

## **HARMONIZATION OF ACCOUNTING CURRICULUM: INTEGRATION OF ISLAMIC VALUES**

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### **ABSTRACT**

*Currently, the demand of accounting graduates to fulfill the corporate needs is increasing day to day. All this while accounting graduates are established using conventional contents in their accounting subjects. Previous accounting syllabus was developed mostly based on conventional accounting with reference to UK and US curriculum systems. However, it cannot be denied that Islamic values should be integrated to the curriculum to make sure that accounting graduates could also serve the Muslim corporate community and entity. This is to ensure that the entity is continuously operating within the bounds of the Islamic Syariah and delivering on its socioeconomic objectives (Shahul, 2001). The transformation of current conventional accounting curriculum to accounting curriculum with Islamic values may be more appropriate to achieve the socio-economic and religious objectives of Islamic institutions and Muslim users (Shahul, 2001). Therefore, this study will discuss the Islamic values integrated in 21 Accounting-Based Courses (ABC) offered in Bachelor of Accounting (Hons) in Kolej Universiti Islam Antarabangsa Selangor (KUIS). It is hope that possible recommendations can be drawn to harmonize the current accounting curriculum with the integration of Islamic contents and values.*

**Keywords:** *Accounting Curriculum, Islamic Values, Education, Kolej Universiti Islam Antarabangsa Selangor.*

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### **Introduction**

The first World Conference on Muslim Education (1977) in Makkah, was an alarm to the needs of educational reform in the Muslim world. The conference proposed a critical review, reform and integration between modern knowledge and Islamic heritage. This was due to modern disciplines taught in universities in the Muslim world were not value-neutral, but in fact reflect the experience and worldview of post-enlightenment Europe (Adebayo, 2007). The so called “management crisis” leads to every materialistic approach to management and accounting in the secularist and capitalistic systems which has successfully penetrated the many societies as well. This is largely due to the curriculum of the schools and universities in the Muslim countries that teaches various modern European arts and sciences, which are far the most part alien to the Islamic perspectives, has to a large degree injected an element of secularism into the mind of fairly sizeable segment of Islamic society (Nasr 1961, cited by Ata-al Sid 2007 in Alim, A. A. (2012). This implies that the teaching of both religious sciences as well as modern sciences must be included in the academic curriculum (Amin, R. M., Yusof, S. A. & Haneef, A., 2012).

### **Accounting and Islam**

Basically, accounting and reporting has been generally underlined in the Holy Quran: “*O ye who believe! When ye deal with each other, in transactions involving future obligations in a fixed period*

*of time, reduce them to writing; let a scribe write down faithfully as between the parties...*”(Surah *al-baqarah*2: 282). This verse shows that recording is important to fulfill rights and obligations of parties involved in transactions.

In addition, the Islamic view of accountability creates different objectives for accounting and reporting. The Islamic view of accountability is based on two main themes. The first of these is the concept of *tawhid*, which implies total submission to Allah’s will, and adherence to the religious requirements in all aspects of life. Muslims have to devote themselves to God as the fundamental aspect of their behavior. In the Islamic framework, everyone is accountable to God on the Day of Judgment for their actions during their lives (Napier, C., 2007).

The word *hisab* (account) appears more than eighty times in different verses of the Qur’an (Askary and Clarke, 1997, quoted in Napier, C., 2007). For example, “*Allah takes careful account of all things*” (Surah *an-Nisa*’ 4:86). This verse reflects that everyone is accountable to Allah. By right, accountant should serve not only job related on reporting and disclosure, but more importantly is to discharge their accountability by providing information to enable people to follow the commandments of Allah (Rahman, A. R. A., 2003).

The second main theme is the concept of ownership in Islam. God is the ultimate owner of everything. This does not imply that Islam does not recognize private ownership. Everyone has the right to own property, but the ownership is not absolute. A person holds property in trust for Allah and should use this property according to His will. The main objective for accounting in Islam is thus to fulfill accountability to Allah. This clearly differentiates the Islamic accounting model from that of the western model, where accountability to stakeholders such as owners is given priority (Napier, C., 2007).

This is also agreed by Alim, A. A. (2012) when he opined that accounting in general is about practicing the positive norms and bringing self-descendent values in daily life, while seeking Allah’s will and following the Prophet Muhammad’s Sunnah. Goals of accounting in Islam are not merely focus on money and worldly affairs, but they aimed at seeking a long-term intrinsic reward, which is the blessing of Allah.

When one realized that he is accountable not only to the stakeholders, but the ultimate accountability should go to Allah, the Merciful Creator, he will be responsible to what he did, no matter it is good or bad. This would create an inside-out values-based belief and driver to be an ethical and professional Muslim accountant (Salleh, A. & Ahmad, A., undated).

## **Ethics and Islam In Accounting Education**

Accounting education needs to include ethics as well as religious components to produce ethical professionals. Currently, ethical and religious component in accounting education have been found to be insufficient (Yunanda, R. A. & Majid, N. A., 2011 & Ahmed, A. A., 2012) and there is lack of emphasis on ‘humanizing’ the future accountants (Rahman, A. R. A., 2003). Looking at the current accounting syllabus, most of them do not consist of religious or ethical view, except for a few courses which are related to these two elements. According to Yunanda, R. A. & Majid, N. A. (2011), formal accounting education is generally based on traditional idea in which accounting is scientific knowledge and it is insulated from moral values and ethics. This is supported by Mahdavihou, M. and Khotanlao, M. (2012) when they concluded that one of the major weaknesses of current accounting curriculum is inappropriate time allocation for teaching ethical thinking along with accounting subjects. Most of the teaching hours are allocated to accounting itself while identifying and planning ethical behavior has been forgotten.

Historically, the issue of reforming the educational system in the Muslim world has been started since 1977 when the First World Conference on Muslim Education was organized. One of the main resolutions of the Conference was the call for an educational reform in the Muslim world (Amin and Haneef, 2011 as quoted in Amin, R. M. *et. al.*, 2012).

The International Islamic University Malaysia has started their attempt and initiative to work on integrated curriculum. Their conceptual model of the integrated curriculum structure covers

formal and non-formal education. The former emphasizes on classroom activities for the teaching of courses on religious and modern sciences, while the latter provides the avenue for the skills and character development of the students. It may be conducted in the form of group study circles, weekend retreats and other extra co-curricular activities. The content of these non-formal activities can include inputs from both religious and modern sciences (Amin, R. M. *et. al.*, 2012).

Providing both Islamic values and the concept of *maslahah* as a basic of decision making process can be considerable contribution of Islamic ethics towards accounting education (Yunanda, R. A., &Majid, N. A., 2011). As the result, this may lead to producing ethical accountants. Based on the crucial needs of the integrated curriculum, Ahmed, A. A. (2012) has come out with the conceptual paper on the Accounting in Islamic Perspective (AIP). In the research, he proposed AIP is developed as a new and formal accounting program. However, he argues that there are several challenges and problems faced by the proponents of AIP to develop this program even though the program carries a huge growth potential. The challenges include measurement of AIP, regulatory issues and implementation of AIP in organizations.

### **Background of Bachelor In Accounting (Hons)**

The objective of this program is to prepare the skilled students in accounting field theoretically and practically, to produce professional, versatile and competent students and to instill the understanding on business environment in information technology and Islamic working ethical.

This home grown program was developed in January 2006. There are 56 inclusive of elective courses offered in this program. Those courses can be classified into Major and Compulsory. Out of 56 courses, 67% are Major and 33% are Compulsory. There are 21 Accounting-Based Courses (ABC) offered to the students in this program. Out of these 21 courses 16are core course and another 4 are elective accounting courses. From the 4 elective accounting courses students are required to choose only 2 courses to fulfill the graduation requirement.

### **Significance of The Study**

This study is conducted to identify the Islamic contents and values in 21 accounting-based courses (ABC) offered in Bachelor of Accounting (Hons) in Kolej Universiti Islam Antarabangsa Selangor (KUIS). This is in line with the mission of the KUIS to produce graduates who are Daie', Ulama' and Umara'. This study will focus on the accounting-based courses (ABC). Non- accounting courses will not be studied in this paper. This paper is only focusing on Bachelor of Accounting (Hons) program in KUIS, other programs is not relevant to this study.

The objectives of the study are:

1. to identify the Islamic contents in every Accounting-Based Courses (ABC) offered by Bachelor of Accounting (Hons), KUIS.
2. to identify ABC that can be harmonized and integrate with Islamic contents and values for the development of academic curriculum in Accounting from the lecturers perspectives.

### **Methodology**

The data was gathered from an analysis of the course structure and a survey interview with the lecturers who taught the accounting-based courses (ABC) as the subject Matter Experts (SME).From the analysis on the course structure, it was found that there are 21 accounting based courses offered by Bachelor of Accounting (Hons) under FPM, KUIS. These courses can be clustered into 8 groups:

1. Financial Accounting
2. Management and Cost Accounting
3. Auditing
4. Taxation

5. Public Sectors Accounting and Accounting for Specialized Industries
6. Accounting Information Systems
7. Accounting for Islamic Institution
8. Integrated Case Study in Accounting

**Table 1: Accounting-Based Courses by Cluster**

No.	Cluster	Courses
1.	Financial Accounting	<ol style="list-style-type: none"> <li>1. Financial Accounting I</li> <li>2. Financial Accounting II</li> <li>3. Financial Accounting and Reporting I</li> <li>4. Financial Accounting and Reporting II</li> <li>5. Advanced Financial Accounting and Reporting</li> <li>6. Accounting Theory</li> </ol>
2.	Management and Cost Accounting	<ol style="list-style-type: none"> <li>1. Costing</li> <li>2. Management Accounting I</li> <li>3. Management Accounting II</li> </ol>
3.	Auditing	<ol style="list-style-type: none"> <li>1. Audit and Assurance I</li> <li>2. Advanced Audit and Corporate Governance</li> <li>3. Seminar in Auditing*</li> </ol>
4.	Taxation	<ol style="list-style-type: none"> <li>1. Taxation I</li> <li>2. Taxation II</li> <li>3. Advanced Taxation*</li> </ol>
5.	Public Sectors Accounting and Accounting for Specialized Industries	<ol style="list-style-type: none"> <li>1. Public Sector Accounting</li> <li>2. Accounting for Specialized Industries*</li> </ol>
6.	Accounting Information Systems	<ol style="list-style-type: none"> <li>1. Accounting Information System</li> <li>2. Advanced Accounting Information System</li> </ol>
7.	Accounting for Islamic Institutions	<ol style="list-style-type: none"> <li>1. Accounting for Islamic Institutions*</li> </ol>
8.	Integrated Case Study in Accounting	<ol style="list-style-type: none"> <li>1. Combination of item 1- 6</li> </ol>
<b>Total</b>	<b>8</b>	<b>21</b>

**Note:** \* Elective courses

Each course will be analyzed independently by looking at the Islamic contents of syllabus for every topic and sub-topics of the courses.

### **Discussion on Findings**

This analysis will discuss the results of the two methods of data collections which were 1) from the analysis of the course structure of Bachelor of Accounting (Hons) program; and 2) the questionnaire distributed to the lecturers (SME). The discussions on the results were as follows:

#### **a. Analysis of the course structure.**

Out of 21 accounting based courses observed and analyzed, only 2 courses contained Islamic components. These represent only 9.52% on the total population of the courses offered in Bachelor of Accounting (Hons) in KolejUniversiti Islam Antarabangsa Selangor (KUIS). Those subjects with Islamic components are Accounting for Islamic Institutions and Accounting for Specialized Industries. As for 'Accounting for Islamic Institutions, out of 12 chapters in the syllabus 10 chapters were on Islamic contents, whereas for 'Accounting for Specialized Industries', out of 7 chapters outlined only 2 chapters were merely on the Islamic contents.

**Table 2: Islamic Contents of 21 ABC by Chapters and Sub-chapters**

<b>Name of Courses</b>	<b>No. of Chapter</b>	<b>Total no of Islamic contents in sub-chapter</b>
Financial Accounting I	7	0
Financial Accounting II	7	0
Financial Accounting & Reporting I	8	0
Financial Accounting & Reporting II	8	0
Public Sector Accounting	6	0
Accounting Theory	14	0
Costing	11	0
Audit I	15	0
Audit II	13	0
Seminar in Auditing	13	0
Integrated Case Study	7	0
Public Sector Accounting	6	0
Taxation I	6	0
Taxation II	8	0
Advanced Taxation	12	1
Accounting for Islamic Institution	12	29
Accounting for Specialised Industries	7	0
Management Accounting II	7	0
Management Accounting I	6	0
Accounting Information Systems	7	0
Management Accounting I	7	0

Although KUIS is an Islamic academic institution, it was found that majority, which represents 90.48% of the accounting-based courses (ABC) outlined are less emphasized on Islamic contents. In other words they emphasize more on conventional contents rather than the Islamic for the accounting-based courses (ABC).

**b. Analysis of survey from Lecturers / Subject Matter Experts (SME).**

There are 21 accounting based courses offered and taught by 12 lecturers for Bachelor of Accounting (Hons) program. In average, each lecturer taught 2 accounting courses. We managed to collect the responses from 9 lecturers for 14 core courses offered. These represent 75% of the total respondents and 66.67% of the accounting-based courses (ABC) offered.

From the survey, out of 14 accounting based courses taught, 8 (57.14%) were exposed by the lecturers with the Islamic contents and values. The range of percentage for the Islamic contents and values exposed in each topic varies between 5% to 83.3%. The highest percentage of Islamic contents and values exposed by the SME is Accounting for Islamic Institutions and the least percentage is Auditing.

On the other hand, 42.86% of the courses have less Islamic contents taught. As claimed by the lecturers, the reasons why they did not include the Islamic contents were due to the course is very conventional and technical in nature. Other reasons were time constraints, the needs to fulfill the syllabuses outlined and some were lack of knowledge on Islamic contents to integrate to the courses taught.

However, when they were asked on whether integration of the Islamic contents in the current courses offered is suitable or not, majority of the respondents (92.86%) were highly agreed on the integration. The reason why a respondent (which represent 7.14%) was not agreed on this was because the lecturer has no idea on which area of Islamic contents to be inserted to the current accounting curriculum of that particular course.

## **Conclusion**

Although the Islamic contents were not listed 'black and white' in certain chapters of the courses, the lecturers did expose and teach the students with relevant Islamic contents and values while the learning and teaching process is taken place. As guided by the Holy Quran and the Prophet (PBUH), the Islamic contents and values that were exposed to the students are more on the Akhlak (behavior), Adab (attitude) and Syariah (the rules of rightness and prohibition based on the Quran and the Sunnah) of a Muslim. The technical part like the accounting concepts and conventions, the presentation of Financial Reports and other technical related knowledge on the standards (MFRS) were not yet harmonized with the Islamic contents and values due to lack of knowledge and exposure in this area. Yet, further discussion and study should be conducted to identify areas of Islamic contents and values that can be integrated with those accounting-based courses (ABC) offered by Bachelor of Accounting (Hons) program in KUIS. Perhaps, the verses and the essences of the Quran and the Sunnah can be explored and referred for the purpose of developing new accounting curriculum in order to harmonizing the curriculum with the integration of Islamic contents and values. However, this effort cannot be done as a single action of the department, or the faculty only. It should be supported by the management of the college and in collaboration with the Department of Muamalah, Akademi Islam experts and other academia and industrial experts to make it a reality. Furthermore, the management can plan internal courses or external courses for the lecturers to get more inputs on Islamic accounting teaching and practices.

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