

TOP MANAGEMENT TEAM, ISLAMIC RELIGIOSITY, CORPORATE GOVERNANCE, AND EARNINGS MANAGEMENT: A SYSTEMATIC LITERATURE REVIEW

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Abstract

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This study systematically reviews and synthesizes empirical evidence on the role of corporate governance in moderating the relationship between Islamic religiosity of the top management teams (TMT) and earnings management. It examines how Islamic religiosity of the TMT affects earnings management practices, how corporate governance mechanisms help constrain such practices, and to what extent corporate governance strengthens or weakens the effect of Islamic religiosity on earnings management. Using a systematic literature review (SLR) guided by the Preferred Reporting Items for Systematic reviews and Meta-Analyses (PRISMA) 2020 protocol, publications from 2009 to 2025 were collected from six major databases. From 224 initial studies, a rigorous screening and thematic synthesis produced 35 relevant articles. Findings show that the Islamic religiosity of TMTs generally reduces earnings management, as moral and ethical values foster honesty and accountability. However, this effect weakens under external or organizational pressures. Corporate governance plays a key role in limiting earnings management and moderates the Islamic religiosity-earnings management relationship. This study highlights that effective governance combined with religious integrity enhances transparency and accountability. The findings provide both theoretical and practical insights for strengthening ethical leadership and financial reporting quality.

Keywords: Islamic Religiosity, Top Management Team, Corporate Governance, Earnings Management

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1. INTRODUCTION

The issue of earnings management has become a central topic in the literature on accounting and corporate governance. Earnings management is understood as a managerial effort to modify financial reports in order to meet market expectations, maintain relationships with creditors, or maximize performance-based compensation (Healy & Wahlen, 1999; Armitage & Capstaff, 2009). Although technically still within the boundaries of accounting standards, this practice is often considered unethical because it may mislead stakeholders and obscure the company's true economic condition (Dechow et al., 1995; Ronen & Yaari, 2008). Over the past two decades, the growing number of financial reporting manipulation cases across various countries, including in Asia, has prompted extensive research on the determinants of earnings management. Beyond economic factors such as ownership structure and audit quality, non-economic dimensions like religiosity and managerial morality have increasingly gained scholarly attention (Hilary & Hui, 2009; Dyreng et al., 2012).

In this context, Islamic religiosity is regarded as a moral factor that may constrain managerial opportunism. Core values such as *sidq* (truthfulness), *amanah* (trustworthiness), and *'adl* (justice) reject *tadlis* (fraudulent behavior), *gharar* (excessive uncertainty), and *riba* (interest-based exploitation), while promoting transparency in financial reporting (Haniffa & Hudaib, 2007). Several empirical studies have shown that Islamic religiosity is negatively associated with financial manipulation (Kanagaretnam et al., 2015; Du et al., 2016). However, its effects may weaken when management faces profit pressures, majority shareholder interests, or market expectations (Akhter & Azad, 2023). Within this context, this study aims to address three main questions:

RQ1: How Islamic religiosity of the top management team (TMT) affect earnings management practices?

RQ2: How do corporate governance mechanisms help constrain such practices?

RQ3: To what extent does corporate governance strengthen or weaken the effect of Islamic religiosity on earnings management?

The TMT holds a strategic position in decision-making, as they shape corporate direction, reporting strategies, and the overall integrity of financial information. Based on the upper echelons theory (Hambrick & Mason, 1984), the values and moral beliefs of senior executives influence organizational behavior and outcomes. Therefore, Islamic religiosity at the TMT level can serve as an internal source of moral guidance that encourages ethical behavior and mitigates manipulative tendencies. However, such personal values must be reinforced through effective corporate governance systems to ensure that ethical conduct does not rely solely on individual morality.

Within this framework, corporate governance functions as a monitoring system that ensures managerial behavior aligns with the interests of shareholders and other stakeholders (The Committee on the Financial Aspects of Corporate Governance, 1992; Shleifer & Vishny, 1997). Strong governance complements religiosity by creating a balance

between moral self-regulation and institutional control. When both aspects work harmoniously, financial reporting integrity can be enhanced; conversely, an imbalance may lead to ethical dissonance, namely a mismatch between individual moral values and organizational practices. In the context of countries with large Muslim populations, such as Indonesia, Malaysia, and the Gulf Cooperation Council (GCC) nations, this systematic review holds significant relevance. A deeper understanding of the interaction between Islamic religiosity and corporate governance can provide evidence-based insights for regulators and practitioners to strengthen the integrity of financial reporting and develop governance systems that are not only efficient but also ethical. Therefore, this study systematically reviews the literature on this topic, contributing not only to the advancement of academic knowledge but also to the development of good governance practices that align with Islamic moral and spiritual values.

This study is grounded in agency, upper echelons, and stakeholder theories. Collectively, these perspectives provide a comprehensive foundation for understanding how moral and spiritual values shape managerial behavior and influence organizational control mechanisms. By bridging modern management theories with Islamic ethical principles, this research offers a contextually rich lens to examine the integrity of financial reporting within organizations. Practically, the findings highlight the importance of embedding religious values within organizational culture while maintaining effective governance structures to ensure ethical decision-making and financial transparency, particularly in Sharia-compliant institutions or Muslim countries' business. Therefore, this research aims to make a dual contribution, namely, theoretically, by integrating Islamic moral dimensions into established organizational behavior frameworks; and practically, by demonstrating how the synergy between spirituality and corporate governance can strengthen ethical decision-making and enhance the credibility of financial reporting.

The paper is structured as follows. Section 2 presents the theoretical framework, while Section 3 explains the research methodology used in the systematic literature review (SLR). Section 4 discusses the main findings and emerging themes from the literature. Finally, Section 5 concludes the paper with key insights, implications, and recommendations for future research.

2. LITERATURE REVIEW

The purpose of the literature review in this study is to provide a strong theoretical and empirical basis for understanding the relationships between Islamic religiosity, corporate governance, and earnings management practices. By grounding several key theories, namely agency theory, upper echelons theory, stakeholder theory, and the concept of Islamic religiosity, this literature review seeks to develop a comprehensive understanding of how moral values, managerial behavior, and institutional mechanisms interact to influence the integrity of financial reporting.

2.1. Agency theory, earnings management, and corporate governance

Agency theory explains the contractual relationship between shareholders as principals and managers as agents, where conflicts of interest (agency conflicts) arise due to differing objectives and information asymmetry between the two parties (Jensen & Meckling, 1976). Managers possess greater access to internal information about the company's operations and may exploit this advantage for personal benefit (Sheng & Montgomery, 2025). For example, by engaging in earnings management to increase compensation, secure their position, meet market expectations, or insider trading (Healy & Wahlen, 1999; Armitage & Capstaff, 2009; Sheng & Montgomery, 2025).

In this context, earnings management represents an opportunistic behavior that emerges from the failure of monitoring mechanisms to effectively control managerial actions (Wu & Zhou, 2022). When governance mechanisms are weak, such as boards lacking independence or audit committees functioning ineffectively, managers are afforded greater latitude to manipulate accruals and distort reported performance (Beasley, 1996; Dechow et al., 1995; Hassan et al., 2022; Alruwaili, 2024).

To mitigate such conflicts, corporate governance serves as a control mechanism ensuring that managerial actions align with the interests of shareholders and other stakeholders (Shleifer & Vishny, 1997; Gotti et al., 2023). Mechanisms, such as independent boards of commissioners, effective audit committees, and transparent financial reporting, can help reduce opportunistic behavior and enhance the reliability of financial statements (Fama & Jensen, 1983; Shaban & Zarnoun, 2024; Amanamah, 2024; Nindito et al., 2025). Thus, within the framework of agency theory, strong corporate governance plays a crucial role in constraining earnings management practices by strengthening oversight and managerial accountability.

2.2. Upper echelons theory, earnings management, and Islamic religiosity of TMT

The upper echelons theory (Hambrick & Mason, 1984) posits that the characteristics, values, and beliefs of top executives, collectively known as the TMT, directly influence strategic decision-making processes and overall organizational performance. In other words, organizational behavior reflects the cognitive orientation and personal values of its leaders (O'Reilly et al., 2023). In the context of earnings management, this theory explains that managerial tendencies to manipulate financial reports are shaped not only by external pressures but also by internal factors such as morality and ethical values held by the TMT (Carpenter et al., 2004; Misztal & Comporek, 2025).

Islamic religiosity of the TMT can serve as a moral control mechanism that constrains opportunistic behavior. Islamic values such as *amanah*, *sidq*, and *'adl* promote transparency and integrity in financial reporting (Haniffa & Hudaib, 2007; Pudjiono et al., 2025). Executives with a high level of Islamic religiosity are more likely to use Sharia principles as guidance in decision-making,

thereby rejecting manipulative practices that may mislead stakeholders (Baatwah et al., 2020; Sulaiman et al., 2022).

Thus, the integration of upper echelons theory with Islamic religious values suggests that spiritual ethics function not only as personal attributes but also as systemic influences shaping organizational behavior. Islamic religiosity among TMT members has the potential to strengthen financial reporting integrity and reduce earnings management through the internalization of moral values into corporate culture and policy frameworks.

2.3. Stakeholder theory, earnings management, and moral responsibility in the Islamic perspective

The stakeholder theory proposed by Freeman (1984) posits that a company's responsibility extends beyond its shareholders to encompass all parties affected by its business activities, including employees, customers, creditors, regulators, and the wider community. The core principle of this theory emphasizes the need to balance economic interests with ethical responsibility in order to maintain legitimacy and ensure the organization's long-term sustainability. In the context of earnings management, manipulative financial reporting contradicts the principles of fairness and transparency that underlie the trust relationship between a company and its stakeholders (Donaldson & Preston, 1995; Jones, 1995; Schmuck, 2024).

From an Islamic perspective, moral responsibility is not only social but also spiritual, as every business action is accountable not only to society but ultimately to Allah SWT¹. The concepts of *amanah*, *sidq*, and *'adl* represent fundamental values in business conduct and financial reporting (Haniffa & Hudaib, 2007; Pudjiono et al., 2025). Within Islam, earnings manipulation is considered a form of *gharar* and *tadlis*, both of which are prohibited because they create injustice and harm others (Mohd Noh et al., 2025). Therefore, moral responsibility in Islam entails Allah SWT to provide accurate and transparent information as an act of worship and an expression of *ihsan* (ethical excellence in conduct).

The integration of stakeholder theory with Islamic ethics broadens the understanding of earnings management from a purely economic issue to one of moral and spiritual significance. Companies are not only expected to fulfill stakeholder expectations but must also ensure that every business decision aligns with the principles of *maqasid al-shariah*, which emphasize justice, welfare, and honesty in all economic activities (Radin et al., 2024). Consequently, implementing ethically sound corporate governance grounded in Islamic values can serve as a strong internal control mechanism to prevent earnings management and enhance the integrity of financial reporting.

2.4. The concept of Islamic religiosity and its relationship with the theories

Islamic religiosity represents the integration of faith (*iman*), practice (*islam*), and ethics (*ihsan*), which collectively shape moral behavior in all aspects of

¹ From an Islamic perspective, Allah SWT stands for *Allah Subhānahu wa Ta'ālā*, which means Allah, the Most Glorious and the Most Exalted.

life, including business activities and managerial decision-making (Beekun & Badawi, 2005; Sulaiman et al., 2022). A truly religious individual in Islam not only performs religious rituals but also internalizes divine values such as *amanah*, *'adl*, *sidq*, and *taqwa* (consciousness of God's supervision) as guiding principles in work and interaction (Haniffa & Hudaib, 2007; Pudjiono et al., 2025). These values serve as an internal moral compass that prevents deviant behaviors such as financial statement manipulation or opportunistic earnings management.

Within the agency theory framework, the relationship between shareholders (principals) and managers (agents) is often marked by conflicts of interest due to information asymmetry (Jensen & Meckling, 1976). Managers with a high level of Islamic religiosity perceive their responsibilities not merely as economic contracts but as a sacred trust (*amanah*), which motivates them to act honestly and transparently in financial reporting. The awareness that every action will be held accountable before Allah SWT functions as a non-formal internal control mechanism, restraining opportunistic behavior and reducing the likelihood of earnings management.

Meanwhile, upper echelons theory (Hambrick & Mason, 1984) emphasizes that the values, beliefs, and cognitive orientations of top executives significantly influence organizational decisions. When TMTs possess strong Islamic religiosity, their strategic and ethical decisions tend to reflect Islamic moral principles such as justice and social responsibility. Thus, Islamic religiosity helps establish an ethical tone at the top, fostering an organizational culture that discourages earnings manipulation and promotes ethical corporate governance (Carpenter et al., 2004; Almarayeh & Aibar-Guzmán, 2025).

Finally, from the perspective of stakeholder theory, firms are accountable not only to shareholders but also to all stakeholders affected by their operations (Freeman, 1984). Islam extends this responsibility further to include social and spiritual accountability, as any form of injustice or deception in financial reporting violates both the rights of society and the trust of Allah SWT (Dusuki & Abdullah, 2024). Consequently, Islamic religiosity reinforces a company's moral orientation toward achieving justice (*'adl*) and public welfare (*maslahah*), aligning closely with the ethical foundation of stakeholder theory.

Islamic religiosity serves as the fundamental basis for ethical business decision-making. The principle of *maqasid al-shariah* guides that every business action should aim to preserve religion, life, intellect, wealth, and lineage (Chapra, 1992; Jaiyeoba et al., 2025). Therefore, earnings management practices that distort financial information contradict Sharia compliance values, as they involve elements of *gharar* and *tadlis*. Integrating Islamic religiosity within the ethical framework transforms ethical conduct from merely a social obligation into a form of worship with spiritual significance.

Overall, Islamic religiosity acts as a bridge between modern management theories and moral-spiritual dimensions. While theories such as agency, upper echelons, and stakeholder focus on economic, behavioral, and social mechanisms, Islamic religiosity provides an ethical-transcendental foundation that directs managerial behavior toward honesty,

responsibility, and justice, thereby minimizing earnings management practices and strengthening value-based corporate governance.

3. RESEARCH METHODOLOGY

This research methodology was designed to ensure that the entire process is conducted systematically, transparently, and replicable by other researchers. The approach used was an SLR, as this method is considered most appropriate for identifying, evaluating, and synthesizing previous research findings relevant to the topic of the role of corporate governance in the relationship between Islamic religiosity of the TMT and earnings management practices. Unlike narrative reviews, which are descriptive and tend to be subjective, SLR emphasizes the use of structured and well-documented procedures. This approach allows for an objective literature review process that can be replicated by other researchers. To ensure methodological quality, this study adheres to the Preferred Reporting Items for Systematic reviews and Meta-Analyses (PRISMA) 2020 Statement (Page et al., 2021) and the latest guidelines recommended by Kolaski et al. (2023) regarding best practices in systematic reviews.

The first stage in an SLR is literature identification. Researchers first formulate research questions, determine search keywords, and develop inclusion and exclusion criteria. The research questions focused on three main aspects, which were formulated earlier in the introduction.

A comprehensive literature search was conducted using six internationally reputable databases: Scopus, Web of Science, Emerald Insight, Taylor & Francis, ScienceDirect, and Google Scholar as a supplementary source. The search was conducted between January 2025 and March 2025 using a combination of keywords and Boolean logic operators:

“Islamic religiosity” OR “religiosity” OR “Islamic ethics”) AND (“earnings management” OR “accrual-based earnings management” OR “real earnings management”) AND (“corporate governance” OR “board independence” OR “audit committee” OR “Sharia governance”)

These keywords were applied to the title, abstract, and keyword list to ensure broad coverage of the literature. Researchers also use backward and forward citation tracking techniques to find additional articles from previous research bibliographies. To ensure the relevance of the reviewed literature, strict inclusion and exclusion criteria were applied. Included articles were empirical or conceptual studies that addressed at least two of three key variables: *Islamic religiosity*, *corporate governance*, and *earnings management*. Articles had to be published in peer-reviewed journals, written in English or Indonesian, and published between 2000 and 2025. Articles that did not undergo peer review, focused on general ethics unrelated to Islamic religiosity, or discussed non-accounting contexts such as pure theology were excluded from the analysis. This approach aligns with Denyer and Tranfield's (2009) guidelines, which emphasize the importance of transparency in literature selection to reduce bias.

The literature selection process followed the steps outlined in PRISMA 2020. The initial search yielded 210 articles from indexed databases and 14 gray literature documents. After deduplication, 154 unique articles remained. Of these, three articles were automatically eliminated due to their non-scientific format, while 17 articles were excluded due to incomplete metadata. The title and abstract screening process yielded 122 relevant articles.

However, after further eligibility assessment, 87 articles were excluded for not meeting the inclusion criteria (41 were irrelevant to the primary variables, and 46 lacked empirical data). Ultimately, 35 articles passed the final stage and were subjected to further in-depth analysis. A summary of the key stages in the selection process is presented in Table 1 below.

Table 1. PRISMA 2020 summary table: Literature selection process

PRISMA stage	Description	No. of records
Identification	<ul style="list-style-type: none"> Search conducted in Scopus, Web of Science, Emerald Insight, Taylor & Francis, ScienceDirect, and Google Scholar. Keywords applied to title/abstract/keywords. Backward and forward citation tracking is used. 	-
Records identified from databases	Initial search results	210
Records identified from other sources (gray literature)	Supplementary sources	14
Total records identified	-	224
Deduplication	Duplicate removal	154 unique records remain
Automatic exclusion	Non-scientific format	3 eliminated
Metadata exclusion	Articles removed due to incomplete metadata	17 excluded
Screening (title and abstract)	Articles screened for relevance to research questions	122 included for eligibility assessment
Eligibility assessment	Full-text assessment based on inclusion criteria: <ul style="list-style-type: none"> Irrelevant to primary variables Lacked empirical data 	87 excluded 41 46
Included in final review	Articles meeting all inclusion criteria	35

Source: Authors' elaboration.

To ensure methodological quality, a quality appraisal was conducted for each article using two standardized instruments: the Critical Appraisal Skills Programme (CASP) for qualitative studies and the Mixed Methods Appraisal Tool (MMAT) for mixed methods studies. The assessment process was conducted independently by two principal researchers to avoid individual bias. Each research was assigned a score based on the criteria of relevance, methodological rigor, and scientific contribution. The assessment results were then tested using Cohen's Kappa (κ) to assess the level of inter-reviewer consistency. If there were differences in the assessment results or decisions regarding whether an article should be excluded or retained, the two researchers held discussions to reach a consensus (consensus meeting). In some cases where differences of opinion persisted, the final decision was made through the consideration of a third researcher (a senior reviewer) acting as an independent party. This multi-assessment approach not only increased the objectivity of the selection process but also strengthened the internal validity of the systematic review results. Thus, although not all authors initially reached the same analysis, the final list of 35 articles was the result of a collective consensus based on methodological arguments and scientific relevance.

The next stage was data extraction and coding. This process was carried out using a structured template that included information on author names, year of publication, country, research design, theory used, and key findings. Coding was performed manually using Microsoft Excel and then verified using NVivo 14 software to ensure consistency across researchers. All coding steps were documented in detail for replication in future research.

Data analysis was conducted using a thematic analysis approach, as introduced by Braun and

Clarke (2013). This approach was chosen because it is able to identify recurring patterns in the literature and group the findings into three major themes: 1) the influence of Islamic religiosity on earnings management; 2) the influence of corporate governance on earnings management practices; and 3) the moderating role of governance in the relationship between religiosity and earnings management. Due to differences in definitions and measurements across studies, the analysis was conducted using narrative synthesis rather than meta-analysis, but all coded data was retained to allow for future replication.

To ensure validity and reliability, this study implemented several key steps. First, the use of various international databases to mitigate publication bias. Second, each selection stage strictly followed the PRISMA 2020 guidelines so that the process was documented and traceable. Third, an independent evaluation of article quality was conducted to minimize subjective bias.

Despite adhering to current methodological standards, this study still has limitations. Publication bias is still possible because articles with significant results are more readily published than those with neutral results. Furthermore, most of the literature found focuses on the Islamic banking sector, so generalizations to other sectors should be approached with caution. Differences in definitions and measurement instruments for religiosity and governance may also affect the homogeneity of the results.

Overall, this research methodology adheres to best practices in modern systematic reviews. Following the PRISMA 2020 guidelines and the recommendations of Kolaski et al. (2023), the entire process of identification, selection, assessment, and synthesis was conducted in a structured and transparent manner. This approach not only ensures the validity of the research results

but also allows for replication and verification by other researchers, thus strengthening academic contributions to understanding how Islamic religiosity at the TMT level interacts with corporate governance to influence earnings management practices.

Although this study employed an SLR due to its ability to synthesize the existing body of knowledge objectively and transparently, several alternative methodological approaches could also have been used to investigate the relationship between Islamic religiosity of the TMT, corporate governance mechanisms, and earnings management practices. Each method offers different strengths depending on the depth, context, and type of evidence sought.

1. *Meta-analysis.* A meta-analysis could have been used to statistically integrate quantitative effect sizes from prior empirical studies (Borenstein et al., 2009). This approach would allow researchers to estimate the pooled effect of Islamic religiosity on earnings management and the moderating role of governance mechanisms. However, the heterogeneity of measurement techniques for religiosity and governance may limit its feasibility.

2. *Bibliometric analysis.* A bibliometric analysis could map the intellectual structure and evolution of research within this domain. Techniques such as co-citation, bibliographic coupling, and keyword co-occurrence can highlight research clusters, influential authors, and emerging trends (Donthu et al., 2021). This method would be useful for identifying gaps and hot topics in studies involving Islamic ethics, governance, and financial reporting practices.

3. *Scoping review.* A scoping review could systematically map the breadth of available literature without applying the strict inclusion criteria used in SLRs. This approach is particularly suitable when the research field is emerging or fragmented (Munn et al., 2018). It would allow inclusion of a broader set of documents, such as conference papers, theses, and conceptual articles, providing a wider understanding of how Islamic religiosity and governance are studied across various contexts.

4. *Qualitative meta-synthesis.* A qualitative meta-synthesis could integrate insights from qualitative studies to generate a higher-order interpretation (Lockwood et al., 2020). This approach would be suitable for deeply understanding the ethical reasoning of TMT members, the cultural context of Islamic values, and governance dynamics that influence earnings management judgment.

5. *Mixed-methods systematic review.* A mixed-method review, which integrates both quantitative and qualitative evidence, could offer a more holistic understanding of the interplay between religiosity, governance, and earnings management. This approach would allow combining statistical evidence with contextual qualitative insights, thereby strengthening theoretical development (Hong et al., 2018).

6. *Content analysis of corporate reports.* A content analysis approach could also serve as an alternative method, enabling researchers to analyze annual reports, sustainability reports, and Sharia Supervisory Board (SSB) disclosures for indicators of Islamic ethical narratives or governance enforcement (Krippendorff, 2019). This method can provide real-world evidence on how Islamic principles and governance are communicated and operationalized in corporate settings.

4. RESEARCH FINDINGS AND DISCUSSION

A systematic review of 35 selected articles reveals interesting dynamics regarding the relationship between Islamic religiosity of the TMT, earnings management practices, and the role of corporate governance. This literature synthesis is organized into three main themes according to our research questions RQ1-RQ3.

Table A.1 (see Appendix) provides an overview of the key studies that were synthesized and analyzed in this research. It includes five main columns: the number of each study, author(s) and year of publication, short title, research focus, and key findings. Through this structure, the table serves as a foundation for mapping relevant literature related to the research topic. Each article included in the table was systematically selected based on predetermined inclusion criteria, such as relevance to the research variables, organizational context, and contribution to theoretical development. The "Focus" column highlights the main issue or theme discussed in each study, while the "Key findings (Summary)" column summarizes the essential results that form the basis for comparative analysis and thematic synthesis in this research.

Accordingly, Table A.1 not only provides a summary of previous studies but also serves as a conceptual basis supporting the discussion of research findings. The synthesis of the listed articles allows this study to conduct a deeper analysis of the relationships among the examined variables and to situate its findings within the broader theoretical and empirical context of prior research.

4.1. The effects of Islamic religiosity of the TMT on earnings management

As summarized in Table A.1, a consistent pattern emerges across prior studies showing that religiosity, both at the national and individual level, functions as an internal ethical mechanism that constrains earnings manipulation. Studies by Kanagaretnam et al. (2015), McGuire et al. (2012), Dyreng et al. (2012), and Cai et al. (2019) find that firms located in more religious environments or led by religious executives exhibit lower levels of accrual-based earnings management and fewer reporting irregularities. In Islamic contexts, Abdelsalam et al. (2021) and Zainuldin and Lui (2020) show that Sharia-compliant values enhance earnings quality, while Alam and Miah (2021) and Darwanto and Chariri (2019) emphasize that adherence to Islamic principles discourages misreporting. Hanafi et al. (2024) also found that higher levels of religiosity among blockholders reduce their engagement in earnings management, indicating that religious values promote ethical oversight and discourage opportunistic financial behavior.

Religiosity also fosters a broader culture of transparency and voluntary accountability. Salem et al. (2023) find that national religiosity correlates positively with voluntary disclosure quality, indicating that religious norms encourage openness and integrity in corporate communication.

Individual religiosity at the executive level appears particularly important. Baatwah et al. (2020) reveal that religious top executives engage less in both accrual- and real-based earnings management.

Nazrul and Mousa (2025) and Alazzani et al. (2019) further demonstrate that Islamic religiosity among executives shapes an ethical tone in disclosure and enhances transparency. Psychological research, such as Koole et al. (2017), supports these behavioral effects, arguing that religious rituals reinforce self-control and moral discipline.

However, religiosity alone may not always be sufficient. Liyanapathirana and Akroyd (2023) caution that social pressures or corrupt environments can dilute the moral impact of individual religiosity. Similarly, Ghaemi Asl and Ghasemi Doudkanlou (2022) find that Islamic banks may still perform earnings smoothing for stability reasons rather than opportunism. Hence, Islamic religiosity among TMT members acts as a moral compass that reduces unethical reporting, but its effectiveness depends on institutional and cultural contexts.

Empirical evidence consistently supports the notion that religiosity mitigates unethical accounting behavior (Grabiński & Wójtowicz, 2019). However, this moral influence is not always uniform across conditions. Akhter and Azad (2023) find that religiosity reduces earnings management, though its effects weaken under stress, suggesting that the ethical restraint driven by religious conviction may diminish when firms face financial or operational pressures. This implies that while religiosity acts as a moral safeguard, it must be supported by strong governance mechanisms to sustain ethical decision-making during challenging circumstances.

As shown in Table A.1, most prior studies consistently demonstrate that religiosity acts as an internal ethical control that reduces opportunistic financial behavior (Kanagaretnam et al., 2015; McGuire et al., 2012; Dyreng et al., 2012; Cai et al., 2019; Abdelsalam et al., 2021; Zainuldin & Lui, 2020). These findings support the interpretation that Islamic religiosity instills moral discipline and spiritual accountability, encouraging top executives to act in accordance with ethical and faith-based values rather than short-term profit motives.

From this research's perspective, these results indicate that religiosity among TMT members serves not only as a personal moral compass but also as an organizational culture driver. The consistent association between religiosity and reduced earnings manipulation suggests that ethical norms rooted in faith can shape managerial cognition and decision-making. When decision-makers perceive accountability not only to stakeholders but also to God (*taqwa*), their behavioral threshold against unethical reporting naturally increases.

Nevertheless, Table A.1 also reveals that religiosity's influence is context-sensitive. Akhter and Azad (2023) find that the ethical restraint provided by religiosity weakens under stress, and Cai et al. (2020) show that firms may shift from accrual-based to real earnings management, indicating adaptive but ethically ambiguous responses. From this research's interpretation, this suggests that religiosity primarily regulates intention rather than technical behavior. In other words, religiosity curbs moral opportunism but may not eliminate strategic responses to external pressures.

Moreover, Hanafi et al. (2024) and Nazrul and Mousa (2025) extend this moral influence beyond executives, showing that religious values among

blockholders and executives enhance ethical tone and transparent disclosure. This reinforces the interpretation that Islamic religiosity operates as a collective moral infrastructure rather than an individual trait, cultivating a culture of integrity within the organization.

4.2. The effects of corporate governance mechanisms on earnings management

As presented in Table A.1, a large body of evidence highlights that effective corporate governance, particularly independent boards, audit committees, and SSBs, plays a central role in constraining earnings management. Foundational works such as Klein (2002), Abbott et al. (2004), and Larcker et al. (2007) document that independent and active audit committees reduce accounting irregularities. Meta-analyses by García-Meca and Sánchez-Ballesta (2009) confirm that governance mechanisms, such as board independence and auditor oversight, significantly reduce earnings management, highlighting the crucial role of effective monitoring structures.

In emerging markets, Nguyen et al. (2024) and Alareeni (2018) report that board independence and strong audit oversight decrease earnings manipulation, while weak regulatory enforcement diminishes these benefits. Within Islamic institutions, Elghuweel et al. (2017) and Alam and Miah (2021) find that both corporate and Islamic governance mechanisms jointly improve transparency. The role of the SSB is particularly critical. Studies by Al Mannai and Ahmed (2019), Elamer et al. (2020), and Darwanto and Chariri (2019) emphasize that independence and effectiveness of SSBs significantly enhance ethical compliance and reduce earnings management.

Recent evidence also indicates that board diversity and structure matter. Alshehri (2025) shows that larger boards, female representation, and non-dual chief executive officer (CEO) roles improve financial performance through stronger oversight. Haniffa and Hudaib (2007) warn, however, of a gap between ethical identity and actual practice in some Islamic banks, signaling the need for authentic governance enforcement.

So, the studies summarized in Table A.1 collectively show that strong governance systems function as a formal and institutionalized control mechanism to limit managerial discretion (Klein, 2002; Abbott et al., 2004; Larcker et al., 2007; García-Meca & Sánchez-Ballesta, 2009; Nguyen et al., 2024; Alareeni, 2018). According to this research, this evidence supports the view that corporate governance institutionalizes accountability, translating ethical ideals into enforceable monitoring structures.

In the context of Islamic organizations, Elghuweel et al. (2017) and Alam and Miah (2021) demonstrate that both conventional and Islamic governance frameworks complement each other in mitigating earnings management. This research interprets this as evidence that governance mechanisms provide structure to religiosity, ensuring that faith-based ethical norms are supported by procedural enforcement. The SSB, as shown by Al Mannai and Ahmed (2019) and Darwanto and Chariri (2019), serves as a hybrid institution, which is blending religious legitimacy with corporate accountability.

This research also notes that governance mechanisms are most effective when reinforced by an ethical culture. For example, Omer et al. (2018) find that auditors in more religious environments show higher professional skepticism. This implies that ethical context amplifies the effectiveness of governance structures. Conversely, Haniffa and Hudaib (2007) warn of the gap between ethical identity and actual practice, which this research interprets as a caution that formal governance without ethical substance risks becoming symbolic.

4.3. The interaction between Islamic religiosity and corporate governance in constraining earnings management

The synthesis of studies in Table A.1 indicates that the interplay between religiosity and governance is complementary rather than substitutive. It forms the central theoretical contribution of recent scholarship. Almarayeh and Aibar-Guzmán (2025) demonstrate that religious values strengthen the effectiveness of formal governance mechanisms, which is religiosity complements rather than substitutes governance in reducing earnings management. Similarly, Arioglu et al. (2024) and Toudas and Zhu (2023) find that local religiosity enhances reporting quality and reinforces the moral environment in which governance operates.

Conversely, Nazrul and Mousa (2025) caution that religiosity without institutional support risks becoming symbolic, implying that governance systems are necessary to translate moral intent into transparent behavior. Kooiman and Jentoft (2009) conceptually support this view through meta-governance theory, which posits that effective governance depends on harmonizing ethical values and structural controls.

Cai et al. (2020) report that firms in more religious regions are less likely to engage in accrual-based earnings management but may shift toward real earnings management, suggesting that religiosity constrains opportunistic manipulation primarily through moral discipline rather than through technical deterrence. This finding implies that although religious norms shape ethical intent, the persistence of managerial discretion highlights the need for complementary governance mechanisms to ensure consistent financial integrity.

Religiosity not only shapes managerial behavior but also influences the ethical judgment of external auditors. Omer et al. (2018) find that audit offices located in more religious areas are more likely to issue going concern opinions, suggesting that religiosity enhances auditors' ethical judgment and professional skepticism. This reinforces the view that a religious environment cultivates integrity across multiple levels of corporate accountability, both within management and among external monitors, thereby reducing the likelihood of opportunistic financial reporting.

Therefore, the Islamic religiosity of TMT members provides the moral foundation, while corporate governance offers the structural enforcement needed to sustain ethical financial reporting. When these two dimensions align, as

observed in Elghuweel et al. (2017), Almarayeh and Aibar-Guzmán (2025), and Darwanto and Chariri (2019), earnings management practices are most effectively constrained.

Based on the collective evidence presented in Table A.1, this study interprets that the relationship between Islamic religiosity and earnings management cannot be understood in isolation, but must be viewed as an interaction between moral values and governance structures. Prior studies consistently show that religiosity provides a strong ethical foundation that guides managerial judgment and discourages opportunistic reporting behavior (Kanagaretnam et al., 2015; McGuire et al., 2012; Dyreng et al., 2012). However, the effectiveness of these moral values appears more robust and consistent when they operate within a strong corporate governance environment.

Corporate governance mechanisms, such as board independence, audit committee effectiveness, and the role of SSBs, amplify the ethical influence of religiosity by offering formal oversight that constrains managerial discretion and reduces the space for earnings manipulation (García-Meca & Sánchez-Ballesta, 2009; Klein, 2002; Elghuweel et al., 2017). In this sense, religiosity does not remain merely a normative ideal but becomes an operationalized ethical mechanism embedded in everyday decision-making processes.

Conversely, evidence also indicates that in settings characterized by weak governance, social pressure, or financial stress, the influence of religiosity may weaken, thereby limiting its ability to effectively constrain earnings management (Akhter & Azad, 2023; Liyanapathirana & Akroyd, 2023; Hanafi et al., 2024). This suggests that religiosity requires institutional support to function optimally; without adequate governance structures, moral values tend to become symbolic or insufficiently translated into professional behavior (Nazrul & Mousa, 2025).

Overall, this study interprets that Islamic religiosity and corporate governance operate as complementary rather than substitutive mechanisms. Their interaction creates a stronger ethical environment that enhances financial reporting integrity and reduces the likelihood of earnings manipulation. In other words, effective governance magnifies the positive impact of religiosity, while religiosity enriches governance by adding a deeper moral dimension to oversight processes.

4.4. Synthesis of the findings

Integrating these findings, this study suggests that:

- 1) Islamic religiosity fosters ethical restraint among top managers;
- 2) robust governance mechanisms operationalize this restraint through formal oversight;
- 3) their interaction creates a complementary system where moral and structural controls jointly enhance earnings quality.

The literature thus supports a complementarity model in which religiosity shapes managerial intent, governance shapes opportunity, and their synergy ensures integrity in financial reporting.

4.5. Relationship of the findings to the theoretical framework

The findings of this study can be explained through three main theoretical frameworks that complement each other in understanding the relationship between TMT religiosity, corporate governance, and earnings management practices: agency, upper echelons, and stakeholder theories.

4.5.1. Agency theory

Agency theory explains the inherent conflict between managers (agents) and owners (principals), where managers may manipulate earnings for personal gain unless constrained by monitoring mechanisms. The results synthesized in Table A.1 strongly support this perspective. Studies such as Klein (2002), Abbott et al. (2004), and Larcker et al. (2007) demonstrate that audit committee effectiveness and board independence reduce earnings management, validating the agency-based assumption that stronger governance mitigates information asymmetry and opportunism.

However, the findings also extend agency theory by incorporating Islamic religiosity as an informal monitoring mechanism. Evidence from Kanagaretnam et al. (2015), McGuire et al. (2012), and Baatwah et al. (2020) shows that religious norms and executive religiosity constrain managerial opportunism even in the absence of formal control, functioning as an internalized ethical control. This supports this research's interpretation that Islamic religiosity complements agency-based controls, replacing purely contractual monitoring with moral accountability grounded in faith and fear of divine judgment (*taqwa*).

Thus, the relationship between religiosity, governance, and earnings management can be seen as an extension of agency theory, where formal controls (boards, audits) are reinforced by informal ethical controls (religiosity), collectively reducing agency costs and opportunistic behavior.

4.5.2. Upper echelons theory

Upper echelons theory posits that organizational outcomes reflect the values, cognition, and moral orientations of top executives. The results presented in Table A.1 provide strong empirical support for this premise. Studies such as Cai et al. (2019), Grabiński and Wójtowicz (2019), Nazrul and Mousa (2025), and Baatwah et al. (2020) consistently show that executives' personal religiosity leads to more ethical financial reporting and reduced earnings manipulation.

From this research's perspective, these findings confirm that the moral and spiritual characteristics of TMT members shape strategic financial behaviors, influencing how discretion is exercised in accounting decisions. Specifically, Islamic religiosity fosters

humility, honesty, and accountability before God, which align with the ethical dimensions described in the Islamic concept.

However, findings from Akhter and Azad (2023) and Cai et al. (2020) nuance this relationship, showing that religiosity's effect weakens under financial stress or may redirect manipulation toward less visible forms (real earnings management). This suggests that while upper echelons theory explains the moral intent of leaders, contextual pressures (e.g., market competition, performance demands) can moderate the strength of ethical influence.

Hence, the empirical synthesis supports the upper echelons view that TMT religiosity is a decisive behavioral determinant, shaping ethical tone and financial integrity across the organization.

4.5.3. Stakeholder theory

Stakeholder theory emphasizes that organizations are accountable not only to shareholders but to a broader set of stakeholders, including employees, regulators, and society. The findings in Table A.1 reflect this principle, particularly in Islamic contexts where transparency and fairness are viewed as obligations to all stakeholders (*amanah*).

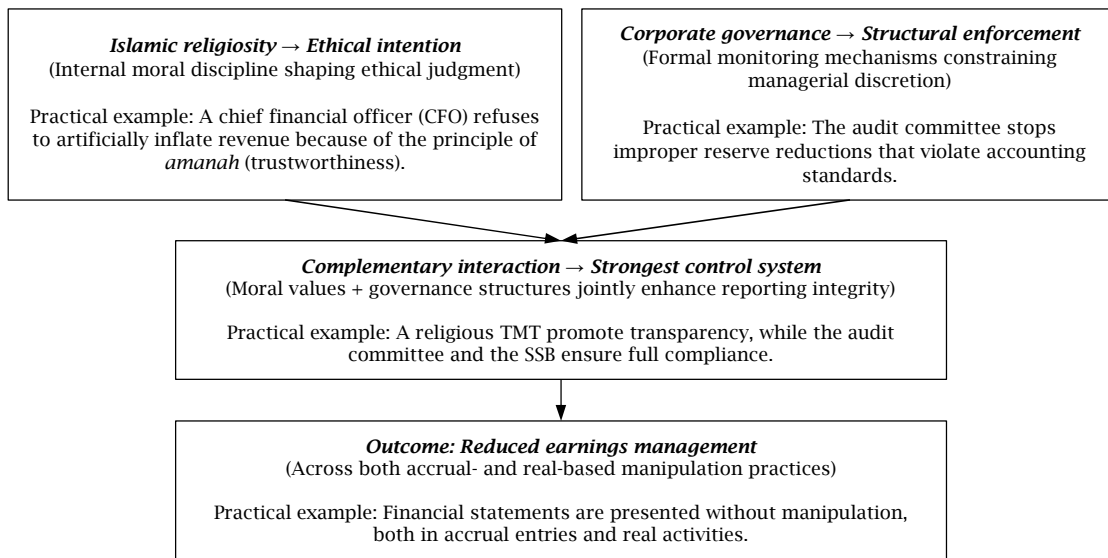
Studies such as Salem et al. (2023) and Nazrul and Mousa (2025) demonstrate that religiosity enhances voluntary disclosure and ethical reporting, thereby strengthening trust between firms and their stakeholders. Similarly, Elghuweel et al. (2017) and Darwanto and Chariri (2019) show that both corporate governance and SSBs enhance accountability and ethical compliance, aligning corporate behavior with stakeholder expectations of justice and transparency.

This research interprets these results as evidence that religiosity transforms corporate governance from a shareholder-focused mechanism into a stakeholder-oriented system, consistent with the Islamic concept of social responsibility (*maslahah*). By integrating moral and social accountability, the organization fulfills both economic and ethical duties, thereby enhancing its legitimacy within the community.

4.6. Thematic organization of findings through a conceptual model and practical examples

Based on the synthesis of prior studies presented in Table A.1, the findings of this review can be grouped into three overarching themes (see Figure 1), each representing a component of the proposed conceptual model. These themes highlight how Islamic religiosity, corporate governance mechanisms, and their interaction jointly influence earnings management. To provide deeper clarity and practical relevance, each theme is further illustrated with real-world examples demonstrating how these mechanisms operate within organizations.

Figure 1. Thematic organization of findings through a conceptual model



Source: Authors' elaboration.

By organizing findings into these themes, the conceptual model clarifies the dynamic relationship between individual moral values and institutional governance structures. Islamic religiosity serves as an internal ethical compass, corporate governance provides the formal enforcement necessary to support ethical behavior, and their interaction forms a highly effective system for constraining earnings management. The inclusion of practical examples further illustrates how these mechanisms operate in real organizational contexts, reinforcing the relevance and applicability of the model.

5. CONCLUSION

The synthesis and analysis of previous studies reveal that Islamic religiosity among TMT members and corporate governance mechanisms play crucial and complementary roles in constraining earnings management practices. Based on the literature summarized in Table A.1, three major findings consistently emerge.

First, the Islamic religiosity of TMTs generally reduces earnings management, as moral and ethical values foster moral discipline, honesty, and spiritual accountability (*taqwa*). These values motivate executives to act in accordance with fairness and ethical principles rather than short-term profit motives. However, this moral influence is context-dependent; its effectiveness may diminish under external pressures or within organizations where ethical culture is not well institutionalized.

Second, robust corporate governance mechanisms, including board independence, audit committee effectiveness, and the role of the SSB, play a crucial role in limiting earnings management. These mechanisms serve as formal control systems that ensure effective monitoring, transparency, and accountability in financial reporting. Strong governance structures institutionalize ethical values into tangible oversight practices. In Islamic institutions, the integration of conventional and Sharia-based governance frameworks further strengthens both accountability and ethical compliance.

Third, the moderating role of corporate governance indicates that it works in harmony with religiosity, functioning as a complementary rather than a substitutive mechanism in reducing earnings management. Religiosity provides the moral foundation, while governance offers the structural enforcement needed to sustain ethical financial reporting. When both elements operate in harmony, they form an integrated control system that combines moral intention (*niyyah*) with institutional discipline, collectively strengthening integrity and improving earnings quality.

Theoretically, this study extends agency theory, upper echelons theory, and stakeholder theory by incorporating Islamic religiosity as an informal monitoring mechanism that reinforces formal governance controls. Practically, the findings highlight the importance of embedding religious values within organizational culture while maintaining effective governance structures to ensure ethical decision-making and financial transparency, particularly in Sharia-compliant institutions or Muslim countries' business.

This study is limited by its meta-synthetic nature, as it relies on previously published studies that vary in scope, methodology, and context. Therefore, the generalizability of findings across different cultural and institutional settings should be interpreted with caution. Therefore, future research is encouraged to: empirically examine the relationship between religiosity, governance, and earnings management across diverse cultural and regulatory environments; investigate the mediating and moderating roles of Sharia governance mechanisms in strengthening the ethical influence of religiosity; and explore the psychological and spiritual dimensions of executive religiosity in shaping ethical decision-making.

Overall, this study concludes that constraining opportunistic behavior in organizations requires not only strong structural governance but also a deeply rooted moral foundation. The integration of faith-based ethics and governance discipline provides a holistic framework for promoting integrity and accountability in financial reporting.

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APPENDIX

Table A.1. Synthesis of reviewed articles (Part 1)

No.	Author(s) (Year)	Subject	Focus	Key findings (Summary)
1	Kanagaretnam et al. (2015)	Religiosity and earnings management in banks	Examines the influence of national religiosity on earnings management practices in the international banking industry.	Higher national religiosity is associated with lower earnings management in banks. Religious norms act as informal governance mechanisms that promote ethical behavior and financial transparency.
2	McGuire et al. (2012)	Religion and reporting irregularities	Investigates whether religiosity influences the likelihood of financial reporting irregularities among U.S. firms.	Firms headquartered in more religious regions are less likely to engage in financial misreporting and earnings manipulation. Religiosity acts as an ethical constraint that reduces opportunistic accounting behavior.
3	Cai et al. (2019)	CEOs' religious beliefs and earnings management	Examines how CEOs' personal religiosity influences earnings management practices in U.S. firms.	Firms led by religious CEOs engage less in accrual-based earnings management.
4	Abdelsalam et al. (2021)	Religiosity and earnings quality (banks)	Investigates the effect of national religiosity on earnings quality across international banks.	Religiosity positively influences earnings quality in Islamic and conventional banks.
5	Ghaemi Asl and Ghasemi Doudkanlou (2022)	How do Islamic banks manage earnings	Explores earnings management practices in Iranian Islamic banking using various measurement models.	Although Islamic banks adhere to Sharia principles, earnings management practices still occur, but are more often conducted to maintain financial stability rather than for opportunistic motives.
6	Dyregang et al. (2012)	Religious social norms and corporate financial reporting	Examines how local religious social norms influence firms' financial reporting behaviors in the U.S.	Firms headquartered in highly religious areas exhibit lower levels of earnings management and financial misreporting, suggesting that community-based religious norms constrain managerial opportunism.
7	Salem et al. (2023)	Religiosity and voluntary disclosure (Middle East and North Africa (MENA) banks)	Investigates the relationship between national religiosity and voluntary disclosure quality in the international banking sector.	National religiosity correlates positively with voluntary disclosure quality.
8	Elghuweel et al. (2017)	Corporate and Islamic governance and earnings management (Oman)	Examines how Islamic governance mechanisms, alongside conventional corporate governance, affect earnings management in Omani listed firms.	Both corporate and Islamic governance mechanisms reduce earnings management.
9	Alam and Miah (2021)	SSBs of Islamic banks	Analyzes the influence of SSB independence and effectiveness on the governance of Islamic banks.	An independent and effective SSB enhances transparency and reduces earnings management practices, thereby improving credibility and Shariah compliance.
10	Al Mannai and Ahmed (2019)	Workings of SSBs	Explores the roles, challenges, and decision-making processes of SSBs in Islamic financial institutions across GCC countries.	SSBs in GCC face challenges of limited independence and inconsistent governance.
11	Elamer et al. (2020)	SSB and operational risk disclosures	Investigates how SSBs and governance structures influence operational risk disclosure in Islamic banks across MENA countries.	Strong SSBs enhance operational risk disclosures.
12	Alshehri (2025)	Corporate governance and financial performance of Islamic banks	Examines the relationship between governance mechanisms (board size, gender diversity, CEO duality, and SSB size) and the performance of Islamic banks across countries.	Board size, female representation, blockholders, and Shariah committee size positively influence return on assets and return on equity, while CEO duality has a negative effect.
13	Akhter and Azad (2023)	Revisiting religiosity in banks	Re-examines the relationship between national religiosity and earnings management in banks using international data.	Religiosity reduces earnings management, though effects weaken under stress.
14	Liyanapathirana and Akroyd (2023)	Religiosity and accountants' ethical decision-making	Examines how religiosity influences accountants' ethical decision-making in a highly religious country with a high level of corruption.	Individual religiosity positively affects accountants' ethical decisions. However, social pressure and a pervasive culture of corruption can weaken the moral influence of religiosity, revealing a gap between moral beliefs and actual professional behavior.
15	Larcker et al. (2007)	Governance and accounting outcomes	Examines the impact of corporate governance mechanisms on accounting outcomes and firm performance.	Audit committee and board characteristics influence accounting quality.

Table A.1. Synthesis of reviewed articles (Part 2)

No.	Author(s) (Year)	Subject	Focus	Key findings (Summary)
16	Abbott et al. (2004)	Audit committee and restatements	Investigates how characteristics of audit committees influence the likelihood of financial statement restatements.	Effective audit committees reduce the likelihood of financial restatements.
17	Klein (2002)	Audit committee effectiveness and earnings management	Examines the impact of audit committee and board characteristics on earnings management in U.S. firms.	Audit committee effectiveness lowers earnings manipulation.
18	García-Meca and Sánchez-Ballesta (2009)	Governance and earnings management	Conducts a meta-analysis of empirical studies examining the effect of corporate governance mechanisms on earnings management.	Board independence and auditor oversight reduce earnings management.
19	Nguyen et al. (2024)	Corporate governance and earnings management in Vietnam	Examines how corporate governance mechanisms influence earnings management practices among Vietnamese listed firms.	Strong corporate governance, particularly board independence and audit committee effectiveness, reduces earnings management. However, ownership concentration and weak regulatory enforcement can weaken these governance effects.
20	Almarayeh and Aibar-Guzmán (2025)	Religious values, governance rules, and earnings management	Investigates whether religious values moderate the relationship between formal corporate governance mechanisms and earnings management in Islamic countries, focusing on Jordan.	Religious values significantly reduce earnings management and strengthen the effectiveness of corporate governance mechanisms. The findings suggest that religiosity complements formal governance structures in promoting ethical financial reporting.
21	Arioglu et al. (2024)	Hometown religiosity and financial reporting quality	Examines the impact of chairpersons' hometown religiosity on the quality of financial reporting.	Firms led by chairpersons from more religious hometowns exhibit higher financial reporting quality and lower earnings management, suggesting that local religious norms shape ethical corporate behavior.
22	Baatwah et al. (2020)	Religiosity at the top and real earnings management	Investigates whether top executives' religiosity interacts with accounting expertise to constrain real earnings management.	Findings indicate that higher religiosity among top executives reduces real earnings management, and this effect is stronger when combined with accounting expertise, suggesting a complementary role between ethical and technical competencies.
23	Zainuldin and Lui (2020)	Earnings management in Islamic vs. conventional banks	Compares earnings management practices between Islamic and conventional banks in emerging markets.	Islamic banks exhibit lower levels of earnings management than conventional banks, attributed to Sharia governance mechanisms and ethical constraints, although variations exist across countries depending on regulatory and institutional quality.
24	Omer et al. (2018)	Religion and auditors' going concern decisions	Investigates how the religious environment affects the going concern reporting decisions of local audit offices.	Audit offices located in more religious areas are more likely to issue going concern opinions, suggesting that religiosity enhances auditors' ethical judgment and professional skepticism.
25	Haniffa and Hudaib (2007)	Ethical identity of Islamic banks	Explores how Islamic banks communicate their ethical identity through annual reports.	The study finds a significant gap between the communicated ethical identity and the actual ethical practices of Islamic banks, suggesting a need for greater alignment between Islamic values, corporate governance, and disclosure behavior.
26	Grabiński and Wójtowicz (2019)	Earnings quality, earnings management and religiosity	The paper does not conduct empirical analysis but builds a conceptual foundation for future empirical research.	Religiosity may influence managers' ethical decisions and thus earnings management, but measuring both religiosity and earnings quality is challenging, and existing empirical research is still insufficient.
27	Alazzani et al. (2019)	Muslim CEO, women on boards, and corporate social responsibility (CSR) reporting	Examines how the presence of Muslim CEOs and female board members influences corporate responsibility reporting in Malaysian firms.	Firms led by Muslim CEOs and those with higher female board representation disclose more extensive CSR information, indicating that religiosity and gender diversity jointly enhance ethical and transparent corporate behavior.

Table A.1. Synthesis of reviewed articles (Part 3)

No.	Author(s) (Year)	Subject	Focus	Key findings (Summary)
28	Koole et al. (2017)	Religious rituals and self-regulation	Explores how religious rituals function as psychological tools for adaptive self-regulation.	Religious rituals help individuals maintain emotional balance, self-control, and goal orientation, supporting ethical and disciplined behavior that may translate into moral and professional decision-making contexts.
29	Hanafi et al. (2024)	Religiosity and blockholders' involvement in earnings management	Investigates how religiosity influences blockholders' participation in earnings management within Indonesian firms.	Higher levels of religiosity among blockholders reduce their engagement in earnings management, indicating that religious values promote ethical oversight and discourage opportunistic financial behavior.
30	Darwanto and Chariri (2019)	SSB and financial performance	Examines the role of the SSB within the multi-layered governance structure of Islamic banks and its effect on financial performance.	An effective and independent SSB enhances transparency, accountability, and compliance with Islamic principles, which in turn positively influences the financial performance of Islamic banks.
31	Alareeni (2018)	Corporate governance and earnings management in Bahrain	Examines the impact of corporate governance mechanisms on earnings management among firms listed on the Bahrain Bourse.	Strong corporate governance, particularly board independence and audit committee effectiveness, reduces the extent of earnings management, promoting higher financial reporting quality.
32	Toudas and Zhu (2023)	Religion and real earnings management in Europe	Investigates how the religious environment influences real earnings management practices and disclosure quality among European firms.	Firms operating in more religious regions exhibit lower levels of real earnings management and greater transparency in financial disclosures, indicating that religiosity fosters ethical financial reporting behavior.
33	Cai et al. (2020)	Religion and earnings management in China	Examines the relationship between regional religiosity and firms' choice of earnings management methods in China.	Firms in more religious regions are less likely to engage in accrual-based earnings management but may shift toward real earnings management, suggesting that religiosity constrains opportunistic manipulation through moral discipline.
34	Kooiman and Jentoft (2009)	Meta-governance: values, norms and principles	Explores the concept of meta-governance, emphasizing how values, norms, and ethical principles guide governance beyond formal structures.	Governance decisions inherently involve moral and value-based trade-offs; effective meta-governance requires balancing efficiency with legitimacy, ethics, and social responsibility.
35	Nazrul and Mousa (2025)	Executive religiosity and disclosure tone ambiguity of annual reports	It applies fixed-effect regression analysis to show that the presence of religious executives within the C-suite team reduces the disclosure tone ambiguity of annual reports.	Religious top executives write annual reports with clearer, less negative, and less uncertain language. The personal religiosity of CEOs and CFOs influences the tone of corporate disclosures.

Source: Authors' analysis and synthesis.