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Challenges Of Sharia Accounting In The Millenial Generation And The Digital Era 4.0

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Abstract. *This research aims to determine the challenges of sharia accounting in the millennial generation and the digital era 4.0. The method used in this research is a qualitative method with a systematic review approach. The results of this research conclusion are the main challenges faced in implementing sharia accounting in the millennial generation and the digital era 4.0 including technology adaptation, data security, education and awareness, product innovation, and compliance with sharia principles in financial transactions. The millennial generation, which is increasingly dominant in the market, plays a role in changing consumer patterns, while digital technology 4.0 influences the way business and financial transactions are carried out*.

Keywords: *Challenges, Sharia Accounting, Millenial Generation*.

INTRODUCTION

The digital era is a time where the majority of people in this era use digital systems to fulfill their daily lives (Tartila, 2022). Changes in the world bring quite a big influence, the impact of the influence of this presence. Changes in the world have had quite a big impact, the impact of the presence of developments in information technology. This progress, which social science experts call the era of disruption, is an era where all sectors feel the impact, both in the fields of economics, accounting, politics and education, which also feel the impact of the transformation of information technology (Arwani, 2020).

Every country, especially developing countries, always tries to increase the rate of economic growth so that its people prosper and change from a developing country to a developed country (Fathoni, 2021). Sharia accounting is a potential that can be utilized to make a significant contribution in supporting sustainable and inclusive economic growth. Sharia accounting, as a form of accounting based on Islamic principles, aims to ensure that financial and accounting practices comply with sharia law. These principles include a prohibition against usury (interest), investment in businesses that are considered haram, as well as elements of transparency and fairness in various financial transactions. As an integral part of the sharia financial system, sharia accounting plays an important role in maintaining integrity and fairness in financial transactions based on Islamic principles.

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The millennial generation, who have grown up in the digital era from an early age, is bringing major changes to the way business and finance are conducted. They are a group that is familiar with digital technology, especially the internet, and uses it in various aspects of their daily lives. Additionally, this generation often has different views on values, ethics, and social responsibility compared to previous generations. Digital Era 4.0, or often referred to as Industrial Era 4.0, is a new phase in technological evolution. This era is characterized by technological developments such as artificial intelligence, Internet of Things (IoT), advanced data analytics, and other related technologies. This transformation has influenced the way businesses operate, including financial and accounting practices. These significant changes create challenges that need to be overcome in implementing sharia accounting (Tazkiyyaturrohmah, 2020).

The digital era 4.0 has changed the way business is conducted and financial transactions are carried out. The millennial generation as consumers who increasingly dominate the market have different demands and more sophisticated ways of interacting with financial services. Basically, sharia accounting is not only about compliance with Islamic principles, but also about maintaining integrity and trust in financial transactions. In the digital era 4.0, there are greater potential risks related to data security and unethical practices. With this phenomenon, researchers are interested in researching the challenges of sharia accounting in the millennial generation and the digital era 4.0.

LITERATURE REVIEW

Sharia Accounting

Accounting is the art of recording, which in this case can produce information about the financial condition of a company (Kasim, 2021). Meanwhile, sharia accounting is defined as the accounting process for transactions that comply with the rules set by Allah SWT (Atika, 2020). Ilyas, 2020 defines sharia accounting as an effort to deconstruct modern accounting in a form that is humanistic and full of values. Sharia accounting is an accounting technique that plays an important role in ensuring company operations run according to sharia, it must be based on sharia ethical values sourced from the Al-Qur'an, hadith and ijma' Ulama (Sholikah, 2020). Sharia accounting is used by companies and financial institutions that operate in an environment that follows sharia principles, such as sharia banks, sharia insurance companies, and other Islamic financial institutions. Financial reports in sharia accounting are designed to reflect compliance with sharia principles and to provide relevant information for stakeholders who value financial aspects that are in accordance with Islamic values.

The following are the principles applied in sharia accounting (Dewi, 2019):

1. Prohibition of Usury (Interest): Usury is the prohibition in Islam against interest or usury in all forms. In the context of sharia accounting, this means that financial transactions involving interest are prohibited, and profits derived from such transactions are considered unlawful.
2. Transparency and Fairness: Sharia accounting emphasizes the importance of transparency in financial reporting and fairness in sharing risks and profits in business transactions. It reflects Islamic social and ethical principles.
3. Prohibition of Investment in Haram Business: Sharia accounting prohibits investment in businesses or sectors that are considered haram, such as gambling, liquor, or products that are contrary to Islamic principles.
4. Zakat: Zakat is the obligation to make donations to the needy, which is regulated by Islam. In the context of sharia accounting, companies are expected to calculate and pay zakat on their assets.
5. Sharia Auditors: Companies that operate in accordance with sharia principles often engage sharia auditors to examine and ensure that their transactions and business practices comply with sharia law.

Digital Era 4.0

Digital revolution 4.0 is often also called cyber physical system. This revolution focuses on automation and collaborating with cyber technology (Purba, 2021). Sutrisno, 2018 explained that the main essence of the digital revolution 4.0 is a new method of controlling production processes that is more flexible based on an integrated process between humans, machines and the internet. Some analysts call the digital era 4.0 the fourth Industrial Revolution that will change every aspect of society. The digital revolution era 4.0 is an era of the application of modern technology, starting, among other things, with the emergence of fiber technology *and* integrated network systems , which work in every economic activity, from production to the consumption stage (Rini, 2019).

Stated that the digital era 4.0 is characterized by the development of AI enabling computers to understand, learn and make decisions like humans (Abdullah, 2019). It is used in a variety of applications, including chatbots, autonomous cars, data analysis, and others. Not only that, there is also technology to connect various physical devices to the internet, enabling real-time data exchange and remote control of devices. Examples are smart homes, smart cities, and IoT in industry.

Millennial Generation

The millennial generation is a generation born between 1980-2000 when technological progress occurred rapidly and continued to develop (Asy'ari, 2022). Millennials grew up with the rapid development of technology, including personal computers, the internet, smartphones, and social media. They have a strong understanding of technology and use digital devices in various aspects of their lives.

METHODOLOGY

The research method used is a qualitative method with a systematic review approach. The systematic review method is a systematic, structured, and comprehensive research approach to identifying, synthesizing, and evaluating scientific evidence that exists in academic literature on a particular topic. This method is usually used in scientific research and literature research to present and analyze relevant evidence in an objective and systematic way (Andriani, 2021).

RESULTS AND DISCUSSIONS

Talking about the influence of digitalization, it is an inevitability of life which is a symbol that humans are developing to do their best solely to provide convenience for their life activities. According to Alfi Ubaidillah regarding the words of Allah SWT in Surah Al- Imran verses 190-191, it explains that Allah never restrains His people from being advanced and modern, in fact in Islamic teachings they really support the progress of His people so that they can carry out research and experiment in any field including technology. With the aim of this progress being used solely to help Muslims in seeking the pleasure of Allah SWT (Rahmawati, 2022). The application of sharia accounting in Indonesia has experienced significant developments along with changing times. Era 4.0, which is marked by the rapid development of information and communication technology, brings its own challenges in implementing sharia accounting. Sharia accounting, as a branch of conventional accounting with Islamic principles as its basis, must continue to adapt to the dynamics of increasingly complex times.

The digital economy is a new terminology, the ASEAN Investment report defines the digital economy as the application of technology using the internet in the production and trade of services. In relation to the digital Islamic economy (Islamic digital economy), currently there is no definition that has been agreed upon globally, but the definition that has been commonly conveyed by experts is that the digital Islamic economy is part of the Islamic economy that supports the halal industry through good e-commerce. . Currently, there has been a significant development in the development of technology in Islamic economic activities, this is proven by the existence of fintech which is increasingly flourishing, however there are challenges faced by the increasing proliferation of fintech, including the imbalance in exposure to digital technology between rural and urban areas, costs and internet access. it is still relatively expensive, there is still a lack of digital economic education, harmonization of regulations and coordination between institutions is still low and issues of cybercrime and cyberattacks are emerging (Fahrurrozi, 2019).

The development of new technology will create new normalities, norms and balance in the business world. Fund the business first, then more assets in the form of technology. Apart from that, the resources needed by companies will erode accounting human resources, especially accountants and especially accountants (Fitriani, 2022). As well as the formation and development of new virtual office/shop based businesses. And how to sell products and services through the online marketplace. From this phenomenon, there is an interaction between accounting and technology. Just like robotics and data analytics (big data) which are used to support the basic work of accountants (recording transactions, processing transactions and managing transactions) because they are said to be more efficient and effective in their work. Technology can also help large companies due to standardization of Financial processes, system standardization and information architecture. Also, the biggest challenge is the accounting profession's lack of appreciation in terms of the impact of technology on the work of sharia accountants. Therefore, the most important competitions in the accounting industry, such as data analysis, information technology development, and leadership skills, are in high demand. Of course, many of these changes will have a direct impact on the performance of sharia accountants. Digital popularization is of course a challenge and opportunity for the future of the accounting profession (Jumali, 2022)

New technological developments will create a new normal, standard and balance in the business world. Starting from funding the business, then many assets in the form of technology. Apart from that, the resources needed in business will then erode a lot of human resources for accountants, including accounting staff, especially accounting. And towards the creation and development of new companies based on virtual offices/shops. And thank you for selling products and services through the online marketplace. From this phenomenon, an interaction between accountants and technology occurs. Such as the use of robotics and data analytics (big data) which are used to take over basic work by accountants (starting recording transactions, processing transactions and sorting transactions) because this is felt to be more efficient and effective in a job. Technology also supports large companies due to standardization of financial processes, standardization of system and information architecture. Apart from that, the biggest challenge is the underestimation of the accounting profession regarding the impact of technology on the work of sharia accountants. So the most important competition for the accounting profession, for example data analysis, information technology development, and leadership skills, must be developed. These many changes will certainly have a direct impact on changing the performance of sharia accountants.

Technological developments are one of the main factors influencing sharia accounting. Era 4.0 has changed the way businesses operate, with the ever-expanding growth of e-commerce, blockchain, and artificial intelligence. The main challenge in this case is how to integrate this technology into sharia accounting. For example, how to manage transactions carried out online so that they comply with sharia principles, including payments and electronic commerce. Sharia accounting in Indonesia must face challenges in harmonization with international standards. Indonesia has committed to adopting sharia accounting standards that are in line with IFRS (International Financial Reporting Standards) to facilitate global trade. However, adapting these standards to sharia principles is a complex task.

Qualified human resources in the field of sharia accounting are an important challenge. Human resources who understand sharia accounting and have skills appropriate to the 4.0 era are rare. They need to be given adequate training and education to understand the technical and sharia aspects of accounting. Supervision and regulation are also an important focus in implementing sharia accounting. There is a need to ensure that institutions involved in sharia accounting practices operate in accordance with sharia principles and comply with established standards. Strong regulations are needed to police these practices. Sharia financial literacy among Indonesian people still needs to be improved. The Islamic financial system includes more than just accounting . This also involves public understanding of sharia financial products and investments based on sharia principles. So education and awareness campaigns about sharia finance should be improved so that people can understand the benefits and principles behind sharia accounting

CONCLUSION

The conclusion that can be drawn from the discussion above is that in facing the digital era 4.0 which is accompanied by high levels of technological development and the emergence of the millennial generation who have progressive views, sharia accounting faces a number of significant challenges. This research has identified some of these challenges, as well as their relevance and urgency in the context of Islamic economic and financial growth. The main challenges faced in implementing sharia accounting in the millennial generation and digital era 4.0 include technology adaptation, data security, education and awareness, product innovation, and compliance with sharia principles in financial transactions. The millennial generation, which is increasingly dominant in the market, plays a role in changing consumer patterns, while digital technology 4.0 influences the way business and financial transactions are carried out.

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