The Development of Accounting in Indonesia

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Abstract

This study examines the historical trajectory of accounting development in Indonesia and how it has evolved through institutional reform, global convergence, and technological transformation. Using a qualitative historical approach and content analysis of academic and regulatory sources, the study identifies eight major phases of accounting evolution, from the colonial era to the digital transformation period. The findings reveal that Indonesia's accounting development has been shaped by political transitions, economic reforms, and technological advances—particularly the adoption of International Financial Reporting Standards (IFRS) and automation systems. The study uniquely integrates institutional change theory and global convergence theory to explain how domestic accounting practices internalize international norms while retaining local identity. This research contributes to accounting historiography in emerging economies and highlights the strategic role of accountants in digital governance, education, and sustainable professional development.

Keywords: Accounting development, IFRS convergence, institutional change, Indonesia, digital transformation

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Introduction

Accounting has evolved in parallel with the advancement of human civilization. When humans first learned to count and record their economic activities, it marked the beginning of primitive accounting practices. Historical studies show that several ancient civilizations, including Babylonia, Egypt, and Greece, used various media such as stone, wood, and papyrus to record inventories, property, and trade transactions (*The Development of Accounting through the History*, 2022). The emergence of modern accounting began in the fifteenth century when Luca Pacioli introduced the double-entry bookkeeping system, which later spread and developed in Western countries (Nawangsari, 2020). As societies advanced, the increasing volume and complexity of transactions required systematic financial reporting and the establishment of accounting standards. Consequently, standardization first emerged in advanced economies such as the United States, the United Kingdom, and the Netherlands, where formal accounting institutions and professional education were established.

In the twenty-first century, the accounting discipline has faced an unprecedented transformation driven by digitalization, globalization, and automation (Fauzi et al., 2023). The rapid expansion of multinational corporations has increased the demand for reliable financial information, efficient cost management, and compliance with dynamic global regulations. Moreover, the rise of remote work and the acceleration of digital business processes have challenged accountants to adapt to technological innovations while maintaining ethical integrity and analytical competence. According to Nadiar, Mutmainah, and Alfikri (2025), digital transformation has redefined managerial accounting practices in Indonesian companies, positioning accountants as strategic partners who utilize cloud systems, ERP, and big data analytics to enhance decision-making. This transformation has been reinforced by the growth of cost accounting, which enables management to make strategic decisions concerning pricing, operational efficiency, and profitability (Salamah et al., 2024). Hence, the function of accounting has evolved from a compliance-oriented reporting system into a key component of managerial and strategic decision-making.

Technological advancements have redefined how accounting operates in practice. Manual bookkeeping has been replaced by integrated enterprise systems such as SAP, Oracle, and Xero, which automate transactions, ensure data accuracy, and support real-time reporting. At the same time, the application of artificial intelligence (AI) and machine learning has begun to automate routine tasks such as reconciliation, data entry, and financial forecasting. Consequently, accountants now focus more on data analysis, strategic advisory roles, and ethical judgment rather than mechanical record-keeping. These developments require continuous enhancement of digital literacy, ethical awareness, and professional judgment among accounting practitioners (Maulana, Ahmad Fajar, & Annisa Arifin, 2023).

Given these global and technological dynamics, understanding the historical and institutional development of accounting in Indonesia becomes crucial. Such understanding provides insights into how Indonesian accounting has evolved from traditional record-keeping to modern digital systems that align with international standards while maintaining local relevance. Therefore, the purpose of this study is to analyze the evolution of accounting practices in Indonesia and evaluate how they have adapted to both global convergence and local institutional needs.

The novelty of this research lies in its integration of Institutional Change Theory and Global Convergence Theory to explain Indonesia's accounting transformation across different historical phases, from the colonial period to the digital era, thereby contributing to the historiography of accounting in emerging economies. Previous studies have primarily examined specific phases of accounting development, such as IFRS adoption or digital transformation, without providing a comprehensive theoretical explanation of how institutional change and global convergence interact across historical contexts. This study fills that gap by offering an integrated framework that traces Indonesia's accounting evolution from its institutional foundations to the digital era.

Literature Review

Institutional Change Theory

Institutional Change Theory explains how accounting evolves as institutions, such as professional bodies, governments, and educational systems, adapt to social, political, and economic pressures. Burns and Scapens (2000) conceptualize institutional change as the process by which accounting routines become embedded in organizational and societal structures. Institutions influence what is considered legitimate accounting practice through coercive (regulatory), normative (professional), and mimetic (imitative) mechanisms. In Indonesia, accounting development has reflected all three forms of institutional pressure. Regulatory authority (coercive) emerged through Law No. 34 of 1954, which formalized the accounting profession. Professional norms (normative) were strengthened through the Indonesian Institute of Accountants (IAI) and accounting education in universities. Meanwhile, mimetic adaptation appeared as Indonesia modeled its accounting standards after Western practices.

Institutional change theory therefore provides a useful lens to interpret how Indonesia's accounting profession evolved not only through domestic regulation but also through the internalization of external norms in response to globalization and modernization (Dillard et al., 2004; Nawangsari & Hanun, 2020).

Global Convergence Theory

Global Convergence Theory focuses on how accounting standards and practices across countries become increasingly harmonized due to globalization, capital market integration, and technological connectivity (Nobes & Parker, 2020). The adoption of International Financial Reporting Standards (IFRS) exemplifies this process. According to Zehri and Chouaibi (2013), convergence enhances comparability and credibility in financial reporting, facilitating foreign investment and cross-border transparency. In Indonesia, IFRS convergence began in 2008, driven by the need to align with international practices and to increase the reliability of financial reporting (Siti, 2020). However, convergence is not merely technical—it also involves socio-institutional adaptation. Local regulators must interpret and implement global standards within the context of national culture, legal systems, and educational infrastructure. This interplay between global norms and local adaptation creates a *hybridized accounting system*—global in principle, but contextual in practice.

Technological Transformation and Accounting Modernization

The advancement of digital technology has introduced a new layer to accounting development. Studies such as Moșteanu (2019) and Moșteanu & Faccia (2020) emphasize that automation, artificial intelligence (AI), and big data analytics have redefined accounting from manual record-keeping to data-driven decision support systems. In Indonesia, digital transformation has accelerated the adoption of Enterprise Resource Planning (ERP) systems like SAP and Oracle, enhancing transparency, accuracy, and timeliness in financial reporting (Fauzi et al., 2023; PPM Som, 2023). At the same time, this transformation demands new competencies in digital literacy, cybersecurity, and forensic accounting. Consequently, accounting education and professional certification must evolve to meet these emerging challenges (Putri et al., 2024; Risqi et al., 2024).

Review of Prior Studies on Accounting Development in Indonesia

Historical analyses of accounting in Indonesia reveal a gradual shift from colonial influence toward professional autonomy and global integration. Wardoyo, Zuhdi, and Abelio (2023) identified the 1954 Accounting Law as the institutional foundation for the profession. Wicaksono, Lella, and Nurafifah (2022) emphasized the significance of the Indonesian Accounting Principles (PAI) and subsequent adoption of the Financial Accounting Standards (SAK) in fostering national consistency.

Recent studies, such as those by Salamah et al. (2024) and Dwi, Naufal, and Junero (2023), highlight how the convergence toward IFRS and the rise of digital technology have reshaped accounting education, professional ethics, and human capital development. Nevertheless, these studies often focus on specific phases—either IFRS implementation or digitalization—without examining the continuous institutional evolution from a historical perspective. Thus, there remains a research gap concerning a holistic and theory-based understanding of how Indonesia's accounting practices have evolved across different institutional contexts and global paradigms.

Conceptual Framework and Synthesis

Drawing on the literature, this study integrates *Institutional Change Theory* and *Global Convergence Theory* to construct a conceptual framework explaining Indonesia's accounting evolution. Institutional change provides a domestic perspective, illustrating how accounting practices adapt to regulatory reforms, professional standards, and socio-political transformations. Global convergence captures the external dimension, showing how international norms such as IFRS and digital technologies are adopted and localized. Together, these perspectives explain Indonesia's transition from an institution-based accounting system to a globally integrated and technology-enabled framework. table 1 below summarizes this relationship:

Table 1 Analytical 4 Dimension

Analytical Dimension	Institutional Change Theory	Global Convergence Theory	Observed Implications in Indonesia
Regulatory Environment	Law No. 34/1954; professional licensing	IFRS-based PSAK and international alignment	Institutional legitimacy and transparency
Professional Development	IAI formation; ethics and education	Global accounting certification	Competence and ethical accountability
Technological Adaptation	Institutional learning and reform	Digital systems, AI, automation	Efficiency and innovation in reporting
Outcome	Local institutionalization	Global harmonization	Hybrid accounting system

This theoretical synthesis provides a foundation for analyzing how Indonesia's accounting development embodies both *institutional evolution* and *global integration*, ensuring relevance in both national and international contexts.

Research Method

This study employs a qualitative research design using a historical approach combined with content analysis. The qualitative-historical approach is appropriate because the purpose of the research is to trace, describe, and interpret the evolution of accounting practices in Indonesia across different socio-political and technological periods. According to Thalib (2022), qualitative historical analysis allows researchers to construct meaning from documented facts and interpret how institutional and professional structures evolve over time.

Data Sources

The study relies primarily on **secondary data** obtained from academic books, journal articles, official documents, accounting standards, and online repositories related to the development of accounting in Indonesia. The key sources include historical legislation (e.g., Law No. 34 of 1954), publications from the Indonesian Institute of Accountants (IAI), and prior studies discussing IFRS convergence, digital transformation, and accounting education.

Data Collection and Selection

Relevant literature was selected based on the following criteria: (1) direct relevance to the history and institutional development of accounting in Indonesia; (2) focus on professionalization, standardization, or technological transformation in accounting; and (3) publication credibility and recency (preferably within the past ten years, except for seminal works).

The collection process involved systematically reviewing previous studies, comparing interpretations, and extracting recurring themes related to institutional change, globalization, and digitalization.

Data Analysis

Data were analyzed through content analysis by identifying patterns, chronological sequences, and institutional linkages. The analysis focused on:

- Thematic classification of accounting development into eight historical phases (pre-1954 to the digital era);
- Interpretation of institutional and global influences on each phase;
- Cross-period synthesis to identify transformation patterns and continuity.

The data interpretation follows the *institutional change framework* (Burns & Scapens, 2000), emphasizing how accounting norms evolve under regulatory, economic, and technological pressures. Meanwhile, the *global convergence perspective* (Nobes & Parker, 2020) is applied to understand Indonesia's gradual harmonization with international standards (IFRS).

Trustworthiness and Limitations

To ensure research validity, triangulation was achieved through cross-verification of multiple literature sources and consistency checks with regulatory documents. However, the study acknowledges certain limitations, such as reliance on secondary data and limited access to archival records from earlier periods. These constraints are mitigated through extensive synthesis of credible and peer-reviewed sources.

Results And Discussions

The development of accounting is a process of changing from a simple method of recording financial transactions to a more complex business information reporting system that complies with international standards and is connected to modern technology to assist in sound decision-making. In general, the development of accounting occurs due to the need for organizations, such as companies, governments, or institutions, for transparency, accountability, and accurate data to manage resources efficiently and attract investors.

The history of accounting development in Indonesia has been greatly influenced by the political and historical context business Indonesia. During the colonial period until 1955, the title auditor was obtained through formal and informal learning (courses). From 1955 to 1979, literature studies were conducted. Based on Law No. 34 of 1954, the accounting department was established at the University of Indonesia in 1955, and the first accounting degree was completed in 1957. (Farhan, Okta, and Adib 2023). In Indonesia itself, the development of accounting began in the 1950s during the implementation of national development. As a social science, the emergence of accounting began with accounting practices in the socio-economic life of society. Its development was influenced by the needs of society and companies as well as technological advances.

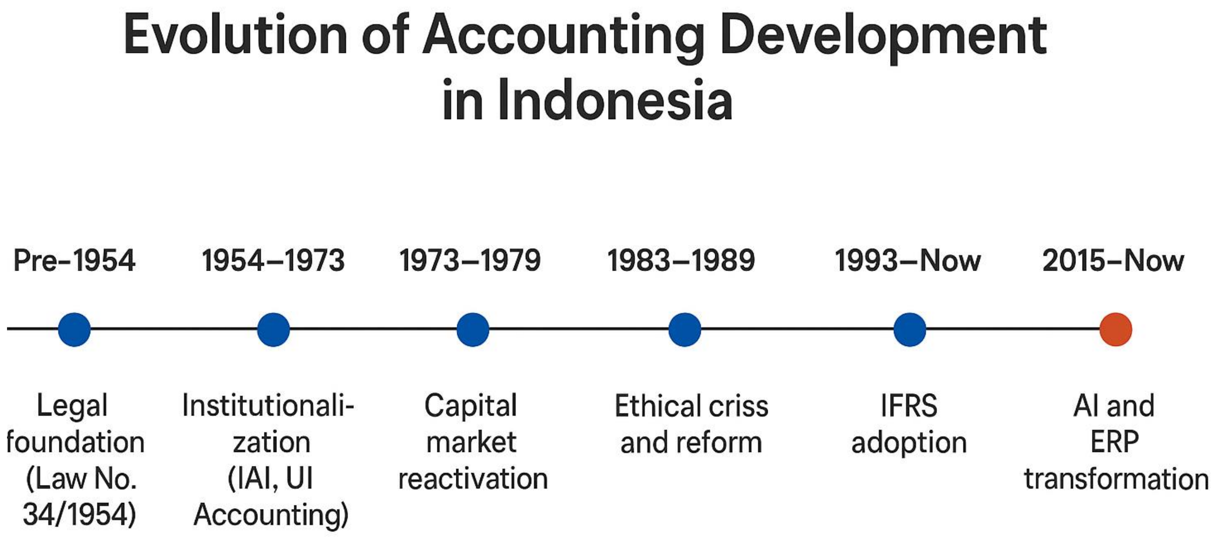

Figure 1 Evolution of Accounting Development in Indonesia (Pre-1954 – Digital Era)

The Indonesian government began introducing accounting as a field of economics. In 1973, the Indonesian Institute of Accountants launched the Indonesian Financial Accounting

Standards (SAK), which were subsequently revised several times to meet the evolving needs for financial information. Technology and The development of accounting in the increasingly developed world of business, technology plays a very important role in every aspect, including accounting. Its main task is to compile government financial reports, and it can also audit all government agencies at various levels of government. In addition, government agencies receive assistance from government accountants in planning their operational activities for the fiscal year (Dura, 2022). Technology enables accounting to be more efficient and accurate in recording and managing financial transactions. Along with the rapid development of technology, accounting has undergone various transformations and innovations (PPM Som, 2023). After independence, the development of accountants can be divided into six periods, namely:

Period 1

This period occurred before 1954, when accounting services were already available to the public, both in companies and in businesses. The growing need for accounting assistance led the general public, who lacked knowledge and experience in the field of accounting, to work as accountants. In fact, the knowledge possessed by accountants must be equivalent to the requirements set by the government, and they must also complete their studies at a state university with good results. Therefore, the government established regulations through Law No. 34 of 1954: This regulation was eventually changed to Law No. 34 of 1954 concerning the use of the title of accountant. Although this law was only announced in 1954 (marking the end of the first period and the beginning of the second period), the idea and need to create this law had already emerged before that year, during the period you asked about. This law became an important moment in the recognition and structuring of the accounting profession in Indonesia. It was intended to protect accounting degrees so that entrepreneurs and other entities would not be deceived by the use of the unauthorized title of "accountant."

Period 2

This period occurred in 1954 until 1973, during this period the development of the profession of accountants and auditors in Indonesia progressed slowly because during this period the Indonesian economy was not very favorable for entrepreneurs, but economic development began to rise again rapidly due to the nationalization of Dutch-owned companies. The first milestone in the history, prior to the activation of the capital market in Indonesia in 1973. During that period, for the first time the IAI conducted a codification of the principles and accounting standards applicable in Indonesia in a book entitled "Indonesian Accounting Principles" (PAI). PAI was created to meet the needs of the capital market. In 1984, the IAI again changed the rules under the name Indonesian Accounting Principles 1984. In 1994, the IAI made major changes by implementing Financial Accounting Standards (SAK). In that same year, the IAI decided to align with international accounting standards (Wicaksono et al., 2022).

Period 3

This period occurred from 1973 to 1979, during which the public accounting profession became more advanced due to the principles and norms initiated by M. Sutojo, providing accountants with work standards for analyzing the financial reports of business entities in Indonesia. With this comprehensive framework, the government hopes that the profession of public accountants will become a reliable and trustworthy supporting institution for the capital and money markets in Indonesia. At the end of 1976, the President of the Republic of Indonesia, in his letter decision number 52/1976, established the first capital market since the New Order era. With the establishment of the capital market in Indonesia, the demand for the profession of public accountants has increased significantly. This decision, when viewed from an economic perspective, was indeed, aimed at raising capital from the public, but this action also demonstrates the government's significant attention toward the profession of public accountants.

Period 4

This period occurred from 1979 to 1983, during which the accounting profession experienced a dark period. Certain public accountants engaged in inappropriate activities that were detrimental to tax revenue by collaborating with company management to evade taxes. Some public accountants committed malpractice that was highly detrimental to tax revenue by collaborating with company management to evade taxes. A tax accountant is responsible for examining a company's financial statements to determine the amount of tax payable. In general, tax accounting is a method of recording, compiling, and analyzing a company's financial transactions with the aim of determining the taxable income earned or received by the company in a tax year. This serves as the basis for determining the amount of income tax payable by the company as a taxpayer (Ihsan, 2019). There are also public accountants who do not re-examine the financial statements submitted by the company or the accountant's opinion is not included in the financial statements submitted to the tax inspection office.

Period 5

This period occurred from 1983 to 1989, during which the accounting profession sought to consolidate, including the public accounting profession. In 1988, the Ministry of Finance issued guidelines for the implementation of the Minister of Finance's Decree through the Decree of the Director General of Monetary Affairs No. Kep.2894/M/1988 dated March 21, 1988. A fundamental aspect of the decree is the development of public accountants which aims to:1) Assist the development of the public accounting profession in Indonesia. 2) Providing input to the Indonesian Institute of Accountants (IAI) or the public accountants section regarding the coverage desired by the Ministry of Finance in its education program. 3) Conducting joint training with the IAI or the IAI public accountants section on matters deemed necessary for public accounting firms (KAP) to know, including regarding KAP management. 4) Strive to ensure that KAP staff from abroad who are seconded to Indonesia to provide training for other KAPs through IAI or IAI-Seksi Akuntan Publik and assist in its implementation.

Period 6

The period this occurred in the early 1990s, during this the profession of public accountant continued to experience development in line with the development of the business world and capital market in Indonesia. (Dwi, Naufal, and Junero 2023). During this period, the profession of public accountants has continued to develop alongside the development of the business world and capital markets in Indonesia. Public accountants, also known as auditors, are accounting professionals and practitioners who have been authorized by the Minister of Finance of the Republic of Indonesia to provide services such as general audits and reviews of financial statements, performance audits, special audits, and various non-attestation services such as consulting, compilation, and other services related to accounting and finance. Despite this, there are still many criticisms raised by entrepreneurs and academics. However, the existence of the profession of accountants is still recognized by the government as a profession trusted by the public. In addition to the existence of support from the government, the development of the public accounting profession is also greatly determined by economic development and public awareness of the benefits of public accounting services. The services provided by public accountants include:

- Attestation services are a type of insurance in which a public accounting firm issues a credibility report on an insurance policy prepared by another party.

- Assurance services are services provided by independent professionals who improve the quality or of information that is used for decision-making .
- Non-assurance services are provided by public accountants who do not express an opinion, negative assurance, summary of findings, or any other form of assurance. Some services without assurance offered by public accountants include consulting services, compilation services, and tax services.

Period 7

During this period (2008–present), IFRS convergence in Indonesia began with the effective implementation of three IAS-based PSAKs in 2008. This was followed by one IAS-based PSAK that became effective in 2009. In 2010, there were three PSAKs and one ISAK based on IAS/IFRS and five revocations of PSAKs that were previously effective. Subsequently, in 2011, there were 15 PSAKs and six ISAKs based on IFRS that became effective. In detail, the stages of IFRS/IAS implementation are presented in Tables 1A, 1B, and 1C. The implementation of IFRS is claimed to provide benefits in improving the quality of financial statements. This has encouraged research to empirically test whether the implementation of IFRS has improved the ability of accounting information to estimate stock prices, known as value relevance studies. Value relevance is the ability of information presented in financial statements to capture and summarize the value of a company. Value relevance can be measured by estimating the statistical relationship between the information presented in financial statements and stock value in the market. (Siti, 2020)

Period 8

The latest developments and future of accounting in relation to technological developments mean that in financial accounting, the information produced is intended for information users such as management to obtain financial information for the purpose of estimating the future condition of the company. Currently, in this era of rapid technological development, this has greatly influenced all practices related to financial accounting, thereby impacting changes in techniques and practices in financial accounting itself.

However, this progress also brings significant new challenges. One of the main challenges is the lack of technological understanding among financial managers, which can impact their performance and effectiveness. This issue raises concerns that accounting professionals may be replaced by people who are more tech-savvy. Therefore, accountants in

Indonesia must continue to improve the quality of their workforce and expand their expertise in new fields, such as forensic accounting and management accounting, in order to support better economic growth. These developments indicate that the accounting profession will continue to evolve from simply recording transactions to a strategic function supported by data analysis and modern technology.

Several trends in financial accounting practices are directly influenced by the application of digital technology in financial practices, one of which is trend analysis, which currently shows that artificial intelligence (AI) is involved in financial accounting systems. On the other hand, the benefits of trend analysis using artificial intelligence make the implementation of financial accounting systems faster and more efficient. Artificial intelligence technology helps systems make calculations and identifications quickly. Artificial intelligence technology provides financial accounting with increased efficiency and clarity in practice. In addition, the application of artificial intelligence technology simplifies practices and helps to effectively reduce human error through digitization (Moșteanu, 2019).

On the other hand, (Mosteanu & Faccia, 2020) argue that the development of systems for companies that assist in resource planning shows the potential to integrate organizational software with financial data along with other important business factors such as supply chains and business production management. In this case, the challenge is the lack of technological understanding by financial managers, which affects their performance and effectiveness, so that people who are competent in accounting may be replaced by people who are competent in technology.

Theoretical Integration: Institutional Change and Global Convergence

Indonesia’s accounting evolution can be comprehensively understood through the dual lens of Institutional Change Theory and Global Convergence Theory. Institutional Change Theory explains that the transformation of Indonesia’s accounting practices has been driven by three types of institutional mechanisms: coercive, normative, and mimetic pressures. Coercive mechanisms emerged through government regulations such as Law No. 34 of 1954, which established the legal foundation and legitimacy of the accounting profession. Normative pressures arose from the growth of professional education and the establishment of the Indonesian Institute of Accountants (IAI), which promoted ethical standards and competency-based professionalism. Meanwhile, mimetic pressures appeared as Indonesia adopted international best practices in response to globalization and the need for competitive alignment with global markets.

Complementing this view, Global Convergence Theory highlights how Indonesia has progressively internalized international norms (most notably through the adoption of IFRS) while simultaneously preserving its local institutional identity. This process of convergence did not merely replicate Western standards but involved contextual adaptation to Indonesia's legal, cultural, and economic environment. The result is a hybrid accounting system that embodies *glocalization*: achieving international comparability and transparency while maintaining local relevance and institutional continuity. Together, these two theoretical perspectives illustrate how Indonesia's accounting development represents both an internally driven institutional evolution and an externally influenced convergence toward global accounting harmonization.

Table 2 Integration of Theoretical Perspectives and Historical Periods

Period	**Key Milestones**	**Institutional Mechanism**	**Global Convergence Implication**
Pre-1954	Law No. 34/1954 regulating "Accountant" title	Coercive (government-driven legitimization)	Early institutional foundation
1954–1973	UI accounting education, IAI formation	Normative (professional education)	Standardization of practices
1973–1979	Capital market reactivation	Mimetic (adoption of global practices)	Initial convergence awareness
1979–1983	Ethical malpractice crisis	Institutional fragility & reform	Need for ethical harmonization
1983–1989	Ministry of Finance regulation	Regulatory convergence	Alignment with oversight models
1990s	Diversified professional services	Institutional maturity	Global service standardization

Period	Key Milestones	Institutional Mechanism	Global Convergence Implication
2008–Now	IFRS-based PSAK adoption	Mimetic + normative integration	Full global convergence
2015–Now	AI & ERP implementation	Technological institutional change	Digital-era global connectivity

Discussion: Drivers and Implications

The findings reveal that the development of accounting in Indonesia has been shaped by five interrelated factors that collectively reflect the dynamics of institutional change. **First**, regulatory reforms established the legal and institutional foundations that legitimized the profession and strengthened governance, ensuring consistency and accountability in financial reporting. **Second**, educational expansion through university-based accounting programs played a pivotal role in developing qualified and competent professionals capable of meeting the demands of both the public and private sectors. **Third**, global standardization—particularly through the adoption of IFRS—enhanced Indonesia's credibility in the international arena and improved the comparability of financial statements across borders. **Fourth**, ethical reinforcement emerged as a response to past crises that had weakened public trust in the profession. The ethical malpractice incidents of 1979–1983 exposed deficiencies in institutional enforcement, intensifying both coercive and normative pressures that led the Indonesian Institute of Accountants (IAI) and the Ministry of Finance to reform professional codes of ethics and accountability mechanisms. These efforts restored institutional legitimacy through a combination of regulatory discipline and professional self-regulation, demonstrating how institutional pressures shape ethical standards and professional accountability. **Finally**, digital transformation has fundamentally redefined the role of accountants, shifting their focus from manual record-keeping toward data-driven analysis, strategic advisory functions, and ethical judgment in technology-enabled environments.

Collectively, these five drivers illustrate that the evolution of accounting practices in Indonesia has not merely been a response to economic or regulatory forces but rather a dynamic process influenced by the continuous interaction of cultural, political, ethical, and technological factors within the institutional framework.

Theoretical and Practical Implications

Theoretically, this study enriches institutional change theory by illustrating how coercive, normative, and mimetic forces have dynamically interacted with digital transformation—an aspect that has been largely overlooked in studies of emerging economies. This interaction demonstrates that institutional evolution in accounting is not solely shaped by regulatory and professional pressures but also by technological advancements that redefine organizational behavior and professional practice. Furthermore, the study validates global convergence theory within a hybrid framework, showing that international accounting standards can be effectively integrated while preserving Indonesia's local institutional identity. From a practical standpoint, the findings highlight three strategic priorities essential for sustaining the growth of Indonesia's accounting profession. First, educational renewal is needed to embed digital literacy and ethical values within accounting curricula. Second, institutional strengthening should be pursued by fostering closer collaboration among universities, the Indonesian Institute of Accountants (IAI), and regulatory bodies. Third, policy adaptation must ensure that professional regulations remain responsive to technological innovation, enabling accountants to remain relevant, competent, and globally competitive in the digital era.

Synthesis of Findings

The historical trajectory of accounting in Indonesia demonstrates a nonlinear yet progressive transformation, evolving from simple bookkeeping practices to a digitally integrated and globally aligned profession. Over time, the accounting field has shifted from a focus on state-driven regulation toward global harmonization through the adoption of international standards, and is now entering an era defined by technological innovation and digital transformation. This progression reflects not only economic modernization but also the continuous adaptation of institutional structures, professional ethics, and educational systems. The findings of this study directly address its main objective—to assess how Indonesia's accounting practices have adjusted to global convergence while maintaining a distinct local institutional identity. These results empirically confirm that Indonesia's accounting transformation embodies both institutional change and global convergence mechanisms, reinforcing the hybrid nature of its professional evolution.

This synthesis also contributes to the historiography of accounting in emerging economies, providing a model for understanding how professional adaptation occurs under simultaneous regulatory and technological pressures. The Indonesian experience illustrates that sustainable professional growth depends on achieving a balanced integration between regulation, innovation, and education, ensuring that accounting remains both globally competitive and locally relevant in a rapidly evolving economic environment.

Conclusion

Accounting has undergone a long development from time to time until now. It is not known when accounting began to be practiced. However, some experts say that accounting practices have been used since pre-Christian times. The development of the accounting profession in Indonesia has been ongoing for a long time and has continued to change since the country's independence. Initially, this profession was officially recognized thanks to Law No. 34 of 1954 (Period 1). After that, the profession continued to develop (Periods 2 and 3) with the existence of work regulations and accounting principles that helped meet the economic needs of the nation. However, in 1979–1983 (Period 4), various cases of fraud and misconduct emerged, damaging the profession's reputation. Therefore, efforts were made to reform and unify the profession (Period 5) in order to restore the integrity of public accountants. Entering the modern era (Periods 6 and 7), the accounting profession grew rapidly along with the development of the capital market and the application of international accounting standards (IFRS) so that accounting practices were in line with global standards. Currently, in the digital age (Period 8), accounting has advanced due to technology, particularly artificial intelligence (AI), which makes accounting work faster, more efficient, and in line with future financial information needs.

Accounting also plays a role in supporting Indonesia's economic policies and development, such as the development of MSMEs, taxation, and government financial management. In addition, the growth of human resources in the field of accounting, such as the improvement of expertise in forensic accounting and management accounting, can support better economic development in Indonesia. In line with the times, accounting practices in

Indonesia must also adopt the latest technologies, such as information technology and digital accounting, and develop the quality of human resources.

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