

Islamic accountants and the quest for professionalization in Indonesia: Opportunities, challenges, and institutional legitimacy

Aviandi Okta Maulana

Faculty of Economics and Business, Universitas Gadjah Mada, Yogyakarta, Indonesia

*Corresponding author: aviandioktamaulana@ugm.ac.id

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ABSTRACT

This study investigates the professionalization of Islamic accountants in Indonesia, an under-researched area in the Islamic accounting and accounting profession literature. Although Islamic finance has increased the demand for Sharia-compliant reporting and specialized accounting expertise, the professional status of Islamic accountants remains unclear. Drawing on the professional systems framework developed by [Abbott \(2014\)](#), this qualitative study examines professional work through its objective and subjective dimensions based on semi-structured interviews with 11 key stakeholders, including regulators, practitioners, and academics. The findings show that the professionalization of Islamic accountants is shaped by the interdependence between subjective and objective dimensions. Subjective factors include the evolving professional identity of Islamic accountants, societal perceptions and acceptance, and the debate over integration versus independence. Objective factors include standardization and certification, education and competency, and regulation and governance. This study contributes to the Islamic accounting literature by positioning Islamic accountants as emerging professional actors in Indonesia's Islamic financial industry.

Introduction

The accounting profession has continuously evolved, with its role in the division of labor becoming increasingly well-defined, particularly in developing countries such as Indonesia ([Sakagami et al., 1999](#)). The development of the accounting profession in Indonesia began with the enactment of the Accountant Law through Government Regulation No. 34 of 1954 ([Ministry of Education, 1954](#)), which laid the foundation for the recognition of accountants.

Over time, the expansion of Indonesia's economy and financial sector has introduced new dimensions to the accounting field, particularly through the rise of Islamic finance. The development of the business sector in Indonesia is characterized by a growing need for Islamic banking to provide capital based on Islamic values. The Banking Act No.7, 1992, introduced regulations for profit-based banking. Through this regulation, the Government of Indonesia set an important milestone for Islamic banks ([Ika & Abdullah, 2011](#); [Suandi, 2013](#)). Accordingly, to ensure the accountability of Islamic banking, this regulatory change creates a demand for the implementation of specialized Islamic accounting standards by Islamic financial institutions ([Maulana, 2019](#)). Therefore, there is an increasing demand for accountants skilled in Islamic accounting principles.

The literature review uncovers the accounting profession through historical development, ethical considerations, and societal perspectives. [Brief \(1975\)](#) investigated the transformative impact of accountants and their improvement practices on public concern. [Carnegie and Napier \(2010\)](#) examined how accountants are portrayed through media representations, while [Brouard et al. \(2017\)](#) presented accountants' identity as a comprehensive model that can be adapted to different identities. These shifts are particularly relevant in the context of Islamic accounting in Indonesia, where the interplay between religious values and professional practice is paramount ([Maulana, 2019](#)).

This research employs a qualitative interpretive approach that utilizes semi-structured interviews to investigate stakeholders' perceptions of Islamic accountants in Indonesia. Through this methodological lens, this study seeks to interpret the dual aspects of professional work as posited by [Abbott \(2014\)](#), focusing on its objective and subjective dimensions.

The thematic analysis uncovers key objective issues in the professionalization of Islamic accounting: the call for standardization and certification, the growing importance of specialized education, and regulatory and governance challenges specific to Islamic financial practices. Additionally, this study reveals subjective considerations such as the professional identity of Islamic accountants, societal perceptions, and the delicate balance between integration and independence within the professional accounting sphere ([Willmott, 1986](#); [Yee, 2009](#)). This study

contributes to the broader narrative of accounting practices by offering a critical perspective on the unique professionalization journey of Islamic accountants in Indonesia. It encapsulates the ongoing struggle to maintain the integrity of religious principles while meeting the standards of the global accounting profession (Zeff, 2003a, 2003b).

Literature Review

The Rise of Islamic Banking in Indonesia

The rise of Islamic banking in Indonesia is linked to regulations and government support. The development started when the Indonesian government permitted the implementation of a profit-sharing system in the banking sector. The government of Indonesia enacted law through Banking Act No.7, 1992, as a milestone in the establishment of Islamic banking institutions (Ika & Abdullah, 2011; Suandi, 2013). The adoption of the new regulation created a new opportunity for the growth of an interest-free banking system. Table 1 shows that Islamic banking in Indonesia has grown remarkably in recent years, as reflected in the consistent increase in total assets and profitability across various segments, such as Sharia Commercial Banks, Sharia Business Units, and Sharia Rural Banks. For example, the total assets of Sharia Commercial Banks rose from IDR 254.184 billion in 2016 to IDR 594.709 billion in 2023, reflecting the growing demand for Sharia-compliant financial services. This trend aligns with the findings of Abduh and Omar (2012), who highlighted the crucial role of Islamic banking in supporting Indonesia's economic growth.

Table 1. Islamic Bank Data

Category	Year							
	2016	2017	2018	2019	2020	2021	2022	2023
Sharia Commercial Banks								
Total Assets (Billion IDR)	254.184	288.027	316.691	350.364	397.073	441.789	531.860	594.709
Total Income (Billion IDR)	952	990	2.806	4.195	3.782	4.464	7.401	7.927
Number of Banks (Units)	13	13	14	14	14	12	13	13
Sharia Business Units								
Total Assets (Billion IDR)	102.320	136.154	160.636	174.200	196.875	234.947	250.240	244.472
Total Income (Billion IDR)	1.144	2.109	2.358	2.083	1.726	1.978	2.059	2.295
Number of Banks (Units)	21	21	20	20	20	21	20	20
Sharia Rural Banks								
Total Assets (Billion IDR)	9.157	10.840	12.361	13.758	14.950	17.059	20.156	23.177
Total Income (Billion IDR)	159	213,18	173,67	262,11	223,8	219,27	292,62	359,73
Number of Banks (Units)	166	167	167	164	163	164	167	173

Source: Authors' compilation based on Sharia Banking Statistics published by Otoritas Jasa Keuangan (2019, 2024).

Islamic Accounting Standards in Indonesia

The rise of Islamic banking also parallels the development of Islamic accounting in general and Islamic accounting standards in particular. According to the Sharia Banking Act No. 21 of 2008, financial reporting prepared by Indonesian Islamic Financial Institutions should refer to authorized institutions and use general accounting principles (Maulana, 2019). Although the regulation mentions general accounting principles, the nature of Islamic banking differs from that of interest-based banking systems. Currently, in Indonesia, the Sharia Accounting Standards Board (*Dewan Standar Akuntansi Syariah/DSAS*) is responsible for developing Sharia accounting standards as part of the Indonesian Institute of Chartered Accountants (*Ikatan Akuntan Indonesia/IAI*) (Kartikahadi et al., 2012). Table 2 presents the list of accounting standards that have been issued by DSAS.

Table 2. List of Accounting Standards Issued by DSAS

Accounting Standards Code	Accounting Standards Name	Notes
PSAK 401	Presentation of Sharia Financial Reporting	This PSAK provides a framework for presenting Sharia financial reports, capturing the unique characteristics of Sharia transactions, such as contracts (akad) and social responsibilities.
PSAK 402	Accounting for <i>Murabahah</i>	It is essential to ensure clear recognition of profit margins in <i>murabahah</i> to align with the principles of fairness in Islamic finance.
PSAK 403	Accounting for <i>Salam</i>	<i>Salam</i> transactions require careful revenue recognition due to their prepayment nature, particularly regarding the risk of non-delivery of goods.
PSAK 404	Accounting for <i>Istishna</i>	The main challenge lies in recognizing revenue and costs for long-term manufacturing projects while adhering to Sharia principles and general accounting standards.

Accounting Standards Code	Accounting Standards Name	Notes
PSAK 405	Accounting for <i>Mudharabah</i>	This standard should emphasize transparent profit-sharing reporting to prevent disputes between investors (<i>shahibul mal</i>) and managers (<i>mudharib</i>).
PSAK 406	Accounting for <i>Musyarakah</i>	It stresses the fair distribution of profits and losses among partners in accordance with the agreed-upon contract.
PSAK 407	Accounting for <i>Ijarah</i>	PSAK 407 focuses on revenue recognition from <i>ijarah</i> to ensure it aligns with Sharia principles, especially in lease agreements involving assets.
PSAK 408	Accounting for Syariah Insurance Transaction	This standard emphasizes the separation of <i>tabarru'</i> funds (social funds) and participant funds to ensure transparency and compliance with <i>takaful</i> principles.
PSAK 409	Accounting for Zakah/ <i>Shadaqa</i>	PSAK 409 ensures accountable reporting of zakah and shadaqah funds, which is essential for their distribution in line with Sharia objectives.
PSAK 410	Accounting for <i>Sukuk</i>	It regulates sukuk accounting to maintain its nature as an asset-based instrument, rather than debt, ensuring no elements of <i>riba</i> (usury) are present.
PSAK 411	Accounting for <i>Wa'd</i>	It is crucial to cautiously record promises of future transactions to avoid creating legal implications that contradict Sharia contracts.
PSAK 412	Accounting for <i>Waqf</i>	PSAK 112 aims to ensure transparency in the management of <i>wakaf</i> , including the reporting of <i>wakaf</i> assets and their utilization for social welfare.
PSAK 459	Accounting for Sharia Banking	PSAK 459, previously PSAK 59 established to accommodate the financial reporting for Islamic banks

Source: Adapted from [Ikatan Akuntan Indonesia \(2022\)](#).

Accounting Profession Research

In accounting, the accounting profession serves as a guardian of knowledge. This is due to its professional status and society's acknowledgement of its professionalization. Research on the accounting profession covers a wide range of topics. Early research related to accountants was identified by [Brief \(1975\)](#), who investigated the controversy surrounding the preparation of profit and loss statements amid future uncertainty. The study concluded that the issue of accounting uncertainty cannot be fully resolved, even with regulations and legislation designed to minimize its impact on financial statements. Accountants in the nineteenth century were concerned with improving practices in financial reporting, and the latter period saw the emergence of more effective regulations ([Brief, 1975](#)). For accountants and ethical behavior, [Fogarty \(1995\)](#) defined accounting ethics as a multidisciplinary perspective consisting of individualism, psychologism, equality, and textual ratification.

In 2001, the Enron scandal shook the accounting world, prompting numerous journals and articles to raise concerns about the professional issues surrounding the case. For instance, [Carnegie and Napier \(2010\)](#) examined the social perception of the legitimacy of the accounting profession portrayed in the media. Accounting professionals and the stereotypes associated with accountants have been re-examined, particularly following the Enron scandal. The research found a shift in the stereotype of accountants before and after the Enron scandal. The traditional accountant stereotype is rooted in nostalgia for a time when accountants were seen as dull but dependable and upright. However, it has shifted toward a perception focused on client representation ([Carnegie & Napier, 2010](#)). While the stereotype of accountants has evolved, the identity of professional accountants and the role of actors in shaping their professional identity led [Brouard et al. \(2017\)](#) to explore professional accountants' identity formation and the influence of various actors. Using social identity theory and sociology of professions, this study presents a comprehensive model outlining the factors influencing the formation of accountants' identities. This model focuses on the roles of social actors, the nature of their influence, and the sources of influence ([Brouard et al., 2017](#)).

Research in developed countries can be understood through various studies on the accounting profession conducted in Europe and North America. For instance, in the United Kingdom, [Willmott \(1986\)](#) examined the emergence and development of accountancy institutions by studying the role of professional associations in shaping their control over the accounting system. Research on the accounting profession often lacks an objective perspective because its development is influenced by political, economic, and legal factors that both support and limit its progress. Specifically, this study aims to unveil the profession's technical image by examining the role of its professional association in exercising power within the accounting function. Meanwhile, [Sikka et al. \(1989\)](#) conducted a comparative investigation of the public and social commitments embedded in the constitutions of professional institutions in the UK. In particular, their study highlighted the accounting profession's pledge to advance knowledge and promote public interest ([Sikka et al., 1989](#)). [Fisher and Murphy \(1995\)](#) investigated UK students' perceptions of the accounting profession. Adopting a survey, the study found that the accounting profession continues to attract a high proportion of graduates and interest in recruiting new students into this occupation. Students' perspectives on the accounting profession may be both positive and negative. Positively, the

students believe that their subject of study is perceived as highly placed in the hierarchy of disciplines; however, they might negatively stereotype financial crooks (Fisher & Murphy, 1995).

In another European country, Ramirez (2001) examined the accounting profession in France from 1920 to 1939, adopting Pierre Bourdieu to illustrate the process of social closure and the achievement of a professional project. This study first examined the establishment of the accounting profession and focused on the process of achieving control over the production of professionals and the performance of their activities (Ramirez, 2001). In the United States, Byington and Sutton (1991) studied the basic characteristics of self-regulating monopolies in accounting and audit standards. This study found that professional behavior is consistent with the economic benefit of a self-regulating institution. Evidence from a behavioral perspective indicates that performance quality falls below the level desired by other stakeholders. This raises questions about policymakers' ability to impose changes on a self-regulating accounting profession (Byington & Sutton, 1991). Interestingly, Preston et al. (1995) investigated the claims of the U.S. accounting profession as a moral or ethical institution. Historically, accounting and auditing practices have been reproduced and institutionalized by accountants within professional bodies (ibid). The accounting profession applies special skills and knowledge, adopting a code of ethics to maintain its moral status. A code of ethics ensures and protects clients' interests in engagements where professionals deliver expert services that cannot easily be measured or evaluated in terms of quality. Preserving public interest is accompanied by claims of exclusive rights to practice and the protection of the public from unqualified practitioners (Preston et al., 1995). In terms of historical context, Zeff (2003a, 2003b) examined the establishment of the U.S. accounting profession and its transformation during the twentieth century. This paper addresses the challenges and crises faced by the U.S. accounting profession and how value within large accounting firms has changed, leading to confrontations between auditors and clients (Zeff, 2003a).

For Asian countries, research on the accounting profession first emerged from Japan through Sakagami et al. (1999), who presented a study on the accounting profession in Japan. In particular, the Japanese Certified Public Accountant (CPA) operates differently from the Anglo-American perspective. In this context, Japanese CPAs and certified public tax accountants are part of the professional accounting community (Sakagami et al., 1999). Alternatively, individuals may pursue specialist roles, such as system auditors or construction industry accounting controllers. However, this type of specialization is often regarded as lacking key professional characteristics, including theoretical knowledge, professional association membership, formal training, ethical codes, and internal regulations (Sakagami et al., 1999). Furthermore, Askary (2006) examined the effect of culture on accounting professionalism in 12 developing countries by applying Gray's (1988) model and Hofstede's (1980) cultural study. This study categorized these 12 developing countries across the Middle East and South Asia, provided an analysis of their accounting professions, and examined how they are classified according to statutory regulations or professional standards. The study found that Gray's hypothesis of accounting authority was confirmed in Iran, moderately supported in Bangladesh, Jordan, Oman, and Qatar, but rejected in Pakistan, Turkey, Malaysia, and Indonesia (Askary, 2006).

In terms of globalization, imperialism, and colonization, Gallhofer et al. (2011) examined the challenges faced by Syria and Syrian accountants to integrate globally and address the political conflict between Syria and Western rhetoric regarding Islamic terrorism. The research described globalization as imperialistic, threatening local particularities while simultaneously presenting opportunities (Carnegie & Napier, 2010). Verma and Gray (2006) examined the formation of the Institute of Chartered Accountants in India during the post-independence period. The paper follows McKinnon in investigating the establishment of the Institute of Chartered Accountants in India, focusing on state involvement, credentialism, and the significance of the title "chartered." Within this framework, the accounting system is viewed as one of several interrelated social systems within a country, influencing and being influenced by others (Verma & Gray, 2006). While India broadly follows the British tradition, the development of the Chinese accounting profession differs significantly from that of Western and other Asian countries. Yee (2009) explored the re-emergence of the public accounting profession in China in the early 1980s. The 1980s marked the time when the Chinese government began to adopt an open-door policy following the cultural revolution, which devastated China's economy.

Previous research has shown different streams of literature on the accounting profession. The accounting profession has become a central aspect of accounting knowledge. Any issue that arises is linked to fraud, financial reporting, and governance, which raises questions about professionals' ability to maintain their professional status. In Indonesia, the Indonesian Institute of Accountants (*Ikatan Akuntan Indonesia /IAI*) is one of the three accounting professional organizations recognized by the government (the others are the Indonesian Institute of Management Accountants and Indonesian Institute of Certified Public Accountants). With the rapid development of knowledge and business, the accounting profession in Indonesia now encompasses Islamic accounting. The question arises as to whether Islamic accountants can also be recognized as a distinct professional group within the division of labor. Rather than being classified as part of the IAI, should Islamic accountants be established and recognized as independent professional accountants? This study aims to investigate and critically explore whether Islamic

accountants represent a truly professional profession. To address this issue, this study employs the professionalization framework proposed by [Abbott \(2014\)](#), focusing on the subjective and objective dimensions of professional work.

Theoretical foundation: Professional work

This study applies the theoretical framework on professionalism proposed by [Abbott \(2014\)](#), as outlined in the seminal work, the system of professions, which adopts a sociological perspective on the division of expert labor. Through this framework, professionalism is understood in terms of the boundaries and dynamics of professional domains. [Abbott \(2014\)](#) differentiates three interrelated and interdependent dimensions within the boundaries of professionalism, namely: i) professional work; ii) the claim of jurisdiction; and iii) the system of profession. This research, however, focuses exclusively on professional work, emphasizing its subjective and objective dimensions in professional reasoning.

Professional work consists of objective and subjective factors, such as diagnosis, treatment, inference, and academic knowledge. Subjectivity and objectivity within professional institutions exist in the form of cognitive evaluations by society. Subjectivity reflects personal perception, where a professional institution emerges from historical and cultural experiences. On the other hand, objectivity arises through evaluation shaped by technological advances ([Abbott, 2014](#)). However, these two perspectives are not independent but rather interdependent and dynamic. The second dimension concerns diagnosis and treatment, which are perceived as parallel processes. A professional institution should be able to diagnose any problem that may arise in society and decide on certain treatments to employ. Professions should be able to diagnose and treat the needs of society. However, challenges often arise between diagnosis and treatment when information is incomplete, and decision-making becomes uncertain. Thus, professional institutions need inference (*ibid*, p.40). Inference enhances the credibility and acceptance of professional judgment. The final characteristic of professional work is academic knowledge. It is widely known that the rise of professional institutions has been closely tied to the rise of specific bodies of academic knowledge. The academic knowledge of a profession is linked to the formalization of education.

Conceptual Framework

This study draws on the professional work framework proposed by [Abbott \(2014\)](#), emphasizing both subjective and objective perspectives (Figure 1). Thus, through the lens of professional work, this study illustrates the rationalization of the Islamic accounting profession as a formal institution.

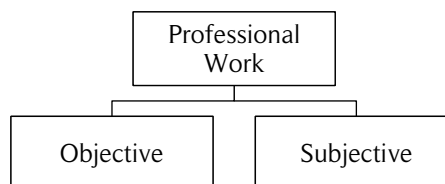


Figure 1. Professionalization concepts by [Abbott \(2014\)](#).

This study aims to evaluate whether Islamic accountants in Indonesia can be regarded as professional accountants according to the professional boundaries proposed by [Abbott \(2014\)](#). To address this issue, this study employs the professionalization framework, focusing on the subjective and objective dimensions of professional work. Arguably, the rise of the Islamic accounting profession followed the emergence of Islamic banking in Indonesia. In terms of accountability, accountants with a strong understanding of religion-based accounting methods are essential for Islamic banking and other financial institutions. Previous research has investigated the role of the accounting profession, but few studies have specifically examined Islamic accountants as the primary subject in relation to their professional status. This study is among the first to explore the broader concept of Islamic accountants and their professional legitimacy within society. To address this issue, this study develops the following research questions:

1. How does society perceive Islamic accountants in Indonesia?
2. Should Islamic accountants be recognized as an independent profession?
3. What are the underlying reasons for this perspective?

Research Method

This research is a qualitative interpretive study. The objective of qualitative research is to obtain a high degree of understanding of reality within the social world. In accounting research, this approach enhances the understanding of accounting's theoretical structures ([Lehman, 2010](#)). Applying interpretation serves primarily to interpret social life and to explain how individuals experience and construct their social realities within accounting contexts ([Armstrong, 2008](#); [Fossey et al., 2002](#)). This study employed a semi-structured interview method to collect data,

aiming to gain a deeper understanding of participants' perspectives, experiences, and perceptions (Brinkmann, 2014). To address the research questions, this research develops three main interview questions:

1. How do you think about Islamic accountants in Indonesia?
2. Do you consider an Islamic accountant to represent a professional institution? Could you elaborate further on the reason behind your answer?
3. What reasons and why are Islamic accountants considered or not considered a professional institution in Indonesia?

To select interview participants, this study followed Patton (2002) by applying purposive sampling, complemented by convenience sampling. To analyze the interview transcripts, this study employed thematic analysis proposed by Boyatzis (1998) and aligned the identified themes with the framework of professional work proposed by Abbott (2014), particularly its objective and subjective dimensions. To reduce bias and increase validity, this research followed the triangulation approach proposed by Patton (2002). Triangulation was applied to compare and cross-check different perspectives from interview results to strengthen the thematic interpretation. This study interviewed 11 participants representing diverse professional backgrounds, including academics, accountants, Islamic banking practitioners, Islamic scholars, and government regulators. In qualitative research, there is no fixed or predetermined number of interview participants (Dai & Free, 2016).

In the context of limitations, this research mainly focused on the status of Islamic accountants on professionalism in Indonesia, with particular reference to the framework of professional work proposed by Abbott (2014), especially its objective and subjective dimensions.

Results and Discussion

This research identifies the dynamic interplay between subjective and objective factors influencing Islamic accountants' professionalization. It develops three main themes for subjective dimensions, namely: 1) Professional identity; 2) social perception and acceptance; 3) integration versus independence. Furthermore, the corresponding objective themes were identified: 1) standardization and certification; 2) education and competency; 3) regulation and governance.

Professional Identity

In the context of the subjective dimension of professional identity, this research identifies the importance of developing a distinct professional identity for Islamic accountants that integrates Islamic values into their professional roles.

"But for how Islamic accountants work, it must obviously be professional." (Interviewee D)

"Yes, if ideally and possible, having your own container is fine." (Interviewee E)

The development of a distinct professional identity for Islamic accountants is a complex process that intertwines the subjective dimensions of professional work with societal and cultural influences. This finding aligns with Carnegie and Napier's (2010) exploration of shifting stereotypes and Brouard et al.'s (2017) study on identity formation. This process reflects a collective negotiation of identity between Islamic accountants and their professional roles. Thus, challenging and expanding the boundaries of professional identity in accounting toward a more religion-based professional orientation.

Social Perception and Acceptance

In addition, within the subjective dimension of social perception and acceptance, this research identifies society's perceptions of Islamic accounting and highlights the importance of its legitimacy and alignment with the growth of Islamic finance.

"How society views Islamic accounting as a profession, including its legitimacy, value, and alignment with Islamic finance's growth." (Interviewee I)

"Because the compartment also has a caretaker like that." (Interviewee J)

Societal perceptions and acceptance of Islamic accounting professionals serve as indicators of legitimacy. As explored by Askary (2006) and Gallhofer et al. (2011), the extent to which Islamic accountants are embraced by society is not merely a function of their technical competence but also their ability to embody and reflect societal values. This societal interface shapes the legitimacy and acceptance of Islamic accounting, situating the profession within a dynamic of socio-cultural and religious context.

Integration versus Independence

In addition, within the subjective dimension of integration versus independence, this research identifies an ongoing debate over whether to maintain integration within broader accounting organizations such as the IAI or to establish an independent Islamic accounting body dedicated to the Islamic accounting profession.

"But for how Islamic accountants work, it must obviously be professional." (Interviewee D)

"Yes, if ideally and possible." (Interviewee E)

The tension between integration and independence within the Islamic accounting profession arises from the nature of professional associations and their strategic choices in defining their professional direction (Willmott, 1986; Yee, 2009). The Indonesian case illustrates a unique crossroads: whether to remain aligned with the existing accounting profession or to establish an independent Islamic accounting body. This crossroads reflects the profession's ongoing struggle to define its identity and scope amid evolving global and local imperatives.

Standards and Certification

In the objective dimension concerning standards and certification, this paper finds the emphasis on the necessity of standardizing Islamic accounting practices and establishing a professional certification mechanism. The following excerpts highlight interview responses related to standards and certification:

"Yes, very necessary. Everywhere, there must be standardization of all professions, all sciences." (Interviewee A)

"Yes, that's right. Simply put, I found that KP who understands sharia correctly." (Interviewee B)

"For now, in Indonesia, to be called certified, sharia accountants have sharia accounting certification exams." (Interviewee K)

The call for standardization of Islamic accounting practices and professional certifications extends beyond a structural requirement. It represents a critical evolution in professional practice. This progression is in line with Brief (1975) historical account, where the accounting profession's credibility depended on its ability to self-regulate and gain trust. As Ramirez (2001) suggests, such credibility becomes intertwined with adherence to Shariah principles, thereby positioning standardization as a bridge between historical precedents and contemporary professional demands.

Education and Competency

For the objective dimension of education and competency, this research emphasized the need for specialized education in Islamic accounting to develop competence in Shariah-compliant financial transactions.

"The need for specialized education and certification to develop competence and ensure the profession meets both technical and Islamic standards is evident." (Interviewee F)

"It requires special competence and knowing exactly what the Islamic economic system is like and owned by people who have backgrounds related to the management of the Islamic economic system." (Interviewee G)

"So that students also know not only traditional accounting but also sharia accounting." (Interviewee H)

The findings show the need for specialized education in Islamic accounting, representing the perspective of Abbott (2014) on the role of academic knowledge in professional work. This need is far from new, with the literature showing continual calls for educational reforms to better align curricula with evolving professional standards (Fisher & Murphy, 1995; Fogarty, 1995). Within the Islamic accounting domain, the need for Shariah literacy signifies a shift towards a curriculum that is responsive to both the theoretical and practical dimensions of Islamic finance. Therefore, this educational system is imperative and serves as a keystone in the development of the profession's framework.

Regulation and Governance

In the context of the objective dimension of regulation and governance, this paper identifies the impact of regulatory bodies and governance on Islamic accounting practices, highlighting the role of bodies such as the Indonesian Financial Service Authority (*Otoritas Jasa Keuangan* /OJK) in setting standards.

"Then what are the provisions of Islamic accounting standards? As far as I know, currently OJK does not distinguish sharia accountants from non-sharia accountants." (Interviewee C)

"Because in the political process, not all legislatures and judiciaries support the Islamic economy." (Interviewee D)

The emphasis on the role of regulatory bodies such as OJK in shaping Islamic accounting standards mirrors the literature's depiction of regulatory frameworks as foundational to professional integrity (Byington & Sutton, 1991; Preston et al., 1995). The interplay between regulation and practice encompasses issues of authority, oversight, and professional autonomy, with the socio-religious implications of Shariah compliance further heightening these stakes. The regulatory discourse within Islamic accounting thus reflects the broader systemic dynamics that shape the processes of professional practice.

Discussion

The findings of this study suggest that the professionalization of Islamic accountants in Indonesia cannot be understood simply as the product of subjective and objective factors that operate independently and in isolation from one another. Rather, professionalization should be seen as an interdependent and mutually reinforcing process through which legitimacy is pursued. Drawing on Abbott (2014), professional work is constituted through two

dimensions that operate simultaneously: an objective dimension, such as standardization, certification, education, and regulation, and a subjective dimension, including professional identity and social acceptance. Legitimacy, therefore, does not emerge solely from formal structures; it is also shaped by how the profession is socially recognized, negotiated, and imbued with meaning. It is at this juncture that it becomes possible to determine whether an occupational group is genuinely accepted as a profession (Abbott, 2014; Willmott, 1986).

From an objective perspective, standardization and certification within professional programs constitute what may be termed an “infrastructure of credibility”: a set of mechanisms that enables a profession to claim competence while simultaneously sustaining public trust through self-control and self-regulation (Brief, 1975; Ramirez, 2001). This study further indicates that educational requirements and the centrality of competence are closely tied to professional quality. The provision of education and the existence of a formal curriculum are not merely ancillary to the formation of professional identity; rather, they function as a foundation that underpins professional standards and the development of expertise that can be formally recognized (Abbott, 2014; Fisher & Murphy, 1995; Fogarty, 1995). At the same time, regulation and professional governance strengthen claims to legitimacy by securing recognition from state authorities and supervisory bodies regarding the profession’s existence. However, this form of legitimacy also carries potential drawbacks: regulation may constrain professional autonomy, thereby rendering legitimacy an arena of negotiation between the profession and its regulators (Byington & Sutton, 1991; Preston et al., 1995).

Nevertheless, the findings on the subjective dimension indicate that an “infrastructure of credibility” does not automatically translate into legitimacy unless it is underpinned by social authorization. Such social authorization is constituted through public acceptance and the development of a credible professional identity. The professional identity of Islamic accountants evolves through socio-cultural negotiation shaped by stereotypes surrounding the accounting profession and by identity work undertaken by multiple actors (Brouard et al., 2017; Carnegie & Napier, 2010). In the same vein, the legitimacy of Islamic accountants is not determined solely by technical competence; it is also influenced by evaluative judgements manifested in recognition of the profession’s capacity to represent socially shared values and to align with the socio-religious context in which it is embedded (Askary, 2006; Gallhofer et al., 2011). Professionalization, therefore, tends to proceed in parallel and can be strengthened when formal credibility, as expressed through the objective dimension, is supported by social recognition and the consolidation of identity generated through the subjective dimension.

This interdependence between subjective and objective dimensions becomes particularly evident in the “integration versus independence” dynamic. This tension does not merely reflect institutional preferences; rather, it represents a form of boundary negotiation regarding the future trajectory of the profession. On the one hand, integration may accelerate legitimacy by leveraging the support of established professional bodies and existing regulatory pathways; however, it also risks blurring the religious identity that the profession seeks to assert. On the other hand, independence may reinforce the identity and symbolism of a Sharia-based profession, yet it must be accompanied by a stronger objective infrastructure to avoid being perceived as fragmentation or as a weakening of professional control (Abbott, 2014; Willmott, 1986; Yee, 2009). Accordingly, the legitimacy of Islamic accountants is best understood as the outcome of a dynamic balance between formal credibility (standards, education, regulation) and social authorization (identity and acceptance), rather than as the product of either dimension alone (Askary, 2006; Brief, 1975; Preston et al., 1995).

Ultimately, efforts to legitimate the profession of Islamic accountants cannot be understood as the fragmented outcome of objective or subjective factors considered in isolation; rather, they emerge from the interdependence of the two. This interdependence is mutually reinforcing, yet it also generates contestation and competing interests. It is precisely this tension that keeps professionalization in motion, as ongoing negotiation continually shapes and consolidates professional boundaries, epistemic authority, and social recognition (Abbott, 2014; Yee, 2009).

Conclusion

This study investigates the potential professionalization of Islamic accountants in Indonesia by examining the opportunities and challenges that accompany it. Furthermore, it also highlights the prospects for Islamic accountants to develop into a recognized profession. Drawing on the professional system framework of Abbott (2014), the study analyzes two dimensions of professional work: the subjective dimension and the objective dimension. The professionalization of Islamic accountants is shaped by three principal factors within the subjective dimension: 1) professional identity; 2) social perceptions and acceptance; and 3) the debate over integration versus independence. Meanwhile, the objective dimension comprises: 1) standardization and certification; 2) education and competence; and 3) regulation and governance.

A central finding of this research is that these subjective and objective dimensions do not operate independently; rather, they are interrelated and mutually reinforcing (interdependent) in shaping professional legitimacy. Objective arrangements such as professional standards, certification programs, professional education,

and regulation constitute an infrastructure of credibility that supports claims to competence and sustains public trust (Abbott, 2014; Brief, 1975; Byington & Sutton, 1991; Preston et al., 1995). However, such formal credibility does not automatically yield legitimacy if it is not accompanied by subjective processes of social authorization, particularly through the construction of a professional identity and the attainment of social acceptance. These processes generate social “recognition” of Islamic accountants as a professional in a professional category within Indonesia’s socio-cultural and religious context (Askary, 2006; Brouard et al., 2017; Carnegie & Napier, 2010; Gallhofer et al., 2011).

Relatedly, the development of Islamic accountants’ professional identity constitutes a cognitive and evaluative process shaped by occupational stereotypes and by identity work undertaken by multiple actors (Brouard et al., 2017; Carnegie & Napier, 2010). Furthermore, social acceptance of Islamic accountants is not merely a matter of technical capability. It also depends on the profession’s capacity to represent social and religious values regarded as salient by the wider community (Askary, 2006; Gallhofer et al., 2011). This interdependence is particularly evident in the integration–independence debate. Integration may accelerate legitimacy by drawing on established institutional pathways, yet it risks diluting the distinctiveness of the profession’s identity. Conversely, independence may strengthen professional identity, but it requires a more robust infrastructure of credibility to avoid being perceived as fragmentation or as weakened control over professional identity and practice (Willmott, 1986; Yee, 2009).

In conclusion, the professionalization of Islamic accountants in Indonesia is a dynamic, multifaceted, and long-term process. It is shaped by the interplay between an infrastructure of credibility (standards, education, regulation) and social authorization (identity, acceptance, and boundary negotiations around integration versus independence). These findings underscore the importance of sustained dialogue among professional associations, regulators, educational institutions, and stakeholders in the Islamic financial industry so that Sharia accounting can develop as a credible and recognized profession and contribute meaningfully to the broader accounting and finance professional community.

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Appendix

Appendix 1. Interviewee Details

No	Interviewee Code	Background	Interview Length
1	Interviewee A	Islamic banking practitioners	6 minutes
2	Interviewee B	Islamic banking practitioners	9 minutes
3	Interviewee C	Academics	13 minutes
4	Interviewee D	Islamic scholars	9 minutes
5	Interviewee E	Accountants	12 minutes
6	Interviewee F	Government and regulator	19 minutes
7	Interviewee G	Government and regulator	17 minutes
8	Interviewee H	Academics	13 minutes
9	Interviewee I	Islamic banking practitioners	15 minutes
10	Interviewee J	Accountants	14 minutes
11	Interviewee K	Accountants	9 minutes