RELATION BETWEEN RELIGION AND ACCOUNTING IN ISLAMIC PERSPECTIVE:

An Imaginary Dialogue between Luca Agamis and Luca Junior

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ABSTRACT

Purpose — The purpose of this research is to provide insight into the relationship between religion and accounting from an Islamic perspective.

Design/methodology/approach — This research is an imaginary dialogue between a religious educator accountant Luca Agamis with a student Luca Junior about the relationship between religion and science especially accounting.

Findings — This research leads to the conclusion that religion (Islam) is the source of all sciences including accounting. Relation between religion and accounting is very significant where accounting is part of a religion that is not to be divorced but mutually united to one another.

Practical Implications — This research's discussions include accounting in Al Quran and Hadith, accounting in Islamic history, and Ilahiyah Accounting.

Originality/value — This research discuss the relationship between religion and accounting from a broader perspective that is within the framework of postmodernism.

Keywords — accounting, religion, imaginary dialogue, islamic perspective.

Prologue: Luca Agamis Gives a Lecture on Accounting, God and Religion

Today's Postmodern Accounting Research materials are about accounting, God and religion. Luca Agamis started college with great pride and enthusiasm. Islam with the Qur'an and its sunnah is a comprehensive living guide for Muslims which contains the value system, ritual procedures, science

and life system. Islam (the Qur'an and sunnah) is not only a concept but must be applied in the reality of life in the experience of human life. For that reason, in Islam there is no dichotomy between religion and science so that secularism becomes a very strongly opposed idea. Science requires religion so that its practice does not violate God's rules, norms and ethical values while science will help human beings to understand about their religion. Man is given the advantage by God in the form of mind, the five senses and the inner eye to carry out his mission as khalifah in the earth that is serve only to Allah SWT. That's how Luca Agamis started college, then continued with dialogue in the following class.

Luca Agamis : Who are you? Who is your God? What is your book?

The classroom became quiet... Suddenly a student broke the silence.

Luca Junior am the servant of God. *Laa ilaa ha illallah* ... There is no God but Allah ... My God is not property. My God is not money. My Book is Qur'an (visible with a vigorous expression).

Luca Agamis

f so the answer then why the existing reality shows that accounting is constantly evolving and reducing God. Accounting has several phases. In the beginning, accounting was intended as total devotion to god, then to God. Furthermore, accounting is sociological by putting forward the balance of personal happiness and the afterlife, to *Deus Absconditus* (God exists but only acts as Creator and after that the earth is a human task). In the end it becomes a turning point where the loss of god (world orientation and personal happiness). Accounting is full of materialism, capitalism, utilitarianism, liberalism and secularism (Ibrahim, 2000). Accounting may also be based on a secular worldview. This view believes that accounting has no relations with religions or religious values (Gallhofer & Haslam, 2004; Tinker, 2004; McPhail et. al., 2004; Moerman, 2006). Can be concluded that accounting started from religiosity, evolved to be secular and ended in the loss of God from Accounting.

(The explanation continues down to the last slide).

Luca Agamis

So it can be concluded, if we believe in God, then we also need to believe that God needs to be "involved" in any science including accounting.

Lecture ends, but there is still a sense of curiosity in the hearts of

Luca Junior, making him want to discuss further with Luca Agamis outside the classroom.

Relation between Religion and Accounting

- Luca Junior Prof, there is a confusion in my heart. Is there really a relationship between religion and accounting?
- Luca Agamis Debates on how accounting relates to religion have been going on, probably as the claim of Weber's Ethics of Protestants and The Spirit of Capitalism. Accounting is based on rationalism, while religion is based on intangible faith and beliefs is regarded as myth. As Chapra

(2000) argues science and religion deals with different levels of reality. While sciences deal with the physical universe perceptible by the senses, religion deals with a higher level of reality which is transcendental and beyond the sense of perception.

Luca Junior

Yup .. I knew it sir. I see that accounting nowadays is the very essence of rationality. Researches also depend greatly on rationalism. On the other hand, religion is about faith and belief. In this area, rationality is regarded out of the picture. The question is How can the two opposites be combined?

Luca Agamis

Islamic teachings never do dichotomies between the sciences of one another. Because in the view of Islam, the science of religion and the common is the same from God. This is because the Qur'an is the main source and reference, Its teaching contains all the core of science, both of which concerns general science and religion. The relationship between accounting and religion viewed from any side has a very significant relationship. The linkage is not in a causal or correlational context, but an emulsion where accounting is part of a religion (Mulya, 2012).

Luca Junior

Luca Agamis

Is there any evidence to suggest that accounting is discussed in Islam for example in the Qur'an?

Sure, let's discuss it over coffee in the cafeteria.

Accounting in Al-Quran and Hadith

A thinking of religion in the frame of accounting is very interesting. Research on the relationship between accounting and religion institutions is remarkably increasing. Thus, discussing religion and accounting is not new. All religions are possible to be connected to accounting concepts and practices, even it also belongs to philosophy. A religion is a set of beliefs and practices, often centered upon specific supernatural and moral claims about reality, the cosmos, and human nature, and often codified as prayers, rituals and religious law. Religion also encompasses ancestral or cultural traditions, writings, history, and mythology, as well as personal faith and mystic experience. The term "religion" refers to both the personal practices related to communal faith and to group rituals and communication stemming from shared conviction. Hence, religion as a source of accounting knowledge (Sukoharsono, 2008).

Luca Agamis : The Quran has depicted accounting practices and sets a rule of thumb for transactions.

"O you who believe! When you deal with each other, in transactions involving future bonds in a fixed period of time, reducing them to write down a scribe write down faithfully as between the parties; let not the scribe refuse to write; as Allah has taught him, so let him write. Let him who incurs the liability dictate, but let him fear his Lord ... "(Surah Al Baqarah (2: 282)"
So in this case there is no doubt that accounting is related to religions. (while drinking his coffee)

In this verse it is clear that the purpose of this command is to maintain justice and truth, meaning that the order is emphasized on accountability interests so that the parties involved in the transaction are not harmed, not conflicting, and fair. The Qur'an protects the interests of society by maintaining the creation of justice, and the truth. Therefore, the pressure of accounting is not decision making but accountability.

Luca Agamis

Then, in accordance with the command of Allah in the Qur'an, we must complete the above measurements in the form of the items presented in the Balance Sheet, as described in Surah Al-Israa:35 which reads: "And complete the measure when you measure, and weigh with the correct balance sheet. That's what's more important (for you) and the better the consequences. "

Luca Junior

Luca Agamis

If it has been stated in the Qur'an, it means that in the time of the Prophet had also run accounting? (while drinking coffee).

Under the leadership of Rasulullah SAW, and the establishment of the Islamic daulah in Medina, the Prophet's attention began to clear the muamalah maaliah (finance) of the elements of usury, all forms of deceit, duping, gambling, extortion, monopoly, and all efforts to take other people's property vanity. Even the Prophet emphasized more on financial recording. The Prophet specifically educated some friends to deal with this profession and they were given a special title, namely hafazhatul amwal (financial supervisor). At the time of the Prophet the embryo of accounting starts from the functions of government to achieve its goals and the appointment of people who are

competent. Where the government of the Messenger of Allah has 42 paid officials, specialized in his own roles and tasks (Khaddafi, et al., 2017).

Luca Junior : I once read that debit-credit in accounting that was practiced during

the Khalifah Umar bin Khatab in 12-42 Hijriyah (636-645 AC) until the Abasiyah era 132-232 Hijriyah (750- 847 AC) (Syafi'i in Triuwono, 2006), were absorbed by the West. Hamid in Adnan (2002) in Kamayanti (2011) has researched and found that accounting practice (double-entry bookkeeping) did not originate from Italy but has been implemented by the Islamic government ever since the 10th century. This means Luca Pacioli is not the inventor of accounting as we know it today? (while showing a puzzled expression and wrinkled forehead)

Accounting in Islamic History

Some experts try to describe the historical period of accounting development, starting from the Egyptians to Europe. The Egyptian period dates from 3000 BC (BC) to 1000 BC, while the European period dates from the 13th century AD. This conclusion is confirmed by Littleton who said that the history of accounting development started from the Egyptians, Babylonians, Sumerians, Greeks, Arabs and Romans. Here is a picture that explains the history of accounting development over several periods.

Figure of Accounting Progress Period

Source: Kam (1990)

From the above accounting development picture, Kam does not mention any of the existence of Islamic civilization that lasted for 600-1300 AD, where the progress of Islamic science reached its peak between 900-1200 AD. The loss of the period of Islamic civilization in the historical development of Western versions of science in the over, whether intentional or unintentional, as if trying to cover up Islamic contributions to the development of science in the West. It can not be denied, however, that the progress of western countries today, can not be separated from the contribution of thought from Muslim scholars, who lived long before the West reached its present peak.

Many sources support that accounting is born from the womb of Islam. This can be seen from the following evidence:

1. Trading

Hayashi (1989) reveals Mecca, Where Islam became known first, was the center of trade and banking.

2. Money, gold or silver, as the medium of exchange

The Qur'an documents that money (silver) has been used as a medium of exchange since the time of the cave population (Al-Kahf: 19)

3. Information derived from the Qur'an

There is an angel who notices and notes (Al-Infitar: 10-12), Allah creates something in pairs (Adz Dzariyat: 49), the day when all human actions will be accounted for, the balance of justice will be established, the book containing the record of practice will be distributed to each man (Al Isra: 13-14). Surah Al Baqarah 282-283.

4. Zakat and Baitul Mal

The Prophet Muhammad founded the Baitul Mal at the beginning of the seventh century with the governance in which all revenues were collected separately, and had appointed qadis, plus the secretaries and administrators of the administration (Nurhayati and Wasilah, 2009).

5. Basic mathematics

Basic mathematical sciences were born from Muslim thinkers, such as Muhammad ibn Musa Al-Khwarizmi (780-850 AD), Al-Kindi (801-873 AD), and Abu Al-Wafa 'Albuzyani (10th century).

6. The Emperium of Islam

The Islamic Emperium, Abbasid (750-1517 AD), has adopted a growing science in Greek, Roman, Persian, Chinese and Indian.

Luca Agamis : Indeed in some financial accounting literature and accounting theory
as written Gaffikin (2008: 27), Deegan (2004: 31) and Mulya (2008: 2)

states that Luca Pacioli was the first to find accounting. However, not a few who doubt this.

Luca Junior

Yes .. it seems that if we refer to the authentic data obtained, then we agree with the discovery that Luca Pacioli was the first to find accounting so dubbed Mr. Accounting. However, if we base it on the Qur'an and Hadith then it seems we need to rethink that it is actually Luca Pacioli not the first to introduce business records. (while nodding his head).

Luca Agamis

Kam (1990) himself states that "Historically, we know that double entry bookkeeping system appeared in Italy in the 13th century. That is the oldest record we have of the double entry accounting system since the end of the 13th century, it is possible the double entry system has existed before". This opinion is supported by Khir, Shehata, Hendriksen, Russell, Watt in Harahap (2002). Littleton (1961) also stated that long before Pacioli found a double entry, there was another Italian who had also written about a double entry named Benedetto Cortugli in 1458, or 36 years before Pacioli's book appeared. But the book was published in 1573, or 89 years after Pacioli's book of 1494. Our next week lecture will discuss more about accounting in Islamic history and civilization.

Ilahiyah Accounting

- Luca Agamis After hearing the explanation, I want to stimulate your imagination. Do you think God uses the accounting system in running the universe?
- Luca Junior (Thinking for a while, while remembering Asmaul Husna). As short as my knowledge, there is the name of Allah that is Al-Hasiib (Maha Pembuat Perhitungan) and Al-Muhshii (Maha Penghitung). This means God is also the Accountant?
- Luca Agamis Exactly "Allah always makes the calculations of every thing" (Al- Baqarah: 202). Not only the quantitative aspects but also the qualitative aspects such as the deeds of human. God does not let us be free without monitoring. Allah also has accountant recorders "Rakib and Atid" who record / journal human transactions, resulting in

books/balance sheets called "sijjin" (good charity report) and "Illyin" (bad charity reports) that will be reported to us as actors/performers in the afterlife.

Luca Junior

The charity report is an assessment of one's achievements as a basis for determining someone given a "heaven" reward or punishment "hell" (with a shuddering feeling while drinking the last coffee)

Luca Junior

Can You enplane more about Ilahiyah Accounting?

Luca Agamis

Of Course. If we talk about the Ilahiyah Accounting then it will not be separated from the concept of the ilahiyah entity, the ilahiyah income concept and the ilahiyah report concept. The ilahiyah business entity is a medium of worship that works based on the foundation of obedience, obedience and faith in Allah with the aim of gaining God's blessing in the world and in the hereafter. Economic and business activities are carried out as a form of worship to God so that the basis used is God's law. Accounting will be seen as a representation of God if accountants are human beings who have the ability to correlate accounting with God (Kamayanti, 2016). Accounting also has characteristics like egoistic-altruistic, masculine-feminin, materialistic-spiritualistic etc in same level (Sulistiyo, 2015).

Luca Junior

Oh.. It means that the business people are fully aware that all business transactions are under the supervision of God and will be accountable to God so that accountability is not only to stakeholders but to God as the peak of accountability.

Luca Agamis

Yes, You are right. Besides, the concept of income which is built on the basis of Islam, faith and ihsan certainly contains divine values (Ilahiyah). The income earned is a form of sustenance from God both in the form of material and non-material distributed on the path that Allah blessed. In the process of obtaining income based on Islamic principles which fulfill the halal category, free from usury, khinayah, tanajush, gaharar and various speculative forms in other business transactions. About the ilahiyah financial report. It will have material and nonmaterial properties as well as quantitative and qualitative. Accountability consists of three namely physical accountability / practice (Islam), mental accountability (faith), and spiritual accountability (Ihsan).

Luca Junior

So, Ilahiyah accounting which is based on the concept of Islam, faith and Ihsan always believes that all human actions are always supervised by Allah and must be accounted for in the final yaumil. If we think more deeply, we actually see that God also uses an accounting system in running the universe. Allah has the names of the Asmaul Husna such as Al-Hasiib (the Calculator Supreme) and Al- Muhshii (Supreme Counters). This shows that this means that God is the Supreme Accountant. Not only quantitative aspects but also qualitative aspects such as human deeds.

Epilogue

- Luca Agamis Looks like you've been enlightened with our discussion today. This discussion of the relationship between religion and accounting makes us look at accounting from a broader perspective that is within the framework of postmodernism.
- Luca Junior Yes, it seems to me that religion and accounting turn out to have a very significant relationship. The linkage is not in the context of causality or correlation, but rather an emulsion where accounting is part of a religion that is not to be divorced but mutually reunite with
 one another
- Luca Junior Unlike in my previous thought. Accounting is God's command that has been mentioned in the Qur'an and Hadith. Religion (Islam) is the source of accounting knowledge.
- Luca Agamis Do not forget also the existence of accounting on the history and civilization of Islam that seemed forgotten and marginalized by Western civilization. This is still causing controversy about Luca Pacioli as the inventor of the accounting that we know today. We will discuss accounting history in Islamic civilization next week in my
- Luca Junior Well, Thank you for raising my awareness that God himself has a very sophisticated accounting system that not only records some of the events (transactions) as in conventional accounting but records all events, charities, thoughts, intentions and whatever is contained in the
 heart. It is this account that will determine our destiny
 in heaven or hell.

After shaking hands and greeting, Luca Agamis and Luca Junior left the cafeteria hastily towards the mosque.

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