


## THE ROLE OF HOUSEHOLD ACCOUNTING IN IMPROVING QUALITY OF ISLAMIC LIFE

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### Abstract

This research intends to learn more about the role of household accounting in improving Islamic life by examining the accounting practices of informants and examining the benefits that informants gain from carrying out accounting practices in their homes. A qualitative method with a phenomenological approach was applied. In this study, the informants were eight married seventh-semester accounting students. In-depth interviews with each informant were used as data gathering strategies. According to the findings of this study, all of the interviewees have done accounting in their households since they were married, and their wives have kept track of it. Accounting in the home is vital, according to all of the respondents, for the following reasons Accounting in the home is important to all of the informants for the following reasons: 1) it can bring peace to financial management, 2) it can shape a thrifty and careful person, 3) it can be used as material for evaluation and long-term saving decisions, and 4) it can be used as an investment decision in the afterlife to pay zakat.

**Keywords:** *Accounting Practices, Household Accounting, Islamic Quality of Life.*

### Introduction

The family is an institution that plays an important role in a society. The existence of a harmonious and happy family can be one form of an advanced society. If the people are developed and educated, it will have an impact on the country. So that it can be said that a developed country must have a prosperous family in it.

A prosperous family in it regardless of economic difficulties where the family can fulfill all their needs, starting from the affairs of the stomach, clothing and housing. Currently, many families are aground and fall apart due to the economic factors that hit. Based on data from the Religious Courts Agency (Badilag) of the Supreme Court, the divorce rate for Indonesian families is increasing from time to time. In 2020, the divorce rate reached 21.9% of the 2.3 million marriages. Economic factors are the most common cause and what is unique is that 73% of those who file for divorce are wives, arguing that their husbands cannot meet the economic needs of the family. Financial limitations can cause stress and low self-confidence, even for some families this condition can lead to divorce (Zhao & Zhang, 2020). From Ibn Umar from the Prophet Muhammad SAW said: "The lawful thing that Allah hates the most is divorce" (H.R. Abu Daud and Hakim).

To get a harmonious and Islamic household, it is necessary to arrange a good household economy. Starting from financial planning to financial management that cannot be separated from accounting in the household. Based on the phenomenon of the results of research on household finances that are still rarely carried out, researchers are interested in researching and exploring the benefits obtained for families who apply household accounting in their families. The importance of family accounting practice has a motive and purpose, namely to shape the behavior of family members, the need for physical records and the need for values that are reflected in family accounting practices in the form of responsibility, trust, honesty, discipline, sincerity, and diligence.

Research Morgan (2012) explains the need for accounting practices in four areas, namely: budgeting, recording, decision making and long-term planning. This finding is to find out or as a control tool in the household in order to avoid debts to other parties and expenses outside of household planning.

(Et al., 2021)in their research results state the importance of the role of accounting in the household for accountants' families (educators and practitioners), namely to be able to plan every household budget, record

keeping, decision making and long-term planning in the household. Based on some of the results of the research above, it is stated that accounting in the household is important. Therefore, this study aims to look at the benefits of household accounting from an Islamic perspective, where household accounting can be a model for improving Islamic life in the family and to find out the form of household accounting applied by the informants (Alias et al., 2016).

## Literature Review

### Islamic Household Finance Principles

Islamic family finances must be based on the principle of belief that the determinant and giver of rizq is Allah with an intentional effort to meet the needs of the family so that they can worship sincerely (Xiao & Tao, 2021). Thus the family will have the commitment and priority of halal income that brings blessings and avoids illicit income that brings disaster. The Messenger of Allah said: *"Whoever tries from what is forbidden and then gives it in charity, then he has no reward and sin remains on him"*. In another narration it is stated: *"By Allah in Whose Hand is my soul, there is no servant who earns from what is unlawful and then spends it will get a blessing. If he gives charity, his alms will not be accepted. He does not set aside from his illicit income except that it will be a provision for him in hell. Verily, Allah will not erase ugliness with ugliness, but erase the ugliness with goodness because ugliness cannot be erased with ugliness"* (HR. Ahmad).

The Islamic family is a house in which there is *sakinah*, *mawaddah*, and *rahmah* (feelings of calm, love and affection). That feeling always surrounds the atmosphere of the house every day. All family members feel the atmosphere of "heaven" in it. Fatima Heeren in her book *Women in Islam* (1993) mentions four conditions in building a Muslim family. First, Muslim families must make the family the main place for the formation of a strong generation by providing the family as a safe, healthy and comfortable place for interaction between parents and children. Second, family life must be used as a means to maintain the sexual desires of men and women. Third, Muslim families must make the family the first place in instilling human values such as love and compassion. Fourth, the Muslim family must be used as a place for each of its members to take refuge and a place to solve all the problems faced by its members.

To achieve good financial communication, all family members must have the same understanding of the three basic principles of managing Muslim household finances, namely: First, trying to earn a living that is lawful and *thayyib* (Siddiqui et al., 2021). Husbands, wives and children must remind each other and control what they get in the household. Second, frugal and economical, one of the great steps parents take in educating their children is to be frugal and not consumptive. Here there must be a process of communication, shared commitment and real examples from parents to children. Third, get used to saving for the hereafter. Every family member must agree to always save and give charity under any circumstances.

### Simple Accounting Application

Accounting is the process of identifying, measuring and reporting economic information in order to enable clear and firm judgments and decisions for those who use the information (Gong, 2020). According to (Gong, 2020) accounting is the process of identifying the recording and communicating economic events of a company or non-company organization to interested users of information. Likewise (Hidayati, 2002) suggests that accounting is the process of managing financial data to produce reliable financial information used to enable decision makers to make informed judgments in decision making.

Based on its understanding, accounting can be concluded as the process of recording the classification and identification of financial data that is processed and presented in the form of financial statements to obtain information needed in decision making (Adella Fitri, 2021). In this study, it is hoped that accounting will not only be studied and provided for when working for accounting students, but also be applied in daily life with the aim of managing personal finances to be organized and continued until later in the household in a family. According to (Alias et al., 2016) the use of accounting records is very well done so that housewives can minimize every need that is needed especially in order to know the amount of expenditure in each day so that the amount of expenditure for a month can be known.

Proper financial management requires planning. The value of any good budget planning in the household proves to be able to avoid debt to the environment or to moneylenders (Marzuki et al., 2022). Good budget

planning is very necessary for the future as a backup and more aware of the needs in their daily lives both in short-term and long-term planning. An approach in the household budgeting process is needed to be able to control a number of expenditure budgets in the household so that there are restrictions on things that are very urgent to be issued and savings to be able to make a savings.

A steady income shows that a person's life sometimes does not match every need he experiences. In the household sector, bookkeeping is usually carried out by housewives where what is recorded is, among other things, only receipts and expenses. Although quite simple, benefits can be obtained, including: knowing the amount of income and sources of family income, knowing easily and quickly the amount of assets, debts and capital, guidelines for spending plans in the following months, guidelines for using a priority scale of needs, avoiding prejudice in households, measure the ebb and flow of household financial situation, and can implement the principle of a balanced budget.

#### **Accounting in Islamic View**

Accounting itself in Arabic is known as al-muhasabah. In the Islamic concept, accounting is included in the muamalah problem, which means that in the muamalah problem the development is left to the ability of the human mind (Laub, 1999)(Diakomihalis, 2022). The Qur'an has explained the basic concepts of accounting, long before Lucas Pacioli, who is known as the Father of Accounting, introduced the concept of double-entry bookkeeping in a book he wrote in 1494. This can be seen in the Qur'an letter Al-Baqarah verse 282, which has outlined the concept of accounting that emphasizes accountability or accountability. The purpose of the command in the verse is very clear to maintain justice and truth which emphasizes accountability.

In other words, Islam considers that economic transactions (muamalah) have a very high urgency value, so that recording can be used as evidence (black and white), using witnesses (for material transactions) is very necessary because it is feared by certain parties (Ogunode, 2022). Renege on the agreement that has been made. For this reason, bookkeeping accompanied by explanations and testimonies of all financial economic activities must be based on documents of evidence in the form of: invoices, notes, receipts or notarial deeds to avoid disputes between the two parties. And of course the existence of a comprehensive reporting system will strengthen management because all transactions can be managed properly so as to avoid fraud. Interestingly, the placement of the verse is very relevant to the nature of accounting, because it is placed in the letter Al-Baqarah which means a female cow which is actually a symbol of economic commodities.

### **Results and Discussion**

The informants used in this study were students who were married. So what researchers want in revealing the importance of household accounting in improving Islamic life can be achieved. The number of students who became informants were five people who were married and had children. Because families who already have offspring are usually more complex and more expensive, so there is a need for financial management. Of all the informants, all of them document their household finances in the form of simple accounting and recording everything is done by the wife.

#### **The Importance of Household Accounting**

Accounting is the process of recording finances in the household. Financial recording in household life is very important because it can find out the income and expenses obtained in the household and the household cash flow. Here the researchers tried to dig up information from several informants. The results of interviews from eight informants all stated that accounting is very important and therefore all informants apply accounting in their households. The reasons why the informants apply household accounting, researchers can conclude, include:

- a. To find out how much the family's expenses and income are in one month.
- b. To practice honesty in the use of money.
- c. To manage family finances to separate primary and secondary needs.
- d. To control income and find out other expenses other than monthly needs.
- e. To be responsible to the husband for the use of money.
- f. As an evaluation material once a month.

Eight informants have the same answer stating that accounting is useful for knowing family income and expenses in one month. The practice of accounting is also recommended by Allah SWT in Surah Al-Baqarah verse 282.

### **Household Accounting Model**

Accounting made by the informants found three models:

1. Single entry model: this model is a fairly simple model, it only looks like one column. Where only conveys how much income and expenses in that period and the remaining balance. In this first model, informants always archive notes in their wallets so that they can be recorded at any time and the important thing is that notes are collected.

2. Three-entry model: the second model is a three-column model, presented in the first column the money comes in, then the money goes out and the remainder. From the second model, it is actually almost the same as the first model, only to find out the expected balance for that period. The difference is that a column is made, informants also collect existing notes.

3. Four-column model: this model of the three forms of household accounting is more detailed because it includes the balance of the previous period and the date of the transaction is also included in it. This informant is also more disciplined in taking notes by not throwing away every note in one transaction.

### **Benefits of Household Accounting**

The benefits obtained from several informants can be concluded that accounting is very useful in its implementation, including:

- a. To evaluate the coming month.
- b. Can prevent expenses that are not too important.
- c. Compare receipts and expenses, and find out unexpected costs at that time (such as donations).
- d. Simplify in financial management.
- e. Practice honesty in the household and predict savings.
- f. Exercise caution in spending money so that it is more frugal and not wasteful.
- g. Calm in management.
- h. Calculate zakat in a month.

Based on several benefits that researchers can conclude, it is evident that accounting practices are important to carry out. With the hope of making peace in the household and honest behavior in the family. Honesty in the household is the main capital in creating a sakinah, mawaddah and warrahmah family. Then the next benefit stated by the informant with accounting is that it is useful to be careful in spending their money so that they do not act extravagantly, because in Islam as Allah SWT says, "And give close families their rights, to the poor and people who are on their way and do not squander (your wealth) extravagantly. Indeed, the spenders are the brothers of Satan and the devil is a complete disbeliever in his Lord" (Surah Al-Isra: 26-27).

From what was conveyed by the informant, it was to be responsible for what he got, it was issued through zakat. As the word of Allah SWT which means "Take zakat from some of their wealth, with zakat you clean and purify them" (Surat at-Taubah: 103). So that accounting practices in the household can improve life to be more Islamic.

### **Conclusion**

From the results of the study, it can be concluded that the accounting practice in the household is very important because some of the informants who stated it was important could be taken advantage of, first, there is peace in financial management. Second, form a frugal and careful person. Third, it can be used as material for evaluation and long-term decisions to save. And fourth, as an investment decision in the afterlife to pay zakat and shodaqah. The forms of accounting practices used by the informants are all very simple, with the aim of finding out the balance or balance each month. It is used as an accountability to the husband, so that honesty is formed in the household.

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