
Integrating Islamic Spirituality into Management Control System: A Case Study of Sharia-based Leadership

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ABSTRACT

This study aims to explore the practice of Management Control Systems (MCS) rooted in Islamic spiritual values. Utilizing an interpretive qualitative method with a single case study approach, data were collected through interviews, observations, and document analysis. The analysis of MCS was guided by principles derived from Islamic spirituality. The findings reveal that the spiritual values of the leaders, deeply influenced by the Al-Qur'an, Shiroh Nabawi, and their engagement with various Islamic communities, foster spiritual maturity. This spiritual foundation shapes wise leadership and results in an MCS that effectively steers the organization towards its intended goals. The implications of this research suggest that Muslim leaders should integrate Islamic character into the design of MCS, ensuring that organizations operate effectively to achieve both worldly and spiritual objectives, ultimately contributing to the well-being of the broader universe. The novelty of this study lies in its provision of new insights into the expression of MCS practices based on Islamic spirituality, the development of Islamic leadership character, and the connection between MCS and Sharia-compliant agreements.

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INTRODUCTION

The intersection of accounting, spirituality, and local wisdom has emerged as a significant area for critical research within the realm of management studies. Research that delves into the integration of these elements offers fresh insights into how traditional practices can be adapted to meet contemporary needs. Several studies, such as Afifah's et al. (2024) exploration of accounting from a Javanese perspective, Zik-Rullahi's et al. (2023) investigation into mental accounting and the illusion of happiness, and Thalib's et al. (2023) examination of meuramin-based selling prices, have underscored the growing interest in incorporating local wisdom into accounting practices. Furthermore, the research by Truant et al. (2024) on management control systems (MCS), leadership,

and gender, has demonstrated that these aspects of local wisdom are increasingly being recognized and valued. The incorporation of local wisdom into accounting research becomes even more impactful when it is combined with spiritual elements, as this combination has the potential to foster a more ethical and socially responsible society (Hamidah et al., 2024; Thalib & Briando, 2023; Triyono et al., 2019).

The integration of spirituality into accounting research is not a novel concept but has been gaining momentum in recent years. Several studies have explored various dimensions of this integration. For instance, Hidayah et al. (2019) examined the role of accounting within religious institutions, while Basri et al. (2016) and Jang et al. (2023) focused on accountability from the perspective of religious communities. Gallhofer and Haslam (2004) investigated the relationship between accounting and liberation theology, and Guida (2023) offered theological reflections on divine relationships between love and justice, challenging the conventional concept of equivalence justice in accounting. These studies have laid the groundwork for further exploration of how spirituality can be integrated into accounting practices to create more equitable and just systems. The current research aims to build on this foundation by exploring how Management Control Systems (MCS) can be expressed through the lens of Islamic spirituality.

One of the key contributions of this research lies in its novel approach to understanding the relationship between MCS and Islamic spirituality. This study seeks to provide new insights into how MCS can be expressed based on Islamic spiritual principles, how a leader's Islamic character is formed, and how MCS relates to the Sharia cooperation agreements within the DH company. The focus on Islamic spirituality in the context of management control is particularly relevant given the increasing interest in Sharia-compliant business practices. In an environment where businesses are striving to align their operations with Islamic principles, understanding how MCS can be implemented in a way that is consistent with these principles is of utmost importance.

In the context of Islamic business practices, the concept of cooperation is fundamental. Sharia-compliant business operations are governed by a set of principles that regulate the rights and obligations of the parties involved (Ahmad & Rusdianto, 2018; Pepis & de Jong, 2019). These principles ensure that all parties work together synergistically, complementing and strengthening each other (Asif & Akhlaq, 2024). The contracts or agreements within Sharia-compliant businesses can be based on various principles such as the sale and purchase principle (murabahah), the rental principle (ijarah), the participation principle (musyarakah), the profit-sharing principle (mudharabah), and the non-profit principle (qardhul hasan) (Alsharari & Alhmod, 2019; Fitri, 2021; Talib et al., 2024). These principles provide a framework for businesses to operate in a manner that is consistent with Islamic values, promoting fairness, transparency, and mutual benefit.

The DH company serves as a compelling case study for exploring how Islamic spirituality can be integrated into MCS. Unlike conventional businesses, DH does not rely on traditional accounting practices to manage its operations. Instead, it adopts Islamic family values inspired by teachings from the Qur'an, hadith, and the business practices of the Prophet Muhammad and his companions. These values are embedded in the company's approach to MCS, which has contributed to its rapid growth and success. Despite not following conventional accounting practices, DH has achieved significant growth since its inception in 2016. The company, which was founded in Yogyakarta by Mr. Muda, now operates 40 business units, each selling different products or services, with a total annual turnover of around 60 billion and 550 employees.

One of the unique aspects of DH's management approach is the role of informal coordination and family discussions in evaluating business unit performance. While Mr. Muda does not hold a formal position as a commissioner or director in the company's business units, he exerts significant influence over their activities. His approach to leadership is deeply rooted in Islamic values, which emphasize collaboration, mutual respect, and a sense of community. This informal, yet effective, management style has been instrumental in driving the company's growth and success over the past five years. The DH company's experience offers valuable insights into how Islamic spirituality can be integrated into management practices to create a thriving business.

The urgency of conducting this research lies in the growing interest in Sharia-compliant business practices and the need for a deeper understanding of how Islamic values can be integrated into management control systems. As more businesses seek to align their operations with Islamic

principles, there is a pressing need for research that explores the practical implications of this alignment. This study aims to fill this gap by providing a detailed examination of how Islamic spirituality can be incorporated into MCS and how it can contribute to the success of Sharia-compliant businesses. The insights gained from this research could be of significant value to both academics and practitioners who are interested in developing more ethical and socially responsible management practices.

In conclusion, this research aims to reveal the practice of management control systems based on Islamic spirituality at the DH Yogyakarta company. By exploring how MCS can be expressed through the lens of Islamic spirituality, this study seeks to contribute to the growing body of literature on spirituality and management control. The findings of this research are expected to provide new insights into the relationship between MCS and Islamic spirituality, offering practical guidance for businesses that wish to operate in a manner consistent with Islamic principles. This study also aims to highlight the potential of Islamic spirituality to foster more ethical, just, and socially responsible business practices, contributing to the broader discourse on the role of spirituality in management.

Literature Review

A Management Control System (MCS) is a comprehensive framework that organizations use to steer the actions and behaviors of their members towards achieving strategic goals. It encompasses various tools and processes designed to align individual actions with the overall objectives of the organization (Akmetshin et al., 2018; Bedford, 2015; Bedford et al., 2016; Simons, 2019). The MCS framework generally includes three primary components: cultural control, results control, and process control (Salmanzadeh et al., 2022). Cultural control refers to the organizational values and norms that guide behavior, results control involves setting performance targets and evaluating outcomes, and process control ensures that specific procedures and actions are followed according to established standards.

Cultural control, a fundamental aspect of MCS, involves fostering a strong organizational culture that fills the gaps left by results and process controls. This type of control is cultivated through various means such as employee training, leadership role modeling, group-based rewards, personal approaches, symbolization of values, creating a conducive work atmosphere, and establishing codes of ethics (Vale et al., 2022). Cultural controls are crucial as they embed the organization's values deeply into the daily activities of employees, ensuring that their actions are consistent with the organizational goals even in the absence of direct supervision (Ahmad & Rusdianto, 2020; Youssef et al., 2020). In this context, cultural control can serve as a powerful tool in shaping behavior and aligning it with the strategic vision of the organization.

Incorporating Islamic spirituality into MCS adds a unique dimension to the traditional framework. Islamic spirituality emphasizes the integration of faith and ethics into all aspects of life, including business practices (Ayu & Iwan, 2017). In an MCS framework influenced by Islamic principles, cultural control would be shaped by Islamic values such as justice, honesty, and mutual respect (Ghazali et al., 2020; Mulawarman & Kamayanti, 2018). These values would not only guide the behavior of organizational members but also create a moral and ethical foundation for the organization's operations (Ernawati & Suhardianto, 2024; Iriawan, 2018). Results control, from an Islamic perspective, would focus on achieving not only financial success but also social justice and communal well-being. The evaluation of performance would take into account both the material and spiritual outcomes of business activities, ensuring that the pursuit of profit does not come at the expense of ethical principles.

Process control within an Islamic MCS framework would emphasize adherence to procedures that are consistent with Shariah principles. This would involve ensuring that business practices, such as financial transactions and contracts, are conducted in a manner that is fair, transparent, and free from exploitation (Adawiyah & Pramuka, 2017). Islamic spirituality would also influence the delegation of authority, encouraging leaders to act as stewards of the resources entrusted to them and to make decisions that are in the best interest of the community as a whole (Amin et al., 2021; Mulyaningtyas et al., 2019; Purnamasari et al., 2020). In this way, an MCS based on Islamic spirituality would not only aim to achieve organizational goals but also contribute to the overall moral and spiritual development of its members, fostering a business environment that is both ethical and socially responsible.

METHOD

This study employs a qualitative research design with a case study approach. According to Yin (2018), case studies focus on specific phenomena that are transient and still evolving. Human beings are inherently dynamic, possessing intuition, intelligence, emotions, thoughts, and experiences. Therefore, the ontological aspects of human life can serve as a valuable research object because these dynamics can be better understood through a qualitative approach. Given the research objective, which is to uncover the meaning behind Management Control System (MCS) practices rooted in Islamic spirituality and to abstract this concept, an interpretive paradigm is adopted, with a methodology grounded in Islamic spirituality. The study's informants include three individuals, with the primary informant being Mr. Muda, the owner of the DH company. The other informants are Ms. Tini, the leader of business unit A at DH, and Mr. Ardi, a close friend of Mr. Muda from his social community. Mr. Ardi was chosen as an informant due to his personal connection with Mr. Muda and his ability to provide insights into how Islamic values have shaped Mr. Muda's leadership character.

Table 1. Informant Details

Informant	Age	Position
Mr. Muda	37 years old	DH Owner
Ms. Tini	35 years old	Leader – Business Unit ‘A’
Mr. Ardi	36 years old	Mr. Muda’s friend

The data collection process spanned six months and employed interviews, observations, and documentation methods (Neuman, 2011). Semi-structured interviews were conducted to allow for flexibility in obtaining detailed and comprehensive information. Observations were made while the researcher was an active member of the informants' community, allowing for natural interactions. The researcher meticulously recorded the results of the interviews and observations to maintain accuracy in data collection and ensure that no important information was lost.

The analysis began with a methodology grounded in spirituality, serving as the foundation for interpreting the meaning within the management control system practices. The method employed is based on Islamic spirituality, which is a derivative of the overall methodology. The analysis draws inspiration from the holy verses of the Qur'an, Hadith, and the exemplary lives of the Prophet's noble companions. The formulation of a management control system rooted in Islamic spirituality incorporates values from the noble teachings of Islam, such as mutual assistance, honesty, justice, compassion, and other virtues that make Islam a blessing for the universe, benefiting not only Muslims but all of humanity.

RESULTS AND DISCUSSION

In Islam, the concept of monotheism emphasizes that Allah is the Supreme Being, the Almighty who does not require assistance from anyone. In contrast, humans, as Allah's creations, are inherently weak and dependent. To fulfill their roles as caliphs, or stewards on earth, humans must seek support and cooperation from one another. Organizations or companies are manifestations of this human cooperation. Allah instructs humanity to collaborate in doing good, as highlighted in Surah Al Maidah verse 2: "...and cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah; indeed, Allah is severe in penalty." Similarly, in Surah As-Saff verse 4, Allah says, "Indeed, Allah loves those who fight in His cause in ranks as though they are a single structure joined firmly." These verses underline the importance of cooperation and unity, which, when applied within a company, can significantly strengthen its foundation.

Effective cooperation within a company, akin to a well-organized formation, fortifies the organization. To solidify this cooperation, any agreements should be documented and endorsed by all relevant parties and witnesses, thereby reinforcing the commitment to achieving the company's objectives. Achieving these organizational goals requires managers to implement robust management control systems. While humans are born with a pure nature, they can be influenced by their families

and surroundings, potentially leading them astray into indulging in desires that incite wrongdoing. Hence, controlling both personal and organizational aspects is essential to maintaining integrity.

The foundation of any control system is self-discipline. Self-control is most effective when individuals remain conscious of being under Allah's constant supervision, as stated in the Quran, "Indeed, Allah is All-Knowing of everything." With this awareness, individuals are motivated to perform their duties to the best of their abilities. When every member of an organization strives to do their best, the burden of management control is eased, and achieving the company's goals becomes more straightforward. Furthermore, the character of a leader greatly influences the nature of the management control system within the organization. Leaders with spiritual maturity are more likely to manage the company wisely. An example of such leadership is Mr. Muda of DH company. Despite his relatively young age, Mr. Muda has successfully led the company to experience significant growth in both turnover and the number of employees within just five years.

DH Company Background and Its Development

DH is a company that operates 40 distinct business units. It was established in 2016, during the time when the owner was still a student majoring in Javanese Language Education at a state university in Yogyakarta. Today, DH generates a turnover of 60 billion annually, with each business unit averaging 1.2 billion per year. Each unit is staffed with 5 to 20 employees under the supervision of a leader, totaling 550 staff members across the company.

The business units within DH offer a wide range of products and services. These include digital marketing services, branding services, educational services, fashion products, honey, children's multivitamins, computers/laptops, among others. The diverse nature of the products and services offered by DH necessitates a robust management control system to ensure effective business management. In such a multi-product/service company like DH, the leadership style plays a critical role in shaping the management control system model.

The Owner's Experience of Spirituality and Leadership Style

Mr. Muda, the 36-year-old leader of the DH company, began his entrepreneurial journey while still a college student. Even now, he remains actively involved in various organizations as well as social and religious communities. Those who interact with Mr. Muda often describe him as a quiet, humble, and very simple individual, an observation that is shared by those closest to him.

"Mr. Muda could easily buy a luxury car, but he chooses to keep things simple and hasn't changed his car, even when he can afford to. It's kind of amusing, really," said Mr. Ardi, a close friend of Mr. Muda.

This anecdote from Mr. Ardi illustrates the modesty that characterizes Mr. Muda's lifestyle. Despite his success, this young businessman is often seen riding an old motorbike for his daily commute.

"Why would I change cars if the one I have serves its purpose? If I were to consider changing, I would think about all the leaders and friends as well. I wouldn't switch to a luxury car unless my team could do the same," explained Mr. Muda.

Mr. Ardi recalls how, during their college days, Mr. Muda was deeply involved in Islamic organizational activities. His commitment to a simple and content life, known as qona'ah in Islamic teachings, reflects how a true Muslim should view wealth—not as a source of pride, but as a trust from God.

"What is there to boast about? Our turnover is still in the billions, not even trillions. Besides, everything belongs to Allah in the end," said Mr. Muda.

Mr. Muda's involvement in Islamic organizations continues to this day. He actively participates in Islamic development through regular study groups and various Muslim business communities.

Along with his peers in the Muslim business community, Mr. Muda delves into and draws inspiration from how the Prophet Muhammad and his companions conducted their business affairs.

"I am deeply inspired by the Muhajirin and Ansar...they were like brothers, always helping and strengthening each other. That's how we Muslims should approach business too," said Mr. Muda.

In managing the DH company, Mr. Muda employs a leadership style that differs significantly from conventional business models. Business units within DH are granted the autonomy to establish their own legal entities, depending on their scope of business. The organizational structure, roles, and authority within each unit are also determined by the respective unit leaders. Interestingly, Mr. Muda's name does not appear in any official capacity as a commissioner or owner, despite having provided the initial capital for these business units.

"I was funded by Mr. Muda, and he also provided the products. He even covered the advertising costs. Operational expenses are handled through sales. Basically, we just keep moving forward," explained Ms. Tini, a leader of one of the business units.

Mr. Muda grants significant authority to the leaders of each business unit, allowing them to lead independently. His leadership style stands in stark contrast to research findings that suggest leadership tends to be individualistic and dominant (Fletcher, 2004; Korac-Kakabadse et al., 1998).

"The team members in the business unit don't even know me, and that's okay. It doesn't matter to me if I'm not known. What matters is that they recognize their leaders," said Mr. Muda.

This relaxed leadership approach fosters an environment where leaders feel free to engage in open discussions with Mr. Muda, who they see as a friend, thus eliminating any psychological barriers. Although his name may not be officially listed as the leader in the legal documents of the business units, Mr. Muda's leadership is nevertheless acknowledged and respected by the unit leaders. His spiritual philosophy of always striving to benefit the community continues to inspire those around him. Mr. Muda's simplicity, humility, and willingness to serve have cultivated a deep sense of respect and loyalty among his team. As a leader at the pinnacle level, he inspires through his character, values, and actions.

The Process of Forming Business Units and Formulating Company Goals

The business units at DH company were formed organically, stemming from Mr. Muda's personal interactions with potential leaders. There is no formal recruitment process involving the Human Resource Development (HRD) department, such as job advertisements for leadership positions.

"Mr. Muda asked me if there were any friends in our community who needed financial support or were struggling with income. If so, he wanted me to recommend their names so that we could expand their business or even start a new one," said Mr. Ardi.

Through Mr. Ardi, the researchers were able to observe the formation of these business units by Mr. Muda. Ten individuals from Islamic organizations were recommended by Mr. Ardi to develop their own businesses. Their first meeting took place in a restaurant, where Mr. Muda arrived casually dressed in a T-shirt. The attendees had faith in Mr. Muda's good intentions and integrity, which were well-known across various organizations and communities.

"I didn't give any details about the collaboration—what it would look like, how it would work. In fact, I didn't know anything myself. I just told my friends that if they were interested in business development with Mr. Muda, they should come along. I didn't have answers for their questions, so I just asked them to trust the process," recalled Mr. Ardi with a slight laugh.

At the initial meeting, the researcher noticed that there was no specific discussion about forming business units or the structure of the cooperation. Instead, each participant shared their current business challenges and aspirations for the future. The atmosphere was emotionally charged as participants spoke about the financial hardships they were facing due to the impact of the COVID-19 pandemic.

Throughout this meeting, Mr. Muda primarily listened as each participant detailed their struggles. Almost all shared similar stories of how their businesses were suffering during the pandemic, fostering a deep sense of empathy among them. Following this, Mr. Muda reflected on humanity's role as caliphs on earth, emphasizing that being a caliph means manifesting Islam as a mercy for all creation. The idea of providing blessings and benefits to the world is a core value that shapes the company's vision.

Every human conversation, according to Islamic belief, is recorded by angels, with nothing missed. "Indeed, over you are appointed angels to watch over you—honorable recorders—they know whatever you do," (Surat Al-Infitar, verses 10-12). Setting company goals aligned with the duties of humanity as caliphs is seen as a noble conversation and intention. Such noble intentions must be supported by a well-structured strategic plan, ensuring that the steps taken are measurable and clear.

Mr. Muda mentioned that not all participants would necessarily continue in the selection process for becoming business leaders. From past experiences, many have dropped out or voluntarily withdrawn. At the end of the session, Mr. Muda presented a challenge that all participants needed to complete: calculating their financial health. According to Mr. Muda, financial health is determined by whether one's debts are less than their personal capital. He also advised that consumer debt should be covered by assets. Financial health is considered the first prerequisite for joining the DH business team, as Mr. Muda believes that individuals burdened with unproductive debt cannot perform optimally in business.

Table 2. Measuring Personal Financial Health

PERSONAL ASSET		PERSONAL LIABILITIES AND EQUITY	
Cash in hand	xxx	Current Liabilities	xxx
Cash on Bank	xxx	Long-term Liabilities	xxx
Godl	xxx	Total Liabilities	xxx
Personal Receivables	xxx		
Furniture	xxx		
Motorcycle	xxx	PERSONAL EQUITY*	xxx
Car	xxx		
Land	xxx		
Other Assets	xxx		
TOTAL ASSETS	xxx	TOTAL LIABILITIES & EQUITY	xxx

- Personal Equity = Total Assets – Total Liabilities

Table 2 illustrates the financial position assessment recommended by Mr. Muda to evaluate the financial health of prospective leaders in the DH business unit. The format resembles the principles found in a company's financial position report, but in this case, it is applied to personal financial health. The initial stage of establishing a business unit at DH reflects that personal accountability is a significant concern for Mr. Muda and the central management team at DH.

If a prospective leader is found to have an unhealthy financial condition and lacks assets to cover their debts, DH's central management is willing to assist by covering the debts. This act is a practical expression of helping fellow Muslims, similar to how the Muhajirin and Ansar supported each other, sharing burdens among themselves.

Participants were then asked to calculate their "living adequacy" figure, which is the amount required to cover living expenses for themselves and their families. This figure serves as the basis for determining salaries and setting sales targets.

"I was surprised when I was given a target of several million because I had never reached that level of turnover before. But, Bismillah, I believe I can do it," said Ms. Tini.

"Setting numbers is all about mindset. If people think something is difficult or impossible to achieve, that's the mindset they'll carry, and it will limit their growth. Our dreams are big and noble—we want to be a blessing to the universe—so why should we be pessimistic? Whether we ask for large or small amounts, it's equally easy for God to grant them," emphasized Mr. Muda.

Mindset, or a person's perspective, is one of Mr. Muda's main considerations when recruiting potential leaders for business units at DH. "Allah is as His servant expects Him to be," (Hadith Bukhari and Muslim). Prospective leaders who do not align with the company's values often choose to resign and pursue their own paths.

"I've never had to fire anyone. Usually, those who don't align with the company's values will leave on their own and start their own businesses. That's fine—it's their path to sustenance, and I have no problem with that," said Mr. Muda.

Cooperation Agreement and Profit Sharing between Business Units

Prospective leaders who continue their business collaborations with DH companies enter into formal cooperation contracts. Although these contracts do not explicitly state that they follow Sharia law, they are, in essence, based on Sharia principles. Specifically, the contracts employ the mudharabah model, a type of partnership where one party provides capital to another to invest in a business.

In this setup, DH management supplies the necessary capital to the leaders of the business units. The mudharabah contract mirrors the practices of the Prophet Muhammad's companions, who managed the assets of orphans in a similar fashion (Antonio, 2009). The amount of capital provided varies based on the needs of each business unit for its development, covering expenses such as merchandise purchases, advertising, salaries, and other operational costs.

The profit-sharing ratio between DH management and the business units also varies, determined by the agreements made between the unit leaders and DH management. In addition to receiving a share of the profits as per the agreed percentage, the leaders also earn a salary for managing their units. This salary is calculated based on the "adequacy figure," which reflects the living costs necessary for supporting a family. These costs include daily expenses, savings, emergency funds, debt repayments (if any), and investments. Consequently, there is no standard salary across all DH business units, as each leader's salary is tailored to the adequacy figure for themselves and their team members.

Profits generated by each business unit are distributed according to the terms outlined in the contract or agreement. However, if a loss occurs, it is borne by the capital provider, DH management, unless the loss is due to the negligence of the manager. In cases of managerial negligence, the manager is held accountable for the loss (Antonio, 2009).

"Have we ever experienced losses? Yes, quite often. When that happens, I ask the leader when we should inject more capital. As long as they remain enthusiastic about running the business, I'm willing to continue providing additional funds," said Mr. Muda.

Researchers inquired about the scenario where multiple business units incur losses, potentially depleting DH company's assets. Mr. Muda responded that he has encountered such situations before. Nevertheless, DH management quickly adapts, establishing new business units and generating profits again.

"This wealth is merely entrusted to us by Allah, and it's only natural that if Allah wishes to take it back, it will be gone. When that happens, we simply start over. That's how we view wealth—very simply," explained Mr. Muda.

"It seems DH has been through times where they had nothing left, yet Mr. Muda, as an extraordinary leader, managed to recover very swiftly," added Mr. Ardi.

For business units with sales turnovers below 1 billion, the agreed profit-sharing ratio is 30% for the profits shared between DH management and the leaders, as per the initial agreement, while 70% of the profits are reinvested in business development. This reinvestment could involve purchasing new equipment, increasing inventory, or boosting the budget for digital advertising on platforms like marketplaces and social media. The distribution of profits between DH central management and the management team is illustrated in Figure 2 of the Financial Circle

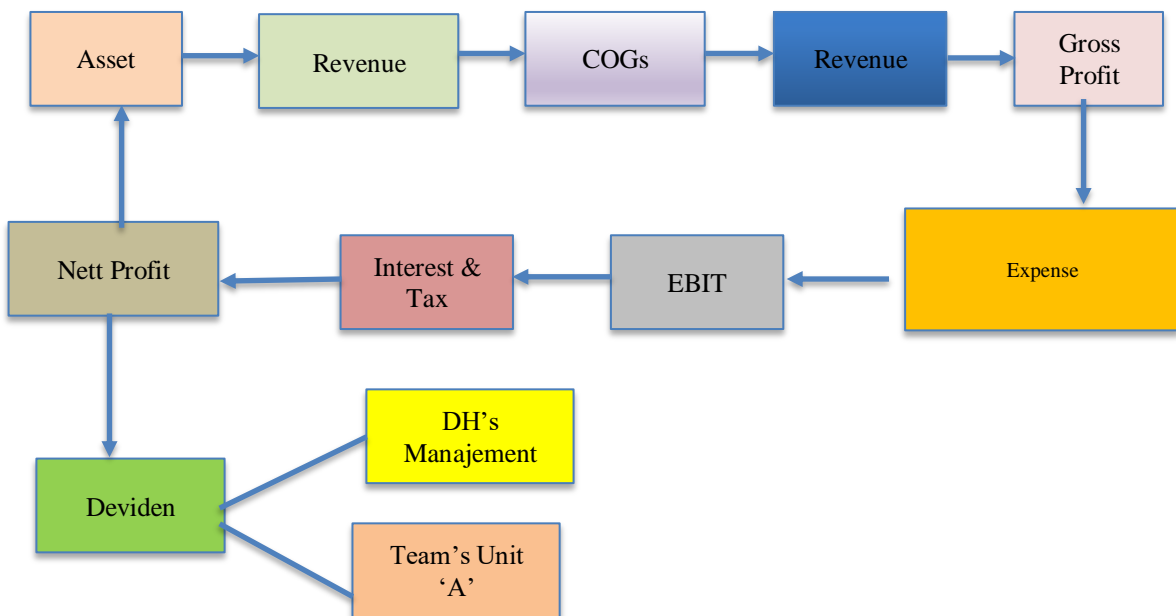


Figure 2. Illustration Financial Circle in Business Units

Mr. Muda pointed out that the current profit-sharing model has allowed DH's business units to grow rapidly. The leaders understand that the profit-sharing percentage is a strategy for business development rather than a means for DH management or Mr. Muda to amass wealth.

"I was given a substantial share of the profits, even though all the capital came from Mr. Muda. We, of course, strive to work as diligently as possible—anything less would be a disservice to Allah and to the kindness shown by DH management," said Ms. Tini.

The cooperation agreements between DH management and the business unit leaders are rooted in Islamic spirituality. A mutually beneficial agreement, based on the principle of helping one another, is considered a righteous deed favored by Allah. As stated in Surah Al Maidah: 2, "...and cooperate in righteousness and piety, but do not cooperate in sin and aggression. And fear Allah; indeed, Allah is severe in penalty."

Granting significant trust and authority to each business unit is also an acknowledgment of Allah's omniscience. Both Mr. Muda and DH management believe that Allah is constantly observing

human actions, including those of the leaders and teams within their business units. This belief motivates the management team and the business unit members to perform their duties to the best of their abilities, knowing they are under divine supervision. Surah Al Hadid also reminds us that "...and He (Allah) is with you wherever you are, and Allah is All-Seeing of what you do."

Despite the great trust and authority granted to each business unit, DH management still requires regular reporting and performance evaluations. These reports are submitted monthly in formal coordination meetings, where the financial reports are thoroughly reviewed. The data presented must be accurate and valid, as Islam places high importance on truthfulness and integrity. "O you who believe, fear Allah and speak the truth," as stated in Surah Al Ahzab, verse 70. Requesting reports and evaluating performance is not an indication of mistrust in the business unit leaders, but rather a means to assess the achievement of set targets.

"While we have a routine monthly coordination meeting, we often engage informally, chatting and discussing with Mr. Muda and other colleagues," said Ms. Tini.

"We check whether the targets have been met, and if not, we work together to find solutions. Where is the problem? What's the solution? We also motivate the leaders to stay enthusiastic and remember the purpose of doing business—to fulfill our duties as caliphs and embody the concept of rahmatan lil'amin," added Mr. Muda.

Providing motivation, collaboratively solving problems, and guiding leaders are examples of the positive control exercised by Mr. Muda. However, there are also consequences for leaders who are negligent in business management. Striking a balance between positive and negative control is essential for the company's success.

Financial reports serve as the basis for evaluating business unit performance and determining profit distribution, which occurs once a year. Nevertheless, leaders receive a monthly salary as business unit managers, calculated based on their living costs. This ensures that waiting for the annual profit distribution does not cause financial strain for the leaders.

MCS-based on Islamic Spirituality

A Management Control System (MCS) comprises a set of tools and processes that leaders use to influence the attitudes and behaviors of organizational members, ensuring alignment with the organization's goals and strategies. MCS includes three main components: cultural control (which focuses on organizational values), results control (which involves setting performance targets, evaluating performance, and providing incentives), and process control (which ensures adherence to work procedures, accountability for actions, and appropriate delegation of authority).

The primary objective of results control is to foster creativity among subordinates, enabling them to meet their targets. Process control, on the other hand, aims to ensure that critical activities are carried out according to established standards. Cultural controls are developed by cultivating a strong and healthy organizational culture, which compensates for any gaps left by results and process controls. This culture is nurtured through employee training, leadership role models, group-based rewards, personalized approaches, symbolic representations of values, a conducive work environment, and codes of ethics. In practice, these three controls are interdependent and mutually supportive.

This study explores the integration of Islamic spiritual values within MCS practices. Islamic spiritual values do not conflict with Efferin's assertion that MCS consists of cultural control, results control, and process control. In the context of DH company, when applying Efferin's framework, cultural control is implemented by embedding Islamic values into the company culture. This is reflected in the company's mission to provide benefits to the community, as well as in the behavior of Mr. Muda, whose qona'ah (contentment), simplicity, and helpfulness as a leader inspire the entire

DH team. Additionally, the recruitment of leaders who share similar mindsets and lifestyles further reinforces this cultural control.

In terms of process control, DH management places significant trust and authority in the leaders of each business unit, allowing them to manage and lead their teams independently without relying on Mr. Muda's prominent reputation as the top leader. Regarding results control, DH management sets turnover targets for each business unit, conducts monthly performance evaluations, and provides incentives through profit-sharing arrangements according to agreed-upon percentages. The stages of management control follow these principles and are further explored in this research.

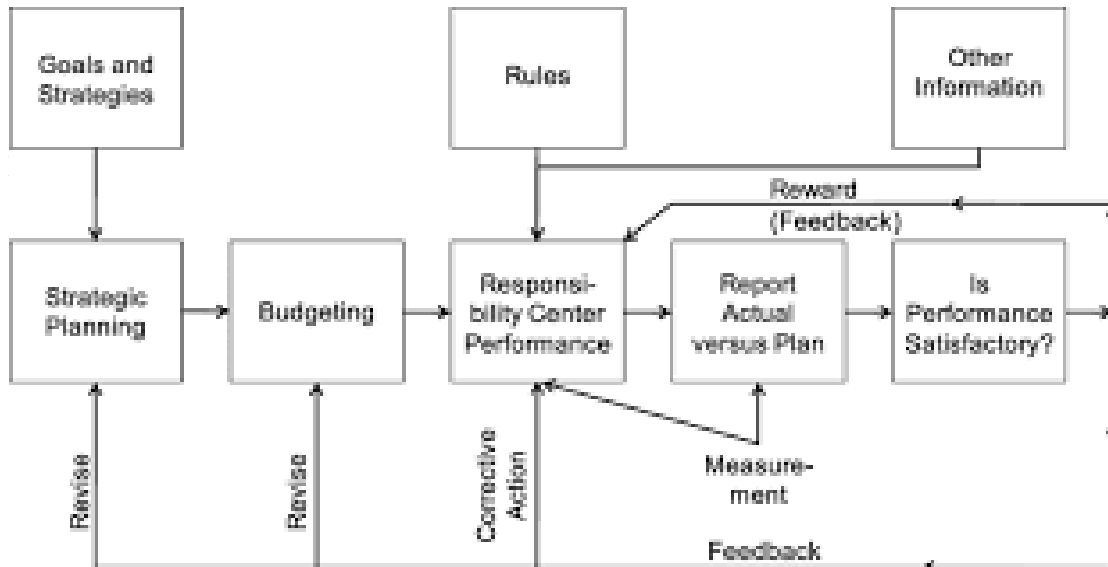


Figure 3. Management Control Stage (Anthony and Govindarajan, 2007)

Based on Figure 3, the management control process at DH company begins with establishing the company's primary objective, which is to be a source of blessing for the universe. DH management and its business units do not focus solely on material gains when setting company goals. During the strategic planning phase, programs are formulated and tailored to each business unit. Work, as an expression of worship and good deeds, must be carefully planned to achieve the best possible outcomes. Properly preparing the necessary resources further enhances company performance. Islam also emphasizes the importance of preparation, as highlighted in Surah Al Anfal verse 60: "And prepare against them whatever you are able of power and of steeds of war by which you may terrify the enemy of Allah and your enemy and others besides them whom you do not know [but] whom Allah knows. And whatever you spend in the cause of Allah will be fully repaid to you, and you will not be wronged."

Following this, the programs developed are assigned specific financial allocations in the budget, including the salaries of leaders, which are adjusted to meet living standards. The budgets of DH company business units also include allocations for zakat, infaq, and alms (ziswaf), which are believed to multiply the benefits and blessings of the business. Each business unit within DH is required to allocate 10% of its business profits for ziswaf, which is distributed through the Social Foundation. This foundation regularly disburses billions in funds to support social activities, finance the operations of a Qur'an House with 1,000 students, support various missionary activities, and provide assistance to orphans and the needy in the surrounding area.

The next step involves evaluating the performance of each business unit by comparing actual results with planned objectives and providing feedback in the form of incentives based on the agreed profit percentage. The team in each business unit understands that their accountability extends not only to DH central management but also to Allah, who is the ultimate overseer of all actions. As stated in Surah Al Mujadilah verse 7: "Have you not considered that Allah knows what is in the heavens and what is on the earth? There is no private conversation among three, but He is the fourth of them. Nor are there five but that He is the sixth of them. And no less than that and no more except

that He is with them wherever they are. Then He will inform them of what they did, on the Day of Resurrection. Indeed, Allah is, of all things, Knowing."

Drawing from various perspectives on MCS a common theme emerges: the core of management control is guiding organizational members to work towards achieving company goals. An Islamic spiritual-based MCS emphasizes that the success of management control is significantly influenced by the self-discipline of the members involved in the organization. This is because they understand that their performance is evaluated not only by company management but also by Allah, the All-Knowing. This awareness motivates organizational members and employees to work diligently towards the company's primary goals—not just profit targets, but also realizing Islam as a blessing for the universe. Allah is the central overseer, so controlling the organization's culture, processes, and outcomes is implemented with the intent to obey Allah.

In summary, the findings of this research on Islamic spiritual-based MCS practices can be outlined as follows:

Table 3. Research Findings

Aspect	MCS-based Spirituality in DH
Formulation of goals	The company's main goal is to provide grace to the universe, not just worldly goals that pursue material things alone.
Strategic planning	Designing programs tailored to each business unit in order to prepare the best good deeds.
Budgeting	Determining the amount of rupiah to be achieved and various resources required to achieve the target must contain correct and valid data. The budget also includes elements of <i>ziswaf</i> which is believed to increase blessings and benefits to the business.
Performance evaluation	Performance evaluation by comparing the achievement of the results of the targets set, then the distribution of profits between DH central management and the management team is adjusted to the percentage agreed upon in cooperation agreement. Each team in the business unit understands that performance accountability is not only to DH central management but to Allah as the central controller of everything.

CONCLUSION

The essence of various management control system theories lies in guiding organizational members to work towards achieving company goals. Meanwhile, a Management Control System (MCS) based on Islamic spirituality introduces a new theoretical perspective that places Allah as the central controller. Consequently, controlling organizational culture, processes, and outcomes within a company is implemented with the intent to obey Allah and fulfill human duties as caliphs, thereby realizing Islam as *rahmatan lil'alamin* (a mercy to all worlds). This research has certain limitations, notably that it does not delve deeply into how an Islamic spiritual-based MCS contributes to strategic decision-making processes, nor does it explore the factors that strengthen an Islamic spiritual-based MCS. It is hoped that the findings of this research will encourage Muslim leaders to incorporate Islamic values into the design of MCS, thereby enabling the organization to operate effectively in achieving both worldly and spiritual goals, and ultimately becoming a blessing for the universe.

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