



Accounting System Evolution in Emerging and Transition Economies: A Comparative Analysis of Indonesia and Uzbekistan

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ABSTRACT

This study provides a comprehensive qualitative comparative analysis of the accounting systems and financial reporting frameworks in Indonesia and Uzbekistan. Grounded in Institutional Theory and Economic Determinism Theory, this paper examines how an emerging market giant, Indonesia, and a high-growth transition economy, Uzbekistan, navigate global pressures for accounting harmonization. Utilizing a four-pillar analytical framework comprising regulatory architecture, corporate IFRS convergence, public sector accrual accounting, and SME bookkeeping practices the findings reveal fundamental structural divergences. Indonesia enforces a professionally led, gradualist approach featuring a multi-tiered framework (SAK/IFRS, SAK EP, PSAK Syariah, SAK EMKM) with continuous technical updates (e.g., PSAK 72, 73, and 1) to protect its deep capital markets. Conversely, Uzbekistan executes a state-driven, top-down accelerated transition under presidential decrees (Resolution No. PP-4611), mandating direct IFRS compliance for large taxpayers, state-owned enterprises, and commercial banks while retaining National Accounting Standards (NAS) for general entities. Despite these diverging corporate trajectories, both nations face parallel institutional frictions in public sector accrual implementation due to deeply rooted traditions of centralized control, alongside shared SME bottlenecks characterized by tax-driven bookkeeping dependencies and severe human capital constraints. This paper contributes to international accounting literature by illuminating how macroeconomic scale and institutional history shape accounting evolution in developing and transition economies.

ABSTRAK

Penelitian ini menyajikan analisis komparatif kualitatif yang komprehensif mengenai sistem akuntansi dan kerangka pelaporan keuangan di Indonesia dan Uzbekistan. Berpijak pada Institutional Theory dan Economic Determinism Theory, artikel ini mengkaji bagaimana negara berkembang (Indonesia) dan ekonomi transisi dengan pertumbuhan tinggi (Uzbekistan) merespons tekanan harmonisasi akuntansi global. Dengan menggunakan kerangka analisis empat pilar arsitektur regulator, konvergensi IFRS korporasi, akuntansi sektor publik berbasis akrual, dan praktik pembukuan UMKM temuan penelitian mengungkapkan adanya divergensi struktural yang mendasar. Indonesia menerapkan pendekatan bertahap (gradualism) yang dipimpin oleh profesi melalui kerangka multitingkat (SAK/IFRS, SAK EP, PSAK Syariah, SAK EMKM) dengan pembaruan teknis berkelanjutan (seperti PSAK 72, 73, dan 1) untuk melindungi pasar modalnya. Sebaliknya, Uzbekistan menjalankan transisi terakselerasi dari atas ke bawah (top-down) yang digerakkan oleh otoritas negara berdasarkan dekrit presiden (Keputusan No. PP-4611), yang mewajibkan kepatuhan terhadap IFRS secara

ARTICLE INFO

Article History:

Submitted/Received 9 Jul 2025

First Revised 5 Aug 2026

Accepted 14 Aug 2026

First Available online 22 Sep 2026

Publication Date 22 Sep 2026

Keyword:

Accounting Systems, Emerging and Transition Economies, Indonesia, Uzbekistan

Kata Kunci:

Sistem Akuntansi, Ekonomi Transisi dan Berkembang, Indonesia, Uzbekistan



langsung bagi pembayar pajak besar, BUMN, dan bank komersial sembari mempertahankan Standar Akuntansi Nasional (NAS) untuk entitas umum. Meskipun memiliki pola korporasi yang berbeda, kedua negara menghadapi kendala institusional yang serupa dalam penerapan akuntansi akrual sektor publik akibat tradisi kontrol sentralistik, serta hambatan UMKM berupa ketergantungan pada pembukuan berbasis pajak dan keterbatasan sumber daya manusia. Artikel ini memberikan kontribusi pada literatur akuntansi internasional dengan menjelaskan bagaimana skala makroekonomi dan sejarah institusional membentuk evolusi akuntansi di negara berkembang dan ekonomi transisi.

INTRODUCTION

A nation's accounting system and financial reporting framework do not operate in a vacuum; they are fundamentally shaped by the scale, structure, and dynamics of the national economy. In an era of global economic integration, high-quality accounting information serves as vital infrastructure for measuring economic activity, ensuring market transparency, and attracting international capital. Both emerging markets (developing economies) and economies in transition (transition economies) face increasing imperative to restructure their accounting systems to align with global benchmarks such as International Financial Reporting Standards (IFRS) (Prather et al., 2022). However, the velocity, nature, and complexity of accounting reforms depend heavily on macroeconomic conditions, institutional capacity, and the maturity of domestic capital markets.

Examining this background, Indonesia and Uzbekistan exhibit contrasting economic structures driven by their respective developmental trajectories, resource endowments, and regulatory frameworks. Indonesia holds the position of the world's 16th largest economy, supported by a Gross Domestic Product (GDP) approximating \$1 trillion. Conversely, Uzbekistan ranks 85th internationally, with a GDP estimated at roughly \$50.5 billion. Furthermore, while the Indonesian economy has sustained an average expansion rate of approximately 5% over the preceding half-decade, Uzbekistan has demonstrated a higher growth trajectory, averaging 7.8% over the identical timeframe (World Bank, 2025). This stark contrast in economic scale and expansion rates creates a compelling comparative context: Indonesia requires a mature accounting framework capable of supporting a multi-billion-dollar capital market and mandatory accrual-based public sector accounting, whereas Uzbekistan requires a highly responsive framework to manage rapid economic growth and accelerated transition under recent state modernization decrees.

Prior accounting literature underscores a strong relationship between macroeconomic indicators such as total GDP, economic structure, and growth velocity and the evolution of accounting standards (Nobes, 2002; Gray, 1983). Studies on emerging markets demonstrate that nations with large GDPs, such as Indonesia, tend to adopt gradual convergence strategies (PSAK) to protect investor interests and facilitate cross-border capital flows while mitigating local market shocks (Nicolae; & Alexander, 2014). Conversely, literature on transition economies indicates that fast-growing post-Soviet states like Uzbekistan often rely on top-down, state-mandated reforms (accelerated transition) to overhaul legacy state-controlled accounting into National Accounting Standards (NAS/NFRS) and mandatory IFRS for large taxpayers and joint-stock entities (Alon, 2013; Ministry of Economy and Finance Uzbekistan, 2026).

Although existing literature extensively addresses IFRS adoption within emerging markets, a critical research gap remains regarding cross-regional comparative analyses between Southeast Asian emerging giants and Central Asian transition economies. Previous studies on Indonesia have



predominantly compared its accounting evolution with neighboring ASEAN members (e.g., Malaysia or Vietnam), while research on Uzbekistan has largely stayed within the Commonwealth of Independent States (CIS) framework. Consequently, there is a scarcity of academic empirical evidence evaluating how a large-scale, moderate-growth market (\$1 trillion GDP) and a medium-scale, high-growth transition market (\$50.5 billion GDP) navigate accounting convergence under contrasting geopolitical and historical trajectories.

Furthermore, an institutional and practical gap exists regarding how macroeconomic scale influences on-the-ground accounting practices beyond listed corporate entities. Prior comparative studies heavily prioritize capital market disclosures of publicly listed companies while overlooking the comparative implementation of accrual-based public sector accounting and routine bookkeeping practices among small-and-medium enterprises (SMEs). There is limited understanding of how regulatory bodies (such as the Indonesian Institute of Accountants / IAI in Indonesia and the Ministry of Economy and Finance in Uzbekistan) adapt their supervisory roles to accommodate both public sector accountability and private enterprise requirements across different economic development stages.

To bridge these literature and institutional gaps, this study offers clear novelty by proposing a multi-dimensional qualitative comparative framework that links macroeconomic indicators (GDP size and growth trajectory) with institutional accounting evolution in Indonesia and Uzbekistan. The primary novelty lies in synthesizing four distinct analytical pillars: (1) regulatory authority structures, (2) IFRS convergence dynamics (PSAK vs. NAS/IFRS decrees), (3) accrual public sector accounting implementation, and (4) local bookkeeping practices. By examining the interplay between Indonesia's gradualist convergence and Uzbekistan's accelerated top-down transition, this paper provides new theoretical insights into Institutional Theory and Economic Determinism within international accounting literature.

LITERATURE REVIEW

Institutional theory and Economic Determinism in Accounting Evolution

The evolution of national accounting systems and financial reporting frameworks does not occur in isolation; rather, it is fundamentally shaped by local environmental variables, including legal traditions, capital market maturity, and macroeconomic dynamics (Gray, 1983; Nobes, 2002). From the perspective of Institutional Theory (Woodhouse, 2024), sovereign states respond to coercive, mimetic, and normative pressures from global stakeholders such as international capital markets and multilateral development institutions to harmonize their financial reporting regimes. In emerging and transition economies, indicators such as Gross Domestic Product (GDP) scale and growth velocity significantly dictate regulatory priorities and the trajectory of accounting reform (Boltaboeva, 2025).

Under Economic Determinism Theory, macro-level economic capacity acts as a primary catalyst for accounting regulation overhauls. Consequently, large-scale emerging markets like Indonesia (\$1 trillion GDP) require complex accounting frameworks capable of serving deep capital markets and protecting diverse investor bases. Conversely, high-growth transition economies such as Uzbekistan (\$50.5 billion GDP; 7.8% growth rate) prioritize rapid structural overhauls to modernize legacy state-control apparatuses, facilitate state-owned enterprise (SOE) privatization, and attract Foreign Direct Investment (Alon, 2013; World Bank, 2025).



Divergent IFRS Convergence Models: Indonesia's Gradualism vs. Uzbekistan's Accelerated Transition

Global adoption of International Financial Reporting Standards (IFRS) broadly follows two distinct implementation paths: gradual convergence and accelerated top-down mandates (Potharla, 2025). Indonesia exemplifies a gradual convergence model, driven by the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK-IAI) since 2009 (Pujiningsih, 2022; Nuriyani, 2019; PwC, 2025). This strategy systematically aligns Indonesian Financial Accounting Standards (PSAK) with IFRS while maintaining a deliberate time lag to accommodate domestic tax regulations, IT infrastructure, and professional accounting capacity (PwC, 2025).

In contrast, Uzbekistan operates under an accelerated top-down model, where accounting transformation is directly spearheaded by state presidential decrees (Alon, 2013). Following Presidential Resolution No. PP-4611, the Ministry of Economy and Finance of the Republic of Uzbekistan (2026) mandated direct IFRS adoption for state-owned enterprises, joint-stock companies, commercial banks, and large taxpayers, while aggressively expanding this scope toward IFRS Sustainability Disclosure Standards (ISSB) implementation (PwC, 2025; Wali & Velasco, 2024). This structural divergence highlights how Indonesia relies on professional normative structures, whereas Uzbekistan leverages state-driven coercive mechanisms to establish global market credibility.

Public Sector Accrual Accounting and SMEs Bookkeeping Realities

Beyond corporate financial reporting, public financial management reforms have driven a transition from cash-based accounting toward accrual-based public sector accounting to enhance fiscal transparency and accountability. Indonesia has been a regional forerunner in Southeast Asia, mandating accrual-based Government Accounting Standards (SAP) across all central ministries and regional governments under Government Regulation No. 71 of 2010, which significantly improved public audit outcomes (PwC, 2025). Conversely, Uzbekistan remains in an active phase of public sector accounting modernization, aligning its state budgetary accounting with International Public Sector Accounting Standards (IPSAS) to dismantle post-Soviet administrative mechanisms (Masoud, 2026).

At the micro-economic level, both jurisdictions face parallel institutional challenges within Small and Medium Enterprises (SMEs). To relieve compliance burdens for non-publicly accountable entities, the IAI in Indonesia introduced simplified frameworks (SAK EMKM and SAK EP), while Uzbekistan maintains National Accounting Standards (NAS). However, empirical literature confirms that routine bookkeeping practices among SMEs in both countries remain overwhelmingly tax-driven, frequently prioritizing tax compliance over the informative utility of financial statements (Adela et al., 2024). Shortages of certified accountants and high compliance costs continue to act as shared bottlenecks across both developing and transition environments (Alon, 2013).

RESEARCH METHODOLOGY

This study adopts a qualitative comparative research design to analyze and evaluate the accounting systems and financial reporting frameworks in Indonesia and Uzbekistan. A comparative qualitative approach is particularly suitable for this investigation as it allows for an in-depth, context-sensitive examination of how institutional, historical, and macroeconomic factors influence accounting policy evolution across different jurisdictional settings (Neuman, 2014; Yin, 2018). Grounded in Institutional Theory and Economic Determinism Theory, the research systematically compares the regulatory architectures, IFRS convergence mechanisms, public sector accounting implementations,



and small business bookkeeping environments of an emerging market giant (\$1 trillion GDP) and a rapidly growing transition economy (\$50.5 billion GDP).

To ensure a structured and objective comparison between the two jurisdictions, the analysis is executed across four primary analytical parameters derived from the literature review: First, Regulatory Architecture and Supervisory Governance: Examining the roles, mandates, and legal authority of statutory bodies (e.g., DSAK-IAI and OJK in Indonesia vs. the Ministry of Economy and Finance in Uzbekistan). Second, Corporate Financial Reporting and IFRS Convergence: Evaluating the tiered accounting standard structures, specifically analyzing Indonesia's four-tier framework (Tier 1 SAK/IFRS, Tier 2 SAK EP, Tier 3 PSAK Syariah, Tier 4 SAK EMKM) alongside Uzbekistan's National Accounting Standards (NAS) and mandatory IFRS decrees (e.g., Presidential Resolution No. PP-4611). Third, Public Sector Accrual Accounting Modernization: Assessing the transition toward accrual-based governance (Government Accounting Standards / SAP in Indonesia vs. International Public Sector Accounting Standards / IPSAS alignment in Uzbekistan). Fourth, SME Bookkeeping and Practical Compliance: Investigating routine bookkeeping practices, tax-driven accounting dependencies, and human capital constraints affecting non-publicly accountable enterprises in both nations.

The research relies on comprehensive documentary analysis (desk research) utilizing primary and secondary qualitative data sources published up to the present period. Data collection is structured as follows: Primary Regulatory and Legal Documents: Official statutory laws, presidential decrees (e.g., Uzbekistan Resolution No. PP-4611), government regulations (e.g., Indonesian PP No. 71/2010), national accounting standard pronouncements (DSAK-IAI and Ministry of Economy and Finance of Uzbekistan), and jurisdictional profiles published by the IFRS Foundation and IFAC. Secondary Academic and Institutional Literature: Peer-reviewed journal articles, economic reports from multilateral institutions (World Bank, IMF, Asian Development Bank), and professional thought-leadership publications (e.g., PwC, EY, Deloitte) addressing accounting development in Southeast and Central Asia. Data analysis is conducted using qualitative content analysis combined with cross-case comparative analysis (Miles, et al., 2014).

RESULT AND DISCUSSION

The empirical findings and comparative evaluation of the accounting systems in Indonesia and Uzbekistan are presented across four interconnected thematic pillars: regulatory architecture, corporate financial reporting, public sector accrual accounting, and SME bookkeeping compliance. By synthesizing institutional mechanisms with macroeconomic realities, this section dissects how an emerging market giant (\$1 trillion GDP) and a rapidly expanding transition economy (\$50.5 billion GDP; 7.8% growth rate) navigate global pressures for accounting harmonization. Grounded in Institutional Theory and Economic Determinism Theory, the analysis demonstrates that while both jurisdictions share common aspirations of attracting foreign capital and enhancing fiscal transparency, their structural trajectories diverge significantly ranging from Indonesia's professionally led gradualism to Uzbekistan's state-driven accelerated transition.

Regulatory Architecture and Supervisory Governance

The regulatory framework governing financial reporting in Indonesia and Uzbekistan highlights distinct structural approaches to accounting governance. In Indonesia, accounting regulation operates through a co-regulatory model where the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK-IAI) serves as an independent professional standard-setting body, working alongside statutory supervisory authorities such as the Financial Services Authority (OJK) and



the Ministry of Finance. This architecture is designed to accommodate a \$1 trillion GDP economy with diverse foreign investment partners (including China, the US, Japan, and Singapore). To support this complex market, regulatory governance enforces strict compliance measures, such as mandatory 10-year document retention rules for sales/vendor invoices and bank statements, alongside primary requirements for bookkeeping in Bahasa Indonesia and Rupiah with statutory exceptions granted to Foreign Direct Investment (PMA) companies, Permanent Establishments (PEs), and foreign subsidiaries to report in English and USD upon tax authority approval.

Conversely, Uzbekistan operates under a centralized state-governance model where accounting policy and regulatory oversight are directly concentrated within the Ministry of Economy and Finance of the Republic of Uzbekistan. Unlike Indonesia's reliance on an independent professional association (IAI) to draft accounting standards, Uzbekistan's accounting evolution is driven by top-down executive authority and presidential decrees. In managing its \$50.5 billion GDP economy and an accelerated 7.8% growth rate, Uzbekistan's Ministry directly oversees the transition of state-owned enterprises (SOEs) and joint-stock entities. This structural contrast demonstrates that while Indonesia utilizes a decentralized, professionally led regulatory framework with flexible tax-approved reporting options for foreign capital, Uzbekistan relies on direct state authority to enforce financial reporting alignment.

Corporate Financial Reporting and IFRS Convergence

A rigorous comparative evaluation of corporate financial reporting structures reveals fundamental divergences in regulatory design, implementation velocity, and structural segmentation between Indonesia's multi-tiered framework and Uzbekistan's dual-framework transition model. Indonesia enforces a highly sophisticated, four-tiered accounting regime structured around the degree of an entity's public accountability and capital market exposure. At the apex of this hierarchy sits Tier 1 (Standar Akuntansi Keuangan / SAK), which mandates substantial convergence with International Financial Reporting Standards (IFRS) for publicly listed corporations, financial institutions, and entities possessing significant public accountability. Following its foundational IFRS convergence milestone in 2012, the Financial Accounting Standards Board of the Indonesian Institute of Accountants (DSAK-IAI) has continuously updated SAK pronouncements to minimize reporting lags and mirror global standards. This ongoing realignment is vividly illustrated by recent technical amendments, such as those applied to PSAK 72 and PSAK 73 regarding subsequent measurement requirements in sale and leaseback transactions with variable lease payments, as well as updates to PSAK 1 governing the classification of non-current liabilities with restrictive debt covenants (PwC, 2025). Beneath Tier 1, the Indonesian framework systematically accommodates non-publicly accountable corporate structures through Tier 2 (SAK Entitas Privat / SAK EP), caters to specialized Islamic financial markets through Tier 3 (PSAK Syariah), and provides a streamlined, cost-effective regime for micro, small, and medium enterprises via Tier 4 (SAK EMKM).

In stark contrast, Uzbekistan bypasses the multi-decade development of a multi-tiered domestic architecture in favor of a bifurcated, top-down transition model driven by state mandate (Alon, 2013). Rather than gradually absorbing global pronouncements into a unified national accounting code, Uzbekistan maintains National Accounting Standards (NAS/NFRS) for general domestic entities while enforcing direct, unmediated IFRS compliance for economically significant sectors under Presidential Resolution No. PP-4611 (President of the Republic of Uzbekistan, 2020; Ministry of Economy and Finance of Uzbekistan, 2026). Under this executive mandate, commercial banks, state-owned enterprises (SOEs), joint-stock companies, and large taxpayers are required to prepare financial reports directly under full IFRS, completely leapfrogging the gradual adaptation phase typical of traditional



standard-setting bodies (Wali & Velasco, 2024). Consequently, while Indonesia utilizes a gradualist, four-tiered model that systematically refines complex technical pronouncements such as PSAK 72, 73, and 1 to insulate domestic markets from systemic shocks, Uzbekistan employs an accelerated, top-down policy that bifurcates its corporate landscape between legacy NAS adopters and state-mandated IFRS reporters.

Public Sector Accrual Accounting Modernization

In the public sector, both nations have undertaken major legislative and administrative overhauls to transition from traditional cash-based budgeting toward accrual-based governance, yet both face deeply ingrained institutional hurdles. Indonesia has been a regional pioneer in Southeast Asia by establishing mandatory accrual-based Government Accounting Standards (SAP) across all central ministries and regional governments under Government Regulation No. 71 of 2010. This reform mandates independent public audits and comprehensive financial disclosures (Balance Sheet, Income Statement, Cash Flow, Statement of Changes in Equity, and Notes to Financial Statements). However, empirical analysis reveals that despite legislative mandates aimed at fostering democratic accountability, historical political traditions of central control continue to limit the emergence of true dialogic accounting, often causing public sector accounting reforms to be diverted by centralized administrative interests.

A parallel institutional reality exists in Uzbekistan's public financial management. As part of its broader economic modernization, Uzbekistan is actively restructuring its state budgetary accounting toward International Public Sector Accounting Standards (IPSAS) alignment. However, much like Indonesia's struggle with historical administrative centralization, Uzbekistan's transition to IPSAS must navigate legacy post-Soviet bureaucratic mechanisms and top-down fiscal control traditions. In both jurisdictions, formal legislative overhauls toward public sector accruals encounter structural friction when superimposed over long-standing historical traditions of centralized governance.

SME Bookkeeping and Practical Compliance

At the micro-economic level, non-publicly accountable enterprises predominantly Small and Medium Enterprises (SMEs) form the structural backbone of both Indonesia and Uzbekistan, yet they confront pervasive operational bottlenecks regarding routine bookkeeping, tax-driven accounting dependencies, and capacity constraints. In Indonesia, the Financial Accounting Standards Board (DSAK-IAI) has attempted to alleviate compliance burdens for non-public entities by introducing a streamlined hierarchy, notably SAK *Entitas Privat* (SAK EP) for medium-sized private entities and SAK *Entitas Mikro, Kecil, dan Menengah* (SAK EMKM) for micro-enterprises (DSAK-IAI, 2024). In Uzbekistan, smaller business entities operate under National Accounting Standards (NAS/NFRS), which remain distinct from the state-mandated IFRS regime applied to large taxpayers (Ministry of Economy and Finance of Uzbekistan, 2026). However, empirical literature across both jurisdictions reveals that despite the existence of these simplified statutory frameworks, routine bookkeeping practices on the ground remain overwhelmingly tax-driven (Adela et al., 2024). Business owners and local bookkeepers routinely prioritize strict compliance with state tax filings and avoiding regulatory penalties over the managerial utility or informative transparency of general-purpose financial statements.

This tax-centric orientation is further reinforced by rigorous statutory documentation and record-keeping mandates enforced in both jurisdictions. Indonesian tax and commercial legislation requires business entities to maintain thorough accounting records including sales invoices, vendor receipts, bank statements, and legal contracts and securely retain them for a mandatory statutory period



of 10 years. By default, records must be maintained in Bahasa Indonesia and denominated in Indonesian Rupiah, barring explicit approval from the Director General of Taxes for Foreign Direct Investment (PMA) entities to utilize English and USD (PwC, 2025). Similarly, Uzbekistan mandates the strict retention and presentation of primary statutory accounting vouchers and tax records, predominantly in Uzbek using Latin or Cyrillic script, aligned with state tax inspection templates.

Ultimately, the effectiveness of micro-level accounting reform in both nations is constrained by severe human capital deficits and financial bottlenecks (Alon, 2013). SMEs in Indonesia struggle with a systemic shortage of Chartered Accountants (CA) and the high capital outlay required to implement modern cloud-based enterprise resource planning (ERP) software. Likewise, small enterprises in Uzbekistan face an acute scarcity of certified NAS and IFRS practitioners, leaving local firms reliant on legacy post-Soviet bookkeeping templates. These shared structural frictions demonstrate that while macro-level accounting standards can be modified by regulatory decree, embedding true financial reporting quality at the micro-economic level requires sustained investment in professional accounting capacity and tax system decoupling across both developing and transition economies.

CONCLUSION

This comparative study illuminates the complex interaction between macroeconomic capacity, institutional frameworks, and international financial reporting evolution by juxtaposing an emerging market giant (\$1 trillion GDP) with a rapidly growing transition economy (\$50.5 billion GDP; 7.8% growth rate). Grounded in Institutional Theory and Economic Determinism, the findings reveal that while global market pressures compel both Indonesia and Uzbekistan to pursue accounting harmonization, their operational pathways remain structurally distinct. Indonesia exemplifies a professionally led, gradualist approach characterized by a multi-tiered framework (SAK, SAK EP, PSAK Syariah, and SAK EMKM) that continuously realigns technical pronouncements (e.g., PSAK 72, 73, and 1) to insulate its deep capital markets from systemic shocks. In contrast, Uzbekistan executes a state-driven, top-down accelerated transition under presidential decrees (notably Resolution No. PP-4611), bypassing gradual domestic adaptations by mandating direct full-IFRS compliance for large taxpayers, state-owned enterprises, and commercial banks while maintaining National Accounting Standards (NAS) for general domestic firms. Despite these diverging corporate models, both jurisdictions display striking empirical parallels in their public sector accrual accounting reforms where formal legislative mandates (such as Indonesia's PP No. 71/2010 and Uzbekistan's IPSAS modernization) encounter structural resistance from deeply entrenched historical traditions of centralized control as well as at the SME level, where day-to-day bookkeeping remains overwhelmingly tax-driven and hindered by severe human capital deficits.

The findings offer crucial policy insights for standard-setters, regulatory authorities, and international development agencies in emerging and transition economies. First, regulatory bodies must recognize that top-down IFRS mandates without adequate capacity-building risk creating a operational disconnect where compliance becomes purely symbolic rather than informative. For Uzbekistan, policymakers should consider developing a structured intermediate reporting framework similar to Indonesia's Tier 2 (SAK EP) to bridge the gap between legacy NAS and full IFRS for medium-sized enterprises. For Indonesia, standard-setters must address the persistent tax-centric bias in SME bookkeeping by further decoupling statutory financial reporting requirements from tax inspection templates, thereby incentivizing business owners to utilize accounting data for internal managerial



decisions. Furthermore, public sector reform in both nations requires accompanying administrative restructuring to prevent centralized political traditions from diverting the transparency goals of accrual-based governance.

Despite its contributions, this study is subject to several inherent limitations. Methodologically, relying primarily on qualitative documentary analysis and secondary regulatory sources limits the empirical depth regarding how individual corporate accountants and auditors navigate compliance challenges on a daily basis. Geographically and contextualized within a cross-regional comparison between Southeast Asia and Central Asia, the specific socio-political dynamics of Indonesia and Uzbekistan may not be fully generalizable to all developing or post-Soviet economies. Future research should incorporate mixed-method or field-based empirical approaches such as primary survey data and semi-structured interviews with chief financial officers, auditors, and tax officials in Tashkent and Jakarta to quantify the actual compliance costs and audit quality of IFRS reporting. Additionally, future studies could expand this comparative framework to examine the practical implementation of emerging IFRS Sustainability Disclosure Standards (ISSB) as both nations face increasing global pressure to integrate Environmental, Social, and Governance (ESG) reporting into their national accounting systems.

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