Shari'ate organisation and accounting: the reflections of self's faith and knowledge

Iwan Triyuwono

University of Wollongong

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SHARI'ATE ORGANISATION AND ACCOUNTING:
THE REFLECTIONS OF SELF'S FAITH AND KNOWLEDGE

A thesis submitted in fulfilment of the requirement for the award of the degree

DOCTOR OF PHILOSOPHY

from

UNIVERSITY OF WOLLONGONG

by

IWAN TRIYUWONO
SE., Ak. (Braw), MEc. (Macq)

DEPARTMENT OF ACCOUNTING AND FINANCE
1995
DECLARATION

I hereby certify that this thesis has not been submitted previously as part of the requirements of another degree and that it is the result of my own independent research.

___________________________________________
Iwan Triuwono
ACKNOWLEDGEMENT

Praise be to Allah, the Cherisher and Sustainer of the worlds, Who has given me an ability to complete this thesis. As an expression of my gratefulness and worship to Him, I dedicate this thesis for the benefits of the humanity and of the universe.

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**SHARI'ATE ACCOUNTING: AN ETHICAL CONSTRUCTION OF ACCOUNTING KNOWLEDGE**

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ABSTRACT

Many recent studies in accounting no longer see the discipline as an independent craft. Rather, accounting may be understood as a symbol which cannot be separated from its organisational and social contexts. It inherently intertwines with values, perceptions, and perspectives of members of a society within which it is conceived as a social product and has a powerful influence on shaping social realities. This study realises that the social realities are crucial, as they are capable of influentially driving and placing the life of individuals in their networks.

Viewing the issues, self is central to this study as the construction of reality is apparently driven by the self. By making use of "extended" symbolic interactionism (a combination between symbolic interactionism and Islamic values) as a means to amass first-hand knowledge, this study not only attempts to capture and analyse the meanings of the realities, but also tries to comprehend the process of how self’s perspective is socially moulded and of how realities are socially constructed. This study explores the realities in the framework of the Islamic values of "faith, knowledge, and action" through symbolic interactions, the indications of which signal that selves' perceptions of realities (in particular, organisation and accounting) are diverse, but the realities are seen predicated upon the same applied values - Shari'ate ethics.

This study also argues that selves look upon organisation as a trust (amanah). It normatively implies that there is a need for ethically constructing a trust metaphorised organisational reality and a zakat metaphorised organisational reality for social and business organisations respectively to realise the organisations' ultimate goal, that is, disseminating mercy. In accordance to the realities, accounting is imagined as a medium that utilised to reflect the organisational realities. Therefore, to attain a high accuracy of reflections, it is propounded that the philosophical foundations of accounting knowledge should be ethically reshaped based on Shari'ah; the ethics upon which the organisational realities are also predicated. By doing so, organisational and accounting knowledge can be enlightened towards Shari'ate ethics-based knowledge. It is intended to be the "real" knowledge that may guide individuals towards self-consciousness to worship only God through their luxuriant actions.
CHAPTER ONE

INTRODUCTION

To acknowledge that there is no god but Allah (SWT) is to recognize Him as sole Creator, Lord and Judge of the world. It follows from this witnessing that man was created for a purpose, since God does not work in vain; and that this purpose is the realization of the divine will as it pertains to this world in which human life finds its theater (al-Faruqi 1992, 91).

Accountants often see themselves as engaged in an objective, value-free, technical enterprise, representing reality "as is." But in fact, they are subjective constructors of reality... (Morgan 1988, 477).

1. Introduction

For some decades accounting has traditionally been understood and taught as a set of rational procedures which are weaved to meet the needs for information that is useful for rational decision making and control (see, for instance, Watts and Zimmerman 1986; Horngren and Foster 1991); it is like technology, hard, concrete, tangible, and free from the values of a society in which it is weaved and practiced, and sustains stability. This view is indeed under attack of others who basically criticise the philosophical assumptions on which the former view rests (Sterling 1990; Dillard 1991; Manicas 1993).

Since the 1980s, however, there has been a growing concern among accounting researchers and authors to perceive accounting in its broader (organisational and social) context. As a result, accounting starts to be seen as an ever-changing entity; it is not viewed as a static or finished product of a society, rather it repeatedly experiences changes over time (see, for example, Hopwood 1983, 1987, 1990; Morgan 1988; Miller and Napier 1993) depending upon its environment. This concern actually was signaled some years ago when Tricker, for instance, asserted that "accounting is dependent on the ideology and mores of society. It is not value free. It is a child of its culture" (1978, 8). Thus, it has implications for accounting studies. Some works, irrespective of the approaches and perspectives utilised, have
indeed demonstrated that accounting is crafted by its cultural (Hofstede 1987; Gray 1988; Perera 1989; Riahi-Belkaoui and Picur 1991) economic (Abdel-Magid 1981; Bailey 1988), political (Solomons 1978, 1983; Tinker 1984; O'leary 1985; Daley and Mueller 1989), and social settings (Gambling 1974; Burchell et al. 1985). And in the micro (organisational) level, accounting has also been changing through the directions and influences of such an organisational environment as organisational reform and improvement; organisational tasks; strategy, structure, approaches to fragmentary works, technologies and practices; and social conflicts within the organisation (Hopwood 1987).

Having experienced the changes, accounting then does not stand in a vacuum, rather it actively transmits its potential power and starts to influence and shape the environment or reality in which it is practiced. Morgan (1988), in this respect, argues that not only does accounting reflect reality, but it also shapes reality; and with the same view, Hopwood (1990) also has noticed that accounting indeed plays a very important role in influencing and shaping organisational change. He emphasises three general roles for accounting in the processes of organisational change, that is, how accounting creates visibility in an organisation, how it functions as a calculative practice, and how it creates a domain of economic action. Accounting in the real world has aided management and other parties of an organisation to see clearly abstract and conceptual phenomena that they never thought of before, such as cost, and profit, which in todays accounting practices are the common and generally accepted symbols. As a result, "[i]t can influence perceptions, change language and infuse dialogue, thereby permeating the ways in which priorities, concerns and worries, and new possibilities for action are expressed" (Hopwood 1990, 9). These phenomena may be seen concretely when the concept is manifested in a calculative sphere. By taking into account the accounting numbers, accountants, or economists, or other individuals can change the world; that is why Hopwood says "the power of calculation is potentially great," and affirms that "[w]hen something comes into the
calculative sphere, it very often enables new organisational interdependences to be created, both with other calculative phenomena and through the establishment of more precise means-end relationships, with objectives and rationales that are articulated for organisational action" (1990, 9-10). Through its calculative account, accounting is also implicated in advancing the concrete reality of economic and financial phenomena, facilitating the extent to which economic trade off can be made, and providing a precision and a seeming objectivity of economic dealings (Hopwood 1990).

Respecting the power of accounting to shape realities, Morgan (1988) smartly propounds that accountants should not see themselves as passive agents who just practice the technical craft of accounting, but are the ones who are the parts of, or are actively implicated in the process of social reality construction and who thus may interpret accounting as the reality, the meanings of which in turn become the sources of the future (re)construction of reality. Whether or not accountants are active agents, depends entirely on their perceptions regarding human nature and how they see the reality. Burrell and Morgan (1979, 2), in this respect, simply disclose that some individuals regard themselves and their experiences as the products of, and mechanistically or deterministically situated by, their environment. Thus, they tend to perceive the social reality (the environment) as consisting of hard, tangible, and fixed structures, existing independently of the individuals' appreciation of it, and the individuals are seen as being born into and living in the already existing reality. In contrast, others perceive themselves as the ones who have free-will to create their own environment, and take into account that they are the creator, the controller, and the master of the environment. They comprehend social reality as no more than names, concepts and labels which are utilised to structure or actively construct the reality (Burrell and Morgan 1979, 4; see also Morgan and Smircich 1980; Tomkins and Groves 1983). These assumptions, amongst others, are the ones which apparently direct the development of accounting practices and studies (see, for

2. Ethical Dimension of Accounting

The individual's perception of his or her nature and the way of perceiving social reality encountered are undoubtedly the basis on which he or she poses him or herself in the arena of the social reality construction. For an autonomous individual, for example, accounting may be seen as a social reality which is constructed by the individual or other individuals as members of society through puzzling social interactions. From this perspective, the importance of the individual's perception about him or herself (human nature) and his or her social reality (environment) (ontology) towards which he or she interacts can be understood.

Although only little attention has been paid to the micro level (individual, or self), Francis (1990) thinks it a crucial aspect. Francis (1990), in this regard, seems to place considerable importance on the role of the individual (accountant) as a moral agent on the discourse of ethics and of accounting practices. Accounting, for Francis, is "both a moral and discursive practice;" it is one which implicates the moral (ethical) dimension of an individual (accountant). This is so, inasmuch as accounting is a transformative practice which has a powerful potential to change things in the world, creates a difference by its presence or its absence, and affects the lived experiences of other individuals (Francis 1990). The accountant, being behind the accounting, thus has a great capacity to create and craft accounting which has, in turn, power to change the world. He sees that the discourses of, for instance, standard costs and variances, of budgets, of profits, of responsibility accounting, costs centres, of profits centres, of return on investment, and the like are evidently the accountant's creations which have influences on constructing human subjectivity (Francis 1990).
Viewing the significance of the reality constructed by the accountant, Francis (1990) observes the need for internal good qualities in the accountant which in turn can be externalised in the form of good practices. He identifies these five internal qualities as honesty, concern for the economic status of others, sensitivity to the value of cooperation and conflict, and the communicative character of accounting, and dissemination of economic information. They "arise from the internal desire to excel, and their attainment is both a private good (to the individual) and a social good (to the practicing community)" (Francis 1990, 9). Similar to the sphere of this concern, there are some works of Arrington and Francis (1993) and Schweiker (1993) which in essence are concerned with economic accounts as discursive means which are utilised by individuals to "come to understand the moral-economic dimensions of their lives and thus come to understand something about the meaning of their lives, their "selves"" (Arrington and Francis 1993, 122). Their forms are diverse, depending upon the background of the individuals who participate in the discourse of economic account(ing); such as, language, values, beliefs, and the desires which direct the individual's thought and actions (Arrington and Francis 1993), with a moral texture of accounting practices which take the ethical task of accounting profession and give an account as a way of speaking and shaping moral reasoning and existence as responses to relations marked by power, obligation, goods, and varied concerns and mood that motivate moral agents (Schweiker 1993) to think and act. The works of Cottell and Perlin (1990), Riahi-Belkaoui (1992), Chua and Degeling (1993) in general pay no attention to the individual (self) who actually has a forceful capacity to change the world, such as, to the process of how the individual internalises ethical values of his or her society or of other norms, of how a concept of ethics interacts with the inner belief of the individual, of how he or she expresses his or her ethical qualities in a course of actions, or of how he or she interprets ethical symbols and sees and treats the organisation and accounting. Rather they are concerned, with some concepts of ethics and the use of ethics in the accounting profession, that is, the code of conduct of the accounting profession (Cottell and Perlin 1990, Riahi-Belkaoui 1992), with
morality as one of three distinct but related spheres of activity - instrumental, moral-practical, and aesthetic, to comprehend the empirical world of organisation and accounting (Chua and Degeling 1993).

Arrington and Francis (1993), for instance, are concerned with the importance of the self as representative of human beings and as a human. For them, the self is an active agent who is highly conscious that he or she has a potential to construct an individual experience the construction of which is not an isolated process but rather occurs in community with other individuals. Thus, they say, the (economic) self exists not only in the sense of productive self, but also a communal self, that is, an individual's economic choices and actions are conditioned by and consequential for others who share the individual's status as a member of the moral-economic community; so, the self is constituted by and constitutive of others (Arrington and Francis 1993). This view is quite reasonable as, at least according to symbolic interactionists, the self is social, in the sense that the self is shaped through the process of social interactions (Mead 1934, 177-8; Blumer 1969, 62). In that process, the self may (or may not) internalise the "generalised other," that is, the organised community or social group which have developed standards, values, expectations, norms, and ideas (see Mead 1934, 154; Hewitt 1991, 102) which in turn mould the perspective of the self. Consequently, when the self faces social symbols (objects), he or she will see, interpret, think, and act towards the symbols, or take a course of action based on the perspective that he or she has.

It can be seen here that the self is central to the process of the social construction of reality, be it, for instance, organisation or accounting practices. That is the reason why Francis (1990) argues for the importance of the accountant as a moral agent. Because whatever the accountant does or creates, based on his or her perspective, will unavoidably shape the perceptions of other individuals about the things; in other words, the interpretations, on which the accountant's perspective is based, are the
bases for the accountant to take a course of actions or create realities which in turn become the resources for ongoing (re)construction of realities (Morgan 1988).

3. What Are the Crafts of the Organisation and Accounting Going to Be?: Towards Shari'ate Perspective

Organisations and accounting are the realities which are created by self the appearances of which are based on, as discussed above, the perspective of the self. On the basis that the self is important, this study is concerned with, first, the process of how the self internalises the perspectives of others to in turn externalise the values of the perspectives in the form of thinking and taking a course of action. In this regard, it is shown that the process of how the self, through the Me, a part of the self besides the I (see Mead 1934), internalises the values of the "generalised other," that is, the values of faith and knowledge which are then externalised in the form of actions. The values are the religious (Islamic) ones which are crystallised in the concept of faith, knowledge and action. According to the concept, faith, the belief in the unity of God, is the most underlying basis for the self to think of, weigh, and internalise knowledge as an instrument for taking a course of actions. In other words, both knowledge and action are based on and therefore within the perspective of the faith. They (the faith, knowledge, and action) are like a triangle with three interlinked sides which cannot be separated from each other. Of the faith, it is argued by al-Faruqi (1992, 41) that it is truth given to the human mind, so it is rational and it takes knowledge to get or sustain it. However, untrue knowledge may lead an individual to a position in which he or she is far away from the faith, as his or her actions are misguided; thus, to him, only knowledge within the perspective of sunnat-ul-Allah (God's law) can guide the individual to the true faith. To support this, Abdalati (1975, 53) argues that an individual who confesses the faith but does not practice it in real actions of everyday social life, is deceiving him or herself and in fact has no faith. Or in other words, without actions, even though the individual has true knowledge, an individual will not gain from or strengthen the true faith.
Actions are not only driven by the values of faith and knowledge, but also other aspects of the *self*, such as, altruism and egoism. The first part of chapter three discusses these two aspects. In essence, it is argued that character is inborn and socially grows within the personality of an individual (Masters 1978, 70; Shariati 1981, 3-4; Ba-Yunus 1991). Every individual has the potential to be altruistic or egoistic depending upon how he or she socially interacts with and internalises the values of his or her environment which may be highly altruistic or highly egoistic (see also Berger and Luckmann 1966, 68). Together these two opposed characteristics are like an instrument that can be utilised to act or not to act, the character of which can be seen in the sorts of actions that are addressed, and in the forms of realities that are created, by the individual. Such facts may be seen in chapter three, four, five, and six which basically explore the sorts of actions and realities that are expressed by individuals; zakat agency (altruistic or social organisation) and Islamic bank ("egoistic" or business organisation), for instance, are the realities that are constructed by not only such characteristics, but also the values of faith and knowledge.

Second, having internalised certain social values, the *self* shapes his or her own perspective; it is a bias that "contains assumptions, value judgments, and ideas, orders the world [reality], divides it up in a certain way, and as a result influences our action in the world" (Charon 1979, 7). This characteristic is like eyeglasses which are put on to see reality or social symbols; it influences an individual to see social objects and guide how the individual interprets and then acts towards them (Charon 1979, 6). As a consequence of having a perspective, an individual may have a different picture of reality compared with another who has a different perspective, as it limits the individual to see reality from "one" side only. Or, it is like, in a more technical term, a metaphor, to use Morgan’s (1986) term, that is, a way of thinking and seeing that which pervades how an individual interprets and understands social realities. An individual, for example, may see an organisation as a machine, or an organism, or
even as a trust (amanah) the meanings of which guides the individual to act towards what he or she sees about the organisation according to the metaphor that he or she imagines.

Thus, thirdly, an action is actually the process of externalisation of the self's inner qualities, be they faith, knowledge, and character as well as the perspective that an individual has. Clearly, it can be seen here that the self, as the centre of dynamism, not only internalises the values of others (that both are "inherited" and through social interactions), but also externalises the values. The self is ontologically conscious that social realities can only be created by him or her through social interactions; they are the products of his or hers and, of course, of society as the self does not live in isolation but in a collective environment (see Berger and Luckmann 1966). This view can be proven in the real world through, in this study, the emergence of zakat agencies and Islamic banks in Indonesia. The study discloses the process of founding the organisations which takes not only the externalisation of internal values of the self, but also external situations. Thus, the creation of the social realities, it can be conceived here, is not void from social interactions within which the values of individuals as members of society are shared together (Berger and Luckmann 1966, 43), rather it is fully shared by others. Therefore, it is not a surprise when Berger and Luckmann say that "[s]ocial order [reality] exists only as a product of human activity (1966, 70; italics in the original).

Fourth, a perspective itself from which actions emanate, as Charon (1979, 6) argued, is not a perception but a guide to an individual's perception; it drives what the individual sees and how he or she interprets what he or she sees. The works of Morgan (1980, 1986) bring to light how an individual sees an organisation and which in turn is based on the diverse perspectives (paradigms) arising from several perceptions. An organisation, from the perspectives of individuals, may be seen as machine, organism, population ecology, theatre, culture, text, psychic prison, or
instrument for domination, to name a few, each of which has consequences for how
the individuals treats the organisation (Morgan 1980, 1986). This study adopts a
certain perspective and successfully captures perceptions of individuals concerning the
organisation. Predicated upon this perspective, the organisation is distinctly seen as a
trust (amanah) which is, like its perspective, transcendental and teleological and
consequently, the manner in which the organisation is run is also coloured by this
perspective. As well, the perception of trust (amanah) has implications for how
individuals perceive, treat, and apply accounting in their organisations. An individual
may see and accept accounting practices (that are commonly practiced) because of
both the internal perception of self and external situations are taken for granted; while
another individual, in contrast, attempts to create "alternative" accounting practices
befitting the situations and the nature of the organisation. All of these are the realities
that are, through social interactions, constructed by the perspectives of individuals
who are consciously involved in such interactions.

Fifth, the realities that have been created, as discussed before, become the resources
for the ongoing process of (re)constructing realities (Morgan 1988). Thus, it is
critical to perceive individuals, the constructors of the social realities, as moral agents
(Francis 1990), that is, the ones who continuously consider and differentiate the good
from the wicked, the right from the wrong, and the just from the unjust. Without this
consideration, it is not possible that the realities may entrap the constructors and other
individuals into a confusing and complicated web which may alienate them from the
real nature of human beings (fitrah). Therefore, the study attempts to expose ethics
and their need in a glance. It is revealed that in essence there are two mainstream
ethical systems, namely, utilitarianism and deontologism. The former judges actions,
whether morally right or wrong, on the basis of the consequences of the actions, in
respect of the attainment of utilitarianism, to maximise good, or pleasure, or right.
Thus, actions are morally right when they can maximise pleasure. While the latter,
the deontologism, in contrast, is not based on the consequences of the actions, but
justifies the actions based on the features (duties, rules, and principles) of the actions (Mackie 1977; Cottell and Perlin 1990). Different from both utilitarianism and deontologism, this study draws attention to the efforts of propounding an alternative ethics which are based on the transcendental values of faith and knowledge, that is, Shari’ah, the Divine law of Muslim society.

Sixth, Shari’ah as the ethics of Muslims not only consist of knowledge about material and spiritual affairs of Muslims, but also requires an active spiritual involvement of the Muslims (selves) to internalise values and express them in full consciousness into both covert and overt actions as the acts of worship. Hence the Shari’ah, in this study, is like a perspective which guides an individual how to see, how to think of, and how to act towards, realities encountered, say, organisations and accounting, and transforms secular acts, according to Nasr (1994, 97), into religious ones, the acts of worship, which will affect the spiritual life of individuals. In regard to this, the study attempts to identify the perceptions of individuals about organisations and accounting. Because, it is interesting to note, perceiving the Shari’ah as an ethics indeed has implications for organisations and accounting in terms of the need to treat them in certain ways which may or may not be befitting to the ethics.

However, seventhly, in another aspect, the study needs to express a normative and subjective view of "self" concerning the organisations and accounting. The view is inclined to adopt some aspects of the empirical world, that is, the realities and perceptions of the individuals who are vividly involved in the chosen organisations of this study. According to this view, the empirical realities need to be accompanied by normative values and justifications. In other words, it does not distinguish, as Mannan (1983) argued, the positive aspects of realities from the normative ones. Therefore, the concept of organisations and especially accounting in such a way may be conceptualised by making use of the normative values. Accounting, as the counterpart of the organisations, has to be compatible with the nature of the
organisations; thus, there is a great chance to expect that accounting, which will be built on the perspective of the "self," will be an alternative craft of accounting. It will experience changes (see Hopwood 1983, 1987, 1990), at least at the levels of the assumptions of human nature and society, of ontology, and of epistemology which affect methodology that may be utilised to construct alternative accounting knowledge.

4. Positive (Empirical)-Normative (Revealed) Complement and Symbolic Interactionism: the Methodological Approaches of the Study

The main concern of the study relates to the realities which are socially constructed by individuals (selves) who are Muslims. Therefore, to catch the meanings of the realities, an approach which has a similar perspective to the individuals', namely, an Islamic perspective, is needed. Of the Islamic perspective, it is argued that in the view of Islam, according to Ragab (1993), an individual is not merely a material being, but also a spiritual one. This implies that within the individual there is a unification between material, observable, empirical aspects (that is, the body) with spiritual, non-empirical aspects (the soul), from which the dynamic individual's actions have resulted; therefore, as argued by Ragab (1993), human realities cannot be comprehended when they are reduced to just one of the components. However, even though the unity of both the material and spiritual aspects of an individual cannot be ignored at all, Ragab (1993, 15) opines that Islam assigns a very high place to spiritual factors, that is, the quality of spiritual relationship between the individual and God (faith), in determining the individual's actions which affect not only his or her life but also the life of others; thus, there will be no real knowledge without including the spiritual aspects of the individual.

The same vision is also asserted by Dhaouadi who argues that in Islam "it is against the nature of things to split matter from spirit, as this violates the most fundamental principle of Islam: oneness (tawhid)" (1993, 155). Therefore, Islam never accepts
dualism or dichotomy between diverse things, rather it sees the diversity in a
convergence and a unity (Dhaouadi 1993). This view, discarding the dualism or
dichotomy, has indeed a great implications for contemporary science (knowledge),
inasmuch as it suggests reconciliation between religion and science the potentiality of
which, according to contemporary scientists, is impossible as asserted by the
following comment,

[religion and science are separate and mutually exclusive realms of human thought,
presentation of which in the same context leads to misunderstanding of both scientific
treey and religious belief (Sperry 1988, 608-9).]

Knowledge, for Islam, is not utilised for only managing human affairs in this world,
but also, more importantly, for serving individuals in attaining ultimate divine
salvation (Dhaouadi 1993). Therefore, religion is definitely needed to construct real
knowledge that serves the needs (material, spiritual and divine salvation) of
individuals in this world and hereafter.

Another consequence of discarding dualism is the need to reconcile the empirical
world (realities) with normative reasoning. This is so, as there is no guarantee that
empirical realities are all the time in compliance with the normative views in which
they exist. Conversely, extensive use of normative reasoning alone, without seeing
and considering, or even ignoring the empirical realities, will lead to normative ideas
that will be constantly in the "sky" of imagination and never descend to earth. The
idea to reconcile the two realities may be viewed as the one which is attempted to gain
benefits from their potentialities, especially in regarding them as raw materials that
are useful for developing or reshaping (accounting) knowledge. In this regard, there
are two ways of the study in seeing such matter which are not two opposed poles but
rather a continuum. First, the study may see the realities as "what is" by, however,
analysing and explaining the process of the realities that are socially constructed.
This way may be seen as an interpretive way of seeing as it is concerned with the way
of understanding the empirical realities as "they are," of comprehending the fundamental nature of the social realities at the level of subjective experience, and of seeking "explanation within the realm of individual consciousness and subjectivity, within the frame of reference of the participant as opposed to the observer of action" (Burrell and Morgan 1979, 28). Second, after having made the explanations (meanings) of the realities, the study needs to confirm them with normative views, namely, Islamic (Shari'ate) ethics, for further action, that is, to accept them as "they are," or, reshape or change them in a certain direction that may lead them to ethical realities; the realities that "entrap" individuals within an ethical web which guides or directs them to a transcendental and teleological consciousness that they are the slaves of God only. In other words, this study attempts to emancipate the individuals from pseudo-realities, from pseudo-knowledge, from pseudo-consciousness, and from pseudo-gods and then to fasten them to only God. One may argue that this view is like the radical humanist of Burrell and Morgan 1979, 32) which essentially views the need of releasing individuals who have been dominated or enslaved by their own consciousness. However, the study apparently seems to pose differently to the radical humanist, since it tries to reconcile, which is completely ignored by contemporary knowledge, religion and knowledge (science) as not only the means utilised to capture the meanings of realities, but also to put philosophical foundations for reshaping (accounting) knowledge.

The socially constructed empirical realities for this study need to be comprehended as they are one source of knowledge (Bashir 1986a; see also al-Faruqi 1992, 45); to do so, therefore, it requires a certain means that can be effectively utilised to catch the meanings of the realities. Predicated upon implicit assumptions that have been presented in the previous sessions, the study utilises symbolic interactionism as the means to see and to capture the meanings of the realities. It is a perspective of social psychology which stands on these following fundamental premises,
[1]... human beings act toward things on the basis of the meanings that the things have for them.  
[2]... the meanings of such things is derived from, or arises out of, the social interaction that one has with one's fellows.  
[3]... these meanings are handled in, and modified through, an interpretive process used by the person in dealing with the things he encounters (Blumer 1969, 2).

There is a little doubt that under this perspective, symbols (realities) and their meanings, which are also socially constructed, are the most fundamental elements for individuals to address their actions to and from which realities emanate, or are reshaped.

The adoption of symbolic interactionism as a means for this study, within which an Islamic perspective is dominant, is actually the manifestation of an all-inclusive principle of the perspective in its attempts to see realities in broader insights and understandings. This stand is supported by Bashir (1986b) who argues that Islamic methodology of knowledge does not necessarily negate the contemporary (Western) one, rather it should regard the contemporary methodology as a part of it. The normative message of Bashir is that it is highly possible to accept other perspectives "outside" of the Islamic one as a methodological means to the extent that it does not violate the Islamic values, or needs to be extended, or adjusted so that it can be accepted by the Islamic perspective. In this respect, symbolic interactionism needs to be extended. This is so, as symbolic interactionism itself is not value-free; it is tied closely by the values in which it is given birth, that is, Western values. In other words, symbolic interactionism should not necessarily be taken for granted; as if so, it will totally fail to capture empirical realities and their meanings which exist and are socially constructed in Muslim society. Therefore, the attempts to extend or adjust symbolic interactionism with Islamic values are obviously needed. For the purpose of this study, symbolic interactionism is extended by the values which are inherent in the very basic concept of Islam, that is, Islamic faith, knowledge and action. Having realised such attempts, the extended symbolic interactionism is now ready to be utilised to see the empirical realities and to catch their meanings.
It should be borne in mind, however, that not only can realities be well understood through the perspective which is utilised by an individual, but also the closeness of the individual with the realities that are being observed or studied. Of this, Blumer argues that,

> symbolic interactionism is a down-to-earth approach to the scientific study of human group life and conduct... If it wishes to study religious cult behavior it will go to actual religious cults and observe them carefully as they carry on their lives. If it wishes to study social movements it will trace carefully the career, the history, and the life experiences of actual movements. If it wishes to study drug use among adolescents it will go to the actual life of such adolescents to observe and analyze such use (1969, 47).

Obviously, going down to empirical realities for the individual who wishes to study them is one approach that has to be carried out. This study accepts that view, that is, by going down to two sorts of organisations; they are social organisations, zakat agencies (namely BAZIS of Jakarta and LZI of Brawijaya University) as the symbols of altruistic character of self, and business organisations, Islamic banks [namely, Bank Muamalat Indonesia (BMI) and Bank Perkreditan Rakyat "Berkah Amal Sejahtera" (BPRBAS)] as the symbols of the "egoistic" character.

After having gone down to and understood well the empirical realities, the study, based on the normative-subjective view of "self," attempts to rationalise such realities and utilise them as raw materials of knowledge for in turn developing organisational thought and accounting knowledge which are essentially the symbols that are attempted and utilised to emancipate individuals from any pseudo-gods or things that have alienated them from their real nature (fitrah). This attempt may be "equalised," but is not exactly the same as, the radical humanist paradigm of Burrell and Morgan (1979), because this study is beyond such paradigm; moreover, to repeat, it is the reconciliation between religion and science (knowledge) in which contemporary knowledge totally discards religion (see Sperry 1988; Wilber 1990).
5. What does the Study Consist of?

To provide transparent insights, the study is simply arranged and divided into eight main chapters. Chapter two is basically the methodological research of the study which unravels the concept of symbolic interactionism within which the *self* is the central part of the concept. Symbolic interactionism, as claimed in the chapter, is a perspective in social psychology which is not free from the values of symbolic interactionists who construct the perspective; while this study, with some assumptions implicitly exposed above, tries to utilise it in a society in which Islamic values are dominant as the object of the study. Therefore, it is necessary to in such a way modify symbolic interactionism, so that it can be befitting of the object being researched.

As argued by symbolic interactionists, *self* is actually a social entity in the sense that the features of the *self* are shaped through social interactions. A *self* (an individual) who lives in, for example, a Muslim society in which Islamic values are dominant and influential, will easily internalise the values through the perspective of others, that is, Islamic personalities of Muslims. They are the ones that internalise the values of Islamic faith and knowledge and express them in real actions of everyday life. Faith, as explained in the chapter, is so influential, it is not surprising when its values then transmit its influences; not only does the faith drive the *self*’s way of thinking and of taking a course of action, but also has reciprocal interactions with knowledge and actions. This is the main feature of the *self* in which symbolic interactionism is extended and in essence is a means utilised to pick up and gain first-hand knowledge of empirical realities. Then, by utilising the concept, the meanings of the empirical realities are attempted to capture and analyse that which in turn will be utilised as raw materials for (re)shaping, through combining with normative view, organisations and accounting knowledge.
Chapter three discusses the other characteristics of self, that is, the altruistic and the egoistic. It arrives at a perception that both altruistic and egoistic character of self are actually inborn, but they, in the next process, are socially alive and grow through social interactions in which the self lives. They are like motives which drive the self to act or not to act in facing certain social symbols. Another part of the chapter tells an historical story of the process of how individuals (selves) with their altruistic and religious (because of the internalisation of the values of faith and knowledge) character attempt to construct realities, namely, zakat agencies (BAZIS and LZI) - the social organisations which are also the symbol of altruistic character. Indeed, their emergence, not only takes the altruistic and religious character of the individuals, but also needs to consider carefully external situations, and of course it happens through puzzling social interactions which involve other individuals.

Like chapter three, chapter four also explains the historical process of the formation of Islamic banks (BMI and BPRBAS) as business organisations - the symbol of the egoistic character of self. Even though the process involves the existence of altruistic and religious character, the chapter tries to emphasise the involvement of other institutions and the existence of situations. It is illustrated in the chapter that certain institutions (organisations) are utilised to give birth to the banks, and other situations, such as the economic situation, government regulations and the discourse about related issues of an Islamic bank, and which also are disclosed to give an insight into the important role in creating the Islamic banks in Indonesia; all of them are the elements which are certainly and actively involved in complicated social interactions.

Chapter five demonstrates that accounting practices are actually, through a process of social interactions, situated practices; they are not the fixed products that can be applied unconditionally in any organisations without considering any situational dimensions in which the accounting practices will be practiced. The chapter unravels the interactions of minds concerning certain symbols, such as the concepts of zakat,
zakat agencies, the concept of ownership in Islam, trust (amanah) management, and accounting practices that all of them result in the emergence of realities. Contemporary interpretations of the zakat, for example, gives rise to the alternative thoughts of managing zakat and accounting practices; and, it should be borne in mind, they come into being because of the externalisations of the self's perceptions concerning social symbols in the context of social (altruistic) organisations (namely, zakat agencies) and of course within the self's perspective.

Chapter six, like some previous chapters, is concerned with the externalisation of the inner qualities of self; however, it relates to business (egoistic) organisations, that is, Islamic banks within which their characteristics are of course different to zakat agencies and may affect the ways how self, based on a certain perspective, takes them into account to then make a role by expressing a course of actions related to, for example, the everyday operations of the banks. Certain symbols are still the prime focus of the chapter especially in analysing the process of how self interprets such symbols as trust (amanah), legal settings, professional accounting standards, and other situations. Trust (amanah) is indeed the one which gives rise to wide implications for the perceptions of the ways of doing banking businesses and producing banking products, the presence of altruistic and egoistic character within the businesses and products, and the perceptions of treating accounting standards and other situations that lead accounting practices to "situated" practices.

Still base on the empirical realities, as presented in the previous chapters, chapter seven tries to share ideas to understand organisations in an alternative image through a metaphor. The chapter identifies the perceptions of individuals (selves) regarding organisation, be it social or business organisation. The findings of the study exhibit that the individuals in general metaphorise the organisation, among other views, as trusts (amanah). Another part of the chapter identifies the process of searching for the real objectives of organisations (both social and business organisations) which
have been metaphorised as trusts. It arrives at evidence, based on a normative view, that the main objective of the organisations is to disseminate mercy to all creatures; and this objective may need to be translated into operational goals which may be contextual depending upon the sort of organisations and of other situations. However, to attain the objectives, it is claimed in the last parts of the chapter, there is a need to utilise a guidance which can distinguish the right from the wrong, the good from the wicked, and the just from the unjust; it is ethics. Regarding this, the chapter propounds Shari'ah as the ethics.

The last two chapters of this study in essence are a normative-subjective view of "self." By taking into account the empirical realities, chapter eight, for instance, stresses the importance of ethics as not only knowledge but also as the moral character of individuals. It argues that Shari'ah, the ethics, does not merely consists of knowledge (which always develops and be well-suited with its society), but also requires internalisation of its values into the inner belief of individuals; so that it becomes the personal and moral character of the individuals. It is demonstrated in the chapter that the ethics are like the soul of a body which means that without the soul, organisations are like dead bodies or even like zombies. Further, it is argued that the social organisation, in this case the zakat agency, is metaphorised as a trust (amanah) which has a main objective to disseminate mercy (rahmat) for all and which in turn forms the operational goals, the character of which is highly social (altruistic) but has also less egoistic characteristics. Having metaphorised the social organisation as a trust (amanah) (that is, as an ethical reality with certain characteristics), thus accounting, as propounded in the chapter, should reflect such reality. This is so, as accounting in this study is viewed as a means to reflect reality. While in the case of a business (egoistic) organisation, the chapter proposes to metaphorise the organisation as zakat (but it is still in the context that all sorts of organisation are actually trusts) with, of course, certain characteristics, the appearances of which compose the egoistic character and also altruism, as a consequence of perceiving the organisation as a trust.
Again, in this respect, accounting should reflect the *zakat* as the ethical reality. Thus, by reflecting such ethical realities, the trust (*amanah*) and the *zakat*, the symbols that are reflected by accounting will be the ethical ones which, it is hoped, will create or reshape ethical realities and will be beneficial for the life of individuals.

Chapter nine is basically the supplement to chapter eight and which asserts, among other things, that accounting should reflect realities. When the realities have appeared as ethical ones, it is necessary, as argued in this chapter, to utilise a means which is also *ethically* constructed. For this reason, the chapter proposes the way of constructing accounting knowledge based on ethical bases. The chapter exposes certain assumptions of human nature and society, ontology, and epistemology which essentially characterise the presence of the complementary and the all-inclusive principles of certain sorts of assumptions. The notion of a complement principle denotes that there is no dichotomy between two "opposed" matters, for instance, religion and science, voluntarism and determinism, nominalism and realism, spirit and material, and so forth, they do not negate one another, rather they complement each other by their presence and provide a unity. While the all-inclusive principle implies that all sorts of (schools of) thoughts may be accepted so long as they are well-suited with the *Shari'ate* ethics by so doing, it certainly enriches the perceptions of, and broadens the perspectives of the *self* in seeing and capturing the meanings of any social symbols encountered. Even though they are diverse, they are integrated in unity; this is actually the manifestation of the belief in the unity of God and the knowledge of that belief.

The discussion in the chapter (and the whole chapters) indeed is implicitly based on a very basic assumption of the study - the belief in the unity of God and the knowledge of it. Thus, it obviously departs from the spiritual dimension of *self* which illuminates the *self*'s way of thinking and of shaping knowledge, the implications of which may be seen in the assumptions of human nature and society, ontology and
epistemology as the methodological foundations for constructing Shari'ate accounting knowledge, that is, the one which is based on the Shari'ate ethics. By so doing, Shari'ate accounting knowledge will become an ethical symbol that is utilised as a resource for constructing realities or reshaping the existing realities. The purpose of this is no more than to tie individuals to an ethical web which guides them to a full consciousness of their real nature (fitrah) as the viceregsents of God on the earth and who have a special duty to worship Him in the form of making creative actions - disseminating mercy (rahmat) for all creatures. In other words, Shari'ate accounting knowledge should be able to emancipate the individuals from any ties of pseudo-gods which have enslaved and alienated them from their real nature (fitrah) to only one rope, that is, the rope of God; this is the meaning of "there is no god, but God (Allah)."
Knowledge nearly completely externalized and desacralized, especially among those segments of human race which have become transformed by the process of modernization, and that bliss [qudrah, hikmah, and rahmah] which is the fruit of union with the One with and an aspect of the perfume of the sacred has become well-nigh unattainable and beyond the grasp of the vast majority of those who walk upon the earth (Nasr 1981, 1).

1. Introduction

There are increasing tendencies and attempts in contemporary accounting research to embrace a sociological approach (sociology) as a basis for observing, conceiving, and even criticising existing accounting (see, for instance, Rosenberg et. al. 1982; Tinker et. al. 1982; Covaleski and Dirsmith 1983, 1986; Tomkins and Colville 1984; Preston 1986; Hines 1988, 1989a; Manicas 1993; and Schweiker 1993). As a result, accounting cannot be seen only as a business tool which has a limited area, such as to how accounting can convey information to decision makers in respect of economic decisions, how it can be utilised as a tool to promote efficiency, how it may function as stewardship, and how it can contribute significantly to management control, but also in a very broader sense from the context of its society and of theory building to its role in constructing social reality. Hence, contemporary accounting now cannot be viewed as apart from its social milieu as such; it is a social institution, as Roslender (1992, 1) argued, which constitutes social and cultural values of its society. Accordingly, it can be observed and studied like "the other major social institutions such as the family, religion, work, education, art and literature, and science and technology." As a consequence of this, studying accounting from various perspectives such as the positive, and especially the interpretive and critical, becomes challenging and interesting to carry out. Such studies (will) have, indeed, significantly contributed to enriching accounting. However, there are only a few accounting researchers and authors who are interested in studying accounting related
to social-religious values (see, for instance, Abdel-Magid 1981; Gambling and Karim 1986, 1991; Karim 1990a); most of the existing studies have primarily emphasised the (local) social values which are in general non-teleological and non-transcendental in their characteristics. Should accounting studies be carried out on that basis (social-religious values), especially in terms of philosophical (methodological) foundation, there would presumably be another perspective which, to some greater extent, will contribute to the development of accounting studies.

This study is an attempt to formulate a methodological foundation to study social reality which is considered as the outcome of the social interactions among members of society, organisations and accounting practices. The study attempts to make use of Islamic values without ignoring, first, the existing knowledge (in this case symbolic interactionism) which may be utilised in accounting studies (see Preston 1986), and second, other social conditions. It is actually a preliminary part for studying accounting in a broader perspective which seeks to teleologicalise and transcend accounting knowledge.

2. Accounting Research in Perspectives

To begin with, we try, in this section, to grasp several perspectives which are generally involved in accounting discourse. We can assure ourselves that every perspective has different philosophical assumptions which may result in a different approach to social science (Burrell and Morgan 1979; Chua 1986; Lavoi 1987; Gioia and Pitre 1990). Related to these assumptions, Lavoi (1987), for example, argues that "human decisions are not seen as objective, mechanical or behavioristic but as meaningful utterances of minds, as part of a bi-directional communicative process". Thus, for Lavoi, accounting theory and practice are precisely matters of interpretation. In this regard, Samuels (1990, 6) also points out that (accounting) theories have paradigm-specific meaning which means that there is an interdependent relationship between theory and fact. Both theory and fact are interceded by culture,
paradigm, and experience, direct perception and are products of society, not independently given. Based on this, then, Samuels (1990, 7) asserts that economics (and accounting), for instance, can be regarded as a language; it is a "part of a total communication system of society, part, therefore, of the total symbolic, myth, and code system of society that governs meaning and signification". These two interpretive views are apparently inspired by Germanic philosophical interests which pay attention to the role of language, interpretation and understanding in social science. There is cognition, in this regard, that social science is generally concerned with social actions which are characterised by, first, future-oriented actions for achieving a determinate goal; and second, the subjective and intentional meaning of actions (Chua 1986; Hewitt 1991). Thus, in support of this, as Chua (1986) argues, actions can only be understood with reference to their meanings (see also Blumer 1969, 2).

Proponents of another perspective, that is the critical perspective, argue that the interpretation of social actions per se is not sufficient. Critical researchers argue that not only does the world consist of or is mediated by social objects (symbols), but also it is carved by certain conditions which have power to dominate. In viewing the relationship between theory and practice, they point out that theory should be concerned with the freedom of the human spirit (Chua 1986). Thus, the intention of practice is to bring about transformation in social order, that is, to overcome the status quo in the sense of constructing a free, just and happy society, and of emancipating individuals from ideology and dogma that dominate them (Ingram and Simon-Ingram 1992). This view is based on an assumption that human beings can alter their own existence through self-understanding (Dillard 1991). With respect to this, Chern (1978) argues that accounting aids to alienate man from his labour; and thus according to Tinker (1980), accounting numbers must be interpreted in a broader way. Not only do they render information about an enterprise's efficiency, but they
are also the outcome and reflections of conflicts and negotiations among various social interests, that is, the socio-political foundations underlying market forces.

These two perspectives emerge as the reflection of the domination of the mainstream perspective which is based on the assumption that reality exists independently of social actors (Chua 1986; Hines 1989a). For mainstream researchers, according to Chua (1986), an object is \textit{out there} and assumed to be independent of, and apart from the subject; and the object (reality) itself will only be recognised as theory if a subject (researcher) can \textit{correctly} reflect and discover it. It implicitly means that along object-subject relationships, a subject in this perspective is really a passive agent. Human beings as social actors, according to mainstream researchers, do not construct their own social reality (Chua 1986). This view is the opposite of both the interpretive and critical perspectives which assume that human beings actively create their own social reality (Berger and Luckmann 1966; Blumer 1969). In terms of the theory-practice relationship, it is argued that accountants should deal only with the means of fulfilling the informational needs of the decision-maker, and "should not involve themselves with moral judgment about the decision-maker's needs or goals" (Chua 1986, 610). Thus, accounting, according to this perspective, should be \textit{value-free}. This perspective pays attention to \textit{what is} or recognises reality as \textit{it is}. Therefore, the role of accounting is only to communicate the reality (Hines 1989b) objectively without involving accountants' value judgment.

Related to the first perspective, there is an endeavour to understand social order in terms of interpreting the meanings of the social interactions of social actors. This approach sees that social order and its meanings are the products of social interactions (Berger and Luckmann 1966; Blumer 1969; Roslender 1992, 141). By utilising this approach, that is, symbolic interactionism, Preston (1986), for instance, argues that informal sources (of information), that is, informal daily interactions among managers or individuals who are involved in an organisation, play a greater role than a formal
information system in the process of informing other managers and themselves. Hence, Preston (1986) suggests that informal sources should be used in spite of formal or official, documented sources; because there is an assumption, besides the finding above, that informal sources are constructed as the result of limitations or impediments in the formal information system. Other studies which make use of this perspective in understanding the nature of accounting have also been addressed by Rosenberg et. al. (1982), Covaleski and Dirsmith (1983, 1986), and Tomkins and Colville (1984).

The illustration above guides this study to assumptions. First, accounting as reality cannot be viewed as an object which is separate from its subject, that is the accountant, or its society; or as an object which exists out there. It is, however, the outcome of social interactions in which the social values of society are embedded; it is a social product. Therefore, second, accounting cannot be enforced and implemented in every society without any considerations of its social environment. The works of Mueller (1968), Choi (1975), Alkafaji (1983), Hofstede (1987), Schreuder (1987), and Perera (1989) clearly evidence that accounting is socially inspired by its environment, that is cultural, political, social, economic and legal settings. Obviously, accounting is carved by the strength of interactions among these environments. As, according to Blumer (1969, 2), individuals, individually or collectively, act toward the environments on the basis of the meanings that the environments have for them through social interaction and an interpretive process. Third, to date, however, it is very difficult to find accounting research addressed to social construction as the result of the interactions among members of society, organisations and accounting practices by making use of symbolic interactionism; most of the existing research reduces reality to very limited variables or emphasises merely the relationship of limited variables to others without involving any endeavours to seek deep meanings of phenomena encountered. For these reasons, this study chooses it as a means to comprehend the interactions. However, it needs, to
some extent, an extension so that it can be applied in a society in which Islamic
culture dominates.

3. The Nature of Symbolic Interactionism

Symbolic interactionism stemmed primarily from the work of George Herbert Mead,
John Dewey, William James, W. I. Thomas, and Charles Cooley, to name a few in
the 1910's until the 1930's; and Herbert Blumer, Mead’s student, in the 1950's and
the 1960's (Charon 1979, 28; cf. Blumer 1969, 1; Meltzer et al. 1975). Other
authors such as M. H. Kuhn, Arnold Rose, Norman Denzin, Gregory Stone, Alfred
Lindesmith, Anselm Strauss, Jerome Manis Bernard Meltzer, Tamotsu Shibutani,
have also made some contributions to this perspective. Looking at the composition of
the above authors, it is no surprise that symbolic interactionism, as a perspective in
social psychology, is also affected by other perspectives (Charon 1979, 28). Kuhn,
for example, emphasises the scientific viewpoint in regarding symbolic interactionism
(Meltzer et al. 1975, 57-9). As a result, this view is no different to the functionalist
perspective. In contrast, Blumer and his followers see this perspective from a
humanistic viewpoint (Meltzer et al. 1975, 57-9) which is still consistent with the
interpretive perspective.

This perspective aims to comprehend the nature of interaction in a society, that is, as
Charon (1979, 23) argued, social activities which are dynamically taking place
between individuals. Thus, interaction denotes that individuals habitually experience
change, acting on each other, taking each other into account, acting, perceiving,
interpreting, and then reacting. Since the interaction involves minds and meanings,
symbolic interaction is the interaction taking place among the various minds and
meanings, and characterises human societies, accordingly (Meltzer et al. 1975, 1).

For Mead (1934, 75-6), meaning is the result of "the relation between the gesture of a
given human organism and the subsequent behavior of this organism as indicated to
another organism by that gesture." If the gesture can stimulate or influence the given human, then it has meaning. Implicitly, it is known that it takes a process to generate meaning. Similarly, Blumer (1969, 4) argues that meaning does not emanate from the intrinsic meanings of things, rather that meaning arises through the process of interactions and interpretations between individuals. Consequently, it can be viewed as a social product. For this, he assures

... symbolic interactionism sees meanings as social products, as creations that are formed in and through the defining activities of people as they interact (1969, 5).

It is also worth noting that the above statement conveys an understanding that society cannot be viewed as a static one; for Blumer, it is a very dynamic one which is ceaselessly in social interactions (Meltzer et al. 1975, 61). This view then distinguishes the thought of Herbert Blumer and M. H. Kuhn in respect of their understanding as briefly mentioned above (Meltzer et al. 1975, 57-9).

**Self and Self as a Social Process**

According to Mead (1934, 135-44) human beings are able to undertake complicated social acts and understand social objects, inasmuch as they have a self. It is "something that an individual acts towards" (Charon 1979, 81; italics in the original). Blumer (1969, 62) stresses that self to Mead meant a process, not a structure which tends to be static.

The concept of self in symbolic interactionism plays an important role, because the self is able to direct, to control and to judge an individual as a member of a society to behave or take a course of action as a response to his or her environment. In this process, the self can be as a subject, that is, the I, or an object, the Me, to use Mead's words; the I moves to take an action in a certain way, and the Me goes on to prevent, redirect or control the action. Mead (1934, 173-175) argues that I essentially manifests a response of an individual to other individuals' (as other members of
society) attitudes. So, if the individual can ascertain his or her position in that society, and he or she is sure that he or she has a certain function and privilege, all of these refer to the $I$. While $Me$ is the other part of self which denotes "the organised set of the attitudes of others which one himself or herself assumes. The attitudes of others constitute the organised $Me$, and then one reacts toward that as an $I$" (Mead 1934, 175). So, it is evident that the acting of self as an $I$ does not instantly become visible as a course of action without any process at all; indeed, it is important to consider the role of others in the context in which an individual lives. In realising an action, there is an interchange between $I$ and $Me$. It is an ongoing process which (as an individual faces a situation or an object) encourages him or her to take a course of action; "at a moment, the individual acts as an $I$, responding to a particular situation and to the objects it contains; at the next moment that response becomes a part of the past and so is part of the $Me$" (Hewitt 1991, 86). Regarding this, in more detail Mead asserts that

[the $I$... is something that is, so to speak, responding to a social situation which is within the experience of the individual. It is the answer which the individual makes to the attitude which others take toward him when he assumes an attitude toward them... The $I$ gives the sense of freedom, of initiative. The situation is there for us to act in a self-conscious fashion. We are aware of ourselves, and of what the situation is, but exactly how we will act never gets into experience until after the action takes place.

... The $Me$ represents a definite organization of the community there in our own attitudes, and calling for a response, but the response that takes place is something that just happens. There is no certainty in regard to it. There is a moral necessity but no mechanical necessity for the act. When it does take place then we find what has been done. The above account gives us, I think, the relative position of the $I$ and $Me$ in the situation, and the grounds for the separation of the two in behaviour. The two are separated in the process but they belong together in the sense of being parts of a whole... They are not identical, for, as I have said, the $I$ is something that is never entirely calculable. The $Me$ does call for a certain sort of an $I$ in so far as we meet the obligations that are given in conduct itself, but the $I$ is always something different from what the situation itself calls for. So there is always that distinction, if you like, between the $I$ and $Me$. The $I$ both calls out the $Me$ and responds to it. Taken together they constitute a personality as it appears in social experience. The self is essentially a social process going on with these two distinguishable phases (1934, 177-8; italics added).

The paramount point here is that the self is a social process. This means that the environment may contribute very significantly to shaping the self. It can even
function as a social control (see, for instance, Hewitt 1991, 87-8). That is why an individual cannot respond directly to social objects. Rather he or she first digests, in the perception of noting, interpreting and evaluating, the meanings of the social objects and then takes an action towards them (see also Blumer 1969, 56; Charon 1979, 72; Hewitt 1991, 26).

In that process, according to Charon (1979, 72-6), the self is an unclosed object which challenges the involvement of an individual's manipulations. This is so, because the individual not only is able to direct, to control and to judge other individuals, but also his or her own self. This is what Charon means by self-direction, self-control and self-judgment. All of these - self-direction, self-control, and self-judgment - are inherent (through social process) in an individual's capability and so much, again, influenced by our environment. He argues that

[O]ur self-direction and self-control like all else depend on other people. Our self is pointed out by others, and our self-control is in large part guided by others... We are thus not "free" to direct and control self in any complete sense, but we are guided by the perspectives of others

... the individual's self-judgment and identity are shaped in interaction, and this principle has all kinds of consequences for further action. A circular process is developed from action by others, to self-judgment, to action by persons, to reaction by others (1979, 72-3, 75).

Based on these statements, there is a clue that an individual cannot purely and independently take a course of action based on his or her own self. Rather, his or her self is influenced, through a process of interaction, by the perspective of others or by the environment. Or in other words, self arises as an outcome of the process of social experience and activities (Mead 1934, 135). However, it does not mean that the self fully, in delivering the action, has to comply with the perspective of others. It is likely for an individual to act in a way inappropriate of the expectations of others; it is because individuals "can inhibit their responses, form images of themselves, and then choose an act, they can refuse to act as they are expected, choosing inappropriate acts.
instead" (Hewitt 1991, 88-9). The point here is that it is true that the self, particularly Me, is crafted by the perspective of others, however the act delivered by the I does not necessarily comply with it, even though the self itself has considered the consequences of complying or refusing it. That is why Mead (1934, 177) argues that "the I gives the sense of freedom, of initiative." In respect of this, Hewitt (1991, 217) also argues that "the interest and disposition of individuals are not indispensably harmonious with those of the social groups, organizations, and communities to which they belong. Although individuals are creatures of society and derive their goals from society, they are also prone to self-interested behavior." Thus, it is logical that the mode of social actions may be in the form of coordinated actions - in the sense that they are harmonious with the interest of majority members of society - or of conflicts; it (the presence of harmonious and inharmonious actions) is the main structure of a society.

**Symbols and Actions**

As we have understood from the above that the self is something which arouses an individual to acts towards, then the question is what are the things which have caused the self to act towards? Basically, there are two things which cause the individual to so act; first, the things which stem from the internal will of the individual such as personal characteristics, and second, all things which come from the outside of the self, which we can call social objects (see Charon 1979, 115). They are the symbols which are needed to be interpreted by the individual. Therefore, they are something which has meanings resulting from social interactions (Blumer 1969, 65-6; Charon 1979, 38-40) delivered purposively by an individual and that may stimulate others. In the case of the actor who does not understand the symbols delivered, they are actually not symbolic objects. In the light of this concept, the symbols should be meaningful

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1 We would like to merely discuss the external factors, because the internal ones are basically the characteristics of the self itself which has been crafted by its social settings; and we have discussed it (the process of internalisation which may construct the characteristics of the self) in the previous section.
Symbols, which may be in forms of physical objects, words, human acts, events, knowledge, processes, problems, ideas, other people, and so forth are very important. Without them, according to Charon, an individual's life will be static and fixed, because he or she will merely "respond to stimuli not to meanings" (1979, 53; italics in the original) inherent in the symbols. Therefore, it is not symbolic interactionism, but non-symbolic interactionism (see also Blumer 1969, 65) which may result as he or she is not able to create his or her own social reality. For Mead (1934, 77) the symbols (objects) are the outcomes of a social process in which their meanings are constructed. He utters that

... objects [symbols] are constituted in terms of meanings within the social process of experience and behaviour through the mutual adjustment to one another of the responses or actions of the various individual organisms involved in that process...(1934, 77).

In the same vein, Blumer (1969, 68-9) argues that the essence of a symbol is placed on its meaning and he sums up that "the meaning is not intrinsic to the object but arises from how the person is initially prepared to act toward it". Here, we can perceive that both Mead and Blumer agree that symbols are social products generated from a social process. In the field of accounting, we can find many symbols the meanings of which (and the symbols themselves) are created and crafted by individuals who put special concerns on that field; assets, liabilities and equities are examples of the symbols. They have meanings arising from among members of a certain society which then can give rise to an individual, through analysing and evaluating their meanings, takes a course of action towards them.

As we have described above, an individual, because of two sorts of factors, that is, external and internal factors, can deliver a course of action. In this respect a question
arises: what actually is the action? According to symbolic interactionists, Mead and Charon to name a few, there are two types of action, namely covert and overt action, which continuously interplay (Charon 1979, 120). An action may begin as a covert one and in the next step realise into an overt action. This does not finish at this point, because the overt action will be analysed or rethought covertly. This process will be continuous in action; it is a never-ending process. A general manager, for instance, is thinking to replace an old machine with a new one; this step is clearly an covert action. Then, he or she can ask for his or her staff to collect some information relating to and discuss the condition of the existing machine, price and capacity of new machine, and make a decision to buy a new machine or not; these actions are transparently overt actions. When a decision to buy a new machine was made and the machine has been installed and starts operating, then, the manager will start analysing products generated by the machine, in terms of their market share, of their contribution to company’s profits, and so forth. This process will flow constantly and never meet an ending point. Thus, this simple illustration implicitly informs us that the action is not an isolated one, but it is a stream of actions which emerge as a reflection of the situation encountered (Charon, 1979, 113).

Further, it is argued that action is directed by an individual's goal; "each act, in a sense, can be said to begin with a goal that we establish for ourselves in the situation" (Charon 1979, 113), and we have to remember that the goal itself is not a static thing, it experiences transformation due to its time and space dimension. In this respect, Charon points out,

> [g]oals are not static, and therefore lines of action are constantly shifting. Whatever is done at a given moment must be understood as having developed over a period of time, with a number of factors contributing to the direction of action at different points, with goals in mind shifting, objects being redefined, and other people’s acts affecting direction (1979, 124).

These shifting goals could be ascertained, for example, in the accounting area. Historically, the prime objective of financial reporting was stewardship; it means that
management is considered as a steward who has an obligation to inform suppliers of liabilities and capital regarding the funds entrusted to management to run a company. This means also that financial statements are prepared to convey accounting information that may facilitate the suppliers of liabilities and capital to evaluate the achievement of management. In the next process (development), namely in the early 1960s, the goals were perceived differently; the dominant view articulated in this era was decision usefulness. It took an understanding that the purpose of accounting was to assist individuals in making economic decisions. This view was evidently formalised in Statement of Financial Accounting Concepts No. 1, *Objectives of Financial Reporting by Business Enterprises* of the Financial Accounting Standards Board (FASB) (see for example Whittred and Zimmer, 1990, 11). This simple example shows that the goals of accounting are not fixed; rather that they always undergo modifications subject to economic, political and social settings.

A goal, as we discussed, to which an action is directed may be one element outside our *self* (this is the element of the expectation of others) and this influences how an individual will execute his or her action, what sort of action will be taken, what he or she will expect when that sort of action is carried out, and how others will react if such action is performed. All these give us the insight that an action comprises meanings (communicative elements) which can stimulate others to react; thus, the action not only is related to ourselves, but also to others. Such action, for a symbolic interactionist, is labelled as social action as asserted by Charon,

\[\ldots\text{that action is social action when the individual orients his or her acts to others besides self. Action is social in the sense that we act, to a great extent, for others as well as for ourselves (1979, 127).}\]

It seems to us that emphasis of social action on the involvement of the others is imperative, because this conveys a perception that the action will only have meanings
through a process of interaction between the others (social objects or symbols) and ourselves. As to this perception, Mead says

I wish, however, to restrict the social act to the class of acts which involve the cooperation of more than one individual, and whose object as defined by the act, ...is a social object (1925, 263-64).

In a similar argument Blumer points out,

[f]undamentally, action on the part of human being consists of taking account of various things that he notes and forging a line of conduct on the basis of how he interprets them. The things taken into account cover such matters as his wishes and wants, his objectives, the available means for their achievement, the actions and anticipated actions of others, his image of himself, and the likely result of a given line of action. His conduct is formed and guided through such a process of indication and interpretation (1969, 15-6).

At this point, we can evidently come to appreciate that action is social; because, first, the action is not isolated, in the sense that action is a part of a stream of actions (including covert and overt action) which involves other individuals, and second, the emergence of the action is as a result of social objects or symbols (including goals, situation, other social actions and so forth) encountered by an individual. Third, the individual who will execute the action needs to interpret the social objects and take the expectation of others into account, and additionally the self that belongs to the individual is a social self (see Charon 1979, 69); this is so because only the self which has socialised with its environment (that is the self which has been crafted by environment through a process of interaction) can capture the meanings of social objects (symbols).

4. Islamic Values: Searching the Other behind the "Generalised Other"

The illustration above explicitly argues that the self is social; the social element of the self is the Me. The Me apperceives an interaction process with others in the sense that it is "the object that arises in interaction, and that one communicates with,
directs, judges, identifies, and analyses in interaction with others" (Charon 1979, 82; italics added).

**Mead's "Generalised Other"

Related to the others of the statement above, we would like to adopt it as the "generalised other", the term of Mead which refers to something out there which then enters and influences the development of self. For Mead (1934, 154), "generalised other" is "the organized community or social group which gives to the individual his unity of self". It consists of "standards, expectations, principles, norms, and ideas" (Hewitt 1991, 102) which give us the insight that it seems there is internalisation of outside values into the self. A very good illustration regarding this process is presented by Berger and Luckmann,

[p]rimary socialization creates in the child's consciousness a progressive abstraction from the roles and attitude of specific others to roles and attitudes in general. For example, in the internalization of norms there is a progression from, 'Mummy is angry with me now' to, 'Mummy is angry with me whenever I spill the soup'. As additional significant others (father, grandmother, older sister, and so on) support the mother's negative attitude towards soup-spilling, the generality of norm is subjectively extended. The decisive step comes when the child recognizes that everybody is against soup-spilling, and the norm is generalized to, 'One does not spill soup' - 'one' being himself as part of a generality that includes, in principle, all of society in so far as it is significant to the child (1966, 152-3; italics in the original).

There is a debate regarding this concept, that is between the concept of the "generalized other" of Mead and the reference group of Shibutani. Charon (1979, 162-8; see also Lauer and Handel 1983, 115-20) captures two basic variances, first, Mead views "generalized other" as "a composite, as a society, the society for the individual, a totality of individuals who are important and who represent the wider society, developed historically with rules long established". While Shibutani claims that "individual uses several reference groups, has several perspectives, and interacts with a number of social worlds, and ... therefore, that the individual can no longer be said to have a single generalized other." Second, Mead directs his special attention on "generalized other" as "a set of rules, the expectations that society has for the individual - what the individual is to obey to be a member in good standing in society," whereas Shibutani focuses on "the perspectives of reference groups that the individual comes to use" (italics in the original). Here, I would like to stand on Mead's view (even though we cannot fully refuse Shibutani's) to discuss this concept; because, I think this view is much closer to the social reality in which this methodological framework is designed and would be applied, that is Moslem society in Indonesia. This society (majority of its members) sees Islamic law (Shari'ah, the set of rules, to use Mead's phrase) - under which the members should obey - as the fundamental essence of Islam (although Islam is not identical with Islamic law), this view greatly dominates the way of thinking of individuals in that society. It is evident that only a few members endeavour to understand Islam comprehensively by seeing Islam from several perspectives (see Madjid 1992, 235).
The attitudes of mother and significant others (father, grandmother, older sister, and so on) have impressed inner conversation within the child's self that such action - spilling the soup - is not the expectation of "generalised others;" thus, this condition renders consciousness for the child (in term of consequences as he or she takes an action, that is, to comply or not with the others) and shapes his or her thinking of how to behave in his or her society. This is a very simple illustration that demonstrates a single "generalised other," that is, family. In fact, in a very complicated society the "generalised other" is not single, but many (Hewitt 1991, 102); in a society, for example, there may be a political party which requires its members to behave in such and such a manner. There are also professional organisations, social organisations, religious groups, business society, and so forth with basically each group having various expectations of its members. Even in one homogeneous group there could be a polarisation.

Related to this polarisation, Esposito (1992, 9; 69), for example, brightly exposes a conceptual worldview relating to modernisation as Westernisation and secularisation, on one hand, and Islamic reform, on the other hand in a "homogeneous" society, that is, a Muslim society. This concept (modernisation), in fact, is accepted and applied in every-day life by only a small number of that society, whereas "the majority of most Muslim populations did not internalize a secular outlook and values" (Esposito 1992, 9). The former seems to be accommodationist in the sense that they try to learn and imitate the success of the West; in contrast, the latter tends to be less accommodationist, sees Islam as "ideological self-sufficiency" and is "far more critical of the West" (Esposito 1992, 69), and condemns Westernisation and secularisation, nationalism, materialism and godlessness of society. They argue that Islam is a comprehensive, complete, and perfect way of life that covers all aspects of human life; in other words, they (those who are less accommodationist) reinforce the
view that there is an alternative way - Islam - other than, say, capitalism or Marxism, to reform society (see also Bannerman 1988, 10 - 5).  

In a more specific circumstance, in Indonesia, for instance, we can find Islamic movements in terms of both Islamic thought and social (cultural, economic, and political) movement. Ali and Effendy (1986, 122; 196) insist that in the 1970s Islamic thought developed radically in Indonesia. This phenomenon was actually as a reflection of situations of Muslim society at that time, that is, political and social conditions - government policy, a strong dichotomy between traditionalism and modernism, and the failures of both traditionalism and modernism to create a better condition in Indonesian society.

It is argued that government policy, under the New Order regime, had placed Muslims in a marginal position; this was so because there was a misinterpretation that Islam was traditional, anti-modernist, anti-development, and even anti-Pancasila.  

This gave rise to psychological consequences among Muslims, particularly Muslim leaders in the intellectuals class. They strived to make transformations in order to eliminate the negative image of Islam (and Muslim society), and to involve Muslims in ruling the state through a new Islamic thought movement (for example, neo-modernism). This movement, which is primarily motorised by Nurcholish Madjid, who is a realist and accommodationist, is not only concerned with the position of Muslims in the political world, but also with discourse relating to God, human, and social issues while striving to make a breakthrough to retrieve the psychological striking force of Muslims. This movement is still active and accompanies others,

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3 We would like to say that this view is not a dichotomy of Islamic ways of thinking, that is, between modernism and conservatism, rather than that it is a continuum school of thought (see, for example, Bannerman 1988).

4 It literally means Five Principles; this is the state ideology of Indonesia.
namely, socialism-democracy of Islam, internationalism or universalism of Islam, and modernism of Islam.

Ali and Effendy (1986, 170-5) characterise neo-modernism as having assumptions that Islam should be involved in the modern world and the ideal achievement of it is to be a leading ism in the world. In so doing, it is not necessary to refuse the established Islamic traditions in so far as they are still regarded as good ones, and it is possible to combine the traditions with contemporary elements which are in accordance with Islam. Or in other words, this movement tends to integrate traditionalism and modernism, and additionally, it is also inclined to put Islamic principles in their context or national scope. It means that, even though Islam is universal, it is unavoidable that local values are the other things that should be considered to implement Islam.

The socialism-democracy of Islam, the second sort of movement, sees that the ultimate and prime attainments of Islam are social justice and democracy. This view is influenced and based on the Western intellectual tradition specifically in regard to social, economic, and political ideas. The proponents of this view assume that Islam should be able to motivate and transform society as a whole - not be limited to Muslim society - and all its aspects, to move continuously to a better condition. Islamisation, for them, is not a formal one, but is expressed in concrete and productive works which will lead to social, economic, and political transformations, and the creation of a just and democratic society.

The third movement is Internationalism or universalism of Islam; its followers accept that universalism is the fixed dictum of Islam. However, nationalism, as they argued, is strongly required to implement Islam in day-to-day life. Hence, there is no dichotomy between nationalism and Islamism for them. And the last one is modernism of Islam; this movement concentrates on rational aspects of and makes an
effort to reap new Islamic thoughts; its followers spurn old-fashioned and established Islamic intellectual traditions, and tend to be puritanical.

In general, we can trace back the factors that might have led to the emergence of these movements to the social, economic and political settings. Kuntowijoyo (1991, 178-82) argues that in the era of industrialisation, Indonesian Muslims are encountering very complicated social, economic, and political forces the interests of which are all different. The ruling class and big business, for example, always pay attention to every situation to gain their own benefits, to strengthen conservative tendencies, and to remain exploitative in businesses. Their interests become stronger when they make a coalition with the military (see also Dapice 1980, 4). Consequently, their concerns are not limited to economic affairs, but they start influencing government and other social-political parties. This is actually a sort of social class which has strong power and a significant role in Indonesia. According to Kuntowijoyo, Muslims are now facing this coalition; to end the movements of this coalition, it is further argued that there should be an intellectual group which takes the side of another group (that is a group which is under the domination of that coalition), namely, wong cilik (ordinary people) to raise their consciousness in respect of rising fair and social transformations. The intellectuals, he further argues, have to be able to understand the interests of various classes and to emancipate the maltreated class without necessarily breaking the despotism, in the sense that the system should be reconstructed on the basis of justice. It can be done, for instance, by making use of various democratic ways through affecting government and social-political parties. Therefore, a means of analysis is needed to furnish people in seeing critically the reality surrounding them. For Kuntowijoyo, the means is knowledge which is the result of the reinterpretation of the Qur'an (and the Sunnah) in the context of its

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5 In other term, Kuntowijoyo (1991, 176) uses big capital as big business which most of them are not indigenous Indonesian people, they are Chinese.
social, economic and political settings. This sort of knowledge is powerfully required to plant the seed of, and to engineer social transformation.

Here, we have the insight that this situation is also that which brings about the increasing wishes of some Muslim intellectuals to revive Islamic tenets into daily practices through the various thoughts as elucidated before. These simple illustrations show us two important points; first, that in a society, even in a "homogeneous" one, there are many and complicated "generalised others" which may, first, consist of standards (say Islamic tenets), expectations (fair and social transformations), principles, norms, and ideas which are in action tied together in a form of system, and a commonly held belief by the members of a society, and second, consequently have a powerful influence in shaping every individual's self as members of that society in constructing their behaviour (Hewitt 1991, 102). Second, the existence of each "generalised other" may be identified by the characteristics that belong to each "generalised other," such as Indonesian society as whole, social class, social-political forces, government, wong cilik, Indonesian Muslim society in general, and Muslim intellectuals. Regarding this, there is a simple and specific question which may lead to clarification, that is, what sort of "generalised other" has been socially constructed by (Indonesian) Muslim society?

To answer the question, we can connect it with the statement of Hewitt (1991, 102) which argues that a "generalised other" may be "confined to specific religions, ethnic groups, social classes, or even regions of a country" (italics added). Confining a society to a particular value, say, Islam, comes into being either because it is the requirement of the religion itself or other situations that stimulate individuals to behave (in all aspects of their life) in accordance with the religious tenets. The former denotes that the religion embodies tenets which related to, first, the constructive quality of every individual (self) in terms of the quality of faith, knowledge, and action; this was (historically) reflected and manifested in the first
thirteen years of Muhammad's (peace be upon him) era in Mecca; and second, after furnishing the individuals with this quality, it is strongly demanded for every Muslim to implement the quality in his or her daily social life. Thus, this indicates that social (economic, political, legal, and the like) structure will be greatly coloured and shaped by that quality, and then will interact one with the other (the structure and society, on one hand, and the quality of self, on the other hand) which may, in turn, escalate to a higher quality of individuals. It was applied and taught by the Prophet (peace be upon him) in the second ten years in Medina (Madjid 1992, 348-9; see also Esposito 1992, 26-30).

The latter connotes, especially in this era, that situations are playing a very significant role in affecting an individual in turning back to his or her true religious tenets. Esposito (1992, 49-50) points out that

... individuals (theologians, legal scholars, Sufi masters, and charismatic preachers) and organizations undertook the renewal of the community in times of weakness and decline, responding to the apparent gap between the Islamic ideal and the reality of Muslim life. As with all things, a return to Islam - that is, to fundamentals: the Quran, the life of the Prophet, and the early Islamic community - offered the model for Islamic reform.

The powerful revivalist spirit that gripped the Islamic world ... was a response to economic and sociomoral decline, military defeats, and political divisions... Despite differences [of revivalist movements], all were movements whose goal was the moral reconstruction of society. They diagnosed their societies as being internally weak and in decline politically, economically, and religiously. The cause was identified as Muslim departure from true Islamic values brought about by the infiltration and assimilation of local, indigenous, un-Islamic beliefs and practices. The prescribed cure was purification through a return to 'true Islam'" (1992, 49-50).

These social situations - the gap between the Islamic ideal and the reality of Muslim, moral, economic, social, and political declines, and penetration and fusion of un-Islamic values and practices - have given rise to Islamic movements towards shaping a true Islamic society. In so doing, very basic ideological programs (and beliefs) have been set, namely (some of them):
Islam was the solution; a return to the Qur'an and the Sunnah (model, example) of the Prophet was the method; a community governed by God's revealed law, the Sharia, was the goal; ... (Esposito 1992, 50).

Should we compare these situations with Muslim society in Indonesia, we could find that the conditions are not different. As Kuntowijoyo (1991) argues, domination of one group over other groups is the source of inequalities; as a result, moral, economic, social, and political declines will be encountered, this is because the other groups are not able to control the very significant power of the first one. The solution is Islam, that is, turning back to the very basic tenets of Islam - the Qur'an and the Sunnah - by reinterpreting them in their social context, understanding, and applying their meanings in recent space and time dimensions.

This last description is actually a more practical expression of, or the realisation of the quality of faith, knowledge and action as previously mentioned. We would like to argue here that it (faith, knowledge and action) is precisely a sort of "generalised other" which is able to influence the characters of self. It can be proved by the illustrations above, such as how individuals have arisen in Islamic movements, how they critically analyse their social structure on the basis of Islamic tenets, how they reinterpret Islam in order to be able to reconstruct their society, and so forth. All these are the indicators that suggest that the faith, knowledge and action has crafted the self.

**The Concept of Faith, Knowledge and Action as the Other (the "Generalised Other")**

Based on the illustrations above, we can crystallise a supposition that each idea has very momentous effects on moulding social characters of the self; then, these characters will influence all actions delivered by the self which, in turn, will affect society at large. The illustrations have also portrayed to us the idea that faith, knowledge and action is the other ("generalised other") which is able to craft the self. The concept (faith, knowledge and action) manifests an integral perception regarding
Islam as a religion which pays great attention to the relationship between the individual and God, and the association between an individual to other individuals (and to the universe). The elements of the concept (that is, faith, knowledge, and action) are not separate; they are an integral part. The separation of or elimination of each element will be meaningless for the self and its society respecting those relationship already mentioned.

The concept of faith (iman) is meant to indicate the belief of an individual in God. For a Muslim, it is expressed in a statement by unifying God and proclaiming that Muhammad (peace be upon him) is His Messenger. As a consequence of this belief, the individual will adhere to all commands of and keep away his or her conducts from all prohibitions of God, and imitate the conduct and actions of the Prophet (peace be upon him) as examples. Faith, for al-Faruqi (1992, 41), "is something that happens to man, when the truth, the factuality of an object [symbol] strikes him in the face and convinces him beyond of its truth". It is the truth, as al-Faruqi further argues, given to a human's mind. So it is critical, rational and knowable; not a mystery, irrational and unknowable. It is not a blind faith which does not give the human being an occasion to investigate it intelligently, rather it is an opened object (symbol) that challenges him or her to critically think about it (al-Faruqi 1992; see also Abdalati 1975, 19).

Respecting the faith, Madjid (1987, 240-41) argues that the important thing for an individual related to the faith is his or her attitude towards believing in God. When this attitude attains the highest level - which means that the individual's spiritual position (relationship) is very close to God; then, in this position, he or she can totally control his or her self from which the source of motive emanates, and will be the basis for conducting his or her social activities. It is worth bearing in mind that the attainment of the closeness position is not an end point which means that when an
individual has reached this point, he or she will cease his or her efforts to be closer to God, rather it is a never-ending process as Madjid asserted,

... human being has to make efforts to always develop and increase this religious appreciation [the attitude to believe in God] through making explorations which will enlarge new experiences. This process will never stop. Because, each cessation may mean that the individual has reached God, the Absolute. So, this means placing God in the area of human attainment (1987, 143; italics added).

When the Absolute is put in the circle of human relativeness and achievement, God will loose (by all means, this will never happen) His Absolute; or in other words, when an individual terminates the efforts of increasing or improving religious appreciation, he or she has reached the Absolute. This means that he or she equalises his or herself with the Absolute. In this position, he or she has broken his or her faith which originally recognises that God is the One. Hence, to avoid this, continuous endeavours through virtuous actions should be always maintained (Abdalati 1975, 23).

It can be done, for instance, by not limiting virtuous actions to only ritual worship (ibadah), such as performing prayer, fasting, paying zakat (Islamic tax) and going for hajj (pilgrimage), but also other actions related to a social and mundane relationship, that is, the relationship between individual and individual, and between individual and universe, and, of course, including covert (thinking) activities, as previously discussed, to (re)construct knowledge. Knowledge, in this regards, is reasonably needed to study and understand how social and natural laws (God's laws) work, and by this knowledge an individual may securely take a righteous action which is in accordance with them (the laws). So, from an ideal point of view, there will be no ruin socially and naturally, we will find peace (Islam), inversely. Knowledge and activities of theory building, however, are not free from the subjectivity, weakness, and relativeness of an individual who constructs the knowledge. This view, especially relating to the relativeness, is consistent with the vision of Madjid (1987, 240-43)
who argues that the absolute is only the God. Regarding this, however, Madjid (1987, 286) has another view; he claims that knowledge (both social and natural sciences) is value-free. It seems, for him, that knowledge is initially there, at birth; it is as if no human intervention ever exists. We can observe this human intervention from two points of view, namely, external and internal interventions. First, the construction of knowledge cannot be free from the boundary of the social settings; it may be circled by a time and space dimension. The appearance of big theory, for example, was greatly invigorated by its conditions (for instance, ethnic prejudice and nationalism) and thus influenced theorists who constructed it (see Said, 1993, 186-8). Similarly, Foucault (1977; 1980) spurns a distinction between "pure" knowledge - the knowledge which is free from power, and "ideological" knowledge - the one which is stirred by power. He argues that an individual was actually born and created by multiplication of the networks of power; the networks which are spreading in all social-human life of the individual. This means that he or she definitely cannot escape from those networks. Consequently, knowledge and power are agitated in one unity; so, the distinction is just an illusion. Second, say, we can eliminate the external factor (even though it is not possible), then we will still find the second factor - the internal intervention. This is personal relativeness of an individual, either because of his or her nature or his or her environment has affected him or her through never-ending social process (the latter, the external factor, again, affects the individual's self as internal factor). So, it is very hard to say that knowledge is value-free. Moreover, in a Muslim society, now there is growing knowledge which is inspired by religious values, such as economics, political theory, psychology, sociology, history, and so forth (see, for example, IIIT 1988). These facts show us that the knowledge which is value-free is impossible to find. Because, when an individual's self has been moulded and matured by faith his or her self will reflect a particular (under the shadow of faith) perspective which also then transmits implications not only for overt actions, but also for covert actions (see, for example, al-Faruqi 1992).
Thus in regard to the connection between faith and knowledge, we can be assured that knowledge is also under the influence of the value of faith. And, it is also argued that knowledge clearly has a meaningful role [among other things, say, *hidayah* (God's guidance)] in gaining (Madjid 1987, 231) and strengthening faith. Equally, al-Faruqi (1976, 522) claims that an individual becomes a convinced Muslim if he or she has reasoned out his or her religion. This remark explicitly brings to light the fact that knowledge resonates an augmentation of faith. This is reasonable, because knowledge, in this study, has only a single context, on the notion that knowledge is constructed and utilised for only recognising or knowing deeply the God (which implies also His existence), not for the needs of praxis *per se* (Mulyanto 1991). As regards this, Nasr (1981, 2, 4) points out that

... knowledge continues to be a means of access to the Sacred and sacred knowledge remains as the supreme path of union with that Reality wherein knowledge, being and bliss are united (1981, 2).

To be human is to know and also to transcend oneself. To know means therefore ultimately to know the Supreme Substance which is at once the source of all that comprises the objective world and the Supreme Self which shines at the center of human consciousness and which is related to intelligence as the sun is related to its rays (1981, 4).

The single context implicates a transcendental objective inherent in its constructions and applications. Consequently, knowledge which involves studying the profane substance is not apart from a spiritual one; both are the needs of individuals. Or, according to al-Attas (1979,. 30-1), it consists of knowledge of religion and knowledge of sciences.6 These sorts of knowledge are not separated one from the other, rather they are integrated, in the insight that, first, a true Muslim would furnish him or herself with both knowledge of religion and of sciences; secondly, the construction of the second knowledge, that is knowledge of sciences, may be based

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6 al-Attas (1979, 30-1) acknowledges that knowledge of religion consists of the Qur'an, the Sunnah, Islamic law (*Shari'ah*), spiritual knowledge (*'ilm al-ladunniyy*) and wisdom (*hikmah*), while knowledge of sciences is the common one, such as accounting, biology, chemistry, economics, engineering, physics, psychology, sociology and so forth.
on, stirred by or confirmed by knowledge of religion. Hence, by so doing, knowledge of sciences is always under the right guidance, in terms of its constructions, substance and applications, leading an individual to achieve his or her transcendental objective, that is the pleasure of God (falah). In this regard, Nasr (1981, 6), for example, points out that by depleting knowledge from its sacred attribute and creating profane knowledge will only lead to a forgetting of the primacy of sapiential dimension of human being and by using this unsacred and profane knowledge to study sacred doctrines would also lead a human being to be far from the knowledge of Ultimate Reality (see also Nasr 1975, 19). In addition, knowledgeable truth attained by the knowledge (of sciences) is also single. This means that there is not any distinction between religious truth and a scientific one, because, as al-Faruqi reasoned out,

God is the Creator of nature from whence man derives his knowledge. The object of knowledge [of sciences] is the [social and natural] patterns of nature which are the work of God. Certainly God knows them since He is their Author; and equally certainly, He is the source of revelation (1992, 45; italics added).

What al-Faruqi means here is that the truth is single; he denotes it by presenting two sources of knowledge, namely, first, the nature as the creation of and within which God has installed His laws in terms of its social (related to human beings) and natural patterns, and second, the words of God (the Qur'an, the revelation) which sometimes (in some verses) orders human being to think of the process of universe creation.7 Thus, when a contradiction (between a religious and a scientific truth) is found, certainly it is caused mainly by "the thinking and speech" of an individual (al-Faruqi, 1992, 44).

The idea of the unity of knowledge convinces us that knowledge (of this concept) is beyond the common perception of modern knowledge. Not only is it concerned with

7 The former and the latter are commonly called non-verbal verses (ayat kauniyyah) and verbal ones (ayat qauliyah), respectively.
profane objects of human needs, but also the religious, sacred and spiritual ones. This sort of knowledge is the outcome of faith reflection. The faith crafts the self with scared values which then emits or initiates a line of noble thinking activities. Having gained the knowledge, the faith inquires further actualisation of the knowledge in daily life social actions, in the form of virtuous actions (Abdalati 1975, 23). The virtuous actions, according to Madjid (1987, 245-6), are ones which always in harmony with social and natural laws (God's laws) both spiritually and worldly, or vertically (related to God-individual relationship) and horizontally (individual-individual and individual-universe relationship). Spiritual harmony, for Madjid, will be personally experienced and understood by an individual as the result of his or her religious appreciation. Then, it will be expressed in the form of intention or motive which is actually the essence of every action within which spiritual value is innate; and this will become the source of spiritual happiness in worldly life and hereafter. The other one, worldly harmony, is socially and naturally related to the environment. To attain the harmony, an individual should understand social and natural patterns of the environment. Here, it seems to us that Madjid distinguishes spiritual harmony and material one,

so, the dimension of worldly life which is material is knowledge, whereas the dimension of life in hereafter is the faith. Hence, the approaches [to access them, that is, knowledge and faith] should be distinguished.

Faith is growing and developing through revelation, while knowledge through intellectual. And because of this different dimension, an approach to one of them can be undertaken by ignoring the other dimension.

... an individual with "correct faith" (the correct attitude of spiritual life [which is accordance with Islam]) may accomplish a lower achievement [in terms of knowledge, technology, civilization, and so forth] than other individual who has "incorrect faith"... an approach to the life in hereafter which is spiritual can be undertaken by fully ignoring the dimension of worldly life (1987, 248-9).

The vision of Madjid is correct in respect of its context, that is, in the context of worldly life and of the progress of knowledge, technology, civilisation, and so forth. However, if we put the vision in the context of how an individual can be a real
Muslim, the vision may mislead the individual. Because, as we have argued, there is no separation between faith and knowledge; "... integral intelligence is never divorced from faith" (Nasr 1981, 151). Knowledge and, of course, action of constructing and applying knowledge are the reflections of the faith. Consequently, there will be no ruin spiritually, worldly, socially and naturally in the life of an individual and society as a whole (see also Nasr 1981, 4).

Moreover, in this context, action, as the reflection of faith, is accordingly regarded as the way of worshipping God (ibadah). Worship, in both the specific\(^8\) and the broader sense, has an intrinsic meaning as an approach for an individual in coming closer to God. Through this, he or she will feel spiritual closeness to Him. This spiritual experience is the main savour of religion that in the sufism environment and for mystic consideration have the highest level of religious legitimation. Besides this, worship has also an instrumental meaning; since it can be supposed to be an effort of education for both individual and society towards the commitment of ethical and virtuous behaviour. It can be achieved by assuming that through worship a believer cultivates and fertilises individual and collective consciousness for his or her personal and social duties in procuring harmonic life in the world. This consciousness emanates from a deep consciousness and responsibility of every individual obligated before God in His Day of Judgment (Madjid 1992, 61-2); that is, it is the faith as described above. This notion of worship intrinsically and essentially comprises two requirements, that is, first, the action is undertaken based on a motive of fulfilling the commands of God or precisely for seeking the pleasure of God. This motive (of seeking the pleasure of God) is actually the ultimate goal of a human being (see Abdalati 1975, 123; Ahmad 1980, 179; Khan 1984; Arif 1985, 1987; Siddiqi 1988, 3-13; Zaim 1989; Madjid 1992, 18) which transcends worldly life to the life in hereafter; it is the key of an individual for accessing happiness. Secondly, as a

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\(^8\) Specific worship meant here is ritual actions such as observing prayer (shalat), performing fasting (sawm), paying compulsory Islamic tax (zakah) and going to pilgrimage (hajj).
logical consequence of the first requirement, the action should be a virtuous one. By all means, to seek the pleasure of God, an individual's act of worship has to follow the will of God. To affirm whether an action is virtuous or not, faith and knowledge will guide the individual to judge. Hence, every action, according to this concept and based on the two requirements, is the act of worship regardless of whatever the action is.

Having captured the meaning of faith, knowledge and action, we now can recognise that the concept is integral, transcendental and teleological. Integral means that the elements of the concept (faith, knowledge and action) will never be divorced from each the other; the separation of these elements will give rise to a meaningless concept. Apparently, faith is the cornerstone of the concept. It is like the sun which resonates its rays to bring the darkness of the world to light. All aspects of human life is based on faith (see al-Faruqi 1992). Thus, it is not surprising when we find that knowledge and action are also constructed, implemented, and undertaken on the basis of faith. Since knowledge can be utilised to know closely God and action is also under the shadow of faith, knowledge and action can strengthen an individual's faith, and vice versa. Or in other words, evidently, there is a reciprocal relationship between faith, on one side, and knowledge and action, on the other side (see al-Faruqi 1992, 39-43). The concept is also transcendental, because the concern of this concept is not only limited to temporary (worldly) life, but also to the real life in hereafter which means that it is teleological. The life is purposive, so the meaning of life is to work hard and struggle through correct faith, knowledge and action to achieve the ultimate and transcendental goal.

5. Crafting Self: Travelling towards a Religious Self

Teleological is one characteristic, among others, of our concept that distinguishes it from symbolic interactionism. Symbolic interactionism is not value-free; it is
constructed and based on the values of a society which is liberal and non-teleological as commented by Alistair Preston of the University of New Mexico,

You have to remember; symbolic interactionism, as you know, was born in Western society which is liberal and non-teleological. So, it is not the same as your society, Muslim society, which is based on Islamic values and teleological.

Explicitly, we have already accepted this comment by describing the concept of faith, knowledge and action as the "generalised other" which has potentiality to shape every self of members of a society. Then, we can now question; is there any difference between the self of symbolic interactionism and the self of our concept? if so, what is the difference? and how does it take place?

To answer these questions, it is better to trace the development process of self. Since, we have already elucidated and understood the nature of the self, discussion towards the development of the self is useful to conceive its teleological aspect which, of course, then will be dispatched to society as a whole.

It was Mead (1934, 158) who argued that the self experiences two general stages for its full development. The development of the self, for Mead, is internalisation of particular attitudes of other individuals and social ones,

[a]: the first of these stages, the individual's self is constituted simply by an organization of the particular attitudes of other individuals toward himself and toward one another in the specific social acts in which he participates with them. But at the second stage in the full development of the individual's self that self is constituted not only by an organization of these particular individual attitudes, but also by an organization of the social attitudes of the generalized other or the social group as a whole to which he belongs... So, the self reaches its full development by organizing these individual attitudes of others into the organized social or group attitudes, and by thus becoming an individual reflection of the general systematic pattern of social or group behavior in which it and the others are all involved ...(1934, 158; italics added).

9 This comment is based on my discussion with Alistair Preston at the University of Wollongong, Australia on July 1993.
Articulately, the full development of the *self* is ultimately limited to the process of forming the *self* by the "generalised other." As we know before, the "generalised other" is "the attitude of the whole community" (Mead 1934, 154). Mead never set out the attitude (of the whole community) which has a purposive and transcendental goal. It seems to us that Mead's concept is entirely bounded by the values of community itself without knowing the affection of the other "generalised other" which is initially beyond the imagination of that society. As a result, the *self* will have no exact and clear orientation, except by narrow and non-transcendental values of its society.

Being affected by faith, knowledge and action, the development process of the *self* is guided to the ultimate and transcendental goal, that is, the achievement of the pleasure of God. According to some scholars (see Rahardjo 1991), an individual's *self* may be in a state of a development level. Generally speaking, there are three development levels, namely, *ammarah* (animal character), *lawwamah* (humanity), and *muthmainnah* (godness, religiousness), respectively from the lowest to the highest level.

The lowest level is the position of *self* which tends to merely fulfil the basic animal instinct; he or she (the *self*) never works rationally and may lead an individual to lowliness, to be self-centred, destructive, and materialistic (Rahardjo 1991; Ba-Yunus 1991). At this position, the *self* is not able to identify whether or not a decision or action is virtuous and correct; he or she simply and directly takes the role or attitude of "generalised other," or his or her own lust without necessarily rethinking of, evaluating, and controlling it. It seems to us that, at this level, the *self* has not absorbed the values of faith and knowledge well.

In the next higher level, the *self* starts realising, assimilating, and applying the values. However, he or she sometimes behaves interdemandistically, that is, to behave
irrationally or rationally, to apply the values fully or partly, to act immorally or morally, or to be animal-like or god-like. Obviously, at this development, the *self* faces and undergoes interaction and choice to follow his or her lust, or his or her noble and pious character (Rahardjo 1991; Ba-Yunus 1991). When an individual, for example, is facing a situation (symbol) which forces him or her to make a decision to act, the individual will analyse, evaluate, and judge the situation before undertaking the action. There seems, within the *self*, to be a conversation which urges the individual to act in an animal-like manner or in a god-like (pious) manner. There is the same chance for the *self* to undertake a bad or virtuous action. When the *self* succeeds in taking a virtuous action, it means that the *self* has assimilated the values of the faith and knowledge, thus the *self* is strong enough to prevent him or herself from the evil. However, we often find or experience that the *self*, because the values are weakly embedded, fails to control the evil. It is common, at this level, to find diametrical and interdeministic behaviour of the *self*.

It will be different, however, when the *self* is very closely approaching or at the highest level. At this stage, the *self* has the powerful capability to control every situation and to pose him or herself rightly, morally, and religiously in a pious position (see also Rahardjo 1991). To be like this, evidently, the values of the faith and knowledge should have been well implanted within the *self* which then will transmit and transform the values into virtuous and pious actions. At this spot, actually the *self* is returning to its nature (origin) which is pious. Indeed, turning back to the origin, to be a religious (pious) *self*, is a hard journey; it takes serious efforts. However, an effort, to approach and to be a religious *self*, is recommended for every individual. Moreover, the religious *self* is, of course, the one which is loved by God; this is the way to attain the ultimate goal of the *self*. But, it should be borne in mind, that being a religious *self* is actually an ever-lasting process; hence, an individual will continuously make endeavours to be the religious *self* (see Madjid 1992, 1-6).
Having grasped the development process and the ultimate goal of the *self*, now we can clearly see the thing which becomes the basis of value for a Muslim society. Our concept here, to some extent, is different to symbolic interactionism, in the sense that we realise that there is the *other* behind "generalised other" which is teleological and transcendental in its perspective. Our description begins with particularly the shaping process of *self* by assuming that, as if, at the first time, there was only *self* and the *other* (faith, knowledge and action) - this is only to simplify, we clearly recognise that there is an interaction between *self* and the "generalised other" (the attitudes of society); both inter-influence - which interact and shape the *self*. Then, the shaped, teleological and transcendental (the religious or becoming religious) *self* starts working to spread, affect, and form his or her society with his or her qualities (values). As a result, the society (the members of the society) will be affected by and behaves in the same manner as the *self* and the qualities of the *self*, which, in turn, influences or interacts with the *self*, and this pattern will take place without any limited time (cf. Mead 1934; Blumer 1969; Meltzer et al. 1975; Charon 1979; Hewitt 1991; see also Ba-Yunus 1991). This is actually a simple illustration respecting the formation process of a society, particularly a society which is concerned with teleological and transcendental values. The above illustration, regarding Islamic thought movements, is the fact that indicates the existence of an effort of absorbing Islamic values (faith, knowledge and action) within the *self* and society.

6. The Complementary Nature of the Empirical Reality and the Normative "Reality": A Formula for Accounting Research

The work portrayed above, that is, extending symbolic interactionism to Islamic values (faith, knowledge and action), is an effort and an instrument which is formulated to analyse and perceive social reality as a social construction. The extension of symbolic interactionism is necessarily undertaken, because, as we have earlier discussed, symbolic interactionism itself is not *value-free*. So, by making use of it blindly, without any consideration regarding the values or culture of a society to
which symbolic interactionism (theory) will be applied, will result in a fatal outcome. Moreover, we do not want to be trapped in the notion which says that, by ignoring aspects such as the local values of a society, it can be appropriately applied in all situations.

In respect of the social reality, it is not easy to grasp precisely its meanings. Therefore, to be confident of the reality, a researcher has to have a close and deep association with those who are being studied. In so doing, he or she has to enter the inner worlds of the subjects of study. On this point Blumer argues that

[i]f it [symbolic interactionism] wishes to study religious cult behavior it will go to actual religious cults and observe them carefully as they carry on their lives (1969, 47).

The implication of this is that observational techniques (qualitative methods) are preferred. Hence, an attempt of going inside the object studied is strongly recommended. With respect to this, Burrell and Morgan clearly state,

... one can only understand the social world by obtaining first-hand knowledge of the subject under investigation. It thus places considerable stress upon getting close to one's subject and exploring its detailed background and life history (1979, 6).

By so doing, it is hoped that the explicit meanings of social reality can be reached. And it is also to lessen the weaknesses of experimental, instrumental, and quantitative methodology. Similarly, Tomkins and Groves (1983) suggest that accounting researchers should start thinking about other social science approaches, besides the mainstream approach, in order to get closer to the practitioners' everyday world. The work of Preston (1986), for example, may be regarded as a realisation of the suggestion. His work is based on a year-long participant observation study. To investigate the wider aspects of information process within an organization, he, by making use of symbolic interactionism approach, gathered relevant documents, interviewed managers, talked informally with them on the shop floor, in their offices
and over lunch in a canteen and observed them as they went about their daily activities. Kaidonis (1991) also utilises other approaches, both critical and interpretive ones, to study the development of the accounting information system at the South Australian Housing Trust as a case study. By interviewing directly and intensively interviewees, she finds that the development of the accounting information system is directed and influenced by internal and external stimuli. According to Kaidonis, this finding will not have been apparent through mainstream accounting research method.

Having entered the empirical social reality, the findings will be analysed and represented in the framework of the extended symbolic interactionism. This is so, because a researcher cannot take the reality for granted, he or she is required to understand and explicate such reality systematically and logically. As regards this, Berger and Luckmann point out,

> [h]e [the man in the street] takes his 'reality' and his 'knowledge' for granted. The sociologist [researcher] cannot do this, if only because of his systematic awareness of the fact that men in the street take quite different 'realities' for granted as between one society and another. The sociologist [researcher] is forced by the very logic of his discipline to ask, if nothing else, whether the different between the two 'realities' may not be understood in relation to various differences between the two societies (1966, 14).

The statement of Berger and Luckmann obviously asks us to critically see reality and the knowledge found before and owned by us. This indicates that the reality will not be taken for granted; we try critically to conceive the meanings of the reality.

Reality, as the empirical social world, indeed must not be seen as a myth, or something which is taken for granted. This is so, inasmuch as, as we discussed before, reality is socially constructed. It is the creation and product of individuals in a certain society, the selves (with various values), which play a very important role in shaping it; or in other words, reality is not value-free. For this reason, Islam is
highly inclined to critically see reality in its transcendental and teleological perspective, in particular through its ethical norms, that is, Shari'ah. It is the ethical codes of conduct of a Muslim which guides all aspects of the Muslim's life so that, he or she is able to distinguish the right from the wrong, the good from the wicked, and the just from the unjust (see Doi 1984; Alam 1991).

Concerning the empirical reality, Gambling and Karim (1991, 94) profess that there is no guarantee that the empirical reality, say, accounting practices, being exercised in a society is always compatible with the Shari'ah.10 On the other hand, a Muslim is ethically required to constantly comply with the Shari'ah of which the will of God consists. Consequently, the Muslim, according to Gambling and Karim (1991, 98), is inclined to abide by the norms of the Shari'ah. However, it does not mean that all things found in the empirical reality should be discarded. So long as the things are in compliance with the norms, they are accepted irrespective of who the social constructors are. This view might be placed in the same stance with Mannan's (1983) position which argues that science (Islamic economics) in Islam never separates the positive aspects of the reality from the normative ones. Both aspects are apparently mutually-inclusive with a certain condition especially for the acceptance of the empirical reality by the Shari'ah (the normative guidance), that is, so long as the empirical reality, to repeat, is in accordance with the normative guidance.

This insight is also supported by the vision of Islam which never accepts a dichotomy between one thing with other thing, inversely Islam accepts diversity in unity, so long as the things are in the Tawhidic path, that is, the direction of faith in the unity of God. On the level of ontological assumptions, for example, Al-A'ali (1993) argues that there is, in the view of Islam, no dichotomy between nominalism and realism (cf.

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10 The Shari'ah, the Divine law, here is no more than the manifestation of faith, knowledge and action. In other words, it consists of faith and knowledge which spiritually asks those individuals who believe in it and logically convince with its messages to actualise the messages into real actions. In more detail, the Shari'ah will be explicated in chapter seven.
Burrell and Morgan 1979). For Al-A'ali (1993), merely to rely on one of these poles will result in the generation of knowledge of a partial view. The insight is also, on the level of epistemology, supported by the work of Dhaouadi (1993) which in essence regards the unity between the spiritual aspect and material aspects of human beings. It means, according to Dhaouadi (1993), that knowledge should not merely be aimed at the materialistic dimension of the objects being studied, but also the spiritual. Or in other words, knowledge should not only be constructed for the purpose of worldly life, but also for divine salvation (Dhaouadi 1993). Hence, to do so, the marriage between knowledge and religion is the most important epistemological view of Islam (see Bashir 1986a; 1986b; Dhaouadi 1993; Ragab 1993; Safi 1993), and consequently religion becomes one source of knowledge. In this respect, Safi (1993) also advances that in Islam there is no contradiction between revelation and reason, inasmuch as "religion is the domain where reason is exercised to its fullest capacity" (Bashir 1986a). Accepting these insights, a Muslim will adopt the position that knowledge is the counterpart of faith. As a result, faith and knowledge will be united in one core to in turn reflect righteous actions in the sense of the acts of worship.

In short, we can grasp an implicit meaning from the illustration above that in essence Islam discards any dichotomy of two, or more (opposed) things, but accepts the complement of things. The implication of this is that this study employs the coexistence of both the empirical reality and the normative "reality." It means that, first, this study attempts to analyse and interpret the empirical reality by using symbolic interactionism that has been extended by the values of Islam. Extending symbolic interactionism (as an instrument) itself may mean that there is a mixture between the empirical "reality," that is, the symbolic interactionism that has been constructed by a liberal society, and the normative "reality" (the Islamic values which

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11 Chapter nine: Shari'ate Accounting: an Ethical Construction of Accounting Knowledge of this study will discuss about Shari'ate (Islamic) ontological and epistemological assumptions of accounting knowledge in more detail.
are utilised to harmonise the symbolic interactionism with the Islamic values. Having harmonised symbolic interactionism, it will be utilised as an instrument to see, analyse, and interpret the empirical reality, in this case in organisations and accounting practices. Secondly, there is no evidence, as has been mentioned before, that the empirical world does not exist all the time in harmony with the normative values of Islam. Thus, the normative "reality" needs to be down to earth to guide, direct and harmonise the empirical world. This apparently indicates the presence of a mutual-existence between the empirical and normative realities. For this reason, this study is highly concerned with both what is and what ought to be.

7. Summary

Symbolic interactionism is a perspective of social psychology which attempts to conceive the nature of interaction in a society, that is, the dynamic social activities taking place between individuals. However, this perspective is less concerned with human nature (in the sense of the religious self), the sort of knowledge which is useful to shape an individual's mind, and the purpose of the individual's actions. It pays attention to a limited extent to what merely can be reached by limited senses and minds. Hence, it fails to capture the whole meanings of the nature of social realities constructed by a society.

In this respect, the Islamic concept of faith, knowledge and action are applied to this study to eliminate the weaknesses of symbolic interactionism and to extend its potentiality. So that, it can be utilised to catch the meanings of social reality (interaction) intactly in a Muslim society. It functions as the other "generalised other" which shapes the self in a certain direction, that is, the religious self. This sort of self is the highest development level of the self which differs from the concept of symbolic interactionism.
Therefore, not only does this concept recognise, to some extent, the positive values of symbolic interactionism, but also it furnishes symbolic interactionism with normative ones. Being concerned with both positive and normative values, this concept has a powerful potentiality to provide an alternative sort of knowledge, and then to transform social reality (in which symbolic interactionism accepts reality as *it is*) to a condition that leads society to the achievement of the real, ultimate, and transcendental goal.

This methodology, the extension of symbolic interactionism to include Islamic concepts, is actually an instrument designed to give a philosophical basis to comprehending deeply social realities, and in constructing a certain sort of knowledge specially in the perspective of a Muslim. In so doing, first, it accepts the argument that says to seize first-hand knowledge, one has to go inside the social world being researched; it is an effort of getting raw material of knowledge which then, secondly, will be utilised to reconstruct (accounting) knowledge.
A voluntary act is one proceeding from one's own choice or consent. It follows that all action in pursuance of Islamic teachings is voluntary action. This also applies to what is obligatory in Sharia, such as zakat, as one's profession of a faith is itself a voluntary action. Hence the voluntary activities of a Muslim include what is obligatory as well as what is recommended in Islam (Siddiqi 1991, 9).

1. Introduction

In chapter two we discussed symbolic interactionism which in essence spells out the process of how self is moulded "socially" by Islamic values, especially of faith and knowledge, which, in turn drive, the self to take a certain course of action. Besides faith and knowledge, however, the self may also be characterised by other characteristics, such as, altruism and egoism. These two characteristics have an important role in driving the self to take a course of action, or to create concrete or abstract creations; they may be inborn or socially developed and crafted by the environment (see Aronfreed 1966; Latane and Darley 1970; Campbell 1978; Masters 1978; Cohen 1978).

On this issue, Ba-Yunus (1991) points out that every individual (self) has inherently unlike and mutual opposite characteristics (see also Shariati 1981); he or she may tend to be self-centered, materially destructive as well as self-sacrificing and spiritually altruistic. Responding to this self's characteristic, especially self-sacrificing and spiritual altruism, Siddiqi (1991) also argues that fulfilling religious duty, such as paying zakat, for example, is actually the expression of this character. For Siddiqi, in a Muslim society, this may be socially reinforced by the normative tenets of Islam.

Thus, the concern of this chapter is to argue the altruistic and egoistic characteristics, in particular the altruistic characteristic, that has a significant role in driving the
course of action selected by an individual. As this characteristic, which is also simultaneously accompanied by other factors such as religious motivation and economic situation, is manifested its formalisation comes into being in the form of zakat agencies, that is, the formation of BAZIS of Jakarta and LZI of Brawijaya University (henceforth, BAZIS and LZI). The next section attempts to discuss whether or not the altruistic and egoistic characteristics of self is inborn, or socially "planted," or both. Then, the concern of this chapter emphasises historically, the process of zakat agencies formation which in essence is the form of "formalising" the altruistic characteristic and the reflection of the inner religious qualities of the self and economic situations.

2. Self’s dual-dimension: Inborn or Socially Developed?

A question regarding whether or not altruism is genetically inherited by human beings has been a long and debatable issue among researchers (see Aronfreed 1966; Latane and Darley 1970; Campbell 1978; Masters 1978; Cohen 1978). Darwin, for example, asserts that an individual basically has an inherited tendency to be altruistic without considering his or her own benefits in facing a given situation;

> [a]s man is a social animal, it is almost certain that he would inherit a tendency to be faithful to his comrades, and obedient to the leader of his tribe for these qualities are common to most social animal. He would from an inherited tendency be willing to defend, in concert with others, his fellow-men; and be ready to aid them in any way, which did not too greatly interfere with his own welfare or his own strong desires (1874, 105-6).

The above vision of Darwin is not different to Plato, Aristotle, Hegel and Marx who view an individual as naturally social, "so that cooperation and altruism are at least as natural for our species as rivalry" (Masters 1978, 59).

In contrast, some prominent individuals such as, Machiavelli, Hobbes, and Freud, renounce the adoption of the above vision. For them, an individual initially has animal characteristic, selfishness, and individual self-seeking all of which tend to be
destructive and troublesome (Cohen 1978, 80; Masters 1978, 59). These tendencies can be controlled (and eliminated) only by society or laws in which the individual lives (Cohen 1978, 80). If we find in our daily life that an individual is behaving with an altruistic, social, and co-operative attitude, it is merely the result of the social environment (interactions) rather than genetically, as claimed by Campbell,

I now believe that these self-sacrificial dispositions, including especially the willingness to risk death in warfare, are, in man, a product of social indoctrination counter to rather than supported by genetically transmitted behavioral dispositions (1978, 41).

For pre-Socratic thinkers, such "altruistic behavior is merely a culturally acquired restraint on the desires of competitive individuals" (Masters 1978, 59). Hence, it is evidently the social products which are generated by social interactions (see also Mead 1934; Berger and Luckmann 1966; Blumer 1969). However, for the opponents of this vision, the altruistic, benevolent, and co-operative behaviour is actually the original characteristic of an individual; while the selfish, bad, and competitive attitude is merely the result of the evil settings that surround the individual;

[m]an is essentially good and capable of kind and noble thoughts and acts. However, evil results when man is caught within bad societies that stimulate and create bestial, selfish, and "inhuman" behavior. A similar set of assumptions appears in Marxist and environmentalist approaches, in which individuals are considered to be morally neutral but determined by unjust and exploitative "relations of productions" or by evil and unsatisfactory social environments. Man's evil is the result of evil surroundings (Cohen 1978, 80; emphasis in the original).

Regardless of whether the altruistic and selfish attitudes are genetically transmitted or not, we capture a basic similarity in those two views, that is, they take into account that social settings have a very significant role in affecting those two opposed qualities. When an individual, or self, to use a symbolic interactionist's term, is alive in a good environment, the possibility of the self to behave in a generous or benevolent manner is greater than the other self which lives in a bad society. This is so, since the society or environment has a powerful influence to shape the self; or in other words, the self may consciously account for the attitudes of others (good or bad
societies) before delivering a course of action (Mead 1934, Berger and Luckmann 1966, Blumer 1969, Hewitt 1991). Thus, "cultural norms [for instance] must therefore play a very strong role in reinforcing the appropriate behaviors in human societies. Depending on the cultural context, however, these norms may reinforce either competition [selfishness] or cooperation [altruism]" (Masters 1978, 71).

While not fully accepting both opposed views, Masters (1978, 70) obviously tries to mediate between them by accepting that there are two factors, internal and external ones, which may contribute to the growth and the development of those two characteristics; for him, "both genetic and cultural causal processes contribute to both human cooperation and competition". This means that, by nature (genetically), an individual has potentiality to behave in an altruistic or egotistic manner, and the strength of these characters, that is, to be altruistic or to be egoistic, depends upon social (cultural) process (or interactions). Connected to this contention, Ba-Yunus (1991, 47) asserts that in the view of Islam "each member of the human race is composed of inherently unlike and mutually opposing elements (italics added);" namely, "self-centered, destructive materialism as well as self-sacrificing and spiritual altruism." And, by virtue of these factors, the individual may behave, as he claimed, interdeministically. Based on that statement, Ba-Yunus also admits that the opposing characteristics are in the nature of human beings. Then he adds that the behaviour of an individual is also influenced by that social environment especially the normative one. At the same standpoint, Shariati (1981, 3-4) clearly accepts that an individual in composed of both inherited and social (process) elements. He construes, through his symbolic explanation, that

[i]n the Qur'an there are three references relative to the material that man was made of: from a sounding clay, like unto pottery, and from mud. Finally, the Lord breathed His spirit into the dry mud and man came into being.

In the human tongue God is the most sacred and exalted being, while mud stands as a symbol of the meanest and the basest thing. And the spirit of God is the sacred, exalting, and the noblest "part" of His being. Accordingly, in creating man, God did not use His "breath," "blood," or "flesh"; rather He blew His own soul into man. God is the most sublime being and His spirit is the finest entity for which man can possibly
have an epithet in his language. Thus, man who was formed from mud and God's spirit is a two-dimensional being. For unlike all other beings which are one-dimensional, man is two-dimensional; one dimension tends towards mud, lowliness, sedimentation, and stagnation while the other aspires to the loftiest imaginable point possible. So man is composed of two contradictions - mud and God's spirit. Thus man's significance and grandeur lie in the fact that he possesses two poles (mud and the spirit of the Lord). It is up to man to choose where to go, towards mud or providence. And as long as he has not selected either of the poles as his fate, struggle will perpetually rage within him (1981, 3-4; emphasis in the original).

God's spirit and mud symbolically refer to the origin of human potentialities; they do not encounter a (social) process, but exist at birth. While, the last two sentences, along with the first statement, express an implicit meaning that man, through social processes, can freely choose "where to go." In a more explicit explanation, Shariati (1981, 46-52) further elaborates that there are two words in the Qur'an used to mean human, namely, bashar and ensan. Bashar refers to a man as a being composed of "physiological, biological, psychological characteristics," while ensan denotes a man who is experiencing a process "to attain certain degrees of Ensaniat [humanity]." The latter is apparently a self which is undergoing a social process; and, in his or her development, he or she will face a choice, in terms of the attainment of certain "noble" degrees of humanity, that is, for instance, to be animality (ammarah), humanity (lawwamah), or religiousness (muthmainnah) self (see Triyuwono and Gaffikin 1994; and see also Ba-Yunus 1991). 

Back to our discussion above, it is a fact that an individual has both altruistic and egoistic characteristic which are inherently and socially acquired (see also Siddiqi 1991, 8). Altruistic character denotes an individual's character in which the individual in essence takes into consideration how his or her behaviour can affect or lift the welfare of other individuals (Haltiwanger and Waldman 1993) without hoping for any rewards from the individuals who have benefited from his or her altruistic help. Egoistic characteristics are opposite in nature to the altruistic ones. An individual with this characteristic neglects to account for the interests of other individuals, instead he or she puts his or her own interests ahead of others.
Both altruistic and egoistic characteristics are actually the means of the individual to respond to any external situations (symbols) encountered. When the individual finds, for instance, a poor individual in the street; he or she sympathetically lends a hand to the poor individual. This will happen when the individual's altruistic characteristic is superior to the egoistic. However, when the egoistic characteristic is stronger than the former, he or she will do nothing when he or she meets the poor individual. In the empirical world, for instance, in Indonesia, or even in some countries in Southeast Asia, such as Malaysia, Singapore, Philippine, and Thailand (see Ariff 1991), the altruistic actions, as the reflection of altruistic characteristics, indeed have been "institutionalised" in the form of *zakat* agencies.

The formation of *zakat* agencies in Indonesia basically is driven by the altruism of some individuals who deeply committed to the interests of the poor and the needy. Some of them, in this case, are *ulamas*¹ and scholar who are the founders of BAZIS and LZI. Their actions to found the *zakat* agencies are altruistic, since they never expected direct reward from other individuals as a result of the founding of the *zakat* agencies; except that, first, the wealth of others would be lifted by their actions, and second, the hope that they will get reward from God. Thus, in this regard, Siddiqi (1991, 8-9) points out that actually such action "comes from love and from a sense of duty" (cf. Aronfreed 1970, 104-5; Cohen 1978; italics added). For Siddiqi (1991, 9), the actions are, in essence, intensified by religious "duty", that is, that the actors merely seek the pleasure of God, His reward in the hereafter, and because of loving their fellow human beings,

¹ *Ulama* is initially the plural form of *'ālim* which literally means the individual who has knowledge and is expert in Islamic affairs, for instance, Islamic law, thoughts, and the like; however, in Indonesia the word "ulama" experiences transformation; it is not a plural form, but rather tends to be meant as a single form.
He, at a greater distance, asserts that:

[a] voluntary act is one proceeding from one's own choice or consent. It follows that all action in pursuance of Islamic teachings is voluntary action. This also applies to what is obligatory in Sharia, such as zakat, as one's profession of a faith is itself a voluntary action. Hence the voluntary activities of a Muslim include what is obligatory as well as what is recommended in Islam (Siddiqi 1991, 9; italics in the original).

Thus, based on the statement above, it seems that the voluntary act, in this case may mean altruistic action; it is not merely action which is separate from religious motivation, rather it is the combination of the altruistic motivation and the religious motivation. In other words, altruistic action may be realised as the expression of a religious motive. However, altruism would make religious realisation easier.

In the next sections, we will see that religious motivation, which then becomes the religious character of self, is the influential inner factor of the self to respond to external (economic) situations encountered and, in turn, found zakat agencies for other than altruistic reasons. The latter characteristic in essence is driven by and utilised under the influence of the former, that is, the values of faith and knowledge that have been embedded in the inner qualities of the self.

3. Zakat Agencies: A Historical View of the Formation Process

The emergence of social action is not separate from situations (Hewitt 1991, 90) which are taken into account by an individual and even by organisations to attain certain goals. The involvement of these three factors (self, situation, and organisation) have evidently played a significant role, for instance, in forming Indonesian Islamic banks. They (especially self(ves) and situations) are also the momentous factors that motivate the formation of zakat agencies in Indonesia, for example, BAZIS and LZI.

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2 See, for more detail, chapter four: Islamic Banking: The Reflection of Selves' Characteristics, Institutions, and Situations.
BAZIS of Jakarta

The seed for establishing particularly BAZIS (and zakat agencies in Indonesia, in general) was planted by President Soeharto on 26 October 1968, at the time of the Isra’ Mi’raj (Prophet’s Ascension) Celebration. He gave a speech and elucidated the importance of zakat, in terms of the profane and spiritual benefits, before Muslims at Merdeka Palace. He opined, at that time, that through mobilising zakat funds Muslims could foster economic, social, and religious development,

Let's use this fund [zakat fund] effectively and efficiently. We manage this fund in broader ways and direct it to proper goals. We can use it to build houses of worship, hospitals, orphans asylums, to aid old people, to foster employment for the poor and the needy; and for other developments related to social, spiritual and religious fields in more productive ways.

... As the first step [of mobilizing the zakat fund], I announce here to all Indonesian Muslims that I am personally ready to run the massive collection of zakat (emphasis added)\(^3\).

The above statement of Soeharto was not without any process. It was the product of interactions and the reflection on the influence of other selves, that is, ulamas, and situations. One month before the Celebration, on 24 September 1968, there were eleven prominent and influential ulamas\(^4\) who made a momentous and historical appeal to remind the President of the importance of zakat for every Muslim as religious and social obligation and the benefits of zakat for Islam, Muslim society, the state, and the nation as a whole, and for realising social justice and national development in all aspects. They advised, based on their considerations, Soeharto as the President of the State, first, to call to all Muslims in Indonesia, in general, and in Jakarta, in particular, to activate administration, co-ordinate, and produce the collection and distribution of zakat; and second, to ask for governors of all provinces

\(^3\) It is the President’s official speech on Isra’ Mi’raj Celebration at Merdeka Palace on 26 October 1968 (see *Pedoman Zakat, Seri 9: Himpunan Materi Penyuluhan*. Jakarta: Proyek Pembinaan Zakat dan Wakaf. 1983).

to do the same thing. They also advised Soeharto, as the President of the State and as a Muslim, to set an example by paying his zakat (see also Abdullah 1991).

The work of the ulamas to remind the President was apparently a monumental action. By doing so, there was the hope for changing society for the better. The event was actually the result of taking account of, at least, among other things, five prevailing factors, that is, the economic conditions and religious motivation (see Abdullah 1991). First, in the mid 1960s, the Indonesia economy was in a poor state (see, for example, Palmer 1978; Dapice 1980; Papanek 1980). According to Palmer (1978, 6-7), in the period of 1965-66, Indonesia had a huge debt, lack of raw materials for her industry, hyper inflation, lack of transformation and communication, lack of foreign exchange commitments, and deficit,

[a]t the time the single most eloquent statistic was the total debt of about $2,300 million, of which about half was a Soviet and East European military debt...

The shortage of imported raw materials had reputedly brought industrial production to less than 20 per cent of its capacity. Inflation was running at about 500 per cent a year with obvious further erosion of exports, and the Rupiah was many times over-valued. The transport and communications were in disarray... Lack of inter-island shipping was seriously affecting the movement of food such that while hunger oedema was spreading in Java stocks of maize (encouraged by the drive to substitute maize for rice in the declining diet) were rotting elsewhere in the archipelago, or being considered for export as 'surplus stocks'... Even where shipping was available bank credit sometimes could not be obtained for the transportation of food.

In December 1965 foreign exchange commitments were no longer met. The Central Bank found itself unable to honour cash letters of credit and suspended payment on some foreign trade credit. The prognostication was bleak: the momentum of budget deficit expansion could not be restrained without extra resources, but the inflation that stemmed from it was eroding export earnings. At the same time foreign deficit servicing was peaking.

While gross government expenditure had risen about seven times between 1961 and 1964 gross receipts had risen less than five times. Therefore, the deficit was increasing as a proportion of gross receipts...(Palmer 1978, 6-7).

There would be other factors which had influence on that event, for instance, the era of New Order government in the effort of searching "political structure, which would guarantee the success of economic reconstruction and development and secure political stability", the plan of Indonesia to enter into the First Five Year Development Plan, and the decline of religious conflict (see Abdullah 1991). To simplify, however, we choose economic factor and religious motivation as situations which covered the impulsive actions to remind the President.
The willingness to implement *zakat*, the religious tenet, is the reflection of, and the outcome of taking account of faith and knowledge in the real daily life. Faith is actually the main core which drives the way of thinking and the attitude of the *ulamas*. Because, as argued by Siddiqi (1991, 13; see also Choudhury 1986, 53-4), the implementation of *zakat*, as one element of the voluntary sector of Muslim society, could "play a major redistributive role by effecting a transfer of resources from the rich to the poor more efficiently than the state, as the costs of transfer may be less and the identification of the needy (especially among relatives, in neighbourhoods, and at local levels) may be more accurate." The argument may be based on the facts that, especially in Indonesia, society (not government) has the freedom to institute the application of *zakat* locally, through forming *zakat* agencies, and using them as the basis for a brotherhood system (see Abdullah 1991). Moreover, as the implications of this system require solidarity and brotherhood among members of the society it can be strengthened, and economic oppression by one over another can be eliminated, and social and economic justice can be built (see also Abdel-Magid 1981). At a broader level, Choudhury (1986, 55) asserts that *zakat* also has multiplier effects, as it is generally imposed on idle assets (see also Alam, 1991; Gambling and Karim, 1986). So, by imposing *zakat* on idle assets, individuals who have such assets will invest them for productive use which may escalate the total investment, employment, income, and then *zakat*. As the total *zakat* grows, it will heighten the total investment, employment, income, and the *zakat* itself.

Second, the religious motive was obviously a major motivation of the *ulamas*. This is clear from their statement⁷ presented to President Soeharto,

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6 For either individual person or business entity, *zakat* is basically imposed at 2.5% annually on idle assets (Choudhury, 1986, p. 55) minus debts, if any, plus income (or profits) (see Alam, 1991; Gambling and Karim, 1986).

After analyzing Shari'a [Islamic law] of zakat, and based on the motivations of 'aqidah [faith], morals, and the obedience unto Allah and the Prophet... [We] opine that (1) a Muslim's obedience to pay zakat... will be useful in the realisation of securing social justice, and succeeding national development in all material and spiritual aspects, Religion, and State. (2). Thus, ... not only does the obedience [to pay zakat] benefit Islam and Muslim society, but also the State and the Nation of Indonesia. Therefore, by placing our trust in Allah and asking for His guidance, ... We suggest President General Soeharto as the President of the State (1) to call out and put forward to all Muslims in Indonesia, in general, and in Jakarta, in particular, to activate the collection and distribution of zakat from people who have an obligation to pay zakat to those who have rights to receive the zakat... and (2) to ask for governors of all provinces, especially the governor of Jakarta, to organise and co-ordinate the collections,... distributions,... of zakat properties... (emphasis added)

The willingness to implement zakat, the religious tenet, is the reflection of, and the outcome of taking account of faith and knowledge in the real daily life. Faith is actually the main core which drives the way of thinking and the attitude of the ulamas. We can see that, before delivering a course of action, they (the ulamas) re-check their motivations by stating "... based on the motivations of 'aqidah [faith], morals, and the obedience unto Allah and Prophet...", and "by placing our trust in Allah and asking for His guidance" in their declaration. Then, they tried, before implementing zakat in the real world, to utilise their knowledge (of religion), that is, the Islamic law of zakat to comprehend the verbal teachings of the zakat. Also they employed their knowledge of sciences (worldly knowledge) to analyse the social and economic benefits of zakat and convince other individual (the President) to co-operate in succeeding in its implementation. In short, the faith resonates the potentialities of the ulamas to other individual(s) then to initiate (for instance, by approaching and convincing the President) the implementation of zakat in that country.

Then, in December 1968, the launching (after the President Soeharto gave his speech at the Merdeka Palace) was responded to by Ali Sadikin, the governor of Jakarta. He established a semi-governmental zakat agency, called Badan Amil Zakat (BAZ). Five years later, in December 1973, the governor (for various reasons, for instance, the limited activities of the agency, competition with other traditional zakat agencies, and the activities of other social-religious organizations) broadened the scope of activities of, restructured, and renamed the agency; it became Badan Amil Zakat, Infaq dan
Sadaqah (BAZIS) (see Abdullah 1991). Under this new policy, the agency not only collected zakat, but also infaq and sadaqah. The process of improving the agency did not stop at this point, because on 5 February 1976 the agency experienced structural and functional changes, as pointed out by Abdullah,

... the governor of Jakarta improved the structured of the BAZIS, which is still operative. The BAZIS, according to its new statute, "is an executive agency of the Administration of the Capital Special Region of Jakarta", to help the governor "in the collection and distribution of zakat, infaq and sadaqah". The governor himself is the general chairman of the BAZIS; but, for day-to-day operations, he appoints an executive chairman who is directly responsible to the governor. Given the main functions to undertake the collection of zakat, infaq and sadaqah..., to arrange and to supervise their use, and to ensure that funds are used productively and for the general well-being of the ummah [Muslim society] and Islam, the BAZIS is organized in accordance with the administrative divisions of Jakarta (1991, 59).

The changes towards improvement are not without reason; they are the results of conceiving all situations encountered, and the ability and the "nature" of selves within and outside of the organisation to continuously interact with others (see Mead 1934, Berger and Luckmann 1966, Blumer 1969). The above events, from October 1968 (the speech of the President) to December 1973, are the clues; even the structural and functional changes happened on 5 February 1976 were the results of taking the expectation of others, that is, the recommendations of a workshop based on the findings of a research team of zakat (Abdullah 1991, 59).

The facts we found here connote that selves (the ulamas) played a very important role in approaching and influencing the other influential and eminent self (the President). Approaching the latter self was actually a strategic action to gain nation wide attention to applying and organising zakat in Indonesia. We also find a similar approach

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8 According to Islamic law, zakat is an obligation for every Muslim (especially for those who has possessions which have reached nisab (the exempted amount); zakat is more formal than infaq and sadaqah, because the amount of nisab, the zakat rate, the zakatable possessions, and to whom the zakat fund will be distributed are stated by the law. While infaq and sadaqah are merely optional contributions, and not formally stated by the law, in terms of its amount. The difference between infaq and sadaqah is: the former is charity which is given by a Moslem caused by external recommendation, that is by the recommendation of a Moslem leader. Whereas, the latter is a charity which is motivated fully by internal willingness (see also Abdullah, 1991).
undertaken by ulama in making an effort to form an Islamic Bank, that is, Bank Muamalat Indonesia (BMI). In contrast, the formation of BPR "Berkah Amal Sejahtera" (BPRBAS) was mobilised by some ordinary individuals who were not in the prestigious and outstanding circles. They were only simple individuals who had a great concern for their society; but, they were able to create reality. This phenomenon is also found in the process of the formation of *Lembaga Zakat dan Infaq* (LZI) of Brawijaya University.

**LZI of Brawijaya University**

It was Sahri Muhammad who always personally concerned with attempting to transform the economic conditions of Muslim society. To make this transformation, for him, it was not enough to merely talk about, and think of it in *zakat* seminars and workshops, but needed realisation. He was concerned to realise what was talked about in the seminars and workshops. He points out,

> at that time, there was a seminar [of *zakat*] at Gajah Mada University, Yogyakarta. I was there and said to them [participants of the seminar]: "I think, it's enough for us to talk about *zakat* theoretically; every where I often notice seminars like this, but, as far as I know, they never follow the results of the seminars up. What we need now is the realisation of what we have talked about. We needn't just talk and talk, but take an action for realisation !."

Sahri Muhammad was consistent with his own talk and on 20 December 1988, founded *Lembaga Zakat dan Infaq* (Zakat and Infaq Agency, LZI). It is located at Brawijaya University, because, first, he himself was a lecturer at the University who also actively practiced *da'wah* (an action to preach Islam) and was involved in the activities of "Raden Fatah" Mosque - the University mosque; and second, based on

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9 For more detail, regarding the process of forming Bank Muamalat Indonesia (BMI) and BPR "Berkah Amal Sejahtera" (BPRBAS), see chapter four: *Islamic Banking: The Reflection of Selves' Characteristics, Institutions and Situations*.

10 He was an activist of HMI (Muslim Students' Association); his formal education is in the field of socio-economics of agriculture; He is now the Dean of Faculty of Fisheries, and the Chairman of the LZI, at Brawijaya University.
the first, to take advantage of socialising the agency to society within (and outside of) the University, of easing direct management and control of it, and of making observation of it by treating it as a laboratory.

Socialisation of the agency to society, in terms of collecting a zakat fund and motivating muzakki, especially within the University, was necessarily conducted to gain the benefit of the "natural" development of the agency. Until this day, the LZI relies heavily on zakat, infaq and shadaqah (zis) funds collected only from the society within the University; thus, not surprisingly it operates on a small scale and regionally (compared with, for instance, BAZIS). When these issues are questioned Sahri Muhammad replies that,

we have an ideal that after this institution being developed, people [muzakkis] will come to this institution [to give their zakat].

This means that to develop a zakat agency it is not necessary to do so on a massive scale and employ a structural approach. But, for Sahri Muhammad, the more important thing is how to socially grow the self-consciousness of individuals regarding their religious obligation (to pay zakat). To so act, it needs a prudent management in terms of running the agency, and of collecting and of mobilising the (zis) funds efficiently. By so doing, it is hoped that the trust of society, as regards managing the funds properly, will increase, and so will the society's consciousness.

Turning back to the process of the LZI foundation, we have some clues that, like the religious motivation of the ulamas who gave suggestions to President Soeharto for initiating the institution of zakat, Sahri Muhammad's effort of founding LZI is also motivated by his own religious motivation; "I'm doing this merely for my ibadah

11 Muzakki is an individual who, according to Islamic law, has obligation to pay zakat.

12 This statement is actually the reflection of general situation of society, that is, LZI has to make efforts to find muzakkis.
[worship]", he justifies. For him, founding LZI is a part of his da'wah. Moreover, all these are altruistically undertaken to gain benefits not only for society, but also for himself. Why is it for himself?, because he understands that by so doing, he can enlighten his self towards a higher level of faith for attaining the pleasure of God. It is rational, because faith, as Abdalati (1975, 23) argued, "is a state of happiness acquired by virtue of positive action and constructive conception... (italics added)."

So, undertaking never-ending virtuous actions is a way for an individual to reach happiness.

This is empirical evidence to evince that an individual’s consciousness, of his or her faith, can bring about an increasing sensitivity for he or she to critically respond to any issues found. The expression of faith does not end in itself, but needs constructive and critical conceptions. Thus, by the integration of the faith and knowledge later manifest in the form of actions, social transformation will not appear and end in the process of constructing ideas, and of utterances as such, but only when the transformation becomes concretely visible in the real world by real actions. This fact is well comprehended by Sahri Muhammad; this is the reason why he urged other individuals to not finish by merely debating any issues and conceptions in seminars or workshops. Rather he called on them to take real actions and create a new reality, that is, in this case, to improve the economy of ummat (Muslim society). Even though such attempts to improve economic condition are not the only way to transform fully the society to one which is loved by God, but, at least they are the real efforts towards this transformation.

The unstable economic condition of Indonesia, in general, and especially the poverty of some individuals are factors which encouraged Sahri Muhammad to found LZI; it can be shown by looking at the distribution of zis funds fully given out to small (rural and urban) traders in the (informal) small business sector who lacked capital.
It is worth noting the state of the Indonesian economy in the 1970s and 1980s. According to Sundrum (1988), Indonesia's average growth rate of GDP in the period of 1973-81 was 7.52% per year with 3% growth rate of employment during 1971-80 (Sawit 1990). It is argued that this growth was largely due to the "oil boom" that occurred in 1973-74 and 1978-79 (Nasution 1985; Sundrum 1988; Sawit 1990). However, when the world oil price fell down (in 1980s); government expenditure decreased, and this affected the growth rates of GDP and employment. The GDP and employment growth rate fell to 4% in 1982-86 and 2.5% respectively (Sawit 1990; see also Sundrum 1988). The unstable economy of Indonesia in the period of 1981-86 is clearly illustrated by Sundrum,

[t]urning now to the period since 1981, the economy was still in a strong position to sustain further growth. The country had built up a high level of productive capacity during the rapid growth period. Further, in spite of the deterioration in the country's terms of trade, levels of investment, foreign exchange earnings and government revenues remain high compared with the position during the early years of the rapid growth era...

... levels of investment remained quite high for the three years 1982-84, and declined sharply only in 1985 and 1986. Similarly, the government's domestic budget deficit as a proportion of GDP remained quite high until 1985, and declined sharply only in 1986. On the other hand, imports continued at a high level until 1983, and declined only after that year... During the years 1982 and 1983, money supply increased only at 10% and 6% respectively, slower even than the rate of inflation, so that there was a decline in money supply in real terms. This was mainly due to the level of imports during these years, which offset the demand effects of the high levels of investment and the government's domestic budget deficit. This in turn led to the very low growth rates of these years.

In 1984, however, there was a sharp fall in the level of imports. Combined with the high levels of investment and government's net domestic expenditures, there was a significant rise in aggregate demand, reflected in the much faster growth in real money supply. The result was a much higher growth rate in that year.

Imports continued to decline in the years 1985 and 1986. But in these years, there was also a fall in investment and in government expenditures, especially in 1986. The net effect of these changes was again a slower growth of demand, which led to a fall in the growth rate of GDP in 1985 and 1986 (1988, 69-70).

Even though it is very hard to overcome the unstable economy merely with a zakat agency, say, Lzi of Brawijaya University which operates at the regional level and on a small scale, it is worth considering, however, that the zakat agency operates in
direct contact with and guides (potential) small entrepreneurs who are poor, lack capital and even skills, and always forgotten by "big capital".13

Moreover, it is hoped that the involvement of a zakat agency in an economic system, in particular, LZI in its operation area, can aid the poor individuals to raise their standard of living. This is because, there are still many individuals who live below the "poverty line".14 Based on the data of the Indonesian Central Bureau of Statistics (see Sawit 1990), in 1976 there were 38.8% of the urban and 40.4% of the rural Indonesian population below the poverty line. Then, in 1987, the condition improved; the above percentages declined to 20.1% in urban and 16.4% in rural. Even though there was a rapid decline in the percentage, however, in terms of the number of individuals living below the poverty line, the total poor individuals is still high (Sawit 1990).15

4. BAZIS and LZI : Some Characteristics Around Their Formation
In respect of the factors which led to the emergence of both BAZIS and LZI, there are two prevalent similarities, namely, religious motivations and the poor economic conditions of society. These motivations and situations indicate that the emergence of an event (or an action) is not a void, but is a part of a stream of actions (Charon 1979, 113) and interactions which involve some conditions and individuals (Hewitt 1991, 90). Religious motivation is actually the reflection of the deepest consciousness of the human or religious self. Such motivation becomes a reality when the self has apprehended, taken into account, and internalised the values of faith and knowledge. The internalisation of these values is a process of the self, which is social, adopting

14 There are various, at least three, measurements to formulate the poverty line (see Sawit 1990). However, there is only one which is formally used, that is, the formulation of the Indonesian Central Bureau of Statistics (CBS). The CBS determines poverty line "based on per capita consumer expenditure and deflated by the rural price indexes" (Sawit 1990).
15 As comparation, the total Indonesian population in 1985, according to the 1985 Intercensal Population Survey, is 164 million (CBS 1987).
the values, and crafting his or her own character. Having adopted and embedded these values, the *self* resonates a positive attitude towards a way of thinking and acting. Of this, Abdalati ascertains that

... true Faith [and consequently knowledge and action] has a decisive effect on the spiritual and material lot of man[/woman], and also on his[/her] personal and social behaviour, as well as political conduct and financial life (1975, 24).

At a greater distance, Abdalati (1975, 25) claims that when a sound faith has been embedded within the *self* properly, an individual will gain three prime qualities, first, he or she will love God and His Messenger, Prophet Muhammad (peace be upon him), most of all; second, he or she will love other individuals for only the sake of God; and third, he or she will "resent and resist returning to disbelief." This conviction clearly suggests that loving God (and obeying all consequences) or seeking the pleasure of God is the ultimate goal of a true Muslim (see Ahmad 1980, 179; Khan 1984; Arif 1985, 1987; Siddiqi 1988, 3-13; Zaim 1989; Madjid 1992, 18).

It is possible, however, that the emergence of *zakat* agencies are ignited by altruistic motivations. We have already discussed this aspect in the previous section, and concluded that the altruistic characteristic is innate within every *self*, and its development is greatly influenced socially by its environment. As regard this, Blum argues that

altruistic feelings and emotions involve an *internal* connection with the *good* of the particular other person who is their object. They involve an appreciation of another person’s situation regarding his weal and woe. The acts of beneficence prompted by altruistic emotion grow out of this appreciation (1980, 16; italics added).

Thus, for Blum, an altruistic action apparently involves moral (good or bad) considerations. Whether helping an individual, in terms of removing the individual’s weal and woe, or helping poor individuals as the result of unstable (bad) economic conditions needs to be justified as good. In the light of our conception, however,
moral consideration as such is not enough for promoting the quality of self. It requires a deep consciousness that such good action is delivered for seeking the pleasure of God alone - the transcendental and ultimate goal of the self. The good action is not an end in itself. So, when we find an individual helps other individuals because he or she has feeling of sympathy or compassion for them or to get praise from his or her society only, the action will be worthless before God even though it is beneficial for the individuals. But, if the good action is combined with the good intention of seeking the pleasure of God, such action could be classified as the act of worship (ibadah) (see al-Zarqa 1976, 109-15; Madjid 1992, 61-2). Such action is the reflection of faith. Moreover, the actor, by doing this, will feel the sweet taste of the faith and happiness (Abdalati 1975, 23).

The above illustration attempts to briefly unravel the internal factors (self) in the process of founding zakat agencies. Indeed, having adopted and internalised the values of faith and knowledge, the self is able to raise religious motivation for making social transformation or creating a new reality, to critically and sensitively respond to the situation of a society, and to create a reason for the transformation. The self, in this case, needs to define the external factors, that is, the economic situation of the society. The act of defining the situation is a very substantial part of all interaction, inasmuch as the consequence of the definition is real (Lauer and Handel 1983, 129). It means that whatever the definition, the act of doing something, as the realisation of the definition and the result of the action, is real, even though the situation is wrongly defined (Lauer and Handel 1983, 129). Some ulamas and scholar (in our case here, for instance) may interpret that the bad and unstable economy is the cause of poverty in our society; then, as a consequence of this definition, they initiate the establishment of zakat agencies as an option and a tool for eliminating the poverty. As the zakat agencies come into being, they are real. However, one may argue that the cause of the poverty is not the bad or unstable economy, but other factors, say, lack of education, skill, and so forth. In other words, the definition of the ulamas and
scholar above is wrong. Even if the definition is wrong, the zakat agencies (as the consequences of the wrong definition) now have become reality. Thus, based on the illustration above, both the definition of the situation and its consequence are crucial. Since a correct or wrong definition may bring a real consequence.

Having disclosed the similar factors that support the formation of the two zakat agencies, there is, nevertheless, an underlying difference between BAZIS and LZI. The difference relates to the concept of their founders in terms of forming and developing the institutions. As indicated above, historically the formation of BAZIS was initiated by some ulamas in conjunction with President Soeharto. Such cooperation is truly a strategic approach to gain a national recognition of the zakat agency formation. In other words, the ulamas might think that by making use of structural approach, the formation of the zakat agencies in the entire country would more easily be attained. In fact, this strategy gained the fruit; the President's call (to institute zakat) was responded to by the governor of Jakarta (and the BAZIS came into being) on December 1968 and was followed in other provinces, such as East Kalimantan, South Kalimantan, West Sumatra, South Sumatra, Lampung, West Java, Irian Jaya, North Sulawesi, South Sulawesi, and so forth since 1970s and 1980s (see Abdullah 1991). Obviously, the birth of BAZIS (and other BAZISes in all provinces), in this case, was not distinct from the structural approach, namely, the involvement of the government, and so is its management style.16

Unlike BAZIS, the founder of LZI had a different perception regarding the concept of developing the institution. For Sahri Muhammad, the founder, getting nation wide recognition of the institution was important and inevitable but it was not necessary to utilise government power. Evidently, for him, socialising the institution through its own power was more valuable than anything else. It could be achieved by, for example, a professional and trust (amanah) management. Professional management

16 Management style of BAZIS of Jakarta will be discussed in chapter five: Trust (Amanah) Management: The Externalisation of Faith, Knowledge, and Altruistic Characteristic of Self.
meant to Sahri Muhammad that the agency should be managed *seriously* by those who had *knowledge* and should also cover *all* aspects. He remarks,

... serious effort is the essence of professional management. Thus, it is a must for us to manage zakat professionally... To do so, however, it needs knowledge.

... thus our concern in managing zakat should be viewed from two aspects altogether, that is spiritual-material, profane-hereafter oriented, and individual-collective. It means that there should be totality. 17

In respect of trust (*amanah*) management, Sahri Muhammad developed it based on the concept of trust. He argued that,

Under the concept of *amanah*, the meaning of the concept of "right", as stated in al-
*Qur'an* [70: 24-5]: "And those in whose wealth is a recognized right for the (needy) who asks and him who is deprived (for some reason from asking)", is not a "full" ownership right, but an "*amanah*" right. It means that beside the right, there should be an obligation [to pay zakat].

Thus, it is transparent that by these concepts, the professional and trust (*amanah*) management, Sahri Muhammad felt confident that power, to attract *muzakkis* to trust their *zakat* would emanate from the agency; as he said: "We have an ideal that after this agency is developed, people [*muzakkis*] will come to this agency [to pay their *zakat*]."

This simple illustration is just to show that *an* object, say, forming and developing a *zakat* agency, "may have a different meaning for different individuals" (Blumer 1969, 11). For Blumer (1969, 11), the meaning innate within the object sets how an individual sees, how he or she is prepared to act towards it, and how he or she is ready to talk about it. Thus, not surprisingly, the approaches utilised to form and develop BAZIS and LZI were not necessarily the same.

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17 This comment is based on his interpretation of the *Qur'an* 22: 78: "And strive in His cause as ye ought to strive, (with sincerity and under discipline)"; the *Qur'an* 29: 69: "And those who strive in Our (cause), We will certainly guide them to Our path"; the *Qur'an* 2: 208: "O ye who believe! enter into Islam wholeheartedly"; and a *Hadist* (a saying of Prophet Muhammad, peace be upon him) which means, more or less, "When an affair is trusted in those who are not the *experts* [of its], then wait for its destruction."
5. Summary

This study attempts to clarify a long debate regarding whether or not altruistic and selfish characteristics of human being are inborn. Some argue that basically human beings have an inborn altruistic characteristic, while the egoistic one, according to them, is unavoidably acquired from the environment in which he or she lives. In contrast, the opponents of this argument opine that human beings contain inherited egoistic characteristic and altruistic behaviour is merely the result of social interaction. Other individuals argue that every individual has both inborn altruistic and egoistic qualities; the strength and weakness of these qualities, however, depend upon the intensity of the individual to interact with his or her society or environment.

These qualities, in particular the altruistic ones, play an important role in driving and crafting an individual's action and creation. The formation of zakat agencies is concrete evidence of this assertion. In this respect, there is a clue that the establishment of the agencies, as the reflection of the altruistic quality, is actually driven by religious motivation. Beside the religious motivation, the zakat agencies formation is also the product of the self's activity in defining a situation, that is, a bad and unstable economy and poverty of some members of society.

In the process of BAZIS formation, some ulamas made use of an approach which was to co-operate with the President to get national recognition of the formation. In contrast, the formation of LZI emanates from the grass root level of society. The founder of LZI tried to socially develop the institution from a very small scale operation in the hope that by doing so, step by step the institution would grow on the basis of society's consciousness and trust.
CHAPTER FOUR
FOUNDING ISLAMIC BANKS:
THE REFLECTIONS OF SELVES' CHARACTERISTICS,
INSTITUTIONS AND SITUATIONS

Institutions always have a history, of which they are the products. It is impossible to understand an institution adequately without an understanding of the historical process in which it was produced (Berger and Luckmann 1966, 72).

1. Introduction

The emergence of Islamic banks in Indonesia was an interesting phenomenon and a culmination point in the long endeavours of some individuals who individually or institutionally had been involved in a process concerned with the social transformation of their society. The first Indonesian Islamic (rural) banks, that is, Bank Perkreditan Rakyat "Dana Mardhatillah" (BPRDM) and Bank Perkreditan Rakyat "Berkah Amal Sejahtera" (BPRBAS) with operations based on Islamic law (Shari'ah), were established on 15 July 1991 and started operating their businesses on 19 August 1991 in Bandung,¹ West Java. In the same year, on 1 November 1991, there was also founded a first (in its own class) Indonesian Islamic bank, called Bank Muamalat Indonesia (BMI) in Jakarta; it commenced operations on 1 May 1992. The existence of these banks was an indication that non-conventional banks, now, could be established and operated in a country of which 87.21% of the 179.247 million population are Muslims.²

In Indonesia, there are two kinds of bank, namely, Bank Perkreditan Rakyat (Rural Bank) and Bank Umum (Commercial Bank) classified according to capital size and operating area. The first bank was allowed to commence its activities with a paid up capital of not less than 50 million rupiahs in the villages in the territory of a sub-

¹ Bandung is located at south-east of, and around 180 km from Jakarta.
² The rest comprises of 6.04% Protestant, 3.58% Catholic, 1.83% Buddhist and 0.31% others; source: Kompas (a Daily Newspaper), 4 January 1994.
district outside of the capital of the state, the capital of a province, the capital of a
district, and a municipality. Its operations are also very limited, such as mobilising
funds from the public in the form of deposits, comprising time deposits, savings,
and/or other equivalent forms of deposits; extending credits; providing financing to
customers based on profit sharing; placing funds in Bank Indonesia (as a Central Bank
of Indonesia), time deposits, certificates of deposit, and/or savings in other banks.
The second one, the Commercial Bank, needs a higher paid up capital, that is, at least
50 billion rupiahs with broader operations and regions of activity. These types of
bank have a significant power to mobilise and channel funds from the public to others
in order to be able to escalate and improve the standard of living of the common
people. In this regard, the Indonesian Government has also given the opportunity to
bankers of whether or not the banks would be operated on the basis of an interest
system or of a profit sharing one (Islamic law).

Allowing these two types of banking systems, particularly the profit sharing system,
is a good response by the government to anticipate the future economic, political and
social development of society in that country. Not only has the system fertilised
competitive banking businesses, but also has given a choice to certain individuals who
formerly had prohibited themselves, for religious reasons, from making transactions
with interest-based banks. The formation of Islamic banks is an interesting
phenomenon, because they, in the society in which the Muslim population is the
largest in the world, have only been founded in the early part of this decade. In
comparison with other Muslim countries, in which the population is much lower than
Indonesia, the establishment of Islamic banks as imperative instruments for economic
dealings is very late. The first Islamic bank in the world was established in 1963 in
Egypt (El-Ashker 1987, 155), while Malaysia, the neighbour of Indonesia, has

3 See Government Regulation of the Republic of Indonesia No. 71/1992 concerning Rural Bank.


5 Government Regulation of the Republic of Indonesia No. 70/1992 concerning Rural Bank.
operated its Islamic banks since 1983 (Man 1988, 67). Whatever factors may influence this phenomenon, it is worthwhile to note that a deep understanding about the process of establishment can assist someone in comprehending the institutions well.

In this study we would like to analyse the process of the Islamic banks formation in Indonesia. This is so, because we believe that this reality cannot be isolated from its society, it is the product of the society (Berger and Luckmann 1966, 13; Blumer 1969, 55). At a micro level, self, through self-interaction, plays an important role in constructing social reality. The self can also interact at a macro level, that is, at a group level. Within this level, the self(ves) would interact with members of the group or even with other members outside the group in a form of discussion, counsel, seminar, workshop, debate, and the like. The self within the group has a considerable power to assess a situation and to actualise a course of action on the basis of the defined situation (see also Blumer 1969, 55-6). In respect of this, the role of self and the institutions (which are utilised to generate Islamic banks) will be analysed. Then, in another part, we will clarify the influence of the self and its significance in the formation of Islamic banks. The last part of this chapter will attempt to explore situations, that is, social interactions related to the process of Islamic banks formation.

2. Self and Institution

To reiterate, the existence of the phenomenon of the creation of the institutions is not something apart from society; it is in fact the result of social construction (Berger and Luckmann 1966, 13) in which the institutions exist. And, it also shows that there is a dynamic pattern of the society and that its members interact with their environment which then gives rise to the realisation of the Islamic banks formation. This event may be said to be a "process of becoming man", to use the term of Berger and Luckmann (1966, 66), for the society and particularly its members. Thus, it seems
that the institutions' formation above indicates the maturation of a society. Human beings, of course, are different to other living organisms; human beings have something functioning as a motor which mobilises their desire to always change and develop. Mead named it the *self*; he notifies that it is not initially there, at birth, but arises in the process of social experience and activity, that is, develops in the given individual as a result of his relations to that process as a whole and to other individuals within that process (1934, 135).

The *self* itself is not a fixed or finished thing inherent in human being. It experiences social changes, becoming mature and in this process obviously interacts with its environment, for instance, with the existence of other individuals or even other *institutionalised* individuals. This plays a very important role in sculpting the *self*.

*Self*, with its very basic nature, that is, that the *self* as a process, reflexive, attitudes, and the means whereby social control becomes self-control (see Lauer and Handel 1983, 111-3), can manifest a course of action or behaviour. Regarding this, Hewitt (1991, 249) points out that there are primarily two modes of behaviour, namely institutional behaviour and collective behaviour. The former refers to action which "is well organized by the expectations associated with various roles and by the organisations and situations in which those roles are made." While the latter, on the contrary, denotes situations in which the action is unordered and may represent novel and challenging circumstances. The former can be viewed as habitualisation of human action; it is an action which is usually repeated to attain expectations, and in turn becomes cast into a pattern (Berger and Luckmann 1966, 70-72). When the expectations have been institutionalised, members of a society or a certain group can foresee how they and other group members will and should behave, and even that they want to behave in the customary manner (Bredemeier and Stephenson 1962, 24). All these may be formalised in the form of an institution - in the sense of an organisation - which has a concept and a structure as pointed out by Sumner,
An institution consists of a concept (idea, notion, doctrine, interest) and a structure. The structure is a framework, or apparatus, or perhaps only a number of functionaries set to cooperate in prescribed ways at a certain conjuncture. The structure holds the concept and furnishes instrumentalities for bringing it into the world of facts and action in a way to serve the interest of men in society (1906, 53-4).

This concept seems to be a derivation of norms in the sense that it is necessary to convert norms into a more practical form, so that the norms can be realised in the real world. The structure innate in the institution is a means utilised to actualise the concept.

However, there are some authors who emphasise the definition on a set of interrelated norms, a normative system (see Chinoy 1967, 50-1) in which, for Chinoy, the definition stresses,

... the fact that the multiplicity of the rules which govern the actions of men in society are tied together in a more or less organized fashion. There are, however, various ways of identifying (conceptualizing) these systems of norms - as cluster of rules that indicate how persons in particular positions in society, doctors or parents, for example, should act; as bodies of norms that organize the relations of people to one another in social groups; or in terms of their contribution to the performance of socially necessary or important tasks ...(1967, 50-1).

Indeed, it is conceivable that the norms are the cornerstone of an institution. An institution is just a generation of an effort of crystallising human behaviour, so that the institution has the power to change and to control society (cf., Berger and Luckmann 1966, 72). When this condition is attained, the institution has succeeded in making a contribution to society (Chinoy 1967, 50-1). However, it is not finished at this point, since the institution at a greater distance is able to influence and shape the character of self, and in turn the self affects the institution. Thus, they will continuously interact with one another (including environment) as if there is no time dimension.
However, the conception of institution above is rather a state of being. It is different to Mead's concept. For Mead (1934, 260-1) the institution is a common response of an individual(s) as a member(s) of a society to a certain situation. It means that one may respond to a particular situation in which he or she lives by taking on the attitude of others - as the attitude is regarded as a common one and universally right - or adjusting it before taking a course of action or responses. Mead also points out that there are various forms of common responses which seem to be dependent on status. For instance, a struggle for establishing an Islamic bank can raise different common responses of bankers, economists, (informal) religious leaders, government, and so forth. Yet, the various common responses can be unified in an organisation to the extent that one can expect that bankers and economists can make business calculations or the (informal) religious leaders and government can encourage the formation of the bank. In short, the responses are commonly conducted with the perspective of others.

3. ISED and MUI: Arranging Islamic Banks Formation.

The occurrence of an event is a continuous part of some other events, such as cooperation, conflict, negotiation, expectation, and the like which precede it. All these events involve a process of interaction (see Mead 1934; Blumer 1969; Meltzer et al. 1975; Charon 1979; Hewitt 1991) which sometimes ends up, for a moment, with the breakdown of an institution or ideology, for instance, the collapse of the Soviet Union, or even with the appearance of a very special and great thing such as the coming out of some new states that formerly were under the Soviet Union, or in this case, the rise of Islamic banks. Then the process still keeps running continuously.

Institute for Shari'ah Economic Development (ISED)

The simultaneous emergence of BPRDM and BPRBAS is a part of and an outcome of the process. In fact, the simultaneous event certainly was a deliberate one; it was the product of the Institute for Shari'ah Economic Development (ISED), a non-
government organisation located in Bandung. This was ascertained when we asked Hasbi M Hasyim, the divisional manager of ISED and also the Managing Director of BPRBAS, about the event; why was the formation of BPRBAS simultaneous with BPRDM? Was there any group or institution that acted as a think-tank or founder? He replied with an affirmative answer,  

Yes, there was. The formation of BPRBAS and BPRDM was the product of ISED. It was a body which specially prepared the concepts of Islamic bank and training for guiding and developing the quality of human resources related to the operation of the bank.

The answer brings to light that ISED, founded on 10 November 1989, was the founder of the banks. Its primary objectives are to conduct research, to study, to build and develop economic institutions based on Islamic law, and to train and prepare high quality human resources.6 Even though, most individuals on ISED had no basic economic knowledge - they gained and accumulated (Islamic) economic knowledge through some literatures, intense discussions and seminars, and a powerful will to implement the theory into practice (see Blumer 1969, 55-6)- of their academic background, in fact, they were able to be the pioneers in forming the first Islamic banks in Indonesia. Currently (until at the end of 1992), it had successfully initiated and assisted the establishment of around 13 Islamic rural banks in Indonesia.7

It is worth noting that they are not individuals formally educated in (Islamic) economic knowledge, they have the capacity, however, to make monumental decisions. In April 1990, they, the key daily committees of ISED, that is, Said Hisyam (director), Irwanda D. Nasution (vice director), Hasbi M. Hasyim (division manager), Ahmad A. Zain (division manager), and Erik S. Wardhana (division manager), initiated a meeting to discuss the first and principal program of ISED, that


7 They were in West Java, Aceh, South Borneo and East Java, and some were still in progress in Central Java, South Celebes, Maluku, Bengkulu and North Sumatra (source: ISED Annual Report, 1992).
is, the establishment of Islamic banks. In that process, they were not alone, in that they involved scholars, Islamic scholars (ulamas), and other individuals who had a great interest in this issue, to share knowledge, ideas and experiences, and at the same time socialise, in the sense that their efforts were necessarily conducted to internalise a given situation as well as externalise (see Berger and Luckmann 1966, 69-70, 149) the idea of building Islamic banks. In doing so, they re-aroused the old aspiration of the society to have Islamic banks, and thus they had the moral support of society. However, this was not the only way the committee acted, they also studied carefully all government regulations related to banking businesses. Other meeting were held regarding the potential shareholders, legal permission and so forth which then brought the banks into existence.

*Majelis Ulama Indonesia (MUI)*

The involvement of a religious institution also played an important role in the emergence of the *Bank Muamalat Indonesia* (BMI). It was reported that the idea for the formation of BMI was proposed at a workshop, with the main topic of *Bank Interest and Banking*, held by *Majelis Ulama Indonesia* (MUI) on 18-20 August 1990. This idea then became the agenda for discussion at the Fourth Annual Congress of MUI on 22-25 August 1990; and the final decision was that the Congress approved the blueprint for BMI formation. However, it is worth noting that the workshop itself was initiated by Hasan Basri, the Chairman of MUI, as a result of a long process of planning. It was done by him considering, for instance, Mohammad Natsir's trust some time ago,

Actually several years ago after I had been to Jeddah [and returned to Indonesia], I was confided in by Mohammad Natsir. He had said to me: "... verily MUI could found a bank without interest, I've tried for a long time, but I couldn't. You're [Hasan Basri] a successful man, I'm sure that you could do that, try and make arrangements [for the establishment of the bank], please !."

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9 Muhammad Natsir was an Indonesian *ulama* and also an influential, leading politician.
Based on the statement, it is evident that the idea to establish an Islamic bank did not arise at the workshop. Moreover, there was another factor that encouraged Hasan Basri to hold the workshop, that is, a discussion respecting an Islamic bank which involved Karnaen Permataatmadja, a former Executive Director of Islamic Development Bank, and two university students, on one hand, and Hasan Basri himself, on the other hand. At that time, Karnaen Perwataatmadja suggested that the voice of the ulamas would provide a great influence in gaining society's support to form an Islamic bank. As regards this, Hasan Basri explained as follow,

...they [Perwataatmadja and two university students] proposed the issue [the formation effort] of an Islamic bank. Perwataatmadja talked to me: "Now the condition is getting better, but ulama [MUI] has to go forward; because the utterance of ulama and political one is very different." ...It was around the beginning of 1990.

Hence, Perwataatmadja's proposition was the second factor that encouraged Hasan Basri to initiate the workshop as a preparatory step to build an Islamic bank. The last factor was that Hasan Basri seemingly wanted to know society's condition in the sense of its perception of bank interest and at the same time wanted to gain the ulamas' support in forming an Islamic bank. He said,

...however, I have to know the condition of our ummat (society), so it is necessary to probe it first by a workshop, and to introduce an Islamic bank... So, we don't have to directly build the bank.

In doing so, Hasan Basri invited some ulamas with heterogeneous backgrounds and from various schools of knowledge to the workshop. Thus, it was not surprising when the workshop then came out with three major opinions of bank interest in the view of Islamic law. First, some said that bank interest is exactly the same as riba, so the interest is prohibited (haram) according to Islamic law. In contrast, the second opinion argued that the bank interest is different from riba, so it is permissible (halal). Whereas the last one tended to insist that there is no clear cut direction as to whether or not bank interest is riba, but it is doubtful (shubhat), so, generally speaking and according to this view, it is better not to deal with it. Obviously, it was
very hard or even impossible to unify opinions into one decision; it was actually a long debate that would never end. That was why the workshop then experienced a deadlock. Facing this problem, however, Hasan Basri then raised a suggestion which was approved by all participants of the workshop.

I gave a speech and raised a suggestion, I said to them: "I just want to offer an alternative, that is, what do you think if we establish financial institution which does not use interest system." When I've just finished my speech, all those groups agreed with the opinion [to form an Islamic bank].

Then, this decision was brought to and debated at the Fourth Annual Congress of MUI on 22-25 August 1990 to bring about the foundation of an interest-free bank. And it became a reality when the bank (BMI) started operating its businesses on 1 May 1992.

The need for founding institutions

It is a fact that both MUI and ISED have successfully handled the formation of Islamic banks. Yet, it should be kept in mind that they were driven by the individuals who work for them. Thus, it is evident that the institutions are used by the individuals as a means for achieving an expected goal. ISED is clearly an institution which has expectations as mentioned above, that is, to conduct research, to study, to build and develop economic institutions based on Islamic law, and to train and prepare a high quality human resources. Further, it is evident that ISED not only functions as a founder of Islamic banks, but also as an institution of research that utilises the founded Islamic banks as laboratories, as expressed by Hasbi M. Hasyim, ...

ISED also observes the banks [that formed by it], inasmuch as ISED is a creator of the concept [of Islamic bank] which in doing so needs laboratories.

So, there is transparently a reciprocal relationship between ISED and the banks formed by ISED. This relationship is one that would be advantageous for both parties. For ISED itself, the banks are the laboratories useful for developing the real concept of (Islamic) economic and banking based on genuine practices in a particular
environment. For the banks, the concept could be used to improve and develop the quality and volume of Islamic banking practices.

On the other hand, MUI, unlike ISED, is not an institution deliberately established to form Islamic bank(s), that is, BMI. Rather it is an institution, under government control, which is in essence working in the area of general religious affairs. The involvement of MUI arose from the particular circumstances. It can be seen, for example, how Hasan Basri was placed: how he was under the inspiration of Natsir, how he was persuaded to be the voice of the ulamas by Karnaen Perwataatmadja by saying that now the situation was getting better, how he conceived the condition of ummat (Muslim society), and how he perceived that he was not the expert on that issue. It is a situation in which symbolic interactionism (see Hewitt 1991, Lauer and Handel 1983) is an appropriate concept in analysing human conduct. Because human acts are consciously conducted on the basis of how an individual catches the meanings of and defines a given situation. When he or she has grasped the meanings and definitions, he or she then organises his or her own conduct and expectations of others in light of the definitions (Hewitt 1991, 91). The experience of Hasan Basri is a clear evidence showing how he grasped and defined the situation, took into account the expectations of others and took a course of action related to the situations. In this case, Hasan Basri was aware that he himself knew nothing about the concept of an Islamic bank; facing this dilemma and by taking the expectations of others, he started to actualise his role-making by appointing an ad hoc group under the control of MUI to realise the blueprint of the Islamic bank formation. And the next step, the ad hoc group established a small team with tasks more specific, technical and practical.

10 The committee was appointed not long after the Fourth National Congress of MUI was held with Prodjo Kusumo, the general secretary of MUI, as a chairman (source: BMI Annual Report 1992).

This description illustrates that in certain situations, MUI could diversify its activities into distinct rather than regular and common ones. However, in this respect, MUI consciously had to create additional tools, that is, an ad hoc group and small team as a consequence of its policy to diversify activities. It is, of course, different to ISED which specialises on one line of activities. In other respects, it also seems that the variation in that activity was greatly influenced by Hasan Basri as an individual. He, in such a way, was able to realise his role-making (see Charon 1979; Hewitt 1991) by socialising his conception of the expectations of others before his staff at MUI. This was done to build a uniform expectation in his staff, and to socialise, crystallise and rouse MUI’s vigour. In pursuing this, MUI successfully actualised the formation of BMI.

The success of combining various expectations not only belongs to MUI, but also to ISED. Or in other words, ISED is an institution in which its key committees have the same concerns about their society. This concern is apparently stated in the ISED Annual Report 1992 as their motto by quoting a saying of the Prophet,

> Whosoever is not concerned to think of the fate of ummat [his or her society], he or she is actually not a mukmin [real Muslim].

This saying is a symbol of their united concerns. They believed that by doing this, the power to realise their goals easily would be attained, and the power itself would become a reality when their ideas were placed in, or realised in the form of an organisation (see Blumer 1969, 56), that is, ISED. In fact, there are some clues that indeed ISED has power to realise its objectives; 13 Islamic rural banks have been established and some projects of the banks in some parts of Indonesia are still in progress, four waves of training have been conducted with more than 75 trainees, initiating cooperation with the Islamic Research and Training Institute of Islamic
Development Bank (IRTI-IDB), and participating in the establishment of the Shari'ah Rural Banks Association.12

ISED and MUI are the institutions utilised as tools to give birth to Islamic banks. By making use of these institutions, "uniform" ideas, concepts, expectations and objectives could be attained. In other words, the need for an institution as a tool is a process of legitimation which produces new meanings of a symbol and functions to make it objectively available and subjectively plausible (Berger and Luckmann 1966, 110). For Berger and Luckmann (1966), not only does legitimation consist of a cognitive element, but also a normative one which means that it covers a matter of knowledge and values. Here, the individuals of both ISED and MUI have had already (Islamic) normative ideas or expectations; however, to make them objectively available and subjectively plausible, the individuals have to use their knowledge to conceive of the situation in which they live. Or, it could be said that the use of institutions is the joint action of individuals; it denotes

... the larger collective form of action that is constituted by the fitting together of lines of behavior of the separate participants... Joint actions range from a simple collaboration of two individuals to a complex alignment of the acts of huge organizations or institutions. Everywhere we look in a human society we see people engaging in forms of joint action (Blumer 1969, 70).

The joint action does not mean that there should be the same type of action by different individuals. However, it stresses the cooperation of participants who have different positions and take an action based on each position to do the same things. So, by this meaning, the participants may be from various social background and positions. Still in respect of the need for an institution, Mead (1934, 311-2) sees the importance of relationships of one to another, for instance, the relationship between a leader, particularly the personality of a leader, and the members of the organisation. For him, the element of this personality is a very considerable part of an actual social

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12 These data are based on the ISED Annual Report 1992.
institution; however, it becomes less essential in a founded organisation, that is, a business organisation. Another aspect of the need for an institution is that it can generalise power. This is so, because within the institution there are the same things (objectives) that would be collectively achieved by its members, and through legitimation and strong relationship among the members and the leaders, the power to realise an objective, in this case the formation of Islamic banks, could be more easily attained.

4. Defining Situation:

Social Interactions Related to the Process of Islamic Banking Formation

Social action does not appear in a void, but is initiated by concrete and conceived situations (Hewitt 1991, 90). It is the result of social interactions which involve the process of defining the situations. When the situations have been grasped, an individual can start organising his or her own conduct related to his or her definition of the situation. This is because, he or she defines the situation as real, and consequently he or she is real in his or her consequences (Thomas and Thomas 1928, 572). The definition of the situation is an individual’s reality which may be influenced by others, "but in the end, each individual must define the situation through engaging in mind activity" (Charon 1979, 136). If an individual, for example, faces a positive, not suspicious, situation, then he or she will act based on his or her definition of that situation in a positive manner; but when he or she finds a suspicious situation, he or she will act suspiciously. The situation covering the Islamic banks formation in Indonesia is also real. Therefore, the role of individuals who were involved in that formation is a very important element. In other words, the success or the failure of the formation depends upon the capacity of the individuals to recognise the meanings of and to define the encountered situation. It means that it is likely for an individual to misunderstand or not precisely seize the real meanings of the situation as expected by others. This, of course, will affect how he or she defines
the situation. As a result, his or her conduct may or may not be in conformity with the expectations of others.

(Mis)understanding the Meanings of a Symbol

Respecting the capacity of individuals to capture the meanings of and to define the situation, is of importance and it is interesting to note that the formation of an Islamic bank, particularly BMI, was greatly influenced and assisted by (mis)understanding a situation, or precisely a symbol. The effect, indeed, had a great influence on the social image of the formation of BMI. It is because, the individual who (mis)understood the symbol re-acted to a powerful and respected status; that is, the status of the President of the Republic of Indonesia, Soeharto. In this connection, Hasan Basri, based on his discussion with Soeharto, said,

... well, it was the word of profit-sharing which took his attention. "If what you mean is profit-sharing, it is our culture, it is accordance with our culture, that's very good," he [Soeharto] explained to me. So, the interesting one for him is not the Islamic value [inherent in the system], but profit-sharing which is suitable with national culture...(italics added).

Clearly, there is a (mis)understanding in defining the situation presented by Hasan Basri before Soeharto. It seems to us that Hasan Basri used the term of profit-sharing bank instead of an Islamic one. He used the word of profit-sharing to indicate an Islamic value, but on the other hand, Soeharto comprehended the word from the other point of view, that is, national culture. However, it does not mean that Soeharto did not know that the bank would be operated on the basis of Islamic law, he knew about it. It could be inferred from this following explanation of Hasan Basri,

... the President is one who does not want something to cause an uproar in our society. When I was the first questioned by him about the bank name, I replied that the name would be Bank Muamalat Islam Indonesia... then he suggested:"My opinion is, you needn't add Islam after Muamalat...the word of Muamalat itself has already indicated Islam...don't invite molo13 ...."

13 Molo is a Javanese word which means "causing uproar". This expression, the reason why Soeharto preferred to use Muamalat rather than Islam, viewing profit-sharing as a national culture, and the expression of Karnaen Perwataatmadja who said "now the condition is getting better" are also a reflection of situation in Indonesia at that time.
These facts show how Soeharto, by considering his status and role, defines a given situation wisely, so that his approval would not give rise to negative effects on society, because he is truly aware that his conduct would have economic, social, and political impacts. Indeed, his approval has had a positive impact on, for instance, the support of most Ministers and other lower staff, Muslim entrepreneurs, and society at large.

Related to the approval, it is hard to find a clear cut explanation of whether or not his approval was a personal one. However, it seems to us that it tended to be an official one, because, from the point of view of a symbolic interactionist, his self is an unseparable part from his status and role. In other words, his self has been shaped for a long time by the environment, and consequently he has to take a course of action - that is, realising his role-making - based on the expectations of others (role-taking).

In more specific view, it can be seen that the status itself cannot be separated from the role; and the role itself "is not tabula rasa whose content must be supplied by the individual," rather it is shaped by social expectations which may exist before the individual who assumes to the role (Lauer and Handel 1983, 121). Thus, his actions are bounded by his role (see Hewitt 1991, 95).

The purpose of the portrayal above is to show a dynamic process involving an individual and how he captured the meaning of profit-sharing as national culture, and how he defined the situation at that time, and in turn how he took a course of action that was bounded by his status and role. In short, it also exhibits the role of a very important individual in providing a significant support for forming BMI.

**The Interaction of Minds and Situations**

As described above, human conduct does not come into view in a vacuum, but is the reflection of situations bounding the individuals who are involved; it is the outcome of the process of interaction which entail mind activity. This conception is not a
conceptual matter which is far from the real world. Verily it was abstracted from and so could be utilised as eyeglasses to see the empirical world. The following descriptions are empirical ones which portray mind activities relating to a way in which an individual captures and defines a symbol. The fact primarily displays that one symbol has brought about more than one interpretations. It could occur since each self has been shaped by its environment, including knowledge, with different colours.

The support and denial of Islamic bank formation in Indonesia cannot be split from particular situations in which their space and time dimension are the significant parts that shape the situations. The previous session (that is, "ISED and MUI: Arranging Islamic Banks Formation") have elucidated how effective ISED and MUI were in forming Islamic banks and it is also considered that the involvement of these institutions could not be separated from selves which have driven the institutions. Moreover, the involvement of self which is shaped and actively lives in the boundary of a powerful status and role has provided real evidence for the support of Islamic bank formation. But, it is paradoxical that the country which has the highest Muslim population in the world was late in forming an Islamic bank when compared with other Muslim, or even non-Muslim countries. This was because, there are two major aspects that affect principally the denial of Islamic banks formation; first, society's long debate in regard to interest, and the second is related to banking regulations.

Three general opinions - all of them are in the agreement that riba is prohibited according to Islamic law - generated by the workshop held by MUI above were not surprising; they were the outcome of a simple, but not easy and not recent, issue of interpreting whether or not bank interest is riba. Syukri Ghozali, the former chairman of MUI, for instance, argued that multiple interest is riba. However, he decided that this kind of interest became permissible, as it existed in emergency situations. While other ulamas reasoned that only exploitative interest was riba, so if
the interest rate of a bank was 3-4% above the inflation rate, the interest could not be grouped as exploitative one; it was permissible. For Hasan Basri, the chairman of MUI, the interest of time deposits and saving accounts were lawful, while other kinds of interest was still debatable (Rahardjo 1988, 143). These three ulamas' opinions were the reflections of their background. Each ulama had his own way of how to capture and define the faced situations, and of how he acted towards them.

Other opinions also exist in the two largest religious institutions in Indonesia, namely Nahdhatul Ulama (NU) and Muhammadiyah. In its Twelfth National Congress, NU has opined that bank interest was riba, so it was prohibited, and in the next Congress, 1938, some ulamas of NU conducted a limited meeting which generated a decision of the need of NU to form an Islamic bank. Until its Twenty First Congress, NU was still consistent with the former decisions but in 1989, the Twenty Eighth Congress, NU changed its decision; it became doubtful (shubhat). Then, one year later, NU undertook a large project to form 2000 rural banks14 - in this respect, the NU branch in East Java has declared that bank interest was permitted15 -. It became a controversial decision and raised pros and cons among its members, as the banks would be operated on the basis of an interest system, while some members of NU posited a conservative pose. Like NU, Muhammadiyah has also made a blueprint to build 100 rural banks within three years (1990-1992). In late 1989, it had realised the formation of the first rural bank in Ciputat, Jakarta as a pilot project. However, it is also a controversial one, since the bank is operated under two systems, that is interest and profit-sharing systems, and the formation of this bank actually has


15 Panji Masyarakat, No. 651, 21-30 June 1990
violated the decision of Muktamar Tarjih\textsuperscript{16} which has stated that bank interest was prohibited.\textsuperscript{17}

Not only did the debate involve ulamas, but also scholars. In 1958, It was Mohammad Hatta, an economist and the former first Vice President of the Republic of Indonesia, for example, who classified bank interest into two groups, namely, consumptive and productive. According to him, consumptive interest is additional money charged to principal repayment of loans for consumptive purposes, while the other one is additional money of a productive loan that should be paid to a lender. The latter case considers that interest is the price of capital that should be paid for the opportunity cost of using the capital, whereas the former may result in a loss of one’s freedom; it is \textit{riba} and the legal status is prohibited. Mohammad Hatta also added two situations when interest could not be grouped as \textit{riba}, first, the rate of interest should be openly informed to public, and second, the rate charged should be low enough even though the loan was a productive one. In this regard, in 1938 he condemned a market bank which charged very high interest on small and short-term loans; the bank charged 40\% per forty days. However, on the other hand, he rejected the idea of Muslim society establishing a non-interest bank, because, for him, a bank would not exist without charging interest. Unambiguously, Mohammad Hatta had a notable influence on the banking system in Indonesia which was operated on the basis of the legitimation of interest. Really, \textit{riba} was disclosed as prohibited by State Law. Thus any individuals or institutions running a banking business by collecting \textit{riba} were acting illegally. But, a bank might charge interest on money lent as long as it was licensed by the government according to the holding regulations (see Rahardjo 1988, 138-40).

\textsuperscript{16} It is a forum of Muhammadiyah which has authority to make legal status of some issues based on Islamic law.

\textsuperscript{17} See \textit{Tempo}, 15 December 1990, and \textit{Panji Masyarakat}, No.634, 1-10 January 1990 and No. 636, 21-31 January 1990.
Related to this, it seems that the Banking Act 14/1967, more or less was affected by Mohammad Hatta’s view which legitimised an interest system (see Rahardjo 1988, 40). Article 1. c of the Act, for example, clearly stated that

> Credit refers to the supply of money or equivalent claim to money based on a credit agreement between bank and other party, whereby the borrower has obligation to pay his/her debt after a certain period with a fixed amount of interest (emphasis added).

The phrase of a fixed amount of interest of the Act explicitly declared that the banking system in Indonesia was operated under an interest system which meant also that other systems, say, profit-sharing system, are not permitted. Therefore, this Act was accused to be the paramount obstruction in forming Islamic banks. Moreover, the government totally determined the rate of interest of the banking system; in other words, the interest rate was not freely determined by the market mechanism, but by the government. This condition was run until June 1983 when the government then issued a new regulation which primarily gives freedom for state and private banks to set their own rate of interest (Natapermadi and Antonio 1993). Actually, by this regulation, there was an opportunity to form an Islamic bank because a bank could state a zero rate of interest. This chance, however, was hampered by other regulations which prohibited the formation of new banks. Five years later, in October 1988, the condition was changed; the government deregulated the formation of new banks (Natapermadi and Antonio 1993). This October 1988 Package has indeed created a new climate of banking businesses in Indonesia. Not only does it foster the formation of conventional banks, but also Islamic ones.

Facing a new trend in banking businesses, especially the tendency of society to implement an interest-free system, the government has made positive responses by considering the trend in, for instance, the new Banking Act No. 7/1992 as a replacement of the old one (Banking Act No. 14/1967). The new Act evidently
embraces a dual banking system, namely, interest and profit-sharing system; it is overtly stated in article 1. 12, among others,\textsuperscript{18} which defines credit as

... the provision of money or equivalent claim to money based on loan agreement between a bank and another party, obligating the borrowing party to repay his debt after a certain period, with interest, fee, or profit share (italics added);

Other regulations which also support the operation of profit-sharing banks (Islamic banks) are stated in Government Regulation No.72/1992 concerning banks (Commercial and rural banks) based on the profit-sharing principles.

The facts outlined above demonstrate situations as realities. This is because the individuals who were involved in the interactions were conscious that the situations were real, so that they realised them, through their conduct, into realities. The situation concerning the long debate of whether or not bank interest is riba has created a reality of hampering the formation of Islamic banks. It could be demonstrated by the reality created by the two largest Islamic organisations by establishing conventional rural banks. The influence of Mohammad Hatta has also had a paramount affect on banking regulation, but, because of other situations, especially economic ones, the government has deregulated the banking system which then gives the opportunity for and accommodates of the formation of Islamic banks. All these are the reflections of how mind activities can capture the occurred situations from multiple directions and in turn the mind activities are reflected in other situations.

5. Summary

The chapter signifies a central role of self in creating and shaping the reality of the formation Islamic banks in Indonesia. Self, as pointed by Mead, is indeed a dynamic element which stimulates an individual to interact and construct an environment.

\textsuperscript{18} See also the other points of Banking Act No. 7/1992, such as article 6. m and 13. c.
Self(ves), individually as well as institutionally, has (have) evidently been able to promote BPRBAS and BMI, the first Islamic banks in Indonesia.

In the case of BPRBAS, the selves consciously created a reality to make another reality; that is, they consolidated themselves in an institution called ISED, to pioneer Islamic rural banks. Thus, ISED is an institution which specialises in the activities related to the establishment of Islamic rural banks, including the activities of research, studying, building and developing economic institutions based on Islamic law, and training and preparing high quality human resources. While in the case of BMI, self makes use of the existing institution, MUI, which has main duties in the area of general religious affairs. In assessing the formation of BMI, the self has strived to create some tools, for instance, a workshop, an ad hoc group and a small team. This is actually as a consequence of a chosen policy to be involved in the formation of an Islamic bank which is not an ordinary activity of MUI. Besides the self, within MUI, there is another self outside MUI that also has backed the formation of BMI. The self is powerful, because it has a powerful status and role.

The emergence of the first Islamic banks in Indonesia was also influenced by other situations encountered at that time. Situations can lead to self(ves) to certain directions of how the self(ves) can define the situations and act towards them. The prime situations that may be accused of hampering the formation of Islamic banks are, first, the long debate concerning whether or not bank interest is riba, and second, banking regulations. However, because the deregulation packages of June 1983 and of October 1988, and the Banking Act No.7/1992, the situation changed.
CHAPTER FIVE

TRUST (AMANAH) MANAGEMENT:
THE EXTERNALISATION OF SELF'S FAITH, KNOWLEDGE, AND
THE ALTRUISTIC CHARACTERISTIC

Accounting is neither a static nor a homogeneous phenomenon. Over time, all forms of accounting have changed, repeatedly becoming what they were not. Accounting, moreover, is not a homogeneous craft (Hopwood 1983, 289).

1. Introduction

Recently there has been a growing interest among accounting researchers in studying accounting as an organisationally-situated practice (Hopwood 1978, 1983; Chua 1988), including the study of accounting practices related to religious organisations, that is, churches (see, for example, Cunningham and Reemsnyder 1983; Boyce 1984; Burckel and Smindle 1988; King 1988; Laughlin 1988, 1990; Booth 1993). Laughlin (1990), for example, by using Gidden's structuration theory, tries to investigate financial accountability (principal-agent relationship) practices in the Church of England, in terms of their organisational context. Laughlin connotes the theory as the devotion of "understanding human behaviour in particular situations although maintaining the belief that all actions and interactions possess features (called structures)" (1990, 94). Based on this understanding, he attempts to grasp the situated financial accountability practices in the Church of England as the way to "flesh out" the "skeletal" model (structure) of the theory, and he is also concerned with the "understanding of the distinction between ex ante and ex post forms of accountability and the relationship they have with control" (1990, 96). He argues that, in terms of the situated (empirical) financial accountability relationship in the Church, the accountability relationships between parishes and dioceses, dioceses and the central board, and congregational members and parishes are ex ante forms. The latter is less highly structured than the first two and is "centered around some broad appreciation of future activities but set in the context of a spiritual challenge of the 'need of the giver to give'" (1990, 111), while the former two are centered around the
annual budget formulation process. On the other hand, the relationship between the Church Commissioners and the wider Church and Government, as Laughlin (1990) found, is undertaken in a formal report, that is, the ex post annual report and accounts.

Unlike Laughlin’s (1990), the work of Booth (1993) reviews the few existing works/research on accounting in churches and proposes a research framework and agenda. He takes into account the importance of the "skeletal" model of Laughlin’s (1990). He argues that this model can be recognised as an incomplete theorisation; so, according to this notion, the model will "be applicable across a wide range of situations, but which require specific empirics to flesh them out" (1993, 60). This means also that the research framework is like a basic scheme that permits more specific questions to be formulated. Based on this view, a comparative research agenda is crucially needed because, by using comparative studies, he argued, "the framework can be fleshed out" (1993, 61). Consequently, the comparative studies should cover a wide range of situations, such as comparative studies of accounting in other mainstream churches, studies of how variations in theology between churches may affect accounting, studies which account for variations across organisational units within churches and/or between similar units in different churches, studies which consider how applicable the framework is to other types of religious organisations, and the studies which try to consider the variations in, for example, membership size and financial resources. All these would be significantly valuable for expanding accounting studies in churches.

The research framework and agenda proposed by Booth (1993) are, indeed, an indication that research and theorisation of accounting in churches are now still scarce. We can find such conditions not only in churches, but also in other sorts of religious organisations, for example, Islamic non-profit organisations. The work of Var (1981), so to speak, might be the only work which explores the internal control
of such organisations, that is, the Ahmet Pasa foundation (*waqf*) of the Ottoman Empire (1300 - 1923). Var, by referring to the Encyclopedia of Islam, defines the *waqf* as a "thing which while retaining its substance yields a usufruct and on which the owner has surrendered his power of disposal of with the stipulation that the yield is used for permitted good purposes" (1981, 1). As an important institution in the earliest time of Islam, and in particular in the era of the Ottoman Empire, Var, although his approach is based on an historical analysis of documents, argues that the Ahmet Pasa foundation "contains very good examples of Ottoman governmental accounting requirements for the internal control of trusts. These are: careful selection of an administrator, precise job descriptions, separation of duties of administrators from the duties of inspectors, timely recording of transactions, periodic audits, and certification of documents by the court." He, at a greater distance, argues that the foundation system was based on "the establishment and maintenance of a system of checks and balances" (1981, 10), and the terminology of the foundation indicates "the existence and use of well developed principles of accounting" (1981, 10).

Beside Var (1981), there are also Alhabshi (1991), Tyabji (1991), and Prapertchob (1991) who work in the same field, *waqf*, and discuss the conditions of the foundation in their regions, that is, Malaysia, Singapore, and Thailand respectively. However, their works reach far from the accounting area; their analysis, primarily, is inclined to explore the role of such organisations as the voluntary sector in supporting economic development in a Muslim society (see Ariff 1991; Siddiqi 1991), so too the works of Abdullah (1991), bin Ghazali (1991), and Abubakar (1991) who discuss *zakat* agencies in Indonesia, Malaysia, and Philippines, respectively.

Even though the works of Var (1981), Abdullah (1991); Abubakar (1991); Alhabshi (1991); Ariff (1991); bin Ghazali (1991); Prapertchob (1991); Siddiqi (1991); and Tyabji (1991) are related to the application of religious tenets (Islam) in daily social-economic life, we find difficulty in seeing an analysis which explains the process of
translating the tenets into practical concepts and conduct undertaken by self; moreover, to critically relate to, to explore, and to elaborate, the actualisation (action) of self’s faith and knowledge in running, for instance, zakat agency, and, of course, its implications for accounting practices. This is so, because, firstly, Muslim authors are generally more concerned with business organisations, especially Islamic banking, and pay considerable attention to the effects of, say, Islamic economic principles (systems) on such organisations (see, for example, Uzair 1980, 37-57; Siddiqi 1981; Khan 1983, 259-76; Abdallah 1987; Ahmad 1987; Zaidi 1987; Khan and Mirakhor 1989) and its implications for accounting practices (Abdel-Magid 1981; Haqiqi and Pomeranz 1987, Tomkins and Karim 1987; Karim 1990; Metwally 1992); and secondly, they seemingly overlook accounting as a situated practice in Islamic social organisations and miss the process of how the practice is constructed through social interactions that occur amongst members of a society which is believed, for instance, by symbolic interactionists.

To see this as a process, we may take the formation of zakat agencies in Indonesia as an example, that is, BAZIS and LZI. The formation of these agencies is the result of, if we observe carefully, social interactions which are dominantly invigorated by the religious and altruistic characteristic of self. The act to establish the institutions is the result of a process of a covert action, that is, mind activity (see Charon 1979). Mind can only be achieved by self within the context of social experience (Mead 1934, 50); and the generated mind itself is unavoidably within a circle of the influence of self’s characteristics (internal) and situations (external). Why the influence of self? Because, the self, as symbolic interactionists (Mead 1934; Blumer 1969; Charon 1979; Hewitt 1991) argued, is social and has inborn potentialities (see Berger and Luckmann 1966, 68), that is, altruistic and egoistic characteristics (see Aronfreed 1966; Latane and Darley 1970; Campbell 1978; Masters 1978; Cohen 1978; Shariati 1981, 3-4; Ba-Yunus 1991). Since the self is social and has inner qualities, the way of thinking is unavoidably linked to these qualities, and so is the
way of defining and judging a situation and of taking action as a response to any
given situation. In the next section, we will try to discuss the self’s way of thinking
and of taking actions in terms of making new realities related to zakat agencies.

2. Faith and Knowledge: Shaping Zakat Agencies

To begin with, it is essential to bear in mind here that our concept of self, in terms of
the process of maturing the self’s character, is based primarily on the very basic tenet
of Islam, namely, faith. Faith, above all, becomes the very prime foundation of every
self’s covert (mind) and overt action (see al-Faruqi 1992). In regard to this, Abdalati
points out,

... Faith without action and practice is a dead end,... When it is out of practice or out of
use, it quickly loses its liveliness and motivating power. The only way to enliven Faith
and make it serve its purpose is practice. Practice provides Faith with nourishment,
survival and effectiveness (1975, 53).

Obviously, the need to act, as driven by faith, is the way of nourishing and
strengthening the faith. The act of making suggestions to President Soeharto by some
Indonesian ulamas who encourage the application of zakat is the realisation of their
faith, as they clearly declared in their statement

After analysing Shari’ah [Divine law] of zakat, and based on the motivations of ‘aqidah
[faith], morals, and the obedience unto Allah and Prophet... [We] opine that...

Therefore, by placing our trust in Allah and asking for His guidance, ...

We suggest President General Soeharto as the President of the State (1) to call out and
put forward to all Muslims in Indonesia, in general, and in Jakarta, in particular, to
activate the collection and distribution of zakat from people who have an obligation to
pay zakat to those who have rights to receive the zakat... and (2) to ask for governors of
all provinces, especially the governor of Jakarta, to organise and co-ordinate the
collections,... distributions,... of zakat properties...(emphasis added).¹

¹ See Chapter Three: Founding Zakat Agencies: The Reflections of Altruistic and Religious
Characteristics of Self, and Situation.
For the ulamas, the concept of faith has been clearly and undoubtedly understood. So, by carrying out the action, their faith, as they believed and experienced, will be nourished and strengthened.

However, it is also worth noting that the execution of the action is not without any guidance. The above phrase: "after analysing Shari'ah of zakat", indicates that their action is under the guidance of knowledge; that is, the knowledge (Shari'ah, the Divine law) which is also under the guidance of faith, and consequently is always in the path of the faith. In the next section, we will try to rationalise the ability of knowledge, that has been perceived by self, to shape zakat agencies, that is, BAZIS and LZI, and their operations.

**Two Opposed Interpretations of the Application of Zakat**

The existence of both BAZIS and LZI as our empirical-based research is in fact the actual reflection of self's mind activity. It is an inner dialectic process of self in taking into account and communicating any social objects or situations; or, to use Mead's (1934, 50) conception, it is "communication by a conversation of gestures in a social process or context of experience." This sort of activity not only involves external matters which are out of the self, but also other internal ones, that is, knowledge and the characteristics of the self. It means that it is correct that social objects (situations, gestures, and so forth) outside the self may buoy a covert action (thinking activity) of the self (see Charon 1979). It does not stop at this, however; it goes further, internally retrieving the self's stock of knowledge to define the objects. Of course, the decision to act, after defining, evaluating, and judging the social

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2 We still remember that our concept of knowledge here is both knowledge of religion and knowledge of sciences; they are two sides of the same coin, cannot be separated from one to another, and both are under the shadow of faith (see al-Attas 1979, Qadir 1988).

3 What we mean by the characteristics of self here is: self basically has inborn characteristics, and besides this, the self socially interacts with environment which then shapes its character - its identity. With regard to this Berger and Luckmann (1966, 68) point out:"The genetic presuppositions for the self, of course, are given at birth. But the self, as it is experienced later as a subjectively and objectively recognizable identity, is not." (see also Ba-Yunus 1991; Shariati 1981, 3-4; Masters 1978, 70).
objects, is not solely driven by the knowledge, but also by the characteristics of the self. In particular, we basically recognise three distinct characters of self, in the light of its mature level, that is, animal character (ammarah), humanity (lawwamah), and religiousness (muthmainnah), respectively from the worst to the best. At the level of humanity (lawwamah), for example, the self has recognised and perceived faith, and realises the values of the faith in its daily life. However, even though at this level, the self sometimes during its life acts not in accordance with the faith and regret for its wrong doing, or interdeministically, to use Ba-Yunus' term (1991), indeed, at this level, the self is much better than the lowest one, that is, animal character (ammarah), which is against the faith and cannot control its own animal desires. Unlike the two previous levels, at the level of religiousness (muthmainnah), self is consistently under the guidance and spirit of faith, and consciously can control its animal instinct; it thinks and acts rationally, morally, and piously (see also Rahardjo 1991; Ba-Yunus 1991).

Both a different stock of knowledge and the maturity of self's characteristics (in particular, the perspective of knowledge) which are the results of social and religious interactions (experience), may cause different interpretations of a social object (symbol). In Indonesia, for example, we can find a polarisation of many ulamas' and Muslim intellectuals' minds concerning how to implement zakat as the third pillar of Islam in daily life. Under an old convention, zakat was perceived simply as a very individual affair. It is

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a matter between the muzakki and mustahiq, i.e., the obliged zakat payer and the lawful recipient. It has also been a purely local affair...Rarely, if ever, is zakat used for communal purposes (Abdullah 1991, 55).

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4 The context of the discussion (the example of various mind) here is the mind of self at the level of lawwamah and muthmainnah. Because, we have positive thinking that the self at these levels tries to catch the precise meanings of, and apply Islamic teachings in daily life as a form of worship. This, of course, differs from the self at the level of ammarah which always fulfils its own desire.
The statement implicitly conveys the meaning that *zakat* is usually given for a consumption purpose (see Abdullah 1991; Mas'udi 1991). From this point of view, *zakat* is merely an individual's religious obligation which is an end in itself (Abdullah 1991, 54), and is merely used to purify an individual's wealth as commanded by God in the *Qur'an*. The proponents of this view tend to interpret the teachings of the *Qur'an* "textually" without trying to capture and conceive the "context" of the *Qur'anic* texts. Or, in other words, Islam has been reduced and implemented in a formal and a dogmatic way. As regards this, Mas'udi (1991, 38) states that, by doing so, Islam has lost its valuable worldly messages,

> [t]his ritual-dogmatic view, indeed, has led *zakat* to become *a-social*, and has alienated [the *zakat*] from its basic [worldly and social] function. Generally, when an individual is asked "why do we have to pay *zakat*?" the answer will be, "it's the commandment of God." When we ask "why does God order us to pay *zakat*?" then no one will try to answer, except, "*Wallahu a'lam* [God knows best]."

That view, unmistakably, cannot perceive the possible relevance between the words of God and social realities. According to this view, "an analysis which tries to connect the concept of *zakat* - and other religious commandments [such as prayer, fasting, and pilgrimage] - with the real life of human beings, is irrational" (Mas'udi 1991, 38).

This sort of view can be verified by considering the following comment,

> I'm really disappointed with the works of other brothers who have translated *zakat* into a model of, and have regarded it as one of the basic concepts of, Islamic economics. *Zakat* definitely cannot be treated like that; it is *ibadah mahdhah* [personal worship]; so, embrace the teaching and apply it as it is!.

This comment is, in fact, the portrait of the general phenomenon in today's Muslim world. According to Mas'udi (1991, 24), this is the result of a crisis of religious

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5 In the *Qur'an*, *zakat* is mentioned along with prayer, the second pillar of Islam, in 27 verses; then, some individuals argue that *zakat*, like prayer, is only a matter of individual-God relationship of an individual. It has no social and economic ends; or in other words, it is only *"ibadah mahdhah* - a purely religious obligation, which is an end in itself" (Abdullah 1991, 54).

6 This statement is based on my discussion with Dr. Ahmed L. al-Safadi of Saudi Arabia, a Muslim scholar and an activist of Islam.
(Islamic) thought which took place in the 12th - 13th centuries. The big mistake which has been made by this view, as perceived by Mas'udi (1991, 13), is that the textual statements of the Qur'an have been understood as the Qur'anic substance, and claimed a religious way (wasilah), as an end (ghayah) in itself. He remarks,

... if we find digression, it is because of our mistake, that is, viewing a statement [a text of al-Qur'an] as a substance, and seeing a [Islamic] way (wasilah) as an end (ghayah) [in itself] (Mas'udi 1991, 13).

As a consequence of this view, the formalisation of religious teachings becomes the paramount concern and goal, rather than the struggle for changing the social order systematically and schematically (Mas'udi 1991, 29). Hence, not surprisingly, we find that the application of zakat in the last two decades was more rigidly and locally practiced. It was merely regarded as a matter between muzakki and mustahiq which was personal (not communal) and for consumptive purposes (see Abdullah 1991, 54-5).

In 1975, however, there was a transformation in the minds of some of the ulamas which, in essence, had them agreed that zakat would be better if used for productive purposes rather than fully consumptive ones. Abdullah points out that

[1]he majority of the ulama[s] ... agreed that zakat should be better used for productive rather than consumptive purposes. In other words, most of the ulama[s] ... preferred to look at zakat as ibadah ijtima'iyyah - a religious social obligation - instead of as ibadah mahdikah - a purely religious obligation, which is an end in itself (1991, 54).7

The ulamas' conclusion, indeed, has given rise to a new reality in the application of zakat in Indonesia. This concept (that is, not to use zakat funds for consumptive purposes as such) has been adopted and practiced by most of the Indonesian zakat agencies, and some of them also combine the two approaches (see Abdullah 1991).

7 This comment is based on a research which is reported by TEMPO, 21 May 1988.
Shaping Zakat Agencies: LZI and BAZIS

The transformation of the ulamas' mind is undeniably the starting point of the significant existence and development of zakat agencies in their contemporary context, of course, without necessarily breaking or even ignoring the basic concept of zakat in the Qur'an and the Sunnah as they are still the primary and basic sources, the messages of which are always comprehended in their contexts, and still today. Respecting this, Kuntowidjojo points out that

... the verses of al-Qur'an are actually normative statements which have to be analysed and interpreted on an objective level, not a subjective one [as such] (1991, 330).

What Kuntowidjojo (1991, 329) means here is, not only is Islam concerned with the subjective level of its teachings, that is, the internalisation of the Qur'anic tenets by an individual (self) to form and develop his or her own ethical, moral, and spiritual perspectives, but also with the objective level, namely, the externalisation of the tenets in terms of the application of Islamic messages to change society to a just and egalitarian one based on correct faith (see Shari'ati 1979, 119). This view is definitely the same as Mas'udi's (1991) as we have discussed previously. This leads us to a clear insight that zakat has, indeed, a worldly (social and economic) dimension.

Based on this concern (the worldly dimension), some ulamas and Muslim intellectuals have agreed to advance the mode of zakat distribution. In 1975, there were some seminars relating to the issues and the ulamas recommended the following policies:

1. It [the distribution of zakat] should be educational, productive, and economical, so that in the end the recipients of zakat would no longer need zakat; they should be the zakat payers.
2. In the cases of fakir [and] miskin (the poor [and the needy]), riqab (slaves to be liberated), muallaf (new converts), and ibnu sabil (travellers in search of knowledge) emphasis should be on the individuals, while the legal institutions that take care of them should receive a smaller share.
3. In the cases of *sabilillah* (in the path of God) and *al-gharimin* (men [and women] in debt), the *amīr* should be the main legal institution to carry out Islamic activities.

4. The undistributed *zakat* can be used as funds for development purposes (deposit in the state banks) (Abdullah 1991, 70; see also BAZIS of Jakarta 1987, 11).9

These policies are obviously the recognition of those who see that *zakat* will socially and economically provide, if it is distributed *productively*, multiple positive effects on a society. Consumptive distribution, in this regard, is only permitted in very special cases, that is, for "those who are [physically or mentally] not able to work" (Muhammad 1991). This essential principle is then adopted and applied by BAZIS (and other *zakat* agencies) (Abdullah 1991, 70). The adoption of this can be confirmed by, for instance, noticing the comment of Cholid Fadhullah, the Chairman of BAZIS,

... it's not the appropriate mode anymore to give *zis* funds in a consumptive way. We mostly lend the funds to those who are in need.

However, it does not mean that all *zis* funds are distributed in a productive way; some of them are still distributed in a consumptive way, "especially for orphaned, old people, very low level government officers, and religious teachers who do not have any regular income", Cholid Fadhullah further adds. This fact also can be verified by the comment of his colleague, Hanafi, the Head of the Administrative Department,

... since 1976 we've utilised *zis* funds for mostly productive purposes, for example, we're awarding scholarships to high school students, and even to [domestic] post-graduate students, we're also contributing donations to build schools and hospitals, and, the other important one is, providing capital [benevolent loan] for poor people to do small [and informal] businesses; by doing so, we hope that they can foster their own standards of living (italics added).

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8 An individual or institution who or which is responsible for collecting and distributing *zakat*.

9 This is the product of *Team of Zakat Research and Seminar* founded by BAZIS of Jakarta in about 1975 (see BAZIS of Jakarta 1987; Abdullah 1991).

10 *ZIS* stands for *zakat, infaq, and shadaqah*. See the definitions of *infaq* and *shadaqah* in chapter seven.
Thus, we can see that the utilisation of zakat (or zis) funds for productive purposes become a reality which is social and religious. We call it social because we discern that it is the result of social interactions, in the sense that the individuals who construct reality do not directly or reflexively respond to any social objects, unless they first define, the symbol(s) before taking a line of action (see Mead 1934; Blumer 1969; Charon 1979; Hewitt 1991), and its purpose for creating social (economic) welfare and justice. And it is religious, since the process of defining the symbols while taking a line of action, is in the Islamic framework of faith and "true" knowledge, and is conducted by a self(ves) which has(have) consciously and intentionally internalised the values of the faith and knowledge to shape its(their) own ethical, moral, and spiritual perspectives (see Kuntowidjojo 1991, 329; cf. Berger and Luckmann 1966).

The following illustration is a very salient feature of self in its endeavour to create a social-religious reality, that is, a reality which is related to conceiving and implementing the concept of zakat distribution. It is Sahri Muhammad, the Chairman of LZI, who tries to actualise Qur'anic verses concerning zakat into real practices. Certainly, the style of constructing the reality applied to the LZI is different from the other style which is executed at BAZIS, even though the essence is the same. The approach of the BAZIS is more formal than the LZI; this is because BAZIS is a semi-government institution (see Abdullah 1991). Furthermore, in 1975 the BAZIS through the decree of Governor of Jakarta founded a Team of Zakat Research and Seminar, which was to investigate and construct a modern concept of applying zakat, the results of which were then utilised and legalised as a prime guideline for running the agency (and also followed by other BAZISes in other provinces) (see BAZIS of Jakarta 1987; Abdullah 1991). Of course, we have difficulty in tracing back the process of how the individuals (selves), who were involved in the team, derived and constructed the concept from the two principal Islamic laws, that is, the Qur'an and the Sunnah, without ignoring the knowledge of sciences that is useful in rationalising
and defining the real world. However, we can investigate the construction of the concept in LZI. It can be done by comprehending some comments of Sahri Muhammad related to the concept of ownership.

According to Sahri Muhammad, an individual basically does not have full (absolute) ownership rights in his or her property, except as a trustee of God (and he or she accepts the trust). He states,

... so the concept of [ownership] right as stated in al-Qur'an [that is, 70: 24-5] which says "and those in whose wealth is a recognised right for the (needy) who asks and him who is prevented (for some reason from asking)", is not a full ownership right, but an amanah [trusteeship] right. It means that beside the right [to own property], there should be an obligation [to pay zakat].

This concept is also related to and inferred from his understanding of the Qur'an 23: 8-11 which then becomes his policy, that is, trust (amanah) management, and which is utilised to drive and operate the LZI; he explains,

we're now performing an experiment by making use of the concept of amanah [trust] as stated by Allah in al-Qur'an [23: 8-11] which says "those who faithfully observe their trusts and covenants; and who (strictly) guard their prayers; these will be the heirs, who will inherit Paradise: they will dwell therein (forever)." Based on these verses, we're sure that the concept of trusteeship is the key to succeed in entering paradise (italics added).

For Sahri Muhammad, the "zakat fund is principally the trust of Allah" (Muhammad 1991). This concept is also employed by the individuals who drive the BAZIS\textsuperscript{11} and by Cholid Fadhullah; he explicitly comments,

... we always remind them [the individuals who got the funds] that the funds are actually amanah (trusts); therefore, I advise them: 'you have to use them [the funds] as well as and it would be good if you could employ other individuals [in your business]... and you have to remember as well that amanah should be completed by returning the principals [of the funds] in the agreed instalment periods...'.

\textsuperscript{11} See the above four policies that have been set by the Team of Zakat Research and Seminar (see BAZIS of Jakarta 1987, 11; Abdullah 1991, 70).
So, by this comment, there is no difference between the LZI and the BAZIS concerning the treatment of zis funds as trusts. This treatment is the unique characteristic of the agencies, and, indeed, gives colour to their operations. The uniqueness of these agencies is primarily conceived by viewing their values. It is asserted by the above comments of Sahri Muhammad. He feels confident that, not only is the trust concept able to drive an individual to enter paradise, but it is also greatly meaningful for his or her worldly life. This notion apparently tries to integrate worldly interests, which are temporary and must be experienced by an individual, with a transcendental goal, that is, the ultimate goal of humanity (lawwamah) and religiousness (muthmainnah) self. This means that the act of practicing the concept in our daily life (for example, applying the zakat in this case) may become the act of worship driving the individual to his or her ultimate goal (see, for example, al-Zarqa 1976, 109-15; Madjid 1992, 61-2). Based on this view, Sahri Muhammad then professionally, as he claimed, runs and promotes the LZI.

To do so, Sahri Muhammad proposes some basic principles of his trust management. He states,

the basic principles of the trust management that we're using here are, first of all, all trusts should be recorded well; this is based on my understanding of the Qur'anic verse [2: 282], "o ye who believe!, when ye deal with each other, in transactions involving future obligations in a fixed period of time, reduce them in writing, let a scribe write down faithfully as between the parties"; second, the principle should enhance the spirit of working hard [etos kerja] by reasoning the verse of the Qur'an [13: 11] "verily never will Allah change the condition of a people until they change it themselves"; and, third, as a consequence of this, it should encourage every individual to be self-effort [swadaya]; fourth, it should be able to encourage the spirit of saving for strengthening an individual's capability to advance his/her own business; fifth, it should be able to create an accountable institution [a trusted zakat agency]; and the last one is that it must be an interest-free affair as said by God, "Allah will deprive usury of all blessing, but will give increase for deeds of charity" [the Qur'an 2: 276].

Under these conditions, we hope that... the concept [trust management] will initiate the creation of capital redistribution, foster economic growth for poor people, and create a wider employment (italics added).
It is not enough for Sahri Muhammad to just talk about it at the conceptual level. It needs further actions to make it real. Not surprisingly, he then practices the concept at his living laboratory, that is, the LZI. However, it does not mean that the concept, which is normative, is directly applied without attempting to study firstly the social-economic structure of a society in which the concept will be applied, and secondly, the capacity of the LZI itself in terms of the collected zis funds and their availability for distribution. Indeed, we find that his approach tries to reconcile the normative concept and the empirical world. It can be seen how he manages the LZI's very limited zis funds to foster the standards of living of the poor individuals.

In conceiving the objective condition of the fakir and miskin, Sahri Muhammad (1991) classifies this group of zakat recipients into three categories, namely, very poor (the fakir), lower mustahiq,13 and middle mustahiq. The first category is those who are physically and mentally not able to work, such as the old, very poor, and disabled individuals. For these individuals, zakat may be provided for consumptive purposes. He states,

... for the poor people who are able to work hard, the zakat fund is the trust of Allah. For only those people who are old, very poor, not able to work, zakat can be utilised as their consumptive fund (Muhammad 1991).

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12 Compared with BAZIS of Jakarta, in terms of the agency's capacity to collect zis funds, LZI of Brawijaya University is a very small scale zakat agency. As a comparison, in 1990 BAZIS successfully collected Rp. 1,838,764,000.00 in zis funds, while LZI in 1993 (during six months) got Rp 2,751,100.00 (See Annual Report of BAZIS of Jakarta, 1991 and LZI of Brawijaya University, 1993). The different scale is the result of different approaches that are used by both BAZIS and LZI. BAZIS tends to use the structural (top-down) approach and the authority of government, while LZI prefers to use another approach which is based on self-consciousness and self-understanding of individuals to fulfil their own obligation (to pay zakat). This fact has driven LZI to concentrate merely on handling fakir and miskin (they are the poor individuals who have a right to receive zakat (see the Qur'an 9: 60). Some Muslim scholars, from four schools of Islamic thought, differentiate fakir from miskin. In essence, the poverty condition of the fakir is worse than the miskin (see Qardawi 1988, 512-15). If we relate this notion to the concept of Sahri Muhammad's, who classifies the poor into three groups: the fakir, lower mustahiq, and middle mustahiq, we can see that the last two classes are not different from the miskin.

13 Mustahiq literally means a zakat recipient.
Under this policy, the other two categories, that is, the lower mustahiq and the middle mustahiq, accept and recognise the zakat fund as a trust. It means that they have no right at all to exhaust the fund, but do have a right to use it;

...poor people, who are able to work hard [the lower mustahiq and the middle mustahiq], have a right to use the zakat [zis] fund, but they are not permitted to exhaust the fund in a consumptive fashion. (Muhammad 1991).

In other words, the zakat fund which they received is actually a kind of loan (benevolent loan) without, of course, returning any interest or any part of the profits they earned. They merely have an obligation to repay the principal loan. Any profits they got from their businesses are for their own benefit. The important thing for them is that they have duties to work hard, either to constantly re-utilise any profit earned from their businesses or save it in their saving accounts at the LZI, to free themselves from the practices of rentenirs14 who charge very high interest rates (usury), and they, in particular the middle mustahiq, are strongly encouraged to "pay" (save) their infaq to the LZI. The benefits of saving or paying infaq are also for their own benefit, because, by doing so, they will obtain a larger package for their next loan; these are useful for enlarging their businesses, and so forth (see Muhammad 1991). This model, in terms of funds accumulation, is very similar to the "snow-ball" pattern; the more they save their money or "pay" their infaq to LZI, the more the funds can be collected. That means that they will procure larger funds to run their businesses.15 This policy is the result of Sahri Muhammad's endeavours in defining and capturing the social-economic conditions (characteristics) of both the lower mustahiq and the middle mustahiq. In general, as he defined, they do very

14 Rentenir is a person who gives a loan privately to a small entrepreneurs at a very high interest rate. In doing the transaction, the rentenir never makes use of legal financial institutions; rather he or she does so person to person.

15 In 1991, LZI set a policy of giving the lower mustahiq from Rp. 5,000.00 to Rp. 50,000.00, and from Rp. 50,000.00 to Rp. 250,000.00 for the middle mustahiq (Muhammad 1991).
small (informal) businesses, lack capital for doing businesses, and are easily trapped by the rentenir's practices. So, by using zis funds through the LZI, he is sure that he can free them from bad conditions (Muhammad 1991).

Unlike LZI, BAZIS does not need to make any classifications of the fakir, and especially the miskin. Its emphasis is on evaluating the capability of the individuals who get the benevolent loans to return their loans as written in their contracts. On this point Cholid Fadhullah asserts,

... at this moment, we haven't set the classifications yet; we just see their capacity to return the loans. If someone has met our requirements, then we'll approve to give him a [benevolent] loan, and tie him with a collateral in a written contract.

A similar comment is also conveyed by his subordinate, the Head of the Financial Department,

... then to tie the borrower, or in order to make him aware of repaying the loan, and to give him an understanding that the funds are actually the trusts of other people, we're applying a system, that is, by asking him to give us a guarantee, such as, certificate of vehicle, certificate of land, and the like...

Based on these two comments, we can capture an implicit meaning that the "quality" of the poor people who are being handled by the BAZIS is different from the LZI. The items of collateral that are treated as guarantees for their loans indicate that they have some properties (but still not enough to escalate their life to a better one), while the individuals who are supervised by the LZI, besides the lack of capital, do not even have valuable properties as warranties for their loans. This is the reason why Sahri Muhammad classifies the miskin into two classes, that is, lower mustahiq and middle mustahiq, and each class is then divided into some groups consisting of about five

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16 The businesses of both the lower mustahiq and the middle mustahiq are informal ones; the former's business is usually smaller than the latter's (see Muhammad 1991).

17 The grouping is based primarily on the similarity of business and region.
to seven individuals. Within each group is set, as Alimuddin, the Operation Manager of the LZI, spelt out, "a system which works in such a way that encourages each member of it to have a full and interdependent responsibility to repay his [or her] loan" (italics added).

3. Social, Religious, and Altruistic Construction of Reality

The above conditions, that is, the creation of realities, such as treating zis funds as trusts, trust management, and grouping the poor, are unavoidably created as the reflections of self's covert activity. This activity (of thinking) is a process which does not detach the inner quality of self from its environment. It "involves knowledge and reflexivity on the part of social actors, a process in which the social agent constantly reflects upon the nature of action and its meaningful quality" (Turner 1991, viii). Knowledge is one aspect, among other inner qualities, of self which is required through a process of internalisation. It is,

... the immediate apprehension or interpretation of an objective event [social symbol] as expressing meaning, that is, as a manifestation of another's subjective processes which thereby becomes subjectively meaningful to myself (Berger and Luckmann 1966, 149).

Apprehending and interpreting the social symbol is not simply a process of putting or planting something out there within the self, rather it is a process of social interaction which then forms the characteristics of the self (see Mead 1934; Blumer 1969; Charon 1979; Hewitt 1991). In our case here, we can clearly see how Sahri Muhammad internalises the thought of others concerning the concept of distributing zakat. He confesses,

... actually I derive the concept [trust concept] from Imam Hanafi\(^\text{18}\) who viewed that distribution of zakat funds could be classified into two, that is, for consumptive and productive purposes. Hanafi tended to think that those who are old, not able to work, are eligible to earn zakat for a consumptive purpose. This is because our religion

\(^{18}\) Imam Hanafi is a prominent leader and founder of an influential school of thought in Islam. A Muslim usually calls the school Mazhab Hanafi.
teaches us to work hard; therefore, he [Hanafi] conceptualised that those, who are able to work have a right to use the zakat funds, but they are prohibited from exhausting it.

He takes into account and develops the thought of Hanafi by giving justifications of some Qur'anic verses based on his understanding. This indicates that there is an interaction between his self and the symbol out of the self (see Berger and Luckmann 1966).

We can also find a more complex example which occurs in BAZIS. In attempting to develop zakat agency, the Governor of Jakarta formally established a Team of Zakat Research and Seminar which has primary tasks, firstly, to arrange a pattern of organisation for administering and distributing zakat effectively that may attract the participation of Muslim society, and secondly, to set and publish a book (which is entitled The Guidance of the Application of Zakat) that may assist to escalate the application of zakat (BAZIS of Jakarta 1987, 168). The team consisted of fourteen members from various backgrounds which in doing the tasks they conducted discussions that involved ulamas and intellectuals, literature research, empirical research, seminar, workshop and publication. Looking at the membership composition of, and the activities of, the team, we can expect that there were very complicated interactions that may be hard to outline. However, we can observe that there was a "communal" internalisation conducted by the members of the team; and, of course, there were also interactions within the members of the team which then generated a guidance for applying zakat (see BAZIS of Jakarta 1987). One of the principles of the guidance, which is generated by the team and the concern of our study here, is the concept of not distributing the zis funds for consumptive purposes per se.

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19 It is stated in the Governor of Jakarta's Decree, number D.III-1858/b/3/75 dated 24 March 1975 (see BAZIS of Jakarta 1987, 167-71).

20 See the Governor of Jakarta's Decree, number D.III-1858/b/3/75 dated 24 March 1975.
These illustrations are simple and clear which in essence show that social actions always involve knowledge, that is, knowledge as a preconception which is useful for the self to interpret and define any situations encountered before delivering the actions and which may function as a guide. Turner comments on this:

\[\text{All social actions require an interpretation of situations, understanding of the intention of other social actors, and predictions about future consequences of action (1991, x).}\]

The comment implicitly connotes that, to interpret situations, to understand the intention of the social actors, and to predict the consequence of social actions in the future, an individual needs knowledge. A social actor will interact internally with him or herself when he or she is facing something that he or she will act toward. He or she will define the meanings of the thing in the light of the situation in which he or she is placed (Blumer 1969, 5). Therefore, it is interesting to note that, by doing so, as Giddens pointed out (see Cassell 1993, 90), he or she has reasons for conducting his or her own activity and is able to elaborate discursively upon the reasons.

Behind the reasoning of his or her own action, there is a hidden meaning that the action is purposeful; "it involves the choice of alternative means for achieving alternative ends" (Turner 1991, x; see also Mead 1934, 7; Charon 1979, 124; Cassell 1993, 90). If we look at the goal that the individuals (who are seriously involved in the above zakat agencies) try to make real, we can conceive that in essence the goal is actually seriously attempting to achieve a higher social-economic wealth, especially for the fakir and miskin based on social-economic justice or, in religious terms, dispersing mercy to all human beings, creatures, and the universe (rahmatan lil 'alamin). By referring to the Qur'an 21: 107 which says "We sent thee not, but as a mercy for all creatures," Mas'udi argues that

... the relevant meaning of the verse is that under the Islamic tenets, the Prophet of Allah [Muhammad, peace be upon him] and the believers always bestow their commitments to the interests of all parties, groups, and even to all creatures of this
universe - without discriminating against colours [races], languages, cultures and their beliefs. Implicitly, this verse wishes Muhammad [and his followers] to step forward to serve all human beings, and even all creatures. So, it [Islam] is not a dominating influence which tends to force its beliefs, views, and interests on other parties (1991, 10-1).

This argument is the Mas'udi’s criticism of the followers of the formalistic view of Islam who entrap themselves in an exclusive religion; that is, the narrow-minded religious concept which tends to see that religion is only for themselves (see Mas'udi 1991, 10-1). Mercy is not exclusively for Muslims, but for all human beings and creatures. This is the consequence of Muslims who take the view that, for their own prosperity and safety in the worldly life and hereafter, they should surrender unto God and do good deeds for all creatures. For Madjid (1992, 3), embracing Islam as a way of approaching God means that Muslims have to do good actions for all human beings, to integrate all goals of life towards God and God alone.

Helping the fakir and the miskin, in terms of escalating their social-economic standards of living, is the action of disseminating mercy. This is the goal which must be followed and accompanied by the ultimate goal of the humanity (lawwamah) and religiousness (muthmainnah) selves, that is, seeking the pleasure of God (see Abdalati 1975, 123; Ahmad 1980, 179; Khan 1984; Arif 1985, 1987; Siddiqi 1988, 3-13; Zaim 1989; Madjid 1992, 18). That is why every action, according to Islam, is always viewed as the way (act) of worshipping God (ibadah) (al-Zarqa 1976, 109-15; Madjid 1992, 60-2). See, for instance, the expression of Cholid Fadhullah where he expresses,

...what I'm thinking is what I can do for ummat (Muslim society); ... because some people sometimes neglect this ibadah [managing the application of zakat as a way of worshipping God]...

and of Sahri Muhammad: "I'm doing this merely for my ibadah [worship]." So we cannot absolutely deny the view that a course of action is always preceded or driven by a goal(s). The only difference is that our concept of goal here is transcendental.
and teleological. This is actually the consequence of embracing the tenets of religions which "not only bind people together into a sacred community, but induce a normative and altruistic commitment to collective ends" (Turner 1991, xi; italics added). Looking at the altruistic commitment, we may argue that every action in the view of religion (Islam) essentially needs sacrifice, and the attention of the actor is not for getting benefits from the action itself or from other individuals who directly or indirectly gain the benefits of the action. Rather the true end and intention are only for disseminating mercy (for all human beings and creatures) and seeking the pleasure of God (cf. Macauley and Berkowitz 1970, 73). Helping other individuals "because one loves God and showing compassion to mankind is a channel to express one's love of God" (Siddiqi 1991, 9). Such action, for Siddiqi is

... one proceeding from one's own choice or consent. It follows that all action in pursuance of Islamic teachings is voluntary action. This also applies to what is obligatory in Sharia, such as zakat, as one's profession of a faith is itself a voluntary action. Hence the voluntary activities of a Muslim include what is obligatory as well as what is recommended in Islam (1991, 9).

The last sentence of the comment is an indication that religiously-motivated actions are reflected by the altruistic characteristic of self. The notion of altruistic actions here is much broader than that of Macauley and Berkowitz (1970, 73) who perceive altruism as behaviour which is "carried out to benefit another without anticipation of rewards from external sources" (see also Wispé 1972, 4). It is correct to the extent that the actor does not expect any rewards directly from those (other individuals) to whom the action is addressed; but, in our view, he or she consciously hopes for rewards from God. So there is still an expectation from the External One (that is, God).

Empirical evidence shows that the existence, from the process of foundation to the performing of daily operations, of both BAZIS and LZI is heavily supported by the altruistic characteristic of self(ves). The employees of BAZIS, for instance, do not
earn their salaries from the agency, even though according to Shari’ah they have a right to do so. Cholid Fadhullah explains the matter of the salaries,

... as you know, according to Shari’ah, we, as an amil, have a right to earn salaries from zis funds; however, at this moment, we don't consciously gain the right, because we think that other people may be more in need than us. We just get the salaries from our government.

A similar comment is also presented by Sahri Muhammad; he states,

... we pay the salary of only one clerical employee [not salaries of other employees]. We pay him from the infaq fund which is contributed to by Muslim brothers at every Friday prayer at our campus mosque here.

The above illustrates how the altruistic characteristic of self can resonate good deeds in our daily lives. However, the more important and fascinating implication of the altruistic characteristic is the construction of the ownership concept. This concept is, in fact, central, since not only does it give birth to the concept of trust management, but also to some implications for accounting thought and practice.

4. Trust Management and Accounting Implications

In this section we will try to elaborate the Islamic concept of ownership in more detail. This is imperative, since the concept indeed has a distinctive effect on formulating the concept of trust management, as we have discussed, and on accounting thought and practice.

The Concept of Ownership in Islam

The concept of ownership in Islam may be one which is sharply different from other economic systems. As has been argued by Sahri Muhammad, Islam does not recognise a full ownership right. Similarly, there is no doubt that all Muslim scholars arrive at the same interpretation that the absolute Owner is only God (see Musleh-ud-din 1980, 97-103; Siddiqi 1980, 196-7, 1982, 49; Maududi 1984, 39-42). For Musleh-ud-din, for example, ownership essentially is,
This notion is very close to the understanding of Sahri Muhammad who views and develops zakat agency as a trustee agent which collects zis funds from "the haves" and distributes them to the fakir and the miskin to escalate their standards of living. Under the concept of trust, he also manages the funds under trust management. The concept presented by Muslehd-ud-din brings to light the concept that Islam does not abolish at all the private ownership rights of an individual; rather, it recognises the individual's rights of course, so long as the acquisition, the utilisation, and the disposal of the property "are subject to limits set and should be guided by the norms laid down by Allah" (Siddiqi 1980, 197).

The acquisition of property, for example, should take into consideration Islamic law (Shari'ah), that is, the lawful ways of earning the property, so that it does not degrade the possessor's morality (Muslehd-ud-din 1980, 98; Maududi 1984, 30), and should regard economic justice (Muslehd-ud-din 1980, 98; Yusuf 1990, 20). If an individual earns any surplus, he or she should utilise the surplus, according to Maududi (1984, 31), for "the service of virtue and righteousness in public welfare, and in rendering assistance to persons who have been unable to secure and receive their share according to their needs." This is because Islam does not allow the circulation of wealth to be in the hands of very few individuals. That is why Islam applies zakat (see, for example, Siddiqi 1982, 123-25; Maududi 1984, 216-77; Yusuf 1990, 63-93), infaq, shadaqah, and additionally inheritance which is ruled by the Islamic law of inheritance (Maududi 1984, 34-5; see, for more detail, Mannan 1986, 133-42) to spread wealth.
So this is, of course, different to, say, other "isms" which allow free private ownership or totally abolish the individual's possessions or means of production. Mannan clearly distinguishes the concept of private property of each "ism;" he states,

[C]apitalism believes in free enterprise which necessitates private ownership of material means of production. The freedom to save, to invest, to inherit, and to accumulate is a right which is even more peculiar to capitalism than is the free choice of consumption and of occupation. In such a social system we find great inequalities of income. Some people are found living in palatial buildings and some in huts and tents. But communism wants a complete substitute for the allocation of the economic resources which in the capitalist system is determined by prices and incomes, and is related in turn to consumer sovereignty and decisions made by innumerable businessmen. Communism has practically involved the liquidation of private enterprise and private property. The regimentation and compulsory direction of labour under communism is too high a price for a "mess of pottage". In fact, communism in this respect holds a more extreme view than socialism which also stands for the abolition of the private ownership of the means of production. Here, the nature and extent of industry and production are to be subservient to social needs and not the profit motive. Though it avoids the wastes of the competitive system, yet here also we find the same problem of incentives and individual liberty. Again, in theory, fascism calls for the preservation of private property but in practice liberal laissez-faire capitalism almost completely disappears under fascism (1986, 333-4; see also Ahmad 1952; Al-Lababidi 1980; Maududi 1987).

Each concept of ownership rights has indeed affected accounting practices in the countries which apply it. Bailey (1988, 8-9) argues that, in an economic system in which private property or means of production is abolished and centralised only for the state, accounting has been affected in terms of the structure of its system, the scope of its function, the processing of its data, the use made of data and the role of accountants. As a consequence of centralisation, the accounting system is prepared just for the sake of central authorities and as a tool for maintaining control over socialist enterprises. Not surprisingly, there is then standardisation of accounting systems in all its socialist enterprises. To realise it, some components such as "a national chart of accounts, standard formats for the accounting records and accounting returns, authorized accounting procedures and rules for recording various kinds of transactions" (Bailey 1988, 11) are required.
We will not further discuss this argument, because it is more related to profit-oriented entities and the internalisation of the concept of ownership in forming the accounting systems; while our concern is non-profit entities and tends to stress the externalisation of the ownership concept in attempting to structure accounting thought and practice. The above illustration is just to show that accounting systems (practices) may be affected by many factors, such as cultural, political, social, economic and legal settings (see, for instance, Mueller 1968; Choi 1975; Alkafaji 1983; Hofstede 1987; Schreuder 1987; and Perera 1989). Moreover, it is pointed out that accounting has been seen as a situated practice (see Hopwood 1983; Chua 1988). It means that the craft of accounting may change depending upon the situation in which it is located, the types of organisation such as business organisations, public sector (Hopwood and Tomkins 1984; Hamburger 1989), and non-profit organisations (Boland and Pondy 1983; Covaleski and Dirsmith 1986).

The works of, for instance, Boyce (1984), Laughlin (1990), and Booth (1993) are the few which are directly addressed to accounting practices in church, and which provide the clues which clearly state that the craft of accounting may openly change depending upon its situational contexts. The work of Laughlin (1990), which makes use of the division of a sacred-secular metaphor, explains that there is a priority of particular sacred activities over secular concerns. Consequently, "accounting and accountability is seen as secular and secondary" (Laughlin 1990, 106). And therefore, as Booth (1993) commented, accounting is regarded as an irrelevant thing to the life of the church and will be accepted so long as it supports the sacred. This view - the sacred and secular divide - is responsible, according to Booth, for the "major source of resistance within churches to the use of accounting" (1993, 46).

From a different viewpoint, Madjid (1987, 248-9) argues that the sacred and secular aspects of human life are two different things, but it does not mean they are separated. And if we look at the concept of worship in Islam we can see that both the
sacred and the secular appearance are in the same locus - worship. Every action, such as the ritual action of praying, fasting, going hajj, and paying zakat, and such secular actions as the earning of a livelihood, dealing in business, preparing and keeping a good accounting information system, loving one's wife and children, being good to neighbours, and even smiling to please other people, as far as undertaken in the framework of surrendering oneself to the will of Allah (Dar 1988; italics added; see also Madjid 1992), is worship. Therefore, there is no separation between the sacred and secular articles. It is, of course, different from the concept of the separation of church and state of other religions (see, for instance, Fallding 1974, 215-17).

Hence, not surprisingly, we find that Sahri Muhammad, in attempting to search for the will of God, derives the concept of trust management from religious values in running worldly affairs, that is, collecting and distributing zis funds to foster the standards of living of the fakir and the miskin. As a consequence of applying especially the first and the fifth principles of trust management, that is, all trusts should be recorded well, and to create an accountable institution, he does his best to conceive and conceptualise accounting information systems based on his capacity, even though he is not an expert in accounting.

Remembering the concept of trust management, we can see that this concept visibly inspires the way he thinks of accounting information. He asserts,

I find some difficulties in facing modern accounting which is applied in our society now [compared with our ownership concept]; for example, how we can convey [accounting information of] the ownership concept [of Islam]... while on my understanding, the existing accounting functions to describe [full] ownership matter [of an individual or a company],...

What he is trying to state is that the concept of trusteeship rights can be presented in, say, financial statements, and can be easily communicated to other individuals or
parties who are interested in them. He is convinced that the very distinctive angle of his concept is the trusteeship right (management). He repeats it in the other comments,

...if we look at a balance sheet, we can find that in the left hand column there are some assets; in the right one, especially in the upper position, there are liabilities and in the corner [in the bottom], there is a symbol which reflects the concept of full ownership right, that is, equities.

...the concept [of ownership] which is applied in accounting today is that of full ownership; whereas it is said in Islam that 'to Allah belongeth all that is in the heavens and on earth [the Qur'an 2: 284]'. Human beings only have a certain part, as a reward, for their work (italics added).

If we look at these two comments, in particular the first one, there seems to be some confusion in the mind of Sahri Muhammad; it is as if he cannot differentiate accounting practices which are situated in business organisations from non-profit ones. However, if we try to trace his way of thinking back to the financial statements of LZI (which is his own creation), we will see that such a presumption is quiet unreasonable; we will encounter it later on.

The Ownership (Trusteeship) Concept and the Non-profit Organisation

Anthony and Young (1988, 49) define a non-profit organisation as "an organization whose goal is something other than earning a profit for its owners. Usually its goal is to provide services." This is certainly different from a for-profit organisation which primarily struggles to earn profits and the owners (shareholders), who have contributed the equity capital, will always expect to get dividends as a return on their capital. In terms of financial accountability practice, there is a very clear and formal relationship between the owners as principals, on one hand, and management as an agent, on the other, because, in this context, the accountability is contractual (Laughlin 1990). By contrast, as Anthony and Young (1988, 59) argued, "nonprofits [non-profit organisations] cannot obtain equity capital from outside investors; instead, their equity capital must be donated" (italics in the original). As a consequence of this, the accountability relationship between the organisation and the individuals who
donate their property is much less formal and less structured than business organisations, it is *communal*, to use Laughlin’s (1990) term.

In the case of *zakat* agencies, we have to carefully and critically look at such relationships, especially, in defining the "owner" of the agencies. If we look at the insights of both Sahri Muhammad and Cholid Fadhullah, who basically conceive *zakat* agency as a trust, we can perceive that the ones who have entrusted their trusts are the ones who have many "interests" or expectations in those agencies. Who are they? They are the members of Muslim society who pay and bestow their *zakat*, *infaq*, and *shadaqah* to the agency. Of course, their expectations, in general unwritten (less formal) and implicit (see Laughlin 1990), are not exactly concerned with the *material* returns on their funds which commonly happen to business organisations. Instead, they will be vitally concerned with how the agencies distribute the funds properly and are accountable to those who have the right, as directed by *Shari’ah*. Such an expectation is actually the reasonable consequence of transferring the funds to the agencies (Gray 1983), and provides "the terms of the accountability relationship" (Laughlin 1990). Based on this angle, we may confidently remark that the accountability relationship of the agencies, connected by the expectations, is between the agencies themselves and the members of society.

As mentioned before, the members of society are not concerned solely with the material returns on their funds; this is the full implication of the Islamic concept of ownership, because such funds as *zakat*, *infaq* and *shadaqah* that have been paid by or endowed on an individual, are not his or her own real right; they belong to others, they are the rights of others. So, if he or she does not pay his or her, say, *zakat*, it means that he or she has been corrupt. Therefore, it is clear that he or she does not expect or, precisely is *prohibited* from expecting, material returns from his or her funds. For the *zakat* agencies, the *zis* funds as trusts should be managed in accordance with the Islamic mission, that is, disseminating mercy based on true
justice (Maus'udi 1991, 124; see also Mannan 1986, 254). And, as an agent, the zakat agency has the responsibility, amongst other things, of preparing financial statements.

Muzakkis, in particular, and society, in general, are those who have a great concern for the appropriate and accountable management of the zis funds. Responding to this, Sahri Muhammad has prepared financial statements (see table 5-1 and 5-2). If we look at the balance sheet, we can discern how he presents and conveys the concept of trust management (the ownership concept in Islam) in terms of accounting information. The concept is transparently displayed on the right hand side of the balance sheet. Zakat item, for instance, refers to the prime source of the LZI's funds; it is collected from society inside and outside the university. The second item is infaq, and is classified into three parts which show where the funds stem from, namely, the society inside university, Friday prayer congregation at university mosque, and middle mustahiqs (see also table 5-2). At this time, LZI has only these two kinds of fund, being pure trusts from society, that is, the zakat and the infaq. The other type of trust is the saving account (of middle mustahiqs); it is the money of middle mustahiqs which is deposited with the agency. As a trust, this fund can, under the policy of the LZI, be distributed to other middle mustahiqs or lower mustahiqs, however, the ownership right is still with those who have deposited the money. If we trace the saving account back to basic principles of trust management, we may perceive that the account is the expression of the fourth principle, the spirit of saving. By referring to Trusts for Lower Mustahiqs and Trusts for Middle Mustahiqs accounts, we can easily argue that such accounts are the manifestation of the trust concept itself, of the principles of the spirit of working hard (etos kerja), of self-effort, and of free-interest affairs of trust management. The accounts represent the funds that have being given to lower and middle mustahiqs as financial assistance for them to do businesses; the funds are like loans, but the mustahiqs do not have any obligation to pay interest; they must, however, repay the principal. In other words,
the mustahiqs only have a use (trusteeship) right of the funds and must not exhaust them.

The above illustration is the unique clue of how accounting practice can "emerge from an organizational and social context" (Hopwood 1983, 288). However, similar evidence is rarely found in BAZIS, in particular, the process of how the managerial concept may give birth to new accounting practice, because this agency does not prepare contemporary financial statements as does LZI. When Cholid Fadhullah is questioned and requested to prepare financial statements, he remarks,

...that's what we're struggling for now, but we welcome whoever wants to investigate our financial records; ...

This does not mean that BAZIS does not keep any records at all; indeed, it does. However, the mode of its accounting information is very simple and traditional; it is presented in the form of a narrative description in its annual report (see BAZIS of Jakarta, 1992). It seems to us that this condition is similar to that of other non-profit organisations, churches, for example. It is argued, especially in the works of Ellis (1974), Keister (1974), Leathers and Sanders (1972) and Prentice (1981) that, in general, accounting practices in such organisations are very poor, lack internal control and accounting systems, and lack qualification and concern for financial management. However, Booth (1993, 39) criticises these works by stating that they tend "to present no systematic evidence to support these claims, depending instead on either anecdotal evidence or appeals to everyone's general knowledge of these 'fact'." Booth's criticism is transparently reasonable, because, as he (1993, 39) further argued, "the criteria used to judge good practice have been existing commercial practices or professional accounting pronouncements."
5. The Externalisation of The Inner Values of Self

Having investigated the accounting practice which is designed and employed by LZI, we have confidence in stating that accounting practice is not detached from its organisational context, and the context, in which the accounting practice is situated, has indeed a significant influence in forging the practice. This analysis of course is against the "insights frequently being seen as providing a basis for fine tuning rather than more fundamentally reforming the practice and technology of accounting" (Hopwood 1983, 288). This is not to say how important accounting practices are, such as in informing conventional management and other interested parties in regard to the financial position, and increasing efficiency of, an organisation; rather it analyses beyond such things, that is, it investigates the process of crafting accounting practice in its organisational settings (Hopwood 1983, 1987). This is so, because, "accounting is neither a static nor a homogeneous phenomenon. Over time, all forms of accounting have changed, repeatedly becoming what they were not. Accounting, moreover, is not a homogeneous craft" (Hopwood 1983, 289).

Upon the basis of Hopwood (1983) saying that accounting is a not-static thing, we may find a matching root of thought with symbolic interactionists who comprehend that "everything about the human being is considered as process, rather than as stable and fixed" (Charon 1979, 30; italics in the original). At a greater distance, it is argued that an individual has both mind and self which are also conceptualised as a process and are always in a symbolic interaction (Charon 1979, 86). These are the prime elements of an individual which give rise to innovations, creations and changes related to human life. This is the reason why Hopwood (1983) argues that accounting is not a static and homogeneous craft rather than it always experiences changes.

Related to this reality construction, Berger (1967, 13-4) points out that it is constructed through a fundamental dialectic process of society which consists of three steps, that is, externalisation, objectivation, and internalisation. He states that,
externalization is the ongoing outpouring of human being into the world, both in physical and the mental activity of men. Objectivation is the attainment by the products of this activity (again by physical and mental) of a reality that confronts its original producers as a facticity external to and other than themselves. Internalization is the reappropriation by men of this same reality, transforming it once again from structures of the objective world into structures of the subjective consciousness (see also Berger and Luckmann 1966).

However, these stages are not necessarily understood as happening in a temporal sequence, "rather society and each part of it are simultaneously characterized by these three moments" (Berger and Luckmann 1966, 149).

The externalisation of both physical and mental activity, or role-making to use the symbolic interactionists' term, is driven by self (see Mead 1934, Charon 1979, Hewitt 1991). For a symbolic interactionist (Hewitt 1991, 98), it is "the process wherein the person constructs his or her own activity in a situation so that it fits the definition of the situation, is consonant with one's own role, and meshes with the activity of others." To provide "role-making," as Hewitt (1991, 99) argued, there should be consciousness of the self, because, without any consciousness, it would be difficult for the self, for example, to define any situation encountered, to judge personal, teleological and transcendental goals, and to anticipate the expectations of others. Moreover, self possesses characteristics (that is useful for defining, judging situations or symbols, and taking an action) which may be inborn and socially grow within its society. Berger and Luckmann (1966, 68) point out that the characteristic of self, being seen as a social product and as a consequence of social interaction, "is not limited to the particular configuration the individual identifies as himself (for instance, as 'a man',...), but to the comprehensive psychological equipment that serves as an appendage to the particular configuration (for instance, 'manly' emotions, attitudes and even somatic reactions)." What we want to say here is that the characteristic, for instance altruism, of self, as a psychological equipment, strongly drives what, how and why an action should be carried out.
Related to this characteristic, Siddiqi (1991, 9) has ever argued that the altruistic characteristic of *self* is generally the most notable supporting factor of any action in the pursuance of Islamic teachings. This notion is apparently consonant with our findings; not only does the altruistic characteristic drive an individual’s actions - the altruistic actions, such as the voluntary actions of those who founded and are running *zakat* agencies, but also interestingly tinge the characteristic of the reality constructed by the actions of, for example, the *zakat* agency itself, trust management, the products of the *zakat* agency (benevolent loans), and the accounting implications.

As Blum (1980, 9-10) stated, the notion of altruism is an act carried out by an individual "for the good of another person for his own sake" (see also Cohen 1978, 81). If we look at the characteristic of *zakat* agency, we can grasp that the altruistic characteristic strongly tinges the agency. It can be seen that the agency functions as an entity which is working for the benefit of others; it collects and accumulates *zis* funds from certain members of society and distributes them amongst another class of members of society. There is no responsibility or target for the agency to get benefits (for example, to earn profits like in business organisation) for its own sake or for its "owner", except fulfilling its social duties (the only interest of the *zakat* agency) as guided by *Shari'ah*. This is so because the agency manages the funds as trusts. Such characteristic is also mirrored vividly in the four prime principles of trust management, that is, the spirit of working hard (*etos kerja*), self-effort, the spirit of saving, and the interest-free system. Basically, the principles are designed to increase the standard of living of poor people. Under these principles, *zis* funds are distributed and managed in such a way that they may encourage the spirit of working hard, of self-effort, and of saving; and, of course, all these are carried out based on the interest-free system, because the *zakat* agency has no interest at all in earning a "profit", so it does not charge any interest on its distributed *zis* funds.
Surprisingly, the altruistic characteristic is reflected in accounting practice as well. Looking at tables 5-1 and 5-2, we can see a unique craft of accounting practice. The accounts pictured in the trusts section of the balance sheet are the crafts of the altruistic characteristic. Zakat (account), for instance, does not belong to anyone, or to the "owner" of the agency, or above all to muzakkis, and so do infaq and shadaqah (if any); this is, of course, sharply different from a business organisation the owners of which have a strong interest in earning profits for themselves.

The above illustration exposes an obvious indication that the craft of accounting is not, as argued by Hopwood (1983), homogeneous and static; rather it depends upon, or is crafted by, the social milieu and organisational context in which it is exercised. This view conforms with the interpretive art and the perspective-based view of Morgan (1988). Morgan (1988) basically criticises the traditional view of accounting by accountants. The view deems that "accountants often see themselves as engaged in an objective, value-free, technical enterprise, representing reality 'as is'" (Morgan 1988, 477); in fact, they are actually the subjective constructors of reality who present and represent situations "in limited and one-side ways" (Morgan 1988). This view has posited accountants as less active agents who are living in given situations and taking the situations for granted. In other words, they are, in this view, not able to become more active agents. In relation to this, Morgan suggests that accountants should start interacting and creating dialogue with situations "in a more open-ended interpretive mode" (1988, 484) by developing their art of reading and probing situations which are useful in creating intelligent and actionable insights, rather than just "producing objective and 'true' statements" which are ends in themselves.

6. Summary

The works of some authors in the arena of accounting practices in churches are the clues to a view which says that accounting is actually a situated practice. This view assumes that accounting practice is not a static and homogeneous craft. Rather it
always experiences changes over time depending upon the situational context in which it is applied. This view, in fact, is powerfully supported by this study which attempts to analyse the process of how a non-profit organisation, that is, zakat agency, may influence the craft of accounting practice in that organisation.

The findings of this study disclose that there is a very strong connection between faith and knowledge (and, in turn, action) that are believed, perceived, and implemented by the self which is involved in that agency. Faith is regarded as the very basic core of every Muslim and which resonates certain values and which influences his or her way of thinking and of taking actions in daily life. Based on this faith, self considers that knowledge of religion, which primarily consists of the Qur'an and the Sunnah, is very important, beside the knowledge of sciences, to guide the implementation of zakat. As a consequence of this, the concept of trust management flows from the interpretation of the Qur'an and other religious thought, and so does accounting practice. In another aspect of this link, it is argued that the act of running a zakat agency, of conceptualising the trust management, of crafting and practicing accounting is also influenced by the altruistic characteristic of self. Not only does the altruism affect such activities, but also the characteristic of the reality that has been constructed, such as the concept of the trust management, the products of the agency and even the accounting practice.

The importance of this study is actually to demonstrate the ability (the inner qualities) of self in creating new realities by externalising its inner qualities. The underlying new realities which have been constructed are, firstly, the breakdown of the old concept of zakat application which was formerly narrow-minded, rigid, personal, and consumptive. This old concept is then replaced by the better one which consequently necessitates a better management. Secondly, to fulfil the need, in fact, self is able to create a new management concept, that is, the trust management. Thirdly, this
concept also gives birth to new products of the agencies, such as the provision benevolent loans, and the last, the emergence of a new form of accounting practice.
### Table 5-1

**LEMBAGA ZAKAT DAN INFAQ (LZI)**  
**BRAWIJAYA UNIVERSITY**  
Balance Sheet  
30 June 1993

<table>
<thead>
<tr>
<th>ASSETS</th>
<th>TRUSTS</th>
</tr>
</thead>
<tbody>
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<td>Savings Account, Middle Mustahiqs</td>
</tr>
<tr>
<td></td>
<td>Middle Mustahiqs</td>
</tr>
<tr>
<td>Trusts for Lower Mustahiqs</td>
<td>Zakat</td>
</tr>
<tr>
<td>Trusts for Middle Mustahiqs</td>
<td>Infaq, University Mosque</td>
</tr>
<tr>
<td>Fixed Assets</td>
<td>Infaq, University</td>
</tr>
<tr>
<td></td>
<td>Infaq, Middle Mustahiqs</td>
</tr>
<tr>
<td>Total</td>
<td>Total</td>
</tr>
</tbody>
</table>

*XXX* indicates the amount or value.
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<thead>
<tr>
<th>Sources:</th>
<th>Uses:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening Balance xxx</td>
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CHAPTER SIX

TRUST (AMANAH), THE DIVINE SYMBOL:
INTERPRETATIONS IN THE CONTEXT OF BUSINESS ORGANISATIONS

It is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest (Smith 1776, 27).

How selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it (Smith 1853, 3).

1. Introduction

During the last decade, some researchers have paid attention to the study of the integration of religion (Islam) and secular knowledge in the arena of economics (for example, Iqbal and Khan 1981; Maududi 1984; Jalaluddin 1991; and see also Ahmad 1980) and accounting (for example, Abdel-Magid 1981; Gambling and Karim 1986; Alam 1991; Hamid et al 1993; Baydoun and Willett 1994). This has had remarkable implications for Muslim economic dealings today. It is evident in the emergence of some Islamic banks and financial institutions in Muslim and non-Muslim countries (Karim 1990a; El-Ashker 1987). Not only the fields of economics and accounting guide and affect the operation of economic institutions, but Islam also has, in turn, practical implications for accounting practices (Abdel-Magid 1981; Karim 1990a). This fact is also a clue to the insight that accounting may actually be coloured by situations in which it is practiced (Hopwood 1978, 1983; Chua 1988), situations which may be in the form of cultural, social, economic, political and legal settings of society (Mueller 1968; Choi 1975; Alkafaji 1983; Hofstede 1987; Schreuder 1987; and Perera 1989).

Hamid et al (1993) and Baydoun and Willett (1994), for example, look upon Islam as a cultural element which may have powerful potential in crafting accounting practices and in contributing complexity to accounting harmonisation. In this regard, Hamid et
al (1993) argue that the central point of Islamic injunctions in respect of the business ethos lies in the prohibition of *riba* (interest) and alternatively encourages the implementation of more acceptable modes of financing and business structure such as *musharakah* (partnership), *mudharabah* (trust financing), and *murabahah* (the combining of credit with cost-plus pricing). These modes of financing and business structures have already been accepted and practiced by Islamic banks and financial institutions (Abdel-Magid 1981; Karim 1990a). As a consequence of getting rid of the interest, Hamid et al. claim that the system "eliminates many conventional Western discount-calculation-based accounting procedures and financial calculations, some of which are enshrined in prescribed, compulsory accounting standards" (1993, 146). Not surprisingly then, this reality has been regarded as adding to the complexity of the accounting harmonisation package.

Accepting religion, as a cultural element, has an influence on moulding accounting practices, Baydoun and Willett (1994), by respecting the culture-based societal value dimensions of Hofstede (1980) and Gray (1988), take the general issues of measurement and disclosure of accounting information as the entry point to elaborate "Islamic accounting theory" and suggest a technically basic form of Islamic corporate report. They propound that the "Islamic corporate report should consist of a multi-column financial position statement showing original and current values, a value added statement which articulates the position statement and a funds or cash flow statement which, together with the other two statements, 'covers' the firm's social activity cost database" (1994, 24). Even though this work is prescriptive in its essence, Baydoun and Willett (1994) have indeed contributed a concrete and "practicable" framework for the corporate report alongside other works, such as the works of Gambling and Karim (1991) and Alam (1991), which are basically attempts at "Islamising" accounting knowledge.
These works in general have made significant contributions to enlarging accounting discourse and knowledge; and in particular the construction of "Islamic accounting" which may play a very considerable role in Muslims' and even non-Muslims' (Karim 1990a) economic dealings. However, these works have overlooked the role of a certain being that is behind, and which undoubtedly governs, the creation and the construction of such knowledge. Until now there is no work that attempts to analyse and clarify the disposition of the being - the self. That is work which notices situations that are encountered by self and explains the externalisation of the self's inner qualities to, in turn, create, for instance, particular business settings which are in accordance with Islamic tenets, or, if possible, to craft accounting so that Islamic settings cover it. This chapter shares this concern, especially the externalisation of the inner qualities of self, namely faith, knowledge and dual (egoistic and altruistic) features of the self, by making use of a symbolic interactionist approach. Then, having decided to choose Bank Muamalat Indonesia (BMI) and Bank Perkreditan Rakyat "Berkah Amal Sejahtera" (BPRBAS) as the objects of empirical research, the next section of the study will discuss the triangle-link of faith, knowledge and action as the prime basis for the self to externalise its inner qualities. Other sections will respectively, firstly, scrutinise how the self interprets certain "divine" symbols in the context of the economic system; secondly, explicate the interpretation of trust as a divine symbol in the context of Islamic banking businesses including the way of doing business and the sorts of banking products; and lastly the interpretation of trust in the context of accounting practices including an analysis of how the environment can affect accounting practices and how attempts to shape accounting practices meet external coercion (for instance, legal or accounting standards settings) which are enforced by other entities outside the organisations (BMI and BPRBAS).

2. Faith and Knowledge: Driving the Actions of Self

Discharging an action is apparently the essential nature of the dynamic pattern of human beings. It is generated from a complicated process which is intensely
conducted by an individual as a response to facing situations or social objects. The individual consciously acts towards social objects on the basis of their meanings which are derived or arise out of social interaction involving members of society through a process of interpretation (Blumer 1969, 2). This insight obviously recognises that the activity of interpreting and conceiving the meanings of objects is the imperative aspect of an individual before taking action. This is because the interpretation shows how an individual defines and judges objects and then takes action. In this respect the individual, according to Blumer (1969, 15), "has to cope with the situations in which he is called on to act, ascertaining the meaning of the actions of others and mapping out his own line of action in the light of such interpretation. He has to construct and guide his action instead of merely releasing it in response to factors playing on him or operating through him." This argument shows us that the action is not a reflex movement of the individual, but rather is deliberately and consciously carried out. Moreover, it is the result of taking into account various things such as the actor's objectives, the available means of achieving goals, the actor's image of him or herself, and the possible result of a given line of action (Blumer 1969, 15).

Referring to the above description, we would especially like to highlight three major aspects which influence the delivering of an action, that is, firstly, the interpretation of any social objects encountered, secondly, the actor's image of him or herself, and thirdly, the objective of the social actor. Firstly, the interpretation of social objects is undoubtedly the most important thing, because without it the action will merely be a reflex action. Interpretation is rudimentarily generated from a social process. It is processed through, according to Blumer (1969, 5): (a) an indication of an actor to him or herself about a social object; he or she in this step makes "an internalized social process in that the actor is interacting with himself [a process of communicating with him or herself];" (b) by virtue of this communication process, the "interpretation becomes a matter of handling meanings." According to this notion,
we can see an implicit presence of another element which is needed to interpret the social objects, that is, knowledge (previous information). It means that, to interpret the meaning of a social object, we need knowledge, inasmuch as without it there will be no thinking activity. If we find a condition in which there is no knowledge or thinking activity, the individual presumably takes no action or takes action in an inappropriate manner. Therefore, knowledge of this insight is the crucial part in the process of interpreting social objects. Seeking, adopting, and internalising knowledge may be equated with the concept of "taking the role of the other" (see Charon 1979, 97-8); it is a process of taking the perspective of others, seeing the real world or social objects from the other's perspective and directing self accordingly. This activity, for Charon (1979, 98), is the "important mind activity [italics in the original]" of self.

Secondly, as a consequence of having such ideas, knowledge can create and shape the actor's image of him or herself or even something outside his or herself. For example, Qur'anic knowledge\(^1\) tells a Muslim that he or she is the viceregent of God on the earth; from this image, he or she perceives that he or she has divine duties to disseminate mercy (Mas'udi 1991, 44) and enjoin good deeds and forbid wicked deeds by dispersing God's law (Esposito 1992, 30).\(^2\) This image nowadays can be regarded as the basic core of the Islamic movement (as a result of a gap between the Islamic ideal and the reality of Muslim, moral, economic, social, and political declines, and penetration and fusion of un-Islamic values and practices [see Esposito 1992, 49-50]) to revive a true Islamic society. The consciousness of the Muslim to perceive him or herself as a viceregent of God (which is the outcome of internalising the values of faith and knowledge) has consciously shaped his or her image and guided him or her in such a way as to discern and define his or her society in terms of

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1 See the Qur'an 2:30; 27:62; 35:39; and 38:26.

2 See the Qur'an 21:107 (disseminating mercy); 3:110 (joining good deeds and forbidding bad deeds), among other verses.
a certain perception. This image is implicitly or explicitly manifested in the sort of action delivered by the individual, as we will discuss in this study.

However, thirdly, we have to remember that the action, according to the symbolic interactionist, is also driven by the objective (goal) of the social actor (Charon 1979, 124). Charon (1979, 124) in this respect distinguishes goal from motive; he argues that goal is external and inclined to be in a dynamic pattern in the sense that it always experiences change depending upon the result of defining and redefining situations encountered; while motive is an internal state, more stable than the goal, and preceding situations and action. We may see a clear distinction between goal and motive in our previous chapters, especially the process of the founding of Islamic banks and zakat agencies. The motive of self(ves) involved in that event is a religious one; it is the internal and relatively stable state of the selves as the result of consciously embracing the faith of their religion. According to their belief, this motive is permanent; in light of that there is no need for them to redefine the motive as happened with the goal (see Charon 1979, 124). The motive of seeking the pleasure of God is the everlasting one of self to ignite all action without any coercion from space and time. While the goal of forming Islamic banks and zakat agencies might be deemed one which is the outcome of defining and redefining situations encountered, it is mostly an external matter and conditional.

Faith, as has been explicated in chapter two (see also Abdalati 1975, 53-5; al-Faruqi 1992, 41), is the cornerstone of every Muslim’s daily actions; it is the prime source of a Muslim’s inspiration and aspirations. Abdalati (1975, 53) intelligently states that faith has a very close dependence upon action; he argues that

... Faith inspires man to be constant in his devotion and persistent in his practice. This is because the interrelationship between Faith and practice is very strong, and their interdependence is readily understandable. A person without Faith has no real source of inspiration and, consequently, has no worthy objectives to attain or even aspire to. The life of such a person is meaningless, and he lives from day to day, which is no life at all. On the other hand, the person who confesses Faith but does not practice it is a
self-deceiving person, and in fact has no Faith, in which case he is no more than a helpless straying wanderer.

Undoubtedly, Abdalati's notion regarding faith explores the existence of a reciprocal association between faith and action. In other words, action as an expression of faith for a real Muslim is a way of nourishing and strengthening his or her faith; and the nourished and strengthened faith will in turn motivate a true action, and so forth.

However, it is worth remembering that between faith and action there is something which functions to bridge the two components, namely, knowledge. Knowledge, as spelt out above, is able to motivate an individual to shape the image of his or herself, that is, the self-recognition of that individual as a viceregent of God. This self-recognition indeed may pose the individual in a certain stance that becomes the central base of how he or she perceives his or her environment and social objects or situations and of how he or she takes actions as responses to such things. An individual will be recognised as a Muslim when he or she not only admits orally the statement of "there is no god except Allah, and Muhammad is His Messenger", but also consciously knows the meaning of the statement and applies it in daily life (see Qutb and Maududi 1975, 12-6; Ahmad 1976, 27-44). This argument apparently discloses the triangle-link of faith, knowledge and action. The existence of the strong link is because Islam, as argued by Qutb and Maududi (1975, 13), does not refer to the belief "there is no god except Allah, and Muhammad is His Messenger" per se, but denotes knowledge and the practice and realisation of knowledge.

Turning back to the action above, we may also observe that it is not impossible that the actualisation of the action is "instinctively" governed by the altruistic or egoistic feelings of the actor. We have seen that such a feeling (altruistic) is the one significant factor which supported the formation of zakat agencies. The study of Oliner and Oliner (1988) shows how the rescuers of Jews took altruistic actions to
save those Jews from the oppression of the Nazis in the Second World War; see for example the following comment of a Danish rescuer,

The main reason I did it was because I didn't want anybody to hurt my friends, my neighbors, my fellow countrymen, without cause. It was based on good morals and good traditions (Oliner and Oliner 1988, 204; italics added).

and a Dutch rescuer,

It's not because I have an altruistic personality. It's because I am an obedient Christian. I know that is the reason why I did it. I know it. The Lord wants you to do good work. What good is it to say you love your neighbor if you don't help them. There was never any question about it. The Lord wanted us to rescue those people and we did it. We could not let those people go to their doom (Oliner and Oliner 1988, 207; italics added).

These comments reflect and prove that the act of helping others "without" hoping for external rewards exists in individuals regardless of the factors (empathy, norms, and principles [see Oliner and Oliner 1988, 188]) which have induced the individual to take such action. However, we undoubtedly believe that the features of both altruism and egoism in an individual are inherent and grow socially (Masters 1978, 70; and see chapter seven) in a given environment. The thing which is of interest to us (to add to our three concerns, as mentioned in the last paragraph of section one), is to investigate whether or not these two features govern the concept and the practice of running business organisations (BMI and BPRBAS), and whether they can conditionally craft their accounting practices.

3. Capturing the Meanings of Divine Symbols in the Context of Economic Systems

Symbolic interactionists, as we have discussed, believe that the meanings of symbols (objects, words, phenomena, and so forth) are the bases for an individual to take an action (Blumer 1969, 2). Of course, the way an individual interprets the symbols, that is, perspective (which may be shaped and (un)consciously internalised by the
individual's past experience, belief, knowledge, and future expectation), may vary from to another; and consequently it may lead to various value judgements and assumptions by the individual in interpreting the symbols (see Charon 1979, 1-3), as will the types and the "values" of the actions performed by the individual.

For example, we can see that an individual may perceive that the mechanism of the economic system is basically driven by the high self-concern of the individual, namely, egoistic characteristic, the "high level of self-concern which presumably lessens the individual's inclination to help others unless he anticipates some benefits for his effort" (Berkowitz 1970, 143). Of this, Adam Smith, the builder of the capitalist system, argued that

> [i]t is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to *their own interest* (1776, 27; italics added).

Not surprisingly when *self-interest* becomes the prime driving force for an individual to carry out his or her economic activities - the *laissez faire* economy develops (see Ekelund and Hebert 1983, 83-4). As a consequence of this, the economic classicists argue that the market functions in the individual's interest. In other words, there is no need for government to be involved in the economy, because the market will operate mechanically on its own, and the *invisible hand* of nature will take care of it; flexible prices and wages will naturally equalise the supply and demand of goods and services in the market (Jalaluddin 1991, 22).

In contrast, an individual may argue that the economic system is not fully built and driven by an individual's self-interest. Rather it is based on divine revelation (Ahmad 1980, 178-9; Arif 1985; Gambling and Karim 1991) and to some extent recognises the human egoistic and altruistic features. In other words, according to this perspective, an individual may not be led to conceptualise the economic system as fully based on his or her own interest and rationalisation, rather he or she has to refer
to the supreme reference, which has a much broader and more perfect concept covering the true nature of human beings. In this regard Arif argues that the success of the Muslim as the viceregent of God depends upon, among other things, "the acquisition, allocation and disposition of the resources, which are a trust, according to the consent of Allah" (1985, 85; italics added).

Related to this, it is also argued (Ahmad 1980, 178-9; Arif 1985; Gambling and Karim 1991, 33) that to fulfil such a requirement, an economic system should be based on the following divinely philosophical and interrelated symbols, namely, *Tawhid, Khilafah, Rububiyyah, Tazkiyah,* and *Accountability.*3 The symbols are the united ones which initially emanate from the concept of faith (*Tawhid*) and emit a comprehensive and true perception of the nature of an individual, of the individual's missions, of how he or she has to behave and deliver the missions during his or her life in the world, and of how he or she should be accountable for his or her actions. Consequently, the symbols become the supreme, fundamental and indispensable symbols for Muslim society to give birth to a pragmatic and sound economic system, because, in essence obedience in following the symbols for a true Muslim4 and as a viceregent of God, is the only way to attain *success* both in the worldly life and hereafter.

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3 The system, according to Ahmad (1980, 178-9; see also Arif 1985; Gambling and Karim 1991, 33), is rooted on these following foundations: 1. *Tawhid,* the belief (faith) in the unity and sovereignty of God; 2. *Khilafah,* the role of an individual as the viceregent of God on earth; 3. *Rububiyyah,* divine arrangements for nourishment and directing things towards their perfection; 4. *Tazkiyah,* purification and growth; and 5. *Accountability,* the belief in accountability on the Day of Judgement and its implications for the individual's life in the world and hereafter.

4 The word "Muslim" literately means an individual who totally obeys and submits him or herself to the rule of God.
4. Trust (Part 1), the Divine Symbol: Interpretations in the Context of Islamic Banking Businesses

Arif's (1985) notion that all natural resources are entrusted to human beings (which are beneficial for them to carry out their mission, that is, to disseminate mercy based on true justice [Mas'udi 1991]) and consequently should be managed under the consent of God (see also Musleh-ud-din 1980; Siddiqi 1980, 1982; Maududi 1984), leads us to the very important perception that the symbol may have significant (social and economic) meanings. The symbol distinctly deconstructs the concepts of full ownership rights, which has been commonly accepted under the capitalist system, and the total elimination of ownership rights which has been adopted under the socialist system. This discarding may give birth not only to a new perspective and alternative way of seeing an individual's property, but also, as we have empirically studied in zakat agencies, the concept of trust management which may affect how to account for that concept.

The emergence of the concept of trust management indicates how an individual is able to take the roles of others (internalisation of Islamic values) and creates roles, in terms of expressing the values in the concept and implementing it in the real world. However, one may argue that the concept can easily be applied, for instance, in a zakat agency, because the agency is a trust and is social by nature. Now the question is, is it possible for us to apply the "trust" concept to a business organisation, say, to an Islamic bank which by its nature, will always be concerned with seeking profit? This question is the central point of our next discussion.

Trust is one symbol; as we have mentioned above, the interpretation of it may vary from one individual to another. We will look at how the individuals of BMI and BPRBAS interpret the symbol; Maman W. Natapermadi, the Financing Director of BMI, has commented on the trust as follows:
"... you know, this bank [BMI] is not [fully] a charity bank,... I don't know why our people sometimes presume that our bank here is the charity bank. Our concern is like a conventional bank, we have to earn profits, because we have got amanah [trust] from shareholders to manage their money properly... one thing, you have to remember, which differentiates our bank from the conventional ones is that the operations of our bank here are based on Shari'ah..."

A similar comment is also expressed by Hasbi M Hasyim, the President Director of BPRBAS; he remarks

"... of course, like a normal [conventional] bank, we have to be profit-oriented. We're doing this, since we have amanah [trust]; that's why we have to work hard for this... we have to be responsible for shareholders and society at large, and, of course, our God."

We can see clearly, based on these two comments, that the meaning of amanah (the trust) to some extent, more heavily stresses the gaining of profit for the sake of shareholders; or in other words, it seems to be self-interest (Smith 1776), self-centred (Ba-Yunus 1991) and egoistic. This is quite possible, as they are, in terms of their position, playing a certain role (as businessmen); this role, according to Hewitt (1991, 95), is actually "a place to stand as one participates in social acts" and "provides the perspective from which one acts..." Thus, their way of interpreting the symbol is not detached from their perspective as businessmen. They see the trust as something related to, amongst other things, gaining profits.

However, it is worth considering that the phrases "based on Shari'ah" and "... be responsible for ... our God" have implicit and substantial meanings which, first, encourages the retrieval of normative values for dealing with economic activities, and of the altruistic characteristic of self (Siddiqi 1991) to be expressed in communal economic dealings. This is so, since, in the view of Shari'ah, business is not regarded for its own sake, rather it is a sort of worship that includes not only the economic dealings per se, but also the sense of helping others (society at large), of taking care of the environment, and of loving God. In other words, it indicates the presence of spiritual-material, sacred-profane, and social-natural aspects of individuals in carrying out economic activities (see, for example, Madjid 1987, 245-
7). Secondly, the phrases indicate the existence of the individuals' consciousness about their role as viceregent of God and about the ones who have been given a trust by God. Consequently, they should play the role according to the rules (or norms) of God.

This fact might rather contradict the view of the symbolic interactionist, Hewitt (1991, 93-4), who argues that individuals "follow and make use of norms, ... but for the most part our moment-to-moment conduct as we 'play' roles does not depend upon efforts to conform to norms, and our attention is not focused on obligations or rights." This means that there is a recognition of the presence of norms, but the actions of the individuals or even intentions do not refer to the norms. In the view of a Muslim, however, conduct and attention should always conform to Islamic norms. That is why the way of doing business, as we will see, in BMI and BPRBAS, always refers to *Shari'ah*, and why the banks have furnished themselves with a board which specialises in *Shari'ah*.

5. Trust: Its Implications for Doing Business

As a result of the interpretation that the trust is basically something which should be done with the consent of God, the key individuals of both BMI and BPRBAS employ a part-time independent instrumentality functioning as religious adviser, commonly known as a *Shari'ah* Supervisory Board (SSB).

*Shari'ah Supervisory Board (SSB)*

The SSBs of BMI and BPRBAS respectively consist of five and three *ulamas* as members of the Board. These Boards, which basically have the prime duty of ensuring that the operation and the "products" of the banks adhere to the precepts of *Shari'ah* (Karim 1990a; 1990b), have also been employed by other worldwide Islamic banks (see Karim 1990a). At the end of the financial year, as stated by Karim (1990a), the SSBs of Islamic banks issue a special report that informs the users of
financial statements that the operations of the bank have adhered to Islamic teachings and which "is published with the external auditor's annual report;" thus, the Board is involved in ex ante auditing, ex post auditing, and checking the calculation and payment of zakat (Briston and El-Ashker 1986). Additionally, the Board may also give advice to financial auditors and management regarding accounting treatments (Briston and El-Ashker 1986) "which require departure from generally accepted accounting principles in order to comply with" the Shari'ah (Karim 1990a, 300).

However, we will not find all these "ideal" duties of SSB applied in both BMI and BPRBAS, because, at the moment, the banks only employ the Board to confirm whether or not the banks' financial transactions comply with the Shari'ah. In doing so, the Board of BMI conducts a monthly meeting to discuss all banking issues related to, for instance, the launch of new products, transactions with other conventional banks, and so forth, and to make decisions whether or not such things are permitted by the Shari'ah by issuing fatwa (a formal legal statement, judgement or view).

Since the ulamas only "specialise" in the knowledge of religion, it is necessary for BMI to create an organisational unit that may assist it in comprehending economic issues; the unit is called the Shari'ah Bureau. In this regard, Muhammad Syafi'i Antonio, the Head of this Bureau, explains,

...to link a communication between SSB and Directors in terms of, for example, operational control especially in its appropriateness with Shari'ah, new products, modification of old products, relation with fatwa foundation of international Islamic banks, and other overseas Islamic banks...of course, SSB cannot do all these by itself. For this reason the Shari'ah Bureau acts as a mediator between the SSB and Directors.

...in my experience, I find a gap among our intellectuals here. Some guys here know much about banking and economics, but they lack knowledge of Shari'ah, while, ulamas, on the other hand, are expert in Shari'ah [knowledge of religion], but they're not familiar with the knowledge of banking and economics. That's why, to solve this issue, the Shari'ah Bureau acts as a bridge between these two groups.
So the main role of the Shari‘ah Bureau is to eliminate the gap of thought by, for instance, (among individuals involved in BMI) translating the "language" of those who are expert in Shari‘ah to the "language" of ulamas, or vice versa. The role of the Shari‘ah Bureau becomes very important when BMI, for example, makes a blue print for launching new products.

Unlike BMI, BPRBAS has not set up any unit similar to BMI’s Shari‘ah Bureau. This is because BPRBAS is much smaller and its operations are much simpler than BMI; moreover, it operates in rural areas. So there is no need to set up such a unit. In addition, according to Hasbi M Hasyim, the SSB will work when BPRBAS finds some issues which need clarification under the view of Shari‘ah and asks for the Board’s fatwa about the issues. In this process, Hasbi M Hasyim acts personally as "Shari‘ah Bureau".

**Zakat, Infaq and Shadaqah (zis) Funds**

Trust, as a meaningful symbol, also has the interpretation that within entrusted possessions there is a right for other individuals to gain benefits from them. In Islam, this right is symbolised by the terms zakat, infaq and shadaqah. The implications of this arise in the banks' decision to act as "charity" banks as remarked by Zainulbahar Noor, the President Director of BMI,

...this bank is different from the other conventional ones, since it has two sides; first it's indeed profit-oriented, but, second, it's also a charity bank. As long as this bank is able to collect zis funds, it may productively act as a charity bank by giving, for instance, qardul hasan (benevolent loans). This is possible, since the zis funds have no cost of funds...

A similar comment is also made by Hasbi M Hasyim of BPRBAS who notices that,

...actually we render services not only for business affairs, but also for social ones. That's why [related to the social affairs] we ask for our society to transfer their zis payments to our bank here. Insha-Allah (with Allah's permission) after the funds are pooled here we'll distribute them in a productive way...
Noting these two comments, we may comprehend that the zis funds are like (social) trust funds (Abdel-Magid 1981; Gambling and Karim 1986). They are the trusts which are entrusted by society (muzakkis) to the banks; and the banks themselves have no right at all to gain benefits from these funds, except in a productive way, by distributing them to beneficiaries as stated by Shari‘ah (see also Abdel-Magid 1981).

This social commitment of the banks depends heavily upon the ability of the banks to pool zis funds from society. The more zis funds that can be collected, the more will be the role of banks to be actively involved in social affairs. In doing so, BMI has tried to collect these funds from outside and inside the organisation (namely, from its employees), and even from its shareholders and its own profits. This policy has been accepted by SSB and stated in its fatwa. The fatwa5 declares that,

[the shareholders of PT. Bank Muamalat [BMI] of which their share values are equal to or exceed nisab [minimal zakatable amount as stated by Shari‘ah] and haul [one year period] are accountable to pay zakat.

PT. Bank Muamalat will pay 2.5% zakat of its own profits for every one year on behalf of all shareholders.

BPRBAS also has the same policy; however, as justified by Hasbi M. Hasyim, "we don't pay any zakat from our own profits, because our profits, at the moment, haven't reached the minimum zakatable amount [nisab]."

This phenomenon is the fact that indicates the existence of a puissant influence in interpreting the symbols based on the perspective of faith and knowledge in the context of business dealings the realisation of which will not internally find any difficulties, because, among other things, the individual has diametrically opposite tendencies, namely self-centred (egoistic) and self-sacrificing (altruistic) (Ba-Yunus 1991) which are powerful enough to support the individual to gain profits and at all

5 See SSB's fatwa BMI-07/FAT-DPS/VI/93 point 1 and 3.
times to bestow some parts of his or her wealth to others. The absence of these characteristics will lead the individual to difficulty in doing such things. A well-known painter, for instance, will not be able to draw an aesthetic painting without having any talent for drawing; or a good singer will not be able to sing a lovely song without any talent for singing. Using the same logic, it is not surprising when Adam Smith (1776, 27) said: "it is not from the benevolence of the butcher, the brewer, or the baker that we expect our dinner, but from their regard to their own interest."

And it is not strange when he also said,

\[\text{[h]ow selfish soever man may be supposed, there are evidently some principles in his nature, which interest him in the fortune of others, and render their happiness necessary to him, though he derives nothing from it, except the pleasure of seeing it. Of this kind is a pity or compassion, the emotion which we feel for the misery of others, when we either see it, or are made to conceive it in a very lively manner. That we often derive sorrow from the sorrow of others, is a matter of fact too obvious to require any instances to prove it; for this sentiment, like all the other original passions of human nature, is by no means confined to the virtuous and humane, though they perhaps may feel it with the most exquisite sensibility (Smith 1853, 3).}\]

These comments provide more clear evidence that indicates the necessary presence in human nature of egoistic and altruistic features, the combination of which is the factor, in, for example, the economic theory of Islam and the genuine consciousness of applying it in real life, that may lead to a (social) economic transformation of a society (see, for instance, Gilani 1980, 135). This combination in fact has been moulded solidly on the businesses created by BMI and BPRBAS.

**Islamic Sorts of Business:**
*Getting rid of Interest and Alternatively Imposing Zakat*

The businesses of BMI and BPRBAS are not separate from the interpretation and the acceptance of the divinely philosophical interrelated symbols of the Islamic economic system and the natural characteristics (egoistic and altruistic) of human beings as we have mentioned above. In essence the symbols provide a moral and ethical basis for conceptualising and implementing the economic system (and which may be distinguished from its two counterparts, capitalism and socialism) without neglecting
basic human nature. In this chapter, we would like to highlight and specify some aspects of finance in the system, namely, the prohibition of interest (riba), the imposition of zakat, and the application of the profit-loss sharing system (musharakah and mudharabah).

As is known, Islam uncompromisingly disagrees with the practice of interest,6 because, as some scholars have argued (for example, Siddiqi 1982; Maududi 1984), it is an unfair practice which may advance the misery, selfishness, callousness, inhumanity and greed (Maududi 1984, 165) of a society; whereas Islam conversely has a mission to spread mercy based on true justice. Interest only creates a condition in which individuals (capitalists) tend to accumulate wealth for themselves (Siddiqi 1982, 125-6). This condition in turn gives rise to a disturbance in the flow of wealth in society and diverts the stream of money from the poor to the rich which leads society to destruction (Maududi 1984, 166). To solve this problem Saud argues that

the solution to the problem of interest is ingrained in the system of zakat which is the only specific financial "technique" mentioned in Islamic jurisprudence (1980, 78; emphasis in the original).

Taking the same position Siddiqi (1982, 123-4) also rationalises that a sound social order, in terms of eradication of injustice, oppression and all amoral policies, enforcement of justice, and promotion of humane and noble attitudes of society, can be found only by establishing zakat and prohibiting interest. This policy, according to him, not only embraces economic considerations, but also spiritual, moral and even political ones (see Siddiqi 1982, 124; Mannan 1986, 254).

Spiritually and morally, zakat is an act of worship7 which is beneficial for cleansing and purifying the individuals who pay it. It controls and lessens excessive selfish attitudes of individuals by encouraging and strengthening the actualisation of the

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6 The abolition of interest is clearly declared in the Qur'an 2: 275-6; 278-9; and 3: 129.
7 Worship here is in the sense of both specific and broader meanings (see chapter two).
feeling of an altruistic, (that is, helping other people) and cooperative attitude in living together (see Siddiqi 1982, 125). In an economic sense, zakat is imposed on all sorts of goods (which have market value) (Saud 1980) including idle and hoarded assets. Consequently, it will certainly escalate the propensity to invest (see also Choudhury 1986, 14). The more wealth is invested in economic activities, the greater will be the development of trade, commerce and industry; this means that under this condition the living standards of society can be lifted and the gap between rich and poor will be diminished step by step.

This theoretical view is the real source of inspiration for individuals in both BMI and BPRBAS for creating a unique operation by the banks and simultaneously for applying the teachings of Shari'ah. In regard to this, the banks also act as social institutions which give especially poor (informal) entrepreneurs financial aid in a productive way. The aid is usually in the form of benevolent loans (Qardul Hasan); it is a sort of loan which does not require borrowers to pay interest or even some parts of profits earned from their businesses, except repaying the principal loan to the banks. This is possible, since the funds lent to the borrower have no cost of fund at all.

Basically, the funds, which consist of zakat, infaq, and shadaqah (zis), may be obtained by BMI and BPRBAS from two sources; that is, from society outside and inside the banks (employees, board of directors, and even shareholders), and from the banks' annual profit. The former is a sort of bank service offered to society; with regard to this service, the banks act as a trustee which obtains entrusted zis funds from society and which is responsible for their appropriate distribution. Unlike BMI which, at this moment, has no special account to pool the funds except in Miscellaneous Liabilities, BPRBAS puts zis funds into a separate account, namely, Trust (Amanah) Saving. The latter is a part of the bank's annual profit which is levied for zakat funds as assigned by Shari'ah. As mentioned before, BMI through
its SSB has claimed that the bank’s profit that has been earned for one (a year) period is subject to zakat, as has BPRBAS.

In 1993, the zis funds of BMI and BPRBAS were 0.011% and 0.74% of total assets or 6.2% and 23.4% of net profits respectively. The small amount of these funds may be the result of the conditions of society, which already had a system to administer these funds; that is why the members of society tended to transfer their zis to other established agencies, for instance, BAZIS or other zakat agencies in their social group (see Abdullah 1991). With regard to this, Muhammad Syafi’i Antonio provides the following comment,

> [w]e’ve tried to collect these [zis] funds from our society, but it seems to me that our society has had its own system. So, that's why not all members of our society deposit their zis with our bank here...

Even though this service is only a very "small" part of the main business of the banks, at least it has indicated that there has been a strong will of the selves within the banks to apply the Shari’ah. And it also shows that banks, as business organisations are not "fully" profit oriented (egoistic), but have a social concern (altruistic) as well.

**Applying a Profit-Loss Sharing System**

As a consequence of getting rid of interest, Shari’ah has also prepared another economic instrument which is more just and may be applied to support the zakat system; this is the profit-loss sharing system (Khan 1989). It is argued that the legal validity of this system has been recognised as the traditional practice (sunnah) of Prophet Muhammad (peace be upon him), and as the consensus of the Muslim community (ijma’); one of the main reasons for its acceptance is "the resulting ease and efficiency achieved in the functioning of the economic system" (Khan 1985, 29).

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8 See 1993 Annual Reports of BMI and BPRSBAS.
Under this system, the rate of interest is be replaced by the rate of profit; therefore, investment patterns are driven by the rate of profit, since the higher the rate of profit, the higher the total investment. Moreover, a positive rate of profit can resolve the issue of speculative money transactions, since the "ex-ante demand for money capital is reduced to an actual demand and this is based on pure contractual sharing of profits from a joint venture in accordance with relative capital outlays in a given production or investment" (Choudhury 1986, 16). So, it is obvious that the speculative motive money transaction has no place in this system at all. And it is also possible that, by eliminating the speculative demand for money, the rate of inflation will be reduced, because there is only an actual demand for money for real investment.

The presence of this system indicates the existence of "a code of economic ethics combining the material and spiritual values for conduct of" an Islamic economic system (Mannan 1986, 164). This may be, so to speak, the harmonious expression of the self's duo-dimensional characteristic which tries to steer and lessen the excessive selfishness of self (see Maududi 1984). It can be seen clearly if we compare it with an interest-based economic system which basically exercises unfair practices (Siddiqi 1982; Maududi 1984); for instance, when a bank determines a fixed predetermined return on its funds lent to an entrepreneur without any consideration of whether or not the entrepreneur will gain profits. When the entrepreneur suffers a loss, he or she solely bears it; while the other party, the bank, still earns a fixed return from the entrepreneur. In contrast, under a profit-loss sharing system, both parties will gain or bear the profit or loss together. A profit-loss sharing system echoes the values of cooperation, of justice, and of brotherhood which may steer the feeling of self-interest and conversely encourages and strengthen "communal"-interest.

6. Trust: Its Implications for Banking Products

The concept of getting rid of the interest system, and conversely of imposing zakat and applying a profit-loss sharing system becomes the very basic maxim for the
Islamic banks, BMI and BPRBAS, to create and disseminate their products. This phenomenon is the clue which indicates that Islam is a religion which dissents from the concept of separation between the religious and profane affairs of human beings. In this regard, many individuals, even non-Muslims, have agreed that this religion "is more than just a religion in the narrow Western sense of faith, ritual and dogma" (Bannerman 1988, 10); it guides human beings in all aspects of life. Thus, the integration of Islamic values into the economic dealings of, say, BMI and BPRBAS, ensures that the banks realise the values of humanity and emancipation in all human economic affairs. In the following sub-sections, we will look at how these values are absorbed into the banking products of BMI and BPRBAS

**BMI: The Commercial Islamic Bank**

Principally, BMI (and BPRBAS as well), as a financial intermediary like other conventional banks, is not outside the general rules set by the Indonesian Banking Act No. 7/1992 (article 1.1) which defines a bank as "a corporate entity mobilizing funds from the public in the form of deposits, and channelling them to the public in order to improve the living standards of the common people." Under this definition (which is actually the nature of a bank), BMI basically realises that its major activities are to gather funds from customers and business firms and to lend these funds to borrowers who will utilise them in economic activities; despite these two major activities, BMI may also discharge other bank services as commonly run by conventional banks and as set by the Banking Act No. 7/1992 (see article 6) as long as the services do not violate the Shari'ah.

BMI, as an Islamic bank in addition to functioning as a "conventional" bank (that is, to gather funds and lend them to others), also takes into account the guidance of Shari'ah. It means that there is no need at all for BMI to apply the interest system to its operations as commonly practiced by other banks, instead making modifications

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9 Banking Act No. 7/1992 allows any banks in Indonesia to operate under a profit-loss sharing system (see article 1.12; 6. m; and 13. c.)
to its products and employing Islamic models. This also means that BMI does not have access to debt financing (rather to equity-based financing), nor does it take part in any transactions which involve a predetermined rate of return (Karim and Ali 1989). Fulfilling this requirement, BMI practices the Wadi’ah Cheque Account, the Mudharabah Deposit Account, and the Mudharabah Saving Account\(^{10}\) to amass funds from society. In the methods of amassing funds, these accounts are seemingly similar to conventional ones; however, they reward the funds invested, unlike common banks.

In relation to the lending of funds, BMI operates in two ways, that is, the profit-loss sharing system and the "trading" scheme. The former is expressed in a sort of financing called Mudharabah\(^{11}\) and the latter is provided in the form of Murabahah and Bai’ Bistaman Ajil.\(^{12}\) Even though Mudharabah could not be practiced in the BMI’s first year of operation,\(^{13}\) at the end of 1993, however, it was operated for the first time.\(^{14}\) This is so because, especially for BMI, the Mudharabah is a sort of financing which is very new and needs special considerations to run it; moreover it is also very novel for business society and, more importantly, as commented by Zainulbahar Noor, "the readiness of entrepreneurs has not been available yet in terms

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\(^{10}\) The Wadi’ah Cheque Account is a way for BMI to amass funds from society in which the depositors may withdraw their deposits at any time by using cheques or other media; BMI may utilise the deposits for financing business activities. In case the bank suffers loss in using the funds, the bank solely bears the loss. When the bank gains profits from using the funds, the bank will also wholly own the profits. However, in this respect, the bank may, at its discretion, share the profits with the depositors. The Mudharabah Deposit Account is deposits invested by depositors, the withdrawal of which cannot be carried out at any time, except after a certain period of time, for instance, 1 month, 3 months, 6 months, and 12 months; the depositors in this account may gain profits based on profit sharing. The Mudharabah Saving Account is a saving account which takes in deposits from depositors and withdrawals can only be carried out under a certain agreed requirement; the depositors in this account may also get profit based on profit sharing (see BMI 1993, 50; and Products of BMI (a brochure), undated).

\(^{11}\) See the same notion of this sort of financing in the footnote 18 (see also BMI 1993, 50).

\(^{12}\) See footnote 18 to get an insight of Murabahah and Bai’ Bistaman Ajil (see also BMI 1993, 50).

\(^{13}\) See 1992 Annual Report of BMI.

\(^{14}\) See 1993 Annual Report of BMI.
of preparing sound accounting information and of projecting future profits...." Unlike Mudharabah, the other two sorts of financing, namely, Murabahah and Bai' Bitsaman Ajil, do not find any difficulty in fulfilling the needs of entrepreneurs, inasmuch as these sorts of financing are much closer to the "trading" (buying and selling) scheme. BMI, under this scheme, may "buy" working capital and capital goods which are needed by entrepreneurs and then the bank will "sell" them at negotiated prices to the entrepreneurs; and the entrepreneurs may then repay the negotiated prices by instalments.

Another consequence of getting rid of interest is the imposing of zakat. BMI not only collects and receives the payments of infaq and shadaqah from society and its stakeholders, but also levies 2.5% of its own annual profit. As discussed above, levying 2.5% of annual profit is the result of the SSB's legal decision (fatwa) which obligates BMI to pay zakat from its profit. These (zis) funds, which have no cost of funds at all, are the main sources for BMI facilitating deficient entrepreneurs in the small (informal) business sector in the form of Qardul Hasan.

The illustration above testifies to the existence of BMI's unified dual-interests to firstly seek profits as commonly embraced by any business organisation, and secondly to be consciously and socially involved in aiding other individuals. These are beside its compliance to the prescriptions of Shari'ah. Next, we will look at whether or not these values are found in BPRBAS.

**BPRBAS: The Rural Islamic Bank**

Unlike BMI which has a broader area for its operations, BPRBAS as a rural bank legally has a narrower scope of operations. The Indonesian Banking Act No. 7/1992 (article 13. a-d) sharply demarcates its operations within the boundary of "mobilizing funds from the public in the form of deposits, comprising time deposits, savings, and/or other equivalent forms of deposits; extending credit; providing financing to
customers based on the principle of profit sharing stipulated in the Government Regulation; placing funds in Bank Indonesia Certificates (SBIs), time deposits, certificates of deposit, and/or savings in other banks." Over and above this external regulation, BPRBAS, like BMI, also takes into account "internal" law, namely, the Shari'ah. Having embraced these two sets of rules, BPRBAS inevitably shapes its products and operations based on the rules; and the products are distinctively created and run under the shadow of Shari'ah.

It is also worth noting that self's mind, which has already internalised the precepts of Shari'ah, plays a momentous role in forming BPRBAS as a business organisation. This particularly relates to how an individual perceives the organisation within the complicated values of its society. With regard to this, Hasbi M. Hasyim, the President Director of BPRBAS, points out that, basically, there was no special theoretical concept relating to the nature of the banking organisation used to derive and found BPRBAS,

...we simply made use of the pragmatic approach; we just created and run it [BPRBAS] in a real banking business and simultaneously try to accommodate external and internal factors that may affect BPRBAS,...and at the moment, we concentrate on the safety [of funds] besides our profit orientation.

The statement above has two paramount features on how individuals perceive the bank; firstly, it seems to us that there is no rigid concept of organisation running BPRBAS; in other words, the bank may grow and mature partially through a designed and formal pattern and partially in an unstructured fashion. The designed and formal pattern may be a very basic core, that is the fundamental objectives of the bank - to socially and economically assist poor people and small (informal) entrepreneurs in an effort to escalate their standard of living materially and spiritually based on religious values. On the other hand, the unstructured fashion is seemingly a way for the bank to shape itself, facing its very complicated environments, by adapting the factors that may influence it without losing the initial and principal objectives (cf. Wright 1977,
3). The way chosen by Hasbi M. Hasyim is the reasonable one, since BPRBAS itself is a very new bank with very distinct characteristics in a heterogeneous society; likewise, its management for the first time, handles and administers the bank. It takes cautious attention and work to adapt to and anticipate social, economic, religious, and even political factors. Secondly, in Hasbi M. Hasyim's view, the safety of funds is important as, by increasing the level of safety, the reliance of individuals who put their money into the bank would also increase. This approach theoretically has multiple effects; because the more individuals rely on the bank, the more funds are accumulated, which in turn finances small (informal) entrepreneurs and escalates economic development on a larger scale.

It is clear to us that this view, the safety of funds entrusted to the bank, becomes a fundamental concept to be used and to inspire the operations of the bank. However, apparently the concept is not only limited to financial concerns such as operating a system in such way as to provide a warranty for the regular and safe repayments of debtors and of satisfactory profits shared, but also to the safety of its products and operations in the light of what they are in accordance with Islamic law. That is why, in doing so, as we have discussed before, the bank furnishes management with a special apparatus, that is, the Shari'ah Supervisory Board (SSB).

Having comprehended and accepted the concept of getting rid of the interest system and alternatively imposing zakat and applying a profit-loss sharing system, the resulting values have been tacitly installed in, for instance, the products and activities of BPRBAS. The BPRBAS' products, at the moment, are classified into two, namely customer's deposits and project financing. The first comprises the Wadi'ah Saving Account, the Wadi'ah Deposit Account, and the Trust (Amanah) Saving Account, while the other consists of the Bai' Bitsaman Ajil, Murabahah, Musharakah,
Mudharabah and Qardhul Hasan. All these, of course, have been approved by SSB. Additionally, for SSB, there would be no serious problems in deciding whether or not the products would be launched; the board may refer to other Islamic banks' products, as the products are also commonly produced by other international Islamic banks (see Abdel-Magid 1981, El-Ashker 1987, Man 1988), besides considering the specific conditions relating to BPRBAS located.

Having introduced the products of BPRBAS, Hasbi M. Hasyim comments that the products are not very different to the products of conventional banks, as they are the outcomes of modifications. However, if they are seen from another point of view, not as products per se, but for instance, of the values inherent within them, it could

15 The following points are the description of each product: Wadi'ah Saving Account: BPRBAS receives deposits from its customers - individuals and institutions - for safe custody. The bank lets its customers withdraw part or the whole of their money at any time, and the bank also calculates the customer's profit on a daily basis and credits the profit to this account monthly. The portion credited to the customers is 50:50. It means that customers will gain 50% of the bank's revenues as their profit. Wadi'ah Deposit Account: This account consists of deposits by customers - individuals and institutions - who are seeking safe custody where the customers, unlike the Wadi'ah Saving Account, cannot withdraw their balances, partly or wholly, at any time. They can do that only in a stated period such as 1 month, 3 months, 6 months and 12 months. The profit portion provided by the bank is 70:30; the customers receive their profit at an amount of 70% of the bank's revenues on a monthly or due date basis. Trust (Amanah) Saving Account: This account is very different to the two previous ones. It functions to pool the public's funds and properties such as zakah, infaq, shadaqah, waqaf, and donations. BPRBAS manages these funds for the sake of individuals who have a right to receive the funds - in terms of improving their skill and standard of living, and for preaching Islam. To increase reliability of the management of these funds, the bank prepares a semi-annual report.

Bai' Bitsaman Ajil: is a type of financing in which BPRBAS determines its customers' requirements in terms of duration and repayment. The bank will then purchase the assets needed by the customer and subsequently sell them to him or her at an agreed price comprising the actual cost of purchasing the asset and the bank's negotiated profit margin. Murabahah: Under this type of financing, the bank first purchases raw material or other working capital and then sells the asset to a customer at the agreed price which covers the actual purchase price of the raw material or other working capital, plus the bank's negotiated profit margin. Mudharabah: The bank makes a contract with the entrepreneur to finance a business by giving funds to the entrepreneur. BPRBAS may give all the capital required, while the entrepreneur is fully responsible for its management. Profit will be shared in agreed portions; in case the business suffers losses, the losses will be borne solely by the bank. The entrepreneur loses only the profit that would have been the reward of his or her endeavour. Musharakah: is an arrangement between the bank and the entrepreneur(s); they jointly agree to finance a business or project which is also managed by them together. Profit or loss is earned or borne proportionally by them in proportion to the funds contributed to the business or project. Qardhul Hasan: is an agreement between the bank and its customer in which the bank gives funds to that customer. Under this contract the customer, particularly a potential beginner in small business or some other informal sector, does not have any obligation to share his or her profits with the bank. He or she is obliged to (re)pay his or her principle loan and administrative expenses only. The customer here may also be an individual who urgently needs money.
be conceived that there is a fundamental distinction between the products of BPRBAS or Islamic banks in general and the conventional ones. The operation of a profit-loss sharing system means that, in doing business, earning profit is not the ultimate objective as claimed, for example, by the general-market model which pronounces that

... the generation of profits and the increase in value of the corporation in the marketplace are desired by shareholders and accepted by the general public as the legitimate aims of business entities (Mathews 1993, 43). It is only one among a number of objectives. This model (of gaining profit only) can be interpreted as self-centred; it tends to be a practice of wealth accumulation to one party, and of exploitation of the other. This may give rise to a lack of moral and ethical considerations in practice (see Chryssides and Kaler 1993). Unlike this archetype, the profit-loss sharing model has a broader perspective in the way it sees and recognises the reality of business. It accepts that gaining profit is not only for the sake of one party, but also for others. In other words, the model seems to have senses of justice, of responsibility and of safety related to "all" interested parties, and is able to cover economic and social dealings (see, for instance, Musleh-ud-din 1980; Maududi 1984; Yusuf 1990).

The relationship between BPRBAS and its depositors, for instance, demonstrates how the values work. Depositors obtain their portions of money deposited based on real profits (see Siddiqi 1988). Both BPRBAS and depositors have "responsibility" for the success of banking businesses in the sense that they only receive higher or lower profits depending upon the success of the businesses; this means that it is a just business as, both the bank and depositors together merely obtain the actual result of the businesses. In line with this, BPRBAS, as a financial intermediary, applies the same model to its entrepreneurs without overlooking the safety of shareholders' interests. In doing so, the prudent practice of mudharabah, for instance, is
maintained by BPRBAS. The bank designs a system which reduces the rate of "bad debts." It is done by grouping the entrepreneurs based on types of businesses or on regions, by forming a special account for them, that is, the Risk Reserve Account, and by performing daily collections. The last two ways are deliberately designed for small entrepreneurs in the informal sector; the first, the Risk Reserve Account, is one which is opened by the entrepreneurs themselves. This account is for the deposit of savings generated from their businesses; it is used when they repay their loans by instalments. The instalment itself comprises the principal payment, the entrepreneurs' profit shared and savings, on a negotiated percentage of these three elements. The third element, saving, is directly deposited into the Risk Reserve Account which either functions as a savings account, or as a means for the bank to avoid bad debts; this occurs when the entrepreneurs are not able to repay their loans, and the bank will automatically debit the account. The daily collections are a means by which the bank lessens its bad debts. Under this method, the bank is not a passive agent which receives repayments from its customers, rather it is an active agent which takes action to collect the customers' repayments. This is a cautious practice of BPRBAS which is advantageous for both fund owners and the entrepreneurs.

Another practice of BPRBAS, which is social in character, is *Qardul Hasan*. It is a generous loan, the source of which stems primarily from the public payments of *zakat*, *infaq* and *shadaqah* (zis). As mentioned above, these funds are pooled in one account called Trust (*Amanah*) Saving Account. In its operations, BPRBAS pays for potential entrepreneurs to do business, typically in the informal sector. In this case, BPRBAS can give them advice relating to methods of doing successful business. This mode of financing can provide benefits for both BPRBAS and the entrepreneurs; with regard to BPRBAS, it provides real prestige in an effort to transform the potential entrepreneurs into real ones, thus in turn they can arrange a higher level of contract such as *Bai’ Bitsaman Ajil*, *murabahah*, *mudharabah*, and *musharakah*. By virtue of
this, BPRBAS may also utilise zis funds for other potential entrepreneurs who are still in the list or for other social-religious purposes.

The characteristics of BPRBAS, in general, are not very different from those of BMI, because basically they have the same concept of how to deal with society in terms of transacting economic dealings. The concept is undeniably rooted in the belief of self in the existence of one God and in perceiving that Islam does not merely cover the sense of faith, ritual and dogma; rather it is a way of life which completely guides human beings in all aspects of their lives (Bannerman 1988, 10), such as economic, political, cultural, social, legal, and material-spiritual ones. The faith, in our study here, becomes the basic core of an individual that evidences a comprehensive insight into him or herself, and into the way he or she sees and interprets symbols. This image, as we have discussed, is consciously grasped in the form of internalising knowledge, and of transmitting the knowledge into action.

7. Trust (Part 2), the Divine Symbol:

Interpreting the Symbol in the Context of Accounting Practices

Trust, as a meaningful symbol, may have various meanings for every individual; and each meaning may have different consequences and implications. Maman W. Natapermadi, the Financing Director of BMI, for example, has remarked, "...our concern is like a conventional bank, we have to earn profits, because we have amanah [trust] from shareholders to manage their money properly..." He is inclined to perceive the trust as resources entrusted to BMI by shareholders. This sort of understanding is relatively the same as the common perception of individuals who perceive the presence of an agent-principal relationship arising from the trust. This special (agent-principal) relationship is known in accounting literature as stewardship, or in more general association, as accountability (see Gray et al 1991). Under this perception, management of both BMI and BPRBAS are regarded as stewards (agents) to whom suppliers (principals) of debt and equity capital entrust control over a
portion of their resources, and as a consequence of getting this trust, the stewards are responsible for preparing financial statements as a report to the suppliers to facilitate their evaluation of the management's stewardship (Whittred and Zimmer 1990, 10; see also Gray et al 1991).

A broader impression concerning the trust is expressed by Hasbi M Hasyim, the President Director of BPRBAS who says, "... of course, like a normal [conventional] bank, we have to be profit-oriented. We're doing this, since we have amanah [trust];" that's why we have to work hard for this... we have to be responsible to shareholders in particular and society at large, and, of course, our God." The last sentence of "we have to be responsible to shareholders in particular and society at large, and, of course, our God" has a more extensive meaning which implies that the relationship caused by the trust is not demarcated by the agent-principal relationship as such, rather it is inclined to be in a broader relationship for which the agent is responsible; and "... be responsible to... our God" has a meaning which involves ethical and moral attitudes.

Benston (1982), in regard to the relationship, argues that the management of a business organisation is accountable to three increasingly inclusive groups, namely, shareholders, stakeholders (employees, creditors, customers, and other parties who have direct contractual and transactional relations with the organisation), and society at large. Under Benston's view of accountability, the interest of the first two groups, shareholders and stakeholders, is assured and served effectively by the "functioning of a free market system in conjunction with an internal and external monitoring system" (Mouck 1994). On the latter point, Benston (1982) points out that the internal and external monitoring system, in terms of publishing financial statements and of externally auditing the statements, is the most important factor that may effectively monitor and control the actions of managers.
Banking Act and Government Regulation: The Legal Setting

Responding to the importance of this relationship, the Indonesian Government strictly regulates it in the form of Banking Act No. 7/1992. The Act (article 34. 1-2) lucidly sets out that

1. A bank shall submit its annual balance sheet and profit-loss statement to Bank Indonesia [the Central Bank of Indonesia], together with explanatory notes, as well as other periodical statements, within the time and in the form determined by Bank Indonesia.

2. The balance sheet and profit-loss statement as referred to in paragraph (1) shall be audited by a public accountant (italics added).

These two points indicate recognition of, and take into account the importance of, the internal and external monitoring system. Interestingly, the Act demands the application of a determined financial statement as presented in the last part of the first paragraph; and it is repeated in article 35. It rules that "[a] bank shall publish its balance sheet and profit-loss statement within the time and in the form determined by Bank Indonesia" (italics added). This point is a powerful external force that plays a very significant role in shaping the accounting practices of banks in Indonesia.

To Bank Indonesia itself as a Central Bank, the determined form of financial statements is beneficial for controlling and evaluating the performance of the banks which are under its supervision. For instance, Bank Indonesia is concerned with, among others, the evaluation of the soundness of a bank, capital adequacy ratio,

16 However, especially for a rural bank, the items referred to are not necessarily audited as stated by article 36 of the Act which declares that "Bank Indonesia may determine exemptions from the provision as referred to in Article 34 paragraph (2) for Rural Banks."


18 See Decision of the Board of Directors of Bank Indonesia No. 26/20/KEP/DIR dated May 29, 1993 concerning The Obligation of Banks to Form Minimum Capital; Circular of Bank Indonesia No. 26/1/BPPP dated May 29, 1993 concerning The Obligation of Commercial Banks to Form Minimum Capital; and Circular of Bank Indonesia no 26/2/BPPP dated May 29, 1993 concerning The Obligation of Smalholder Credit Banks to Form Minimum Capital.
legal lending limits,\textsuperscript{19} and bad debt reserves.\textsuperscript{20} Other conditions that raise the need for uniform financial statements are, firstly, the growing concern of the business society about the need for reliable banks to support sound economic activities. To fulfil this need, "it takes an effective control system through standardised financial statements" (Ismaun 1993). Secondly, as further argued by Ismaun (1993),\textsuperscript{21} there are various forms of the financial statements of banks; this, of course, may raise some difficulty either for Bank Indonesia or other interested parties. These conditions brought about the formulation of SKAPI, the special accounting standard for Indonesian banking, which is stated in Statement No. 7 of PAI, the Indonesian Accounting Standards.

\textit{PAI, SKAPI, and PAPI\textsuperscript{22}: The Accounting "Standards" for Indonesian Banking}

PAI is actually the general accounting standards of Indonesia consisting basically of principles, procedures, methods and techniques for accounting practices. It directs the preparation of financial statements for external interested parties, the principles of which emphasise manufacturing and merchandising companies. Up to the beginning of 1992 PAI could not facilitate the needs of the banking "industry" (which is


\textsuperscript{21} Subekti Ismaun was the Chairman of the Association of Indonesian Accountants (Ikatan Akuntan Indonesia).

\textsuperscript{22} PAI, SKAPI, and PAPI respectively stand for \textit{Prinsip Akuntansi Indonesia} (Indonesian Accounting Standards), \textit{Standar Khusus Akuntansi Perbankan Indonesia} (Special Accounting Standards for Indonesian Banking), and \textit{Pedoman Akuntansi Perbankan Indonesia} (Accounting Guidance for Indonesian Banking).
distinctly different from the two former companies), or the banking businesses which have rapidly increased since 1988.

To meet the need of banking business, in 1992 IAI (the Association of Indonesian Accountants) in conjunction with Bank Indonesia set up SKAPI. The arrangement of SKAPI may be regarded as a solution to serve other interested parties in obtaining more accurate and fair information concerning the financial position and operation of banks, and it is also a means for the Government or Bank Indonesia to control the banking businesses in the implementation of, for instance, the monetary and banking policy of the Government.

The establishment of SKAPI as a partner of PAI unquestionably intensifies the influence of accounting standards in moulding banking accounting practices in Indonesia. It is increasingly reinforced when Bank Indonesia then sets up PAPI for the purpose of providing more technical and detailed guidance on realising the application of SKAPI (and of PAI which is identified, by its nature, as a general guide). In general, the aim of PAPI, which consists of guidance for accounting treatment and for preparing financial statements, is to ease the implementation of SKAPI. More specifically, it attempts: a) to assemble principles and accounting practices which are relevant to banking operations as stated in PAI and SKAPI; b) to create uniformity in the implementation of accounting treatment and of the preparation of financial statements so that it may increase the comparability of interbank financial statements; and c) to ease the preparation of bank financial statements (BI undated, 1).

From the perspective of a symbolic interactionist, the existence and the role of PAI, SKAPI, and PAPI may be perceived as a situation (Charon 1979, 121) in which individuals may take them into account for "making role" in terms of thinking or

23 See PAI Pernyataan No. 7 tentang Standar Khusus Akuntansi Perbankan Indonesia (SKAPI).
taking an action and which may lead to habitualised action. The issuance of SKAPI and PAPI, for instance, may be regarded as a unique situation because, it takes very careful consideration for the individual to define it first, before taking action. However, after the standards have been perceived and adopted, the individuals may straightforwardly take action "without" involving any thinking activity; thus, it becomes a habitual action, that is,

... overt action that does not involve covert action... We may be able to "respond" without thinking, based entirely on past learning, but usually some covert activity enters in, some definitions of the situation is established by the individual, some analysis of the past and future is made, and some definition of objects in that situation is done (Charon 1979, 121; emphasis in the original).

Action without thinking, habitualised action, will come forth when the situation is routine (see Berger and Luckmann 1966, 71) in its nature. Retrieving thinking activity is only needed when the situation varies from the usual.

However, habitualised action may be able to narrow the individual's choice, and so his or her future action, as the individuals have taken the routine situation for granted (Berger and Luckmann 1966, 71). In regard to this, empirically the individuals of BMI and BPRBAS have perceived the accounting standards as taken for granted; Zainulbahar Noor of BMI, for instance, comments

... we're now, as you know, under the Western accounting system [PAI, SKAPI, and PAPI], so it's nothing [to do with "Islamic accounting system"]; At the most you'll be trapped [if you're concerned with whatever the accounting system is] in accounting entries [technical book-keeping]...; it's [accounting] not a big deal!...

Accounting, as perceived by Zainulbahar Noor, is a matter of a mechanical tool which is already available, given, and ready for use; it is "nothing to do with it" or "a mere assembly of calculative routines" (Burchell et al 1980). Indeed, this perception and, of course, the situation in which the application of the accounting standards is enforced have closed creativity tightly. Perceiving accounting as a matter of a
mechanical tool is also apparently comprehended by Hasbi M. Hasyim of BPRBAS, who says, "... no, we don't have any problem at all with accounting. SKAPI and PAPI are already available; so we just follow them..." Such perceptions are the real outcome of selves' activity in defining a symbol - accounting; the meaning of which then becomes the basis for the selves to take action on, namely, just applying the accounting standards.

Turning back to the meaning of trust, the above portrayal gives us an understanding that the meaning of trust could be accountability which comes into being as the logical consequence of the presence of the agent-principal relationship and, in a narrower sense, is assured by, among others, publishing financial statements (Benston 1982). However, especially in the act of issuing the financial statements, the individuals of both BMI and BPRBAS have acted to take the existing accounting standards for granted. This, implicitly according to them, indicates that providing and publishing the financial statements by following the existing accounting standards is one form of their responsibility (without necessarily referring to "Islamic accounting standards") and this is, of course, a consequence of accepting the trust.

On another point, it is interesting to note that the phrases "... the operations of our bank here are based on Shari'ah..." and "... be responsible to... our God" are not narrow expressions. Rather they imply the broader and expressive meaning that accountability is not limited, for example, to the avoidance of malfeasance and illegality, the assurance of adequate procedures and efficiency, the achievement of required standards, goals and objectives, the policy of the goals and objectives themselves (Steward 1984; Goddard and Powell 1994), and to shareholders, stakeholders, and society at large (Benston 1982), but goes beyond these concerns to responsibility (accountability) endowed to God. Thus, the essential meaning of this is that there are moral (ethical) responsibilities that should be met. The form of endowing the responsibility is, of course, different from the other sort of
responsibility (accountability) which tends to take the form of the presentation of "formal" reports to certain groups. It tends to be expressed in the form of adhering fairly to certain rules or norms (cf. Hewitt 1991, 93-4) which are a sort of legitimation which "can be both cognitive and normative in character" (Berger 1967, 38).

Legitimation, as further argued by Berger (1967, 38), does not only tell individuals what ought to be, but it often proposes what is. For example, the "ethics" of banking business, expressed in a statement such as, "You ought to adhere to SKAPI for your accounting practice", is obviously legitimating. However, a cognitive assertion about the banking business, such as, "You are under the rule of Banking Act No. 7/1992 and SKAPI is the 'product' of the Act", is also legitimating in a more fundamental sense. Of this, we would say here that legitimation, both normative and cognitive, animates individuals to pay attention to it, and more importantly to act towards abiding by the "norms." To act towards, comply with, and practice, the norms honestly might be regarded as having met moral (ethical) responsibilities, since the underlying essence of the responsibility basically lies in the fairness of applying the norms morally. This sort of perception is consciously comprehended by the key individuals of BMI and BPRBAS in interpreting trust in the context of accounting practices. For them, abiding fairly by the accounting standards (as "norms") is a form of caring for the trust.

Islamic Values: Are They Crafting Accounting Practices?

Action as the actualisation of self's inner qualities, in fact may not be necessarily conceived as a direct reflection of the qualities; rather it is the process of social interaction which means that external symbols, objects or situations may have a very significant role in affecting and directing the self as to how to act and what sort of action will be delivered. Knowledge, in the general sense and as one element of the qualities, is the key factor to interpreting and defining the symbols. (In)sufficient
knowledge about accounting, for example, may lead an individual to a certain sort of action, the quality of which is implicitly or explicitly portrayed.

Accounting knowledge in the Islamic context (for example, Abdel-Magid 1981; Alam 1991; Gambling and Karim 1991; Hamid et al 1993; Baydoun and Willett 1994) today has not yet "reached" its real world empirically; or, more importantly, in the sense that it is understood as "unknown" knowledge by a business society, especially within which this study is undertaken. Consequently, society tends to be indifferent when its members, for instance, encounter Islamic business phenomena and, in particular, it is indifferent to how they interpret the meanings of the phenomena and how they may represent the meanings and communicate them to others in the form of "accounting language." In general, they still think "functionally" and consider that existing accounting (the "norms" or the "myth") is worldwide and generally accepted as "value-free" and thus can be unconditionally practiced in their environment. Indeed, it is not (see, for example, Tricker 1978; Aitken and Gaffikin 1986; Chua 1986; Arrington and Francis 1989); this is because, as it is argued, accounting knowledge is "dependent on the ideology and mores of society" (Tricker 1978, 8), and thus it is not "a mere assembly of calculative routines" (Burchell et al 1980).

However, it is important to remember that the "Islamic accounting model" itself, in terms of its development and application, it is not so well-applied as Islamic economics. It starts growing and in general is characterised as a prescription (Alam 1991; Gambling and Karim 1991; Hamid et al 1993; Baydoun and Willett 1994) rather than as being practicable.

Even though the Islamic accounting model is still "unknown" for the individuals of BMI and BPRBAS who essentially adopt and practice the Western accounting system, there are, in fact, a few accounting implications found as a direct result and logical consequence of getting rid of interest on the one hand and imposing zakat and a
profit-loss sharing system on the other. The implications are not so fundamental, in the sense that they could not transmit wholly the essential and distinctive message, that is, the concept of "trust" in the context of Islamic values, in the form of accounting (language). The implications appear in the form, for example, of the presence of margin and profit-loss sharing revenues or expenses instead of interest revenues and interest expenses, and of certain symbols (terms), such as, Shared-profit Revenue, Shared-profit Expense, Mudharabah Savings, Mudharabah Deposits, and so forth.

The major parts of the accounting practices (which are then expressed in the financial statements), as we have discussed above, are much influenced externally by SKAPI and PAI, even though the above Islamic implications, to some extent, are possibly allowed to be expressed by the standards. It is articulated in the Introduction to the SKAPI (IAI 1992, iii),

> [f]or banks based on the profit-sharing principle, some terms and accounting treatments for certain transactions should befit to the conditions of such banks. Besides this, the matters or transactions which have not been regulated by SKAPI, should refer to PAI.

Referring to this point, there is the possibility for both BMI and BPRBAS to creatively craft their accounting practices. However, since the perception of accounting is inclined to be interpreted as a mechanical tool, the opportunity for obtaining benefits from the SKAPI's message is lost. In short, we could not find distinctive accounting practices in either BMI or BPRBAS, since the external and internal forces were influential enough to drive the accounting practices.
8. Summary

The basic premise of symbolic interactionism is that an individual consciously acts towards social objects on the basis of meanings which are derived or arise out of social interaction involving members of society through a process of interpretation. Interpretation, within which the meanings of social symbols can be captured, may also be crafted by past experience, belief, knowledge, and future expectation. Or in other words, the meanings of the symbols will depart from an individual's perspective. We can see in our study here that the perspective of the individuals who are involved actively in banks is religious. It stands on the belief in one God which is then expressed in real action through the guidance of true knowledge. As a result, the perspective gives rise to a distinctive reality compared with other perspectives, such as capitalism and socialism.

A religious perspective interprets symbols based not on the interest of an individual, but rather on the consent of God. However, it does not mean that the consent of God is something beyond the nature of the individual; indeed it is set up by God by considering the "natural" character, or the potential, of the individual. From this perspective, an individual believes, for instance in the context of the economic system, that all natural resources are actually a trust given by God to him or her, and are beneficial in assisting his or her mission as viceregent of God to disseminate mercy for all creatures in the world. Consequently, the trust, as interpreted by them, should be managed in accordance with Shari'ah, the consent of God.

In the empirical world, the key individuals of BMI and BPRBAS interpret the trust as something which should be managed under the guidance of Shari'ah. As a result, they install Shari'ah Supervisory Boards (and Shari’ah Bureau) to ensure that their banking businesses comply with the Shari’ah. Further implications of this interpretation in the banking operations and products are, firstly, that the banks do not implement an interest-based system, rather that they apply profit-loss sharing and
zakat schemes; secondly, that their products are inevitably based on the scheme. It should be borne in mind that the basic purpose of abolishing the interest system is to lessen the excessive selfishness of the individual and conversely to revitalise the altruistic character of the individual by practicing the cooperation based on justice which is crystallised in the alternative scheme. However, it does not mean that the egoistic character is totally rejected, rather the alternative scheme tries to moderate the two opposed characters of an individual in a harmonious stance. It means also that the alternative scheme (which is under the guidance of Shari‘ah) is not out of the circle of human nature; indeed, it can be humanly practiced by individuals.

Trust, in the context of accounting practice, is interpreted as accountability in the sense that trustees should be responsible for shareholders, stakeholders, society, and God. The form of responsibility for the first three groups is "formal" in its features, that is, in the narrow sense of publishing financial statements by following the existing accounting standards as the "norms." Responsibility for God means that the trustees, in preparing and publishing the financial statements, should ethically (morally) comply with the norms (even though, as has been perceived by the key individuals, there is no critical view of what the norms are).

As a consequence of taking the norms for granted, accounting practices which are then simply expressed in financial statements cannot precisely communicate or portray the meaning of trust as interpreted in the contexts of economic systems or business organisations. In other words, accounting practices are largely determined by accounting standards as well as the internal perception of accounting as merely a mechanical tool.
CHAPTER SEVEN

IMAGINING AND RECONSTRUCTING ORGANISATIONS AS TRUSTS (AMANAH)

And We [God] sent thee [Muhammad, the Prophet, peace be upon him] not, but as a mercy for all creatures [human beings, Jinns, and all that exists] (the Qur'an 21: 107).

Allah doth command you to render back your trusts to those to whom they are due; and when ye judge between man and man, that ye judge with justice verily how excellent is the teaching which He giveth you! (the Qur'an 4: 58).

... the use of metaphor implies a way of thinking and a way of seeing that pervade how we understand our world generally (Morgan 1986, 12).

1. Introduction

In the last three decades, the prominent symbolic interactionist, Herbert Blumer (1969, 2) has emphasised the very distinguished premises of symbolic interactionism, which basically consist of the following:

[1] ... human beings act toward things on the basis of the meanings that the things have for them;
[2] ... the meaning of such things is derived from, or arises out of, the social interaction that one has with one's fellows;
[3] ... these meanings are handled in, and modified through, an interpretive process used by the person in dealing with the things he encounters.

These premises then become the underlying bases for studying social reality, especially the study of human life and human conduct, and for enriching social sciences.

If we try to relate the premises to the work of, for instance, Morgan (1980, 1986), it will be interesting for us to observe that an individual, to capture the meanings of social reality, sometimes make use of a means called metaphor. With the metaphor, we can see that the individual places the metaphor above reality and interprets reality according to the meanings of the metaphor. Thus, it means that utilising a metaphor is actually not the direct way of interpreting reality, rather it is "a way of thinking and a way of seeing that pervades how we understand our world generally" (Morgan
1986, 12; italics in the original). However, even though it is a somewhat one-sided abstraction of reality in the sense that it stresses certain features and de-emphasises others (Morgan 1980), we may perceive that it is an effective and simple way to understand our complicated reality as the basis for taking action.

When we choose and take an object as a metaphor, we, and other individuals, of course, have to conceive the meaning of the object (the thing being used as metaphor) well because, without any sound understanding of it, we will fail to explain the reality which we want to understand and to communicate to others. In this regard, the second and third premises of Blumer are highly relevant in scrutinising the process of understanding the meaning of the object. Blumer has always argued that the meaning of an object is actually a social creation in the sense of that it is "being formed in and arising out of the process of definition and interpretation as this process takes place in the interaction of people" (1969, 11-2). In the context of, for instance, language, the meaning of the object may be "transferred from one situation to another, new words and meanings being created as root meanings are used metaphorically to capture new applications" (Morgan 1980; 610). Morgan (1980), for example, explains that the word "organisation" was originally used to describe the action of organising or the state of being organised, especially in a biological sense. However, in about 1873, through a process of social interaction, the word was used to refer to an organised body, system, or society. This is a simple example showing that the meaning of an object may be created socially through metaphorical extension.

Having captured the meaning of social reality, both through and without any metaphor, an individual then may take action towards reality. In other words, the sort of action that he or she takes is greatly driven by the meaning of reality. Through metaphor, an individual may imagine the reality that he or she wants to understand, and may take action on the basis of such imagining. This is because both
image and metaphor are themselves not only an interpretive construction or way of seeing, but they also provide frameworks for action (Morgan 1986, 343).

Imagining an organisation as a machine, for example, may result in the organisation being mechanically designed and operated like a machine. The substantial consequence of such action is that it exactly creates a new reality which unavoidably then affects the perception or thought of individuals (about it) and their actions (towards it). Of this, Morgan connotes that

[The use of machines [metaphor] has radically transformed the nature of productive activity and has left its mark on the imagination, thoughts, and feelings of humans throughout the ages. Scientists have produced mechanistic interpretations of the natural world, and philosophers and psychologists have articulated mechanistic theories of human mind and behavior (1986, 20).

The reality constructed is actually a very crucial one, because it may not only bind individuals within such boundaries, but also spreads advantageous or even harmful implications for the life of individuals (see Morgan 1986). Thus critical thinking towards a better understanding of our complicated social reality is unquestionably necessary.

The prime concern of this chapter is to share the idea of perceiving our social reality, especially an organisation, in a better, distinctive and enlightening way by proposing a trust (amanah) metaphor. The main objective of propounding the metaphor is to deconstruct the traditional thoughts about the organisation and to encourage alternatively a transcendental way of thinking in the context of a religious perspective. To gain a clear illustration, this study will be organised in the following order: the second section of the study attempts to discuss briefly the insight of metaphors within four paradigms (functionalist, interpretive, radical humanist, and radical structuralist) through the work of Morgan (1980); the third part will roughly identify the way of thinking of individuals who are involved in the real world, that is, social
organisations (BAZIS and LZI) and business organisations (BMI and BPRBAS); the fourth section will illustrate the trust metaphor; and the last one tries to clarify critically the consequences of making use of the metaphor.

2. Paradigms, Metaphors, and Puzzle-solving: Perceiving Organisational Thought

The study of an organisation may be regarded as an interesting field to observe the views of individuals about the organisation as a social reality since, by so doing, we can obviously comprehend that there are various world views. These include different schools of thought (see, for instance, Morgan 1980; Astley and Van de Ven 1983; Scott 1992), towards conceiving the symbol - organisation, from an analysis at the level of paradigm (a complete way of seeing reality), metaphor (schools of thought connected with specific sorts of scientific achievement), to the level of puzzle-solving (the real use of certain sorts of tools and texts for the process of scientific puzzle solving) (Morgan 1980; see also Kuhn 1962).

Kuhn (1962, 10), in The Structure of Scientific Revolutions, describes paradigm as "some accepted examples of actual scientific practice - examples which include law, theory, application, and instrument together - provide models from which spring particular coherent traditions of scientific research", while Morgan (1980), in discussing this in relation to social science and the study of organisation, means by paradigm the "metatheoretical or philosophical sense to denote an implicit or explicit view of reality" (1980; 606-7). In the light of that analysis of the role of paradigms, this should reveal the essence of assumptions as the features in seeing and defining any given world view; this is done, according to Morgan, to gain a clear insight of "what is common to the perspectives of theorists whose work may otherwise, at a more superficial level, appear diverse and wide ranging" (1980; 607). Then, he further argues, at the metaphor level there are manifold schools of thought which characterise the approaches in studying social reality, and in essence they are "based
upon the acceptance and use of different kinds of metaphor as a foundation for inquiry" (1980, 607), while at the lowest level, puzzle-solving, the analysis of research activities tends to be in the area of the attempts to seek the practical and operational aspects of metaphor utilised to approach the social world; this level is characterised by the presence of a detailed analysis, many specific texts, models, and research tools which often attract theorists in a never-ending debate (Morgan 1980). Commonly, the science developed and constructed by the theorists is based upon past scientific achievements which, in Kuhn's (1962, 10) terms, is called normal science.

The work of Scott (1992), for example, basically discusses organisation theory through the levels that have been mentioned above and which includes various schools of thought, and which attempts to identify and analyse the works of organisation theorists at the lower levels, and classify them into three perspectives, that is, organisation as rational system, as natural system, and as open system. Using the same format, Astley and Van de Ven (1983), on the basis of two analytical dimensions (the level of organisational analysis and the deterministic-voluntaristic assumption of human nature) classify the schools of organisational thought into four basic perspectives: system-structural, strategic choice, natural selection, and collective-action views of organisation. They express the debate in organisational theory, which is singly and isolated, and try to integrate the schools of thought at a metatheoretical level without necessarily omitting the authenticity of a distinctive viewpoint; in this way, they attempt to "overcome the problems associated with excessive theoretical compartmentalization by focusing on the interplay between divergent theoretical perspectives" (Astley and Van de Ven 1983; 245).

In a relatively similar type of framework to the work of Astley and Van de Ven (1983), Morgan (1980) in basing his assumptions on the nature of science (the subjective-objective dimension) and on the nature of society (the regulation-radical
change dimension) (see also Burrell and Morgan (1979), he presents four paradigms, namely, functionalist, interpretive, radical humanist and radical structuralist.

The functionalist paradigm, according to Morgan (1980; see also Burrell and Morgan 1979), basically regards social reality as concrete, real in its existence, and systemic in character, oriented to generate an ordered and regulated state of affairs; it also tends to be concerned with the understanding of the order, equilibrium and stability of society, and of the effective regulation and control of social affairs. Social theorists of this paradigm, view social reality as existing outside an individual's consciousness and states that it governs the individual in his or her daily life. This view leads them to the belief that social science is objective and value-free. By virtue of this view, they may analyse social reality from a distance through the rigour and technique of the scientific method of natural sciences to generate pragmatic, practical and useful knowledge to serve practical solutions to practical problems. In the context of organisational theory, Morgan (1980) identifies metaphors such as machine (Taylor 1911; Fayol 1949; Weber 1946), organism (Roethlisberger and Dickson 1939; Selznick 1948, 1949, 1957; Parsons 1951, 1966; Parsons et al 1953; Trist and Bamforth 1951; Katz and Kahn 1966; Burns and Stalker 1961; Lawrence and Lorch 1967), cybernetic system (Buckly 1967; Hage 1974; Argyris and Schön 1978; Lawler and Rhode 1976), population-ecology (Hannan and Freeman 1977), theatre (Goffman 1959, 1961), culture (Turner 1971, Pondy and Mitroff 1979), and political system (Pettigrew 1973; Pfeffer and Salancik 1978), to be within this paradigm.

The interpretive paradigm, in contrast, views social reality as precarious, (not in the concrete sense) but more importantly as the product of subjective and inter-subjective experience of individuals; it attempts to explain social reality from the participant's point of view as opposed to the observer of the action. Under this paradigm, social theorists are concerned with the understanding of the process of how complicated social reality arises, is shared, sustained, and changed. In some respects, the
interpretive theorists have the same view as the functionalists that there is a pattern and order within social reality. However, the interpretive theorists, according to Morgan (1980, 609), believe that the functionalists' effort to gain an objective social science is actually an unattainable end. The interpretive metaphor in essence focuses upon the way in which organisational realities are socially created and sustained (see Burrell and Morgan 1979; Morgan 1980). The metaphors included in this paradigm are: language game (Wittgenstein 1968), text (Ricoeur 1971), accomplishment (Garfinkel 1967) and enacted sense making (Weick 1977).

Like the interpretive paradigm, the radical humanist one (Morgan 1980) is concerned with the process of how social reality is socially created and sustained by concentrating the analysis on a specific aspect in which individuals are imprisoned within the boundary of the reality that they create and sustain. In the view of Morgan, this perspective states that "the process of reality creation may be influenced by psychic and social processes which channel, constrain, and control the minds of human beings, in ways which alienate them from the potentialities inherent in their true nature as humans" (1980; 609). For this reason, the radical humanist theorists attempt to discover the way in which individuals can link their thoughts and actions so that they may be utilised to transcend their alienation. Thus, the radical humanist metaphor, for example the metaphor of psychic prison which in essence initially stems from the work of Marx (1844) and Lukacs (1971), tends to concentrate greatly on this aspect.

Accepting "a view of society as a potentially dominating force" (Morgan 1980; 609), the radical structuralist paradigm peculiarly accentuates the importance of praxis as a tool of transcending the domination. This is so because this paradigm sees social reality from the standpoint of the objectivist who concentrates upon the structural relationship within a realist social world which believes that reality is concrete and real, and "is characterised by intrinsic tensions and contradictions between opposing
elements, which inevitably lead to radical change in the system as a whole" (Morgan 1980; 609). Morgan argues that radical structuralists are concerned with comprehending tensions and "the way in which those with power in society seek to hold them in check through various modes of domination" (1980; 609). Additionally, radical structuralist theorists stress "the fact that radical change is built into the very nature and structure of contemporary society, and they seek to provide explanations of the basic interrelationships within the context of total social formations" (Burrell and Morgan 1979, 34). Morgan (1980) states that such metaphors are instruments of domination (Weber 1946; Michels 1949; Baran and Sweezy 1966; Braverman 1974; Benson 1977), schismatic systems (Morgan 1986), and catastrophes (Bukharin 1915, 1925; Thom 1975) are based on this paradigm.

3. Social and Business Organisations: A Brief Attempt to Visualise Social Reality

The above illustration is intentionally presented to provide a clear insight into and enables us to understand the behaviour, the way of thinking, and the way of seeing self when the self is facing and consciously involved in a complicated social reality. In this section we will try to share empirically the perception of self(ves) regarding organisations, in particular, social organisations (BAZIS and LZI) and business organisations (BMI and BPRBAS).

BAZIS and LZI: The Social Organisations

Looking back at the formation process of BAZIS, which was initiated by ulamas who then approached President Soeharto to maximise the effects of the zakat implementation, we can see that the approach undertaken by the ulamas was bureaucratic. It was achieved by sending President Soeharto a formal letter on 24 September 1968 which in essence suggested to him "to call out and put forward all Muslims in Indonesia, in general, and in Jakarta, in particular, to activate the collection and distribution of zakat from people who have obligation to pay zakat to
those who have rights to receive the zakat..., and to ask for governors of all provinces, especially the governor of Jakarta, to organise and co-ordinate the collections,... distributions,... of zakat properties"\(^1\) on 24 September 1968.

Having received the letter, President Soeharto responded positively to the suggestions through his speeches at some Islamic events, such as *Isra’ Mi’raj* on 26 October 1968, and *Idul Fitri* on 21 December 1968, 30 November 1970, 19 November 1971, 27 October 1973, and 17 October 1974.\(^2\) And on 31 October 1968 he officially instructed three high-ranking military officers - Major-General Alamsyah, Colonel Azwar Hamid, and Colonel Ali Afandi - to make all necessary arrangements for nation-wide zakat collection through Presidential Decree No. 07/PRIN/10/1968 (Abdullah 1991). It was Ali Sadikin (the governor of Jakarta) who immediately responded to the speech of the President; on 5 December 1968 he established a semi-governmental zakat institution called *Badan Amil Zakat* (BAZ) which was formally set in the Governor of Jakarta Decree No. Cb. 14/8/18/'68 (concerning the establishment of BAZ in the area of Jakarta).\(^3\) Five years later, in December 1973, for various reasons, "the governor changed the structure and the scope of the activities of BAZ ..." (Abdullah 1991, 59), a decision which was registered in Governor of Jakarta Decree No. D. III-b/14/6/51/73 (concerning the Establishment of *Badan/Amil Zakat, Infaq* and *Shadaqah* of Jakarta including its Organisational Structure).\(^4\)

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\(^3\) See also the related decisions such as Governor of Jakarta Decree No. Ib.3/3/21/68, dated 5 December 1968, concerning the Appointment of the Membership of *Badan Amil Zakat, Infaq*, and *Shadaqah* (BAZIS) in the Area of Jakarta, and Governor of Jakarta Decree No. Cb. 1/1/15/1969, dated 17 March 1969, concerning Organisational Structure for Implementing Zakat Collection based on Shari'ah in the Area of Jakarta.

\(^4\) As a consequence of the broadened activities, BAZ was then renamed as *Badan Amil Zakat, Infaq* and *Shadaqah* (BAZIS).
The Governor of Jakarta Decree (No. D. III-b/14/6/51/73), which basically sets out the basic and formal rules of how the BAZIS should be managed and it should be operated, is the formal "instruction" which now shapes and makes the agency concrete. Firstly, it mainly sets the prime duties of the BAZIS; secondly, it provides an organisational structure including the qualification of a member who should drive a certain position; thirdly, it states the duty, authority, and responsibility of BAZIS at various levels; and fourthly, it enumerates the elements of the BAZIS secretariat. The Decree was also complemented by the Manual for Implementing Zakat, Infaq, and Shadaqah Collection in the Area of Jakarta which governs administration and the operation of zakat, infaq, and shadaqah collection and distribution in a very detailed and technical manner.

On the other hand, unlike BAZIS, LZI, even though it is a "part" of the university, is a very autonomous organisation, seems to be less formal and does not make any attempt to utilise the structural approach through governmental authority (to run the organisation) (Muhammad 1991). This is because historically the founder, Sahri Muhammad, had a different concept of how to establish and run a zakat agency. For him, the establishment and development of a zakat agency did not necessarily require the use of the formally structural approach (top-down approach) as had happened to BAZIS; rather he preferred to realise the development of the zakat agency to be based upon its own capacity (bottom-up approach). He believed, in this respect, that the success of the zakat agency, in realising its function, heavily relied on, firstly, well-organised and reliable management, and secondly, the consciousness of muzakkis to pay their zakat through the zakat agency.

Based on these two assumptions, he acted freely to conceptualise an effective ideal to realise the application of zakat by making experiments in his laboratory - the LZI.

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5 See the process of the LZI formation in Chapter Three: Founding Zakat Agencies: The Reflections of Altruistic and Religious Characteristics of Self, and Situation.
The most important and the underlying experiment which is now in action is his concept of trust management. This concept is the one derived from normative values which, by applying this approach, it is hoped would dispatch social-economic, material-spiritual benefits for society in accordance with the will of the norms, that is, the Qur'an and the Sunnah. In addition, with the creation of these benefits, society, especially muzakkis, would deposit their zakat (infaq and shadaqah) with the LZI. This is the way chosen by Sahri Muhammad.

**BPRBAS and BMI: The Business Organisations**

Retrieving historically the process of how an organisation comes into being is a method of perceiving the pattern and thinking about individuals in their attempts to create social reality. There are many ways for an individual to create a social object, the method for which depends upon preconceptions and situations that have been perceived and faced by the individual. The founders of BPRBAS, for example, consider that the formation of BPRBAS could be produced only through its "factory", the Institute for Shari'ah Economic Development (ISED). ISED is an institution which was founded for specialising in not only conducting research, studying, producing and developing Islamic rural banks, but also training and preparing human resources with a certain skill that can be then put in to the Islamic rural banks.

Like other common organisations which consist of orderly relations between some clearly defined parts with some determinate order that are mechanically run, BPRBAS as a business organisation, in fact, is also conceived of as such an organisation, that is, an instrument set to attain certain goals. As a consequence of it, BPRBAS furnishes itself with some orderly organisational parts, clearly defines their particular

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6 See Chapter Five: Trust (Amanah) Management: The Externalisation of Self's Faith, Knowledge, and Altruistic Characteristic to understand more detail about the process of how Sahri Muhammad derives the concept of trust management.

7 See the process in Chapter Four: Founding Islamic Banks: The Reflections of Selves' Characteristics, Institutions and Situations.
functions, and formally sets them in its organisational structure. This is because, not only has the organisational structure become a "myth" for every modern organisation, but it is also, in this case, forced to be so by the Banking Act No. 7/1992 (see article 16. 3a).

BPRBAS bases its organisational structure on the following: a board of commissioners, a board of directors, a commercial and operational division, and other smaller and more technical organisational units. Besides these, it also furnishes itself with an independent board which has the prime function of ensuring whether or not the businesses and operations of BPRBAS are in accord with Shari'ah - Shari'ah Supervisory Board (SSB). The presence of the board of commissioners, the board of directors and the SSB is legally recognised by the Banking Act No. 7/1992 (see article 38) and Government Regulation No. 72/1992 concerning Banks Based on the Profit-sharing Principle (see article 5).

As a normal organisation, the function and role of each organisational position and unit of BPRBAS have been clearly set; and the individuals appointed to sit in those positions are the ones who have met the necessary requirements. Of course, to perform routine activities, BPRBAS needs to set arranged job descriptions for each position, and indeed, has formally done so. Connected with this matter, especially in terms of preparing individuals for certain managerial and technical positions, BPRBAS, as mentioned before, has asked for and utilised ISED to prepare individuals with sufficient managerial and technical skills.

A similar technique of getting ready skilful employees and staff is also adopted by BMI. BMI, however, does not utilise external institutions to generate skilful individuals, rather it trains internally the individuals by utilising its human resources.

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8 See the 1993 Annual Report of BPRBAS.
organisational unit. For BMI, it is necessary to have organisational units for the purpose of operating routine activities, as happens with BPRBAS. For this reason, BMI also sets up its basic organisational structure which comprises the board of commissioners, the board of directors, the secretariat and Shari'ah bureau, some divisions, and an independent board, that is, the Shari'ah Supervisory Board (SSB).9 Job descriptions of each position have also been defined and some individuals have been trained and furnished with the required managerial and technical skills to anticipate the goals and the operations of the bank.

Such a pattern, in the sense that creating a product can be done mechanically by using an instrument, can also be found in the process of the formation of BMI itself. We have seen that BMI is the "product" of Majelis Ulama Indonesia (MUI) the idea for which initially stemmed from Muhammad Natsir who then conveyed his idea to Hasan Basri, the chairman of MUI. Hasan Basri on his own initiative arranged the formation of the bank. In doing so, Hasan Basri, through MUI, conducted seminars and workshops on the Islamic bank, and appointed an ad hoc group, which also then appointed a small team to perform more specific technical and practical tasks, to realise the blueprint of the bank's formation which took place on 1 November 1991.


The above illustrates how actual facts are consciously constructed by individuals; or in other words, it is the concrete form of the actions of the individuals, as the expression or externalisation of their mind. This means that, by looking at the concrete facts, we can trace back and perceive the way of seeing and thinking of the individuals who were involved in the reality construction. Thus, we will try, in this

9 For more detail, see the need of Shari'ah Bureau and Shari'ah Supervisory Board (SSB) for BMI in Chapter Six: Trust (Amanah), the Divine Symbol: Interpretations in the Context of Business Organisation. It is also worth remembering that the presence of SSB as an instrument in Islamic banks is legally enforced by Government Regulation No. 72/1992 concerning Banks Based on the Profit-sharing Principle (see article 5).
section, to identify the way individuals think in seeing and constructing the social world in the context of an organisation.

**BAZIS and LZI: The Social Organisations**

We have seen earlier that the emergence of BAZIS was initiated by some ulamas who, on the basis of religious motivation, were concerned about the improvement of the social-economic conditions of ummat (Muslim society). In attempting to realise their idea and to procure a nation-wide effect for the idea, they approached an individual who had power - the ruler of the state. Obviously, the approach chosen by the ulamas was that the functioning of zakat, infaq and shadaqah could be formally legitimised in a concrete, real and systemic way. The expectation then became real when the Governor of Jakarta issued some decrees. As a result, the zakat agency, BAZIS, was born, even though it was not a "real" governmental instrumentality, rather it was a semi-governmental one. Looking at the formal decision of the Governor of Jakarta, especially the Governor of Jakarta Decree No. D. III-b/14/6/51/73, dated 22 December 1973, concerning the Establishment of Badan Amil Zakat, Infaq and Shadaqah (BAZIS) of Jakarta including its Organisational Structure, we can see that the Decree mechanically rules the organisation and the operation of the BAZIS in a very detailed and technical way. Thus, the organisation of the BAZIS might metaphorically be seen as an instrument (machine) which is composed of a network of interdependent parts installed in a specific perpetuity and fastened precisely by certain moors (Morgan 1986) through governmental instructions.

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10 See Governor of Jakarta Decree No. D. III-b/14/6/51/73, dated 22 December 1973, concerning the Establishment of Badan Amil Zakat, Infaq and Shadaqah (BAZIS) of Jakarta including its Organisational Structure which mechanically rules the organisation and the operation of the BAZIS. See also the previous decisions, that is, Governor of Jakarta Decree No. Cb. 14/8/18/68, dated 5 December 1968, concerning the Establishment of Badan Amil Zakat (B/AZ) based on Shari'ah in the Area of Jakarta, and Governor of Jakarta Decree No. Cb. 1/11/15/1969, dated 17 March 1969, concerning Organisational Structure for Implementing the Collection of Zakat based on Shari'ah in the Area of Jakarta which, in essence, have the same features as the first one.
This fact is clearly the feature of the functionalist view which, in essence, assumes as Morgan argued, that "society has a concrete, real existence, and a systemic character oriented to produce an ordered and regulated state of affairs" (1980, 608). It is also characterised by a problem-solving, pragmatic, and regulative orientation (Morgan 1980). Again, we can see that the idea of the ulamas to activate the application of zakat, infaq and shadaqah is problem-solving in order to escalate the social-economic wealth of society. We have already seen that, historically, the important factor which encouraged the ulamas to take action was that, at the beginning of the 1960s, Indonesia experienced its worst economic conditions after several years of independence. They thought that, by taking such action, the economic conditions could be improved. The momentous event of approaching President Soeharto and giving him suggestions was actually the real expression of their consciousness as "informal" religious leaders of their ummat, an expression of free-will to express their belief in a real action, and of their responsibility before God. Or, in other words, they perceived themselves as individuals who had consciousness and capacity to socially construct their social world.

Now, BAZIS, especially as shaped by the Governor of Jakarta Decree No. D. III-b/14/6/51/73, is a concrete instrument utilised to carry out a determined and repeated function, that is, to collect and distribute zakat, infaq, and shadaqah (zis) funds based on Shari'ah.

Like BAZIS, LZI is also an institution designed to assist the members of society in solving their economic problems and in heightening their economic lives. Even though this organisation might be regarded as a pragmatic means utilised for solving the problem, it is, however, designed differently from BAZIS. This is because its founder views the LZI as a laboratory. By virtue of this metaphor, he can freely perform experiments to find a suitable model which can be applied in its social environment. This is actually the reason why Sahri Muhammad, the founder, does
not attach the LZI to any governmental bureaucracy. Freedom is the most important factor in making experiments at the laboratory, the concept of which is predicated upon the combination of rational thought and the empirical world to generate the praxis (Muhammad 1991).

Being viewed as a laboratory, LZI is characterised by flexibility (less formal and less structured than BAZIS) and dynamism in terms of dynamic thought to produce a formula that will be useful in remediying the social and economic problems of ummat. In regard to this, we can see that the prime emphasis in the way of thinking is the practical use of a model or a formula (see Burrell and Morgan 1979; Morgan 1980). The most interesting formula that is now being used is trust (amanah) management. It is the experiment of how Sahri Muhammad can realise his assumption and who believes that the success of implementing zakat can be achieved by constructing good and reliable management which, in turn, will uplift the consciousness of society to participate intensely in solving the problems of ummat (Muhammad 1991).

**BPRBAS and BMI: The Business Organisations**

BPRBAS, as we have historically known it, is the product of ISED. We knew that the way the individuals in ISED (or the founders of BPRBAS) see their social world is mechanical. ISED, for them, is a factory that can produce Islamic rural banks, and simultaneously train and serve human resources with a certain sort of managerial and technical skill related to the specific operation of the banks. In the view of ISED, the presence of BPRBAS is seen as a laboratory. This is useful for ISED itself because, by seeing the BPRBAS and other Islamic rural banks as laboratories, ISED as a producer can continuously make some improvements in terms of the concept of designing its future products, and of preparing human resources.

BPRBAS, in the pursuit of its goals, is mechanically designed. It is reasonable, since its founders are highly inclined to perceive the social world as having real, systemic,
and regulative features. Predicated upon this perception, BPRBAS is then furnished with, firstly, a set of structural and interdependent instruments in the form of, say, organisational structure, and secondly, a determined process such as the use of clear job descriptions related to the structure, a manual of accounting information systems, a manual of other technical operations, an independent supervisory board (the Shari'ah Supervisory Board), and so forth all of which are, in essence, utilised to ensure that the bank is run on the predetermined pattern. This fact is not only shaped by such perceptions, but also by external forces - government regulations, such as, Banking Act No. 7/1992 and Government Regulation of the Republic of Indonesia No. 72/1992 concerning Bank Based on the Profit-sharing Principle.

Having been affected by the internal and external forces, the individuals of BPRBAS inevitably behave and think in a mechanical way and direct their orientation on praxis. With respect to this, we have studied the behaviour of BPRBAS key individuals in perceiving accounting practices. These individuals take PAI, SKAPI, and PAPI for granted and practice other manuals automatically.

Similar to the formation of BPRBAS, the process of BMI formation flows through other instruments, that is, MUI, and the temporary "tools" such as an ad hoc group and a small team which were made to prepare the blueprint of Islamic bank formation in a more specific, technical and practical manner. This is apparently a functional approach undertaken by MUI to solve the problems of ummat. Like the formation of BAZIS, MUI took a "political" approach by addressing the idea of Islamic bank formation to the President of the Republic of Indonesia, Soeharto, the purposes of which were mainly to obtain support for, and have a wide effect on, its formation socially, economically, publicly and politically.

BMI as a business organisation is shaped concretely not only by external forces such as the Banking Act No. 7/1992, Government Regulation of the Republic of Indonesia
No. 70/1992 concerning Commercial Banks, Government Regulation of the Republic of Indonesia No. 72/1992 concerning Banks Based on the Profit-sharing Principle, and Decree of the Minister of Finance of the Republic of Indonesia of No. 220/KMK.017/1993 concerning Commercial Banks, but also by internal ones. The internal ones are inclined to be in the form of actualisations of individuals' perceptions about the organisation, the actual form of which, like common contemporary organisations, is composed of an organisational structure, job descriptions for every functional section, a manual for accounting information systems, a manual for daily bank operations, the Shari‘ah Supervisory Board (SSB), and so forth. This is because BMI is seen as an instrument designed to carry out predetermined and repetitive tasks and to attain specific ends. Thus, the mechanical design of the organisation of BMI is regarded as the most fitting one to ensure that the daily operating system of the bank is run as expected.

5. Imagining the Organisation as a Trust

The explanation above provides an understanding of the perception of individuals regarding organisations. We have a clue here that, in general, both external individuals (the founders of the social and business organisations) and the internal ones (the individuals who are directly involved in managing the organisations) tend to see the organisations as mechanical instruments (machines) which are operated in a repetitive, efficient, reliable and predictable way (Morgan 1986). The individuals who imagine an organisation as a machine, according to Morgan (1986), apparently will design the organisation like a machine and will train and employ their workers as if they are parts of the mechanical network.

*Machine Metaphor and Paradigms: The Organisational Way of Seeing and Thinking*

This way of seeing and thinking might be influenced by "[s]cientists [who] have produced mechanistic interpretations of the natural world, and philosophers and psychologists [who] have articulated mechanistic theories of human mind and
behavior" (Morgan 1986, 20). In the context of organisation theory, Morgan (1986; see also Morgan 1980) points out that the works of Taylor (1911), Weber (1946), and Fayol (1949) in particular dominantly shape the mechanical way of seeing and thinking of organisational theorists and practicians.

This metaphor can be utilised to design an organisation. By using this, the success of the organisation (in terms of achieving the organisational goals in a routine, efficient, reliable, precise and predictable way) can be achieved, if these following conditions are met: there is a straightforward task to perform, the organisation's environment is stable enough, the purpose of the organisation is to produce the same product, precision is the prime concern of the organisation, and the human parts of the machine are always compliant and behave as they should. However, this metaphor also has weaknesses in terms of, for instance, experiencing difficulty in unstable environment, resulting in a taken-for-granted oriented, or mindless and unquestioning bureaucracy. In addition, there will be "unanticipated and undesirable consequences as the interests of those working in the organisation take precedence over the goals the organisation was designed to achieve," and it may dehumanise the organisation's employees (Morgan 1986, 34-5).

Related to the paradigm of social science (Burrell and Morgan 1979; Morgan 1980), Morgan (1980) argues that this sort of metaphor is within the functionalist paradigm which views social reality as concrete, real and systemic in its existence. And at the level of puzzle-solving, it tends to be concerned with solving of and providing practical solutions to a puzzling problem (Burrell and Morgan 1979; Morgan 1980). We can find in our study here that these features characterise the minds and actions of individuals who are involved in the formation and the management of both social and business organisations. For them, the formation of the organisations is the practical solution in facing the condition of ummat.
Even though they obviously see social reality as a concrete character (in the sense that they make the reality becomes a concrete one), in other aspects, we can see that they consciously perceive that they themselves are active agents who have free will to do anything. Based upon this perception, they understand that they have the ability to construct their own social reality. This feature, if we use the paradigm model of Burrell and Morgan (1979), is one of the characteristics of both interpretive and radical humanist paradigms which essentially comprehends that social reality is "the product of the subjective and inter-subjective experience of individuals" (Morgan 1980, 608; see also Berger and Luckmann 1966; Blumer 1969). The reality might be interpreted as the result of the externalisation of previous values (of individuals) that have been socially perceived before. We have stated previously that their actions are actually the conscious expressions of their inner values, in particular, faith and knowledge. Again, this fact is unquestionably the prime characteristic of the interpretive and the radical humanist paradigm which believes that the ultimate reality of the universe is not material nature as perceived by the fourth paradigm (radical structuralist) but rather that it lies in a spiritual nature or ideas (Burrell and Morgan 1979).

The actions to consciously create reality, for the individuals (especially some ulamas and others) who are concerned with the formation and management of both social and business organisations as we have studied them, are understood as a sort of worship. Apparently this understanding primarily relies on a spiritual basis, that is, faith, which is accompanied by knowledge functioning as a guide to express their faith into real action (reality). Interestingly, the way they create concrete reality, in general, tends to utilise the structural approach which, in essence, is a positivist view (see Burrell and Morgan 1979; Morgan 1980). This view believes that social reality can be created in a concrete form, that is, organisations, and in this way, they feel sure that social transformation can be easily undertaken. In this respect, it seems that it is similar to the approach of the radical structuralist paradigm which emphasises the
provision of a critique of the *status quo* in social affairs by not only understanding it well, but also by changing it. Additionally, it is also characterised by an understanding that society is composed of contradictory and conflicting elements (Burrell and Morgan 1979, 327). In the empirical world we can grasp that the action of founding social and business organisations is actually the act of changing the *status quo*. We have seen earlier that situations, which may be in the form of social and economic tensions, political forces, other "hidden" conflicts and tensions in society, are the crucial ones which give rise to the formation of social and business organisations (namely, BAZIS, LZI, BPRBAS, and BMI) as emancipatory movements for their founders. They may even be regarded as the instrument of "domination" of others.

*Trust Metaphor: Seeing and Thinking of Organisations in a Transcendental Way*

Obviously, the individuals who are involved in the formation and management of organisations generally perceive the organisations as machines which not only can be used to achieve certain goals, but also to produce other machines. And they regard the act of producing and utilising the machine as an alternative solution to the problem of ummat. However, in looking at their way of thinking, we find difficulty in identifying precisely in which paradigm their perception is rooted, in terms of seeing and thinking about their social reality because, their way of thinking seems to be composed or not composed of some characteristics of each paradigm of Burrell and Morgan (1979).

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11 See for example the process of founding *zakat* institutions and Islamic banks in Chapter Three: *Founding Zakat Agencies: The Reflections of Altruistic and Religious Characteristics of Self, and Situation* and Chapter Four: *Founding Islamic Banks: The Reflections of Selves' Characteristics, Institutions and Situations*. We can see in these chapters that, besides social and economic tensions, there are other implicit or "hidden" conflicting situations in the very pluralistic Indonesian society.

12 It is worth remembering that not all individuals regard organisation as a machine. We have studied that the individual of LZI sees, for example, the LZI as a laboratory, the instrument which is utilised to undertake experiments, and the individuals of ISED also feel that the banks produced by ISED are laboratories.
Even though the way of thinking is dominantly mechanical and functional in nature, we will see in the following statements that they actually depart from the spiritual dimension:

After analysing *Shari'ah* [Islamic law] of *zakat*, and based on the motivations of *'aqidah* [faith], morals, and the obedience unto Allah and the Prophet... [We] opine that (1) a Muslim's obedience to pay *zakat*... will be useful in the realisation of securing social justice, and succeeding national development in all material and spiritual aspects, Religion, and State. (2). Thus, ... not only does the obedience [to pay *zakat*] benefit Islam and Muslim society, but also the State and the Nation of Indonesia. Therefore, by placing our trust in Allah and asking for His guidance, ... We suggest President General Soeharto as the President of the State to... (see Chapter Three: Founding Zakat Agencies: The Reflections of Altruistic and Religious Characteristics of Self, and Situation).

... we always remind them [the people who got the funds ] that the funds are actually *amanah* (trust); therefore, I advise them: 'you have to use them [the funds] well and it would be good if you could employ other people [in your business]..., and you have to remember as well that *amanah* should be finished by returning the principals [of the funds] in the agreed instalment periods...' (Chapter Five: Trust (*Amanah*) Management: The Externalisation of Faith, Knowledge, and Altruistic Characteristics of Self).

... under the concept of *amanah*, the meaning of the concept of "right", as stated in al-Qu'r'an [70: 24-5]: "And those in whose wealth is a recognised right for the (needy) who asks and him who is deprived (for some reason from asking)", is not a "full" ownership right, but an "amanah" right. It means that beside the right, there should be an obligation [to pay zakat] (see Chapter Three: Founding Zakat Agencies: The Reflections of Altruistic and Religious Characteristics of Self, and Situation).

Actually several years ago after I had been to Jeddah [and returned to Indonesia], I was confided in by Mohammad Natsir. He had said to me: "... verily MUI could found a bank without interest, I've tried for a long time, but I couldn't. You're [Hasan Basri] a successful man, I'm sure that you could do that, try and make arrangements [for the establishment of the bank], please !" (see Chapter Four: Founding Islamic Banks: The Reflection of Selves' Characteristics, Institutions and Situations).

[w]hossoever is not concerned to think of the fate of *ummat* [his or her Muslim society], he or she is actually not a *mukmin* [real Muslim] (see Chapter Four: Founding Islamic Banks: The Reflection of Selves' Characteristics, Institutions and Situations).

... [o]ur concern is like a conventional bank, we have to earn profits, because we have got *amanah* [trust] from shareholders to manage their money properly... one thing, you have to remember, which differentiates our bank from the conventional ones is that the operations of our bank here are based on *Shari'ah*...(see Chapter Six: Trust (*Amanah*), the Divine Symbol: Interpretations in the Context of Business Organisation).

... of course, like a normal [conventional] bank, we have to be profit-oriented. We're doing this, since we have *amanah* [trust]; that's why we have to work hard for this...
we have to be responsible for shareholders and society at large, and, of course, our God (see Chapter Six: Trust (Amanah), the Divine Symbol: Interpretations in the Context of Business Organisation).

The statements undoubtedly depart from the spiritual dimension (that is, faith) of the individuals. For the individuals, the faith is the most essential spiritual base which is utilised to see, to think, and to take action towards any social objects. Hence, the quality of thinking and action of the individuals is predicated upon the strength of the values of the faith which are implanted within the individuals (the selves).

We can confidently notice from the statements above that one interesting expression explicitly externalised by individuals, is the utterance of "trust" (amanah). In various context of the statements, trust is a very important symbol for individuals to express its transcendental meaning into a real praxis. Trust, from the viewpoint of faith, is a divine symbol from God accepted by individuals and which consequently requires individuals to fulfil it during their life in the world; it is stated in the Qur'an 33: 72,

We did indeed offer the trust to the heavens and the earth and the mountains; but they refused to undertake it, being afraid thereof: but man undertook it - he was indeed unjust and foolish (italics added).

'Ali interprets the trust as,

... something given to a person, over which he has a power of disposition: he is expected to use it as directed or expected, but he has the power to use it otherwise. There is no trust if the trustee has no power, and the trust implies that the giver of the trust believes and expects that the trustee would use it according to the wish of the creator of the trust, and not otherwise (1989, 1080).

When an individual is engaged in a trust, he or she instantaneously has an obligation to fulfil the wish of the creator of the trust. All obligations, both divine and human, according to 'Ali (1989, 242), are sacred; in the former context, we have duties to God which must be consciously fulfilled, while the latter concerns the duties to

\[13\] He refers to the Qur'anic verse (5: 1) saying:"O ye who believe! Fulfill (all) obligations."
ourselves, other individuals and even to our environment. The former is very momentous, since by fulfilling the duties to God, in the light of obeying all commands, means that we also fulfil the duties to the latter; this is because the orders of God comprehensively rule all aspects of human life.

In an economic context, for example, we notice that all resources belong to God; they are a trust given to an individual in order to be utilised to discharge his or her sacred mission. The success of the individual, among others, will depend upon his or her obedience, in terms of acquiring, allocating, and disposing of the resources, to follow the consent of the trust Creator (Arif 1985). God, for the benefit of the individual both materially and spiritually, individually and communally, has ruled the way of obtaining, allocating, and disposing the resources which are then "compiled" in Shari'ah by ulamas. Based on the Shari'ah, the individual may freely make creations to realise a sacred mission, for instance, founding any sort of organisation as a means for actualising the mission, so long as the process of actualising the creations and the creations themselves are in accordance with the will of God.

6. Consequences of Metaphorising Organisations as Trusts

We have already seen that the individuals of both social and business organisations in our study here realise that what they are doing now is actually amanah - trust. This means that they are not totally free to manage and run the trust, except by following the will of the trust giver, which in our context here is God. Thus, having seen the organisations as a trust, there are two major consequences that should be considered, that is, the goal of the organisations, and ethics for attaining the goal.

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14 It has been stated in the Qur'an that God does not like mischief spread in the earth: "[w]hen he turns back, his aim everywhere is to spread mischief through the earth and destroy the crops and cattle. But Allah loveth not mischief" (the Qur'an 2: 205; see also, among other verses, 7: 56, 74, 85; 8: 73).
Searching for the Goal of Organisations

As we know, an organisation is not an end in itself, but rather is just a means for attaining that end (Morgan 1986), or a determined goal-seeking entity (Ezzamel 1987). From the perspective of a symbolic interactionist, an individual may see that the goal of an organisation is a symbol upon which he or she may rely for its meanings and, in such a way, translate the meanings into practical actions. The symbol and the practical actions of the symbol are like a stream of actions, in the sense that there is a correspondence of value on the stream; for instance, when we see a symbol as a worldly one, then we will interpret it in a worldly perspective; the action will also be worldly. Conversely, when we find and comprehend the symbol as a transcendental and divine one, then we will interpret it in a divine and a broader perspective, as will be the actions undertaken. In other words, the symbol becomes a type of source of orientation to which the organisation's future state of affairs strives; it also gives "a source of legitimacy which justifies the activities of an organisation..." (Etzioni 1964, 5).

Etzioni (1964, 6), in this respect, views organisational goals as "a desired state of affairs which the organization attempts to realize." For Etzioni, the organisation may or may not be able to bring about the goal in the future; in the case of an organisation being able to attain its desired image of the future, the goal may cease to be a guiding image for the organisation and may be assimilated into the organisation or its environment. This is so, because, as Etzioni (1964, 7-8) pointed out, the goal may be virtually set, say, by a vote of stockholders, by a vote of members, by a small number of trustees, by an individual who controls the organisation, by involving various individuals and groups within and without the organisation, and by referring to the (worldly) values which drive a particular society.
We may discern the goal presented by Eztioni as a practical or operational one, in the sense that it is not an abstract one for the organisation and its members. Moreover it also changes depending upon the situation or environment covering the organisation. To some extent, we can recognise the presence of the changing or situational goal so long as it is under the shadow of, say, a prime goal of the organisation, the nature of which is relatively more stable than the operational one. We may then raise the following questions; what is the prime goal? how is it set? and is it applicable for human beings?

Analogously, the prime goal is similar to, but not identical with the much broader and transcendental Perrow's (1961) "official goal" which denotes the general purpose of an organisation usually put forth in formal reports of the organisation. In this respect, Ezzamel (1987, 45) views the goal as "deliberately 'noble', broad in scope and vague;" that is why it needs to be converted into more specific ones which can drive the activities of the organisation (Hall 1972). In our view, the prime goal is relatively universal, permanent and transcendental. It is derived from normative values, but this does not mean that it cannot be reached by individuals; indeed it is attainable as it is humane. In other words, an individual has the human potential to attain or actualise it in the form of his or her real actions.

From the perspective of a Muslim, the goal is not separate from the perception about the nature of a Muslim or the purpose or the mission of the Muslim's life. To ascertain what is the prime goal, we have to know the attributes of God. According to the perceptions of a Muslim, the most important attribute is that He is ar-Rahman (the Most Gracious), ar-Rahim (the Most Merciful). 'Ali, in respect to the words of ar-Rahman and ar-Rahim, elaborates that

[The Arabic words "Rahman and Rahim," translated "Most Gracious" and "Most Merciful" are both intensive forms referring to different aspects of Allah's attribute of Mercy. The Arabic intensive is more suited to express Allah's attributes than the superlative degree in English. The latter implies a comparison with other beings, or]
with other times or places, while there is no being like unto Allah, and He is independent of Time and Place. Mercy may imply pity, long-suffering, patience, and forgiveness, all of which the sinner needs and Allah Most Merciful bestows in abundant measure. But there is a Mercy that goes before even the need arises, the Grace which is ever watchful, and flows from Allah Most Gracious to all His creatures, protecting them, preserving them, guiding them, and leading them to a clearer light and higher life. For this reason the attribute *Rahman* (Most Gracious) is not applied to any but Allah, but the attribute *Rahim* (Merciful), is a general term, and may also be applied to Men. To make us contemplate these boundless gifts of Allah, the formula: "In the name of Allah Most Gracious, Most Merciful": is placed before every Surah [Chapter] of the *Qur'an* (except the ninth), and repeated at the beginning of every act by the Muslim who dedicates his life to Allah, and whose hope is in His Mercy (1989, 14).

Additionally, Mas'udi (1991, 43-4) also emphasises that most of God's will towards human beings is actually the reflection of His attributes, *Rahman* and *Rahim*, even the sending of many prophets, including Prophet Muhammad (peace be upon him) is for the purpose of disseminating His mercy as revealed in the *Qur'an* 21: 107: "And We sent thee not, but as a mercy for all creatures."

Thus, based on this verse (the *Qur'an* 21: 107), we can see that the most important mission of Muslims is to disseminate the mercy of God to all creatures. This is because, first of all, human beings are actually the viceregents of God on earth (see the *Qur'an* 2: 30) upon whom God mandates His authority to disseminate His mercy for all creatures; secondly, Muslims are the people (ummat) of Muhammad (peace be upon him), while the Prophet himself is the last prophet, or, in other words, there will be no other prophet after him (the *Qur'an* 33: 40), thus the mission of the Prophet is also the mission of every Muslim; this statement is divinely revealed in the *Qur'an*, for instance,

[y]e [Muslims] are the best of peoples, evolved for mankind, enjoining what is right, forbidding what is wrong and believing in Allah (3: 110);

15 He refers to the verse "Your Lord hath inscribed for Himself (the rule of) Mercy" (the *Qur'an* 6: 12 and 54) and "And We sent thee not, but as a mercy for all creatures" (the *Qur'an* 21: 107).

16 Behold, thy Lord said to the angels: I will create a vicegerent on earth" (the *Qur'an* 2: 30).

17 Muhammad is not the father of any of your men, but (he is) the Messenger of Allah, and the Seal of the Prophets (the *Qur'an* 33: 40).
These normative facts provides us with an insight into the fact that the underlying mission of life of every Muslim is to disseminate the mercy of God to all creatures. However, it does not mean that he or she discharges the mission for the sake of him or herself or for other individuals because, as we have already mentioned, he or she is actually the viceregent of God, so whatever he or she does is only to seek the pleasure of God. This is because God has said that "I have only created Jinns and men, that they may serve [worship] Me" (the Qur'an 51: 56). This verse evidences the fact that the purpose of human life is only for God. This is the most important belief of a Muslim. In other words, the purpose of the creation of human beings is to worship God, and the way of actualising this is by disseminating the mercy of God (or enjoining what is right and forbidding what is wrong) as commanded by Him.

In short, we can "formulate" that the momentous mission of every Muslim as the viceregent of God is to disseminate His mercy to all (see Mas'udi 1991, 43-4). This comes in the form of worshipping Him. Therefore, turning back to our discussion about organisational goals, we may transfer or translate the mission (that is, to disseminate mercy) into the prime goal of an organisation. We propose here the mission as the prime goal of any sort of organisation. This is so because there is no choice for a Muslim to live and act other than through the mission, since if he or she does other than this, he or she will be totally lost (see the Qur'an 103: 1-3).18

However, one may think that our prime goal is too abstract and vague to be applied to an organisation. Therefore, for this reason, Hall (1972, 83) has pointed out that the abstract goal "must be converted to specific guides [operative goals] for the actual

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18 By (the token of) time (through the ages), verily man is in loss, except such as have faith, and do righteous deeds, and (join together) in the mutual teaching of truth, and of patience and constancy (the Qur'an 103: 1-3; italics added).
operations of an organisation." This means that the operative goals may be, for example, in the forms of profit, sales revenue, and growth (Ezzamel 1987). However, it is worthwhile remembering that these goals are not ends in themselves because, when the operative goals are such ends, there will be no inspiration derived from the prime goal any longer because they lose their ultimate goal. Consequently, taking the maximising of profit as an operative and prime goal, this may give rise to physical and psychic jeopardies (De George 1978), or dehumanisation and demoralisation of individuals (Ladd 1970).

Some sorts of operative goals (such as maximising profit, sales revenues, and growth) can be stated so long as they are consciously inspired by and constantly composed of the values of, the prime goal. The operative goals, in this respect, should eliminate any sort of hazard caused by the setting and the implementation of the goals themselves, and conversely should try as much as possible to escalate spiritual and material "mercy" for (the members of) society individually and communally. We believe that this idea will be strongly accepted by any society, since, firstly, as De George (1978) pointed out, there is a basic agreement in society that "good should be done and evil avoided," and, secondly, and importantly, every individual has the inner capacity to do so at his or her own level (see, for instance, Cohen 1978; Masters 1978; Shariati 1981; Ba-Yunus 1991). Looking at the first statement, we can grasp an explicit meaning that to take action, in terms of, for instance, setting organisational goals and attaining those goals, needs a value system which can clearly differentiate what is good and what is bad, and what is right and what is wrong.

The Need for Ethics

The second consequence of accepting trust as a metaphor for seeing organisations (both social and business organisations) is ethics. It is the thing which "is concerned with the goods worth seeking in life and with the rules that ought to govern human behavior and social interaction" (De George 1978). This vision is composed of two
major elements; that is, firstly, an individual's judgment that can distinguish a good thing from a wicked one, or the right thing from the wrong one, or what ought to be from what ought not to be. In other words, the judgement always considers, or is based on, values. Secondly, the moral standards which clarify that a state of being is right or wrong, good or bad, or is one which ought to be or ought not to be (Velasquez 1992, 9-12). The moral standard seems to be the essential one, as it becomes the basis for an individual in judging whether or not a decision ought to be morally decided and to take action on the basis of moral standards. As a result different moral standards may result in different actions and realities.

Moral standards are very diverse. Consequentialist theories, for example, argue that determination of truth or falsity can only be judged by the results of actions. For consequentialism, an action can simply be said to be good if the result of the action is beneficial; in contrast, if the outcome is harmful, then the action can be judged as wrong. In other words, "[i]f what follows from an action, on balance, of benefit then it is a 'good' action and so we are 'right' to do it; conversely, if the outcome is, on balance, harmful then the action is 'bad' and we are 'wrong' to do it" (Chryssides and Kaler 1993, 88). On the other hand, non-consequentialism claims that it is not the outcome of an action which directly determines whether or not the action is right or wrong; rather, it is predicated upon "some conception of what it is for an action to be right or wrong, and that determines for us whether or not an action is good or bad" (Chryssides and Kaler 1993, 88).

The most well-known consequentialist theory of ethics is utilitarianism. It is rooted in the thought of the British philosopher and social reformer, Jeremy Bentham (1748-1832). The theory essentially recognises utility as one thing and one thing only - happiness; while disutility is of conceived as unhappiness. Hence, actions can simply be justified as right to the extent that they can maximise happiness, or at least minimise unhappiness. On the other hand, actions will be morally wrong when they
maximise unhappiness or minimise happiness. The theory strongly identifies utility with happiness, since happiness is an end in itself; thus, according to this theory, all other things, such as fortune, knowledge, love, friendship, property and the like are of value only in so far as they lead to the attainment of the ultimate good - happiness. In its development, it is later known that the theory also becomes the foundation of the development of economic theory. On the basis of utilitarianism, which presumes that individuals are essentially pleasure-seeking, calculations and predictions of economic behaviour of individuals are made; the greater the capacity of any particular set of goods and services to satisfy the needs of individuals, the greater their utility (Chryssides and Kaler 1993, 90-3).

Similar to Utilitarianism, in the sense of embracing monistic claims, is Kantianism (see Chryssides and Kaler 1993, 97-100). This is non-consequentialist theory of ethics which stems from the thought of German philosopher, Immanuel Kant (1724-1804), also makes a single claim that one thing is "good in itself" (or "happiness" for Bentham). The theory states that actions are morally right to the extent that they are based on good will, and conversely, they are morally wrong when they are not motivated by good will. Actions, for Kant, are essentially carried out for reasons of principle, that is, from a sense of duty and nothing else. An action is, so to speak, carried out from a sense of duty if it is carried out in accordance with a categorical imperative which may mean, firstly, as Kant said

I ought never to act except in such a way that I can also will that my maxim should become a universal law (1964, 70).

Chryssides and Kaler (1993, 98) interpret the "maxim" as the principle on which an individual acts; "[i]t may be either a good principle or a bad principle;" secondly, a categorical imperative may mean "respect for other individuals." It is based on Kant's argument,
[a]ct in such a way that you always treat humanity ... never simply as a means, but always at the same time as an end (Kant 1964, 96).

This means that an individual acts morally when he or she "respect[s] the personhood of people and never treat them simply as a means to an end but always, and primarily, as an end in themselves" (Chryssides and Kaler 1993, 99).

Complementary to this theory is an ethical one called Natural Law. The key contributor to this theory was John Locke (1632-1714), a British philosopher. The basis of this theory is that individuals have things that are naturally given and they have a right to possess them; the things are known as "natural rights" (or "human rights"), that is, life, liberty, and property (Chryssides and Kaler 1993, 101). Thus, an action towards fulfilling the human rights is morally right, and inversely it is wrong when it is carried out for robbing individuals of the human rights.

Besides these, however, there is also a source of morality which is usually utilised to convey how an individual behaves *morally* towards things; that source is religion (Chryssides and Kaler 1993, 84). Throughout the ages, the people of religion have based their ethical conduct on their Holy Books. They do so since, according to Chryssides and Kaler (1993, 84), they presume "if God exists, who better than God [H]imself to decide what is right and what is wrong? If God is omniscient, then surely [H]e must be the infallible authority on matters of ethics..." Chryssides and Kaler (1993, 85) go on to claim that not only does God, as the absolute ruler of the universe, have power to make laws on behalf humanity, but He is also able to back them up by sanctions. God, according to the religions of, Christianity and Islam, will reward every virtuous action with enjoyments of heaven and consign evil deeds to the torments of hell. However, it is not the reward or punishment that makes an action morally right or wrong, "rather it is *because* actions are right or wrong that they should be rewarded or punished" (Chryssides and Kaler 1993, 85; italics in the original).
In Islam, even though it recognizes the concept of rewards for righteous actions and sanctions for wicked deeds, the essence of morality is not in all conscience in the rewards or punishments in themselves, rather it lays in the sincere and conscious obedience of a Muslim to follow the will of God;¹⁹ the rewards or punishments are merely the by-products of following or not following His will. God's will covers His divine arrangements of, for example, the relationship between an individual and Himself, the individual and other individuals (Doi 1984), and the individual and his or her environment towards perfection (see Ahmad 1980). It means that by following the will of God and by understanding well the stance of human beings as viceregents of God, all actions of an individual will be directed towards solving perplexing human problems and establishing "a new order wherein equity and justice and peace and prosperity will reign supreme" (Ahmad 1976, 31).

The implicit meaning of the position of human beings as the viceregents of God on earth gives us an insight into the fact that, firstly, human beings are sent by God to earth for a certain purpose, the actualisation of which should be in accordance with His will which in Muslim society is soundly expressed in the form of Shari'ah (see Aghnides 1916; Doi 1984; Nasr 1994); and secondly, he or she is ultimately accountable to God for all his or her actions (Safi 1990). Thus, the Shari'ah becomes an important ethical guide for Muslims in directing their lives.

7. Shari'ah: The Ethics of Muslims

Shari'ah, according to Safi (1990, 177), "is a comprehensive system encompassing the whole field of human experience. It is not simply a legal system, but rather a composite system of law and morality. That is, Islamic law aspires to regulate all aspects of human activities [personally and socially], not only those that may entail legal consequences." Based on true justice as one attribute (amongst other attributes)

¹⁹ Islam also recognizes the existence of the feelings of "happiness" and of "duty," but expressing them should be based on faith and knowledge and they should not be regarded as ends in themselves. Therefore that the action (of expressing them) can be recognised as the act of worship.
of God (see Khadduri 1984; Safi 1990), it is Islamically arranged for the purpose of serving Muslims in a set of criteria so that they can clearly distinguish right (haq) from wrong (batil) (see also Nasr 1994). Muslims' continual adherence to the Shari'ah, Safi (1990, 179) argues, will lead them to "a society superior in its moral as well as material quality to societies which fail to observe the revealed will of God." In this way, not only does the Shari'ah bring an individual closer to God, "but also facilitates the development of a just society in which the individual may be able to realize his or her potential, and whereby prosperity is ensured to all" (Safi 1990, 179).

Indeed, Shari'ah is not simply a legal system, but rather it is both a system of law and morality within which the outer and the inner dimensions20 of Islam and of human nature are embedded and reflected on. The outer dimension comprises not only the universal moral principles of Islam, but also the "details" of, for instance, how an individual should behave in his or her life, how he or she should deal with other individuals, with God, with the environment, how he or she should deals with others in economic transactions, political and social dealings, how he or she should perform his or her special acts of worship, such as praying, paying zakat, fasting, and going on pilgrimage (hajj), even how he or she should eat, drink, and sleep, and so forth (see Nasr 1994). All these things are the formal aspects of the Islamic injunctions of the Shari'ah. However, this aspect will be meaningless or useless if it is independently applied without any attention to the inner aspect (the spirit or the essence) of the Shari'ah. The inner part is essentially the Muslim's faith in the unity of God and in his high consciousness to submit fully his or her obedience unto the will of God with the awareness that he or she is in God's proximity. In this position it is as if he or she sees God or God is always watching him or her; or in brief, the

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20 Nasr (1966) explicitly denotes Shari'ah as the outer dimension of Islam, while the inner and esoteric dimension is Tariqah, or Tasawwuf, Sufism, the spiritual path. Both Shari'ah and Tariqah, according to him, are two sides of a coin; he says,"[w]ithout participation in the Shari'ah the life of the Tariqah would be impossible and in fact the latter is interwoven in its practices and attitudes with the practices prescribed by the Shari'ah" (Nasr 1966, 121).
presence of God is always in the heart of the individual at any time and in any place (see Nasr 1994). Again, to emphasise, there is no separation of the two dimensions; they are two sides of the same coin. In the Sufi's symbolism it can be illustrated as "Islam is like a walnut of which the shell is like the Shari'ah, the kernel like the Tariqah [the inner dimension] and the oil which is invisible yet everywhere present, the Haqiqah"21 (Nasr 1994, 124).

Shari'ah, if we look at the process of its "formulation", is derived from the Qur'an, the Sunnah, Ijma', and Qiyas (Aghnides 1916; Doi 1984; Safi 1990; Nasr 1994). The Qur'an - the Holy Book - is the first primary source of the Shari'ah; it is the words of God divinely revealed through His Prophet, Muhammad (peace be upon him), which contains knowledge and guidance for all human beings. It is the rope of God by the holding of which individuals can achieve salvation as it manifests truth and light (nur) in showing the right path. It is also the remedy for all the spiritual illnesses of individuals as it is a constant reminder of and guidance for individuals choosing between truth and falsehood (Doi 1984). Since the Holy Book is the most important source of the Shari'ah, the interpretation of its becomes a very important aspect. It is said that a reliable Qur'anic interpretation would be made textually and contextually by, for example, relating a verse of the Qur'an with other verses and/or with Ahadist and/or the Sunnah,22 or connecting the verse with the causes and context of its revelation (asbab-ul-nuzul) (see Doi 1984).

The second primary source of the Shari'ah is the Sunnah. It is the way, customs and habits of life of the Prophet. For some scholars, the Sunnah is defined as the utterance of the Prophet, other than the Qur'an, or the Prophet's "personal acts and

21 Haqiqah is the Truth, the God, the source of both the Shari'ah and the Tariqah (see Nasr 1966, 122). In the illustration above, haqiqah is symbolised as the oil of the walnut which may mean the presence of God in the heart of a Muslim at any time and any place.

22 The word Ahadist is the plural of Hadist which means the sayings of the Prophet Muhammad, peace be upon him; while the Sunnah is the daily behaviour or actions of the Prophet.
acts or sayings of others tacitly approved by him" (Aghnides 1916, 36). The Sunnah, refers to the daily behaviour of the Prophet and is frequently distinguished from a Hadist (his sayings), even though some scholars have asserted that they are actually identical (Aghnides 1916, 36). Muslims believe that the Sunnah is the second primary source of the Shari’ah as signaled by the Qur’an,

ye have indeed in the Messenger of Allah [Muhammad, peace be upon him] a beautiful pattern (of conduct) for one whose hope is in Allah and the Final Day, and who engages much in the praise of Allah (33: 21),

and,

nor does he [Muhammad, peace be upon him] say (aught) of (his own) desire. It is no less than Inspiration sent down to him (53: 3-4).

The first verse is a clear indication that the behaviour or the conduct of the Prophet (the Sunnah) is the good and approved (by God) pattern that should be followed by Muslims; while the second one denotes that the sayings of the Prophet are not based on his own desire, rather it is the Inspiration sent down to him by God. Hence, not surprisingly, Muslims believe that it is also the source of conduct.

The third, or the first secondary, source of the Shari’ah is Ijma’. It is the consensus of the opinions of the companions of the Prophet and the agreement reached on the decisions taken by ulamas on various matters (Doi 1984, 64). Doi (1984, 64), in this respect, argues that fair and free consultation (shura) and the use of juristic reason (ijtihad) are the normal preliminaries of attaining a binding consensus (Ijma’). Ijma’, of course, should be based on the first two sources, that is, the Qur’an and the Sunnah; if the two are contradicted, the consensus will no longer be valid. The last or the second secondary source of the Shari’ah is Qiyas. It is an analogical deduction based on the first three sources, that is, the Qur’an, the Sunnah, and Ijma’ which is introduced as a legal principle "in order to derive at a logical conclusion of a certain
law on a certain issue that has to do with the welfare of the Muslims" Doi (1984, 70); or in other words, it is human reasoning which is utilised to compare an existing situation or issue with one for which legislation already exists (Nasr 1994).

The secondary sources of the Shari'ah, Ijma' and Qiyas, implicitly give us an understanding that the Shari'ah, especially mu'amalah (human worldly dealings), is not a rigid and fixed law, rather it continues "to grow in terms of both its methodology and the body of new rules formulated in response to the concerns of growing society" (Safi 1990, 184). However, this view may be contrast sharply with todays Muslims' mainstream view which holds unbendingly to the doctrine of the infallibility of Ijma'. According to them, Ijma' is defined as the agreement of the early community and employed to substantiate the fundamental doctrines of the faith (Safi 1990, 184). Jurists are discouraged from reexamining the decisions or judgements of the early community on which consensus has been reached. Any attempts to reexamine such consensus is regarded as useless and unnecessary (Safi 1990). Consequently, the function of ijtihad (the use of juristic reason) has absolutely ceased to be one of the functions of a jurist, and the principle of the ijtihad is gradually replaced by taqlid (imitation). The jurist, in this respect, is supposed "to master the official doctrine of his school and apply it to new situations" (Safi 1990, 185). And the ultimate consequence of this view is that the Shari'ah is cast into a rigid pattern.

For Safi (1990), the view has failed to differentiate the general and abstract ideals of the Shari'ah from the specific and concrete form of the doctrine. Safi argues that, it confused the ideals embodied in the Qur'an and the practice of the early Muslim community with the ideologies developed by jurists. In fact, this confusion did not occur at the early stages of the development of Shari'ah, but only at a later stage, after the four schools of law began to take shape during the third and fourth centuries [of Islam], ...(1990, 186).
In fact, it is argued that earlier jurists, including the founders of the four school, recognise "the difference between the ideal and doctrinal elements of law, for they did not hesitate to reject previous legal theories and doctrines, replacing them with others" (Safi 1990, 186). By so doing, Safi (1990, 186-7) further argues, "the connection between the ideal and existential was maintained and Shari'ah was thus flexible enough to respond to the concerns of a developing society." Evidently, this view is reasonable, since the positive rules and doctrines of the Shari'ah were formulated by fallible Muslims who were situated in specific historical moments; therefore, the Shari'ah is tentative in its nature (Safi 1990).

Since the Shari'ah is composed of the tenets of how a Muslim should conduct his or her life in accordance with the will of God, it classifies the position of actions in some classifications. In essence, the Shari'ah divides actions into five classes (Doi 1984, 50; Nasr 1994, 96), that is: a). compulsory (wajib) - this denotes the presence of a compulsory duty that must be done by a Muslim, the omission of which will be penalised, or in other words, he or she will gain rewards for doing it, but will bear sin for its omission; b). recommended or meritorious (mandub or mustahab) in which its omission will not bear any sins or punishments and the doing of it will give him or her rewards; c). indifferent (jaiz or mubah) - this is the action which is permitted by Shari'ah, but is legally indifferent; d). reprehensible (makruh) - an action under this class is disliked and disapproved by the Shari'ah but for which there is no penalty; e). forbidden (haram) under which an action is forbidden and is punishable. These signs, basically, are clear enough for a Muslim to guide his or her actions under the Shari'ah.

However, we would not say that actions are morally right or wrong "because [the] actions are right or wrong [in themselves] that they should be rewarded or punished", as claimed by Chryssides and Kaler (1993, 85). Rather we tend to remark that the actions will be morally right or wrong when they are done consciously and sincerely.
by a Muslim in accordance with the will of God which is expressed in the *Shari'ah*. Rewards and punishments, as we have mentioned before, are just the by-products of carrying out right and wrong actions.

Having understood the concept of morality (ethics), we can see distinctly that our concept is greatly different from others, such as the ethical concepts of utilitarianism, Kantianism (deontologism), and natural law. The concepts basically grasp that actions or the consequences of actions are ends in themselves, or in other words, they are non-teleological; while, in contrast, we view *teleologically* that the end of every action is only for seeking the pleasure of God. That is why an action should be done *consciously* and *sincerely* in harmony with the Divine Will, the *Shari'ah*.

In the practical world, especially in our study here of BPRBAS and BMI, we find that ethics, the *Shari'ah*, become the prime foundation for transacting business and economic dealings, even, if they are formalised by "installing" a *Shari'ah* Supervisory Board (SSB) in their organisational structure to ensure that their businesses and operations are always under the path of the *Shari'ah*. We realise that the presence of SSB is merely one alternative to ensuring that the *Shari'ah* is cautiously applied; however, the more importantly it should be accompanied by the presence of the *values* of the *Shari'ah* in the heart of every individual who is actively involved in those organisations, inasmuch as the moral values of the ethics lay on the high sincerity and consciousness of following the *Shari'ah*. Unlike the BPRBAS and BMI, BAZIS and LZI do not formally install any sort of board to guide their operations, rather they rely heavily on the knowledge, sincerity and consciousness of their individuals.

These facts are the clear indications that an individual acts towards things on the basis of the meanings that the things have (Blumer 1969). We see here that the thing is trust. Empirically, the individuals of both social and business organisations,
including their founders, metaphorise their organisations as a trust. Accordingly, the main goal of the organisations is not economic benefits as such, but rather it is a noble one, that is, "disseminating mercy to all." This goal is like a canopy under which the operational goals of the organisations are covered. Besides this, however, the attaining of the goals (the prime and the operative ones) is indeed not independent of the way of attaining them, rather it should be constantly based on a true and ethical way, that is, Shari'ah.

8. Summary

The meanings of a symbol or an object, from the perspective of symbolic interactionism, are one important factor of an individual's attempts to understanding his or her social reality, inasmuch as they are the basis for the individual taking action towards the symbol. The meanings of the symbols actually do not exist in the symbol itself, rather they are social creations constructed through social interaction amongst members of a society.

In organisational studies, the use of metaphor becomes a trendy means utilised to capture the meanings of complicated organisational reality. Metaphor, in essence, is a way of thinking and a way of seeing that pervades how we can understand our world generally. It is not a perfect means of seeing reality, since it is a somewhat one-sided abstraction of reality in the sense that it stresses certain features and deemphasises others. However, it is a simple way of understanding the very complex reality surrounding us.

There are many works on organisational studies. These include: 1). the work of Scott (1992) which basically discusses organisation theories involving various schools of thought, and attempts to identify and analyse the works of organisation theorists at lower levels, and to classify them into three perspectives, that is, organisation as rational system, as natural system, and as open system; 2). the work of Astley and
Van de Ven (1983), on the basis of two analytical dimensions (that is, the level of organisational analysis and the deterministic-voluntaristic assumption of human nature), classifies the schools of organisational thought into four basic perspectives: system-structural, strategic choice, natural selection, and collective-action views of organisation. Astley and Van de Ven (1983) express, this view in the organisational literature and try to integrate schools of thought at a metatheoretical level without necessarily omitting the authenticity of a distinctive viewpoint. In this way they attempt to overcome the problems associated with excessive theoretical compartmentalisation by focusing on the interplay between divergent theoretical perspective; 3). relatively similar to the work of Astley and Van de Ven (1983), Morgan (1980), based on the assumptions of the nature of science (subjective-objective dimension) and of the nature of society (regulation-radical change dimension), presents four paradigms, namely, functionalist, interpretive, radical structuralist, and radical structuralist. According to Morgan (1980), the metaphors, such as machine, organism, population ecology, cybernetic system, political system, theatre and culture, are based on the functionalist tradition; the text, language game, and accomplishment and enacted sense-making metaphors are based on the interpretive paradigm; the psychic prison metaphor is in the radical humanist paradigm; while the instrument of domination, schismatic and catastrophe metaphors are within the paradigm of radical structuralist.

In the empirical world, the dominant view of seeing organisations is the machine metaphor, that is, mechanical and bureaucratic thinking. The formation of BPRBAS and BMI, for example, may be viewed as the products of certain factories operating in such a way as to produce them, while the formation of BAZIS, even though it is not a product of a "factory", is indeed the result of mechanical and functional thinking utilised to solve the problem of society. All these three organisations are very formal in nature, not surprisingly, they are operated in a mechanical pattern. A little different to these three organisations, LZI is less formal in terms of both its
formation process and its daily operations. It looks like an "an easy going" organisation in the sense that there are governmental decrees directly controlling the organisation.

However, even though the dominant view is the machine metaphor, there is an important view which departs from the spiritual aspect of the individuals of the organisations; this is "trust." They view what they are doing as a trust which should be run in a certain way. Indeed, viewing an organisation as a trust has two major consequences, that is, looking at what is the real goal of the organisation, and how the goal should be attained.

The prime goal of any organisations in Islam is "disseminating mercy to all creatures." The goal is normatively derived from the Islamic faith and is the true mission of human life. It is, in its nature, transcendental because it is not limited to the worldly life of an individual, but also to the life after the worldly one. Even though it seems to be abstract, it can be translated into more practical (operative) goals, as long as they are still continually inspired by, and consequently consist of, the values of the prime goal.

In realising the mission, or attaining the prime and the operative goals in the context of organisation, it takes ethical conduct to ensure that the efforts of realising both the prime and operative goals are in the right path. The ethics are expressed in the form of Shari'ah. Composed of the Qur'an, the Sunnah, Ijma', and Qiyas, it is a comprehensive system of law and morality encompassing the whole field of human life. Based on the attribute of Justice, it serves Muslims as a set of criteria to enable them to clearly distinguish right (haq) from wrong (batil). By utilising the Shari'ah, not only does it bring an individual closer to God, but it also facilitates the development of a just society in which the individual may be able to realise his or her potential and whereby prosperity is ensured to all.
The *Shari'ah* in essence has outer and inner dimensions. The outer dimension comprises not only the universal moral principles of Islam, but also the details of, for instance, how an individual should behave in his or her life and how he or she should deal with other individuals, with God, with the environment, and how he or she should deals with others in economic transactions, political and social dealings, how he or she should perform his or her special acts of ritual worship. All these things are the *formal* aspects, or the *text* of, the Islamic injunctions of the *Shari'ah*. The inner dimension of the *Shari'ah* essentially denotes the Muslim's faith in the unity of God and his or her consciousness to submit fully his or her obedience unto the will of God. In this way, he or she is in God's proximity. In this position, he or she should act as if that God was always watching him or her. These two things are not separate one from another, rather they are two sides of the same coin. In short, *Shari'ah*, in the Muslim view, is ethical conduct the tenets of which lead a Muslim to express his or her mission in accordance with the will of God and at the same time make him or her closer to God.
CHAPTER EIGHT

TRUST (AMANAH) AND ZAKAT:
THE METAPHORISED ETHICAL REALITIES OF ACCOUNTING

[Accounting is a practice involving human agency. Accounting is a transformative practice that has the capacity to change things in the world. It can make a difference in what we choose to do. It can affect our lived experiences in very specific and particular ways (Francis 1990).

1. Introduction

Some accounting authors have commonly viewed accounting as a socially constructed activity (Mathews and Perera 1993, 35) and have realised it is not a finished and fixed product of a complicated social process, but is rather an ever-changing product depending upon its environment; "[o]ver time, all forms of accounting have changed, repeatedly becoming what they were not" (Hopwood 1983, 289) both in the context of organisation and of society at large. From an organisational perspective, accounting changes have traditionally been excited by the implications of organisational environments, technologies employed in the organisation, managerial tasks, and management structures (Hopwood 1983). Many studies have already addressed such fields (see, for instance, Sorge and Warner 1986; Johnson and Kaplan 1987; Hopwood 1990).

From the viewpoint of how accounting is shaped, many studies have argued that accounting indeed has been crafted by, for instance, culture (Mueller 1967; Violet 1983; Nobes 1984; Hofstede 1987; Schreuder 1987), political systems (Solomons 1978, 1983; Zeff 1978; Hines 1989b), economic systems (Bailey 1988), legal setting (Alkafaji 1983), and social settings (see Roslender 1992). Accounting is, according to Roslender (1992, 1), even being seen as a "social institution" similar to those of family, religion, work, education, art and literature, and science and technology, all of which have been studied extensively by sociologists. These not only craft
accounting practices but, more importantly, they also drive accounting thought and knowledge.

Having been crafted by its very complicated social environment, accounting does not continue to be passive all the time, but rather it continuously shapes its environment and constructs new realities (Davis et al 1982; Morgan 1988). In this regard, Morgan (1988), for example, elaborates that the application of financial controls can reshape the culture and general orientation of an organisation. He explains that the introduction of (accounting) systems in a hospital has given rise to the orientation of nursing staff towards an administrative rather than a patient-oriented focus. Even though the application of the systems in one respect has indeed created efficiency, in others it has been, as Morgan (1988) argued, less humane.

The changes are possible since every individual has self. Self has a powerful potential to create things (see Mead 1934; Blumer 1969; Charon 1979; Hewitt 1991). For Arrington and Francis (1993), for example, self (economic self) is understood not only as a productive self, but also as a communal self in the sense that an individual's economic choices and activities actually result from a continuous process of social interactions within which the individual lives. Since the life of an individual is not separate from social interaction, and is predicated upon the premise that the individual's potential is to create things or to construct his or her world, they argue that the question of morality or the good of productive activity becomes an essential and crucial matter, inasmuch as artifacts - the outcomes of the productive activity - "are candidates for questions about the good that they serve, about what they contribute to the human pursuit of the good life" (Arrington and Francis 1993, 109). In the same vein, Francis (1990) argues that accounting is essentially a moral practice, since it is grounded in moral discernment through which an accountant (self) "can transform the world, can influence the lived experience of others in ways which cause that experience to differ from what it would be in the absence of accounting, or
in the presence of an alternative kind of accounting” (Francis 1990, 7). Viewing such a notion, we can comprehend that the role of morality or ethics is very important in constructing and affecting reality.

Predicated upon the above illustration, in this chapter we are primarily concerned with, firstly, the discussion of discursive ethics in accounting which basically attempts to propose an alternative sort of ethics that hopefully can be implemented in or be suitable for a certain society; and secondly, the proposals of metaphorised ethical reality of accounting in the contexts of social (that is, zakat agency) and business organisations. The discussion will be looked at from the subjective and normative perspective of a Muslim; thus, in the discussion we will see that the metaphorised ethical-organisational reality of accounting is virtually the outcome of the logical consequence of adopting an organisation as a trust (amanah). The discussion in the chapter will be organised as follows: the next section will discuss the perception of accounting as a discursive practice, of how ethics may play a very important role in that discourse, and what sort of ethics may be suitably utilised for the accounting discourse in both social and business organisations. This section will be followed by another which attempts to argue that the organisational reality of accounting in social organisations should be based on the trust metaphor; the consequences of using the metaphor will also be discussed in this section. The last section suggests that the moral basis of accounting in business organisations should be predicated upon zakat, the taxation system of Islam which covers the material-spiritual, mundane-religious, individual-communal, and economic-social dimensions of self. The consequences of accepting zakat as the metaphorised ethical-organisational reality of the organisation will also be discussed in this section.

1 We have already discussed this point in Chapter Seven: Trust: Imagining and Reconstructing Organisation. It explains that an organisation, be it a social or business one, may be metaphorised as a trust. Thus, under such a metaphor, every action of the organisation must be based on ethical considerations.
2. Ethical Discourse of Accounting and Shari'ah as Ethics

Accounting, so to speak, may be simply imagined as water which flows as a stream from its spring to a lake. So long as the spring and the stream are free from pollution, any creatures in the lake and the stream will get benefits from the fresh and pure water. Conversely, if the spring is contaminated by toxic substances, the creatures utilising the water will consequently suffer disease. Analogously, when accounting is consciously constructed and applied in a right and good manner, all individuals and the environment will obtain positive benefits from it.

That is the reason why Francis (1990), for example, is concerned with an element of accounting discourse which is very crucial in developing accounting knowledge and accounting practices; the element is ethics (see also other works, such as, Cottell and Perlin 1990; Bowie and Freeman 1992; Riahi-Belkaoui 1992; Arrington and Francis 1993; Chua and Degeling 1993; Schweiker 1993). Accounting, for Francis (1990), is actually a moral and discursive practice, as it involves the human agency both in the sense of an accountant as the author of the accounting discourse and other individuals who are (in)directly affected by the discourse. The accountant as the author of the discourse, according to him, has chosen to say something about something to someone; in this way, he says, the accountant will be driven to acknowledge his or her own personal involvement, his or her own moral agency and rhetorical role in generating and creating, for instance, accounting reports. The accounting reports will then be consumed by others and this will inevitably shape or create reality as the reports become "resources in the ongoing construction and reconstruction of reality" (Morgan 1988, 482). Some evidence has supported the argument, for instance: a). the accounting systems in hospitals, as we have argued, have made the orientation of nursing staff less humane, as the work is administrative rather than patient-oriented; b). that accounting numbers are the important information for decision-making in, for example, appraising capital expenditures in new technologies for a corporation in terms of financial and economic viability. This, however, sometimes overlooks the
general social and human consequences, or the numbers can be utilised, for instance, to overcome the coal miners strike in 1984-85 in the U.K. (see Morgan 1988). In short, accounting numbers apparently transmit information that may drive its users to act in a certain direction. Thus, in our view, looking at and considering the process of generating numbers becomes the crucial method within which ethical considerations are regarded as correct.

According to Riahi-Belkaoui (1992, 30), the ethics which are implemented in the accounting field are deontological (non-consequentialism); it is a perspective of ethics which takes the view that

an action's or rule's consequences are not the only criteria for determining the morality of an action. Deontologists look to the features of the act itself, without regard to the consequences. They emphasize maxims, rules, principles (e.g., that promises must be kept). Morals, insist the deontologists, are based upon fundamental principles and not upon mere results (Cottell and Perlin 1990, 3; italics in the original).

This perspective is the opposite of utilitarianism (consequentialism) which looks to the consequences of acts as a way of justification, whether or not the acts are morally right or wrong. It attempts to maximise utility, that is, pleasure, or happiness, or right over harm (that is, evil or wrong) (Cottell and Perlin 1990, 3).

The concept of deontologism in accounting can be found in rules of accounting professionals, for example, the codes of ethics for management accountants and internal auditors which generally cover the responsibility of accountants as members of an association, the public interest, integrity to maintain and broaden public confidence, objectivity and independence, and the scope and nature of services rendered (Riahi-Belkaoui 1992, 30-2). Practically, however, translating ethics into codes of ethics meets difficulties since they are simply followed as rules without having any ethical or moral character (Riahi-Belkaoui 1992, 33).
Looking at this view, ethics indeed seems to be a rule enforced, and followed formally by, accountants. Not surprisingly, moral characteristics cannot then be formed (Riahi-Belkaoui 1992). Our first concern here is that ethics should not be regarded as a rule (positive law) per se, but rather as a characteristic of an individual inasmuch as, when ethics has become a moral characteristic. Accounting realities (symbols) can be ethically constructed and ultimately may influence or drive or even stimulate the appearance of ethical conduct. This is because there is a high consciousness within the heart of the moral individual (self) (see, for instance, Nasr 1994) who realises that symbols are not merely extrinsic rules outside of the individual, but rather they are a united part intrinsically amalgamated in the inner belief of the individual. Secondly, to attain the first point, we need to seek a sort of ethics which is not merely based on rationality like utilitarianism or deontologism, but is also based on religious faith. This is because, as al-Faruqi (1992, 42) argued, faith "is not merely an ethical category. Indeed, it is a cognitive category; that is to say, it has to do with knowledge, with the truthfulness of its propositions." What he means here is that faith is not something which is blindly imitated and is a basis for ethical conduct, rather it should also be practiced with knowledge. Thus, ethics which is based totally on the cognitive category (without any faith) is not real ethics, and so is one which is based merely on dogmatic faith (without any knowledge).

In the previous chapter we studied that ethics which can accommodate the two dimensions mentioned above is Shari‘ah, the ethics of Muslims. It is, of course, very different from the consequentialist perspective of utilitarianism, or even the non-consequentialist view of deontologism, since as a religious morality, it "might extend beyond a secular morality" and moreover "religion typically holds that there are dimensions of reality beyond the purely physical world" (Chryssides and Kaler 1993, 85). As we have perceived, the outer part of Shari‘ah is the divine law which is essentially composed of divine knowledge. It is the knowledge which is not limited by the sensible human world as is to modern knowledge (Bashir 1986a), and it is not
knowledge which is "reduced to a spatio-temporal complex limited to a single level of reality" (Nasr 1993, 15). Rather it is one which consists of faith (iman), light (nur) and guidance (huda) and, it is worthy of notice, it not only deals with intellectual and cognitive matters, but also integrates the spiritual and practical aspects of human concerns (Mohd. Nor Wan Daud 1989, 68). Thus, the Shari'ah will be tied firmly by its inner spiritual element, that is, belief, or the sincere consciousness of self, to the timeless and ubiquitous presence of God, the consciousness of which can only be reached in spiritual ways (see Nasr 1994). As a result, having true knowledge and integrating it into the inner spirituality of consciousness, moral or ethical character of self will be crafted and will be ready to transmit its values to society at large and to its environment.

We see here that the possession of such ethics or moral characteristics by an individual (self) is very important, because the individual lives in a complicated reality, or "lives and acts according to multiple tendencies within himself, some of which issue from animal desires, others from sentimental or rational or yet spiritual aspects of his being" (Nasr 1994, 97). Besides these inner aspects, the individual is also a part of his or her society which unavoidably will interact with other members of society. For this reason Shari'ah can be viewed and utilised as a means of guiding the daily life of the individual in his or her society and integrating that life into a spiritual centre or, in other words, it is "a network of injunctions and attitudes which govern all of human life and in their totality and all-embracing nature are able to integrate man and society according to the dominating principle of Islam itself, namely unity or tawhid" (Nasr 1994, 97). Not surprisingly, every action based upon the spirit of the Shari'ah will reflect a positive imprint upon the soul of the individual and upon society and the environment (Nasr 1994, 97; see also Abdalati 1975; Nasr 1993, 129-45).
3. Trust: The Metaphorised Ethical Reality of Accounting in Social Organisations

Still concerned with the ethics of Shari'ah, we have had a clear insight into when an individual has perceived and shaped him or herself with the values of those ethics. All of his or her actions, both the covert (thinking activity) and overt ones will be driven by those ethics since the ethics have become his or her characteristics. In our discussion here, we regard the covert action, that is, the thinking activity of constructing accounting knowledge as the outcome of the action which will generate symbols which in turn become the substantial resources for the ongoing process of (re)constructing reality (Morgan 1988; Triyuwono and Gaffikin 1994). In the same context, Morgan (1988) has also argued that accounting is eventually concerned with the problems of representation and the process of accounting for (see also Davis et al. 1982). This statement can be viewed from the perspective that accounting basically reflects realities that have been previously constructed or reshaped by their social milieu. Hence, to strengthen the insight, he then states that an accountant finally has to "represent complex multi-dimensional realities through metaphorical constructs that are always limited and incomplete" (Morgan 1988, 480).

For Morgan (1980; 1986; 1988; see also Alvesson 1993), the use of metaphor is apparently the means of understanding reality; he comments that "accounting theory has been shaped and formed by metaphorical interpretations that encourage accountants to construct and interpret the significance and merit of different accounting schemes from all kinds of vantage points" (Morgan 1988, 481). However, he also discerns that the reality observed through metaphors would never be completely grasped as he also realises that the view of Poggi (1965) is that "[a] way of seeing, is also a way of not seeing." Morgan (1988; see also Belkaoui 1987) says that some researchers, for instance, view accounting as history (Paton and Littleton 1940; Littleton 1953), as economics (Davis et al., 1982), as information (Prakash and Rappaport 1977; Snowball 1980), as a language (Belkaouei 1978, as rhetoric
(Arrington 1987), as politics (Burchell et al. 1980), as mythology (Boland 1982), as magic (Gambling 1977), as disciplined control (Burchell et al. 1980), as ideology (Merino and Neimark 1982; Tinker et al. 1982), and as domination and exploitation (Tinker 1985). As a result, these views have, of course, imbued diverse forms of either accounting thought or accounting practices with different appearances or constructed realities.

With regard to accounting in the context of a social organisation (in particular, a zakat agency), we immediately realise that accounting in that organisation is not the same as, or necessarily compared with, the "standardised" professional accounting in business organisations (Booth 1993). This is because the nature of a zakat agency itself is different from the commercial one and, as a result, accounting which is practiced in that organisation would of course be highly shaped by the features of the organisation (Hopwood 1983; 1987).

A zakat agency is the trust organisation whose operations primarily are collecting zis (zakat, infaq, and shadaqah) funds and distributing them to those who have the right to receive those funds in accordance with Shari'ah. Morally based on the Shari'ah, the prime interest of the agency is to escalate the economic and social (non-material) well-being of individuals, especially the poor and the needy, and at the same time to guide and heighten their consciousness of worshipping God. As a trust agency, which has no self-interest in gaining profits at all, the agency should manifest its own performance trustworthily either before the donors and the recipients of the funds, or before God.

Acting trustworthily is a form of self expression which undoubtedly has social and economic effects on human relations. Regardless of the perspectives or approaches utilised, many studies have addressed this aspect (see Andaleeb 1989). In the social context some argue that trust, as the moral characteristic of self, is socially good for
society (Bok 1978) is useful for sustaining stable social relations (Blau 1964) and consequently can cope with the uncertainty and vulnerability that may exist in such relationships (Heimer 1976). This also means that if it is destroyed, society will collapse and falter (Bok 1978). In the economic context, Macaulay (1963), for instance, argues that a great number of business transactions take place because of the presence of trust between two parties. While Schurr and Ozanne (1985) assert that "[v]arious marketing practices implicitly stimulate a buyer's beliefs about a seller's trustworthiness" brand names, trademarks, logos, seals of approval, and the like, for Schurr and Ozanne (1985), are symbols that promise certain sorts of expectancies, while guarantees more explicitly refer to trust. Whatever the studies argue, such instances are clear clues showing that trust, the one characteristic of self, has good effects on society.

However, it is important to notice what the trust actually is. Many authors have already conceptualised the concept of trust; however, as far as they are concerned, most of their analysis relates to the specific inner behavioural aspects of social, economic and psychological human life (see, for instance, Shea 1984; Rempel and Holmes 1986) the features of which are generally related to secular relationships amongst members of society. We have already noted that the concept of trust is not limited to such relationships, but goes further to the vertical one which is transcendentally and spiritually connected to the will of God. In addition, it is not merely the cognitive concept which is separately implanted within an individual's internal consciousness, but rather the amalgamated character of the individual consisting both of the knowledge as the outcome of his or her intellectual reasoning and religious consciousness as a part of his or her spiritual dimension. As well, it becomes the essential basis for the individual to manifest his or her moral actions, be they covert or overt ones, which then disseminate mercy for all creatures.
Turning back to our discussion about the *zakat* agency and recalling our perception of the organisation as a trust, we may think that a *zakat* agency is a social organisation which fully acts and operates on the basis of *Shari'ah*. In this respect, *Shari'ah*, like belief (Sproull 1981), ideology, and value (Beyer 1981), is the influential factor that may strongly shape the character of an organisation, such as the method of setting organisational goals, the way of attaining goals, leadership styles, actions, structures and processes, work design, and inputs and outputs. Not surprisingly, the organisation, then, operates fully on the basis of the values of *Shari'ah* which act as the soul of the organisation that lives and breathes the life of the organisation. Without soul, the organisation would be a dead body.

Having internalised the values, the organisation has self-awareness that its goal is only to disseminate mercy without any interest in gaining profits for itself. That means that the organisation apparently stresses its social or altruistic characteristics rather than its selfish features. This also implicitly means that the altruistic behaviour may create good in a society, because that behaviour is one which basically attempts to get pleasure by increasing the pleasure of someone else (Frohlich 1974). This characteristic is the imperative factor in supporting, according to Siddiqi (1991), the existence of the voluntary sector in the Muslim economic system. One of these is the *zakat* agency. Siddiqi (1991), in this respect, apparently views the sector as strongly driven by altruistic forces which are not confined merely to the supply of economic goods and services, but also to non-material and non-measurable needs, such as, psychological, aesthetic, and spiritual ones. In the context of social-economic justice, he goes on to argue that altruistic behaviour, which is actualised in terms of paying *zakat*, and endowing charity (*shadaqah* and *infaq*), and which exists in the voluntary sector, plays an important role in correcting, for instance, "the distortion effected by the working of a competitive system in the distribution of income and wealth, caused by disparities in the initial resource endowments as well as by the malfunctioning of the competitive system" (Siddiqi 1991, 11). Thus, viewing this argument we cannot
deny the role and the presence of altruistic behaviour in the voluntary sector in creating a good and balanced economic and social environment.

Based upon the above description, we may view the altruistic behaviour as the inner potential of, say, a zakat agency that transmits its forces so that the organisation may carry out its benevolent actions. The actions may be in the form of escalating profane and spiritual well-being of the individuals who are in need, such as assisting them in terms of economic welfare, educating and training them in knowledge and skill so that they may make efforts by themselves independently, educating and guiding them with special knowledge so that they may realise their real purpose of life, and other actions that may lead individuals towards their consciousness of the remembrance of God. Simultaneously, on the other hand, the organisation may attempt to encourage individuals who are in a good position in terms of economic welfare to participate in the programmes of the organisation by allocating and distributing their wealth to the organisation. As well, the organisation as a trust agency may bestow a certain insight on them that may lead them to a self-consciousness of their profane and religious duties. In short, the objective of the organisation is aimed at both poor and rich, or simply all individuals, in terms of profane and spiritual welfare; this is one form of the mercy (rahmat).

However, it is worth remembering that organisations do not necessarily act in altruistic ways, since their actions may be accompanied by selfishness. With regard to this, Siddiqi (1991, 8) clearly states that altruistic behaviour is a "part of human nature along with self-interest" (see also Masters 1978; Shariati 1981; Ba-Yunus 1991). So, the implication of this for the organisation is that it is possible for it to take some portion of its acquired economic resources for its own. However, it does not mean that the organisation gains profits for itself, rather it is undertaken for the sake of the organisation's "going-concern." This is realistic, since the organisation unavoidably needs resources for running its operations. That is why the Shari'ah
allows the organisation to utilise some parts of its resources to run its activities (see Abdullah 1991, 70).2

The question now is what should accounting do with all these? Burchell et al. (1980) argue that accounting scholars have seen accounting as a mirror of society or the organisation in which it is practiced (see also Davis et al. 1982; Morgan 1988). At the societal level, they argued, accounting may be seen as the reflection of the nature of society (see Gambling and Karim 1986); capitalist society, for instance, will reflect a capitalist mode of accounting, socialist society also will represent a socialist style of accounting (Bailey 1988, 1990). And at the organisational level, accounting undoubtedly reflects the reality that has been socially created by an organisation within which accounting is situated (see, for example, Hopwood 1983, 1987; Boyce 1984; Laughlin 1988; Booth 1993). Supporting this view, Morgan (1988) asserts that accounting is, in essence, concerned with matters of representation for complicated and multi-dimensional realities. Accordingly, symbols transmitted by accounting are the reflections of the realities represented and, more importantly, they become resources for the ongoing process of (re)constructing reality (Morgan 1988; see also Blumer 1969).

Having realised this cognisance, we implicitly comprehend two essential cores of the reflective issue, that is, the organisational (social) reality that would be reflected and the means that would be utilised to reflect the reality. For the moment in this chapter, we are concerned with the former.3 Reality, in our view, is social; it comes into being through perspectives and processes of social interaction (Charon 1979), originating from individuals' thoughts and actions (Berger and Luckmann 1966). As

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2 Of this, the Qur'an (9: 60) has clearly stated that "[a]lms are for the poor and the needy, and those employed to administer the (funds); for those whose hearts have been (recently) reconciled (to the Truth); for those in bondage and in debt; in the cause of Allah; and for the wayfarer; (thus is it) ordained by Allah, and Allah is full of knowledge and wisdom."

3 The latter, the means, will be discussed in the next chapter.
we have argued, this is because, every individual has an inner potential that drives him or her to act towards things or symbols (see Mead 1934; Blumer 1969; Charon 1979). We have also seen that the individual's character is shaped by his or her social environment through a process of socialisation (Berger and Luckmann 1966). When the individual has consciously internalised the values of, for example, Shari'ah, his or her way of thinking and acting would be intensely driven by those values. Hence, predicated upon this view, we can argue that the individual may create a role so that other individuals are affected by the symbols that he or she transmits. This is what we have empirically studied in previous chapters of how individuals externalised their inner potential and values which, in turn, created realities, that is, the emergence of social (BAZIS and LZI) and business organisations (BPRBAS and BMI).

Consistent with this view, we see organisational reality (that is, the reality that should be reflected by accounting) of a social organisation as a trust (amanah). It is the symbol, that is composed of ethical values, which is transmitted through accounting and which is supposed to be the basis for reshaping or constructing reality. The symbol should, as we have said, consist of ethical values - the Shari'ah. This is because the effects that will be reflected by the ethics are very influential, moreover, the individuals inside and outside of the organisation will always or inevitably be "engaged in a complex web of reality construction" (Morgan 1988, 482). When the symbol is unethically created, it is highly possible that the individuals would be trapped in an unethical or wicked reality which may, in turn, lead them to alienation (Cherns 1978) and less humane behaviour (Morgan 1988), or even destruction (Velasquez 1992). In contrast, if the symbol is consciously constructed based on, for instance, Shari'ate ethics, then, the organisational reality that would be reshaped or constructed would be one which is fully ethical and one that is supposed to escort the individuals to the cognisance of their fitrah (the real nature of human beings), that is, self-awareness relating to the purpose of their lives and responsibility before God.
There are four main features of trusts (as an organisational reality) that should be mirrored and accounted for by accounting. First, the goal of the organisation. As we seen earlier, the goal is to disseminate mercy (Mas'udi 1991) which may be translated by the organisation as escalating the wealth of those who are poor and in need in terms of social-economic and spiritual-material life, on one hand, and, on the other, encouraging those who are wealthy to participate in the first part of the goal by conveying religious insights that may lighten their self-consciousness about their profane and spiritual duties. In accord with the goals, altruism might be regarded as the second feature that may be reflected by, and thus may possibly craft, accounting. Altruism, which is also accompanied by egoism, will greatly shape and drive the nature of the organisation. With this characteristic, the organisation manifests itself as a social agency which is concerned with the interest or the welfare of others (Haltiwanger and Waldman 1993) by, for instance, transferring both economic (Becker 1976; Siddiqi 1991) and non-material (Siddiqi 1991) wealth to those who live in the lower economic class without any interest in gaining profits. Obviously, the (operative) goals, which are continuously undertaken in the form of worshipping God (Asad 1976), and the organisational emphasis on altruism will differentiate the organisation from the commercial one which mainly seeks profits for itself. Hence accounting, in this respect, will accordingly reflect that nature which conveys typical accounting as it settles to that environment (Hopwood 1983, 1987). The work of Boyce (1984) concerning accounting in churches clearly evidences this argument. We can see typical environment, treatment and system in, for example, accounting systems, accounting records, internal control and financial statements (see also Laughlin 1988; Booth 1993).

Thirdly, since the organisation has been entrusted to attain its goal(s), it should be accountable for what has been entrusted to it, such as resources and the attainment of its goals. In regard to this, the question is to whom should the organisation be accountable? In the context of corporations, Benston (1982) has argued that a
corporation is seen to be accountable to three major groups surrounding it: shareholders, stakeholders and society at large. This view, which is apparently inspired by utilitarianists like Jeremy Bentham who view the system of bookkeeping as "an indispensable security for the due discharge of the several obligations, which the direction of the company...will have ...to the various parties interested-vis the paupers ...the rateable parishioners ... the stock-holders ... government -and the public at large" (Bentham 1797, 99-100), is the better view, since it does not regard accountability exclusively of shareholders, rather it refers to a broader one, that is, of stakeholders and society at large.

Where an organisation is social (not profit-oriented) and independent (not the affiliation of other organisations), of course, the recipients of accountability will be a little different from those of a business organisation. The organisation, in our case here, does not belong to a certain limited group as happens to business organisations, rather in essence it belongs to ummat (society); consequently, the recipient of the accountability is society. However, we have to remember that there are some individuals who have an informal and possibly non-permanent relationship\(^4\) with the organisation and who have a right to receive the accountability of the organisation, since they are the individuals who contribute the financial resources (zakat, infaq, and shadaqah funds) to the organisation. Thus, viewing this, we can argue that accountability, which may be in the form of giving reports of financial results and position (Benston 1982), can be dedicated to the contributors of the financial resources and also to society at large.

Lastly, it is worth noticing that the most important recipient of accountability is God. It means that the organisation, in terms of all its operations, of setting its goals and attaining those goals, should be fully based on ethical values - the Shari'ah. When

\(^4\) They are the fund contributors to the organisation, but they are not the owners ("shareholders") of the organisation. Because they must not be formally tied and may not regularly contribute their zakat, infaq, and shadaqah to the organisation, they may donate their funds to other similar organisations instead.
these ethics are consciously and morally applied, the rights of others, that is, other
individuals and the environment, are fulfilled, and the obligation to God, the Trust
Giver, is actualised. This is so, firstly, since the Shari’ah in itself is just; it is the
expression of God’s will and justice (Khadduri 1984; Safi 1990); God knows
everything in heaven and on earth, and everything between them. Thus, His law is
reliable, comprehensive, and universal (see Qutb 1980, 161-72) without any
inclination to be unjust. Not surprisingly, the Shari’ah can guarantee "total harmony
between human life and the law of the universe..." (Qutb 1980, 166), and between
individual life and God (Qutb 1980; Safi 1990). Secondly, Shari’ah, in the life of a
Muslim, is not an end in itself; rather it is knowledge which enters into the inner
belief of the Muslim and amalgamates with his or her sacred spirit, and then forms his
or her personality, the characteristic of which is moral. The individual continually
feels the presence of God in his or her life (see Nasr 1994).

All these four ethical features of trust should be represented by accounting, the
information presented or the symbols manufactured, all of which will be the resources
for ongoing reality construction.

4. Zakat: The Metaphorised Ethical Reality of Accounting
   in Business Organisations

Like social organisations, business organisations also need to establish an ethical
organisational reality which is required to be reflected by accounting. The reality is
surely that which absorbs or symbolises the ethical values of Shari’ah and
accommodates the nature of the business organisation which is inclined to be a profit-
seeker. Looking at this, we may propound zakat as the reality which is required by,
and also the "trademark" of, the organisation. We notice zakat as the imperative
reality or brand, since, first, according to Saud (1989), it is "the essence of Islamic
economic philosophy and the frame of its functional system." For Saud (1989),
zakat, in the sense of Islamic economic philosophy, demonstrates that God is the
Original Owner of all wealth. Thus, He, in this capacity, imposes tax on the wealth of individuals as His servants. From another viewpoint, this means that individuals never have an absolute ownership right to their wealth (see, for example, Musleh-ud-din 1980; Siddiqi 1982; Maududi 1984); some parts of their rights are the rights of others. With regard to the second aspect, the frame of the functional system, Saud (1989) argues that zakat implies that everything in the world, such as material wealth, depreciates. He then opines that the economic system of Islam is based on these two principles, that is, the Absolute Ownership of God and depreciation.

Secondly, by deriving from a higher organisational goal, that is, disseminating mercy, we may evince that (paying) zakat is the operative goal of the organisation. This goal implies that the organisation is encouraged to gain profits and simultaneously to pay zakat. This means the organisation is only able to pay zakat when it possesses wealth, for example, by gaining profits. This is the reason why zakat is levied on wealth (Abdel-Magid 1981; Ahmad 1988), that is, net working capital and also net profit (Alam 1991). With regard to this, there is an implicit meaning which is that the organisation has to manifest its inner egoistic and altruistic potential to attain the goal; the egoistic characteristic is useful for the organisation in making profits, while the altruistic one is for easing the payment of zakat - the symbol which is concerned with the needs of others (Mannan 1989). Gaining profits, the basic feature of a company, is allowed by Shari'ah so long as it is not the end in itself (Saud 1989; Alam 1991). If it is not so, it (gaining profits as such) will "encourage people to sacrifice almost everything because of the fear of failure and using any means possible to win the game" (Alam 1991). This may mean that maximising profit, which is driven by selfishness, justifies the means, by neglecting the needs of others and giving rise to moral abuses; when this happens, the harmonious presence of selfishness and altruism is crucially needed. Shari'ah stimulates the actualisation of altruistic behaviour, for instance, by imposing zakat on the profits or wealth gained by the company.
Thirdly, zakat, as we have discussed, is double-sided; it does not only impinge on the egoistic drive, but also on the altruistic one. Following a similar pattern, Saud (1988) asserts that zakat, which is the third of the five articles of faith of Islam (Maududi 1984), is not merely a philosophical doctrine which should be applied to economic systems, but is also a sort of ritual worship. This means that Shari'ah never differentiates between the acts of worldly dealings and of worship. If we look at the Islamic concept of worship, we can see that this claim is reasonable, as worship in Islam "is not confined to specific prayers and litanies which are to be performed on particular occasions. Rather, Islam considers every virtuous action which has been sincerely performed and with the view to carry out the commandments of God and in order to seek His Pleasure, [as] an act of worship for which man will be rewarded" (al-Zarqa 1976, 111; italics added). Thus, accepting zakat as an act of worship indicates that there is a strong commitment to adhere to the will of God as ordered in Shari'ah and implies the existence of carrying out material and spiritual purification (Maududi 1984; Ahmad 1988); consequently, it may harmonise the two opposed characteristics, that is, the egoistic drive and the altruistic one (Ahmad 1988). As a ritual act of worship, zakat also has implications in that to acquire, allocate, and spend economic wealth should be done in a pure way, that is, in accordance with the Shari'ate ethics; without those ethics, the acts would not be accepted as acts of worship. The other important view of zakat as both a philosophical doctrine of economic systems and an act of worship is that there is a balance and harmony between the spiritual and economic (material) needs which, according to Ahmad (1988, 307) will lead to virtuous behaviour, such as overcoming the tendency to amass wealth out of selfish motives, encouraging an individual to spend his or her wealth in the way of God, helping poor and needy in society and persuading the individual to engage in lawful economic transactions for spiritual and material purification.
Fourthly, as we have mentioned previously, to be able to pay zakat, the company should be able to gain wealth. This means that for producing wealth the company may freely do various sorts of business, banking, trading, leasing, insurance, transportation, information services, and so forth, as long as they are in accordance with the Shari'ah. The wealth gained from the business is subject to zakat which may be paid by the company on behalf of its owners (shareholders). This means that the company should be accountable not only for the business that has been run, but also for the payment of zakat as the organisational "goal" instead of maximising profit. However, it is worth noticing that the accountability should also be addressed to wider parties (besides the shareholders of the company), such as stakeholders and society at large (see Benston 1982), inasmuch as the company is not an isolated organisation, but is a social one which needs to socially interact with others. Shareholders, stakeholders and society, in this regard, are greatly concerned with whether or not the company has complied with the Shari'ah as the basic code of running the business because, when the company violates the Shari'ah, they may think that their rights will be transgressed as well.

Hence, in this respect we can see the importance of the auditor's role in Muslim society. According to Khan (1985), the auditor's concern is not confined merely to the assurance of whether or not the financial accounts of the company are true and correct, but goes beyond such matters; for example, the auditor needs to know whether or not the financial resources invested in the company have been managed in efficient and effective ways, the extent to which the company adheres to the concept of Ihsan (the values of which are honesty, sacrifice, cooperation, patience, thanksgiving, trust, spending, joining of kinship ties, and so forth), the assurance that zakat has been calculated in a correct way and paid into a zakat agency or spent properly on the recipients of zakat as stated by Shari’ah, and, more importantly, the

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5 Some Islamic jurists have decided that a company has to pay its zakat annually on behalf of its owners (see the Fatwa of Shari’ah Supervisory Board of BMI No. 07/FAT-DPS/VI/93.)
assurance that the company complies with the *Shari'ah*. Following a similar stance, Karim (1990b) obviously supports this view; he asserts that auditors who conduct financial audits for Islamic enterprises "should be familiar with the various religious rulings which have a bearing on the financial matters of the [enterprises]." This argument lead us to the understanding that adherence to the *Shari'ah* as the conduct for running any business is the only ethical way for Muslims to run their companies; this is exactly the form of accountability to God which, of course, is totally different from other concepts of (corporate) accountability (see, for example, Benston 1982; Schreuder and Ramanathan 1984; Goddard and Powell 1994; Mouck 1994).

Having elaborated the features of the *zakat*, we can comprehend distinctly that *zakat*, as the metaphorised ethical reality for business organisations is composed of both "physical" and "metaphysical" elements. The former refers to the economic dealings of the organisation which are actualised in the form of wealth attainment, as well as the social ones, while the metaphysical element implies the existence of the inner spirit of the *zakat* which by all accounts drives the operation of the physical element. Interestingly, accounting in this respect should reflect all these things. When accounting reflects the reality, there will be information and symbols that may vary with accounting practices in contemporary business organisations.

5. Summary

Accounting is an ever-changing product; it may be influenced by organisational environments, technologies employed in the organisation, managerial tasks, and management structures, or by a broader environment such as culture, politics, economics, legal systems, and social settings. Accounting also influences the drive and creation of (new) reality which may be in the form of influencing the behaviour of individuals or the development of accounting thought and knowledge.
The prime cause of accounting changes, according to a symbolic interactionist’s view, is self. The self has the potential to create and reshape reality. Since the created and reshaped realities become the sources for further reality construction which, of course, will affect the behaviour of individuals, some argue that morality or ethics is the crucial matter which is required to equip the self, so that the reality which is created or reshaped by the self will have a good effect.

It is argued that the code of ethics which is generally utilised in the accounting field (profession) is deontologism; it is the code of ethics which is based upon fundamental principles such as maxims, rules and principles, and not merely the results of actions as happens in utilitarianism. The code of ethics, unfortunately, is not moulded in the character of an individual, so it seems to be enforced only as rules to be obeyed by every one. Another sort of ethics is proposed; it is Shari'ah which consists of not only rational cognitive (knowledge), but also religious faith within which the consciousness of an individual is implanted.

Based on the values of the Shari'ah, it is proposed that the metaphorised reality in a social organisation which should be reflected by accounting is "trust" (amanah). Thus accounting, in this respect, should reflect and account for four underlying features of the trust. First, the goal of the organisation, that is, disseminating mercy (rahmat). The goal can be clearly seen in the nature of the organisation’s operations which essentially emphasise the efforts of, on the one hand, escalating the wealth of the poor and the needy in terms of social-economic and spiritual-material life, and on the other hand, of encouraging those who are wealthy to participate in the first part of the goal by conveying religious insights that may lighten the self-consciousness about their profane and spiritual duties. Secondly, in accordance with the goals, altruism is the other feature that may be reflected by accounting. Altruism, which is also accompanied by egoism, greatly influences the nature of the organisation. With this characteristic, the organisation manifests itself as a social agency which is greatly
concerned with the interest or welfare of others, for instance, by transferring both economic and non-material wealth to those who live in the lower economic class without any interest in gaining profits. Thirdly, accounting should reflect accountability which is addressed to zis funds contributors, society at large and, the most importantly, to God. This means, lastly, when the accountability to God is fulfilled, accountability to others, (that is, the funds contributors and society at large) is automatically also fulfilled, since, the accountability to God is, in essence, the adherence to the will or rule of God.

As with social organisations, a company also needs to construct a metaphorised ethical reality which will then be reflected by accounting. It is proposed in this study that the metaphorised reality is zakat. Based on this reality, accounting should reflect, firstly, that zakat in essence is Islamic economic philosophy and the frame for its functional system. This implies that God is the Original Owner of all wealth; thus, He, in this capacity, imposes tax on the wealth of individuals as His servants. This means that individuals never have an absolute ownership right to their wealth; some parts are the rights of others. In the second view, the frame of functional systems, zakat implies that everything in the world, such as all material wealth, depreciates, which means also that some parts of that wealth should be allocated as zakat fund. Secondly, to be able to pay zakat, the company should create wealth which may be gained through its business. This means that the company has to manifest its inner egoistic and altruistic potential to attain that wealth; the egoistic character is useful for the organisation in making profits, while the altruistic one is for easing the ability to pay zakat - the symbol which is concerned with the needs of others. Thirdly, zakat should not be viewed as a matter of profane dealings as such, rather it is also an act of worship. Thus, fourthly, zakat by all accounts should be based on Shari’ah which means that the company should address its accountability not only to its shareholders, but also to its stakeholders, to society, and to God.
CHAPTER NINE

SHARI'ATE ACCOUNTING:
AN ETHICAL CONSTRUCTION OF ACCOUNTING KNOWLEDGE

Islamic methodology of knowledge ... must not be viewed as a negation of Western legacy of learning. Rather it ought to be viewed as a much more broad and comprehensive methodology in which the materialistic methodology of empirical certification is merely a part (Bashir 1986b).

1. Introduction

Ethics has recently become an interesting topic in the accounting arena (see, for example, Francis 1990; Alam 1991; Gambling and Karim 1991; Chua and Degeling 1993; Schweiker 1993). The authors, in essence, argue that ethics should be cohesively implanted in accounting practices, because ethics clearly signal and distinguish right from wrong, good from bad, and justice from injustice; thus, the importance of its presence in accounting is primarily in its real effects on the life of individuals in society. It was argued by Chua and Degeling (1993, 292) that "[accounting's] rules not only influence how numbers are recorded in books of account but they help to change the ways in which people see, think, talk and relate to others" (see also Morgan 1988). Taking the same position, Francis (1990, 7) articulates that "[a]ccounting ... is a practice grounded in moral discernment." This means that the involvement of a moral agent, that is, the accountant, is crucial to the extent that he or she, through accounting, "can influence the lived experience of others in ways which cause that experience to differ from what it would be in the absence of accounting, or in the presence of an alternative kind of accounting" (Francis 1990, 7).

From another point of view, Dillard (1991) argues that accounting is a "technology." However, what he means by technology is not the one which is commonly used and interpreted in a functionalist view, rather
... it is a technology that is not ideologically sterile. The "axioms, laws, etc." are not based on observed phenomenon, as purportedly is the case in the physical sciences, but emanate from the social sphere. For accounting, in spite of its apparent objectivity, there are no "physical absolutes" upon which to base, and verify, the technology. The framework is a social construction. The technology is framed by ideology. The interpretation of events, and even the specification of what constitutes an event, are functions of the socio-political point of view (Dillard 1991, 9).

The point of the statement is that accounting is not value-free; it is a social construction which develops and changes in the social sphere. Or in other words, the appearance of accounting is greatly influenced by the values in which it socially grows and is practiced.

From this statement, we can see two implicit value-based elements that shape the appearance of accounting, that is, the reality that would be reflected and accounted for (Davis et al. 1982; Morgan 1988; Dillard 1991), and the means that would be utilised to mirror the reality. Our perception of reality, as illustrated by Dillard (1991, 9), is like gazing into a mirror; the reality that we can capture is "what is reflected back to us." And, of course, the appearance of the reflected reality depends upon the surface of the mirror; because, as he argued, "[d]ifferent surfaces (ideological frames [values]) reflect a different reality (Dillard 1991, 9; italics added)." Dillard (1991) goes on to argue that the output from accounting, which is determined by societal values, is projected onto the mirrors (also framed by the values) and its distortions are interpreted as "objective" representations of the realities or phenomena; the interpretations then become the resources for (re)shaping the realities, that is, both the mirror (the accounting) and the reality that would be reflected by accounting (Morgan 1988).

We see here that accounting (knowledge) is one of the important means of reflecting reality in that different surfaces (values) will reflect different realities. And we have to remember as well in this context that when reality has been perceived as ethically conceptualised and constructed, then it should be reflected by an appropriate means,
that is, accounting which is also conceptualised and constructed based on ethical values. If it is not, accounting will reflect reality in other forms of appearance. Predicated upon this view, this study in essence attempts to elaborate critically the ethical construction of accounting knowledge by sharing Shari'ate (Islamic) ideas on self's perception of ethics, human nature (self) and society, and the ontology and epistemology of knowledge.

2. Self's Perception of Ethics

We have already studied in chapter two that self is the important element of the dynamic pattern of an individual (Mead 1934). Self is not a static being, rather it is always a dynamic one (Blumer 1969) which constantly experiences complicated social interactions which produces certain characteristics. Having experienced the interaction, the self may internalise social values that exist in a society, and may or may not accept those values. When, for instance, an individual has internalised and accepted mainstream values of a society, then he or she will actualise his or her covert (thinking) and overt action based on the perspective of those values. Some accountants or accounting researchers, for example, have constructed, shaped, and applied accounting (knowledge) based on the values and perceptions that individuals and firms possess a single goal of utility-maximisation (Chua 1986); while other accountants or researchers may take such actions based on their feelings that have a responsibility or a duty to maintain or create harmony in life (see, for example, Cottell and Perlin 1990; Riahi-Belkaoui 1992).

Obviously, values are the departing point from which the individuals act. By virtue of this, the individual may take action based on the values that he or she perceives and believes in. The action that has been brought forth is real in its consequences and it may become reality in the shadow of those values. Hence, looking at this, different values may reflect and create different realities. By values we mean no more than ethics; it is the basis of right-wrong or good-wicked considerations for the individual
before embarking on a course of action. The ethics may be grounded in the view that: (a) "an agent has a choice between courses of action (or inaction) the right act is that which will produce the most happiness [utility], not just for the agent himself but for all who are in any way affected" (Mackie 1977, 125), that is, utilitarianism; or (b) in the sense that an ethical system is not built round "the notion of some goal that is to be attained but rather round the notions of rules or principles of action or duties or rights or virtues, or some combination of these" (Mackie 1977, 149), that is, a deontological system; or (c) it is based on religion. In the accounting arena, and in particular the accounting profession, deontologism is commonly utilised as the basis for setting the professional code of ethics (Cottell and Perlin 1990, 29; Riahi-Belkaoui 1992, 30), while accounting knowledge, especially mainstream accounting both in the sense of accounting research and theory building in general, makes use of utilitarianism, as identified by Chua (1986).

However, it is possible that accounting is not shaped by the values based on utilitarianism and deontologism, but is inspired by Shari'ate ethics, the Islamic ethics. With regard to this, Bin Ashari and Bin Mohamed (1989), Alam (1991), Gambling and Karim (1991), Hamid et al. (1993), Baydoun and Willett (1994), for instance, have attempted to blend ethics with their works. This is so since individuals have internalised Shari'ate values and, with their own intentions or objectives, have attempted to externalise the values in the form of developing accounting thought. In the Islamic world, some other contemporary disciplines, such as anthropology, art and architecture, economics, history, law, linguistics, philosophy of science, psychology, sociology, and so forth (see IIIT 1988; 1989), are also inspired by Shari'a. Interestingly, in the context of economics Arif (1985) asserts that Islamic economics is constructed and shaped on the values of Shari'a; he even states that the Islamic economics is built based on the Shari'a paradigm. In a Muslim society, according to Arif, a representative economic agent of the Islamic economic system is the Muslim man or woman, not the economic man or woman as perceived by
capitalism. A Muslim has the perception that his or her purpose in life is to achieve falah, namely, the attainment of the pleasure of God, while the economic individual perceives him or herself as having a limited perspective of life which confines him or her merely to the maximisation of utility; thus, rationality and the criteria of success are based on this measure. In contrast, the criterion for success for a Muslim is following and adhering to the Shari'ah to achieve the falah. If, for instance, the Shari'ah asks the Muslim to be moderate, his or her Islamic rationality will drive him or her to be moderate and not to be selfish (see Arif 1985). Predicated upon this philosophic notion about the essential nature of a Muslim, Arif (1985) articulates that the Shari'ah paradigm is the beginning of a scientific revolution in Islamic economics which stands apart from the previous paradigms of Mercantilist, Physiocrats, Classical, Neo-classical, Marxian, Keynesian, and the Neo-classical counter revolution.

This illustration convinces us that an individual, because of his or her self, is always in a dynamic pattern stimulating any changes the character of which is greatly driven by the values of "ideology" that have been perceived and internalised through thoughts, actions and social interactions with which he or she lives.

3. Shari'ate View of the Nature of Human (Self) and Society, and Their Interrelationship

Burrell and Morgan (1979), in their set of assumptions concerning human nature, point out that social scientists view human beings in two extreme natures, that is, voluntarism and determinism. The former refers to the view that the nature of an individual is completely autonomous and free-willed, while the latter denotes a contrasting vision which sees an individual and all his or her activities as being definitely determined by the situations in which he or she lives. This set of assumptions is, among others, the factor that reflects a certain perspective of social sciences. When an individual, for example, perceives him or herself as a passive
agent who is unable to create his or her own social world, he or she will see it objectively as a concrete structure, as if the social world has been constructed and he or she enters and lives within it. This view results in the epistemology of positivism which stresses the empirical analysis of concrete relationships in the external social world (Morgan and Smircich 1980). Under this view, hypothetico-deductive accounts of scientific explanations, and quantitative methods of data collection and analysis to generalise theory are accepted (Chua 1986), while the perception of the active agent generates social sciences which characterise the use of historic and ethnographic research, case studies and participation observation to attain scientific, temporal, and contextual explanations of human intention (Chua 1986), and of social reality.

Viewing the importance of the perception of human nature, we would like to view the Islamic insight of it. With regard to this issue, Shari'ati (1979) argues that human beings are not only the viceregents of God (the Qur'an 2: 30; 35: 39), but are also the keepers of God's trust (the Qur'an 33: 72). With regard to the trust, the Qur'an 33: 72, has clearly pronounced that human beings undertake the trust that has been previously offered to the heavens, earth and mountains, but they refuse it. In all conscience, the trust, as interpreted by Shari'ati (1979) and Ali (1989), is "free will." Ali (1989) in this respect elaborates that free will is only possessed by human beings; the heavens and the universe do not have any (free) will of their own; they obey the will of God absolutely. In a more expressive illustration, Shari'ati clarifies this by stating:

[man] is the only being able to act counter to his own instinctual nature, something no animal or plant can do. For example, you will never encounter an animal voluntarily engaging in a two-day fast, or a plant committing suicide out of grief. Plants and animals can neither render great services nor commit treachery. It is not possible for them to act in a way different from that in which they have been created. It is only man who can rebel against the way in which he was created, who can defy even his spiritual or bodily needs, and act against the dictates of goodness and virtue. He can act either in accordance with his intelligence or in opposition to it. He is free to be good or to be evil, to resemble mud or to resemble God. Will is, then, the greatest property of man, and the affinity between God and man is apparent from this fact (1979, 76).
Of course, the degree of free will is not absolute, since absolute freedom belongs to God only (Nasr 1994). However, when the individual has actualised his or her free will - to be good or to be evil, to resemble mud or to resemble God, he or she must be responsible for his or her choice (al-Faruqi 1992).

For al-Faruqi (1992, 101), responsibility is an implication of faith (tawhid, the belief in the oneness of God) for society. According to him, every individual carries his or her own burden in full consciousness which also means that it is the consequence of accepting the trust which is entrusted by God to the individual. Responsibility, within which its values are implanted in the inner consciousness of, and experienced by, the individual, is apparently "the essence of morality [ethics], for wherever it is absent, no deed can have moral value, and the higher, greater part of the divine will will not be realized" (al-Faruqi 1992, 101); whereas, the mission of Muslim society, the ummat, is to realise the Divine Will (al-Faruqi 1992, 91). So important is morality for Muslim society, that al Faruqi (1992, 94) even asserts that "no society can continue to exist, or survive in the long run, without morality."

Predicated upon responsibility and morality, an active and free-willed Muslim through social interactions with other members of the ummat expresses his or her values of faith and knowledge for the attainment of falah by realising the will of God. Virtuous actions, which depart from true faith and knowledge, are the real actualisation of God's will as expressed by these Qur'anic verses,

Let there arise out of you a band of people inviting to all that is good, enjoining what is right, and forbidding what is wrong; they are the ones to attain felicity (3: 104).

Ye are the best of peoples, evolved for mankind, enjoining what is right, forbidding what is wrong, and believing in Allah (3: 110).

The verses clearly indicate that the virtuous actions themselves are the will of God. However, the actions are not a matter of good actions per se, rather they may be
carried out by anyone, which indicate that Islam is a non-sectarian, non-racial, non-doctrinal, and universal religion (Ali 1989, 155), and is based on Islamic ethics which are expressed in the phrase of "believing in Allah."

By utilising freedom and intelligence, the acts of doing virtuous actions (which are based on Islamic ethics) indeed have a definite consequence or destination in that the doers and their society will attain felicity both in worldly life and hereafter (see Ali 1989; Nasr 1994). Freedom itself, which is manifested in the character of an individual as an active agent, is the will of God, as expressed in the Qur'an 13: 11,

Verily never will Allah change the condition of a people until they change it themselves (with their own souls).

This implies that, firstly, an individual is requested to be an autonomous and active agent who all at once is bound by his or her responsibility in the form of applying and adhering to codes of ethics, say, the Shari'ah; secondly, changes can only be made through knowledge. This means that the active agent has full consciousness in continuously searching for the basic laws of God, and predicated upon this, he or she may "translate" the laws into practical forms or construct social order based upon the laws and then consciously obey the laws that have been constructed; or in other words, the individual lets the laws of God to determine his or her life; thirdly, the changes are constantly undertaken towards attaining a better condition, that is, the one which leads all members of society to the consciousness of attaining *falah* (Ali 1989, 154; al-Faruqi 1992, 109). Even though the changes may be made real and concrete, in terms of structure or social order (al-Faruqi 1992, 93-4) they do not necessarily alienate or enslave society and its members as the purpose of the changes itself is to emancipate individuals from "worshipping" other individuals, organisations, and social structure towards worshipping God alone. This is in all conscience the implication of faith in the oneness of God (*tawhid*) (see al-Faruqi 1992). Of course, this insight is distinctly different from the Marxian critical theory which is also
concerned with emancipation, but departs from the materialistic view (see Burrell and Morgan 1979), the non-teleological and non-transcendental one, in the sense that the theory is limited only to the worldly affairs. Fourthly, conflict may be found in Muslim society, but it is not the expected reality (Ali 1989, 154, 1341), and so is a stable condition (*status quo*). This is so, because the members of Muslim society, as argued by Madjid (1987, 143) must continuously make an effort to develop and increase religious appreciation through making explorations which will enrich their experiences and strengthen their faith (see also Abdalati 1975; al-Faruqi 1992).

Thus, based on the above illustration, we have a clear insight into the fact that human beings are, in essence, autonomous agents, but at the same time are determined agents, in the sense that they are tied by their responsibility to abide by the codes of ethics. Therefore, it seems to us that the presence of both voluntarism and determinism is complementary (depending upon its context). It is not a dichotomy or something that is mutually exclusive. This characteristic is similar to the altruistic and egoistic characteristics of an individual; the existence of both is complementary (see Ba-Yunus 1991). And the existence of the nature of society, namely the "regulation" and "radical change," as identified by social scientists, seems to be mutually inclusive in the view of *Shari'ah*. Muslim society is regulated by *Shari'ah*, therefore, society, as argued by al-Faruqi,

is ruled neither by its rules, nor by its people, the ruled. Both of them are under the law. The ruler is a mere executor of the law. The rules ... are instruments of instantiation of the law. The *ummah* [the Muslim society] is not a legislative assembly; it does not make the law. Nor is the law an expression of the general will of the people. The law is divine. It comes from God (1992, 92).

In applying the *Shari'ah*, it is possible to make a concrete social structure which is based on the *Shari'ah*, but is utilised by changing the condition of Muslim society towards the real worshippers of God. As well, predicated upon the aim of society,
the attainment of falah, the construction of (accounting) knowledge should be directed to the goal (see Bashir 1986b; Mohd. Nor Wan Daud 1989; al-Faruqi 1992).

4. Complementary Nature of Nominalism and Realism: The Ontological Assumptions for Constructing Shari’ate Accounting Knowledge

We have already studied in the previous chapters that an individual’s perspective is not necessarily the same as that of others. It can be seen, for instance, in how the individual sees reality. In social science, a nominalist sees that "the social world external to the individual cognition is made up of nothing more than names, concepts and labels which are used to structure reality" and are utilised "as artificial creations whose utility is based upon their convenience for describing, making sense of, and negotiating the external world (Burrell and Morgan 1979, 4), while, in contrast, a realist views reality as "a real world made up of hard, tangible and relatively immutable structures" (Burrell and Morgan 1979, 4). For the realist, social reality exists independently of social actors and is "out there" (Morgan and Smircich 1980); it is not something created by the individual (Burrell and Morgan 1979, 4).

The work of Burrell and Morgan (1979) apparently simplifies the ontological assumptions by presenting two extreme poles of thought, that is, nominalism and realism, while Al-A’ali (1993) criticises both nominalism and realism as being only a partial view of reality. Nominalism, according to him, assumes that individuals exist in reality and that through them, multiple realities can be perceived; that means that realities cannot be seen comprehensively. It also assumes that individuals (in terms of, for instance, human relations) decide the mode of their relationships with others and neglect the impact of other existing elements, namely, the objective reality represented in the traditions and culture of a given society (Al-A’ali 1993). Therefore, social realities are studied in a partial way. With regard to realism, Al-A’ali (1993) argues that society with its institutions and organisations does exist; social laws which are applied in that society, are believed to rest upon a reciprocal
basis and human relations are merely viewed in a reciprocal relationship. Human relations, he goes on to argue, "are simply a matter of action and reaction; the uniqueness of individuals has just been neglected and underestimated" (Al-A'ali 1993, 488). Consequently, any social theory based on this view will lack the ability to advance a holistic perspective of knowledge (Al-A'ali 1993; see also Bashir 1986a; 1986b; al-Faruqi 1992).

Unlike both nominalism and realism, an Islamic perspective, as asserted by Al-A'ali (1993), sees objective reality, realism, and subjective reality, based on nominalism, as coexisting (see also al-Faruqi 1992; Arif 1987). However, the coexistence of these sorts of realities is not, he argues, based on dualism, or a dichotomy, as it will transgress an important teaching of Islam, that is, the concept of the complement. The Qur'an has warned that, with regard to this teaching,

Glory to Allah, Who created in pairs all things that the earth produces, as well as their own (human) kind and (other) things of which they have no knowledge (36: 36; italics added).

And of everything We have created pairs: that ye may receive instruction (51: 49; italics added).

All things, except God, are in twos; the complementary sexes of plants, animals and humans; the altruistic and egoistic characteristics of human beings; the material and spiritual matters of human beings; the subtle forces of nature such as day and night, positive and negative electricity, forces of attraction and repulsion, and other numerous opposites, all fulfil their functions according to the wonderful purpose of God (Ali 1989, 1363). The arguments of Dhaouadi (1993) more and more support our premise (of coexistence, or of complement). He asserts that Islam does not accept any dualism (on all aspects of human life), but rather recognises a convergence and a unity in diversity. This, according to him, "is against the nature of things to split matter from spirit, as this violates the most fundamental principle of Islam: oneness (tawhid)" (Dhaouadi 1993, 155; see also al-Faruqi 1992).
With regard to the issues of nominalism-realism, we have already noted that a nominalist sees reality as nothing more than the ideas of individuals. It is rooted in the tenets of German idealism and of the Kantian notion which takes the view that "the ultimate reality of the universe is spiritual [idea] rather than material in nature" (Burrell and Morgan 1979, 279). It is, of course, contradictory to the materialist view which perceives that reality is tangible, concrete, hard, and exists outside of individuals' minds (Burrell and Morgan 1979, 326). Concerning the nominalist view, we can explain it by departing from the perception of the nature of self. We have seen that the inner values of the self, namely, Islamic faith and knowledge, are the very essential initiators of every action of the self. Faith and knowledge may be seen as a complementary force to addressing, for instance, a course of action. Every individual, according to Islam, has an inborn belief in God (the Qur'an 7: 172), the strength of which depends upon how he or she utilises his or her intelligence, and interacts with his or her environment. Thus, faith is merely convinced, as indicated by the Qur'an 96: 1-5, through the use of intelligence - the knowledge of the individual. However, it should be remembered that faith will be stronger when it and knowledge are actualised in everyday life in the form of virtuous social actions (Abdalati 1975; Majid 1987; al-Faruqi 1992). Obviously, the spiritual dimension is the departing point and more powerful than the materialistic one in their continuing dynamic interaction. However, they are complementary with a preferential difference (Dhaouadi 1993).

Clearly actions emanate from the spiritual qualities of an individual. Certainly, the spiritual qualities here are greatly different from the dominant and influential

1 The Qur'an 7: 172 proclaims: "When thy Lord drew forth from the children of Adam from their loins - their descendants, and made them testify concerning themselves, (saying): 'Am I not your Lord (Who cherishes and sustains you)"? - they said: 'Yea! we do testify!' This lest ye should say on the Day of Judgement: 'Of this we were never mindful.'"

2 It says: "Read! in the name of thy Lord and Cherisher, Who created - Created man, out of a (mere) clot of congealed blood; Read! and thy Lord is Most Bountiful - He Who taught (the use of) the pen - Taught man that which he knew not."
perspective of knowledge which strictly detaches knowledge from religion (see Bashir 1986a). The spiritual qualities are not, we have to remember, mere ideas or knowledge, rather they are the amalgamated spirit of knowledge and faith, that is, the faith in the unity of God. Actions that have been delivered by the individual are real in their consequences (Handel 1982). It means that social realities which are constructed as the real consequences of actions by the individual may be real, tangible and concrete, but they do not exist independently of the individual or social actors. This view is transparently different from the realism which regards social realities existing concretely and independently of their social actors (Burrell and Morgan 1979; Hines 1989). They do not consist of the mental object of experiences, neither of ideas as idealists thought, nor of sense data as many phenomenalists thought; they are also not made up of minds, nor of something ultimately spiritual (Devitt 1984).

In the Shari'ate view, social realities are not independent of their social actors; they are created by the social actors. This is, of course, the consequence of the nature of human beings who by nature are free-willed. The following verses of the Qur'an, for instance, articulate this

When it is said to them: "Follow what Allah hath revealed." They say: "Nay! we shall follow the ways of our fathers." What! even though their fathers were void of wisdom and guidance (2: 170; see also 5: 104).

That is because they say: "Trade is like usury," but Allah hath permitted trade and forbidden usury. Those who after receiving direction from their Lord, desist, shall be pardoned for the past (2: 275).

The verses, on the one hand, signal that some individuals have indeed constructed social-economic systems based on their false beliefs; the systems were real and were blindly followed by other individuals, and were regarded as already existing by the following generations. On the other hand, God commands individuals, through Muhammad (peace be upon him), to deconstruct the system. The former and the
latter are certainly the social constructions of realities reflected from the inner qualities of the individuals.

To sum up, the coexistential nature of ontological assumptions looks like, to some extent, the combination of the subjective idealism of Fichte (1762-1814), the follower of Kant, and the objective idealism of Hegel (1770-1831). The subjective idealism is rooted in the assumption that "individual consciousness is a continuously creative entity generating a perpetual stream of ideas, concepts and perspectives through which a world external to mind is created" (Burrell and Morgan 1979, 279). From this perspective, the social world is seen as the projection of individual consciousness. It is the externalisation of the individual's experiences into a form of reality which in turn is reflected back upon him or her, and through which he or she becomes conscious about his or herself and his or her actions (Burrell and Morgan 1979, 280), while the objective idealism of Hegel rests upon the perception that individuals are characterised by a constant interplay between consciousness and its objectification in the external social world. It believes that both consciousness and social reality are two sides of the same reality: "they are locked in a dialectical relationship in which each defines and influences the other" (Burrell and Morgan 1979, 280).

5. Revelation, Reason, and Reality: The Epistemological Foundations for Constructing Shari'ate Accounting Knowledge

We have discussed and seen the Islamic theory of being, ontology, as the complement of nominalism and realism rooted respectively in the spiritual and material dimensions of human beings. However, Islam, as argued by Dhaouadi (1993, 157), takes the view that "the spiritual dimension is always more powerful than the materialistic one in their continuing dynamic interaction (italics in the original)." Still consistent with it, the Islamic epistemology departs from the spiritual dimension as well. It begins with the premise of that all knowledge is originally God's knowledge (Bashir 1986a). This premise can be divinely rationalised by the words of God,
Read! in the name of thy Lord and Cherisher, Who created man, out of a (mere) clot of congealed blood; Read! and thy Lord is Most Bountiful - He Who taught (the use of) the pen - Taught man that which he knew not (the Qur'an 96: 1-5; see also 2: 31).

Not only does God teach individuals, but also fastens the individuals with a spiritual rope. It is virtually, according to Ragab (1993), the covenant between the individual and the Creator, as stated in the Qur'an 7: 172,

When thy Lord drew forth from the children of Adam from their loins - their descendants, and made them testify concerning themselves, (saying): "Am I not your Lord (Who cherishes and sustains you)?" - They said: "Yea! we do testify!" (This), lest ye should say on the Day of Judgement: "Of this we were never mindful."

which is made before the individual is born. When individuals are born and grow up in the human environment, the environment will lead them to "either keep their original spirituality (fitrah) intact or become forgetful of their God and His covenant" (Ragab 1993, 15). However, God is the Most Gracious and Merciful; He "sends messengers with scripture containing prescriptions on how to return, to 'remember' the original covenant" (Ragab 1993, 15; see also Bashir 1986a). With regard to this, the individuals, based on their free-will, may immediately follow the guidance or even discard it. For those who follow it, they will construct and utilise knowledge as the means for salvation which implies that the more individuals have knowledge, the more they believe in God, fear Him, and feel a closeness to Him (Dhaouadi 1993). In contrast, other individuals may neglect to remember the spiritual covenant; they "have no interest in salvation or in communicating with God" (Dhaouadi 1993; 162), and are greatly interested in "exploring, understanding, and explaining the phenomena under study as well as applying the accumulated knowledge and science to the management of human affairs" (Dhaouadi 1993, 162) per se. As a result, the truth attained by their knowledge is limited to their senses and reason (Dhaouadi 1993).
To this end - to remember the spiritual covenant- God has equipped the individuals with senses, reason (Bashir 1986a), and faith.³ It depends, again, on the individual's free-will whether to use them or not. The individual who consciously knows his or her own true nature will utilise the instruments so as to know closely the Creator and to keep intact his or her sacred and spiritual covenant. Up to this point, we can see clearly that the purpose of knowledge in Islam is not for material aspects per se, rather it rests on, and is the complement of, the breathed divine spirit which is superior to its clay (material) counterpart (Dhaouadi 1993; Ragab 1993). With regard to this matter, Dhaouadi (1993) interestingly argues that the goal of human knowledge must not be confined to the materialistic aspect of the objects being studied, but rather the spiritual side of the objects should also be studied. The spiritual dimension of knowledge, as further argued by Dhaouadi, is the privileged means for Muslim scientists to communicate with the divine world. Hence, the service of human knowledge, according to the Islamic outlook, "must not be limited only to the management of human affairs in this world, but must also serve as a means of contact, experience, and ultimate divine salvation" (Dhaouadi 1993, 156; see also Brohi 1988).

To do so, the marriage between religion and science (human knowledge), is the best and most fitting way; but is it possible? The answer to the question, for modern epistemology, the perspective of which is materialistic (Bashir 1986a; Winkel 1989; Dhaouadi 1993; Ragab 1993), might be absolutely impossible; this is so, because

³Faith was originally given by God to every individual when God inhales His spirit by saying: "Am I not your Lord (Who cherishes and sustains you)?" - They said: "Yea! we do testify!" (the Qur'an 7: 172), to the individual before he or she is born.
In this respect, Safi (1993, 466) points out that current scientific activity is indeed motivated by the motives of utilitarianism, the emergence of which "in the western tradition coincided with an increased emphasis on positivistic approaches and a decline of interest in the transcendental." Not surprisingly, then, the modern scientific tradition transparently claims that "religion is not a domain where reason is exercised" (Bashir 1986a, 74), rather it is "the domain of faith, where faith and reason, at times, be mutually exclusive" (Bashir 1986a, 74).

For Islam, in contrast, there is no separation or conflict between faith (revelation) and reason (see Bashir 1986a, 1986b; Dhaouadi 1993; Ragab 1993; Safi 1993). Dhaouadi asserts

"there has been hardly any religious -science opposition, hostility, and division in the Islamic tradition. The required cooperation in Islamic scientific and learned circles between science and knowledge, which results in human reasoning ('aql) on the one hand, and divine and prophetic references (naql) on the other hand, are telling illustrations of the unity and the harmony between the divine, the mystical, the religious and the human, the tangible, and the profane. Islam does not accept dualism, but rather sees a convergence and a unity in such diversity (1993, 155)."

Hence, he maintains that knowledge, in the Islamic view, must be the outcome of the interaction between revealed knowledge and human reason, and dialogue the spiritual and materialistic dimensions. There must be no secularisation of it, that is, by eliminating the spiritual, the divine, and metaphysical dimensions of knowledge. Bashir (1986a, 74) even asserts that "religion is the domain where reason is exercised to its fullest capacity." He further argues "reason is so extended, it will recognise its own limitations, and admit of the existence of true, uncorrigible and infallible knowledge which is obtainable from genuine and authentic messengers of God" (1986a, 75), that is, revelation. Taking the same position, Safi argues that revelation will never contradict reason; he opines that

"the denial of revelation's scientific validity cannot be attributed to the nature of the revealed assertions or to the structure of revelation itself, for both reason and revelation consist of transcendental and empirical assertions. Thus, it is safe to say that the
complete exclusion of revelation from the realm of science is not due to any inherent contradictions between the universal elements of revelation and reason, but can be attributed to the internal conflict between the western scientific movement and the Christian church (1993, 468; see also Bashir 1986a).

Having adopted the integration of these two realms (namely, revelation and reason, or religion and science, or the spiritual and materialistic dimensions, or the transcendental and empirical dimensions), revelation will unavoidably be the main source of knowledge (Bashir 1986a; 1986b; Dhaouadi 1993; Ragab 1993; Safi 1993).

The existence of reason as the counterpart of revelation, as we have discussed above, greatly emphasises the method of rationalising revelation which is transcendental and sometimes is not even accessible to the five human senses. Besides this, the Islamic epistemology might also be characterised by the complement between revelation and the (social and natural) world which means that the sources of knowledge in Islam are the revelation and the world (reality) (Idris 1987). With regard to this, Safi (1993) points out that the justification for revelation can be found in empirical reality - the world. However, it should be remembered that revelation (the Qur'an) itself is not a book of science, rather it is a book of guidance. It conveys signs (ayat) for a given phenomenon which takes "constant and recurring interpretation and systematization," and needs "the process of thinking, contemplating, and rationalizing" to understand the phenomenon (Safi 1993, 469). By so doing, the interconnectedness between revelation and reality will be found (Safi 1993) which in turn will increase the conviction of, or the belief in, the existence of God (see al-Faruqi 1992), and the truth which is dispersed through His words (revelation) and His will which may be expressed in the form of natural and social laws (see Nasr 1994).

As a consequence of this, the truth attained by this approach is much broader and more transcendental than the modern one. Moreover, there will never be found any real contradiction, or ultimate contradiction (al-Faruqi 1992, 43) between the truth attained through revelation and the one attained by the empirical and scientific
approach. As "God is the ultimate source of both fact [the reality] and revelation" (Bashir 1986a, 75; see also al-Faruqi 1992, 45), "the dependency of empirical and transcendental knowledge is not one-sided: it is reciprocal, for the truth of transcendental is substantiated through their empirical manifestations" (Safi 1993, 466). However, if a contradiction between revelation and reality is indeed found, something should happen to the "thought" and "speech" of individuals (al-Faruqi 1992, 44). Hence, they need to either review their understanding of revelation, or their rational and scientific findings, or both (al-Faruqi 1992, 44; see also Ragab 1993).

Beyond all these, it is interesting to note, not only is Islam concerned with how knowledge is acquired and constructed, but also with the personality of the individuals who seek and formulate that knowledge. As we have mentioned before, Islamic epistemology begins with the belief that all knowledge is God's knowledge which implies that true and certain knowledge can be attained, besides the Islamic scientific approach as we have discussed, by sharpening the individual's psychological and spiritual aptitude (Bashir 1986b). This is the method of enlightening the individual's faith and intelligence, and of constantly remembering his or her original and spiritual covenant with God. By so doing the thought, and the construction and the application of knowledge, of the individual will always be in the path of God's will.

6. Recent Developments in Shari'ate Accounting "Knowledge": a Brief Glance

Having looked at the human nature and society, ontology and epistemology of Islam, we have a clear illustration that knowledge, in the view of Islam, is not merely to serve the management of human affairs as such, but is also the means of contact, experience, and ultimate divine salvation (Dhaouadi 1993). All these things, the cognition of human nature and society, ontology, and epistemology, are the distinct
concepts of Islam which inevitably result in certain knowledge with particular values - the *Shari'ate (Tawhidic)* values.

In the accounting arena, the values may be seen in the works of, for instance, Abdel-Magid (1981), Gambling and Karim (1986), Bin Ashari and Bin Mohamed (1989), Karim (1990a, 1990b), Alam (1991), Gambling and Karim (1991), Hamid *et al.* (1993), and Baydoun and Willett (1994). The works of Abdel-Magid (1981) and Karim (1990a), are both about Islamic banks, and in essence ontologically assume that social realities are real and concrete. Even though the realities are considered as real and concrete, the works implicitly perceive the realities as not the fixed and final entities, but rather the ones which constantly experience interaction and transformation. Karim sees the phenomena of this as the reflections of belief, by expressing that

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\text{[t]his movement [applying economic affairs] is based upon a renewed belief that this largely untried system is a revelation of eternal truth, and will work. One of the major economic developments of this resurgence of the Islamic faith is Islamic banking (1990a, 299).}
\]

For Karim (1990a, 299; see also Abdel-Magid 1981), Islamic banking is the instrument which is utilised "as an alternative to traditional commercial banks to provide financial services to Muslims who are keen to adhere to their religious teachings in their business dealings." The instrument is the concrete form of the reflections of belief in the *Shari'ah*, the divine law which is believed to be the best values for human beings in all aspects of life.

Hence, the empirical world which is utilised by both Abdel-Magid (1981) and Karim (1990a) as a source of knowledge consists of *Shari'ate* values. Abdel-Magid (1981) essentially explores the implications of the Islamic banks, as the empirical world for accounting. He articulates that the application of Islamic economics, the instrument of which is, among others, Islamic banks, "has given rise to unique accounting
problems that might eventually produce an Islamic accounting model." In this regard, Karim (1990a) also points out that accounting practices which depart from generally accepted accounting principles and are applied by the bank have a commitment to comply with the precepts of the Shari'ah. This commitment basically relates to the decision of choosing accounting methods, procedures, and treatments which might be very close to, or permitted by, the Shari'ah. According to Karim (1990a), the preparation of financial reporting for zakat purposes (as required by the Shari'ah), for example, must take into account the fact that current assets are valued on the basis of net realisable value. Moreover, allowances for doubtful debts will not be deducted from the basis on which zakat is counted until the debt positively cannot be collected (al-Qaradawi 1981, as referred by Karim (1990a)). Or in other words, the Shari'ah merely allows specific debts that might be subtracted from account receivables for the purpose of obtaining zakatable wealth; this means that allowances for doubtful debts are not deductible (Gambling and Karim 1991, 92). A similar notion can also be found in the work of Hamid et al. (1993). This, in essence, relates to the consequences of applying the Islamic economic system to accounting systems. Certain aspects of the system, such as the prohibition of interest, according to Hamid et al. (1993), "has important implications for the harmonization of accounting procedures, insofar as harmonization is perceived necessarily to entail implementation of many standard Western accounting procedures in which interest calculations are integral."

The work of Karim (1990a; see also Abdel-Magid 1981; Alam 1991; Gambling and Karim 1991; Hamid et al. 1993; Baydoun and Willett 1994) evidently exhibits that the Shari'ah is a considerable source of reference which should be highly considered in applying accounting practices. He urges that

... neither the management nor the auditor has the freedom to choose the accounting procedures which they prefer in preparing the financial statement of the bank. Rather, these accounting practices have to be chosen from and justified with reference to the Shari'a[h] (emphasis in the original).
This statement indicates that, firstly, Karim (1990a) supposes that there have been some accounting methods, procedures, and treatments which are available and ready to be used. This means that they are concrete instruments that have already already constructed, in one side; while management and auditors may choose the available instrument on the other side. This fact seems to be different from Karim's other view on the emergence of Islamic banks, which is regarded as the active expression of the individual's belief. Secondly, Karim (1990a) lucidly takes the Shari'ah as the moral reference which is utilised for choosing and justifying accounting practices. By doing so, it implies that it does not relate to the "real" purpose of the ontological and epistemological assumptions that are beneficial for constructing accounting knowledge; rather it functions as a moral guide for choosing accounting practices, or the moral guide which informs that certain accounting methods, procedures, and treatments are allowed by, or comply with, the Shari'ah. However, the work by all accounts has indeed attempted to make the Shari'ah the counterpart of accounting practices (not accounting knowledge).

Like the works of Abdel-Magid (1981) and Karim (1990a), the works of Bin Ashari and Bin Mohamed (1989) and Alam (1991) also place Shari'ah as the underlying core of accounting practices. Bin Ashari and Bin Mohamed (1989) and Alam (1991), in their works, ontologically assume that accounting is not a value-free entity; they urge

... like any other social sciences, accounting certainly derives its importance and significance from the value system of the society in which it operates. Therefore, one of the important factors in the process of formulating and developing accounting policies is the application of value judgement. The significance of applying these subjective values is that there are ample opportunities for improvements and changes as to "how and what" events should be measured and reported (Bin Ashari and Bin Mohamed 1989; italics in the original).

[w]here the norms, attitudes and beliefs of the people change, accounting systems also change. Accounting involves a set of rules, standards and conventions. With the changes in the norms and beliefs of the society, the standards and conventions are required to be changed to meet the new situation (Alam 1991).
This assumption is the main way for them to show that \textit{Shari'ah} is an inseparable part of accounting and, of course, of economic systems. By virtue of this, Bin Ashari and Bin Mohamed (1989) articulate that in the Islamic economic system there has been a new perspective of corporate responsibility, that is, viewing corporate activities as acts of worship (\textit{ibadah}). This means, they go on to argue, that an accountant will not "limit his responsibilities in accordance with the policies of the management or equity-holders, but in compliance with the \textit{shari'ah} which is his ultimate responsibility." As a consequence of applying Islamic economic systems which have a direct impact on accounting policy and procedures, such as, the interest-free system, the institution of \textit{zakat}, and the adherence to specific business ethics, accounting will play a new important role in monitoring compliance to the ethics and should be able, to ensure effectiveness, to broaden its "definition" and scope (Bin Ashari and Bin Mohamed 1989). This means that there is a need to reconstruct accounting to meet business activities which are based on the values of the \textit{Shari'ah}.

Having accepted that the \textit{Shari'ah} is the code of all human conduct, Alam (1991) claims that \textit{zakat}, as an important element of the Islamic economic system, may be utilised as a basis for developing accounting systems (see also Bin Ashari and Bin Mohamed 1989; Karim 1990a; Gambling and Karim 1991). Even Alam (1991) professes that "a comprehensive social accounting system can also be developed ... [based] on the concept of \textit{Zakah}." He is also of the opinion that to develop \textit{Shari'ate} accounting systems for Islamic economic systems over and above the social accounting systems, particular attention should also be paid to other areas of accounting such as "partnership accounting, investment appraisal techniques historical cost accounting, and standards, ethics and accountability" (Alam 1991).

Greatly emphasising the \textit{Shari'ah}, Alam (1991) makes use of it as the starting point for developing economic systems, as does the accounting system. Hence, it takes a rationalisation of the \textit{Shari'ah}, so that the teachings of the \textit{Shari'ah} will be applicable
in the real world. It means that Alam (1991) obviously tries to integrate reason and
the Shari'ah, and to see the real modern world from the viewpoint of the Shari'ah.
For Alam (1991), Shari'ah is "a complete way of life and an all embracing social
order" the tenets of which are decreed only for the welfare of human beings. "With
the development of the economic system based on Qur'an and Sunnah," that is, the
Shari'ah, he utters, "there will be necessity of changing the accounting system."

Alam highlights that

_the Islamic economic system is based on the idea that all that exists in the universe
belongs to God and its human owner is just an agent/trustee, entrusted with it to realise
the objectives of God. He is required to use his God-given resources in accordance
with the instructions given by God. The proper use of the Wealth is the test of faith

while on other hand, he sees the fact that

_the modern economic system developed in western countries [to which most Muslim
countries refer] are based on credit mechanisms and receipts and payment of interest
are an integral part of that system. The western countries cannot think of running an
economy without resorting to a credit system. The accounting system based on the
credit mechanism cannot serve the needs of the Islamic society (Alam 1991).

Changes in both economic and accounting systems, for Alam (1991), are strongly
required in the near future to serve the needs of Muslim society.

Another leading work is that of Gambling and Karim (1991). The work starts with
the supposition that accounting is part of personality and of collective culture (see
Gambling 1974, 105-25; Gambling and Karim 1986). This supposition, according to
Gambling and Karim (1991, 5), has been accepted, "at least among those who find it
difficult to agree that a 'positive economic theory' can underpin an equally positive
accounting theory, applicable to all cultures, for all time." This means that
accounting theory for them is a cultural creation, in the sense that it is greatly inspired
by the culture in which it exists. In this respect, Gambling and Karim simply urge
Gambling and Karim (1991, 13) unequivocally are of the opinion that "[a]ccounting and 'faith' are inseparable" (emphasis in the original). This is so because faith itself is the main core of an individual's personality. Thus, by virtue of this, the integration between faith and accounting is by all accounts a reflection of the individual's personality.

Having adopted the premise that a Muslim's personality is moulded by Shari'ah, Gambling and Karim (1991) prescriptively rationalise the Shari'ate principles of such economic and business dealings as the principles of political economy and economic planning, the forms of business organisation and financial institutions, the forms of lending, and the fiscal and financial policies of the state. Some of these principles, as have been noted by other authors (Abdel-Magid 1981; Karim 1990a; Alam 1991; Hamid et al. 1993), indeed have direct implications for accounting. The meaning of this is that Gambling and Karim (1991), in the epistemological view, try to seek the meanings of the will of the Shari'ah, by reasoning, without ignoring the existence of other systems, of other theories and of the condition of Muslim society. Taking into account the others is a method of comprehending the real world, for in turn reasoning the Shari'ah and building new concept which may be applicable in the real world or may construct a new world.

Viewing the real world, that is, the process of forming accounting standards particularly in the USA, which is regarded as a matter of political process and of social choice, and as a result every party has its own vested-interest, Gambling and Karim (1991, 91) then state that it is likely that different user groups will still lobby for their interests in the process of setting, say, Islamic accounting standards. However, the groups may not realise their own interests, since the principles of the
Islamic political system, for instance, *shura* (free consultation between the ruler and the community), *adalah* (justice), *khilafa* (succession), *bay'a* (allegiance), and *tazkiyah* (growth and purification), may prevent the self-interest of the groups. This means also that the existing accounting practices, which are justified by the empirical-inductive approach to accounting theory, will not necessarily always be acceptable, "because there is no evidence that what is being practised is necessarily compatible with the principles of Islam" (Gambling and Karim 1991, 94).

In other aspects of accounting, Gambling and Karim (1991, 92) identify the fact that the concept of conservatism from which historical cost accounting is derived and generally accepted in modern accounting practices, is irrelevant for *Shari'ate* financial reporting especially when it is aimed at the assessment of *zakat*. For the purpose of *zakat*, Gambling and Karim (1991, 93) state that the current-non-current classification of assets and liabilities, and the use of the historical cost for fixed assets as prepayment of expenses which is then matched against revenues to meet income as derived from the concept of "going-concern," will be viewed as a means of identifying *zakatable* wealth. With regard to the concept of "going-concern," especially relating to the periodicity assumption, Gambling and Karim (1991, 93) opine that the periodicity assumption of Western accounting systems is totally different from the *Shari'ah*; they remark that in Western accounting,

... the periodicity assumption is justified on the basis that the users of financial statements cannot wait until the end of a firm's life before the success of its operations is measured. Primacy is placed on the relevance of the financial reporting at the expense of its objectivity. The periodicity assumption has led to the development of accruals accounting, and the principles of income recognition and matching (1991,93).

while from the *Shari'ate* point of view, they clarify that

... one whole lunar year should elapse before any wealth could be liable to *zaka*[i]. Accounting statements would, therefore, be prepared for that particular period, showing the amounts on which *zaka*[i] would be levied (1991, 93).
Besides the periodicity, there are also other important aspects which distinguish Shari'ate accounting from the existing modern one, namely the Shari'ate theory of valuation within which the Chambers’ CoCoa is preferable to historical cost accounting, and the income measurement approach within which the asset-liability approach is more suitable than the revenue-expense approach (see Gambling and Karim 1991, 98-103).

Viewing the facts, existing modern accounting practices, to repeat, are indeed not always the same as those of the Shari'ah. On the other hand, Muslims are required to adhere to the Shari'ah; that is why Muslims are inclined to follow or choose accounting methods and treatments which are in accordance with the Shari'ah. In other words, Muslims, according to Gambling and Karim (1991, 98), prefer the normative-deductive approach to the empirical-inductive one of set accounting standards. When the former approach is adopted, the objectives of financial reporting, the postulates of accounting, and the definitions of concepts are deduced from the precepts of the Shari'ah, and "would constitute the foundation of a structural framework which would act as a reference for the development of principles for accounting" (Gambling and Karim 1991, 98).

However, this view does not mean that the empirical-inductive approach should be ignored completely, since the empirical world, in the view of the Shari'ate epistemology, is an inseparable counterpart of the normative "world." So long as existing accounting practices (the empirical world) are in accord with the Shari'ah, they are acceptable. That is why Mannan (1983) asserts that "normative and positive aspects of science [accounting] are so inter-linked that any attempts to separate them could be misleading and counter productive." Moreover, Shari'ah itself is not something which is distant from the capacity and the attainment of individuals, rather it is divinely revealed and set in the circle of human capability.
In short, the works of the authors have attempted to explore some sorts of accounting practices which are in accordance with the *Shari'ah*. In doing so, the *Shari'ah* functions as an ethical reference which guides the assessing and choosing of accounting practices. Thus, it can be clearly comprehended here that accounting practices (and theory) are regarded as already existing; they are the concrete realities. This view seems to be different when authors try to see the business world which as a process and a socially constructed reality. Therefore, it is hard, not surprisingly, to find *new* accounting theory and practices which are *originally* generated through the "pattern" of the *Shari'ah*. The work of Baydoun and Willett (1994) has indeed generated a new accounting report, the Islamic Corporate Report, which in essence consists of "a multi-column financial position statement showing original and current values, a value added statement which articulates the position statement and a funds or cash flow statement which, together with the other two statements, 'covers' the firm's social activity cost database." However, the work is generated through the same mode as done by the others.

7. Summary

Accounting may be viewed as a means of reflecting reality. When reality is constructed in relation to ethical values, accounting should also be based upon ethics. If not, the reality will be reflected in other presentations and in turn will mislead those who are interested in it.

For a Muslim, ethics is *Shari'ah*. It is the divine law which guides all aspects of Muslim life be it for mundane affairs or spiritual dealings, including the way of an individual should think and act towards other individuals and things in his or her everyday life. Believing in the *Shari'ah* as divine guidance, the Muslim tries to internalise its values and express them in thinking activities and overt actions.
It is claimed that accounting knowledge (theory) is at best constructed through the guidance of the Shari'ah. Thus, according to Shari'ate ethics, it should stand on the concept of the complement of two things or more. From the ontological point of view, for instance, there is no dualism or dichotomy between realism and nominalism; both are mutually inclusive. And under the epistemological assumptions as well, there is not any dualism between, for instance, revelation and reason, religion and knowledge (science), spiritual and material, and revelation and the real world.

Some works of accounting authors have tried to unite revelation (the Shari'ah) with economic and business dealings, as do accounting practices. However, the authors confine themselves to making use of the Shari'ah as an ethical guide for deciding and choosing certain accounting practices which are in accordance with the Shari'ah. Thus, there has been no accounting theory built based on Shari'ate methodology.
To say that truth is one is therefore to assert not only that God is One, but that no other god is God but God, the very combination of negation and assertion that the *shahādah* conveys. *Lā ilāha ʾilla Ah-lā* (al-Faruqi 1992, 43).

Al-Faruqi’s assertion above is a statement about the meaning of a fundamental Islamic teaching - there is no god but God (*Lā ilāha ʾilla Ah-lā*) - related to the nature of truth. This "doctrine" is actually not only related to the truth, but also to all aspects of human life. It negates the statement that all things are absolute in form and in all other respects, and asserts that there is One who is the Absolute. All things are undergoing change, but the One never changes. This also implies that "the reality of the soul and the world that surrounds it is not absolute but relative" (Nasr 1994, 16). Indeed, the implication of this universal and ever-lasting message is real in terms of the existence of an individual’s soul (*self*), of realities as creations of the *self*, and of the world. Their existence is not a fixed, but an ever-changing reality.

Accounting of course, as a creation of *self*, is absolutely relative, diverse, and not fixed. This may be in the sense of its forms, practices, functions, values, knowledge, and even individuals’ perceptions towards accounting itself. Hence, it is evident that accounting may be viewed as history, economics, information, language, rhetoric, politics, mythology, magic, disciplined control, ideology, or domination and exploitation, to name a few, (Morgan 1988; see also Belkaoui 1987). Of course, as a symbol, accounting may also be developed, debated and even functionally applied in a real world based on diverse points of view (perspectives). It may, for instance, be comprehended traditionally as a functional device of business that serves informational needs useful for making rational economic decisions, for elevating efficiency, for improving management control and for guarding its functional stewardship. According to a second view, it may *not* be discerned as the traditional
view; rather it is regarded as a continuous stream of lived experience that exists and is generated through social interactions. And, since it is the outcome of social interactions, an attempt to understand the interactions (the actions of social actors) can only be made by referring to their meanings. It is because the actions "are intrinsically endowed with subjective meaning[s] by the actor[s] and always intentional" (Chua 1986, 613). It is full of private, (inter)subjective meanings, and norms which consequently should be understood as non value-free and ever-changing products of social actors. This means that not only is accounting socially and continually constructed by social actors (therefore, there is no fixed "definition" of accounting), but it also affects how social actors interpret its meanings and take actions. The last view states that accounting may be considered as similar to the second view with an extension that it should "be concerned with 'the freedom of the human spirit,' that is, the bringing to consciousness of restrictive conditions" (Chua 1986, 621). It is a condition in which the so-called "objective" and "universal" social laws are the products of particular forms of domination and ideology, which may be injustice and inequality. Therefore, accounting may make a social transformation or correction of such conditions (see Chua 1986). This view demands the realisation of society as free individuals, namely, "individuals who are free from want and from the domination that comes with social inequality and injustice" (Ingram and Simon-Ingram 1991, xxi).

1. Self: The Driver of Views

The existence of the diverse views of individuals towards the symbol - accounting - is highly possible since, as understood by symbolic interactionists, every individual has self - which is composed of the I and the Me. It arises through a "process of social experience and activity, that is, develops in the given individual as a result of his relations to that process as a whole and to other individuals within that process" (Mead 1934, 35). Through such social processes, the perspective of the self is socially moulded. The self (the Me), in any given situation, is composed of "the
generalised other," the attitude of which is the attitude of the whole community, that is, "[t]he organized community or social group which gives the individual his unity of self" (Mead 1934, 154). The Me gives direction to the I to take a course of action, be it covert or overt action. Therefore, action, according to this perspective, is the result of the interplay between the I and the Me (Meltzer 1976, 10). Since "the generalised other" consists of "standards, expectations, principles, norms, and ideas" (Hewitt 1991, 102), it is highly possible that the way in which the self interprets any given situation or symbol and takes actions towards them is characterised by "the generalised other" to which the self belongs.

When the self accepts or internalises the attitude of a community in which, for example, Islamic standards, expectations, principles, norms, and ideas are dominant, there is little doubt that the perspective of the self would be dominantly shaped by such values. In other words, the self's way of seeing, understanding, and taking a course of action will certainly be based on such values. In the cognition of Charon (1979, 7), it (the perspective) is a bias which comprises assumptions, value judgments and ideas that direct an individual's perception towards any given situation (symbol) and in turn influence his or her actions. Since the perspective eventually directs the self's action, logically it will be able to create or reshape social reality. Accordingly, different perspectives may create different realities, though the symbol faced by individuals is exactly the same. As we have seen above, a symbol, that is, accounting, because of the perspectives of individuals, in fact creates diverse shapes of accounting and of realities. In this respect, symbol, for symbolic interactionists, is not a stimulus to which an individual (self) should react in a mindless fashion as an instinct-dominated organism does (Cuff et.al 1990, 150), rather it (the symbol itself) is a social product which is full of meanings and follows a process of interpretation before responding to it (Blumer 1969, 65-6; Charon 1979, 38-40).
The works of, for instance, Karim (1990a, 1990b), Alam (1991), Gambling and Karim (1991), Hamid et al. (1993), and Baydoun and Willett (1994) may be seen as a sort of accounting craft which is manifested by the selves who, at least, have perceived Islamic values in their way of thinking. Accordingly, these works have potential of enhancing and enriching accounting knowledge. This is reasonable, since the selves may consciously accept and internalise the values (as "the generalised other"). It should be borne in mind, however, that the perspective is not a fixed social product, rather it may experience changes through social interactions all the time. This is also reasonable since, according to symbolic interactionists and because of the influence of Darwin's theory of evolution, "everything about the human being is considered as process" (Charon 1979, 30; italics in the original). The perspectives of accounting, from the mainstream, the interpretive, the critical, even to the Islamic, are actually the outcomes of dynamic interactions of the selves in facing symbols (for example, business circumstances or development of accounting knowledge) as "meaningful" stimuli. The symbols, the business circumstances or the development of accounting knowledge, in this respect, may be also viewed as "the generalised other" from which the selves make role-taking prior to expressing their role-making.

The most important "generalised other" pointed out by this study is the Islamic values, primarily the values of faith and knowledge which are then expressed in the form of real actions. This "generalised other" is the values that dominantly influence the perspective of selves as the object(s) of this study and also affect the perspective of the subject of this study.

Faith from this perspective is the belief in the oneness of God (Laa ilaaha illaa Allah). In this respect, according to Islam, all human beings originally believe in the unity of God as God said in the Qur'an 7: 172,

When thy Lord drew forth from the children of Adam from their loins- their descendants, and make them testify concerning themselves, (saying): "Am I your Lord
(Who cherishes and sustains you)?"- They said: "Yea! we do testify!" (This) lest ye should say on the Day of Judgement: "Of this we were never mindful."

It is a primordial covenant between God and human beings which expresses, firstly, the presence of human acknowledgment that God is the Creator, Cherisher, and Sustainer of all creatures, and secondly, recognition of the fact that, as argued by 'Ali (1989, 395), human beings acknowledge their duty to Him.

What then is the duty? In other Qur'anic verse (51: 56), it is said that "I [God] have only created jinns and men, that they may serve [worship] Me." It means that the duty of human beings to God is only to worship Him. Of course, the meaning of worship here is not the narrow one which includes only ritual worship, rather it also covers all human activities which are virtuous, be they addressed to themselves, other individuals, or to the universe. In other words, worship may be in the form of creating realities which are full of rahmat (mercy), as God signified,

And We sent thee [Muhammad, peace be upon him] not, but as a mercy for all creatures [human beings, Jinns, and all that exists] (the Qur'an 21: 107).

Thus, so long as actions are virtuous, full of mercy, and accompanied by a self-consciousness of all those actions that are carried out as the manifestation of the duty only to God, they are certainly regarded as forms of worship. However, without true knowledge actions will not be able to create any realities which are blessing and full of mercy; conversely, they may even give rise to curses.

To avoid this, Islam has strongly warned that there is no need to separate faith from knowledge. Clearly, this view opposes the one which argues that religion and knowledge (science) are definitely separate and mutually exclusive (Sperry 1988; Wilber 1990). Islam is most concerned with the presence of a convergence and a unity in diversity; of this, Dhaouadi asserts,
[t]here has been hardly any religious-science opposition, hostility, and division in the Islamic tradition. The required cooperation in Islamic scientific and learned circles between science and knowledge, which results in human reasoning (‘aql) on the one hand, and divine and prophetic references (naql) on the other hand, are telling illustrations of the unity and the harmony between the divine, the mystical, the religious and the human, the tangible, and the profane. Islam does not accept dualism, but rather sees a convergence and a unity in such diversity (1993, 155).

The close link between faith and knowledge signals that, firstly, knowledge in the broadest sense is inspired by faith which may lead to the right path; and secondly, not only does knowledge direct how the self has to act (this is because knowledge is also the influential factor that is able to shape the perspective of the self), but it also crafts and characterises the forms of the self’s actions.

The interconnection between faith, knowledge, and action implies the unity of the elements, that is, an understanding that leads self to self-consciousness to enslave itself only to God. This is the consequence of becoming a servant of God as the complement of the quality of vicegerency (Nasr 1993, 134). "As 'abd Allah [God's servant]," Nasr argues, "he must be passive towards God and receptive to the grace that flows from the world above. As khalifat Allah [God's viceregent], he must be active in the world, sustaining cosmic harmony and disseminating the grace for which he is the channel as a result of his being the central creature in the terrestrial order" (1993, 134; italics added). The individual cannot neglect his or her responsibility towards God regarding all activities, since he or she has made a pre-eternal covenant with God (see the Qur'an 7: 172). This means that he or she should continuously be aware of the covenant and the will of God. This also implies that all activities that are carried out by the individual should be constantly in the perspective of the will of God. This is actually the most imperative "generalised other" that may influence and shape the perspective of self.
2. Self's Perception of Organisations

Having had the perspective, the *self* may undoubtedly make use of it to see, to interpret, and to act towards symbols that are encountered. This is not actually limited to the *self* as the object of study, but also to the *self* as the subject. Our *self* as the subject of this study, of course, may view this study from our own perspective. It is no surprise when we attempt to observe and analyse the behaviour and perceptions of Islamic *selves* in terms of how the *selves* carry out their social (altruistic) and business ("egoistic") dealings and how they express their thoughts and actions towards such dealings. By virtue of this, symbolic interactionism is regarded as the appropriate approach for observing and analysing the concerns, since the main concerns of symbolic interactionism are the social actors' points of view and the social processes of events (see Cuff *et. al* 1990, 151-6). However, it should be borne in mind that symbolic interactionism is constructed under a certain value or perspective which means that it is not value-free and consequently it may not be appropriate to be used in the study without any modification or extension. Therefore, a need for extension is essentially required, that is, by extending it to incorporate Islamic values, especially the values of the concept of faith, knowledge and action as explained above. It is plausible enough, we think, that this method of combining symbolic interactionism and Islamic values is a fitting device to see and analyse the empirical social reality which becomes the object of this study.

Because of the presence of perspectives, various interpretations of organisation (which may be seen as metaphors) can be found in both the theoretical and empirical worlds. One may see the organisation as a laboratory, or factory or, as exposed by Morgan (1980), as a machine, organism, culture, theatre, text, language game, psyche prison, or instrument of domination, to name a few, the implications for the organisational behaviour of which are also diverse. The use of metaphor, as a way of thinking and of seeing how an individual understands his or her world, undoubtedly leads the individual to a certain perception and understanding about an organisation in a
distinctive and partial way, which also implies the method of how he or she theorises and explains organisational life (Morgan 1986, 12). When an organisation is metaphorised as, for instance, a machine, then the life, the structure, and the individuals of the organisation are mechanically designed and managed as a machine. Indeed, the use of the machine metaphor, as Morgan (1986, 20) argued, "has radically transformed the nature of productive activity and has left its mark on the imagination, thoughts, and feelings of humans throughout the ages;" and other implications may be found, such as mechanical precision and repetition of works, predetermined activities, machine-like life of organisations, and even machinelike humans of the organisation who are viewed as parts of the machine (Morgan 1986, 20).

Metaphors, like machines and others, of course, have their own beneficial and disadvantageous effects. The worst effect may take place when, for example, a metaphor has the ability to highly reduce the essential nature of human beings as the prime social actors who socially construct organisational reality. It is one which may lack norms, values or ethics that eventually gives rise to the alienation of the social actors from their real natures. This is because the use of metaphor, as Morgan (1986, 12-3) pointed out, is a distinctive yet partial way of forcing others into a background role. Therefore, there is a need to carefully select an appropriate and good metaphor which can assist an individual in seeing the organisation from a broader, transcendental, and teleological point of view. Of course, the chosen metaphor, as we have seen, is predicated upon the perspective of the individual who has chosen the metaphor.

Interestingly, some individuals, based on their perspectives, see the organisation as a trust (amanah) which accordingly has distinct consequences for some aspects of organisational life. The most important consequences are the organisational goals and the way of attaining the goals (that is, ethics).
Realising organisational goals as the desired states of affairs that an organisation attempts to achieve (Etzioni 1964, 6; see also Fink et. al. 1983, 16), they may become symbols towards which individuals within an organisation act. Without goals, individuals "would have little sense of direction, no solid basis for making and evaluating decisions, and no way to plan and organize human resources over time" (Fink et. al. 1983, 16). Thus, the behaviour of individuals both inside and outside the organisation, through dynamic interactions, may be under the influence of the symbols. This is the importance of organisational goals.

When an organisation is viewed as a trust (amanah), then the goals of the organisation would not be far from the meanings of the trust (amanah). And, of course, since an organisation and its goals are human-made creations, their characteristics are also human (Fink et. al. 1983, 18) and befitting the essential nature and mission of human beings. Through the Islamic perspective (that has been adopted by self), organisational goals are inspired. The goals are the same as the reason why human beings and their mission are created by God. As we have discerned, human beings are created as viceregents of God (the Qur'an 2: 30) on earth only to worship Him (the Qur'an 51: 56) by committing righteous actions (the Qur'an 3: 104; 110), for instance, by disseminating mercy for all creatures (the Qur'an 21: 107). The latter, disseminating mercy, is the main and the ultimate goal of an organisation be it a social or a business one. It supersedes other organisational goals or, in other words, it is the source of inspiration from which other organisational operative goals are derived.

However, disseminating mercy may be too abstract and normative. Therefore, for these reasons, it needs to be translated into real and operative goals the forms of which depend upon the types of organisation, the needs of society and the environment, and other social forces. Thus, the operative goals may be multiform, but the spirit is absolutely the value of disseminating mercy. In a social organisation
(which may mean the symbol and the expression of self's altruistic characteristic), operative goals may be set in accordance with such (altruistic) characteristic and the type of organisation itself. A zakat agency, for instance, may set its operative goals in the forms of escalating economic welfare for poor individuals, distributing economic and social justice, intensifying spiritual welfare, improving religious consciousness of individuals, and the like. And in the same way, a business organisation may set its operative goals by considering its characteristics and other situations.

3. Self’s Perception of Ethics

Organisations may freely set their goals so long as they still refer to, or, remember the initial human covenant with God, human viceregency and duty. This refers to the fact that human beings are the ones who obtain trust from God. It is, as 'Ali interprets it,

... something given to a person, over which he has a power of disposition: he is expected to use it as directed or expected, but he has the power to use it otherwise. There is no trust if the trustee has no power, and the trust implies that the giver of the trust believes and expects that the trustee would use it according to the wish of the creator of the trust, and not otherwise (1989, 1080).

It has a substantial meaning, from the viewpoint of the trustee, in that the trust giver believes and expects that the trustee would manage the trust according to the will of the trust giver. This implies that, in this context, God's will unequivocally becomes a moral standard (ethics) which guides the management of the trust, and directs the trustee in distinguishing good from bad, or, right from wrong, or, something which ought to be from something which ought not to be.

Today there are two mainstream moral standards (ethics) which dominate individuals' thoughts and behaviour, that is, consequentialism and non-consequentialism. The former, namely, utilitarianism, identifies that determination of truth or falsity can
only be judged by the results of actions. This means that when the outcome of an action is advantageous, the action may be said to be good and we are right to do it. However, when the outcome is destructive, an individual may judge that the action is wrong and we are wrong to do it (Chryssides and Kaler 1993, 88). The latter (deontologism) claims that it is not the outcome of an action which directly determines whether or not the action is right or wrong; rather it is predicated upon "some conception of what it is for an action to be right or wrong, and that determines for us whether or not an action is good or bad" (Chryssides and Kaler 1993, 88). An action, according to this view, is morally right to the extent that it is based on good will, and conversely, it is morally wrong when it is not motivated by good will. An action, for a deontologist, is essentially done for reasons of principle, that is, from a sense of duty, and nothing else (Chryssides and Kaler 1993, 97-100).

Besides these two mainstream standards, however, there is also a source of morality which is usually utilised to show how an individual morally behaves towards things; it is, according to Chryssides and Kaler (1993, 84), religion, the main source of which is its Holy Book. For Muslims, the main sources are the Qur'an, the Sunnah, Qiyas and Ijma' from which Shari'ah is derived.

Shari'ah, as expressed by Safi (1990), is not simply a legal system, but rather is a composite system of law and morality which covers the whole field of human experience and aspires to regulate all aspects of human activities. Based on true justice as one attribute of God (see Khadduri 1984; Safi 1990), it is Islamically "arranged" for the purpose of serving Muslims as a set of criteria so that they can clearly distinguish right (haqq) from wrong (batil) (see also Nasr 1994). It leads them to "a society superior in its moral as well as material quality to societies which fail to observe the revealed will of God" (Safi 1990, 179). In this way, not only does the Shari'ah bring an individual closer to God, but it "also facilitates the development
of a just society in which the individual may be able to realize his or her potential, and whereby prosperity is ensured to all" (Safi 1990, 179).

Indeed, Shari'ah is not simply a legal system, but rather is both a system of law and morality within which the outer and inner dimensions of Islam and of human nature are embedded and reflected. The outer dimension comprises not only the universal moral principles of Islam, but also the details of, for instance, how an individual should behave in his or her life and deal with other individuals, with God, with the environment, how he or she should deal with others in economic transactions, political and social dealings, how he or she should perform his or her special acts of worship, even how he or she should eat, drink, and sleep, and so forth (see Nasr 1994). All these things are the formal aspects of, or the text of, the Islamic injunctions of the Shari'ah. However, this aspect will be meaningless or useless if it is independently applied without any attentive companion the inner aspect of, the spirit of, or the essence of, the Shari'ah. The inner part is essentially the Muslim's faith and the high self-consciousness of the Muslim to submit fully his or her obedience unto the will of God, the submission of which should be accompanied by an awareness that he or she is always in God's proximity, or imagining that he or she can see God, or that God is always watching him or her. In brief, the presence of God is always in the heart of the individual at any time and any place (see Nasr 1994). He or she "unifies" him or herself with God.

Based on such a notion, a judgement of whether or not an action is morally right is dependent on, unlike utilitarianism and deontologism, consciousness (sincerity) of a social actor to carry out an action and obedience to the will of God. It is reached when the individual can feel consciously the presence of God in his or her heart. Indeed, these criteria are not limited to the outward (material) dimensions of human beings, but also, more importantly, to the spiritual ones. It is the worship of the
individual which always fastens his or her relationship to, and reminds him or her of the primordial covenant with, God.

4. Self's Perception of Accounting

The three sorts of ethics as mentioned above, of course, have the same chance of shaping accounting. Mainstream accounting, for instance, is obviously much influenced by utilitarianism (Chua 1986). In contrast, this study demonstrates how Shari'ate ethics may craft accounting knowledge. It can be described through perceiving accounting as a means of reflecting organisational realities.

Through the work of Morgan (1988, 480), it is understood that accounting "is ultimately concerned with the problems of representation and 'accounting for'." The statement implicitly consists of two elements, that is, something that would be represented (reflected) and accounted for (Davis et al. 1982; Morgan 1988; Dillard 1991), that is, reality, and something that would be utilised to represent reality, that is, means. Our perception of reality, as illustrated by Dillard (1991, 9), is like gazing into a mirror; the reality that we can capture is "what is reflected back to us." And, of course, the appearance of the reflected reality is dependent on the surface of the mirror because, as he argued, "[d]ifferent surfaces (ideological frames [values]) reflect a different reality" (Dillard 1991, 9; emphasis added). The reality (that can be captured from the mirror by an individual) is, in fact, interpreted as an "objective" representation of the reality or phenomenon. And then the interpretations of the reality become resources for (re)shaping the realities - which may be both the mirror (the accounting) and the reality itself (Morgan 1988, 482).

Looking at the illustration above, we see the importance of reality and the means (to reflect reality). Both reality and means not only consist of values, but also have a powerful influence directing individuals towards a certain direction or behaviour. By simple reasoning, there is a need for compatibility between the values which cover
reality on one side and the ones which are utilised to construct the means, on other. When this circumstance cannot be attained, reality may be reflected in a different performance and appearance which in turn may mislead individuals. We can imagine, for example, that an organisational reality has been socially constructed based on Shari'ate ethics, however, the means (that is, accounting) to reflect the reality was borrowed from outside which is probably incompatible with the values of the organisational reality.

Apparently, the compatibility of the values is a requirement which is crucial. This study has shown that the organisation (both social and business) has been viewed as a trust which has the ultimate goal of disseminating mercy. And as a result, the reality of, for instance, a social organisation (that is, zakat agency) should be socially constructed towards a trusted organisation with some or all of the following characteristics, for instance, it is accountable, altruistic, helpful, social, and trustful, while a reality construction of a business organisation, in the spirit of the trust (amanah) metaphor, may be directed to the creation of zakat reality.

Zakat reality as an organisational reality means that the business organisation does not only orient its goals towards a profit attainment, but also to a zakat achievement. A realisation of the zakat reality is actually the manifestation of dual human characteristics, - altruism and egoism - which implies that the presence of such characteristics will disperse mercy. With regard to this, accounting is viewed as a means of reflecting such ethical realities. Therefore, there is a need to construct accounting based on the same values as applied to the realities; this is because, it is actually a way of avoiding different realities arising from using different surfaces (ideological frames) (Dillard 1991, 9). To fulfil this need, there is also a need to rethink accounting knowledge at a philosophical level, in particular to understand assumptions of human nature and society, ontology, and epistemology. These assumptions may be seen as the bases for reshaping accounting knowledge.
With respect to the philosophical issues, it is argued in this study that human beings are essentially autonomous agents, but at the same time they are determined agents in the light of being tied by responsibility to abiding by the codes of ethics. Therefore, it seems that the presence of both voluntarism and determinism is complementary. It is not a dichotomy or something which is commonly seen as mutually exclusive. This characteristic is like the altruistic and egoistic characteristics of an individual. The existence of both is complementary (see Ba-Yunus 1991). This is because, not only are human beings, as argued by Shari’ati (1979), the viceregents of God, but are also the keepers of God’s trust. The implication from this is that human beings possess knowledge, free-will and responsibility. These three things are the essential elements for human beings to realise their duty in the society in which they live.

The duty of the individual is to disseminate mercy as a form of worship. It can be done by guiding all members of society to live under the guidance of Shari’ah. In other words, as argued by al-Faruqi (1992, 92), they are ruled by the Shari’ah. An implication of this, is that it is possible to make a real social structure which is based on the Shari’ah. The structure can then be utilised as a means of changing the condition of society towards the real worshippers of God and the attainment of falah - the pleasure of God.

It is clearly understood here that society is regulated by Shari’ah. This may mean that society is in a "stable" condition (status quo) in the sense that society is constantly under the guidance of the Shari’ah. This is so, since the presence of the Shari’ah as ethics (moral precepts) is completely required by that society. In this regard, al Faruqi (1992, 94) even asserts that "no society can continue to exist, or survive in the long run, without morality." However, besides stability, there is also change. Changes in society are definitely required to be made by all members of society to actualise mercy and to attain falah. The attempts to make changes are the ones that should be constantly made. These are done not only to make beneficial
impacts on society, but also to develop and increase the religious appreciation of its members through explorations which will enrich and strengthen their faith (see Madjid 1987, 143). Thus, it is obvious that in our view here both regulation, in the sense that it has been described above, and change (social transformation) are complementary; they are mutually inclusive.

With regard to ontological assumptions, it is argued that, unlike both nominalism and realism, objective reality (realism) and subjective reality (nominalism) coexist (Al-A'ali 1993; see also Arif 1987; al-Faruqi 1992). However, the coexistence of these sorts of realities is not, Al-A'ali (1993) argues, based on dualism, or dichotomy, because these will transgress an important teaching of Islam (see Dhaouadi 1993), that is, the concept of the complement which is clearly stated in the Qur'an,

Glory to Allah, Who created in pairs all things that the earth produces, as well as their own (human) kind and (other) things of which they have no knowledge (36: 36).

And of everything We have created pairs: that ye may receive instruction (51: 49).

The coexistence of these two perceptions is the solution of the partial view of nominalism and realism. Nominalism takes the view that "the social world external to the individual cognition is made up of nothing more than names, concepts and labels which are used to structure reality" and are utilised "as artificial creations whose utility is based upon their convenience for describing, making sense of, and negotiating the external world (Burrell and Morgan 1979, 4). Whereas, realism views the reality as "a real world made up of hard, tangible and relatively immutable structures" (Burrell and Morgan 1979, 4). For the realist, social reality exists independently out there (Morgan and Smircich 1980), that is independent of social actors and is not something created by individuals (Burrell and Morgan 1979, 4).

In the epistemological view and still embracing the spirit of complement (all inclusive), there is a need to unite religion and science (knowledge) because, in the
view of Islam, the purpose of human knowledge is not for the need of material being *per se*, rather it rests on, and is of the complement of, the human breathed divine spirit which is superior to its clay (material) counterpart (Dhaouadi 1993; Ragab 1993). With regard to this matter, Dhaouadi (1993) argues that the goal of human knowledge must not be confined to the materialistic aspects of the objects being studied, the spiritual side of the objects must also be studied. The spiritual dimension of knowledge, as further agued by Dhaouadi, is the privileged means for scientists of communicating with the divine world. Thus, the service of human knowledge "must not be limited only to the management of human affairs in this world, but must also serve as a means of contact, experience, and ultimate divine salvation" (Dhaouadi 1993; see also Brohi 1988).

As a consequence of this, there is no separation between faith (in the sense of revealed knowledge) and reason. This means that knowledge should be generated through the interaction of revealed knowledge and human reason, and a dialogue between the human spiritual and materialistic dimensions; there must be no secularisation of it, that is, by eliminating the spiritual, the divine, and metaphysical dimensions of the knowledge. It is asserted by Bashir (1986a) that even "religion is the domain where reason is exercised to its fullest capacity." When, he further argues, "reason is so extended, it will recognise its own limitations, and admit of the existence of true, uncorrigible and infallible knowledge which is obtainable from genuine and authentic messengers of God," that is, revelation. In short, there is no conflict between revelation and human reason (see Safi 1993).

The existence of reason as the counterpart of revelation emphasises the way of rationalising revelation, which is in itself transcendental and sometimes is not even accessible to the five human senses. Besides this, Islamic epistemology might also be characterised by the complement between revelation and the (social and natural) world which means that the sources of knowledge in Islam are the revelation and the world
(reality) (Idris 1987). In regard to this, Safi (1993) points out that the justification for revelation can be found in empirical reality - the world. However, it should be remembered that revelation (the Qur'an) itself is not a book of science, rather it is a book of guidance. It conveys signs (ayat) for a given phenomenon which takes "constant and recurring interpretation and systematization," and needs "the process of thinking, contemplating, and rationalizing" to understand the phenomenon (Safi 1993). By doing so, the interconnectedness between revelation and reality will be found (Safi 1993), which in turn will increase the conviction of, or the belief in, the existence of God (see al-Faruqi 1992), and the truth which is dispersed through His words (revelation) and His will which may be expressed in the form of natural and social laws (see Nasr 1994).

Lastly, it should be remembered, however, that Islamic epistemology is not only concerned with the way knowledge is acquired and constructed, but also with the personality of the individuals who seek and formulate that knowledge. This means that to acquire true knowledge, there is a need to utilise the Islamic scientific approach as we have discussed it and of sharpening individuals' psychological and spiritual aptitude (Bashir 1986b). This is the way of enlightening individuals' faith and intelligence, and of constantly remembering their original and spiritual covenant with God. By doing so, the thought, and the construction and the application of knowledge, of the individuals will always be in the path of God's will (see Triyuwono and Gaffikin 1994).

These philosophical assumptions are the fundamental principles that should be utilised in reshaping accounting knowledge. These assumptions are the distinct ones which guarantee, it is hoped, the fusion of Shari'ate ethics with accounting knowledge. If this condition can be reached, then accounting certainly has the capacity to reflect realities which are also constructed based on the Shari'ate ethics.
5. *Tawhid: the Ethical Spirit of Organisational Realities and Accounting Knowledge*

Having comprehended the *Shari’ate* philosophical foundation of accounting knowledge, we have confidence that accounting knowledge is now under the inspiration of the *Shari’ate* values. This obviously ensures that accounting ultimately has a reliable potentiality of reflecting *Shari’ate* organisational realities in a very high accuracy of reflection. Organisational realities and accounting knowledge are realities. The reflections of those organisational realities through accounting (knowledge) are also realities. The interpretations by individuals of organisational realities and individuals’ perceptions about accounting knowledge (and practices) are realities. This is actually a web of social realities which has a powerful capability of entrapping individuals (who live in its networks) within its control and influence. When the web of social realities is socially constructed within, for instance, materialistic values *per se*, then there is little doubt that individuals are under the influence of such values; and the values will alienate them from their real human nature (*fitrah*). Similarly, when the values are the "spiritual" ones *per se*, these values will also definitely estrange the individuals from their *fitrah*.

Islam, with its fundamental divine law - *Tawhid* (the belief in the unity of God); there is no god, but God - comes to emancipate individuals from "incorrect" realities to real realities and a real life. The first part of the phrase "there is no god" is a negation of that realities, which are not based on the values of divine law, are pseudo-realities, or, pseudo-gods towards which they should *not* be enslaved. Individuals should be free from them. However, when they have been totally free from the pseudo-gods, they must assert that God is the God; it is actually the second part of the phrase "but God" which guides the individuals to their real nature. Viewing this sacred proclamation, al-Faruqi asserts that,

*Al tawhid* [the recognition that there is no god but God] purged religion absolutely clean of all doubt regarding the transcendence and unicity of the Godhead. Thereby, it
accomplished a double purpose: that of acknowledging God as sole Creator of the universe, and that of equalizing all men as creatures of God, endowed with the same essential qualities of creaturely humanity, with the same cosmic status.

To *al tawhid* belongs another aspect, namely, the axiological. To assert *laa ilaaha illaa Allah* means that Allah (SWT) is the sole and ultimate value, that everything else is only an instrument whose value depends upon God for its valueness, and whose goodness is measured by its actualization of ultimate, divine goodness. It means that God is the final end of all desire, that He is the one and only Master whose will is the ought-to-be of all that is (1992, 161-2).

Under this view, as further argued by al-Faruqi (1992, 162), individuals are precisely the servants whose vocation and destiny are only for the service of God, or for the fulfilment of the divine will; that is, the realisation of divine value in space and time.

This study may be considered as an endeavour to fulfil the divine will. It not only has enriched its methodological approach with Islamic values, but also attempts to provide some alternative views on perceiving self(ves) and realities, on understanding *Shari'ate* ethics, on shaping the perceptions of organisational realities, and on reconstructing philosophical foundations of accounting knowledge. All of these are attempts to create or reshape realities the quality of which is powerful in guiding individuals towards a self-consciousness in worshipping only God.
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Foundation and The International Association for Islamic Economics, Islamabad.


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