhammad (peace and blessings be upon him) (Haniffa, 2002; Lewis, 2006).

In Islam, the responsibility between human, The One God and other creatures are stated clearly articulated in the al-Quran and Hadith, which can be considered as worshiping of God (Haniffa, 2002; Haniffa & Hudaib, 2004).

The relationship to Allah can be considered through the “hisab”, which brings a universal sense of one’s obligation to Allah and to other mankind. In this viewpoint, every Muslim has an “account” to Allah, in “recording” all good and bad deeds, which will continue until the death. And, for Allah, the accounts for all his servants will be delivered to the mankind on the day of judgement.

“To Allah belongs whatever is in the heaven and whatever is in the earth; and if you disclose whatever is in your heart or keep it hidden, Allah will call you to account for it; then He will forgive whomsoever He pleases and punish whomsoever He pleases, and Allah is potent over everything.”

(al-Baqarah, 2:284)

By referring to the hadith by Abi Daud, it is narrated by A'ishah r.a (May Allah be pleased with her) states that:

“The sun and the moon are not eclipsed on account of anyone's death or on account of anyone's birth. So when you see that, supplicate Allah, declare His greatness, and give alms.”

(Hadith by Abi Daud)
The deliberation on the relationship with Allah is stated by Lewis (2006) as the concept of accountability in Islam is derived from the concept of *Tawhid* (the unity of Allah). The verse below reinforces the notion that everyone is accountable to Allah on the day of judgement for their actions during their lives.

“Allah takes careful account of everything” (an-Nisa, 4:86)

“Undoubtedly, in the creation of heavens and earth and in the mutual alternation of night and day, there are signs for men of understanding. Who remember Allah standing and sitting and lying on their sides, and contemplate in the creation of heavens and earth; (saying) "O our Lord! You have not made it in vain, hallowed be You, You save us from the torment of the Hell.”

(al-i-'Imran, 3:190-191)

In the hadith, the reference of responsibility is essential based on the relation to Allah and mankind.

"Everyone of you is a guardian and is responsible for his charges. The ruler who has authority over people, is a guardian and is responsible for them, a man is a guardian of his family and is responsible for them; a woman is a guardian of her husband's house and children and is responsible for them; a slave ('Abu) is a guardian of his master's property and is responsible for it; so all of you are guardians and are responsible for your charges.”

(Hadith by Bukhari)

Abu Umama reported that the Prophet, may Allah bless him and grant him peace, said, Allah is responsible for three: if they live, they will have enough, and if they die, they will enter the Garden. Allah Almighty is responsible for whoever enters his house, saying 'Peace'. Allah is responsible for whoever goes out to the mosque. Allah is responsible for whoever goes out in the Way of Allah.”

(Hadis Sahih by Al-Albani)

The relationship to Allah, other mankind and other creatures in this world, will be considered by Allah. The good and bad deeds in undertaking the responsibility as a servant of Allah will be accounted for in the life of the hereafter.

Thus, the paper discusses the basic features in Islamic accounting concepts within the Islamic philosophical background, which is deemed essential in constructing the Islamic accounting concepts for the Islamic management entities such as zakat and waqf institutions.

**Empirical Evidence from Phase 1 and Phase 2**

From this element of accounts, the first phase of the data, which is taken from the documentary review were conducted in seeking the true knowledge. A review of 15 articles in delineating Islamic accounting concepts were analysed to investigate the epistemological analysis understanding about the true knowledge. The analysis of the philosophical stances is presented in Table 1. The findings reveals that the knowledge about the Islamic accounting has becoming an important elements in seeking for the true knowledge. The documentary review analysis refers that 13 papers reflected the epistemological position has to be defined within the Islamic Shariah Law,
which is based from the absolute and authentic scriptures that is al-Quran and Hadis. Thus, the Islamic accounting concepts cannot be differentiate the rules and regulations behind it from the Islamic teachings.

In both cases, the Islam and Islamic accounting concepts are related to one another through the fundamental book of law. The primary unlawful elements are stipulated clearly in the al-Quran and Hadith and this is excluded from the Islamic transactions considerations. The unlawful elements comprises of the uncertainty features, gambling activities, usury and exclusion of the production of alcohol and its derivatives in the Islamic transactions. 15 papers highlights on the unlawful elements and need to be excluded in considering the constructions of the Islamic accounting concepts.

The documentary analysis discloses on the importance of the philosophical stances in constructing the Islamic accounting concepts. Many of the research focus on the adoption and modification of the International Accounting Standards for considering the Islamic accounting concepts, gambling and Karim (1986), Omar Abdullah (2000), Shahul Hameed (2001), Lewis (2001) and Napier (2009) emphasises the deliberation of the Tauhidic position based on the Islamic Shariah Law in developing Islamic accounting concepts. This is due to the fundamental tasawur and epistemological stances in Islam follows the absolute and authentic book that are al-Quran and Hadith. From this, the researchers discovers the development of the Islamic accounting cannot be separated from the Islamic teachings especially in ensuring the philosophical position is correctly fulfilled.

This findings reflects an important emphasis for the developing of the Islamic accounting concepts and the exclusion of the capitalist or Western free market is seen to be inappropriate for addressing the fundamental philosophical stances. The Islamic accounting emphasis on the social welfare and benefits of the Islamic society rather focusing on the material matter such as profit and maximisation of wealth. The Islamic teaching accentuate on the social values for collaborative and cooperative function in undertaking the Islamic business entities. The driven social values and social welfare have to be indicated in the development of the Islamic management entity for promoting a good allocation and distribution of wealth to the people in need especially in improving social wealth and reducing poverty in the Islamic community.

In Islam, the property or assets are the rights of The God. Man delivers as a trustees in managing the assets. Man has to ensure that the benefit of the assets is shared among the Islamic society and to strengthen the Islamic society, which can be distributed in terms of zakat or secured the land or cash for waqf purposes.
<table>
<thead>
<tr>
<th>No.</th>
<th>Year</th>
<th>Authors’ Citation</th>
<th>Epistemological features (Epistemological stances)</th>
<th>Impact elements (Ontological stances)</th>
<th>Patterns</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>1986</td>
<td>Gambling and Karim (1986) Manual search</td>
<td>√ √ √ √</td>
<td>Islamic accounting concepts have to be developed from the Islamic laws in constructing the social reality. The argument made in this paper is based on the Islamic virtues and divinity, which stipulated in the al-Qur’an and Hadith.</td>
<td>Reflection from the documentary review based on Gioia (2012) - The derivation of the conceptual in this paper delineates the Islamic epistemological position and recognised the spirituality values and divinity. The paper identifies the elements of believing the metaphysics position such as revelation and life of the hereafter in the argumentation of epistemological underpinning that lies in Islamic accounting values.</td>
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<td>2.</td>
<td>1993</td>
<td>(Hamid et al., 1993) Manual search</td>
<td>√ √ √ √</td>
<td>The Islamic Shariah Law is the point of referral for Islamic accounting conception</td>
<td>Proposed the Islamic accounting conception through the lens of divinity and spirituality to the One God. - The existence of Islamic accounting procedural systems that is delivered from the authentic scriptures.</td>
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<td>3.</td>
<td>2000</td>
<td>Shahul Hameed (2000)</td>
<td>√ √ √ √</td>
<td>Islamic accounting philosophy</td>
<td>Proposing an Islamic conceptual framework - The Islamic accounting concepts must follow the Tawhidic position as the Western models is deviate from Islamic viewpoint</td>
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<td>4.</td>
<td>2000</td>
<td>(Omar Abdullah, 2000)</td>
<td>√ √ √ √</td>
<td>The deliberation between Islam and Islamic accounting concepts</td>
<td>Proposing an Islamic accounting framework based on Islamic Shariah Law - The derivation of the conceptual in this paper delineates the Islamic epistemological position and recognised the spirituality values and divinity.</td>
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<td>6.</td>
<td>2001</td>
<td>Lewis (2001)</td>
<td>√ √ √ √</td>
<td>The deliberation between Islam and Islamic accounting concepts</td>
<td>Proposing an Islamic accounting framework based on Islamic Shariah Law - Discussion follow the theological perspective in Islam. - Draw the line between Islam and Islamic accounting through the divinity and faith based</td>
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<td>7.</td>
<td>2001</td>
<td>Maliah and Willet (2001)</td>
<td>The argument was made from the perspective of conventional Islamic rationality to the Islamic teachings. There imprecise definition of the Islamic epistemological stances and the driven values from Islamic stances.</td>
<td>The paper discusses the appropriateness of economic rationalist worldview and Islamic worldview</td>
<td>Slight indication on the development of Islamic concepts but the discussion is vague, which need further clarification - The argument in this paper highlights on the weaknesses in the conventional and comparing it with the Islamic teachings. Little being discuss on the description on the Islamic regulations in setting up the Islamic accounting concepts</td>
</tr>
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1 References is based on the fundamental authentic sources that are from al-Quran, Hadith, Ijma’ and Qiyas. However, the authentication of Ijma’ and Qiyas were given less priorities as compared to the Quran and Hadith for the epistemological selection of sources due to the complexity.
2 The method in acquiring the true knowledge is driven from the fundamental Islamic Shariah Law, which is stipulated in the details related to Usul Fiqh and Muamalah.
3 The limitation of the knowledge is driven by the knowledge acquired by the nature of beings through the Islamic faith, belief systems and divinity.
4 The axiological stances is derived from the foundation of aesthetics and ethics. The referral point for axiology is directed by Islamic Ethics and Morality, which includes humanity, cooperation, justice, trust, togetherness, rights and reasonable behavioural conduct of human agency.
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<td>8</td>
<td>2001</td>
<td>Lewis (2001)</td>
<td>✓ ✓ ✓ ✓</td>
<td>The emphasis of this paper founded from the values in Islamic law. Recognises the Islamic accounting conception has to be delineated from the Islamic law</td>
<td>- Discussion enlightened the social accountability engagement within the society and the accountability to the one God. The explanation follows the stipulated Islamic epistemological stances, which referred to the al-Qur’an and Hadith as the source of authentic and absolute scriptures.</td>
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<td>9</td>
<td>2001</td>
<td>Napier (2001)</td>
<td>✓ ✓ ✓ ✓</td>
<td>The deliberation between Islam and Islamic accounting concepts</td>
<td>- The derivation of the conceptual in this paper delineates the Islamic epistemological position and recognised the spirituality values and divinity.</td>
</tr>
<tr>
<td>11</td>
<td>2006</td>
<td>Kamla, Gallhofer, and Haslam (2006)</td>
<td>✓ ✓ ✓ ✓</td>
<td>Providing explanation on the Islamic accounting concepts specifically to the environment. Discussions based on the deliverance of Islamic environmental values</td>
<td>- This paper develops the Islamic accounting principles for the environment. Proposal was made by looking at the seeking of knowledge for the trust based on al-Qur’an and Hadith from the Tawhidic position.</td>
</tr>
<tr>
<td>12</td>
<td>2009</td>
<td>Napier (2009)</td>
<td>✓ ✓ ✓ ✓</td>
<td>The deliberation between Islam and Islamic accounting concepts</td>
<td>- The existence of Islamic accounting procedural systems that is delivered from the authentic scriptures. - The explanation of faith based practices and divinity</td>
</tr>
<tr>
<td>13</td>
<td>2009</td>
<td>Kamla (2009)</td>
<td>The delineation on Islamic accounting from the Islamic position. Then, the paper analyse the Islamic values set by the Accounting and Auditing Organisation for Islamic Financial Institutions (AAOIFI). The discussion focuses on the deliverance of AAOIFI as a body in sustaining the Islamic fundamental position in setting out the policy.</td>
<td>Explanation highlights on the narrower conventional concepts directed from capitalist position and AAOIFI as regulator in Islamic financial institutions</td>
<td>- The liberation in the Islamic accounting concepts should exclude imposes of capitalist position. This reason being the capitalist oppressed the society especially the poor whereas in Islamic the social welfare and social responsibility are the priorities.</td>
</tr>
<tr>
<td>14</td>
<td>2009</td>
<td>Napier (2009)</td>
<td>✓ ✓ ✓ ✓</td>
<td>Islamic accounting concepts has to be developed from the Islamic laws in constructing the social reality. The argument made in this paper is based on the Islamic virtues and divinity, which stipulated in the al-Qur’an and Hadith.</td>
<td>- The derivation of the conceptual in this paper delineates the Islamic epistemological position and recognised the spirituality values and divinity. The paper identifies the elements of believing the metaphysics position such as revelation and life of the hereafter in the argumentation of epistemological underpinning that lies in Islamic accounting values.</td>
</tr>
<tr>
<td>15</td>
<td>2014</td>
<td>Sivakumar Velayutham (2014)</td>
<td>The comparison of Islamic accounting following the Financial Accounting Standard Board (FASB)</td>
<td>Revisiting Islamic accounting concepts</td>
<td>- This paper is merely the application of FASB in the Islamic accounting conceptions. - Purely, the discussion is based on the FASB adoption-modification in the Islamic accounting standard procedures</td>
</tr>
</tbody>
</table>
Thus, from this derivation, the first phase analysis also involve the search of the literature pertaining to the important features in constructing the Islamic accounting concepts. The thorough analysis of the literatures is delineated in Table 2. The deliverance of the Islamic accounting concepts in securing sustainable growth and financial stability for the Islamic society is essential especially related to the distribution of wealth to the public society from the economic source of waqf and zakat.

<table>
<thead>
<tr>
<th>Themes</th>
<th>Author</th>
<th>Elaboration on Islamic accounting based on Gioia (2012)</th>
</tr>
</thead>
</table>
| Fundamental principle      | Eltegani (1994); Haniffa and Hudaib (2010); Harahap (2006); Hasan and Siti Nabihah (2010); Kaml (2009); Kaml et al. (2006); Shahul Hameed (2001) | • The fundamental principles of the Islamic accounting concepts recognizes the truth of knowledge through the absolute and authentic sources from the al-Qur’an and Hadis (example social justice), which cannot be changed or modified from the Islamic Absolute Scriptures.  
• It includes the derivation of the Islamic accounting concepts which the modification can be made to the accountingisation elements but not the fundamental, root and divine law that is stipulated in the Islamic Scripture. |
| Interest                   | Hasan and Siti Nabihah (2010); Maali, Casson, and Napier (2006); Najwa (2012) | • The interest entity is unlimited only to the capital owner’s but to the public spheres, which reflected the Islamic community as a whole.  
• This is well-defined that the Islam emphasizes the community engagement and social obligations to all creatures in this whole-wide-world. |
| Ethics and morality        | Lewis (2001, 2006, 2010)                                               | • The epistemological truth of Islamic accounting is based on the authentic and absolute resources that are al-Qur’an and Hadith.  
• Islamic transactions have to fulfil and comply with the Islamic Shariah Law by associating with the lawful and disassociate with the unlawful elements. Take for example, the Islamic transaction should detached from the unlawful transactions (haram) such as unlawful interest (usury), gambling, uncertainty (gharar) and avoid the unlawful productions such as pork and its derivatives. |
| Full disclosures           | Choudhury, Harahap, and Yuswar (2009); Haniffa (2002); Harahap (2006); Mohd Rizal, Rusnah, and Kamaruzaman (2006); Najwa (2012); B. Zakaria and Muhammad Yasir (2014) | • The full disclosures of financial reports has to be disseminated to the stakeholders to comply with the transparency, truthfulness and righteousness acts parallel to the Islamic Syariah Law requirements’ and to fulfil Islamic Corporate Report (ICR). |
| Objectivity                | Asian-Oceanian Standard-Setters Group (2013b); Choudhury et al. (2009); Dhar and Akhan (2010); (2010); Djeffal (2014); Dwi (2005); Eltegani (1994); Haniffa and Hudaib (2010); Harahap (2006); Hasan and Siti Nabihah (2010); Kaml (2009); Kaml et al. (2006); Karim (1999); Malaysian Accounting Standards Board (2011); Shahul Hameed (2001) | • The organizational entity has to be responsible in preparing the financial statement based on trustworthiness, honesty, righteousness and full of integrity with the intention to attain the blessings from Allah the Almighty.  
• All transactions and productions have to fulfil the lawful conditions that the profit need to be from lawful resources and not from the unlawful one (example, interest and gambling). |
| Consistency                | Eltegani (1994),                                                     | • Islamic accounting records has to be recorded and reported in consistent matter following the specific duration especially in zakat payment and distribution. |
| Accounting period          | (Dhar & Akhan, 2010)                                                 | • The accounting report has to state the time frame when the transactions occurred. |
The subsequent analysis can be triangulated from the second phase of the data collection to evaluate the accuracy in deliberating the features and elements in the constructing Islamic accounting concepts. In the previous analysis, the themes represent the classifications of the sub-categories and categories in deriving to the themes.

The identified themes is then being triangulated with the five informants to obtain an in-depth and thick description about the deliberation of Islamic accounting concepts. From the interview all the informants are objective that the Islamic accounting concepts has to be addressed within the Islamic philosophical stances in providing consistency and coherency for the Islamic management entities’ actions. The deliberation of the five informants are reflected in the Table 3.

Table 3: The Comparative Content Analysis from the Interviews for Grounded Theory

<table>
<thead>
<tr>
<th>I*</th>
<th>Descriptions of excerpts from the interviews</th>
<th>Themes</th>
<th>Pattern</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>“The Islamic management entities has to follow the Islamic teachings in deriving to the Islamic accounting concepts. The philosophical stances has to be developed within the Islamic virtue and divinity. Mapping up the adoption and modification strategies from the conventional accounting is unacceptable. This is because the tauhidic positions and the Islamic values from the al-Quran and Hadith are not being address accordingly.”</td>
<td>• Values&lt;br&gt;• Islamic philosophical and epistemological stances&lt;br&gt;• Islamic rules&lt;br&gt;• Divinity</td>
<td>• Values of mankind&lt;br&gt;• Tauhidic position</td>
</tr>
<tr>
<td>2</td>
<td>“The values of Islam is very unique in nature. Accounting has to be driven from Islamic pillars. The Islamic accounting concepts has to be expressed in terms of monetary values, time of transaction, profit sharing, rights, ethical values, and transaction amount. This is very important as to enhance the recording systems to ensure transparency and accuracy of the accounting data. You may not want to see the figures but wrongly interpreted in the accounts.”</td>
<td>• Islamic philosophical stances&lt;br&gt;• Monetary values&lt;br&gt;• Timeliness&lt;br&gt;• Profit sharing&lt;br&gt;• Ethical values&lt;br&gt;• Transparency&lt;br&gt;• Accuracy&lt;br&gt;• Amount stated</td>
<td>• Ethical values&lt;br&gt;• Accounting concepts&lt;br&gt;• Transparency&lt;br&gt;• Rights</td>
</tr>
<tr>
<td>3</td>
<td>“The element of hard work (ikhtiyar) in Islam is very important. In fact, in Islam, the promotion od prayers that lead to success is overwhelming. If a person wanted to be a success person, they have to pray and make prayers. This element is very important on top of the element of account. One more thing is the relationship between man, other man and the Creator. This unbreakable relationship is the source of the binding responsibility in Islam. This makes the Islamic accounting concepts a uniqueness in nature. Allah will grant a huge sustenance to His servant. The concept of profit sharing to the society will increase the wealth of a person. So, keep on sharing. The more you give, the more you get back is relevant in zakat and waqf. If both institutions are properly managed the Islamic</td>
<td>• Additional elements of hard work, sustenance and success.&lt;br&gt;• Relationship&lt;br&gt;• Accounts of actions</td>
<td>• Tauhidic position&lt;br&gt;• Strengthen the social and economic welfare&lt;br&gt;• Sharing&lt;br&gt;• Success</td>
</tr>
<tr>
<td>I*</td>
<td>Descriptions of excerpts from the interviews</td>
<td>Themes</td>
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</tr>
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<td>----</td>
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</tr>
</tbody>
</table>
| 4  | “Islam is a way of life. The Islamic teaching is relevant to all position regardless in the philosophical terms or the acts. The Islamic accounting concepts has to be address within the Islamic pillars. The collection and distribution of zakat and waqf has to manage accordingly. The Islamic accounting concepts has to ensure a clear description between lawful and unlawful activities. This is the main element stated in the al-Quran and Hadith.” | • Islamic philosophical stances  
• Lawful and unlawful activities  
• Sharing  
• Islamic pillars | • Tauhidic position  
• Strengthen the social and economic welfare  
• Sharing |
| 5  | “The Islamic accounting concepts has to stand within the Islamic teachings. The zakat is essential in the income-purity and it will strengthen the Islamic community economy and managed them wisely. The concepts has to ensure the clarity in the amount of transactions, the date, the full disclosures, the materiality concerns for profit sharing, and transparency. The success of a man is not how much the wealth the man has, but how he managed to distribute his wealth to other people in the society. Purify the wealth, Allah will give you more.” | • Amount  
• Date  
• Full disclosures  
• Materiality  
• Profit sharing  
• Transparency | • Purify the wealth  
• Strengthen the economy  
• Well-managed resources |

Table: Descriptions of excerpts from the interviews

I*: Informants

The empirical data from the phase 1 and 2 can be deliberated in the Figure 1 below. The zakat and waqf institutions of transacting the Islamic transactions have a different values. Thus, the development of the Islamic accounting based on the Islamic philosophical stances can be articulated implicitly as the correspondence of Islamic virtue and divinity principles, which relates to the Tauhidic position in nature.

![Figure 1: The Inter-connected Relationship of Islamic Philosophical Stances, Concepts and Actions](image)

**Conclusion**

In Islamic foundation, accountable to Allah the al-Mighty implies accountable to society, which emphasized on rights of others. This can be concluded in the second discussion, which concerns the relational obligation to the mankind. In Islam, the rights and obligations of individuals and organizations with respect to each others are clearly defined. The findings reflect the appropriate management of Islamic accounting in delineating the contribution of and allocation of zakat are essential in ensuring the distribution of wealth to people in need. The Islamic accounting consists
on the operationalization, management and implementation of waqf and zakat strategies to accommodate social needs and social welfare. Thus, the foundation of Islamic accounting is based on submission to the Allah includes recognising the rights of others and the involvement of oneself to the society justly (Maali et al., 2006). This can be verified through the verses in the Al-Quran, which provide the relational factor between Allah and other mankind. In summary, the paper suggests a thorough future research to be conducted in extending the accounting for waqf and zakat transactions. The development will accommodate social welfare through appropriate distribution of wealth that indirectly reduced the poverty level within the social community and retaining for sustainable growth.

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