

Reconstruction Of Islamic Accounting Theory: A Philosophical Approach Towards the Concepts of Value And Justice

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ABSTRACT

This study aims to reconstruct Islamic accounting theory based on the principles of maqashid sharia through a philosophical approach that encompasses ontological, epistemological, and axiological dimensions. Using a conceptual-philosophical method, this study analyzes classical Islamic sources such as the works of Al-Ghazali and Ash-Syatibi, and integrates them with modern accounting theory. The results show that conventional accounting focuses too much on material gain and ignores moral and spiritual accountability, thus losing its ethical orientation. This study produces the Islamic Accounting Maqashid Framework (IAMF) as a conceptual model that places justice (al-‘adl) at the core of accounting practice. The IAMF integrates moral, social, and spiritual dimensions in financial reporting to ensure horizontal accountability to society and vertical accountability to Allah SWT. This framework offers a transformative paradigm for Islamic accounting and provides theoretical and practical implications for financial institutions, auditors, and educational institutions in strengthening ethical and spiritual awareness in accounting practice.

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INTRODUCTION

Accounting serves as the primary information system used to measure, identify, and report an entity's economic activities. In the context of global practice, contemporary accounting emerged from the foundations of Western capitalism, which emphasizes economic efficiency, market rationality, and the enhancement of individual well-being through the accumulation of profits (Agyemang 2024). This paradigm is rooted in economic positivism and utilitarianism, which portray humans as rational beings acting in self-interest. As a result, the function of accounting shifted from a tool of moral accountability to a means of legitimizing the interests of shareholders and investors. Financial reports emphasize only the financial aspect, while spiritual, social, and moral values are neglected (Naxaki n.d.) .

This situation creates a gap between the idealism of accounting, which should serve as a tool of justice and social responsibility, and the reality of practices that tend toward economic materialism. In many situations, accounting is used to improve a company's image through

earnings management, non-objective presentation of asset values, or window dressing practices that disguise economic truth (Ubaidillah et al. n.d.). This causes the public to lose trust in the accounting profession because financial reports fail to reflect the moral values and social responsibility that should be inherent in economic activity. This is where the fundamental difference between "what should be" and "what is" in contemporary accounting theory and practice lies (Sulistiani 2024).

In Islam, economic activities and financial reporting are not merely worldly activities but also have a spiritual dimension. Accounting in the Islamic context is not simply a method of recording transactions, but also a form of trust and worship. Every economic activity must reflect the values of monotheism, justice, balance, and benefit. Therefore, Islamic accounting requires a combination of material and spiritual aspects in all processes of measuring and reporting value (Auda 2022). However, the reality is that many Islamic financial institutions still apply conventional accounting frameworks, with minimal adjustments to halal (permissible) and zakat (obligatory) aspects. This approach is often referred to as sharia-compliant accounting, rather than maqasid-based accounting, because it focuses solely on formal compliance with sharia regulations without considering their underlying philosophical objectives (Ahmad and Berghout 2025).

These limitations create an urgent need to reconstruct Islamic accounting theory so that it is not merely a "sharia version" of the Western system, but stands on an autonomous Islamic epistemological and axiological foundation. This reconstruction is crucial to restore accounting's function as a moral, social, and spiritual tool for achieving sharia goals (Purba and Darmasetiawan 2023). In the view of Al-Ghazali and Ash-Shatibi, the maqasid of sharia consists of five main dimensions: protection of religion, life, intellect, lineage, and property. Every economic activity and financial record-keeping must focus on protecting and strengthening these five dimensions, not merely increasing financial profits. Previous research has emphasized the significance of the ethical dimension in Islamic accounting.

Billah et al. (2024) presents the concept of spiritual accounting, which places the value of monotheism at the core of all accounting activities. Younes (2017) highlight the importance of ethical communication in Islamic banks' annual reports, which serve not only to convey economic information but also as a means of social accountability to society and Allah SWT. On the other hand, (Billah et al. 2024) emphasizes that maqashid sharia serves as the moral basis for all Islamic financial activities, preventing them from becoming trapped solely in formal legal compliance. However, to date, there has been little research attempting to philosophically integrate the various dimensions of maqashid sharia within a comprehensive Islamic accounting theory framework.

Empirically, there is a clear gap between the ideals of maqashid and the financial reporting practices of Islamic institutions. Most Islamic bank financial reports, for example, still use measurement principles based on historical value and market prices. However, in maqashid sharia, value is determined not only by economic aspects, but also by social benefits, fairness in distribution, and contribution to the welfare of the community (falah). This discrepancy illustrates the "value dissonance" between capitalist epistemology and Islamic values, resulting in Islamic accounting losing its philosophical orientation. Therefore, developing an Islamic accounting theory based on maqashid sharia is crucial to address this gap between ideals and reality (Cahya et al. 2021).

Philosophically, a restructuring of Islamic accounting theory requires three basic approaches: ontological, epistemological, and axiological. Ontological analysis explores the nature of economic reality and the concept of value in Islam—that wealth is not the absolute property of humans, but rather a trust from God that must be used for the public good. Epistemological analysis seeks the sources of Islamic accounting knowledge, which derive not only from human rationality, as in positive theory, but also from divine revelation and moral values. Meanwhile, axiological analysis emphasizes that the ultimate goal of accounting is not merely to report profits, but to achieve justice ('adl) and social welfare, blessed by God Almighty. This three-dimensional approach provides a strong foundation for developing an Islamic accounting theory that is both transcendental and humanistic (Hasanah, Sayuti, and ... 2024).

Modern research suggests that a new direction in Islamic accounting theory needs to shift from a compliance-based focus to a maqasid-based orientation. (Auda 2022) asserts that maqasid sharia guides the development of a sustainable and just Islamic economy, as it is rooted in a balance between the interests of individuals, society, and the environment. Thus, an Islamic accounting theory based on maqasid would focus on the values of justice, trustworthiness, and welfare as the core of the reporting system. This would be relevant not only to Islamic financial institutions, but also to Islamic business entities in general, which operate with the principles of social responsibility and sustainability. The gap between Islamic ideals and contemporary accounting practices also creates

A crisis of meaning in the Muslim accounting profession. The accounting profession, which should be a path to upholding trust and justice, is often trapped by market pressures and the interests of capital owners. Therefore, a new paradigm is needed that positions accountants as caliphs in this world (khalifatullah fi al-ardh), accountable not only to humans but also to God. Within the context of the maqasid sharia, financial reporting must be directed to ensure a balance between individual and societal rights, and to prevent economic exploitation and injustice.

This research emerged as a creative initiative to rebuild Islamic accounting theory based on the objectives of sharia through a deep philosophical approach. The purpose of this reconstruction is to restore the meaning of accounting as a moral tool and social justice, and not just as a technical instrument to measure economic aspects. By incorporating ontological, epistemological, and axiological dimensions, this research is expected to provide theoretical contributions to the development of the Islamic Accounting Maqasid Framework (IAMF)—a conceptual model that combines spiritual, social, and economic values in the presentation of financial statements. Specifically, the objectives of this research include: Evaluating the weaknesses of the traditional accounting paradigm from the perspective of maqasid sharia. Investigating the philosophical basis of maqasid sharia as a normative foundation and objective for Islamic accounting theory. Developing a conceptual model for the reconstruction of Islamic accounting theory based on maqasid sharia with a focus on the values of justice and trustworthiness (Alsaadi 2025).

METHOD

This research applies a conceptual method with a philosophical perspective, as its goal is not to test empirical hypotheses, but rather to create a new theoretical framework that can reconstruct Islamic accounting theory based on the maqasid sharia. This approach was chosen because the primary issues in the development of Islamic accounting lie in fundamental paradigms and values, not merely

measurement or reporting aspects. Therefore, a philosophical approach is considered most appropriate for exploring the essence, sources, and objectives of accounting from an Islamic perspective.

In this study, the data sources used are divided into two broad categories:

- 1) classical Islamic literature, namely Qur'anic interpretations, hadith, and the works of scholars of *usul fiqh* (Islamic jurisprudence) such as Al-Ghazali, Ash-Syatibi, and Ibn Khaldun, which discuss the *maqasid* of sharia, justice, and social responsibility in economic activities (Younes 2017).
- 2) contemporary literature, which includes modern scholarly books and articles discussing accounting theory, Islamic economics, and the philosophy of science, including works by (JINJIRI 2024).

The philosophical approach in this research is conducted through three main interacting levels of analysis. First, ontological analysis, which is the study of the nature of economic reality and value from an Islamic perspective. In this analysis, assets and wealth are not considered the absolute ownership of individuals, but rather as a trust that must be accounted for before God. In this context, accounting functions not only as a tool for recording transactions but also as an instrument for accountability before God.

Second, an epistemological analysis explores the sources of Islamic accounting knowledge. Knowledge in Islam is integral to ethical values and inseparable from the secular context. It is derived from revelation (the Qur'an and Hadith), reason, and the *ijtihad* of scholars. In this analysis, the research emphasizes that Islamic accounting theory should be based on a monotheistic epistemology, which harmoniously integrates revelation and reason, rather than solely on Western positivism or empiricism.

Third, an axiological analysis, which assesses the ultimate goal of Islamic accounting practices. From an Islamic perspective, accounting has a moral role in maintaining balance, justice, and the interests of society. Its purpose is not simply to report profits, but also to ensure that every economic transaction provides social and spiritual benefits. In this way, Islamic accounting should contribute positively to the creation of prosperity, distributive justice, and moral sustainability.

The research process was conducted through content analysis of relevant texts and literature, analyzing concepts related to values, justice, and responsibility found in classical Islamic sources and modern accounting theory. Subsequently, a comparative-conceptual analysis was conducted to identify similarities and differences between Islamic and conventional accounting paradigms. This comparison resulted in a conceptual synthesis formulated as the Islamic Accounting *Maqashid* Framework (IAMF).

The IAMF framework was formed through a series of reflective processes that include four main stages, namely: (1) collecting literature and philosophical interpretations regarding the concepts of value and justice in Islam; (2) identifying the limitations of modern accounting theory in representing the values of *maqashid sharia*; (3) developing philosophical principles of Islamic accounting; and (4) compiling an IAMF conceptual model that is able to integrate ethical, social, and spiritual aspects into financial reporting practices.

RESULTS AND DISCUSSION

The research findings indicate that Islamic accounting theory needs to be fundamentally revised so that it serves not merely as a "sharia label" but truly reflects the values of *maqashid sharia* as its

philosophical foundation. Through philosophical analysis, it was revealed that the main problem with conventional accounting is rooted in a value focus that prioritizes only material gain, whereas Islamic accounting should be oriented toward value justice—that is, a balance between individual, social, and spiritual interests.

The resulting conceptual framework, the Islamic Maqasid Accounting Framework (IAMF), serves as a conceptual map explaining how to apply the principles of maqasid sharia in accounting theory and practice. The IAMF establishes the value of justice (al-'adl) as a primary principle throughout the accounting process—from measurement, recognition, presentation, and disclosure of financial information. In Islam, justice encompasses not only fair economic distribution but also moral righteousness and social balance.

Within the IAMF framework, accounting is understood as a system of accountability with two sides: horizontal accountability to society (stakeholders, communities, and the environment), and vertical accountability to Allah SWT. These two sides are the distinctive characteristics of Islamic accounting, distinguishing it from conventional accounting, which focuses solely on the relationship between humans and economic entities.

Findings from ontological analysis indicate that economic reality in Islam is an integration of worldly and afterlife aspects. Wealth is not an end in itself, but rather a means to achieve blessings and well-being. Therefore, accounting records and reporting must reflect the value of blessings, and not solely focus on profit. Ideal financial statements in Islam not only describe financial conditions but also demonstrate the extent to which an entity contributes to social welfare, environmental preservation, and economic justice.

From an epistemological perspective, research shows that Islamic accounting theory cannot be built simply by imitating or adapting conventional accounting principles. Islamic accounting must be rooted in a monotheistic epistemology that combines revelation, reason, and empirical experience. Thus, accounting becomes a science focused on divine truth, not merely rational truth. This approach also corrects the limitations of the positivism that has dominated Western accounting methodology.

Meanwhile, in terms of axiology, Islamic accounting is directed towards achieving the maqasid sharia (objectives of sharia). Its primary purpose is not merely to measure financial performance but also to serve as a mechanism to ensure economic justice. By placing maqasid sharia as a core value, accounting becomes a vehicle for social transformation that promotes business ethics, corporate social responsibility, and spiritual awareness in wealth management.

These findings align with (Fuadi et al. 2025) view, which argues that Islamic accounting must have a "spiritual spirit" and not be trapped in purely material rationality. Furthermore, these results support (Harahap, Risfandy, and Putri 2023) that Islamic accounting requires value-based disclosures, reflecting the social, moral, and spiritual dimensions of an entity. The IAMF also complements the Shari'ate Enterprise Theory (SET) by adding the maqasid sharia dimension as a tool for measuring a company's social and spiritual performance.

In practical terms, the implementation of the IAMF can have a significant impact on Islamic financial institutions. First, institutions can develop financial reports that reflect not only financial results but also maqasid indicators such as customer welfare, zakat allocation, or social contributions. Second, Islamic accounting standards can be adjusted to support the values of justice and welfare as primary objectives, rather than solely efficiency. Third, the IAMF can serve as a basis for preparing Sharia Governance Reports, which assess the extent to which an entity fulfills the maqasid principles of sharia.

Thus, the findings of this study not only provide conceptual contributions to Islamic accounting theory but also create opportunities for more applied and empirical research. The IAMF can be tested

through quantitative or qualitative approaches in Islamic financial institutions to evaluate the extent to which maqasid sharia has been integrated into modern financial reporting.

CONCLUSION

This study concludes that accounting theory in an Islamic context requires fundamental reconstruction based on the maqasid sharia as its core value, with the primary goal of achieving justice (al-'adl) and the welfare of the people. Through an in-depth philosophical analysis—encompassing ontological, epistemological, and axiological dimensions—this study identifies that the weakness of conventional accounting lies in its reduction of value, namely an overemphasis on material gain, a narrow understanding, and a neglect of moral and spiritual responsibilities. Therefore, Islamic accounting must transform into a holistic accountability system, encompassing not only horizontal accountability to humans but also vertical accountability to Allah SWT. In an effort to address this challenge, this study produced the Islamic Accounting Maqasid Framework (IAMF) as a significant theoretical contribution. The IAMF emphasizes that the goal of Islamic accounting is not only to report profits, but also to protect moral values, social balance, and the welfare of the people. This framework enables the integration of financial and spiritual performance, so that financial statements become a representation of an institution's social and spiritual responsibilities. The IAMF also serves as a bridge between Islamic normative values and the practical demands of the modern world, with broad applications in Islamic financial institutions, education, and regulation. In the academic realm, the IAMF expands Islamic accounting theory to be value-oriented, not merely technical. From a policy perspective, the IAMF can serve as a foundation for the Islamic Accounting Standards Board (DSAS) and the Financial Services Authority (OJK) to formulate reporting standards aligned with the maqasid (maqasid) of Islamic law. Practically, the IAMF can be adopted as a guideline for Islamic Governance Reports, a measuring tool for Islamic auditors, and a curriculum for Islamic accounting education to strengthen spiritual awareness and social responsibility. This research opens up opportunities for further research, both conceptual (integration with digital technologies such as blockchain) and empirical (testing in Islamic financial institutions). Thus, the IAMF provides not only a new theoretical framework but also a direction for transforming the Islamic accounting paradigm toward an instrument of justice, ethics, and spirituality integrated into the economic practices of the ummah.

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