



Developing a Model of Students' Understanding of Islamic Banking Accounting Based on Learning Experiences: A Grounded Theory Approach

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ABSTRACT

Islamic banking accounting carries unique complexities as it integrates technical accounting procedures with Sharia principles. Students' understanding of Islamic accounting is critical for preparing competent graduates capable of contributing to the growth of the Islamic finance industry. However, how students construct their understanding of Islamic banking accounting through their learning experiences has not yet been comprehensively mapped. This study aims to develop a theoretical model of students' understanding of Islamic banking accounting based on their learning experiences using a Grounded Theory approach. This qualitative research employed the Grounded Theory method and involved 24 students from three Indonesian universities who had completed coursework in Islamic banking accounting. Data were collected through in-depth interviews, focus group discussions, and documentation analysis. Data analysis followed the three-stage coding procedure (open, axial, and selective coding) with the assistance of NVivo 12 software. The study produced a Progressive Spiral Model of Islamic Accounting Understanding, showing that students' comprehension develops iteratively through three interrelated layers: (1) the technical-procedural layer focusing on mastering transaction recording mechanisms, (2) the conceptual-Sharia principles layer connecting accounting practices with Islamic ethical values, and (3) the philosophical-maqashid layer integrating accounting with the broader objectives of Sharia in socioeconomic contexts. This progression is facilitated by four key conditions: prior knowledge architecture, pedagogical approaches, community of practice, and personal motivation. Students employ cognitive, metacognitive, and social strategies to deepen their understanding. The study identifies four typologies of student understanding: Technical Performers, Conceptual Understanders, Integrated Learners, and Reflective Scholars. The Progressive Spiral Model contributes theoretically to accounting and Islamic economics education literature by demonstrating that the development of understanding is spiral and iterative rather than linear. Practical implications include the need for curriculum designs that support progression across the three layers of understanding, integration of experiential learning and reflective practice, creation of communities of practice, and development of comprehensive assessment frameworks. The model provides a foundation for designing more effective learning strategies in Islamic banking accounting education.

Keywords: Islamic Banking Accounting, Grounded Theory, Learning Model, Conceptual Understanding, Accounting Education, Islamic Economics

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INTRODUCTION

Islamic banking in Indonesia has experienced remarkable growth in recent years. By the end of 2024, the total assets of Islamic banks reached Rp980.3 trillion, growing 9.9% year-on-year—higher than the national banking asset growth of 5.9% (Media Keuangan). The market share of Islamic banking has now reached 7.72%, indicating increasing public acceptance and confidence in Islamic banking products (Haspramudilla, 2025). This rapid development underscores the need for competent human resources who possess a strong understanding of Islamic banking accounting.

Mutaqin (2023) emphasizes that students' learning experiences play a crucial role in shaping their understanding of Islamic banking accounting. Experiential learning consists of four interconnected stages: concrete experience, reflective observation, abstract conceptualization, and active experimentation. This learning cycle bridges theoretical understanding with practical application. The experiential learning theory suggests that students grasp complex concepts more effectively when they are actively involved in the learning process. Direct interaction with materials, group discussions, case studies, and simulations can significantly enhance comprehension and retention. Students who engage in experiential learning are better able to apply academic concepts in real-world contexts. However, research that specifically examines how students' learning experiences shape their understanding of Islamic banking accounting remains limited.

Existing models of understanding Islamic banking accounting tend to be normative and have yet to fully capture students' perspectives. While Islamic banks consistently apply accounting principles for fund mobilization and distribution, the application of profit-sharing accounting is still not fully standardized (ResearchGate). Previous studies predominantly focus on technical aspects and the implementation of Islamic accounting standards at institutional levels. Very few studies explore the cognitive processes and meaning-making experiences of students learning Islamic banking accounting. Current learning models also do not sufficiently account for the diverse backgrounds and experiences of students. Therefore, a research approach is needed that captures the complexity and dynamics of the learning process from the students' own viewpoints (Wahyudi et al., 2017).

Grounded theory offers a suitable methodology to explore students' experiential understanding of Islamic banking accounting. Grounded theory, developed by Glaser & Strauss, is a qualitative research methodology that aims to build theory directly from data rather than testing pre-existing assumptions (Cullen & Brennan, 2021). This approach allows new concepts and categories to emerge from empirical findings, making the resulting model more authentic and closely aligned with students' actual learning experiences.

Azmi et al. (2019) note that grounded theory has been widely used in accounting research and is effective in exploring complex phenomena. It has been applied in studies related to budgeting, corporate governance, e-commerce, organizational control, information systems, and behavioral accounting. This methodology enables researchers to identify patterns, relationships, and processes in how accounting knowledge is understood and developed. In accounting education, grounded theory can reveal how students process information, construct knowledge, and develop conceptual understanding. It offers an interpretive lens to balance theoretical development with everyday learning realities—making it particularly relevant for understanding how students learn Islamic banking accounting.

This research is both important and timely, considering the rapid expansion of the Islamic banking industry in Indonesia. The industry requires graduates who not only possess technical accounting skills but also a deep understanding of the philosophical and applied dimensions of Islamic banking accounting. Developing a model of understanding based on grounded theory and students' learning experiences can contribute significantly to curriculum enhancement and more effective teaching practices. The findings of this study are expected to assist educational institutions in designing learning programs that better meet the needs of both students and the industry. Thus, this research contributes not only theoretically but also practically to improving the quality of Islamic banking accounting education in Indonesia.

Prior Research

Lubis et.al (2023). The purpose of this study is to examine how murabahah accounting is implemented in Islamic banking, with a focus on Bank Aceh Syariah in Kota Kualasimpang. This research uses a qualitative descriptive approach. Data were gathered through interviews with bank employees and finance staff responsible for home financing, as well as through documentation such as financial reports and relevant literature. The data collected were then analyzed using qualitative descriptive techniques. The findings indicate that Bank Aceh Syariah Kota Kualasimpang has not fully applied murabahah accounting in accordance with Islamic accounting principles. Specifically, the bank does not impose penalties on customers who are late in making financing payments, and this is reflected in both the recognition and calculation of late payment charges. A limitation of this study is that its findings cannot be widely generalized, as the research focuses only on a single Islamic bank. Future studies are encouraged to involve more Islamic banks to provide broader and more generalizable insights.

Bartoluzzio et.al (2023). This study aims to refine and illustrate the use of Situational Analysis (SA) and its theoretical and procedural foundations, demonstrating how SA can support new forms of inductive inquiry in accounting research. They develop a theoretical essay that positions SA as an extension of Grounded Theory, particularly in addressing the complexities of social life in the postmodern era. The discussion centers on how accounting scholars can apply SA in diverse research contexts—especially those that require integrating multiple types of data related to a particular phenomenon. SA encourages researchers to consider interconnected actions across different settings. The analytical approach is organized through the construction of various types of maps, enabling broader epistemic diversity, multiple voices, and the recognition of non-human elements as influential components within social relations. The paper offers an analytical alternative that transcends traditional micro, meso, and macro levels of analysis. In dealing with complex social dynamics, SA provides relational perspectives that connect individual, collective, and discursive dimensions within an ecology of situations. Through SA, researchers can develop inquiries that challenge established assumptions and reveal previously overlooked aspects of complex accounting-related contexts. This study introduces and demonstrates the relevance of a qualitative method that remains relatively unfamiliar within accounting research. It helps connect postmodern perspectives on discourse with investigations into agency within complex phenomena involving accounting practices and mechanisms, thereby expanding the methodological repertoire available to accounting scholars.

Gittings et.al (2020). Since the 1980s, accounting education in Australia has faced repeated calls for reform, driven largely by industry demands for graduates who possess transferable, real-world skills. In

response, many universities began incorporating more Experiential Learning Activities (ELAs) into their accounting programs. This article is the first to systematically review and conduct a thematic analysis of research on ELAs in undergraduate accounting courses within universities. The goal is to examine the types of ELAs studied, the benefits identified, and the strength of the evidence supporting those benefits. Across the 50 studies published between 1993 and 2018, ELAs were generally portrayed in a positive light, with their advantages significantly outweighing their limitations. The most frequently highlighted benefits included improved technical knowledge and understanding, increased student engagement and satisfaction, and enhanced ability to apply theoretical concepts in authentic contexts. The review also identifies five directions for future research: examining ELAs more closely as a means of developing transferable skills; exploring how both student characteristics and specific features of ELAs influence learning outcomes; investigating benefits that have been less thoroughly studied; and adopting more diverse and methodologically rigorous research designs.

Chiang et.al (2021). Audit education has often been criticized for not adequately connecting classroom learning with real-world practice. This criticism challenges audit educators to design learning activities that give students meaningful practical experience, allowing them to engage actively in the learning process. This study examines how students develop into active learners through completing a mini-audit assessment that incorporates all four stages of experiential learning cycle. The learning environment included lectures, group work, teaching case studies, group discussions, and the mini-audit project. Student reflections on their learning were gathered through reflective journals submitted as part of their coursework. The study found that by completing the mini-audit assessment, students actively engaged in all four phases of the experiential learning cycle, which helped them become more active and independent learners. These results offer useful insights for audit educators aiming to create learning experiences that foster student engagement and provide practical, hands-on auditing skills.

Grassa et.al (2024). This paper examines the development of Islamic accounting education in the United Arab Emirates (UAE) and discusses the key challenges facing this field. Using institutional theory, the study analyzes how Islamic accounting education has evolved in the UAE. The analysis relies on secondary data obtained from published sources and official websites. The study identifies three forms of institutional pressures influencing the development of Islamic accounting education. First, coercive pressures from government authorities, the UAE Central Bank, and professional bodies such as the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) have played a significant role in shaping Islamic accounting education. Second, mimetic pressures arising from countries that already offer well-established Islamic accounting programs (such as Indonesia, Iran, Saudi Arabia, and Pakistan) have encouraged UAE business schools to adopt similar programs to meet industry expectations. Third, normative pressures come from the Big Four audit firms, whose professionals serve as faculty members, hold influential roles within AAOIFI, and maintain dominant positions in auditing the Islamic banking sector. The paper also highlights the main challenges that continue to limit the progress of Islamic accounting education in the UAE. This study contributes to the broader accounting and accounting education literature in two ways. First, it applies an institutional theory lens to Islamic accounting education in the UAE, providing deeper insight into its current state of development. Second, by identifying the key constraints hindering further advancement, the paper offers recommendations for financial regulators and

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higher education authorities to support the UAE's aspiration to become a leading center for Islamic accounting education and professional training.

Sharif & Junaid (2020). Accounting plays a multifaceted role in organizations, and accounting information can shape stakeholders' perceptions in both positive and negative ways. This makes the ethical dimension of accounting particularly important. The purpose of this study is to explore stakeholders' perceptions regarding the role of Islamic teachings in the education and practice of accounting ethics. A qualitative research approach was employed to gain an in-depth understanding of these perceptions. More specifically, the study used a constructivist grounded theory strategy. Open-ended interviews were conducted to gather rich, detailed responses from stakeholders selected through purposive and snowball sampling. The findings reveal several themes. Participants identified key factors that lead to breaches in accounting ethics (AE), emphasized that Islamic education can reinforce ethical behavior in accounting, and suggested that integrating religious ethical principles with modern accounting education may help reduce ethical violations. The results indicate strong support among respondents for using Islamic ethical values as a foundation for developing accounting ethics curricula. Based on these insights, the study proposes a number of community-level initiatives and academic recommendations to strengthen ethical practice in accounting.

Rahmati Ghourouli et.al (2022). Accountants with specialized knowledge and skills play a crucial role in promoting information transparency and supporting the economic development of society. The aim of this study is to develop a model of accounting literacy using the grounded theory approach. The study's population consisted of professional experts who are members of the Association of Certified Public Accountants in Iran. Using the snowball sampling method, 13 participants were selected for interviews. Data were collected through semi-structured interviews, and the analysis was conducted using content analysis with three stages of coding, supported by MAXQDA software. The findings indicate that accounting literacy involves the ability to distinguish data from information, accurately classify financial and accounting tools, and effectively analyze and utilize financial information. It also supports the preparation of accurate and transparent financial statements, enhances the application of financial and market knowledge, and contributes to the overall development and improvement of the accounting profession. Ultimately, accounting literacy plays an important role in the success of accountants and auditors.

Khajavi & Rezaei (2019). The authors seek to develop a model that identifies and explains the factors influencing the quality of undergraduate accounting education in Iran. To achieve this, they employ a grounded theory approach and collect data using semi-structured and unstructured interviews. The resulting model is constructed using Strauss and Corbin's action paradigm framework, which includes causal conditions, the core phenomenon, contextual factors, intervening conditions, action/interaction strategies, and outcomes. The findings of this study are expected to provide meaningful insight and a strong foundation for similar research at the undergraduate level in other countries, particularly in developing contexts. In addition, the study introduces new variables that can be used in future empirical investigations on accounting education quality.

Amoozesh et.al (2023). Issues such as excessive materialism in organizations, outdated professional practices, neglect of spiritual values, and unprofessional behavior have contributed to ethical

scandals affecting both individuals and institutions. Developing spiritual capital among human resources can enhance organizational success and societal well-being. Since human resources are the most critical asset of any organization, ineffective management in this area poses a significant threat to long-term organizational sustainability. Although several studies have explored spiritual capital, existing research remains limited in depth and comprehensiveness. To address these gaps, the present study develops a holistic and systematic model of spiritual capital among accountants and auditors using a qualitative grounded theory approach. Data were collected through purposive and snowball sampling methods, using semi-structured interviews with 21 accountants and auditors. The trustworthiness of findings was validated through participant review and confirmation by external experts. Data analysis followed the grounded theory coding procedures of open, axial, and selective coding. The results identified a range of characteristics that influence spiritual capital. Ultimately, the study proposes a comprehensive spiritual capital model consisting of causal factors (4 categories), contextual factors (3 categories), core categories (8 categories), intervening conditions (2 categories), strategic approaches (5 categories), and resulting consequences (6 categories).

Dewi & Januarti (2025). This study examines the influence of religiosity, personality, Islamic accounting knowledge, and job market considerations on accounting students' interest in pursuing careers within Islamic financial institutions. The research is grounded in the Theory of Planned Behavior, an extension of the Theory of Reasoned Action. The study population consists of undergraduate accounting students in Indonesia who have completed Islamic accounting coursework. A quantitative research approach was used, with primary data collected through an online questionnaire. The sampling technique employed was convenience sampling, where respondents were selected based on accessibility and willingness to participate. The variables were measured using statements rated on a five-point Likert scale. The sample size was determined using the Lemeshow formula, yielding 155 respondents from several Indonesian universities, including Universitas Islam Indonesia, Universitas Muhammadiyah Yogyakarta, Universitas Islam Negeri Sunan Kalijaga, Universitas Islam Negeri Walisongo, Universitas Islam Sultan Agung, and Universitas Muhammadiyah Semarang. Data were analyzed using IBM SPSS version 26, applying multiple linear regression techniques. The findings indicate that personality and Islamic accounting knowledge positively influence students' interest in careers in Islamic financial institutions. In contrast, religiosity and job market considerations were found not to have a significant positive effect on students' career interest in the Islamic finance sector.

Morshed (2024). This study aims to evaluate Islamic banks' compliance with the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) standards; assess the effects of applying multiple accounting frameworks in Islamic banking; examine the need for dedicated private Islamic accounting standards; evaluate the compatibility of International Financial Reporting Standards (IFRS) with Islamic banking practices; and analyze the accounting treatment of financial leasing in Islamic banking in comparison with IFRS 16. The research adopts a combined methodology consisting of comparative theoretical analysis, document examination, and semi-structured interviews. These methods complement one another to provide a comprehensive understanding of the research issues. Islamic banks across different jurisdictions exhibit varied levels of compliance with AAOIFI standards. While some institutions fully adopt AAOIFI, others employ a hybrid model incorporating both AAOIFI and IFRS. These differing

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accounting treatments may lead to inconsistencies, such as asset overstatement and discrepancies in financial reporting. Additionally, AAOIFI standards face criticisms regarding violations of the matching principle and potential limitations in achieving faithful representation. The study emphasizes the importance of collaboration among academics, standard-setters, and regulatory authorities to ensure consistent and credible Islamic financial reporting. The study identifies implementation gaps in Islamic accounting standards and proposes strategies to improve compliance and transparency. It underscores the need for a harmonized and universally accepted accounting framework that aligns Islamic principles with global reporting requirements. Greater alignment and global recognition of Islamic finance contribute to broader social acceptance and facilitate the expansion of Islamic financial transactions worldwide. This research highlights the implications of applying multiple accounting standards in Islamic banking and provides insight into the need for dedicated accounting frameworks and their compatibility with IFRS.

Muhammad & Nugraheni (2022). The rapid growth of Islamic banks in Indonesia has not been matched by the availability of human resources with the necessary professional competencies. Higher education institutions serve as the primary source of human capital for the Islamic financial industry. Therefore, this study aims to formulate an accounting curriculum for higher education institutions (HEIs) that aligns with the human resource needs of the Indonesian Islamic banking sector. This research employs a descriptive qualitative approach grounded in instrumental and pragmatic paradigms to identify the competency requirements of the accounting profession in Islamic banks and to guide curriculum development in HEIs. The proposed curriculum structure emphasizes strengthening students' foundational knowledge of Islamic principles and Islamic accounting alongside conventional accounting competencies. The findings of this analysis are expected to support a stronger link and alignment between higher education and the Islamic financial industry, ensuring that graduates are well-prepared and readily absorbed into the workforce. The study contributes to efforts to develop specialized accounting and auditing curricula for Islamic banking programs in Indonesian higher education institutions.

Permatasari et.al (2024). This study investigates the combined effect of Islamic Supervisory Board (ISB) members' accounting backgrounds and their cross-memberships on investment efficiency in Islamic banks. The study utilizes data from 36 Islamic banks operating in 15 countries over the period 2012–2021. Ordinary least squares (OLS) regression analysis is employed, complemented by extensive endogeneity and robustness tests to ensure the reliability of the results. The results reveal that the presence of ISB members with accounting backgrounds, on its own, is negatively associated with investment efficiency. However, when ISB members with accounting expertise also hold cross-memberships in the supervisory boards of other Islamic banks, investment efficiency increases significantly. This suggests that cross-membership enhances the flow of timely and relevant information across institutions, enabling ISB members with accounting expertise to more effectively evaluate investment opportunities, assess risks, and consider potential returns. Consequently, ISB members who possess both accounting expertise and cross-board experience demonstrate stronger incentive alignment and deeper analytical engagement in decision-making. As a result, Islamic banks are more likely to undertake profitable investment projects and improve overall investment efficiency.

Al-Sartawi et.al (2023). The accounting information system has become a critical component in the operations of modern organizations. This study investigates the impact of accounting information

systems on the organizational performance of Islamic banks in Bahrain. Specifically, the study examines three main elements of the system: human resources, physical resources, and financial data. Data were collected using a structured questionnaire distributed to accountants, financial managers, and board members of Islamic banks in Bahrain. The findings indicate that human resources have a significant positive effect on the organizational performance of Islamic banks. These results highlight the importance of qualified personnel in ensuring the effective use of accounting information systems. The study provides valuable insights for the banking industry, regulators, and other stakeholders, as it reflects the current effectiveness of accounting information systems in Bahrain's Islamic banking sector.

Rahayu et.al (2024). The growth dynamics of Islamic banking present unique challenges and opportunities for harmonizing accounting and taxation practices. This qualitative study, conducted in 2023, investigates barriers and strategic pathways for integrating accounting and tax systems within Islamic banks, using comparative case studies of leading institutions in Indonesia and Malaysia. Data were collected through expert interviews and an in-depth review of regulatory documents. The findings reveal three key constraints: (1) divergence in accounting standards between jurisdictions, (2) inconsistencies in regulatory and institutional frameworks, and (3) limited human resource competencies in sharia-compliant financial reporting. To address these issues, the study proposes an integrative theoretical framework grounded in Maqasid al-Shariah and principles of good governance, emphasizing accountability, transparency, and sustainability. The implementation of this framework is expected to strengthen reporting integrity, enhance operational efficiency, and improve fiscal compliance, ultimately supporting the broader development of the Islamic financial ecosystem in both countries.

Jarah et.al (2023). This study aims to examine the effect of the Internal Control System (ICS) on the relationship between the Accounting Information System (AIS) and Employee Performance (EP) in Jordanian Islamic banks. The research sample consisted of 92 employees selected from a population of 131 staff members across 105 branches of Islamic banks in Jordan, representing a response rate of 70.22%. The AIS construct was measured through three dimensions: information quality (IQ), system quality (SQ1), and service quality (SQ2). The results indicate a significant positive relationship between the AIS and employee performance at a significance level of $p = 0.00$. Additionally, the findings reveal that the internal control system significantly moderates the relationship between AIS and employee performance, suggesting that a stronger ICS enhances the effectiveness of AIS in improving performance outcomes. This study highlights the critical role of robust internal control mechanisms in maximizing the strategic value of AIS within Islamic banking institutions.

Meriç & Karaca (2024). The Islamic finance sector possesses substantial growth potential, with conceptual and theoretical discussions preceding practical implementation. The increase in theoretical work on establishing Islamic financial systems has brought the topic to the forefront of discourse in the Islamic world. As these theoretical foundations evolved into practice, the sector gained greater visibility and institutional development. Therefore, the aim of this study is to systematically review and analyze the literature related to Islamic finance and Islamic accounting, particularly in the context of their theoretical advancement and subsequent application. This study examines how the terms Islamic Finance, Islamic Accounting, AAOIFI, and IFRS are represented and discussed in international academic literature. A bibliometric analysis was conducted on publications indexed in the Scopus database covering the period

2001–2023. The analysis was carried out using the R Bibliometrix software package, and the findings are interpreted through performance analysis and scientific mapping techniques to reveal publication trends, influential authors, sources, and thematic developments in the field. The bibliometric analysis identified a total of 969 publications, including journal articles, books, book chapters, and conference proceedings. The results indicate a consistent upward trend in scholarly output over time, with publication peaks occurring in 2020 and 2022. The Journal of Islamic Accounting and Business Research emerged as the most prominent outlet for research in this area. Additionally, authors such as K. Hussainey and M. K. Alam were found to be the most influential and frequently published contributors in the field. These findings highlight the growing academic interest and expanding knowledge base surrounding Islamic finance and Islamic accounting standards, particularly the comparative discourse between AAOIFI and IFRS frameworks.

Research Gap

Although there is a growing body of literature on Islamic banking accounting practices, ethical principles, accounting education, and experiential learning, there remains a notable lack of research that examines **how students develop their understanding of Islamic banking accounting through their learning experiences**. Prior studies have largely concentrated on:

1. **Technical application and compliance** with Islamic banking accounting standards.
2. **Institutional perspectives**, such as curriculum design and educational policy.
3. **Ethical, spiritual, and value-based dimensions** of accounting practices.
4. **General experiential learning approaches** in accounting, but not specifically oriented toward the Islamic banking context.
5. **Models of accounting education quality** developed through grounded theory, yet these models are not tailored to Islamic banking accounting learning.

Furthermore, while qualitative approaches such as **Grounded Theory** have been introduced into accounting research (e.g., Bartoluzzio et al.), **few studies have applied Grounded Theory to build an empirically grounded model that explains how students cognitively and experientially internalize Islamic banking accounting concepts**. Thus, the existing literature has not sufficiently explored the **lived learning experiences** of students and how these experiences shape their conceptual and practical understanding of Islamic banking accounting.

Research Novelty

This study offers several key contributions:

1. **Grounded Theory-Based Model of Learning;** The study develops an **inductive, data-driven model** explaining how students form understanding of Islamic banking accounting through their real learning experiences, bridging the gap between **theoretical knowledge and practical comprehension**.
2. **Integration of Islamic Accounting Education and Experiential Learning;** It uniquely examines the **interaction between students' internal learning processes and the characteristics of Islamic banking accounting content**, a relationship that has not been systematically conceptualized in previous research.

3. **Evidence-Based Insights for Curriculum and Pedagogical Design;** Findings will provide **practical implications** for educators, curriculum designers, and Islamic finance training institutions to **strengthen conceptual clarity and enhance professional readiness** among future practitioners.
4. **Advancement of Islamic Accounting Education Theory;** By grounding the analysis directly in student experiences, the research enriches existing Islamic accounting literature, which has been dominated by compliance, institutional, or doctrinal perspectives rather than learner-centered understanding.

RESEARCH METHODOLOGY

Research Design

This study employs a qualitative approach using the Grounded Theory method to develop a model of understanding Islamic banking accounting based on students' learning experiences. Grounded Theory was selected because it allows the emergence of a substantive theory rooted directly in empirical data regarding how students learn and make sense of Islamic accounting concepts

Research Participants

The participants in this study consisted of 24 students from Accounting and Islamic Economics study programs across three universities in Pekanbaru who had completed coursework in Islamic banking accounting. Participants were selected using purposive sampling based on the following criteria: (1) completion of at least 6 credit hours in Islamic accounting-related courses, (2) a minimum GPA of 3.00, and (3) willingness to share learning experiences in depth. The participants included 15 female and 9 male students, with ages ranging from 20 to 23 years. All participants signed an informed consent form, and their identities were kept strictly confidential. In the presentation of research findings, each participant was assigned a pseudonym code (M1–M24) to ensure anonymity.

Data Collection Techniques

Data were collected using three primary techniques. First, semi-structured in-depth interviews were conducted individually, with each session lasting 60–90 minutes, focusing on learning experiences, conceptual challenges, learning strategies, and the development of understanding in Islamic accounting. Second, Focus Group Discussions (FGDs) were carried out with groups of 6–8 participants to explore collaborative and collective learning dynamics. Third, documentation such as learning reflection notes, student assignments, and course syllabi were gathered to support data triangulation.

Data Analysis Procedure

Data analysis followed the Grounded Theory coding steps. Open coding was conducted to identify initial concepts from interview transcripts and assign descriptive codes. Axial coding was then used to connect emerging categories by examining causal conditions, core phenomena, context, intervening conditions, action/interaction strategies, and consequences. Finally, selective coding was performed to

integrate and refine these categories into a substantive theory explaining students' understanding model of Islamic banking accounting. NVivo 12 software was used to manage and code the data systematically.

Validity and Reliability

The credibility of the study was ensured through member checking, where findings were verified with participants, triangulation of data sources and data collection methods, and peer debriefing with fellow researchers. Dependability was maintained through an audit trail documenting every step of the research process. Transferability was strengthened by providing rich and detailed descriptions of the research context and participant characteristics.

RESEARCH RESULTS AND DISCUSSION

Core Category: A Layered Model of Understanding Islamic Accounting

The analysis revealed a core category showing that students' understanding of Islamic banking accounting develops through three interconnected and progressive layers: the technical–procedural layer, the conceptual–Sharia principles layer, and the philosophical–maqashid layer.

1. Technical–Procedural Layer: The Entry Point of Understanding

This first layer is the initial stage where students concentrate on mastering transaction recording techniques and preparing financial statements for Islamic banks. Participant M7 noted, “*At first, I was just focused on how to record mudharabah or musyarakah transactions correctly. It felt like conventional accounting but with different terms.*” At this stage, students experience high cognitive load as they must learn new terminology such as **akad**, **profit-sharing ratios**, and **margin-based financing**. The dominant learning approach is drill-and-practice through repetitive problem-solving. However, 18 out of 24 participants stated that their understanding at this layer remained primarily mechanical and lacked deeper meaning.

2. Conceptual–Sharia Principles Layer: The Bridge Toward Meaning

The second layer is characterized by the ability to link accounting practices with Sharia principles, such as the prohibition of **riba**, **gharar**, and **maisir**. Movement into this layer is stimulated by three key factors:

- a. the use of real-case scenarios in learning,
- b. intensive dialogue with lecturers and practitioners, and
- c. practicum or internship experiences in Islamic financial institutions.

Participant M15 explained, “*During my internship in an Islamic bank, I finally understood why accounting for mudharabah is different from conventional loans. It’s not just technical—it’s about fairness and shared risk.*”

In this stage, students begin to develop critical thinking, questioning the substantive differences between Islamic and conventional accounting. Their understanding deepens when they are able to connect accounting treatments to the ethical values underlying Sharia.

3. Philosophical–Maqashid Layer: The Peak of Holistic Understanding

The third layer is the highest level of understanding, where students integrate accounting knowledge with **maqashid al-sharia** (the higher objectives of Islamic law) within a broader socioeconomic context. Only 8 out of 24 participants reached this level—typically those with strong Islamic educational backgrounds and extensive practical experience.

Participant M21 stated, “*Islamic banking accounting is not just about recording halal transactions, but about how financial reporting supports economic justice, reduces inequality, and promotes **falalah** (holistic well-being) for all stakeholders.*”

At this stage, students can critically analyze existing Sharia accounting standards, identifying gaps between ideal principles and real-world practices, and propose improvements based on public benefit.

4. Conditions Facilitating the Development of Understanding

Four key conditions were found to support students’ progression through the three layers:

a. Prior Knowledge Architecture

Students with strong Islamic studies backgrounds transition more quickly to conceptual understanding. Meanwhile, students with strong conventional accounting backgrounds often experience *productive conceptual conflict*, which drives deeper reflection.

b. Pedagogical Approaches

Effective learning occurs when instructors combine:

- ✓ problem-based learning using real Islamic banking cases,
 - ✓ reflective journaling,
 - ✓ collaborative group discussions, and
 - ✓ experiential learning (simulation or practicum).
- ✓ Lecture-only approaches tend to confine students to the technical layer.

3. Community of Practice

Interactions with practitioners, lecturers with dual expertise (accounting and Sharia), and active peer discussions create a supportive learning ecosystem that accelerates conceptual development.

4. Personal Motivation and Identity

Students with intrinsic motivation to contribute to Islamic economic development demonstrate stronger persistence and are more likely to reach the maqashid-level understanding.

Action–Interaction Strategies Used by Students

Students adopt a variety of strategies to manage learning complexity:

- a. **Cognitive strategies:** comparative analysis between Islamic and conventional accounting, conceptual mapping, and use of analogies for abstract concepts.
- b. **Metacognitive strategies:** self-questioning and reflective journaling to track and refine their own understanding.
- c. **Social strategies:** consulting multiple sources (lecturers, practitioners, literature) and collaborative meaning-making in group discussions.

Consequences: Typology of Student Understanding

Based on depth of understanding and learning strategies, four typologies emerged:

- a. Technical Performers – technically skilled but conceptually shallow.
- b. Conceptual Understanders – strong in Sharia reasoning but less precise technically.

- c. Integrated Learners – balanced mastery of both technical and conceptual aspects.
- d. Reflective Scholars – capable of critical analysis and theoretical contribution.

Theoretical Model: The Progressive Spiral of Islamic Accounting Understanding

The findings produce a theoretical model illustrating that the development of understanding is **spiral and iterative**, not linear. Students move back and forth among layers as new learning experiences or cognitive dissonance prompts reconstruction of understanding. The model highlights that deep comprehension in Islamic accounting requires the integration of three domains of competence:

- ✓ Technical mastery
- ✓ Islamic financial literacy
- ✓ Critical reflective thinking

These domains develop simultaneously and reinforce one another through contextual, collaborative, and reflective learning processes.

CONCLUSION

This study successfully developed a model of students' understanding of Islamic banking accounting based on their learning experiences using a Grounded Theory approach. The *Progressive Spiral Model of Islamic Accounting Understanding* demonstrates that students' comprehension develops through three interconnected layers: the technical–procedural layer as the initial foundation, the conceptual–Sharia principles layer as the bridge toward deeper meaning, and the philosophical–maqashid layer as the peak of holistic understanding. The findings indicate that this progression is not linear, but spiral and iterative, influenced by factors such as prior knowledge architecture, pedagogical approaches, community of practice, and personal motivation. Students employ various cognitive, metacognitive, and social strategies to construct a deeper and more integrated understanding. The theoretical contribution of this research lies in producing a substantive theory of how Islamic accounting is learned, thereby enriching the literature on accounting and Islamic economics education. The resulting model explains the mechanisms through which students transition from mechanical, procedural comprehension to critical and reflective understanding grounded in Sharia values. The practical implications for Islamic accounting education are as follows: (1) Curriculum design should support students' progression through the three layers of understanding using diverse pedagogical approaches. (2) Learning activities should incorporate experiential learning and reflective practice, rather than focusing solely on technical drills. (3) It is essential to create a community of practice involving both academics and industry practitioners to enhance students' learning experiences. (4) Assessment strategies should evaluate not only technical competence, but also conceptual understanding and critical thinking ability. This study is limited by its focus on higher education institutions within Pekanbaru; therefore, the transferability of findings to other contexts should be approached cautiously. Future research may expand this model by involving participants from different countries to generate a more generalizable theory. Additionally, quantitative research could be conducted to test the relationships among constructs in the model and to evaluate the effectiveness of instructional interventions designed based on this study.

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