

Transition from Conventional to Sharia Methods for Recognizing PT. Nafa Berkah Mulia's Profitability

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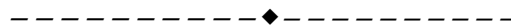
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Abstract

This study aims to analyze the impact of the transition from conventional accounting methods to sharia methods on profitability recognition at PT. Nafa Berkah Mulia, a manufacturing company in Indonesia. The study used a qualitative case study approach with data collection techniques in the form of observation, in-depth interviews, and documentation studies. Data analysis was carried out using data reduction, data presentation, and drawing conclusions. Data validity was tested through source triangulation and member checking. The results of the study indicate that the implementation of sharia principles has an impact on the financing structure, revenue recording methods, and the reformulation of business contracts. This transition presents several challenges, such as limited human resources who understand sharia accounting and an unprepared accounting information system. However, supporting factors such as management commitment, education on Islamic values, and guidance from sharia consultants contributed to the smoothness of the transformation process. In conclusion, this method shift can improve financial governance that is more in accordance with sharia and maintain sustainable profitability.

Keywords: *Sharia, Profitability, Recognition, Transformation.*



A. INTRODUCTION

The development of the Islamic economy in Indonesia has shown an increasingly significant trend in recent years. It is not limited to the financial sector but is also beginning to penetrate the real sector and manufacturing industries. Financial Services Authority Report (OJK, 2022). Indonesia's Sharia financial assets have consistently grown, reflecting increasing public awareness and trust in a Sharia-based economic system. This is reinforced by data from the National Committee for Sharia Economics and Finance (KNEKS), which shows Indonesia ranked fourth in the world in the 2023 Global Islamic Economy Indicator, indicating significant potential for comprehensive Sharia economic development (KNEKS, 2023).

Amidst these conditions, companies are beginning to consider transforming to Sharia-compliant methods. One interesting phenomenon that has occurred is the operational conversion of PT. Berdikari (Persero), a state-owned company, which in 2021 began implementing Sharia-compliant financing and partnership schemes in several of its business lines. This phenomenon reflects a paradigm shift that Sharia principles are not exclusive to financial institutions but can also be adopted by companies in the production and distribution sectors. This aligns with findings (Astuti

& Khasanah, 2020) which states that the adoption of sharia principles in the real sector can increase efficiency and build an ethical and sustainable corporate image.

PT. Nafa Berkah Mulia, a company engaged in the manufacturing sector of maternal and infant products, demonstrates serious attention to financial management in line with sharia principles. The company decided to transition from conventional accounting methods to sharia methods based on the company's commitment to conducting business operations in line with Islamic principles. Awareness of the importance of avoiding elements prohibited in Islam, such as usury (*riba*), *gharar* (uncertainty), and *maysir* (speculation), is the fundamental reason for this transformation. The company wants to create a financial system that focuses not only on financial profit, but also upholds the values of justice, transparency, and business blessings. However, this transition is not without challenges, beyond the technical aspects of accounting, there are consequences for ongoing financing and operations. According to (Riski & Hidayah, 2021), the main challenge in adopting sharia accounting in the non-financial sector lies in the understanding of human resources and the readiness of accounting information systems.

In the context of sharia accounting, revenue recognition is not solely based on transaction realization, but must also consider the underlying contract and the value of fairness in the distribution of benefits. This requires companies to adjust their accounting policies, such as recording revenue based on *ijarah* (rent) or *murabahah* (margin-based sales and purchases), as well as the use of *musyarakah* (capital partnership) contracts in business financing. In practice, this still faces many obstacles and challenges, particularly in the recording and reporting of financial statements in accordance with sharia standards (Nugroho & Putri, 2022).

The transition to Sharia-compliant accounting methods is not only a strategic choice but can also be a competitive advantage. In the long term, this system is expected to strengthen the company's image, build customer loyalty, especially for Muslims, and foster sustainable and ethical business growth. However, there is a research gap regarding how this method transition directly impacts profitability recognition, particularly in the manufacturing sector. As highlighted by (Huda & Fitriani, 2023), the need for further research that links the implementation of sharia accounting and the company's financial performance is an urgent aspect to be studied.

B. LITERATURE REVIEW

1. Profitability Concept

Profitability is a fundamental indicator in evaluating the effectiveness of a business entity in generating profits from its operational activities. According to research by (Mulyaningtyas, 2023) Investors also place great importance on profitability data. Effective management function is measured by profitability. Investment income and sales profit are two sources of profitability. In the conventional approach, profit recognition is carried out on an accrual basis. In contrast, the sharia approach emphasizes compliance with sharia principles, such as avoiding *riba* (interest), *gharar* (uncertainty), and *maysir* (excessive speculation). In

conventional financial statements, revenue recognition is often based on the accrual principle, taking into account the time value of money. In contrast, the sharia system prohibits the practice of interest (*riba*) and places greater emphasis on transparency in real transactions. Contracts such as *murabahah*, *musyarakah*, and *mudharabah* replace credit and bond instruments.

Research by (Pratiwi, 2023) shows that sharia-based financing such as *murabahah*, *musyarakah*, and *mudharabah* have a significant influence on the profitability of sharia banks in Indonesia, as measured by Return on Assets (ROA).

2. Sharia Accounting

According to (Accounting & for Islamic Financial Institutions (AAOIFI), 2024), sharia accounting is a system based on the values of justice, transparency, and accountability as reflected in AAOIFI Financial Accounting Standard No. 1 (FAS 1), which states that the main objective of sharia financial reports is to provide fair and honest information and is in line with sharia principles in all financial reporting activities.

Sharia accounting not only aims to meet the information needs of stakeholders, but also upholds the moral and spiritual values that are the main principles of Islam. Research by (Agustina et al., 2025) shows that sharia financial reports are based on Islamic sharia principles, which not only emphasize financial profits, but also on compliance with ethical and moral values.

Sharia economics is based on fundamental principles such as justice (*'adl*), balance (*tawazun*), responsibility (*mas'uliyah*), and the prohibition of exploitation. These principles not only regulate economic relations between individuals but also shape a system of ethical corporate governance.

3. Accounting Method Transition

The transition from conventional to sharia-compliant methods requires comprehensive changes to the structure of a company's accounting system. This involves reformulating accounting policies, strengthening human resource education, and restructuring business contracts to comply with sharia principles. According to a case study by (Syafe'i, 2022), companies that switch to the sharia method must consider the readiness of the accounting information system and conduct intensive training for all internal stakeholders.

4. Empirical Study of Similar Companies

Research by (Lestari & Maulana, 2021) at PT. XYZ, a manufacturing company, a qualitative case study approach was used, using in-depth interviews with management and analysis of financial statements before and after the transition. The results showed that the transition to a sharia system increased the credibility of financial statements in the eyes of Muslim investors and strengthened corporate governance. Meanwhile, companies such as PT. Asri Prima Syari'ah also experienced increased operational efficiency after implementing sharia-compliant business

contracts such as *murabahah* and *ijarah*. These findings indicate a positive trend towards the transition to sharia-compliant methods in the manufacturing sector.

Not only that, countries like Malaysia have implemented a sharia accounting system extensively through the support of institutions such as the Malaysian Accounting Standards Board (MASB) and Bank Negara Malaysia. Other research by (Susanti et al., 2022) In manufacturing companies listed on the Indonesia Stock Exchange, it shows that profitability, capital structure, and company size have a significant influence on company value.

C. METHODS

This research is a descriptive qualitative study with a case study approach. This approach was chosen because it is appropriate for examining the process and dynamics of accounting method transitions in depth in a natural and specific context, as explained by (Bradshaw et al., 2021), that qualitative research is intended to explore complex phenomena that have not been widely researched, by focusing on the context and meaning from the participants' point of view.

The strategy used is a single case study. According to (Yin, 2020) Case studies are suitable for answering the "how" and "why" questions of a phenomenon within a real-life context, where the boundaries between phenomenon and context are not entirely clear. This strategy was used to explore in detail the process of transitioning the accounting system from conventional to sharia methods at PT. Nafa Berkah Mulia.

The research was conducted at PT. Nafa Berkah Mulia, a manufacturing company currently transitioning to a sharia-based accounting system. The study subjects included informants from internal parties with authority or involvement in accounting and managerial processes, such as financial managers, accounting staff, and other strategic decision-makers.

The data collection techniques used in this research are as follows:

1. Literature Study: collection of secondary data from scientific literature, sharia accounting standards, journals, and company documents.
2. Observation: direct observation of accounting activities and practices in the company.
3. Interviews: conducted with key informants. This technique is in line with the views (Braun & Clarke, 2022), which states that in-depth interviews are the main technique in qualitative studies because they allow for the extraction of information in an open and detailed manner.

Data analysis in this study follows the interactive model of (Miles et al., 2020), which includes three main stages, namely:

1. Data Reduction: the process of selecting, focusing, simplifying, and abstracting data.
2. Data Presentation: compiling data in narrative and tabular form for easy analysis.
3. Data processing: Processing data using triangulation and member checking techniques

To ensure data validity, three main techniques are used:

1. Triangulation of Sources and Methods

Using data sources, namely interviews, observations, and documentation from internal parties (Finance, Accounting, and Tax Managers) and external parties (Sharia Institutions) who collaborate with the company to test the consistency of the findings (Fusch et al., 2022).

2. Member Checking

Involving informants to review the results of the researcher's interpretation to ensure they are valid and in accordance with their intentions (Birt et al., 2016).

D. RESULTS AND DISCUSSION

PT. Nafa Berkah Mulia is a manufacturing company that produces various maternal and infant products. Founded in 2020, the company is located in Malang and demonstrates a strong commitment to implementing Sharia principles in all aspects of its finances and operations. This commitment began in 2024 with the initial step of overhauling its accounting recording system and comprehensively revising business contracts.

Observational data indicates significant internal changes, such as the discontinuation of usury-based payment methods (COD, credit cards, Paylater) and the restructuring of the finance division to align with Sharia principles. These changes are reflected not only in company policy documents but also in daily transaction systems and financial reporting.

Prior to the transition, PT. Nafa Berkah Mulia still used a conventional financing system that involved interest income and end-of-month interest tax. After switching to sharia-compliant methods, the company began implementing contracts such as *murabahah* (sale and purchase with a profit margin) and *ijarah* (lease). This impacted the capital cost structure, which became more transparent, and free from usury. Furthermore, the company had also planned to implement a financing transaction system through a sharia-compliant bank, but still encountered obstacles related to fund disbursement on marketplaces, which still required the use of the previous bank for withdrawals.

Interviews with Finance Managers and Sharia Consultants indicate that revenue recording is now done in real terms based on actual transactions, rather than estimates or receivables. For example, revenue from marketplaces is no longer recorded when an order is placed, but when goods are received and payment is received, in accordance with the principle of *qabd* (handover).

Documentation data supports this, showing a reversal of previously recorded accrued revenue. This transition process resulted in a temporary decline in profitability in January 2025 because the new *syirkah* transaction period began on January 12, while transactions from January 1-11 were included in the December report.

In the conventional system, revenue is recognized based on the accrual basis, including revenue from marketplaces. However, after implementing the Sharia

method, the company changed its revenue recording approach to a fixed margin basis based on the *murabahah* contract, or pure rental in the *ijarah* contract. Revenue is no longer recorded based on estimated sales on the marketplace, but rather from the actual sale and purchase of goods in accordance with Sharia provisions, such as prohibiting cash on delivery (COD), credit card, or paylater payment methods. Furthermore, all accrual-based recording is also eliminated through a reverse journal entry.

The company's business contracts also underwent significant adjustments. Old contracts containing uncertainty and estimate-based penalty clauses were replaced with *syirkah*, *wakalah*, or *istishna'* contracts, depending on the type of partnership. This process was adjusted in consultation with sharia institutions to ensure the contracts met the principles of halal (permissible) and fairness for both parties. With these adjustments, data shows that the initial capital of the *syirkah* cannot change until the six-month *syirkah* agreement is reached. Furthermore, if the owner and investor at any time takes a dividend, this is recorded as a temporary "cash advance" until a further *syirkah* agreement is reached.

Triangulation of sources through consultant interviews, contract documentation, and observations of internal meetings strengthens the conclusion that the contract was re-drafted to ensure the principles of *adl* (justice) and *maslahah* (mutual benefit). The contract used was also adjusted to comply with the fatwa (DSN-MUI, 2022) and Sharia PSAK(DSAS-IAI, 2022).

The research findings indicate that the company's method transition aligns with basic Islamic economic principles such as fairness, transparency, and avoiding usury. This reinforces the theory of the AAOIFI and the Sharia Financial Accounting Standards (PSAK Syariah), which state that Sharia accounting practices require adherence to ethical values in addition to legal compliance.

Based on the collected data, the impact on the company was unstable profitability. However, this did not result in losses. According to the Financial Report data for the last three months, the company experienced a loss in January due to adjustments to the *syirkah*. The *syirkah* took place on January 12th, so all transactions from January 1st to 11th were included in December and considered valid transactions of the old company (Old Financial Report). In the following months, transactions returned to normal, and from February to April, normal profits began to be recorded.

Method triangulation was conducted by combining observations of the financial recording system, interviews with accounting staff, and analysis of monthly report documents. The results of this triangulation confirmed the finding that the fluctuations did not stem from a decline in performance, but rather from system adjustments and a new recording period.

Member checking was conducted by confirming the data interpretation with three informants (a manager, an accounting staff member, and a consultant), who approved it with the owner of PT. Nafa Berkah Mulia. They stated that the researcher's interpretation aligned with their own experiences, strengthening the validity of the data.

Table 1. Differences in the Transition from Conventional to Sharia

Aspect	Conventional Method	Sharia Method	Sharia Compliance Basis	Phenomenon at PT. Nafa Berkah Mulia
Revenue Recognition	Based on accrual accounting, revenue is recognized even if the transaction is not fully settled	Based on realized revenue, only recognized after qabdh (physical delivery and payment confirmation)	PSAK Syariah No. 101 (Revised 2020), PSAK No. 102 (Revised 2022)	Profit decline occurred in January due to the new syirkah-based revenue recognition that started on Jan 12, 2025
Financing Instrument	Uses interest, receivables with interest, conventional credit systems	Uses murabahah (markup sale) and ijarah (lease-to-own) contracts	PSAK No. 102 (Revised 2022), PSAK No. 107, DSN-MUI Fatwa No. 84/2012	COD, credit card, and paylater methods were deactivated to avoid riba elements
Investment/Capital Contract	No structured akad (contract)	Applies syirkah (joint capital venture) contracts	PSAK No. 106 (Revised 2021), DSN-MUI Fatwa No. 08/2000	Owner withdrawing dividends is now recorded as kasbon until the next syirkah agreement
Transaction Recording	Revenue can be recorded once the order is received, even before payment	Recorded only after delivery of goods and actual payment (realized transaction)	PSAK No. 101 (Revised 2020), PSAK No. 102 (Revised 2022)	Accrual journals were reversed; all recording now refers to actual transactions
Business Contract	Includes uncertainty, penalties, and interest clauses	Contracts structured under wakalah, syirkah, or istisna' principles	DSN-MUI Fatwa No. 125/2018 (Wakalah), Fatwa No. 112/2017 (Istisna'), PSAK No. 106, 108	All business contracts were revised with Sharia consultants in accordance with DSN-MUI fatwa and justice principles
Profit/Loss Treatment	Profit includes estimates and time value of money	Only calculated based on actual profit margin from contracts, without interest	PSAK No. 101 and 102 (2020–2022), FAS 1 AAOIFI (Revised 2020)	Margin system applied, estimation or receivable-based income was eliminated

Funding Source	Uses conventional bank accounts and facilities	Utilizes Islamic banks as financing partners	PSAK No. 105 (<i>Mudharabah</i>), DSAS-IAI (2022)	Still facing technical obstacles since some marketplaces only allow conventional bank withdrawals
Accounting Information System	Adjusted to interest-based and accrual system	Technically modified to support akad-based shariah system	PSAK Syariah Implementation Guide No. 101-111 (DSAS-IAI)	ERP systems require further updates to accommodate <i>murabahah</i> , <i>ijarah</i> , <i>syirkah</i> features
Financial Reporting Purpose	Focused on profit and efficiency	Focused on blessing, justice, and transparency in line with Islamic values	FAS 1 AAOIFI (2020), PSAK Syariah	Weekly Saturday study sessions are held to enhance employee literacy in Islamic economics
External Partner Response	Open transactions with all parties; no value limits	Only partners who share shariah understanding are considered	Not specifically under PSAK, but follows DSN fatwas and Islamic ethical commitment	Some partners reluctant to cooperate due to the perception that Sharia system is more complicated

Source: Researcher Data Processing, 2025

The factors supporting the transition are as follows:

a. Top Management Commitment

One of the key factors driving the successful transition was the full support of the company's top management. This commitment was evident in internal policies, human resource training, resource allocation, and the recruitment of professional sharia consultants.

b. Sharia Values Awareness

Employee literacy and awareness of the importance of Sharia principles in business are also driving forces. The desire to run a more ethical and rewarding business motivates faster adaptation. The company also holds a study every Saturday to support the acceleration of HR adaptation to implementing the Sharia system. Observations indicate that these activities are enthusiastically attended and contribute to collective awareness.

c. Support of Sharia Institutions

Guidance from external consultants expedites the validation process of financial documents and business contracts. Consultants also assist in developing accounting policies in accordance with AAOIFI and PSAK standards.

d. Access to Information and Standards

The DSAS-IAI guidelines and DSN-MUI fatwas provide the formal and technical basis for the entire transition process. Adjustments to these regulations are documented in minutes, internal sharia audit reports, and new standard operating procedures (SOPs).

The factors inhibiting the transition are as follows:

a. Lack of competent human resources in the Sharia field

One of the main obstacles is the limited number of staff with a thorough understanding of sharia accounting and transactions. This has slowed down the implementation process. Interviews with accounting staff revealed initial confusion in understanding the differences between conventional and sharia transaction journals. The company plans to conduct regular intensive training focused on implementing sharia accounting practices based on PSAK Syariah and AAOIFI. Furthermore, it is offering incentives for employees who participate in professional certification in sharia accounting.

b. Accounting Information System Does Not Support

The accounting system, previously designed for conventional methods, required technical modifications to accommodate the Sharia contract scheme. Observations indicated that IT staff needed more time to integrate *murabahah*, *ijarah*, and *syirkah* parameters into the internal ERP system.

c. Legal and Compliance Aspects

Revising business contracts requires legal assistance to ensure compliance with Indonesian law. The peer debriefing document recommends that companies consult with legal counsel regarding any contract changes.

d. Risk Perception from External Parties

Some business partners still perceive the Sharia system as more complicated, and risky due to limited understanding or experience with it. For example, some platforms only allow transactions through conventional banks, which limits the company's withdrawal process. The company plans to educate business partners through workshops, informative leaflets, and open communication about the benefits and transparency of the Sharia system. Furthermore, it is gradually encouraging strategic partners to offer transaction options through Sharia banks or through third-party payment gateways integrated with the Sharia system.

Table 2. Data Triangulation

Aspect Investigated	Data Sources	Data Collection Methods	Triangulation Evidence
Change in Financing System (from interest to <i>murabahah/ijarah</i>)	Finance Manager, Sharia Consultant, Financial Documents	Interviews, Observations, Document Study	Consistent statements from manager and consultant; transaction journals showed no interest post-transition
Revenue Recognition (from accrual to realized transactions)	Accounting Staff, Journal Documents, Marketplace Data	Interviews, Document Study	Reversals found for all accrual records; revenue recognized only from actual completed transactions
Business Contract Reformulation (<i>syirkah, wakalah, istisna' akad</i>)	Sharia Consultant, Internal Legal Counsel, Contract Documents	Interviews, Observations, Contract Study	New akad documents found in accordance with DSN-MUI; consultants confirmed compliance with sharia practices
Profitability Fluctuation and Causes	Financial Reports, Finance Manager, Sharia Consultant	Document Study, Interviews	Data shows January losses caused by <i>syirkah</i> cut-off; verified by all three sources
Supporting Factors of Transition (commitment, education, consultation)	Company Leadership, Staff, Sharia Consultants	Observations, Interviews	Internal training schedules, study session notes, and leadership statements confirm active management role
Inhibiting Factors (HR, systems, external partners)	Accounting Staff, IT Division, Marketplace Partners	Interviews, Field Observations	Interview results reveal issues in understanding and system incompatibility with sharia-compliant accounting

Source: Researcher Data Processing, 2025

Notes:

- Data validation using a triangulation approach of sources and methods (Fusch et al., 2022).
- Member Checking was carried out on the interpretation of interview results with all key informants.

The transition from conventional to sharia accounting methods at PT. Nafa Berkah Mulia has had a significant impact on profitability recognition. Prior to the transition, revenue was recorded on an accrual basis, taking into account estimates and the time value of money principle. However, after implementing the sharia system, the company shifted its approach to a realized revenue-based approach, which only recognizes revenue upon *qabdh* (goods handover). This change impacted profitability fluctuations early in the transition period, particularly in January 2025.

However, the profitability trend showed recovery in February and stability in March and April, indicating that the Sharia system was able to maintain the

sustainability of the company's financial performance after the initial adjustment phase. The following diagram shows that in January 2025, there was a significant decline in net profit due to the adjustment of the accounting system from conventional to Sharia methods. However, the trend showed recovery and stability from February to April, indicating that the new system can maintain long-term profitability.

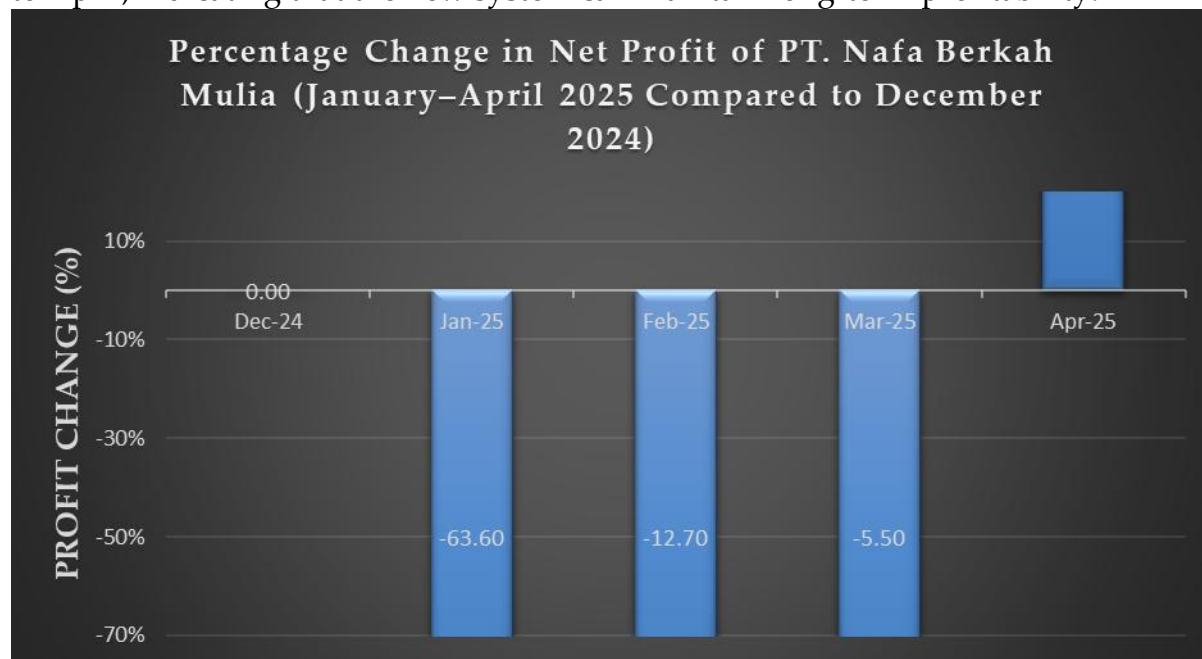


Figure 1. Change in Percentage of Net Profit of PT. Nafa Berkah Mulia

Source: Researcher Data Processing, 2025

This finding strengthens the research (Pratiwi, 2023) which states that the implementation of sharia contracts such as *murabahah* and *ijarah* can improve the accuracy of income statements, although initially impacting net profit due to the elimination of interest-bearing receivables and estimated accruals. The following table shows a comparison of profit and loss percentages before and after the Sharia method:

Table 3. Comparison of Profit and Loss Percentage Before and After the Sharia Method

Component	Before Sharia (%)	After Sharia (%)	Explanation of Differences
Operating Revenue	100.00%	100.00%	Calculation base (total revenue). Post-sharia revenue is based on actual realized transactions.
Cost of Goods Sold	50.00%	54.50%	Percentage increased due to lower (realized) revenue recorded.
Gross Profit	50.00%	45.50%	Decreased because only realized revenue is recorded; expected to increase in following months.
Operating Expenses	11.10%	12.10%	Relatively stable, but higher as a percentage of total revenue.
Interest/COD Income	2.80%	0.00%	Removed due to containing riba (usury), which is not compliant with sharia.

Operating Profit	41.70%	33.30%	Decreased due to the removal of non-sharia income.
Zakat and Social Expenses	0.00%	3.00%	Added as part of ethical and religious responsibilities under sharia.
Net Profit	41.70%	30.30%	Lower in percentage but more halal and transparent; expected to increase as actual revenue is received.

Source: Researcher Data Processing, 2025

The implementation of sharia accounting at PT. Nafa Berkah Mulia shows conformity with the main principles of sharia as emphasized by AAOIFI and PSAK Sharia.(DSAS-IAI, 2022)The use of *murabahah* contracts for margin sales, *ijarah* for leasing, and *syirkah* for capital cooperation reflects the company's commitment to avoiding elements of usury, *gharar*, and *maysir* in its business activities.

Furthermore, business contracts that previously contained penalties and uncertainty have been reformed into halal and fair contracts. This process, in consultation with sharia institutions and professional consultants, demonstrates that the company is not only undergoing administrative transformation but also basing its practices on DSN-MUI fatwas and the values of *adl* (justice) and *maslahah* (benefit).

The results of this study are in line with studies by(Lestari & Maulana, 2021)who found that the transition to sharia-compliant methods in manufacturing companies increased the credibility of financial reports and investor confidence. Similarly,(Agustina et al., 2025)states that sharia-based financial reports reflect Islamic moral and spiritual values, which prioritize not only profit but also compliance with ethical values.

Unlike most studies focusing on the financial sector, these findings provide empirical evidence that the implementation of Sharia law in the manufacturing sector can also be implemented systematically and sustainably. In fact, as observed at PT. Nafa Berkah Mulia, this change sparked an internal collective spirit that prompted comprehensive reforms in the company's financial policies.

The transformation to a sharia system is inseparable from the influence of internal and external factors. The most prominent supporting factors are top management commitment, human resource education through regular Islamic studies, and mentoring from sharia consultants. These steps create collective awareness and structural readiness to support sustainable change.

Conversely, limited human resources in understanding Sharia journals and transactions, suboptimal accounting information systems, and technical constraints on third-party platforms are key challenges. These findings are consistent with(Nugroho & Putri, 2022), which emphasizes the need for training and digital system integration to support the implementation of Islamic accounting. Legal aspects and the perceptions of external business partners are also obstacles that need to be addressed through communication and educational approaches.

E. CONCLUSION

This study concludes that the transition from conventional to sharia accounting methods at PT. Nafa Berkah Mulia significantly impacted the company's profitability recognition. This transition not only shifted the revenue recording approach from an accrual basis to a transaction-based approach (realized revenue), but also required comprehensive reforms in financing, accounting information systems, and business contracts.

The transformation process toward sharia accounting was carried out through the implementation of contracts such as *murabahah*, *ijarah*, and *syirkah*, which uphold the principles of fairness, transparency, and business blessings. Although profitability was unstable at the beginning of the transition period, particularly in January due to adjustments to the *syirkah* accounting system, results in the following months showed a more stable recovery and increase in profitability in accordance with sharia principles.

The success of this transition was supported by internal factors such as top management commitment, increased sharia literacy through regular education, and guidance from consultants and sharia institutions. On the other hand, challenges arose from limited human resources competent in sharia accounting, limited accounting information systems, and external obstacles such as reliance on platforms still based on conventional systems.

Overall, the results of this study prove that the transformation of sharia accounting in the manufacturing sector is not only technically possible, but can also create a financial system that is more ethical, accountable, and aligned with Islamic values, without sacrificing the main goal of business, namely maintaining sustainable profitability.

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