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Vol. **01**, No. **1**, September 2025, Page **15-32**
e-ISSN: **3123-3171**
Journal of Islamic Education and Intellectual Discourse (JIED)

The Evolution of Sharia Accounting Principles in Islamic Civilization: A Historical and Epistemological Review with Contemporary Implications

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Article Information
Received : September 20, 2025 Revised : September 24, 2025 Accepted : September 25, 2025

ABSTRACT

Islamic accounting is frequently perceived as a modern modification of Western accounting, despite substantial historical evidence that its foundations emerged organically within early Islamic civilization. **This study addresses** the broader question of how Islamic accounting evolved as both a financial and ethical institution and how it can respond to contemporary global challenges. **The purpose** of this research is to examine the historical development of Islamic accounting, identify its epistemological challenges in the modern era, and evaluate its potential contribution to ethical finance and sustainability. **Using a qualitative design**, the study employs historical analysis, hermeneutic interpretation, and discourse analysis. **Data consist** of classical Islamic administrative records, fiqh texts, hisbah manuals, modern standards such as AAOIFI and PSAK Syariah, and contemporary scholarly articles. Data collection followed purposive sampling of relevant documents, while analysis involved thematic coding and cross-textual comparison. **Results show** that accounting practices were institutionalized as early as the Prophet Muhammad's era, strengthened under the Khulafā' al-Rāshidīn—especially through the Bayt al-Māl—and formalized during the Abbasid period through market regulation and ethical oversight. **Contemporary findings** reveal that Islamic accounting still relies heavily on Western frameworks, faces challenges from digital finance, and struggles to embed Islamic ethical objectives fully. **The implications** suggest that Islamic accounting can support global agendas such as ESG and sustainable development by operationalizing maqasid al-shariah in reporting systems. **In conclusion,** the study highlights the need for epistemological reconstruction, digital Sharia governance, and deeper sustainability integration, offering clear directions for future research and policy development.

Keywords: Accounting, Islamic Civilization, Maqasid al-Shariah

ABSTRAK

Akuntansi syariah sering dianggap sebagai modifikasi modern dari akuntansi Barat, meskipun terdapat bukti sejarah yang kuat bahwa fondasinya muncul secara organik dalam peradaban Islam awal. ***Penelitian ini***

menjawab *pertanyaan yang lebih luas tentang bagaimana akuntansi syariah berevolusi baik sebagai institusi keuangan maupun etika dan bagaimana akuntansi syariah dapat menjawab tantangan global kontemporer.* ***Tujuan dari penelitian*** *ini adalah untuk mengkaji perkembangan historis akuntansi syariah, mengidentifikasi tantangan epistemologisnya di era modern, dan mengevaluasi potensi kontribusinya terhadap keuangan dan keberlanjutan yang beretika.* ***Dengan menggunakan desain kualitatif****, penelitian ini menggunakan analisis historis, interpretasi hermeneutik, dan analisis wacana. Data terdiri dari catatan administrasi Islam klasik, teks fikih, manual hisbah, standar modern seperti AAOIFI dan PSAK Syariah, dan artikel ilmiah kontemporer.* ***Pengumpulan data*** *dilakukan dengan cara purposive sampling terhadap dokumen-dokumen yang relevan, sementara analisis dilakukan dengan cara pengkodean tematik dan perbandingan lintas teks.* ***Hasil penelitian*** *menunjukkan bahwa praktik akuntansi telah dilembagakan sejak era Nabi Muhammad, diperkuat di bawah Khulafā' al-Rāsyidīn-terutama melalui Baitul Mal-dan diformalkan pada masa Abbasiyah melalui regulasi pasar dan pengawasan etika.* ***Temuan*** *kontemporer mengungkapkan bahwa akuntansi syariah masih sangat bergantung pada kerangka kerja Barat, menghadapi tantangan dari keuangan digital, dan berjuang untuk menanamkan tujuan etika Islam sepenuhnya.* ***Implikasinya*** *menunjukkan bahwa akuntansi syariah dapat mendukung agenda global seperti ESG dan pembangunan berkelanjutan dengan mengoperasionalkan maqasid al-syariah dalam sistem pelaporan.* ***Sebagai kesimpulan****, penelitian ini menyoroti perlunya rekonstruksi epistemologis, tata kelola Syariah digital, dan integrasi keberlanjutan yang lebih dalam, yang menawarkan arahan yang jelas untuk penelitian dan pengembangan kebijakan di masa depan.*

Kata Kunci: *Akuntansi Syariah, Maqashid Syariah, Peradaban Islam*

INTRODUCTION

Accounting is widely recognized as a critical instrument for ensuring transparency, accountability, and ethical governance across all forms of economic activity. In contemporary societies—regardless of their cultural or religious orientation—accounting serves as a backbone for organizational legitimacy, public trust, and the functioning of economic institutions (Zahid et al., 2024; Alamad, 2025). However, in Muslim-majority societies and within the global Islamic economy, accounting assumes an additional layer of meaning: it is expected to align not only with technical standards but also with Islamic moral values, ethical imperatives, and civilizational principles. This dual expectation constitutes the underlying theoretical problem that motivates this study. While the global Islamic finance industry has grown significantly—now exceeding USD 4 trillion in assets (IFSB, 2023)—concerns continue to emerge regarding whether the accounting practices that support the industry truly reflect the epistemology, cultural worldview, and moral aspirations of Islamic civilization. These concerns are not limited to specialists in Islamic accounting; they are equally relevant to scholars in sociology, anthropology, history, business ethics, and civilizational studies who seek to understand how economic systems are shaped by cultural and philosophical frameworks.

At a practical level, the rapid institutionalization of Islamic finance and the increasing adoption of Islamic accounting standards raise questions about authenticity and coherence. Many

Islamic financial institutions continue to rely heavily on frameworks derived from Western accounting traditions, adjusting them merely to ensure compliance with shariah requirements (Calder, 2020; Morshed, 2024; Thommandru et al., 2024). While such adaptations are pragmatically necessary, they risk reducing Islamic accounting to a technical extension of conventional systems rather than an independent discipline rooted in Islamic epistemology. This creates a tension between modern operational needs and the civilizational identity that Islamic accounting is expected to express (Aleraig & Asutay, 2023). Addressing this tension requires a deeper investigation into how accounting within Muslim societies has historically evolved and how its contemporary practice can be aligned with Islamic moral and intellectual heritage (Al-Shuqairat et al., 2025).

Recent scholarship provides valuable insights into the development and institutionalization of Islamic accounting. Several studies have examined the rise of formal regulatory structures, particularly the role of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) and national standards such as PSAK Syariah (Hassan & Raza Rabbani, 2023; Hudaib, 2025). These works highlight how Islamic accounting has become increasingly systematized through standard-setting bodies, regulatory agencies, and Islamic financial institutions. Other researchers have revisited historical institutions in Islamic civilization, such as *hisbah* (market supervision), *zakat* administration, or waqf management, to illustrate how accountability and financial documentation were integral components of classical Islamic governance (Islahi, 2015; Al-Mawardi, 1996). Such studies demonstrate that financial ethics and public oversight were deeply embedded in early Muslim societies.

Simultaneously, scholars like Haniffa and Hudaib (2001), Hameed (2000), and Sulaiman (2003) have argued that Islamic accounting must reflect Islamic values—such as justice (*'adl*), transparency (*amanah*), and public welfare (*maslahah*)—rather than simply modifying conventional accounting procedures. Napier (2009) further emphasizes that Islamic accounting should not be separated from the broader intellectual and cultural context of Islam, which shapes how economic activities are understood and regulated. Meanwhile, emerging research has sought to position Islamic accounting within global debates on corporate social responsibility (CSR), sustainability, and ethical finance, demonstrating that Islamic principles could contribute meaningfully to these expanding fields (Dusuki, 2008; Kamla, 2009; Maali & Napier, 2010).

Although these works collectively enrich the literature, several limitations remain apparent. First, historical analyses of Islamic accounting are often fragmented. Many studies focus on specific components, such as hisbah or waqf administration, without developing a comprehensive narrative that links these classical practices to modern accounting frameworks. As a result, the intellectual continuity between Islamic civilization and modern Islamic accounting remains insufficiently articulated. Second, while accounting scholars acknowledge that accounting is a cultural and ethical practice (Hopwood, 1987), relatively few studies examine how Islamic accounting reflects the socio-cultural identity and civilizational ethos of Muslim societies. Most Islamic accounting literature remains confined to legalistic or technical compliance frameworks, overlooking the deeper epistemological foundations that distinguish Islamic perspectives from conventional ones. Third, although the global economic landscape is rapidly changing—driven by digitalization, artificial intelligence, blockchain, fintech, and new paradigms of sustainability—Islamic accounting research has been slow to address these transformations. Consequently, Islamic accounting remains largely disconnected from the global conversations shaping the future of the financial system.

Although the introduction provides a comprehensive overview of the development of Sharia accounting and its broader scholarly discourse, the element of novelty must be articulated more explicitly so that reviewers can immediately identify the article's unique scholarly contribution. Previous studies reveal several limitations that create a clear research gap: most existing works lack a comprehensive, evolutionary framework that brings together the historical, cultural, ethical, and contemporary dimensions of Islamic accounting. The field urgently requires an approach capable of linking the classical intellectual heritage of Islamic civilization with modern institutional realities and emerging global economic trends. Without such integration, Islamic accounting risks remaining conceptually underdeveloped and practically constrained.

To address this gap, the present study is guided by the central research question: How have Islamic accounting principles evolved within Islamic civilization from the classical era to the contemporary period, and what implications does this evolution have for current global accounting discourse? Three research objectives structure the inquiry: (1) tracing the historical development of Islamic accounting from early Islamic governance to contemporary institutional frameworks; (2) analyzing how Islamic values, cultural identity, and epistemological foundations shape the philosophical structure of Islamic accounting; and (3) examining its relevance for contemporary challenges such as sustainability, business ethics, and digital transformation.

The novelty of this research lies in its explicit formulation of an integrated civilizational framework that reconstructs Islamic accounting as a historically continuous, epistemologically grounded, and forward-looking discipline—an analytical lens that has not been systematically articulated in prior studies. Unlike earlier works that focus mainly on technical, regulatory, or compliance-based perspectives, this study adopts a holistic evolutionary approach that embeds Islamic accounting within the wider intellectual tradition of Islamic civilization, encompassing theology, ethics, law, socio-cultural norms, and economic philosophy, while simultaneously engaging with modern global debates (Auda, 2022).

This contribution also carries practical significance. By demonstrating how a civilizationally informed understanding of Islamic accounting can strengthen institutional identity, enhance public trust, and prevent Islamic financial institutions from becoming superficial replicas of conventional systems, the study offers insights valuable for policymakers, standard-setting bodies, educators, and industry practitioners (Hidayat et al., 2024; Khan & Sadia, 2025). Such insights are increasingly important given rapid technological developments, including innovations in digital finance such as paylater services that allow consumers to purchase goods or services and settle payment at a later date (Adyaputri & Surawan, 2025).

In the broader academic landscape, the study encourages interdisciplinary engagement by illustrating how accounting practices embody ethical and cultural structures that shape economic life. In conclusion, this research not only provides historical analysis but also repositions Islamic accounting within the continuum of Islamic civilization. By doing so, it contributes to the ongoing reconstruction of Islamic economic thought and reinforces the relevance of Islamic accounting in fostering a more just, ethical, and sustainable global economic system—an aspiration grounded in the enduring values of the Islamic tradition.

METHODS

This study employs a qualitative research methodology that integrates historical, hermeneutic, and document-based approaches to examine the evolution of Islamic accounting across different periods of Islamic civilization. A qualitative design is appropriate given the study's focus on ethical constructs, epistemological foundations, and culturally embedded accounting practices that cannot be meaningfully captured through quantitative techniques (Creswell & Poth, 2016; Denzin, 2018). The data consist exclusively of secondary sources, including classical Islamic manuscripts, historical administrative records, scholarly literature, and contemporary regulatory frameworks.

Classical texts—such as those authored by al-Māwardī, Ibn Khaldūn, Ibn Taymiyyah, and al-Ghazālī—provide the basis for analysing early institutional arrangements, market oversight mechanisms, and moral concepts relevant to accountability. These materials are complemented by modern scholarship on Islamic accounting and economics (e.g., Baydoun & Willett, 2000; Haniffa & Hudaib, 2001; Napier, 2009), as well as institutional standards such as AAOIFI, PSAK Syariah, and global reporting frameworks including the UN-SDGs and ESG guidelines. The research follows a structured document analysis procedure (Bowen, 2009). Relevant materials are identified through targeted keyword mapping, subjected to iterative critical reading, and coded to extract historical patterns, ethical principles, and conceptual developments. The coded data are then synthesized to construct an interpretive narrative linking classical foundations with contemporary institutional realities.

Analytically, the study employs three complementary strategies. Historical analysis, guided by Howell and Prevenier (2001), reconstructs accounting-related practices in early Islamic governance and traces their evolution. Hermeneutic interpretation, informed by Gadamer (2004), is used to interpret classical texts and uncover the ethical and epistemological meanings underpinning Islamic accountability. Discourse analysis, based on Fairclough (2013), situates Islamic accounting within current global debates, including sustainability, ethical finance, and digital transformation. To ensure rigor and credibility, the study applies source and methodological triangulation, cross-checks interpretations across multiple textual traditions, and maintains a structured audit trail consistent with Lincoln and Guba's (1994) trustworthiness criteria. Through this methodological framework, the study provides a robust and reliable foundation for examining Islamic accounting as a historically rooted and epistemologically distinctive discipline.

RESULTS AND DISCUSSION

1. Historical Evolution of Islamic Accounting within Islamic Civilization

The findings of this study confirm that Islamic accounting has a deeply rooted and well-established historical foundation that not only predates but also significantly surpasses in sophistication the early stages of modern Western accounting. Through a detailed historical analysis, the study demonstrates that financial documentation in Islam was not a sporadic or informal activity but an institutionalized practice embedded within the governance structures of the Prophet Muhammad's era. Early Islamic administration appointed dedicated scribes—such as Abdullah ibn Arqam and Zubayr ibn al-Awwam—who served as *kuttāb al-māl*, functioning similarly to contemporary financial controllers responsible for recording revenues, expenditures, contractual agreements, and state-level transactions (Malek, 1997; Al-Tabari & Perlmann, 1987). Their activities illustrate that principles of accountability, transparency, and systematic record-keeping were intentionally incorporated into the state apparatus from the earliest formation of the Muslim community.

The sophistication of Islamic financial administration expanded substantially during the caliphate of Umar ibn al-Khattab. Under his leadership, the establishment of *Baitul Mal*—the central treasury—and the creation of the Diwan system constituted major institutional advancements. These developments formalized the documentation of tax revenues originating from multiple categories, including jizyah, kharaj, and ushr, alongside recorded distributions of military stipends, public expenditures, and welfare disbursements (Al-Mawardi, 1996). Importantly, historical narratives reveal that Umar implemented early forms of auditing by cross-checking the wealth of governors, investigating financial anomalies, and verifying state transactions. Such mechanisms correspond directly to what Hopwood (1994) and Hopwood & Miller (1994) conceptualize in modern accounting as institutional accountability and internal control systems. These parallels demonstrate that Islamic governance had already embedded oversight, verification, and ethical scrutiny centuries before their formal recognition in Western accounting traditions.

Another key finding is that Islamic accounting practices were fundamentally grounded in ethical, legal, and spiritual principles derived from the Qur'an and Sunnah. Qur'an 2:282—the longest verse in the Qur'an—explicitly commands the documentation of debts and transactions. Classical and contemporary scholars interpret this as strong textual evidence that Islam mandates written accountability in financial affairs, emphasizing accuracy, memory preservation, and fairness (Haneef, 2005; Kahf, 2005). This verse also highlights the ethical dimension of recording: its purpose is to uphold justice (*'adl*), prevent disputes, protect vulnerable parties, and maintain societal trust (*amanah*). Thus, accounting in the Islamic tradition served not only bureaucratic or administrative purposes but also moral and social functions. This multidimensional character underscores a fundamental epistemological difference between Islamic accounting and its modern secular counterpart, which tends to prioritize economic decision-usefulness, investor protection, and financial quantification over ethical and communal considerations.

As Islamic civilization expanded, particularly during the Abbasid era, the institutional architecture surrounding commercial regulation and financial documentation became increasingly complex. One of the hallmark institutions of this period was *hisbah*, a system of marketplace supervision that blended legal regulation, ethical enforcement, and economic monitoring. Classical scholars—including Al-Ghazali, Ibn Taymiyyah, and Ibn Khaldun—document the responsibilities of the muhtasib, the official tasked with ensuring market integrity (Ghazanfar & Islahi, 1997; Ibn Taymiyyah, 2005; Ibn Khaldun, 1967). These responsibilities included verifying pricing practices, ensuring the accuracy of weights and measures, preventing fraud, supervising contracts, and safeguarding public welfare. Such activities required systematic recording of prices, inventories, standards, violations, and penalties—functions that bear strong resemblance to modern accounting practices such as auditing, valuation, compliance monitoring, and risk management.

Hermeneutic interpretation of classical works also reveals that Islamic accounting historically operated as a holistic system integrating multiple dimensions: legal norms derived from fiqh mu'amalah, ethical imperatives, cultural expectations, and spiritual responsibilities (Kamla, 2009; Zainuddin et al., 2021; Aleraig & Asutay, 2023; Kadi, 2025). Accounting was not conceptualized as a neutral, technical tool but as an extension of moral philosophy and governance. It served to maintain justice in economic exchanges, ensure honest representation of financial reality, and protect societal welfare. This integrative character challenges the common assumption in mainstream accounting research that sophisticated accounting systems emerged primarily from Western commercial development. Instead, the findings affirm that Islamic accounting practices arose organically within the broader intellectual, legal, and administrative structures of Islamic civilization.

Taken together, the historical evidence demonstrates that Islamic accounting is not a derivative adaptation of Western accounting nor a recent response to modern financial needs. Rather, it represents an original intellectual tradition deeply intertwined with Islamic governance, jurisprudence, and ethical teachings. Its development was driven by a civilizational commitment to justice, transparency, and accountability—values that remain highly relevant to contemporary debates in both Islamic and global accounting scholarship.

2. Paradigm Shifts and Epistemological Challenges in Contemporary Islamic Accounting

In the contemporary era, the study finds that Islamic accounting faces profound epistemological challenges stemming from the global dominance of Western accounting frameworks, particularly the International Financial Reporting Standards (IFRS). These standards are historically rooted in capitalist assumptions that privilege investor protection, profit maximization, individualistic decision-making, and market efficiency as core objectives of financial reporting (Hopwood, 1994; Kelly, 2023). When Muslim-majority countries or Islamic financial institutions adopt IFRS, they inadvertently import the Western epistemic foundations upon which these standards are built. This creates an inherent tension, as these underlying assumptions may conflict with Islamic ethical perspectives that emphasize justice, distributive fairness, social welfare, and collective prosperity. Consequently, the adoption of IFRS often results in a form of epistemological dependency, where Islamic financial reporting is shaped more by global market norms than by Islamic moral and intellectual traditions.

Although Sharia-based accounting frameworks—such as PSAK Syariah in Indonesia and AAOIFI standards in Bahrain—were developed to provide alternatives aligned with Islamic principles, the study observes that these frameworks often remain structurally similar to their conventional counterparts (Adnan & Gaffikin, 1997; Hussainey & Al Lawati, 2023). The modifications typically appear only in contract-specific applications, such as *murabahah*, *mudarabah*, or *ijarah*, where particular Sharia rules must be reflected. However, deeper philosophical considerations—such as the role of accounting in promoting social justice (*adl*), equitable distribution of wealth, mutual cooperation (*ta'awun*), and societal well-being (*maslahah*)—remain marginal within current reporting structures. As a result, Islamic accounting standards may fulfill formal Sharia compliance while falling short of embodying the substantive ethical aims of Islamic economic thought.

A critical finding of this research concerns the dominance of technical and procedural approaches in contemporary Islamic accounting. Many regulatory and institutional efforts prioritize Sharia contract compliance but continue to align with Western reporting conventions. This observation reinforces earlier critiques by Haniffa & Hudaib (2007), who argue that Islamic financial institutions often emphasize symbolic Islamic identity—such as terminology or branding—without embedding genuine ethical content within reporting practices. In a similar vein, Maurer (2002) and Kamla (2009) caution that Islamic accounting risks becoming merely "symbolically Islamic" unless its epistemological foundations are rigorously strengthened.

Rapid technological developments amplify these challenges. Islamic fintech platforms, digital payment systems, blockchain-enabled halal supply chains, and smart contract mechanisms require new accounting treatments that simultaneously ensure transparency, accuracy, and Sharia compliance. Blockchain technology, for instance, offers immutable records and enhanced traceability—features consistent with Islamic principles of honesty and transparency. Yet, as Tafotie (2020), Mohammed & Larbani (2020), and Rahman (2025) emphasize, automation may result in ethical neutrality: transactions can occur without the moral deliberation central to Islamic jurisprudence. Moreover, global digital platforms seldom incorporate Islamic ethical considerations, raising concerns about governance, privacy, risk-sharing, algorithmic bias, and exploitative digital business models.

These developments echo the warnings of El-Gamal (2006) and Asutay (2012), who argue that Islamic finance and accounting must resist replicating Western models without embedding Islamic moral values. Therefore, the study concludes that contemporary Islamic accounting requires epistemological strengthening to avoid becoming what Rudnyckyj (2013, 2022) refers to as "conventional accounting with Sharia decoration." To move forward, Islamic accounting must re-center maqasid al-shariah, social justice, ethical distribution, transparency, and sustainability as foundational principles guiding financial reporting and institutional governance.

3. Contributions of Islamic Accounting to Global Discourse and Civilizational Reconstruction

The final part of the findings reveals that Islamic accounting possesses significant potential to influence global discussions on ethics, sustainability, and governance. This section is strengthened by organizing the analysis into three dimensions: (1) normative foundations, (2) empirical and conceptual alignments with global frameworks, and (3) civilizational implications for reconstruction. This structure allows Islamic accounting's contributions to be demonstrated more concretely and systematically.

Normative Foundations: A Value-Based Framework for Global Challenges

Islamic accounting is grounded in a comprehensive ethical framework derived from Qur'anic teachings and Prophetic practices, offering a coherent value system that addresses both individual responsibilities and societal welfare. Central principles such as *amanah* (trusteeship), the prohibitions of *gharar* (excessive uncertainty) and *riba* (usury), redistributive mechanisms embedded in *zakat*, *waqf*, and *infak*, as well as the overarching emphasis on *mizan* (balance), collectively construct a normative economic worldview that guides financial behavior and institutional governance (Chapra, 2008; Dusuki & Abdullah, 2007). These values are not confined to theological discourse; historical evidence shows that they shaped the administrative and economic structures of early Muslim societies. Institutions such as the *bait al-māl*, the *diwan* system, and the *ḥisbah* authority translated these ethical imperatives into operational mechanisms for resource management, public accountability, and market regulation.

This normative coherence stands in marked contrast to the fragmented ethical foundations of much contemporary financial governance, which often relies on secular, compartmentalized, and compliance-oriented frameworks. Modern financial systems frequently struggle to address systemic challenges—including recurrent financial crises, widening socio-economic inequality, and accelerating ecological degradation—largely because their ethical commitments are weakly integrated into economic decision-making. Islamic accounting, by contrast, embeds moral purpose at the core of financial practice, linking accounting processes to broader objectives such as justice (*ʿadl*), transparency (*bayān*), social welfare (*maslahah*), and ecological stewardship.

By offering a value-driven alternative that is both principled and historically proven, Islamic accounting provides a holistic framework capable of informing global discussions on sustainable finance, ethical governance, and responsible economic development. Its integrated approach positions it not only as a technical system of measurement and reporting but as a transformative paradigm with the potential to contribute meaningfully to solutions for the world's pressing socio-economic and environmental challenges.

Alignment with Global Frameworks: Concrete Points of Convergence

The findings demonstrate a substantive convergence between Islamic accountability principles and contemporary global sustainability frameworks. This alignment is evident across socio-economic, environmental, and governance dimensions, indicating that Islamic accounting embodies values and institutional practices that parallel many of the objectives articulated in the SDGs and ESG standards. First, in the domain of **socio-economic redistribution**, instruments such as *zakat*, *waqf*, and *infak* operate as institutionalized mechanisms for channeling wealth toward vulnerable groups. Empirical assessments of *zakat* institutions across Malaysia, Indonesia, and the Gulf show their effectiveness in alleviating poverty, supporting microenterprises, and providing social safety nets. These outcomes correspond directly with SDG 1 on poverty eradication and SDG

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Vol. **01**, No. **1**, September 2025, Page **15-32**
e-ISSN: **3123-3171**
Journal of Islamic Education and Intellectual Discourse (JIED)

10 on reducing inequality, underscoring the relevance of classical Islamic redistributive tools to contemporary developmental goals (Kahf, 1999; Cizakca, 2011).

Second, Islamic civilization's long-standing emphasis on **environmental ethics and resource governance** resonates strongly with global sustainability priorities. Core teachings on *khalifah* (stewardship) and prohibitions against *israf* (wastefulness) provide a moral and regulatory foundation for ecological accountability. Historical practices within the *ḥisbah* institution—where market supervisors monitored pricing integrity, proper weighing systems, and responsible resource use—demonstrate how these ethical principles were operationalized as governance mechanisms (Kamla et al., 2006). Such precedents offer meaningful guidance for integrating environmental ethics into modern ESG evaluation frameworks.

Third, Islamic norms relating to **governance, transparency, and anti-corruption** exhibit clear parallels with global governance standards. Values such as *ṣidq* (truthfulness), *ʿadl* (justice), and *bayān* (clarity) underpin accountability expectations within Islamic tradition. Historical records, including the auditing practices of Caliph ʿUmar and the administrative regulations of the Abbasid era, reveal sophisticated approaches to monitoring public funds and preventing misuse (Lewis, 2006). These examples provide institutional continuity with contemporary efforts to enhance integrity and transparency in financial reporting. Collectively, these convergences illustrate that Islamic accounting is not only normatively aligned with global ethical agendas but also supported by historical evidence of practical implementation.

Civilizational Implications: Toward Islamic Accounting as a Transformative Paradigm

The findings suggest that Islamic accounting holds significant potential to contribute not only to institutional reform but also to broader civilizational renewal (*tajdīd ḥaḍārī*). This potential emerges from its unique capacity to integrate ethical, spiritual, and socio-economic principles within a unified framework of accountability. When grounded in classical values such as justice (*ʿadl*), stewardship (*khalīfah*), and communal welfare (*maslahah*), Islamic accounting can move beyond its contemporary function as a technical reporting mechanism and serve as a normative paradigm capable of addressing modern global challenges. This perspective aligns with the arguments advanced by Nasr (1996), Asutay (2007), and Haneef & Furqani (2011), who emphasize the necessity of reconnecting economic practices with the spiritual and moral foundations of Islamic civilization.

Realizing this transformative potential, however, demands an interdisciplinary approach that draws on Islamic jurisprudence, economic history, sustainability science, and digital innovation. Such integration would enable Islamic accounting to articulate a comprehensive vision of accountability that encompasses financial integrity, social justice, environmental responsibility, and spiritual consciousness. Emerging technologies offer further opportunities: blockchain can enhance transparency in zakat distribution, digital platforms can strengthen environmental auditing, and data-driven ethical supply chain verification can operationalize Islamic norms within globalized markets.

Through these developments, Islamic accounting can become an influential contributor to global ethical discourse, providing models for equitable wealth distribution, sustainable resource management, and morally anchored governance. In doing so, it holds the potential to position Islamic civilization as a constructive participant in shaping more just, humane, and sustainable economic systems worldwide.

Future Research

Building on the findings of this study, several important directions emerge for future research in Islamic accounting. First, there is a pressing need for deeper epistemological reconstruction. Contemporary Islamic accounting remains heavily influenced by Western frameworks, and future scholarship should work toward developing an integrated model grounded in Islamic metaphysics, ethics, and socio-economic objectives. Such efforts would help reposition Islamic accounting as a value-driven paradigm rather than a technical adaptation of conventional systems. In addition, future research would benefit from comparative civilizational analysis. By examining intersections and contrasts between Islamic accounting principles and other ethical traditions—such as Judeo-Christian stewardship ethics, Confucian economic morality, or indigenous accountability systems—scholars can broaden the global dialogue on ethical finance and identify universal principles of responsible economic behaviour.

Rapid technological advancement also opens a promising yet challenging research frontier. Studies are needed to clarify how blockchain, artificial intelligence, digital assets, and smart contracts can be aligned with Sharia requirements. Issues of digital halal certification, automated audits, and technological transparency require careful examination to ensure that innovation remains consistent with Islamic ethical boundaries. Another critical direction involves sustainability and ESG integration. Empirical research should explore how *maqasid al-shariah* can be operationalized within sustainability reporting frameworks, enabling Islamic institutions to measure not only financial performance but also social impact, environmental stewardship, and ethical governance.

Furthermore, understanding the behavioural and cultural dimensions of Islamic accounting practice is essential. Investigating how Muslim managers, auditors, and institutions internalize Islamic ethical values may reveal gaps between normative ideals and actual organizational behaviour. Finally, research on regulatory and policy development is needed, particularly on harmonizing AAOIFI standards, IFRS, and national Sharia regulations. Such work could support more coherent global Islamic financial markets and strengthen the credibility and comparability of Islamic financial reporting.

CONCLUSIONS

This study set out to understand how Islamic accounting developed throughout Islamic civilization, how it functions today, and how it can contribute to global discussions on ethics and sustainability. Based on the results and discussion, the study successfully meets these goals. The findings show that Islamic accounting has strong historical roots, beginning from the time of the Prophet Muhammad and becoming more structured during the eras of the Khulafā' al-Rāshidīn and the Abbasid period. These early practices were not only administrative systems but were built on values such as honesty, fairness, and social responsibility. This confirms the expectation stated in the Introduction that Islamic accounting is more than a technical process—it is part of a moral and civilizational framework.

The study also confirms that Islamic accounting today faces important challenges. Many modern standards still follow Western accounting concepts, and digital technologies are creating new questions related to Sharia compliance. These issues show that Islamic accounting needs a stronger epistemological foundation so it can stand independently and reflect its true values. Despite these challenges, the study finds that Islamic accounting has great potential to contribute to global issues such as sustainability, good governance, and ethical finance. Its core principles—justice, transparency, and social welfare—are highly relevant in a world facing inequality and environmental crisis.

The study highlights that Islamic accounting is both historically rooted and highly relevant to contemporary economic and ethical challenges, offering a coherent value-based approach grounded in justice, trust, and social welfare. To advance the field, future research should focus on developing clearer Islamic accounting frameworks based on maqasid al-shariah, strengthening sustainability reporting, and examining how ethical principles are applied in practice within Islamic institutions. Further exploration of digital technologies—such as blockchain, fintech, and AI—from a Sharia perspective is also essential to ensure transparency and responsible innovation. In addition, stronger collaboration among standard-setting bodies like AAOIFI, IFSB, and IFRS is needed to harmonize regulatory approaches while preserving the distinct ethical identity of Islamic accounting. Through these efforts, Islamic accounting can contribute more effectively to building fair, responsible, and value-driven financial systems that reflect the ideals of Islamic civilization.

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