ISLAMIC MORALITY AN INTEGRAL PART OF MODERN ACCOUNTING

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ABSTRACT

Despite codification of different rules, regulations, standards and bylaws as well as punishments, misuse and unprofessional ethics are evident in accounting. The reason of this problem has always been discussed. This paper studies the importance of Islamic ethics in accounting science. Unpleasant events and deviations in this profession have caused this problem to be addressed more than ever. Several reasons have contributed in this problem including different ways of failure, lack of complete rules and regulations with minimum errors and/or personal material and spiritual reasons, etc. One of the most important reasons is the lack of any ethical sensitivity. Although the ethics in accounting is not a new subject, it is only instructed in a few universities as a course. Considering unprofessional behaviors in traditional accounting, it is clear that ethics has been isolated as of its instruction. Ethics in Islam and Islamic accounting is considered among the major and primary principles and elements. Considering concepts such as trust (Amanat), God' Representation (khalifah or vicegerent), humanity and their internalization, deviation of ethical values can be minimized in long term. Effort is made in this research to review the position of ethics in traditional and Islamic accounting, accountability of both approaches and their instruction based on Islamic and traditional accounting.

KEYWORDS: Islamic Ethics in Accounting, Accountability, Internalization

Accounting is like a puzzle that consists of different characteristics & principles. Some of the components of this puzzle include higher education, professionalism, credibility, objectivity, etc. All the mentioned qualities, elements and segments should be on a firm basis and should be arranged correctly so that the main scheme is manifested and maintained. That firm base is ethics. Ethic includes all the characteristics of a profession and if all of the actions & deeds are integrated in moral principles, it actually finds its real position in the society. Islam completes & interprets human & social ethics. There is a famous quotation from prophet (peace be upon to him & his family) which says (I have been created to complete the moral principles). It completely shows the position of the ethics in the Islam.

Today, some of the professional problems & errors in all fields & affairs, including social, philosophical and in natural sciences is seen. These issues can be consciously seen where a person may face pressure position or even death due to the intentional negligence & ignorance of physicians. This is while most of them swear in regard to their specific profession and a majority of them have the professional & super professional experts & skills. So unimportant & mistaken errors are not markedly noticed, how can justify the clear mistakes in surgeries, recognitions, the lack of recognitions and the others? Lack of attention to humanity and ethics is the main reason for that. Sometimes, the name of companies, private institutes and even some of the people are found to take advantage of their current position because of the misuse of public assets. Companies such as Enron & WorldCom are clear samples of these mistakes they emerged. But what is important is the question that if there is an accounting circle over there or if accountants with the organization management and those who abuse their position trust each other? At first, will be referred about problem statement, objectives of research, the literature review, methodology and then findings and finally the conclusion should be fully taken into consideration.

PROBLEM STATEMENT

In order to achieve an objective and to succeed in a process, many factors should be considered. The principles and moral values are among significant factors if a system (a firm) can be materialized among employees, a company actually achieves high position level. Since humanity, ethics & behavior originate from people themselves, it is noticeably considered by a majority of people. Among values, counter-values such as stimulus, desire for possessing wealth & strength, lack of moral sensation and other instances, continuously affect them. Negligence in accounting in different countries is increasing. Why accountants take advantages of their position and why they do not pay any attention to the moral and professional principles? Are the related laws & regulations insufficient? Or insufficient training is the main reason in this field?

OBJECTIVES OF RESEARCH

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This paper tries to discuss the important factors of the existence of ethics & moral in a profession, the position of ethic in the traditional & Islamic accounting, accountability, education and the moral internalization in the accounting in regard to Islam religion and its books such as Quran and Nahjolbelagheh. Finally, lack of a good method for teaching in the traditional accounting and lack of effectiveness in its high and positive level, in comparison to the Islamic education of accountants also should be here covered.

LITERATURE REVIEW

Rochania Yunanda and Norakma Majid (2011) believed that Islamic moral is related to the teaching in the accounting university. Common methods of accounting, problems about the shortage of moral education, the importance of moral laws & regulations and the role of faith in expanding the moral principles are among its working programs. Finally, Islamic moral & behavior are necessary elements in this field that should be the main rather than superficial part in the accounting principle (Yunanda & Abd Majid, 2011) and graduates from accounting without the necessary information from the moral principles & concepts are unable to play an effective role in the society (saghafi & et al, 2010).

In other studies such as (A New Breed Of Islamic Accountants And Their Role In Islamic Institutions) and other studies, focused on the Islamic moral in the field of accountability and training the accountants who are responsible for with different titles are called Alkatib & Almohasebeh (Abdul & et al, 2012).

Triyuwano (2000) has introduced the function evaluation fundamentals of the Islamic organizations as Zekat and accountability in this field also was discussed. Although the issue of Zekat in Islam is among the main elements, but in its optimistic point of view, it cannot cover all the economic and social issues. In the discussion of the Islamic accounting, research has been done in Malaysia and this study has determined some titles as the aims in the Islamic accounting on which Islamic accountability has been selected as the main purpose of Islamic accounting (YaYa & Hamid Eben Mohammad Ibrahim, 2005). According to the recent studies in most countries, in respect with the reasons of deviations in the accounting profession, different affairs were pointed out such as: ambition, academics & accounting elites separation of profession and the fall of moral values (Sedighian & Shokohi, 2012) and at times this studies using the data and the historical, financial and the Islamic as well as commercial and considering the titles such as Khoms & Zekat consider the issue carefully (Shoaei, 2012). On the whole, studies and researches of this profession can be classified into two titles as the Islamic moral and accountability and Islamic moral as well as education.

METHODOLOGY

Considering the important parts of the study, the existing conferences & researches in the field of the professional ethics in accounting and Islamic moral in accounting during the recent years and using the different books and studies from other sciences this study has been compiled.

FINDINGS

The Position of Ethic & the Islamic Ethic in the Accounting Science

After the separation of a single ownership & management, a factor or agent should communicate “the trust & responsibility” to each other. One of the major reasons for that is to maintain the stockholder's interests and benefits, government and others who are the legal rights of this single management in which its real income and spending are calculated by accountants and are confirmed by auditors. Thus, accountants are the main correlation chain of management and any other beneficiaries. In addition to the professionalism, the constant learning, having the high level university degree, there are other issues such as: trust, morals & humanity among the main necessities of accounting and auditing. The accounting profession is among the more disciplined professions and due to the kind of services presents, it has high valid ability. The continuation of this validity and its improvement to the thinking & practical loyalty of the profession members relates to the behavioral & moral regulations. (Tehran's professional behavior law, Iran's official accountant's association, 2001).

The dominant universities in the world cover the course of professional ethic as their major one (Rahmani & et al, 2008) and based on the priority of poll from famous faces and those who have excellent experience in teaching in Iran to provide new courses, have been implemented, the course of accounting ethic has a high level of position among any others one (Saghafi & et al, 2010). But considering the importance of the above issue, unfortunately, the ministry of science in Iran ignored the course of accounting ethics or Islamic ethics of accounting in offered syllabus and it focused on its same traditional
method with more emphasize to the technical matters (Wyer, 1987). Perhaps the existence of the public moral concepts in the society undermines the importance of professional education. Duska and Duska (2003) say about the necessity of the moral education: (the moral beliefs of a person may be in not sufficient, because they may be simple ones which are unable to solve the problems in the critical conditions. The study of ethic can help these critical problems through providing the information and awareness in regard with the used principles in the similar cases. Second, in some cases, due to the existence of the corresponding moral principles, it is hard to determine and identify the work should be done. In these cases, ethic is able to show a constructive vision in which how to judge among the corresponding and shows a better solution that is better than any other ones. The third option is that people may have improper beliefs or they may be loyal to inappropriate values, following from such beliefs or values in the moral analyze may be specify the inadequacy of the belief and person understand that what he/she considered them as incorrect, are acceptable or vice versa (Duska & Duska, 2003).

Considering the teaching the professional ethics in some countries, there is still the concern of abuse in accounting, and the lack of an effective element can be focused on and it is the Islamic ethics in the accounting profession. As related to the complicated concepts of morals, Islam has the different principles and constructive guidelines which are useful such as the existence of three rights for God, people and person and people should consider all of these rights and they are responsible for them if they cause disruption with them.

Social Responsibility, Professional Accountability and Islamic Ethic

Social Responsibility & Islamic Ethic

All professions for serving and public and private trust express the principles and rules that can be carried out. In the accounting & auditing, the law of professional behavior includes the principles & laws in order to determine the professional responsibility in respect with the society and its practical operational can exist that were enacted to achieve to the best professional principles & regulations, performance with high quality and based on the principles and supporting the public benefits. The basic principles & regulation (general ethical requirements) consist of: integrity, objectivity, professional competency and due care, confidentiality and professional behavior (Alani & Alani, 2012) and (Skandri & Orfi, 2010).

Governments mostly enact laws and regulations and the professional organizations, standards, the special forms and rules, and occasionally obligate them, but it is different in each country due to the environmental conditions. But in any case, each organization and institute has its special regulation. In the previous matters it was understood that accounting is a branch of the social sciences. Therefore, with regard to the society, it is responsible for that and it cannot play a role for its private benefits. In most west countries, man is the real owner (YaYa & Hamid Eben Mohammad Ibrahim, 2005) and Considering this fact that people in obligatory agreement and its related regulations, they find easily some ways to run away, they can easily use from some public benefits for their personal interests (Alani and Alani, 2012) and the time their measures are unknown and any necessary measures done with them, they can continue to their works. In other words, Islam and its principles call human as a trusted one (Amanat), and it considers the man internally as a trusted one (Amanat) rather than the main owner (YaYa & Hamid Eben Mohammad Ibrahim, 2005). Quran is mentioned: (God knows everything from what we do) (Soreh Nor in verse 30). Thus accountants based on the Islamic ethic cannot consider their benefits in respect with the society's damage whether in the apparent case or in the hidden one since according to the faith and religion they should be responsible for their actions and they should not do everything in an obligatory form.

Accountability and Islamic Ethic

In the accounting profession, helping the accountability is the main aim (Lewis 2006). What information should an accountant reveal? And in which cases should they keep secrets? Ijiri (1976) as a university professor in Karengy pointed out the different groups who they are in an accountability pattern. He says: (in a framework based on the accountability, the main object of the accounting is to produce a logical system from the information current (between person who is accountable and a person he needs accounts) … based on the relation referring to accountability, person who receives an answer has the right to know and learn. On the other hand, in this framework, to this reality is noticed that an accountable person also has the right to protect his/her privacy policy. More information about the accountable person doesn’t mean better information, perhaps this information may be
more from another perspective who receives the answer, but necessarily and regarding to the entire relation in the accountabilities pattern, it cannot be better) (Hendrksen & Van Berda, 1992). So an accounting should not reveal the special and important information of a company even if it is opposed with the management system in some cases, except in the legal cases. In the textbooks of Mostadrak-alvasial & Mostanbat-Almasaail from Amir-Almomenin Hazrat Ali (peace be upon to him and his family) is mentioned: (don't turn traitor to who he has considered you as his/her trust and honest though he, she would turn traitor to you and don't reveal (tell) his/her secret though he has revealed your secret). Therefore, an accountant with moral qualities and aware of the Islamic laws, should constantly keep the things(secret-keeper) from others secure and at the same time he/she be accountable, even afflict the financial & divine damages. These practical points are the main difference between the traditional and Islamic accountant.

In the main book of the Muslims “Quran” has been represented: (O you who believe! Betray not Allah and His Messenger, nor betray knowingly your Amanat (things entrusted to you and all the duties which Allah has ordained for you). (Surah Al-Anfal, 8:27). Also in the verse 72 Soreh Al-Ehzab is said: (Truly, we did offer Amanat (the trust or moral responsibility or honesty and all the duties which Allah has ordained) to the heavens and the earth, and the mountains, but they declined to bear it and were afraid of it (i.e. afraid of Allah's torment). But man bore it. Verily, he was unjust (to himself) and ignorant (of its results)).

Considering the mentioned verses which are understandable, in the thought & principles of Islam and Muslims, only human is the substitution of God as well as the trustee (Amanat) of the Allah creatures. Trust (Amanat) means that human should attempt to develop the world in order to achieve his/her needs and they should be responsible in the Hereafter (Akherat) for what they do in this world (Alani & Alani, 2012). Accountants with the Islamic ethic understand if they do anything at the present time, beside of users of accounting information, in the case of insufficiency, they should be responsible for them in the Hereafter (Akherat) and in front of God. The extension of accountability exceeds from the presented accounts related to the measures done to the employer and this is supposed and the metaphysical aspect of accountability to the God produces by the way of accountability to the society (Hameed, 2000). Accountability in Islam means that all Muslims such as accountants make sure that their actions in this world is based on the Islamic principles and faith or religion (Abdul & et al, 2012).

Accountability can be defined in two initial groups meaning accountability to God in the presence of his trust (Amanat) and the second one in which it can be considered through an agreement between the owner of the investment and investor. To present its accountability, both the Islamic organizations and the owners of the investment take charge of it (YaYa & Hamid Eben Mohammad Ibrahim, 2005). The main accountability doesn't mean that based on this accountants feels that abuse from the current demerit points and they should know that their responsibilities is not limited only to present the positive numbers. The law in regard to the agreements ethic was considered by Muslims at least the previous 1400 years. As the verse 282 Soreh Baghareh mentions the need to write down a debt for a fixed period and also the responsibility of the scribe. In the religion of Islam, the accounting profession is a fardkifayah (personal necessity). Fardkifayah means a religious duty as a group, when some Muslims do that, others exempt that, but if nobody do that, it is an involved sin in the society (Alani & Alani, 2012).

As mentioned before it is understood that only consciousness and humanity that can prevent the abuse actions of the related profession and many teaching methods that were up to now, has little effect or ineffective in its optimistic case. Therefore, only Islam can survive the moral into the human's heart.

The Islamic Professional Ethics in Education

However, accountants for some reasons such as personal benefits, the lack of independence, the lack of the moral sensation, and the lack of objectivity, or others, may be tending toward unprofessional actions and the deviations (Jackling & et al, 2007). Despite the moral issues in the accounting principles is not a new one, but for a while it was out of line. The necessity to discuss it due to failure and collapse of some companies such as Arthur Andersen, WorldCom and Enron should be greatly considered. After the event in America to make assurance in users of the financial statement, Sarbanes-Oxley Act (SOA) in 2002 was passed in which its main aim was ‘to protect investors by improving the accuracy and reliability of corporate disclosures made pursuant to the securities laws, and for other purposes’. The International Federation of Accountants (IFAC) has established the International Ethics Standards Board for Accountants (IESBA) to develop and issues high quality ethical standards to be applicable
throughout the world for professional purposes (Alani & Alani, 2012).

Nations council charter was written by ninety and four countries, researchers & scientists, high-ranking politicians and perspicacity, after two years of thinking & the exchange of ideas. Some scholars compared Amir-Al-Momenin,s order to Maleke-Ashtar with Nation,s council charter, and everybody confess that Amir-Al-Momenin,s order was better, more powerful and more scientific than Nations council charter. This should not be ignored that Amir-Al-Momenin,s wrote Maleke-Ashtar,s order to Egyptian during his movement to Egypt without any opportunity. (Mazaheri, 2010). Considering the above article and some verses from the holy Quran which was previously mentioned, there was no doubt in respect with concepts, Islamic principles and the holy book (Nahjolbalagheh & the holy Quran) in the moral principles of accounting and the accounting principles. Thus, the necessity of the existence of the Islamic financial institution seems to be reasonable. Today's, the Islamic financial affairs are increasingly rising. And that an Islamic Financial Institution (IFI) should have the moral principles is a normal thing. This is why the Accounting & Auditing Organization for Islamic Financial Institutions (AAOIFI) was formed with a set of the moral principles for accountants and auditors who are the members of the International Financial Institutions (IFIs).

The moral principles which were written by Accounting & Auditing Organization for Islamic Financial Institution (AAOIFI) can be used by the internal accounting and other compiled principles can be accepted and carried down when they should not be in contrast with the principles & Sharia. The principles was proposed as a means can help the accounting develop themselves, for the moral recognition from the current ways and that are they consistent with the Sharia,s regulations and was they shown to make sure from the correctness and the assured validity of the accounting data based on the financial statement.

In this principle, there are three parts: the Sharia,s fundamentals in the Islamic ethic, the moral principles of accountants and the rules of the moral behavior for the accountants. The arranged principle by the traditional accountants, it they are not in contrast with the Sharia,s principles, can be logically used and carried down. However, for uniting the Islamic moral principles in the education system, if any commitment among people is not internalized, will worthless. Islam with its divine values, play an important role in generalizing the moral & behavioral values(Yunanda& Aba Majid, 2011). Those accountants who graduates from university, are unable to play an effective role in the society unless they have sufficient knowledge from the principles & moral concepts in the accounting (Saghafi& et al, 2010). The moral teaching during the students curriculum in the accounting major should be improved. This case can be considered in the form of the free- discussion in the class, discussing the latest matters in a case studies and creating the course. The teachers in this course should not impose their ideas; in return, with forming a group for more discussion, with the other student,s opinions, achieved moral proper patterns and the behavioral ones.

It should be here mentioned that there are some jobs in the Islamic law, goods and other cases that its production and consume is not authorized and Islam cannot accept them, and interchangeably doing some things such as accounting in the similar companies, whether in traditional or in Islamic it is not authorized and this paper discusses all the accountants of companies in which the way of production is legally (Halal) done.

DISCUSSION & CONCLUSION

If all accountants come to this conclusion that they are finally trusted (Amanat) and they should be responsible in the presence of God for what they do whether in an apparent case or in hidden one and as a matter of fact, the main auditor is God, they should not act immorally even in the financial & spiritual conditions from its critical one. To achieve to this aim, the university professors and elite in the accounting science with the cooperation researchers and the morals sciences teachers the divinity ones integrate the principles and standards and they should compile and interpret the correction, deficit, the extra debates in the traditional accounting with bylaw, principles and the divine Islamic books (such as Quran and Nahjolbalagheh and so on). And finally, its selection should be optional. Holding up some different classes with open- mind and thought (the freedom in view and expression) in each semester will also be so effective and in long- term periods, it causes internalization, the main understanding of the Islamic ethic concept among the accountants.

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