

# Accounting Concepts in the Framework of Sharia Objectives Maqashid Sharia

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**Abstract:** - The primary objective of Maqashid Shariah is to promote the well-being of humanity and all living beings. This principle aligns closely with the field of accounting, especially considering that modern accounting often emphasizes materialistic values, which in turn reinforce capitalist ideologies. Capitalism tends to empower the strong while marginalizing the weak, leading to social and economic inequality. It is often viewed as inhumane due to its potential for exploitation—whether by individuals or by states over others. Therefore, there is a pressing need to reform accounting, beginning with its fundamental definition. Definitions are critical, as they shape perspectives and practices. This study adopts a qualitative approach within a postmodern paradigm, viewed through the lens of Maqashid Shariah, which encompasses three core categories: dharuriyyat (essentials), hajiyyat (complementary needs), and tahsiniyyat (enhancements). The aim of this research is to propose a new definition of accounting grounded in Maqashid Shariah principles. The result is a redefined concept of accounting: it is a science that provides both quantitative and qualitative information to stakeholders and shareholders about a company's operations and condition, free from manipulation, with the ultimate goal of fostering harmony across all aspects of life.

**Keywords:** *definition, accounting, capitalism, maqashid sharia and harmonious life*

## 1. Introduction

### Background

Knowledge is crucial for humans. It is also beneficial for the survival of living things, as it allows us to distinguish between activities that have a positive impact and those that can actually lead to destruction. One such useful science is accounting. However, current accounting is considered to have been influenced by the capitalist system, thus being viewed as overly focused on monetary values. This can be seen in several definitions of accounting, including those from ASOBAT, the AICPA/American Institute of Certified Public Accounting, and the Accounting Principles Board. Although monetary values are also important in analysis for decision-making, However, focusing solely on monetary values is detrimental. This focus on values can lead to accounting becoming

entangled in materialistic traits. Materialistic here means accounting is treated as a business language used solely for business development. The sole goal is to maximize profits.

The capitalism inherent in modern or conventional accounting stems from the underlying capitalist ideology. This ideology gave rise to a capitalist economy, championed by capitalist adherents, giving rise to accounting theories with a strong capitalist flavor. The emergence of these theories has also impacted accounting practices.

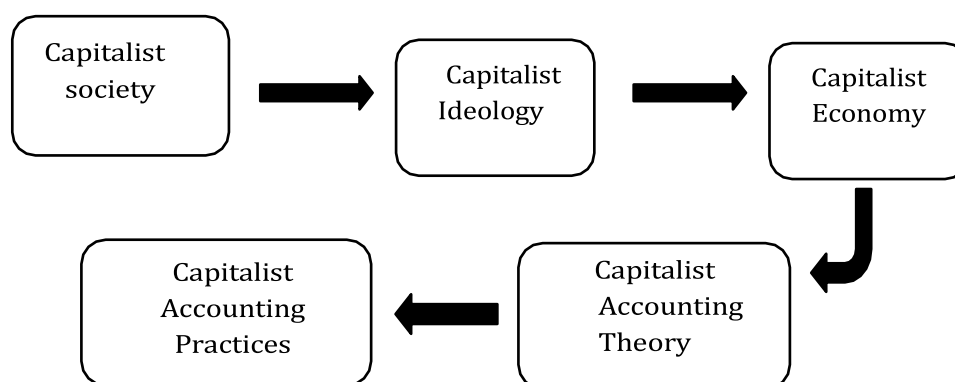


Figure 1. The Process of Capitalist Accounting Practices  
Source: Harahap (2013: 284)

Is maximizing profits prohibited? Of course, it is not, but when profit is the only consideration, it can lead to damage. Therefore, to minimize this damage, other factors must be considered, including social and environmental ones. This is as stated by Sukoharsono in 2010, namely that social elements must also be accounted for in addition to financial concepts. Therefore, this study attempts to deconstruct the definition of accounting within the framework of maqashid sharia. Maqashid sharia is used as a framework in redefining accounting, because it contains elements of goodness for all life, both for humans, animals, and nature.

Why deconstruct definitions? Because definitions are the basis for thinking. Parera states that definitions are scientists' attempts to delimit facts and concepts. Meanwhile, in accounting concepts, definitions play a crucial role in shaping the direction and policies of accounting. By deconstructing the definition of accounting within the framework of the maqashid sharia (obligatory principles of sharia), accounting will be viewed as a science that encompasses not only the language of business but also a science that can build a better civilization.

### Formulation of the problem

Based on the background outlined above, a new definition of accounting is needed, incorporating values that benefit all living beings. Therefore, the research question is:

What is the definition of accounting based on the maqashid sharia?

### Objectives and Benefits of Research

The purpose of this research is to provide an overview of the definition of accounting based on the maqashid sharia. The theoretical benefit of this research is its contribution to accounting theory regarding the definition of accounting itself. For practitioners and academics, this research is beneficial in that this new accounting definition based on maqashid sharia can be applied by practitioners and academics in their practice and teaching.

## 2. Research methods

### Research Approach

This research is qualitative. Qualitative research is research that studies something from its natural perspective, interprets it, and views phenomena in terms of humanly understood meaning. Thus, qualitative research can study the real world, discovering how people cope with and thrive in these situations, which depicts the contextual nature of human life. Yin explains: diversity of views in qualitative research, namely (1) Studying the meaning of human life through real conditions; (2) Qualitative research is different because of its ability to show the views and perspectives of participants in a study; (3) Qualitative research includes

contextual conditions in human life; (4) Providing insight into existing or emerging concepts that may help explain human social behavior; (5) Trying to use many sources of evidence rather than relying on just one source.

In qualitative research, social interaction occurs between informants and researchers. This interaction is more in-depth because both researchers and informants can express whatever they wish, but within the context of the research focus. This way, the events and ideas generated through qualitative research can reflect the meaning of real-life events, not the values, prejudices, or meanings held by the researcher.

In this study, the author uses a postmodern paradigm approach. Postmodernism attempts to introduce other values into existing reality. This postmodernism was brought about by Derrida, with his deconstruction. However, in this study, the researcher attempts to use maqashid sharia in deconstructing the definition of accounting.

### Theoretical Framework

The theoretical framework of this research is based on the maqashid sharia (objectives of sharia). Maqashid sharia aims to benefit the community. According to Al-Syatib, maqashid sharia is divided into three categories: dharuriyyat, hajiyyat, and tahsiniyyat.

Dharuriyyat is an estimate that if it does not exist, then the welfare of the world will not be realized and will be damaged and destroyed, and in the afterlife there will be no happiness and will even be punished. In the form of dharuriyyat there are five principles that must be maintained, namely religion, soul, mind, descendants and property.

Second, hajiyyat. This hajiyyat is a need that if this need is not met, then the consequences will not threaten safety or cause damage, but will experience difficulties. The third is tahsiniyyat. Tahsiniyyat is a complementary

need, so if this need is not met, the consequences will not be destructive or threatening, nor will they cause difficulties.

These three values form the basis for deconstructing the definition of accounting. All three serve the purpose of benefiting the community. Accounting, which is still deeply rooted in materialistic values (capitalism), is feared to undermine the order of life for all creatures, necessitating a deconstruction using the maqashid of sharia.

### Research methods

A research method is an attempt to provide answers to theoretical or practical problems from the researcher's perspective. For a researcher, choosing a research methodology is crucial, as it will impact the science related to the research. Research conducted haphazardly will not impact or innovate the related fields.

The method used by researchers in this study depends on their paradigm. In other words, positioning oneself within a particular paradigm is the first step in conducting research. This study uses a postmodernist paradigm. The postmodernist paradigm attempts to view reality holistically and comprehensively.

By using the postmodernism paradigm, this research aims to deconstruct the definition of accounting. Deconstruction is a concept developed by Derrida. Derrida in his deconstruction rejects a single truth, because the truth in a text is relative. In addition, deconstruction also tries to present marginalized values in a text, so that they become new meanings filled with these values. Derrida's deconstruction is seen as containing ambiguity, because of the many meanings presented, which will give rise to various possibilities in interpreting a text. Therefore, the author uses the concept of maqashid sharia to carry out deconstruction. The concept of maqashid sharia In this research, it was taken from Imam Asy-Syatibi. The reason for deconstructing the

meaning of accounting with the concept of maqoshid sharia is that this concept contains goodness for all people, so that the resulting

meaning can be accepted by all groups. From the explanation above, the research framework for this study is as follows:

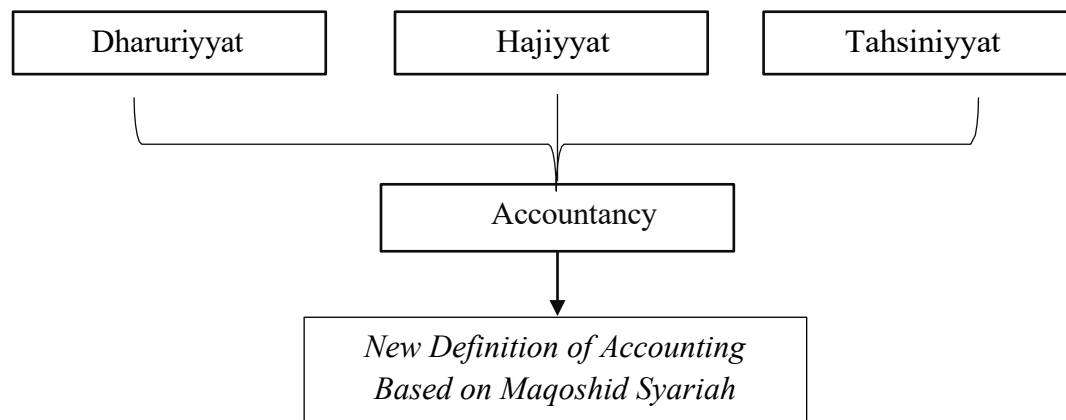


Figure 2. Accounting Definition Deconstruction Process

This research framework explains how the definition of accounting is deconstructed. However, before that, it is necessary to explain the weaknesses and criticisms of conventional accounting. After identifying the weaknesses of conventional accounting, the three categories of maqashid sharia will be incorporated into the definition of accounting. This will lead to a new definition of accounting based on maqashid sharia.

### 3. Results and Discussions

#### Weaknesses of Conventional Accounting

Accounting is the process of recording, classifying, processing, and presenting transaction data and financial events for the purpose of decision-making. In other words, accounting is a science used to convey financial information to users, with the goal of developing a business and achieving substantial profits. This view of accounting is conventional, focusing solely on profit.

As a consideration. Consequently, conventional accounting tends to ignore the surrounding environment and society, thus failing to create social welfare. Furthermore, accounting is also considered to use the principle of conservatism, which is considered detrimental to others and only benefits shareholders. Furthermore, accounting also uses the historical cost

valuation method, which is considered to provide irrelevant information to investors. This is a deeply inherent characteristic of conventional accounting: egoism.

Conventional accounting, which is deeply ingrained with egoism, could potentially lead to accounting becoming a secular science. This, of course, can lead to accounting marginalizing spiritual values. Neglecting spiritual values within a science—which can become a role model in an individual's life—can lead to the potential loss of religious and moral values. This accounting situation demonstrates a failure to fully reflect the reality of business conditions.

This nature of accounting is due to the influence of capitalist ideology. This capitalist ideology, or capitalist economic system, was introduced by Adam Smith. In a capitalist economic system, free competition prevails, so those with greater capital have a greater chance of winning business competitions.

The strength of the capitalist economic system does not mean it is without its weaknesses. According to Adnan<sup>2</sup>, among these weaknesses is that capitalism lacks the concept of justice, which should be a key pillar in building a solid economic system. Furthermore, it is inhumane, due to exploitation, both from one person to another and from one country to another.

Furthermore, it has been proven that the implementation of capitalism does not automatically bring prosperity. The last is that capitalism is limited to worldly measures only, welfare is measured by the material and dry aspects of religious values.

### **Why is the Definition of Accounting Deconstructed?**

Definition deconstruction is important because definitions are "urgent," and from them, views and practices are formed. Expressed or stated definitions need to be re-examined if they lead someone to behave inhumanely. Parera stated that definitions are an attempt by scientists to limit facts and concepts. <sup>3</sup> Meanwhile, in the concept of accounting, definitions play a crucial role in the basis of thinking about the direction and policies of accounting. <sup>4</sup> The direction and policies of accounting that arise from a definition that is unfavorable to human life must, of course, be reviewed. This review is carried out by considering the benefits and losses that arise. Furthermore, it is also based on a foundation of thinking that can make human life or all of frame life to be better in real terms.

### **Bringing Maqoshid Sharia into Accounting Definition**

*Maqoshid sharia* consists of three categories, namely *dharuriyyat*, *hajiyyat*, and *tahsiniyyat*. The first is *dharuriyyat*. Imam Asy-Syatibi's view in categorizing *daruriyyat* in his *maqoshid sharia* concept includes protecting religion, protecting life, protecting reason, protecting family/lineage and protecting property<sup>5</sup>. In this *daruriyyat* need, the safety of humanity in this world and the hereafter will be threatened if the level of need in this *daruriyyat* need is not met.

The first essential requirement is protecting religion. Protecting religion means defending or shielding Islam from teachings that deviate from it. This is done to ensure that Muslims remain steadfast in adhering to the rules of Islam. Next is protecting life. Protecting life is

related to the preciousness of human life, and therefore must be protected and safeguarded. Therefore, a Muslim is prohibited from killing another person or themselves.

Third is protecting the mind. Protecting the mind has the meaning that the mind must be maintained by all of us, because what distinguishes humans from animals is the mind, so we who are given the mind must always protect it from negative thoughts or factors that damage the human mind. Next is protecting the family/lineage, this is related to the validity or otherwise of a marriage, therefore, marriage is religious and state<sup>6</sup>. Protecting Assets, this is related to the origin of the assets, therefore it is prohibited to obtain assets illegally, take other people's assets and other unlawful means. Of the five *dharuriyyat* needs, if included in accounting, then accounting must be protected in spirit, meaning that accounting must be maintained as its essence as a science that has benefits for life. If accounting loses its spirit as a science that is beneficial for life, then accounting is only a tool used by irresponsible individuals in running their businesses, so that damage occurs everywhere.

The next need is the Hajj pilgrimage. Hajj pilgrimage is a need that should be fulfilled, but if it is not met, it will not pose a threat to anyone, but will bring difficulties. When applied to accounting, accounting should produce information that is as clear and easy to understand as possible for all users. The element of ease It is understood that this is indeed an important thing, because it is a control over the business activities of the company.

The final need is *tahsiniyyat*. *Tahsiniyyat* are needs whose failure to meet them will not cause harm or create problems. If this is applied to accounting, accounting does not need to eliminate material values (the pursuit of profit), because material elements are also necessary and cannot be eliminated, but are still limited or controlled by other positive values.



When it comes to accounting, the concept of modern accounting must be balanced with holistic elements, as modern accounting is imbued with materialistic elements, thus shaping people with capitalist traits. With this holistic element, accounting practitioners will consider or consider the impact on the surrounding community. According to the author, this holistic element can be seen in the three categories within the concept of maqashid shariah.

The concept of maqashid sharia, which is full of the welfare of the community, demands that modern accounting must change its direction, which is full of materialistic concepts. The materialistic concept that prioritizes profit will change or be eroded by these five elements. However, the presence of these five elements in modern accounting does not mean eliminating the materialistic element altogether. Therefore, from the explanation mentioned above, the definition of accounting based on the concept of maqashid sharia is a science that provides information to stakeholders and shareholders about the operational activities and conditions of the company, both quantitatively and qualitatively, without any manipulation of conditions in order to contribute to a harmonious life at all levels. Consequently, the existence of this definition of accounting requires accounting practices to be completely transparent and accountable. All conditions caused by a company's operational activities must also be explained clearly and easily understood by stakeholders.

With the condition of the earth becoming increasingly old, which is marked by several phenomena or events that are detrimental to life, such as global warming, sea pollution due to oil, air pollution. If conditions above tolerable levels, such as forest and peat fires, and so on, occur, companies or accounting practitioners are required to implement accounting practices based on the definition of accounting based on the concept of maqashid sharia. Will a company suffer losses if it discloses everything? Of course not. In fact, the public will have more trust in a company that is more honest in disclosing its situation than in one that conceals the consequences of its operations. Increased

public trust will increase the company's goodwill, thereby increasing its value. Clearly, such a situation is a win-win situation for both the company and society at large.

#### **4. Conclusion**

Science is truly inseparable from religion. Religious teachings also explain that every human being is commanded to seek knowledge. Therefore, it would be a grave mistake to view science and religion as separate and unrelated entities. This also applies to accounting. As a branch of science, accounting should not alienate its practitioners from religious values. If accounting practices begin to deviate from religious values, accounting needs to be returned to its essence as a science aimed at providing benefits.

One effort to return accounting to its scientific essence is to integrate the concept of maqashid sharia into the definition of accounting. This concept was adopted because maqashid sharia aims to realize the welfare of the people. The definition of accounting needs to be deconstructed because it is the foundation of thinking that influences the perspectives and accounting practices carried out by accountants. By incorporating the values of maqashid sharia into the definition of accounting, the materialistic elements present in modern accounting will not necessarily disappear, but the dominance of these elements will be balanced with spiritual and humanitarian values, so that accounting can become an instrument that encourages the creation of a harmonious life.

Going forward, researchers are expected to continue deconstructing accounting concepts by adopting other perspectives, such as the thoughts of domestic intellectuals and the values of local wisdom embedded in local culture. This will enrich and diversify the body of accounting knowledge, which will undoubtedly provide significant benefits for both academics and practitioners working in the accounting field.

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