

# Sofyan Syafri Harahap's Thoughts on Sharia Accounting and Its Implementation

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<p><b>Article History</b>            Received : 2017-07-10            Revised: 2017-07-16            Published: 2017-07-30</p> <p><b>Keywords:</b>  <i>Accounting, Sharia, Sofyan Syafri Harahap</i></p>	<p>This study examines Sofyan Syafri Harahap's thoughts on Sharia Accounting and its urgency in contemporary accounting practices. The study is based on the criticism of conventional accounting, which is considered unable to fully guarantee justice, transparency, accountability, and truthfulness in financial reporting. Conventional accounting is often viewed as being influenced by capitalist ideology, emphasizing profit maximization and material interests while neglecting ethical and spiritual dimensions. According to Sofyan Syafri Harahap, accounting should not merely function as a tool for decision-making but also as a means of accountability to stakeholders and ultimately to Allah SWT. The study reveals that the concept of Sharia Accounting is rooted in Islamic teachings, particularly in the principles of justice, honesty, transparency, and accountability as reflected in the Qur'an, especially Surah Al-Baqarah verse 282. Sharia Accounting seeks to ensure that financial information is free from fraud, manipulation, and injustice while promoting ethical economic activities. Sofyan Syafri Harahap argues that Islamic accounting existed conceptually long before the emergence of conventional accounting introduced by Luca Pacioli and that accounting practices should be aligned with Islamic values and objectives.</p>

## I. INTRODUCTION

Sharia Accounting is a new issue but has attracted significant attention from researchers and practitioners. No scientific work has yet been found examining or examining Sofyan Syafri Harahap's thoughts on Sharia Accounting, but research has been found that examines Sharia Accounting outside of Sofyan Syafri Harahap's thoughts. Kriyoto's paper, "Justice in an Islamic Accounting Perspective," touches on thoughts about Islamic Accounting. This article aims to interpret a word found in Surah al-Baqarah, verse 282, namely the word "fair" (or right). This interpretation is carried out in the context of accounting with the aim of finding a form of accounting that is imbued with the values of justice. This value of justice is not only a very important value in social and business ethics but also a value inherent in human nature.

Accounting knowledge is very important to support Company operations. Accounting is the recording of operational activities that are

organized, neat, and clear. If a company's accounting is good, the company can be considered professional. Financial reports present the final accounting product for stakeholders and are useful in decision-making. Accounting, specifically financial accounting, or what some call accounting, is a language or business communication tool that can provide information about the financial (economic) condition in the form of a position finances expressed in the amount of wealth, debt and capital of a business and its business results at a certain time or period (Sofyan, 1993).

An American accounting professor wrote the following: "...the introduction of Arabic numerals greatly facilitated the growth of accounting." This quote indicates that the use of Arabic numerals (1, 2, 3, and so on) played a significant role in the development of accounting. This means that it is highly likely that accounting recording methods already existed in Arab civilization.

According to Sofyan Syafri himself stated that Islam consistently emphasizes the avoidance of fraud and the avoidance of causing harm to others. This requirement must be enforced at all costs. A system must be in place to ensure the rights of all stakeholders, including social and government stakeholders, are protected, and no one is harmed in any cooperation contract, whether in the sale, mudharabah, or musyarakah sectors.

Buya Hamka in the excerpt of the Al-Azhar commentary on the 3rd chapter of the letter al-Baqarah verse 282 states the following relevant matter to accounting. "... and if later it needs to be witnessed again, there is already black and white on which to hold and doubts are gone, because even the smallest details are written down." From this verse, Sofyan Syafri Harahap notes that in Islam, since the emergence of the civilization of the Prophet Muhammad SAW, there has been an order to carry out a recording system whose emphasis is for the purpose of truth, certainty, openness, justice between two parties who have a muamalah relationship. It can be concluded that Islam requires recording for the purpose of justice and truth.

One Western writer stated that with the collapse of the Soviet Union and its communist-Leninist ideology, the only remaining ideologies were capitalism and Islam. This writer then continued, explaining that Islam has a very close level of compatibility with Islam. He concluded that, based on various studies conducted in the West, the Islamic concept revealed to humanity by Allah SWT through the Prophet Muhammad (peace be upon him) is a complete way of life, compatible with, and not in conflict with existing science and natural phenomena. This fact can be seen from various perspectives and disciplines, such as natural science, astrology, sociology, medicine, psychology, economics, and accounting.

In Indonesia, Sharia Accounting is developing and continuing gradually. In Several Indonesian scientists, experts, and researchers have written

about Sharia Accounting in their works. For example, Sofyan Syafri Harahap, in his books on Accounting Theory, which include Islamic Accounting, Supervisory and Management Accounting in an Islamic Perspective, and many other works on Islamic Economics, has touched on Sharia Accounting. In Sofyan Syafri Harahap's understanding and thoughts, accounting operates in all aspects and also towards the goals of Islam, making it interesting for the author to discuss Sofyan Syafri Harahap's thoughts on Sharia Accounting.

## II. RESEARCH METHODS

The methodology used by the author in this research is qualitative research. This type of research is library research. What is meant by Library research is a research conducted by collecting books and other necessary written sources and studying them. The approaches used in this research are juridical (applicable legislation) and normative. This approach is carried out to uncover various theories, views on life, philosophical thoughts, and other things that can be found in various written heritages, especially in books produced during a certain period in the historical perspective. This is particularly true for the results of research on the concept of sharia accounting. The data sources used in this research are library data such as books (books), journals, magazines, and other publication data (secondary) from institutions related to the research.

## III. RESULTS AND DISCUSSION

### A. Sofyan Syafri Harahap's Thoughts on Sharia Accounting Sofyan Syafri Harahap's Arguments and Criticism of Conventional Accounting

Societal development seems to be heading "back to nature" or "back to basics," he said. Naisbitt interpreted this phenomenon in his book, "Megatrend 2000," which he wrote based on

research using statistical trend theory. He stated that society in the year 2000 and beyond experienced increasing religiosity, or religious fervor. This means that society will return to paying attention to the teachings of its religion (Sofyan, 1997).

In various writings regarding responses, or rather criticisms, of current accounting, dissatisfaction with what conventional accounting actually provides to society is evident. If accounting serves as a source of information in the decision-making process, three things are found. First, the complexity of today's business decision-making process cannot rely solely on accounting information. Second, while accounting information sources have been considered dominant, it turns out that the economic and business situation is still experiencing various losses, corruption, fraud, crashes, depression, and so on. This means that accounting information, which has long been considered the basis for decision-making, has in fact resulted in many decisions taken from that source not producing good output, even leading to depression, bankruptcy, economic downturn, and so on. Third, ethical elements are becoming increasingly lax. Because accounting information is considered value-free, accounting is taken by interested parties for vested interests, which can be detrimental to society.

This experience gave rise to a new idea: accounting must reinvent itself or "introspect" if it is to avoid being abandoned or consigned to a museum of civilization. One such idea is the need for accounting to shift its function from a "decision-making facilitating function" to a more beneficial one. This gave rise to the "accountability" function, which has actually existed since its inception (Lee, 1994). Lee, who advocated this in his paper at an international seminar discussing this issue, stated that conventional accounting must be refined by adding media:

- 1) Assessment of management efficiency.
- 2) Disclosure of management fraud.
- 3) Explanation of the budget or work plan.
- 4) Accounting must increasingly eliminate the element of allocation, accounting must be morescientific.
- 5) Accounting must present relevant information, not only quantitative but also qualitative information

This trend was recently discussed at the 1994 International Accounting Conference in Adelaide, Australia. This trend, if examined in light of the popular phrase "back to nature" or "back to basics," emerges. Historically, accounting emerged for accountability, as embodied in the spirit of verse 282 of the Quran and the early history of the auditing profession. As economic practices developed, where production was no longer solely for personal or local consumption, trade emerged. This led to the development of a medium of exchange, shifting from the previous barter method. This led to differences in time and place for transactions, necessitating records or other recording media, whether in the form of stone, coins, wood, clay, or other forms. This is what has been found in various archaeological discoveries in Ancient Egypt, Rome, China, and Europe. Businesses expanded, and the practice of agency increased, so owners could no longer directly supervise their businesses. For example, in profit-sharing processes, they needed an independent party who could testify to the agent's calculations. This was the embryo of the auditor.

Accounting is essentially a domain of muamalah (transactions) in Islamic studies. This means it is left to the human intellect to develop. However, due to the importance of this issue, Allah SWT even gave it a place in the holy book of the Quran, Surah Al-Baqarah, verse 282. Through this Quranic verse, we can see the meaning of accounting, namely hisab, hasibah, muhasabah, and hisaban. Muhasabah literally means weighing or calculating. The origin of accounting is

undeniably the science of hisab, namely mathematics, which is now commonly a basic science in school subjects. In fact, the word hisab is not only found in the Quran. Some hadiths of the Prophet that use the word hisab include the words of the Prophet Muhammad (peace be upon him), which state, "The first thing to be accounted for on the Day of Resurrection will be prayer; so if the prayer is performed correctly, all his deeds will be correct, but if the prayer is defective, all his deeds will be defective." (Narrated by Thabrani). The meaning of hisab in this hadith is to calculate or evaluate (Azhari, 2014).

The above verse commands believers to record their non-cash transactions between people, such as debts, sales, and the like. This recording must be done by an honest and fair scribe. The honest and fair scribe in this verse signifies the need for the accounting profession.<sup>29</sup> The placement of this verse is also unique and relevant to the nature of accounting. It is placed in the second chapter, which can be likened to double entry, in verse 282. which describes the balance or balance sheet figures. We can even examine the relevance of the following verse in the context double entry or its pairing properties. In Surah al-Zariyat verse 49: "And we created everything in pairs so that you remember the greatness of Allah." And also Surah Yasin verse 36: "Glory be to God who created all pairs, from what the earth grows and from themselves and from that which they do not know.." If we examine the universe's system and natural management, it turns out that the role or function of accounting is enormous. God has angelic accounting which is very sophisticated, namely Rakid and Atid, angels who write/journal transactions carried out by humans, which produces books/balance sheets which will later be reported to us (owner) in the afterlife. This is emphasized in the letter al-Infithar (82) verses 10-12, "In fact, you have an angel who monitors your work (10). The one who

is noble in the sight of Allah and who records your deeds (11). They know what you do (12)."

Conventional accounting faced problems that led to the emergence of thoughts and ideas to uphold Islamic/sharia accounting. Sofyan Syafri Harahap wrote, "From its early history until the 20th century, financial reports were still considered true. However, eventually, financial reports were no longer considered true, but rather used the terms reasonable, appropriate, or fairly stated. This situation shows that conventional accounting, with its various instruments and characteristics, feels unable to guarantee the "truth" of accounting output. Islamic accounting must be able to guarantee that the information compiled or presented is true and free from elements of fraud or injustice, free from partiality to certain interests. The information provided must be transparent, tested, and accountable in this world and the hereafter.<sup>33</sup> Conventional accounting is still always suspected because Islamic concepts are not the basis for conventional accounting. Islamic accounting must guarantee that the information compiled and presented is true and free from elements of fraud and injustice.

In this case it is clear that human reason in accounting must be in harmony with the commands Religion through the Quran. Sofyan Syafri denies capitalist accounting, which originated with Lucas Pacioli in 1491, because Islam had already recognized the scientific issues raised by Lucas Pacioli 600 years earlier. He explains through his thoughts that Islamic or Sharia accounting is a solution to the fair recording of the weaknesses of capitalist accounting. Capitalism arose from the belief that societal prosperity only arises when production activities are handed over to individuals. The figures behind this are Adam Smith, John Maynard Keynes, Alfred Marshall, Milton Fridman, and even Gunnar Myrdal, among others. This conceptual idea continues to develop and find its

form to the present day. According to this ideology, to achieve societal prosperity, individuals must free themselves to own the factors of production, process them, and utilize them for their own benefit, carried out rationally and economically. Thus, society will be able to enjoy the progress of capitalism through the resulting production activities, consumption, and the resulting employment opportunities. Consequently, public income increases, savings increase, and ultimately investment increases. This condition will create a multiplier effect which will ultimately lead to prosperity. society. Whether this is the reality is up to us to judge. However, what is clear is that the development of the capitalist economy has been heavily influenced by the development of accounting. Even today, accounting models are widely used to help management, capitalists, and investors manage their companies, resulting in the creation of highly complex, multinational conglomerates.

### **B. The Urgency of Sharia Accounting**

Islamic accounting exists and is very different from capitalist accounting. Islamic accounting is a system or tool that must support the implementation of sharia, which supports efforts to increase devotion to Allah SWT. Sharia is a source of coolness, which provides a way for humans to interact with nature and with the Creator. Sharia is Allah's rule given to humans as God's vicegerents in managing this universe so that we live in harmony in this world and are safe in the afterlife. Accounting, in any form, must be based on Islamic philosophy, namely obedience to and worship of Allah SWT, unlike capitalist accounting, which only considers the interests and greed of the capitalists in hoarding wealth and believing that wealth is eternal and can solve all problems (Sofyan, 2007)

Capitalist accounting is derived from the capitalist economic system, which has an ideology of world prosperity through the creation of goods and services needed by humans without any

limitations or ethical moral rules. The capitalist economic system is based on lust, egoism, and rationalism. It has no god but itself, thus having a detrimental impact on nature and ultimately humanity itself. While capitalist accounting may appear to be good and neutral, its true nature is the opposite. Capitalist accounting strives to fulfill the needs of capitalism, which is governed by greed, knowledge, and egoism.

Sofyan Syafri Harahap stated that Islam places pressure on the obligation to carry out Recording is evidence of transactions (muamalah) that will serve as a basis for resolving subsequent issues, and to prevent manipulation or fraud in both transactions and the results of those transactions (profit). In accounting, the purpose of recording is accountability or as evidence of transactions, determining income, and information used in decision-making processes, etc.

Islamic accounting is a Islamic accounting is not a matter of faith or ritual worship, as many people often assume. Islamic accounting is a science, discipline, and accounting system, just like capitalist accounting. Studying Islamic accounting has become a necessity in today's increasingly global economy. This is driven, for example, by the growing awareness of paying zakat, both personal and corporate, the emergence of various Islamic foundations and organizations requiring it, and the growing number of business institutions implementing Islamic law, which will require Islamic accounting and the personnel to master it. The existence of this institution certainly opens up opportunities for the wider community to collaborate with it. For example, If a bank, like Bank Muamalat, operates according to Sharia law, other banks or companies seeking loans, collaborations, joint financing, loans, or syndications will inevitably need to understand the accounting system of the institution they are collaborating with. Similarly, on an international scale, as Mueller notes above,

more and more countries will adopt this Islamic accounting model (Iwan, 2001).

Knowledge of Islam is absolutely necessary to view accounting from an Islamic perspective. Islam has emphasized the importance of recording, information, and justice in The Qur'an, Surah Al-Baqarah 282, requires each of us to record all transaction activities, maintain bookkeeping, and avoid fraud. Capitalists claim that accounting was born of Lucas Pacioli, but it is clear that Islam historically revealed the Qur'anic verse we mentioned earlier. However, capitalist accounting, also known as conventional accounting, has many weaknesses. The problem with conventional accounting is that many weaknesses arise from the accounting itself, as the accounting described does not confirm God's commands and appears hesitant and changeable. For example, what was once approved as true has now become reasonable. Due to these obstacles, for the author, through the thoughts of Sofyan Syafri Harahap, who follows the foundation of the Qur'an, sharia accounting has urgency in global accounting practices.

#### IV. CONCLUSION AND SUGGESTIONS

##### A. Conclusion

Prof. Sofyan Syafri Harahap, was born in South Tapanuli on November 23, 1956 and passed away on February 2, 2012. He passed away at the age of 55. He lived on Jalan Tebet Timur Dalam IA No. 4, South Jakarta. He had a wife named Mrs. Nirmawaty and had 5 (five) children. Prof. Sofyan's thoughts, works, or ideas have been poured into his extraordinary books, especially in discussing Islamic Accounting. One example of his book is *Akuntansi Islam: 1997*. Of course, by producing this work, it can have a positive scientific effect on people who read, research, and study his works. In addition, with the many works he produced, people who need or conduct economic studies, especially accounting, especially in terms of Islamic accounting, will find

out and will get to know him, including myself as a researcher.

Conventional accounting has problems that have given rise to thoughts and ideas to uphold Islamic/sharia accounting. Sofyan Syafri Harahap wrote: "From the beginning of its history until the 20th century, financial reports were still considered true. However, eventually, financial reports were no longer considered true, but rather used the terms reasonable, appropriate, or fairly stated. This situation shows that conventional accounting, with its various instruments and characteristics, feels unable to guarantee the "truth" of accounting output. Islamic accounting must be able to guarantee that the information compiled or presented is true and free from elements of fraud or injustice, free from bias toward certain interests. The information provided must be transparent, verified, and accountable in this world and the hereafter. Conventional accounting remains suspect because Islamic concepts are not the basis for conventional accounting. Islamic accounting must ensure that the information compiled and presented is accurate and free from fraud and injustice.

From another perspective, Sofyan Syafri Harahap, in his work "Accounting Theory," argues that even though we have de facto seen Islamic business entities established and using Islamic accounting, there is still a perception that Islamic Islamic accounting does not exist. They argue that even if it does exist, it is the same as conventional accounting or the capitalist accounting we are familiar with. If there are differences, they are only in terminology or ethical emphasis. Therefore, we need not bother simply infusing capitalist accounting with Islamic values.

Knowledge of Islam is absolutely necessary to view accounting from an Islamic perspective. Islam has emphasized the importance of recording, information, and justice in Surah Al-Baqarah 282 of the Quran requires each of us to

record all transactions, maintain bookkeeping, and avoid fraud. Capitalists claim that accounting was born of Lucas Pacioli, but it is clear that Islam historically revealed the Quranic verse we mentioned earlier. However, capitalist accounting, or what we know as conventional accounting, has many weaknesses.

### **B. Suggestions**

Based on the findings of this study, it is recommended that the development and implementation of Sharia Accounting be strengthened in both academic and professional environments. Educational institutions should increase the integration of Sharia Accounting concepts into accounting curricula to equip future accountants with a comprehensive understanding of Islamic accounting principles and practices. In addition, further research is needed to develop theoretical and practical frameworks that can support the wider application of Sharia Accounting in various sectors.

Government institutions, professional accounting organizations, and Islamic financial institutions should collaborate in promoting standards and regulations that support the implementation of Sharia Accounting. Greater emphasis should also be placed on ethical values, transparency, justice, and accountability in financial reporting practices. The application of Sharia Accounting should not be limited to Islamic financial institutions but should be explored as an alternative accounting framework capable of addressing ethical deficiencies found in conventional accounting systems.

Furthermore, business organizations are encouraged to adopt accounting practices that prioritize social responsibility, fairness, and stakeholder welfare alongside profit generation. By integrating spiritual, moral, and economic

objectives, Sharia Accounting can contribute to the creation of a more ethical, transparent, and sustainable economic system. Therefore, the principles proposed by Sofyan Syafri Harahap remain highly relevant in responding to contemporary challenges in global accounting practices.

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