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ORIGINAL ARTICLE

Shariah-related disclosure: a literature review and directions for future research

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Abstract
A substantial scholarly discourse surrounds Shariah legislation, yet previous studies have offered limited evidence regarding the necessity of Shariah-related disclosure (SRD), its extent, determining factors, and its impact on performance. This paper seeks to provide a comprehensive review of existing SRD literature within Islamic institutions. To achieve this, we conducted a systematic literature review encompassing 44 studies published in journals from 2003 to 2023. The research articles were systematically categorized based on types of SRD, levels, methodologies employed, determining factors, and their consequent effects on performance. The findings underscore a significant knowledge gap and inconclusive results in the current literature, thereby identifying avenues for future research. Notably, our results indicate that the majority of prior studies are quantitative in nature and have employed secondary data from Islamic banks in Muslim countries. Likewise, research pertaining to other Islamic institutions and their voluntary adherence to Accounting and Auditing Organization for Islamic Financial Institutions guidelines is underreported. Furthermore, our findings suggest that previous studies have often placed undue emphasis on other forms of disclosure or have only considered SRD as a subset of broader categories. Contrarily, the number of studies on this subject has increased in recent years, with more than half of the surveys conducted in the last 8 years of the sample period. In forthcoming research, it is advisable to independently explore SRD and employ Islamic proxies to assess its impact on performance. Moreover, researchers are encouraged to investigate cross-industry differences in this context. The results of this survey will be of significant interest to both academics and non-academics seeking information on Shariah compliance disclosures.

Keywords Shariah-related disclosure · Shariah governance · Shariah reporting · Systematic literature review · Islamic banks · Financial Institutions · AAOIFI

Introduction

The remarkable performance of Islamic banks in recent times is often attributed to their unwavering commitment to operating in accordance with the principles of Shariah (Islamic law) across all facets of their products and services. Consequently, the Islamic finance industry must remain vigilant to sustain this performance, as the practices of Islamic institutions are occasionally questioned for their adherence to authentic Islamic principles (Khan 2010). Shariah-related disclosure (SRD) plays a crucial role in enabling Islamic financial institutions (IFIs) to demonstrate their adherence to these Islamic principles, which is essential for stakeholders (Aspiranti et al. 2023; Aribi et al. 2019; Belal et al. 2015; Abdullah et al. 2013; Haniffa and Hudaib 2007; Maali et al. 2006). Despite the issuance of numerous guidelines and standards by national and international regulators, such as AAOIFI and IFSB, aimed at enhancing stakeholders' trust and expectations in Islamic institutions' reporting (Baydoun and Willett 2000), the existing literature offers limited evidence regarding the significance of SRD. This gap pertains to various aspects, including the acceptable level of disclosure, the diverse range of SRD (Al Mannai and Ahmed

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2019; Maali et al. 2006), the determinants influencing SRD (Grassa et al. 2018; Sencal and Asutay 2020), and the impact of SRD on a firm's performance (Aribi et al. 2019; Abdullah et al. 2013). Therefore, given the critical importance of SRD and these knowledge gaps, there is a compelling need for a comprehensive survey of existing research on SRD in both IFIs and other Islamic institutions.

It is widely accepted that to be recognized as an Islamic institution, compliance with Shariah regulations is imperative. Various Islamic accounting models, including those of the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI), Bank Negara Malaysia (BNM), and the Islamic Financial Services Board (IFSB), encompass numerous disclosure requirements for Islamic organizations. Present studies encompass a broad spectrum of SRD aspects, including corporate social responsibility (CSR) (e.g., Harun et al. 2020; Platonova et al. 2018), risk (e.g., Elamer et al. 2020), ethical considerations (e.g., Belal et al. 2015; Sencal and Asutay 2020), and Shariah compliance disclosure (Abdulrahman et al. 2023), among others. While these aspects exhibit a high level of comparability, they do not offer a consensus on what constitutes adequate and relevant disclosure. Additionally, the growing body of empirical research (Mergaliyev et al. 2021; Harun et al. 2020; Grassa et al. 2018) on the determinants of corporate disclosure among IFIs has yielded conflicting results, reflecting a complex interplay of factors, including corporate governance elements and country-specific characteristics. Furthermore, understanding the impact of SRD on the performance of Islamic financial institutions is of paramount importance in driving compliance. Nevertheless, evidence on the relationship between CSR disclosure and firm value remains inconclusive (Elamer et al. 2020; Platonova et al. 2018; Al-Malkawi and Javaid 2018).

Hence, the primary objectives of this study are twofold: firstly, to conduct a rigorous and exhaustive review of the extant literature pertaining to Shariah-related disclosure (SRD), and secondly, to critically identify and elucidate existing knowledge gaps within this domain, while extending methodological and substantive recommendations for prospective research endeavors. Distinguishing itself from prior research in the domain of Islamic finance standards and accounting, we employ a systematic literature review methodology to achieve the objectives of this study. In contrast to Hassan and Aliyu's (2018) review of empirical studies on Islamic banking, our focus is exclusively on the literature pertaining to SRD. While Paltrinieri et al. (2019) conducted a meta-literature review of Sukuk literature from 1950 to 2018, utilizing bibliometric citation analysis and content analysis, and Zafar and Sulaiman (2019) and Shu, Hashmi et al. (2021) primarily reviewed CSR literature with limited exploration of Shariah compliance, our study takes a more in-depth approach to SRD. It comprehensively reviews literature addressing the level, compliance, determinants, and consequences of SRD, while also providing a theoretical analysis. In doing so, our study emerges as the first of its kind to delve into SRD with such depth.

The insight of this survey's overarching merit lies in its potential to facilitate a nuanced and incisive comprehension of the SRD research landscape, thereby offering significant academic and practical contributions. The research aims to address and redress the hitherto constrained dimensions of SRD research, augmenting the scholarly discourse with a more incisive and discerning perspective. As a result, this investigation endeavors to make a substantive scholarly contribution by presenting a comprehensive, critical, and contemporary analysis of SRD literature encompassing Islamic financial institutions, both within Muslim-majority and non-Muslim-majority nations, across an extended chronological span. The results of this study also contribute to developing a practitioner's guide by reporting the factors affecting the level of Shariah disclosure and its potential implications for firms. Finally, the crucial benefit of a review study of this nature is to explore the dominant research trend associated with SRD, a summary of the extant of SRD as well as identify its limitation and set the agenda for future research.

The structure of this review study encompasses several sections. It commences with 'A Holistic Insight into Islamic Financial Institutions (IFIs),' offering an overview of the background, principles, and regulations that underpin the Islamic finance industry. The 'Methodology' section outlines the research methods and approaches employed in this review. Subsequently, the 'Findings' section presents the results of the comprehensive review. The study concludes by providing recommendations for future research and discussing the implications of its findings, while also suggesting directions for future exploration in this crucial domain.

Holistic insight into Islamic financial institutions (IFIs)

It is paramount to underscore the fundamental role of religious beliefs in shaping the conduct of religious adherents, including their engagement in financial and banking transactions, before embarking on an exploration of the historical evolution of Islamic banks and financial institutions (IFIs). This contextual backdrop is particularly crucial when one considers the interplay of religious precepts in financial matters.

For instance, within the Abrahamic religious traditions, which encompass Judaism, Christianity, and Islam, a common thread is shared concerning the concept of interest. However, it is the domain of Islamic finance that has uniquely imprinted its name within the financial sector, boldly aligning itself with religious principles. Consequently, viewed from a religious perspective, the Islamic community places substantial emphasis on the assurance that Islamic institutions are not merely profit-maximizing entities but, first and foremost, bastions of compliance with Islamic religious law, or Shariah. This distinction finds support in the works of scholars such as Nawaz et al. (2021), Belal et al. (2015), Kamla and Rammal (2013), Dusuki and Abdullah (2007) and Haniffa and Hudaib (2007).

The banking sector occupies a pivotal role in the global financial landscape, wielding profound influence over both domestic and international economies. It is here that two distinct banking paradigms exist, notably the Islamic and conventional sectors. These two sectors diverge fundamentally in their operational framework, with Islamic banks adhering consistently to the principles of Shariah. The foundation of Shariah, the legal and ethical framework governing Islamic finance, draws its primary tenets from the holy Quran and the Sunnah. These sources emphasize key values such as honesty, transparency, thorough documentation, firm accountability, and a profound commitment to ethics.

Amidst the burgeoning growth of IFIs, it becomes imperative to elucidate their distinctive features and how they fundamentally differentiate from their conventional banking counterparts. A salient characteristic that distinguishes IFIs is their absolute commitment to conducting all operations in strict conformity with the principles of Shariah. As underscored earlier, it bears repeating that the base of IFIs rests upon the unswerving adherence to Shariah principles, which govern their every financial transaction.

Accordingly, it is within the framework of these foundational differences that a deeper understanding of the Islamic banking sector, particularly its unwavering adherence to Shariah, takes on paramount significance. This study seeks to navigate this intricate terrain and shed light on the unique dynamics at play within the world of Islamic finance, a field with both profound religious and economic implications.

The primary distinction between IFIs and conventional banks lies in their adherence to Shariah principles, grounded in five fundamental precepts. Firstly, IFIs must operate based on the Profit and Loss Sharing (PLS) concept, requiring both borrowers and lenders to share risks and rewards in funded projects. Unlike conventional banks that often use "risk-shifting" instruments, IFIs are mandated to employ contracts endorsing "risk-sharing" (Al-Suhaibani and Naifar 2014). Secondly, IFIs strictly prohibit interest on loans and deposits (Riba), aligning with principles of social justice by promoting equitable distribution of risks and profits. Thirdly, all transactions by IFIs must involve tangible, real assets with economic value. The fourth principle prohibits transactions with excessive uncertainty (Qharar) and speculative activities resembling gambling (Maysir). The fifth principle imposes ethical constraints, barring IFIs from engaging in illegitimate financial transactions related to alcohol, gambling, or pork-related activities. This ethical framework serves as a distinct marker setting IFIs apart from conventional banks.

Central banks wield significant authority in shaping the regulatory framework for financial institutions. They issue government guidelines, comprising specific requirements and restrictions, which form the bedrock of the banking industry's governance. In addition to these domestic regulatory constructs, central banks impose a mandate upon financial entities to rigorously adhere to the guidelines stipulated by the Basel Committee on Banking Supervision (BCBS). These BCBS regulations serve as a linchpin in fostering market transparency, not only among banks but also across the broader financial landscape. Furthermore, they act as a bulwark against potential systemic economic crises, stemming from market inadequacies and misalignments. It is essential to acknowledge that the central banks of most nations universally align themselves with the internationally recognized regulations laid out by BCBS. However, it is essential to recognize that these regulatory guidelines have been primarily engineered to accommodate the operations of conventional banks. The inherent structural distinctions within Islamic Financial Institutions (IFIs) pose a formidable challenge in their endeavor to conform comprehensively to the BCBS regulatory framework. As a response to this predicament, various organizations have emerged, enjoying the support and collaboration of governmental and regulatory authorities. These entities are dedicated to facilitating the development and regulation of IFIs, which operate within a unique paradigm governed by Islamic principles.

At a national level, certain central banks, such as Bank Negara Malaysia (BNM), the Central Bank of Bahrain (CBB), Bank Indonesia (BI), and the State Bank of Pakistan (SBP), have taken proactive measures to provide comprehensive guidelines and governance standards. This strategic approach is designed to cultivate trust among stakeholders engaged in transactions with IFIs. On a global scale, the Accounting and Auditing Organization for Islamic Financial Institutions (AAOIFI) was established in Bahrain back in 1991. AAOIFI's primary mission revolves around the development and global dissemination of standards specific to Islamic finance. As of 2021, AAOIFI has issued a total of 100 standards spanning Shariah compliance, accounting, auditing, ethics, and governance. It is noteworthy that certain countries, such as Oman, Qatar, Bahrain, and Jordan, have mandated the mandatory adoption of AAOIFI standards. Across the global landscape of Islamic finance, leading IFIs voluntarily subscribe to these standards, contributing to an emergent harmonization of practices within the field.

In addition to AAOIFI, another influential standard-setting body, the Islamic Financial Services Board (IFSB), was formally established on November 3, 2002, with operational commencement on March 10, 2003, in Kuala Lumpur.

IFSB's primary mission is anchored in the promotion of stability and resilience within the Islamic finance industry. To achieve this, the IFSB issues a series of prudent supervisory standards and undertakes various global initiatives. Since its inception through 2021, the IFSB has published a total of 36 standards, guiding principles, and technical notes, which serve as a navigational compass for the Islamic finance sector.

Therefore, although both local and international regulatory bodies have made significant strides in shaping a robust governance framework tailored for IFIs, the absence of a universally uniform regulatory structure introduces challenges. These challenges pertain to the evaluation of Shariah compliance and raise concerns regarding the sustainability and stability of the Islamic finance industry. Presently, the regulatory landscape for IFIs is marked by a diverse array of approaches, with some institutions adopting AAOIFI's regulations, others embracing IFSB standards, and still others adhering to country-specific guidelines. It is imperative to underscore that the coexistence of these various regulatory approaches necessitates a rigorous examination of their efficacy and impact on IFIs' operational stability and compliance, amid the broader backdrop of regulatory diversity.

Methodology

In light of the paper's objectives, we have chosen to employ a systematic literature review as our designated research methodology. This approach comes highly recommended by Tranfield, Denyer, and their colleagues in their seminal work from 2003. It is noteworthy that this method has been embraced and effectively employed by various other researchers, including Panchal, Singh, and their team in 2021, Shu, Hashmi, and their collaborators in 2021, and Ibrahim, Hussainey, and their group in 2022.

As delineated in Tranfield, Denyer, et al.'s work in 2003, a review study can be logically divided into three distinct phases: planning, execution, and reporting/dissemination. The initial planning stage necessitates a comprehensive discussion to justify the rationale for conducting such a review. During our extensive survey of disclosure studies within the context of Islamic institutions, we observed that, to date, only four review studies have been conducted. These are the works of Hassan and Aliyu in 2018, Paltrinieri et al. in 2019, Zafar and Sulaiman in 2019, and Shu, Hashmi, et al. in 2021. However, it is key to acknowledge that previous studies exhibit certain limitations and hence there exists a compelling need to embark on a more comprehensive review of the existing literature pertaining to Shariah-Related Disclosure (SRD).

The initial review encompassed all papers published on the topic of Shariah-related disclosure over the years. However, for the systematic literature review, we focused solely on pertinent papers published in English between 2000 and 2023. The decision to commence the review from the year 2000 is rooted in the fact that the first AAOIFI Shariah standard was issued during that period. Additionally, the inauguration of governance and ethics standards occurred in 1999 (AAOIFI 2022). This specific timeframe was chosen due to the substantial growth and heightened interest in Islamic finance on a global scale.

To ensure a comprehensive search, we compiled a list of key terms and phrases relevant to Shariah-related disclosure (SRD). These terms included Shariah reporting, Shariah disclosure, corporate social responsibility disclosure, AAOIFI, social reporting or disclosure, ethical reporting, zakah or zakat reporting, Islamic banks, Islamic institutions, and Shariah companies. We systematically searched for these keywords in article titles, abstracts, and keywords. This method was employed to prevent any oversight of pertinent articles, as these keywords are commonly used in SRD literature.

We combined all these keywords and conducted searches on well-established academic databases, as done in previous review studies (Ali et al. 2023; Lu et al. 2022; Shu et al. 2021; Ibrahim et al. 2022; Tahat et al. 2019) using a Boolean search. The choice of these keywords aimed to focus on publications relevant to this review topic. We placed a particular emphasis on the article title because a significant number of publications lacked relevance to the focus of this review. Additionally, for each selected article, we thoroughly reviewed the reference list to identify any related studies.

The data collection and analysis process, as outlined by E-Vahdati et al. (2019), involves five distinct steps (Fig. 1). In alignment with our study, we initiated the process by identifying 401 papers through a Boolean search using relevant keywords on reputable academic databases such as Google Scholar, Web of Science, and Scopus. After removing citations and patents, the total number of results was reduced to 385.

Next, we meticulously reviewed these 385 publications to ensure their relevance to Shariah-related disclosure (SRD). In the third step, we established specific selection criteria to determine which studies to include. This involved excluding publications such as theses, conference proceedings, working papers, and book chapters. We also excluded publications from professional bodies or standard setters, primarily because they lacked adequate peer review (Habib 2012, Ibrahim et al. 2022).

To maintain the highest review standards, we exclusively selected studies published in journals listed in the Academic Journal Guide 2021 (ABS list), ranging from 1 to 4*. However, in our commitment to upholding the highest standards for review papers, we excluded papers from one-star journals with an impact factor lower than B in ABDC. There were three exceptions to this rule: Farook et al. (2011), Kasim

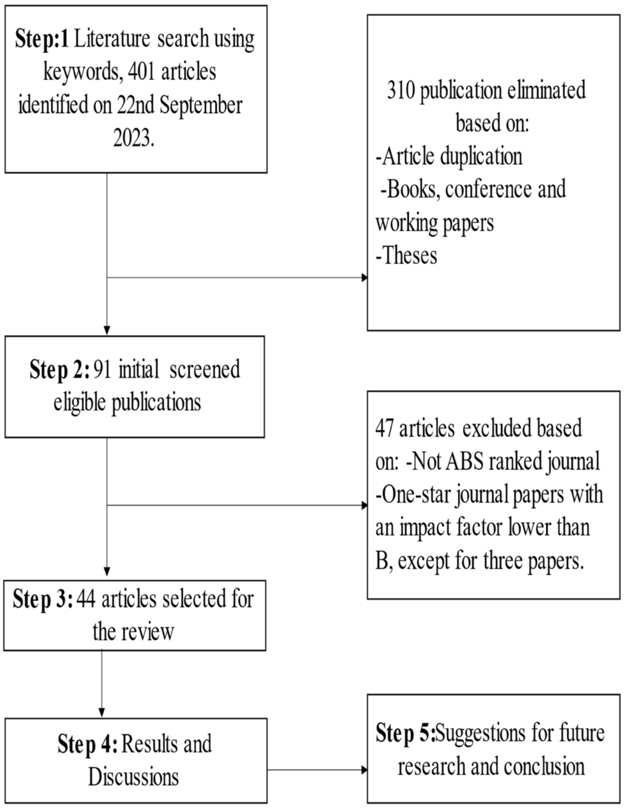

Fig. 1 Approach and study structure

(2012), and Abdullah et al. (2013). Despite being published in journals with an impact factor of C, these three papers were included due to their notable citation counts on Google Scholar—640, 136, and 100 citations, respectively.

As a result of these additional filtering criteria, we identified and selected 44 research papers. The fourth step is dedicated to presenting the results, which will be detailed later, while the final step focuses on providing recommendations for future research and concluding our study. Figure 1 summarizes these five steps.

Results

Upon conducting an exhaustive examination of the empirical literature regarding Shariah-related disclosure (SRD) and aiming to gain a comprehensive understanding of the current state of research in this domain, we focused on two essential facets: the categorization of journals and the publication years.

Table 1 presents the distribution of SRD articles across 24 distinct journals. The Journal of Business Ethics exhibited the highest representation, featuring 10 studies (23%), followed by the International Journal of Islamic and Middle Eastern Finance and Management, which hosted 4 publications (9%). This distribution aligns with the latter journal's aspiration to serve as a central hub for scholars with an interest in Islamic finance. Remarkably, 16 journals contained only one article on this subject, indicating a lack of concentration in any specific journal. Surprisingly, none of the reviewed studies was found in 4* journals. Instead, 47% were published in 3* journals, followed by 32% in 2* journals.

Secondly, our analysis of publication years revealed a consistent upward trend in research articles related to SRD. The year 2020 stood out with the highest number of publications, encompassing six studies (for instance, Elamer et al. 2020; Harun et al. 2020), closely followed by 2018, which saw five studies (such as Grassa et al. 2018; Platonova et al. 2018). Additionally, both 2015 and 2013 witnessed the publication of four studies each. Interestingly, there were no SRD publications in 2008 and 2009, a phenomenon possibly associated to the 2008 financial crisis. However, since that period, the number of studies has steadily increased, reaching 41 publications. This historical evolution of research on the topic is visually depicted in Fig. 2.

Classification of the reviewed studies

Regarding the classification of the reviewed articles presented in Table 2, the analysis shows that the majority of the studies are empirical, utilizing secondary data primarily sourced from annual reports. Seven studies employed primary data gathered through questionnaire surveys and interviews. Additionally, five studies are theoretical in nature, with two studies using mixed methods. The review indicates that content analysis is the most commonly employed method, used in 33 studies, followed by interviews and questionnaires, which were used in 6 and 4 studies, respectively.

Moreover, the analysis reveals that CSR is the most extensively researched type of SRD, constituting 46% of the studies, followed closely by Shariah at 27%, as depicted in Fig. 3. Furthermore, Figs. 3 and 4 illustrate that earlier studies (from 2003) primarily concentrated on compliance levels before shifting focus to determinants (from 2011) and, subsequently, exploring the consequences of SRD (from 2017), a topic that saw a lower percentage of publications.

From the review of the relevant literature, four distinct strands of Shariah-related disclosure (SRD) literature have emerged. These can be categorized as follows:(i) studies that focus on assessing the level of disclosure (examples include Maali et al. 2006, Haniffa and Hudaib 2007, Aribi et al. 2019); (ii) research that examines the determining factors influencing disclosure levels (such as Mergaliyev et al. 2021; Abdullah et al. 2015; Abdullah et al. 2013); (iii) investigations exploring the consequences of disclosure on performance measures (as seen in works by Harun et al. 2020; Platonova et al. 2018); (iv) studies delving into

Table 1 Classification of studies by journal

Journal title	No. of studies	ABS/ABDC ranking
Abacus	1	3*/A
Journal of Business Ethics	10	3*/A
Managerial Finance	1	2*/B
International Journal of Islamic and Middle Eastern Finance and Management	4	1*/B
Advances in Accounting	1	2*/A
Journal of Islamic Accounting and Business Research	3	1*/C
Accounting Research Journal	3	2*/B
Accounting, Auditing & Accountability Journal	1	3*/A
Accounting and the Public Interest	1	2*/B
Managerial Auditing Journal	1	2*/A
Business Ethics: A European Review	1	2*/B
Journal of Economic Behavior & Organization	1	3*/A*
Journal of Contemporary Accounting & Economics	1	2*/A
Journal of Applied Accounting Research	1	2*/B
International Journal of Business	2	3*/C
International Journal of Finance & Economics	1	3*/B
Journal of financial services research	1	3*/A
Quarterly Review of Economics and Finance	1	2*/B
Critical Perspectives on Accounting	2	3*/A
Business & Society	2	3*/A
Global Finance Journal	2	2*/A
Corporate Governance: The International Journal of Business in Society	1	2*/C
International Journal of Accounting & Information Management	1	1*/B
Emerging Markets Finance & Trade	1	2*/B

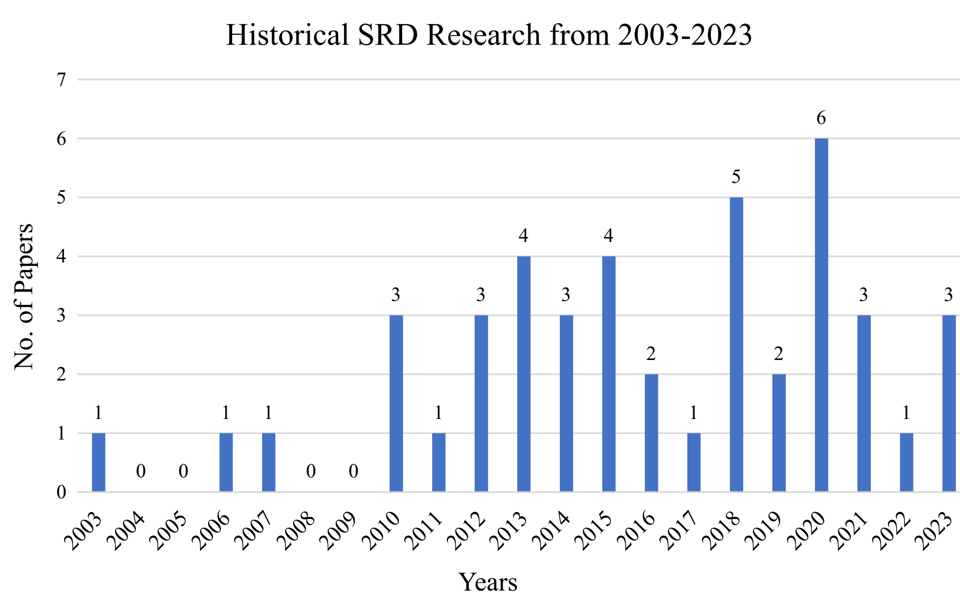

Fig. 2 Historical SRD research from 2003 to 2023

disclosure from an Islamic paradigm or theoretical perspective (including publications by Murphy and Smolarski 2020; Kamla and Haque 2019).

The first three strands primarily consist of empirical studies, which can be further categorized into those employing secondary data, primarily sourced from annual reports, and

Table 2 Literature on different types of SRD

#	Authors and publication year	Journal ranking	Empirical studies		Theoretical studies	Theoretical framework	SRD type
			Secondary data	Primary data			
	Harahap (2003)	2	✓	–	–	–	Islamic values
	Maali et al. (2006)	3	✓	–	–	–	Social
	Hannifa and Hudaib (2007)	3	✓	–	–	–	Ethical
	Hassan and Harahap (2010)	1	✓	–	–	–	CSR
	Vinnicombe (2010)	2	✓	–	–	–	AAOIFI
	Williams and Zinkin (2010)	3	✓	–	–	–	CSR
	Farook et al. (2011)	1	✓	–	–	✓	CSR
	Aribi and Gao (2011)	2	✓	–	–	–	CSR
	Cebeci (2012)	2	–	–	–	–	Social
	Kasim (2012)	1	✓	–	–	–	Shariah compliance
	Kamla and Rammal (2013)	3	✓	–	–	✓	Social
	Khan (2013)	2	✓	–	–	✓	CSR
	Abdullah et al. (2013)	1	✓	–	–	–	Shariah and Zakat
	Sairally (2013)	1	✓	✓	–	–	CSR
	Mallin et al. (2014)	3	✓	–	–	✓	CSR
	Ullah, Jamali et al. (2014)	2	–	✓	–	–	Social
	Ullah (2014)	1	✓	✓	–	–	Shari'ah compliance
	Abdullah et al. (2015)	2	✓	–	–	–	Shariah governance
	Aribi and Arun (2015)	3	–	✓	–	–	CSR
	Belal et al. (2015)	3	✓	–	–	–	Ethical
	El-Halaby and Hussainey (2015)	1	✓	–	–	✓	CSR
	El-Halaby and Hussainey (2016)	1	✓	✓	✓	✓	AAOIFI
	Goby and Nickerson (2016)	3	✓	✓	✓	✓	CSR
	Alsaadi et al. (2017)	3	✓	✓	✓	✓	CSR, Shariah compliance
	Al-Malkawi and Javaid (2018)	2	✓	✓	✓	✓	CSR (Zakat)
	Grassa et al. (2018)	2	✓	✓	✓	✓	Product and services
	Helfaya et al. (2018)	3	✓	–	–	–	CSR, environmental responsibility
	Nainggolan and Trinugroho (2018)	2	✓	–	–	–	Shariah Information
	Platonova et al. (2018)	3	✓	–	–	✓	CSR
	Al Mannai and Ahmed (2019)	2	–	✓	–	–	Shariah governance
	Kamla and Haque (2019)	3	–	–	✓	✓	AAOIFI
	Elamer et al. (2020)	3	✓	–	–	✓	Islamic governance
	Fatmawati et al. (2020)	2	✓	–	–	✓	Shariah governance
	Murphyand Smolarski (2020)	3	–	–	✓	✓	CSR
	Sencal and Asutay (2020)	3	✓	–	–	–	Ethical
	Harun et al. (2020)	2	✓	–	–	✓	CSR
	Zafar and Sulaiman (2020)	1	–	✓	–	–	CSR
	Koleva (2021)	3	–	✓	–	✓	CSR
	Mergaliyev et al. (2021)	3	✓	–	–	–	Maqasid al-Shari'ah
	Osman et al. (2021)	3	–	✓	–	✓	CSR
	Hanic and Smolo (2022)	1		✓			CSR
	Abdulrahman et al. (2023)	3	✓	–	–	✓	Shariah compliance
	Benamraoui et al. (2023)	2	✓	–	–	✓	Shariah compliance
	Boudawara et al. (2023)	2	✓	–	–	✓	Shariah governance

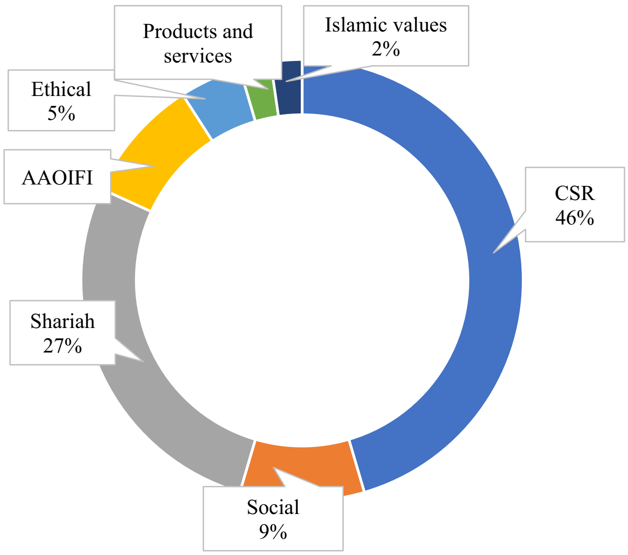

Fig. 3 Existing research on SRD Type

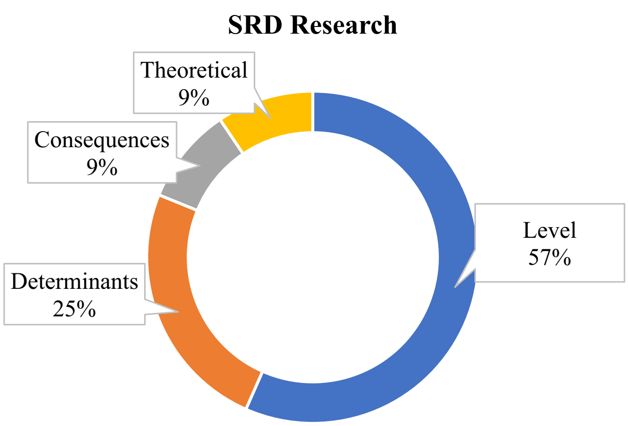

Fig. 4 Existing research on SRD

those utilizing primary data collected through methods such as questionnaires and interviews. Each of these strands will be briefly summarized in turn.

Empirical studies on SRD disclosure compliance and level

Research on SRD (Shariah-related disclosure) is currently limited, but several studies have attempted to delve into this area, as summarized in Table 3. When it comes to measuring SRD, a checklist of disclosure items for SRD indicators has been developed, drawing from guidelines provided by international industry-standard setters such as AAOIFI and IFSB. Additionally, some central banks at the national level, including those of Malaysia, Bahrain, Indonesia, and Pakistan, have issued guidelines and governance standards.

However, it is worth noting that some earlier literature indexes (e.g., Sencal and Asutay 2020; Aribi et al. 2019; Abdullah et al. 2013; Kasim 2012) include non-Shariah-related information, like report format elements (e.g., title and addressee) and background details about SSB (Shariah Supervisory Board) members, including member pictures. Furthermore, the majority of studies primarily focus on corporate social responsibility (CSR), resulting in a lack of coverage for Shariah compliance disclosure issues (refer to Fig. 3).

Common Shariah-related disclosure (SRD) items included in these disclosure indexes encompass aspects like business operations conforming to Shariah principles, as well as the roles, responsibilities, and authorities of Shariah Supervisory Board (SSB) members, SSB reports, and Shariah compliance opinions. For instance, Abdulrahman et al. (2023) observed that 99.38% of the sampled Islamic Financial Institutions (IFIs) affirmed their commitment to Shariah principles in their business operations, with Jordan Islamic Bank exhibiting the highest level of Shariah compliance disclosure. Similarly, Aribi et al. (2019) and Maali et al. (2006) also identified Jordan Islamic Bank as the IFI with the highest level of disclosure in their respective studies.

In terms of disclosure levels, previous studies have yielded diverse results despite utilizing content analysis and disclosure indexes. Many of these studies have indicated lower-than-expected levels of disclosure (Harun et al. 2020; Aribi et al. 2019; Abdullah et al. 2015; Mallin et al. 2014; Kasim 2012; Haniffa and Hudaib 2007; Maali et al. 2006). For instance, Harun et al. (2020) found a below-average disclosure rate of 39.92%, and Abdullah et al. (2015) reported a disclosure level of less than 40% in their research. However, there have been instances of high disclosure levels reported in some studies, such as Vinnicombe (2010), who consistently observed a high AAOIFI compliance rate. The high level in this case could be attributed to the fact that the AAOIFI host country is Bahrain, where the standards have been in practice since 1991, and IFIs in Bahrain are mandated to adopt AAOIFI standards.

On the other hand, regarding the extent of disclosure, previous literature has shown a consensus, indicating a gradual increase over time (Abdulrahman et al. 2023; Mergaliyev et al. 2021; Grassa et al. 2018; Belal et al. 2015). Similarly, there is agreement on the least disclosed items, namely qard al-hassan (benevolent loans) and debt policy for insolvency clients (Abdulrahman et al. 2023; Benamraoui et al. 2023; Belal et al. 2015; Haniffa and Hudaib 2007; Maali et al. 2006).

The examination of existing literature has revealed three significant observations. Firstly, with the exception of studies conducted by Abdulrahman et al. (2023), Benamraoui et al. (2023), Abdullah et al. (2013), and Kasim (2012), earlier research has largely overlooked Shariah disclosures. This

Table 3 Literature about SRD compliance or level

Study	Sample	Approach	Key findings	Limitation and critical review
Harahap (2003)	1 IB in Indonesia, 1993–2000	Comparative and analytical Methods, case study	Annual reports that are more recent provided a higher level of information disclosure	Although this study highlights Islamic values and information that are required to be disclosed, it focuses solely on one Islamic bank in a single country. Furthermore, the findings are unclear about the level of disclosure for each year
Maali et al. (2006)	29 IBs across 16 countries, 2000	Content analysis	Lower social disclosure level than expected, but more for IB required to pay zakat	While the study's sample is an improvement over previous studies, the period was limited to only 1 year. The researchers failed to extend the study period to determine the range of disclosure levels. Additionally, they overlooked factors that could influence the level of CSR disclosure
Hannifa and Hudaib (2007)	7 IBs in 6 countries, 200–2004	Content analysis	Lower disclosure level except one IB with above average	This study extended the study period, but the sample was limited to only seven Islamic banks in the Gulf region. Additionally, the study did not investigate the determinants and consequences of ethical disclosure
Hassan and Harahap (2010)	7 IBs in 7 countries, 2006	Content analysis	Lower disclosure level except one IB with above average	The use of data from a single year limits the results and neglects the extent of compliance or disclosure levels over time
Vinnicombe (2010)	15 IFIs in Bahrain, 2004–2007	Content analysis	High compliance level in governance, but low for Zakat and mudaraba (profit sharing) contracts	Although this study considered the extent of compliance levels, it focused solely on Bahrain and AAOIFI reporting and overlooked other standard setters and countries in the same region, such as Oman and Qatar. Additionally, the analyses are descriptive, and there is a lack of in-depth critical analysis

Table 3 (continued)

Study	Sample	Approach	Key findings	Limitation and critical review
Farook et al. (2011)	47 IBs in 14 countries, 2007	Content analysis, regression analysis	Lower than expected disclosure	Although this study is the first to investigate the exploring the drivers of CSR disclosure in Islamic banks, it focused solely on Islamic banks while ignoring other Islamic financial institutions. Additionally, the study included only a few corporate governance variables with one control variable
Aribi and Gao (2011)	21 IBs in Gulf region, 2004	Content analysis	Average disclosure	This study focuses on the Gulf region, using data from a single year and overlooks other countries. Additionally, the study neglects to examine the determinants and consequences of CSR disclosure
Kasim (2012)	7 Takaful companies in Malaysia, 2008/2009	Content analysis	Low disclosure	This study investigated Shariah compliance independently but only used takaful operators in a single country while neglecting other institutions in Malaysia or other countries
Kamla and Rammal (2013)	19 IBs in 11 countries, 2008–2010	Content analysis	IBs' disclosures focus more on Shariah compliance than other disclosure themes	Although the study provided a detailed analysis of each theme, the annual reports varied across the years 2007, 2008, 2009, and 2010, indicating a lack of sample consistency over the period
Khan (2013)	10 IBs in 7 countries, 2010	Content analysis	The lack of commitment and expertise among Islamic banks resulted in their failure to address underlying CSR challenges	While the author conceptualized the CSR framework based on principles of Islamic economics and society, the details of the methodology employed were missing

Table 3 (continued)

Study	Sample	Approach	Key findings	Limitation and critical review
Abdullah et al. (2013)	23 IFIs in Malaysia and Indonesia, 2009	Content analysis	SSB-related and zakat disclosures are limited	This study addresses a gap in the existing by investigating Shariah disclosure independently, rather than as a subdivision of other kinds of disclosure. However, the study focuses solely on Islamic banks and overlooks other institutions. Additionally, the study uses data from only a single year in two countries. Nonetheless, the study enhances the literature by investigating the determinants of Shariah and zakat disclosure. However, the study only focuses on SSB characteristics while neglecting other corporate governance mechanisms and the consequences of disclosure
Sairally (2013)	46 IFIs located worldwide	Questionnaire survey, content analysis	Most IFIs focused on legal, economic and Shari'ah responsibilities than CSR	While the study's employment of a mixed-method approach is commendable, the time period of the annual reports and the countries of the sample Islamic financial institutions were not mentioned. Additionally, the study overlooked the determinants and consequences of compliance
Mallin et al. (2014)	90 IBs in 13 countries, 2010 and 2011	OLS regression, content analysis	CSR disclosure is below average	Thestudy fills a gap by investigating the determinants of CSR disclosure using a wide range of variables. However, the performance was measured only by conventional proxies such as ROA and ROE, while neglecting Islamic proxies. Additionally, other SSB characteristics were overlooked
Aribi and Arun (2015)	7 IFIs in Bahrain, 2006, 2008 and 2010	Interview, content analysis	Lower disclosure level despite managers thorough understanding of CSR	This study used a mixed-method approach for analysis, but with a small sample size in a single country, while overlooking other countries in the region such as Qatar and Kuwait

Table 3 (continued)

Study	Sample	Approach	Key findings	Limitation and critical review
Belal et al. (2015)	1 IB in Bangladesh, 1983–2010	Interview, content analysis	Increasing trend in ethical disclosures	The study advances the literature with a longitudinal case study of 28 years, but it focuses on a single Islamic bank and country, overlooking other Islamic banks in Bangladesh or neighboring countries
El-Halaby and Hussainey (2015)	138 IBs in 25 countries, 2013	Content analysis, regression analysis	Low disclosure level (26%)	This study only used data from a single year, which limits the results, as time series data could enhance the findings. Although the study examines the determinants, it focuses on firm characteristics while overlooking CG mechanisms such as board, SSB, and ownership structure
El-Halaby and Hussainey (2016)	43 IFIs in 8 countries (MENA), 2013	Content analysis, regression analysis	Disclosure level for SSB is 68% CSR is 27% and financial statements is 73%	The study sample is restricted to a single year. They ignored extending the study period and countries. While investigating the determinants of AAOIFI compliance level using broad CG mechanisms, they only controlled for one variable, ignoring other macro factors such as inflation or GDP
Grassa et al. (2018)	78 IFIs in 11 countries, 2004–2012	Content analysis, regression analysis	The level of disclosure increased overtime	This study focuses on multiple countries across an extended period but only examines the extent of product and service disclosure, overlooking other SRD items. Also, although it includes a wide range of CG mechanisms, it only includes SSB size, ignoring other characteristics such as SSB reputation and expertise
Nainggolan and Trinugroho (2018)	408 Islamic Equity Funds worldwide, 2011	Content analysis, regression analysis	Low disclosure (25%)	The focus of this study was on the disclosure level and determinants of Islamic equity funds worldwide. However, the study only used a limited number of determinant variables, and the consequences of disclosure were ignored

Table 3 (continued)

Study	Sample	Approach	Key findings	Limitation and critical review
Platonova et al. (2018)	24 IBs in GCC region, 2000–2014	Content analysis, regression analysis	Lower disclosure level than expected	The study contributes to the literature by investigating the consequences of CSR, but it only focuses on IBs, overlooking other institutions and countries. Additionally, it only employs an accounting performance proxy, ignoring market proxies such as Tobin's Q
Elamer et al. (2020)	64 banks in MENA regions, 2006–2013	Unweighted scoring, regression analysis	Below average level (35%)	This study investigated Islamic governance and its effect on risk management disclosure using a quantitative approach. Employing a qualitative approach, such as interviews or case studies, could complement the findings
Fatmawati et al. (2020)	IBs in 11 countries, 2018	Content analysis	The sample countries adopt different Shariah governance approaches, i.e., strict, moderate, or flexible	The study focus on the main standalone IB in each country, neglecting other Islamic institutions. Extending the sample size and period could increase the reliability of the results. Hence, the findings should be interpreted with caution
Sencal and Asutay (2020)	41 IBs in 15 countries, 2007–2014	Content analysis, regression analysis	Ethically augmented index is extremely limited	This study examined the level and determinants of ethical disclosure across countries and time periods, including a wide range of variables. However, it overlooked the effect on performance, and relied solely on a quantitative approach. Employing a qualitative approach, such as surveys or interviews, could supplement the findings and enhance generalization

Table 3 (continued)

Study	Sample	Approach	Key findings	Limitation and critical review
Harun et al. (2020)	39 IBs in GCC countries, 2010–2014	Content analysis, regression analysis	An incredibly low level of CSRD	This study advances the literature by investigating the level, determinants, and consequences of CSR disclosure. However, the sample is restricted to GCC countries, which could limit the generalizability of the results. Additionally, the study only focused on IBs, overlooking other types of IFIs such as modaraba and takaful. Furthermore, the study used economic measures of firm performance, such as Firm value, neglecting accounting measures such as Return on Average Assets (ROAA), Return on Average Equity (ROAE), and Islamic proxies such as Zakat on equity
Mergaliyev et al. (2021)	33 IBs in 12 countries, 2008–2016	Content analysis, regression analysis	Disclosure improved; but still short of 'best practices'	The study focused on the level and determinants of ethical disclosure, including a wide range of variables, but it overlooked the effect on performance. Additionally, the study only employed Islamic banks while neglecting other Islamic financial institutions
Abdulrahman et al. (2023)	89 IFIs in 19 countries, 2010–2020	Content analysis, regression analysis	Above average (57.38%) with overall growth	This study advances the literature by introducing new measure of Shariah compliance disclosure, investigating the level, extent of SCD with large data from 19 countries, and its determinant using a wide range of variables. However, it overlooked the effect on performance, and relied solely on a quantitative approach. Employing a qualitative approach, such as surveys or interviews, could supplement the findings and enhance generalization
Benamraoui et al. (2023)	22 IBs in 11 countries, 2010–2016	Content analysis	Limited transparency	This study addresses a gap in the existing by investigating Shariah disclosure independently. However, it neglected it determinant and effect on performance

Table 3 (continued)

Study	Sample	Approach	Key findings	Limitation and critical review
Boudawara et al. (2023)	66 IBs in 14 countries, 2015–2019	Content analysis	Above average (54%)	The study examine the impact of Shari'ah governance quality on environmental, social and governance (ESG) performance in IBs

oversight poses a challenge in comprehending the nuances of Shariah disclosure practices within Islamic institutions. Secondly, previous studies have mainly focused on evaluating Islamic Financial Institutions' (IFIs) adherence to AAOIFI standards, even though these standards are not mandatory. Therefore, it is crucial to explore alternative regulations that can enhance the transparency of IFIs' Shariah compliance disclosures. Lastly, most studies have been geographically specific or conducted within limited time frames. This limitation provides an opportunity to advance the literature on disclosure, particularly concerning Shariah compliance, by exploring a broader range of regions and extended time periods.

In summary, the analysis of Shariah-related disclosure (SRD) in the examined studies highlights a substantial gap in the existing body of knowledge. These studies frequently overlook other essential Islamic institutions, such as Modaraba and finance and leasing institutions. Moreover, the widespread use of quantitative measures limits the depth of understanding regarding SRD. To address these limitations, future research activities should embrace qualitative approaches or employ mixed-method methodologies. These methods will provide a more comprehensive and profound insight into the extent of SRD practices, enriching our understanding of this crucial area.

Measuring the determinants of SRD

Over the past few years, a considerable body of empirical literature (e.g., Abdulrahman et al. 2023; Mergaliyev et al. 2021; Harun et al. 2020; Grassa et al. 2018; Abdullah et al. 2015) has examined the determinants of corporate disclosure among IFIs, considering various corporate governance (CG) mechanisms, firm-specific factors, and country-specific variables. Our literature review reveals that a substantial number of empirical studies have explored the relationship between SRD and corporate governance characteristics. These studies have delved into factors such as board size, independence, duality, size, and reputation of Shariah Supervisory Boards (SSBs), cross-membership, expertise, as well as ownership structures including block holders, foreign investors, government ownership, and institutional ownership, as outlined in Table 4. Among these factors, the impact of SSB characteristics on SRD has been the most extensively studied, with ten publications focusing on this topic.

In the realm of CSR disclosure determinants, a series of noteworthy studies have contributed to our understanding of the factors influencing disclosure practices among Islamic Financial Institutions (IFIs). Farook et al. (2011) were among the pioneering researchers to investigate the relationship between CSR and the reputation of Shariah Supervisory Boards (SSBs). Their study revealed that SSB reputation significantly influences CSR disclosure levels in

Table 4 Literature about determinants of SRD

Study	Sample	Determinants (Independent)	Approach	Key findings	Limitation and critical review
Farook et al. (2011)	47 IBs in 14 countries, 2007	SSB characteristics, Investment account holder, socio-political context	Regression analysis	The SSB characteristics is highly significant at the 1%	Explored and explained above
Abdullah et al. (2013)	23 IFIs in Malaysia and Indonesia, 2009	SSB size, cross-membership and expertise	Regression analysis	(+) SSB cross-membership and expertise	Explored and explained above
Mallin et al. (2014)	90 IBs in 13 countries, 2010 and 2011	ROA, ROE, SSB size, board size and independence	OLS regression	(+) financial performance, SSB size and board independence	Explored and explained above
Abdullah et al. (2015)	67 IFIs in south-east Asian and GCC, 2009	Board and SSB characteristics, size	Regression analysis	Average disclosure less than 40%. CG_STRENGTH is significant and positive association with disclosures	The study included broad range of CG mechanisms but used data in a single year
El-Halaby and Hussainey (2015)	138 IBs in 25 countries, 2013	Profitability, gearing; accounting standards; age; size of auditor; ownership and size	OLS regressions	(+) AAOIFI adoption, Auditors type, Bank size and Shariah audit department	Explored and explained above
El-Halaby and Hussainey (2016)	43 IFIs in 8 countries (MENA), 2013	Board and SSB variables	OLS regressions	(+) SSB, age and size	Explored and explained above
Grassa et al. (2018)	78 IFIs in 11 countries, 2004–2012	Ownership, board, SSB structure and investment account holder	Regression analysis	(+) Shariah board size, board size, chief executive officer (CEO) tenure, duality in position, block holders and investment account holders	Explored and explained above
Sencal and Asutay (2020)	41 IBs in 15 countries, 2007–2014	SSB, Board characteristics, ROA, GDP Sharīʿah-compliance duration, regulatory quality, corruption, leverage,	Regression analysis	(+) Shariah scholars popularity, internal Shariah audit department, adoption of AAOIFI standards, Regulatory quality, Sharīʿah-compliance duration	Explored and explained above
Harun et al. (2020)	39 in GCC countries, 2010–2014	Board size, independence, meeting, board duality, SSB size, cross-membership, institutional ownership, foreign ownership	Regression analysis	+ board size − CEO duality	Explored and explained above
Mergaliyev et al. (2021)	33 in 12 countries, 2008–2016	Political and socio-economic context variables, board, SSB and ownership structures	Regression analysis	(+) Muslim population indicator, CEO duality, Shari'ah governance, leverage (−) GDP, financial development and human development index, political and civil rights, institutional ownership, and independent directors	Explored and explained above

Table 4 (continued)

Study	Sample	Determinants (Independent)	Approach	Key findings	Limitation and critical review
Abdulrahman et al. (2023)	89 IFIs in 19 countries, 2010–2020	Board size and independence, block holder, foreign and institution ownership, SSB size, reputation, and expertise	Regression analysis	(+) foreign investors, institutional investors, board size, board independence, SSB reputation and SSB size	Explored and explained above

IFIs. Similarly, Abdullah et al. (2013) delved into the effect of SSB characteristics on Shariah-related disclosure, demonstrating that cross-membership and the expertise of SSB members play a pivotal role in influencing Shariah disclosure levels.

Grassa et al. (2018) explored the connection between corporate governance (CG) mechanisms and product and service disclosure. Employing regression analysis, they identified a substantial positive correlation between block holder investors and board size with product and service disclosure. Moreover, Mallin et al. (2014) conducted an investigation into the association between SSB and CSR disclosure, using the ordinary least squares (OLS) regression model. Their research, involving 90 Islamic banks from 2010 to 2011 across 13 countries, highlighted a positive correlation in this context. El-Halaby and Hussainey (2015) uncovered a positive impact of auditor size and the presence of a Sharia auditing department on CSR disclosure. In a separate study by El-Halaby and Hussainey (2016), the relationship between bank-specific characteristics, CG mechanisms, and compliance with AAOIFI standards was examined. Their findings indicated that compliance levels of IFIs with AAOIFI standards are influenced by factors like size, age, the structure of their SSBs, and the existence of a Sharia auditing department.

Further contributions to the determination of disclosure practices include Nainggolan and Trinugroho's (2018) exploration of the disclosure practices of Islamic equity funds. Their study revealed a significant positive relationship between funds located in countries that are part of an Islamic international standard-setting body and the level of disclosure. Another empirical study conducted by Harun et al. (2020) investigated the determinants of CSR disclosure compliance. Their research unveiled that a larger board size exerts a positive influence on CSR disclosure, whereas CEO duality has a negative impact. In contrast, Mergaliyev et al. (2021) scrutinized the determinants of Maqasid disclosure in 33 Islamic banks across 12 countries from 2008 to 2016. Their analysis, employing panel data, highlighted a positive relationship with CEO duality but a negative link between institutional investors and Maqasid disclosure. More recently, Abdulrahman et al. (2023) investigated the determinants of Shariah compliance disclosure and found a positive relationship between six corporate governance variables (foreign investors, institutional investors, board size, board independence, SSB reputation, and SSB size) and Shariah compliance disclosure. These studies collectively offer valuable insights into the intricate landscape of CSR and Shariah-related disclosure determinants within IFIs.

The analysis of existing literature has unveiled conflicting results. Some studies (Abdulrahman et al. 2023; Grassa et al. 2018; Mallin et al. 2014) show a positive correlation with SSB size, whereas others (Harun et al. 2020; Abdullah et al. 2013) suggest a negative influence. For example, both Abdulrahman et al. (2023) and Abdullah et al. (2013) examined the determinant of Shariah disclosure but reported contradictory relationships with SSB size. Similarly, both Harun et al. (2020) and Mallin et al. (2014) explored CSR disclosure as a determinant and found conflicting associations with SSB size.

In conclusion, the analysis of the relationship between Shariah-related disclosure (SRD) and corporate governance in the reviewed studies reveals a notable gap in the existing literature. These studies seem to overlook other crucial internal and external corporate governance mechanisms, such as board diversity, audit committees, and other sub-committees, as well as government regulations. Additionally, some studies have neglected to consider SSB characteristics, despite their essential role in Islamic corporate governance (CG). To bridge these gaps, future research should incorporate these additional variables, specifically tailored to Islamic institutions, to gain a better understanding of the determinants of SRD.

Measuring the consequences of SRD

Examining the influence of Shariah compliance disclosure (SRD) on the performance of Islamic institutions is crucial to encourage their compliance. While earlier literature predominantly focuses on SRD levels, compliance, and their determinants (refer to Fig. 5), there is a scarcity of studies exploring the consequences on performance, as indicated in Table 5. Empirical findings regarding the correlation between SRD and performance are inconsistent. Some studies (Elamer et al. 2020; Platonova et al. 2018; Al-Malkawi and Javaid 2018) indicate a positive relationship, while others (Harun et al. 2020) suggest a negative impact. It is crucial to emphasize that existing research on the effects of SRD on performance primarily revolves around CSR using various proxies. For example, Alsaad et al. (2017) analyses the impact of CSR and membership in a Shariah index on earnings quality using a sample of ten European Union countries between 2003 and 2013. Their findings revealed that companies that prioritize CSR are less inclined to engage in earnings management practices. On the other hand, being a member of a Shariah index was linked to a higher likelihood of earnings manipulation.

Furthermore, Al-Malkawi and Javaid (2018) conducted a study on a sample of 107 non-financial companies that were listed on the Saudi Arabia stock market between 2004 and 2013. Their research employed the generalized method of moments (GMM) model and revealed a noteworthy positive correlation between CSR (Zakat) and corporate performance (measured by return on equity (ROE) and price-to-book ratio). The findings implies Zakat influences both firm's profitability and value. Similarly, using panel data regression analysis with fixed effects, Platonova et al. (2018) study in GCC countries with 24 IBs yielded a positive relation between CSR and performance (ROAA and ROAE).

Equally, Elamer et al. (2020) examined the Islamic governance and it effect on risk management disclosure with 64 IBs from 10 Middle East and North Africa (MENA) countries from 2006 to 2013. Using fixed-effects regression

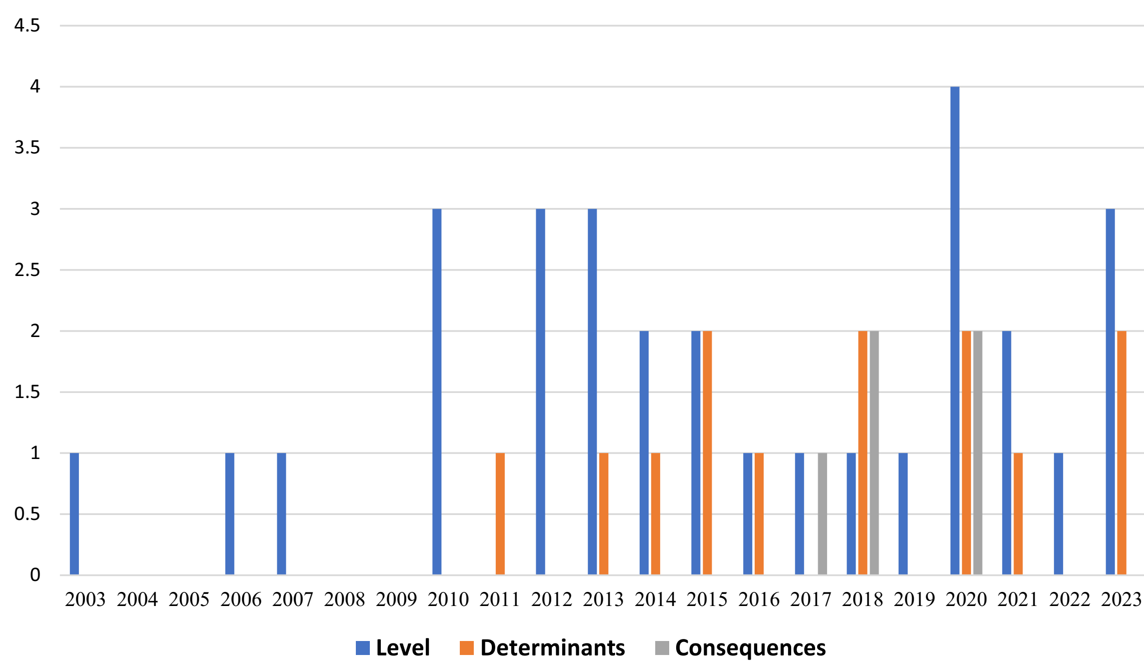

Fig. 5 SRD research strands

Table 5 Literature on the Consequences of SRD

Study	Sample	Consequences (dependent)	Approach	Key findings	Limitation and critical review
Alsaadi et al. (2017)	10 EU countries, 2003–2013	-Earnings quality	Regression analysis	High CSR firms are less likely to manipulate earnings. However, Shariah index firms leads to earnings manipulation	The study focused on only 10 EU countries, while ignoring other regions. However, included several control variables. Also, included both Shariah and non-Shariah firms
Al-Malkawi and Javaid (2018)	107 non-financial firms in Saudi Arabia, 2004–2013	-ROE -Price to book ratio	Dynamic generalized method of moments (GMM)	CSR (Zakat) is significantly positive to the profitability and firm's value	This study fill a gap in literature by investigating the consequences of CSR disclosure. However, it focus on only non-financial firms in one country, ignoring financial firms and other countries in the Gulf region. Also, using Zakat only as proxy of CSR limit the result when comparing with other CSR studies
Platonova et al. (2018)	24 IBs in GCC region, 2000–2014	-ROAA -ROAE	Regression analysis	A significant positive relationship between CSR disclosure and the financial performance	Explored and explained above
Elamer et al. (2020)	64 banks in MENA regions, 2006–2013	Risk management and disclosure practices	Regression analysis	Positively significant with Islamic governance	Explored and explained above
Harun et al. (2020)	39 in GCC countries, 2010–2014	Firm value (Tobin's Q and market book value	Regression analysis	A significant negative relationship between CSRD and the firm value	Explored and explained above

analysis, they documented higher Islamic governance leads to higher risk management disclosure practices. Contrary, Harun et al. (2020) revealed a significant negative relation between CSR disclosure and firm value using the OLS regression method. The result implies from the signalling theory, the increase in CSR disclosure adversely affects firm value, suggesting that such information might result in additional uncertainty among investors.

To address this research gap comprehensively, it is imperative to conduct in-depth studies specifically investigating the nuanced impact of SRD on the overall performance of Islamic institutions. This focused approach will provide valuable insights for both scholars and practitioners in the field.

In summary, the existing literature presents a diverse range of findings regarding the relationship between CSR and performance. However, there is a noticeable gap in research concerning the independent impact of Shariah compliance disclosure on performance. These conflicting outcomes highlight the intricate nature of the link between SRD and performance, underscoring the necessity for further in-depth investigation to establish a comprehensive understanding of this relationship.

Furthermore, it is essential to acknowledge that prior studies have predominantly utilized conventional proxies to measure performance, overlooking significant Islamic performance indicators such as zakat on equity or zakat ratio or non-financial measures (Customer satisfaction, customer retention, product, or service quality). To address these gaps in knowledge, future research endeavors should specifically explore the effect of SRD on performance using tailored Islamic proxies and non-financial measures. This focused approach will enhance our understanding of the implications of SRD, especially within the context of Islamic financial institutions.

Theoretical studies and SRD under Islamic paradigm

Some earlier literature (Kamla and Haque 2019; Helfaya et al. 2018; Williams and Zinkin 2010) present a theoretical explanation for SRD without empirical evidence but provide why Islamic paradigm need to be infused due to being distinct from the conventional counterpart (see Table 6), for example, IFRS standards and introduction of AAOIFI standards to assist Islamic institutions.

Williams and Zinkin (2010) explored Islam and CSR by trying to establish the compatibility of Islam with the ten principles of the UN Global Compact on socially responsible business practices. They found that the principles of Islam often exceed those of the UN Global Compact and have the advantage of more clearly defined ethical standards and a set of explicit enforcement mechanisms. Furthermore, Cebeci (2012) evaluated the role of Islamic finance in promoting social responsibility, focusing on the concept of social maslahah. He argued that the conventional understanding of social responsibility and CSR is inadequate in describing the responsibilities of Islamic banks.

Moreover, Helfaya et al. (2018) examined the nexus between Islamic ethics and the environmental responsibility concept using content analysis from the Qur'an. Their analysis documented 675 verses in 84 chapters of the Qur'an, spanning all 30 parts, that address environmental responsibility. Murphy and Smolarski (2020) analyzed CSR political perspective from the normative Islamic point of view. They suggested an Islamic "political" corporate governance framework to a wider stakeholders benefit which will enhance relationship but lessen information asymmetries. Kamla and Haque (2019) unearth Islamic accounting from a global and imperialism context. It details AAOIFI role in maintaining the imperialism–accounting nexus in the Islamic finance markets. From the "collaborative theory of imperialism," they highlight internal collaborators role linked with AAOIFI as IFIs, regulatory bodies, Shariah scholars, in the process of lending support to the AAOIFI with the global accounting harmonization project. The authors show how these collaborators such as IFIs, Shariah scholars engage in an "identity staging" exercise to present themselves as Islamic.

Discussion and directions for future research

Despite the significant contributions made by current SRD studies, this review identifies several gaps, offering potential areas for further research. First, prior studies, except for Abdulrahman et al. (2023), Benamraoui et al. (2023), Abdullah et al. (2013), and Kasim (2012), have examined Shariah disclosures with limited prominence. This lack of emphasis on Shariah disclosures makes it challenging to comprehend the disclosure practices of Islamic institutions. While the primary purpose of reporting among Islamic institutions is to demonstrate compliance with Islamic rules (Maali et al. 2006; Baydoun and Willett 2000), many studies primarily focus on CSR or other disclosure types. Although some of these studies touch on Shariah-related disclosure items, they do not make Shariah disclosures their primary focus. It is essential to conduct further research independently dedicated to exploring Shariah disclosures. This would provide deeper insights into Shariah disclosure practices across diverse regulatory environments worldwide.

Second, most of the reviewed studies rely on quantitative data, with only two employing a mixed-method approach. This quantitative approach based solely on historical

Table 6 Literature about SRD Under Islamic Paradigm or Theoretical Lens

Study	Nature of paper	Brief overview and findings
Williams and Zinkin (2010)	Narrative,	They attempted to ascertain if the principles of Islam align with the tenets of the UN Global Compact on socially responsible business. They found no significant differences except for Islam's emphasis on personal responsibility
Cebeci (2012)	Narrative, critical analytic approach	This study analyses Islamic finance and its role in promoting social development, which he refers to as "social maslahah" (SM). The author argues that the concepts of social responsibility (SR) and CSR are inadequate in capturing the responsibilities of Islamic banks
Helfaya et al. (2018)	Narrative	The authors argue that Islam emphasizes responsible behavior towards the environment and its elements and propose a discursive analysis of Quranic verses related to environmental responsibility in the context of CSR
Murphy and Smolarski (2020)	Narrative	The study examines the CSR political perspective within the framework of normative Islam and suggests an Islamic corporate governance framework with a political dimension
Kamla and Haque (2019)	Collaborative theory of imperialism	The study demonstrate how AAOIFI collaborators such as IFIs, Shariah scholars engages in an "identity staging" exercise to present themselves as Islamic

numeric data extracted from annual reports may prove insufficient to understand the complexities of Shariah compliance disclosure practices. The inclusion of other research methods, such as interviews or questionnaire surveys, could complement quantitative data (e.g., Aribi and Arun 2015). Future research needs to incorporate a mixed-method approach, with particular emphasis on qualitative methods to gain more comprehensive insights into SRD in Islamic institutions.

Third, previous studies primarily explore AAOIFI standards in isolation, even though compliance with these standards is not mandatory. To obtain a clearer picture of Islamic institutions' Shariah disclosure practices, it is crucial to assess how other regulatory frameworks (e.g., IFSB guidelines or central bank regulations from countries like Malaysia, Bahrain, and Pakistan) influence Shariah disclosure. Future research should consider these additional regulations and guidelines when constructing a Shariah disclosure index. Furthermore, it is advisable for future research to investigate countries or institutions that voluntarily adhere to AAOIFI standards.

Fourth, from our review, it becomes evident that most studies have focused on Islamic banks while largely overlooking other Islamic financial institutions and non-financial institutions. These entities are also subject to SRD practices, and future research should explore the SRD of such entities to enhance the literature. Moreover, researchers could conduct comparative analyses between fully fledged Islamic financial institutions and Islamic windows to identify any disparities in SRD practices. Different types of Islamic financial institutions, such as Islamic banks, modaraba firms, and finance companies, could be considered for comparative studies.

Fifth, most of the reviewed studies are geographically limited, often focusing on specific countries or regions (e.g., Bahrain, Malaysia, GCC, MENA). This geographical confinement, despite the existence of studies by Maali et al. (2006) and Haniffa and Hudaib (2007) from decades ago, presents an opportunity to advance the literature by expanding sample sizes and timeframes. Future research could broaden its scope through cross-country analyses spanning longer periods to provide more contemporary insights into SRD practices among major Islamic institutions globally. Researchers could also extend their focus to non-Muslim countries like the UK and conduct comparative studies between Muslim and non-Muslim nations.

Sixth, many of the reviewed studies incorporate theoretical frameworks but fail to effectively connect the empirical findings to these theoretical lenses. It is essential that future research aligns its discussions of empirical findings with the theoretical frameworks employed. Seventh, while several studies have investigated factors influencing SRD, a limited number have explored corporate governance (CG) mechanisms. This is despite the applicability of various CG attributes to Islamic institutions. Furthermore, these studies often include only a limited set of country- and firm-specific variables, giving insufficient consideration to macroeconomic factors like GDP, inflation, and religious awareness. Future research should broaden its perspective by assessing how SRD is influenced by broader CG attributes, such as board structure, Shariah supervisory board (SSB) roles, and ownership structures. Additionally, researchers should examine the influence of firm- and country-specific factors on SRD.

Finally, the studies examining the consequences of SRD are scarce. Only six studies were identified, and all of them focused exclusively on CSR. This narrow focus raises concerns about the comprehensiveness of the findings. Moreover, the limited studies primarily used conventional financial performance indicators like ROE, ROA, and Tobin's Q, neglecting Islamic-specific measures such as Zakat ratios or non-financial measures like customer satisfaction and product quality. Using conventional metrics for assessing the performance of Islamic institutions might be misleading, given the differences in their operational systems compared to conventional counterparts. Consequently, future researchers should consider a more holistic approach, encompassing financial and non-financial measures, along with Islamic-specific proxies, to evaluate the consequences of SRD comprehensively.

Conclusions

The primary objective of this literature review is to conduct a comprehensive analysis of the existing body of research pertaining to Shariah disclosure (SRD). The aim is to glean insights from the extant literature, identify research lacunae, and proffer a framework for prospective investigations. Delving into a corpus of 44 publications from esteemed academic journals, spanning the years 2003–2023, this review meticulously scrutinizes the limitations embedded within contemporary research while making a substantive contribution to the field of corporate disclosure.

Our findings highlight significant gaps within the current research milieu. Currently, extant studies predominantly concentrate on diverse forms of disclosure, relegating SRD to the status of a mere subset within broader disclosure categorizations. Furthermore, an obvious dearth exists in terms of autonomous appraisals of Shariah compliance disclosure levels. Similarly, studies examining the antecedents of SRD and its ramifications on corporate performance remain scant. To bridge these gaps, forthcoming research should encompass a more comprehensive array of corporate governance mechanisms and incorporate Shariah proxies for a more accurate assessment of performance.

Consequently, we provide directions for future research undertakings. First and foremost, a more substantial body of research is imperative to scrutinize SRD in isolation, rather than as an ancillary component of broader disclosure categories, from both empirical and theoretical vantage points. Secondly, additional inquiries are warranted to probe the extensiveness, impetuses, and repercussions of SRD within Islamic Financial Institutions (IFIs) and non-financial entities. Thirdly, future research should be geared towards exploring SRD in non-Muslim countries or regions. Fourthly, supplementary research is necessitated to investigate SRD within institutions that willingly adhere to AAOFIF standards. Fifthly, it is imperative to undertake more expansive studies while also embracing qualitative and mixed-method approaches. Sixthly, forthcoming research should focus on the interplay between SRD and broader corporate governance attributes, as well as firm and nation-specific factors. Seventhly, research should be more directed towards exploring the implications of SRD disclosures on Islamic proxies and non-financial performance metrics. Finally, upcoming research endeavors should target publication in top high-quality journals.

This review proffers multifaceted implications for diverse stakeholders. Firstly, academics are presented with a plethora of opportunities to investigate SRD within varied contexts. Additionally, avenues exist for research that introduces SRD assessments, ascertains the extent and amplitude of SRD, and examines its antecedents and outcomes within Islamic financial institutions. Secondly, the insights collected from this study will provide regulatory bodies such as the AAOIFI and IFSB with empirical feedback, which could inform the tailoring of reporting frameworks and guidelines. Thirdly, Islamic institutions can leverage the findings of this research to enhance their SRD practices in a bid to bolster their Shariah compliance. Lastly, investors and other stakeholders can benefit from these research outcomes to make informed evaluations of the SRD status within Islamic institutions.

Notwithstanding its contributions, this study is not immune to limitations. Primarily, the review is delimited to articles published between 2003 and 2023, thereby excluding studies that may have surfaced beyond this temporal ambit. Secondly, the study's findings are derived exclusively from an inspection of ABS-ranked journal publications, with conference papers, books, and working papers falling outside the ambit of this analysis, potentially yielding disparate conclusions. Hence, the review results might not capture the entirety of SRD information present in the literature. Finally, the restricted number of publications within the SRD field might have an impact on the generalizability of our findings. Accordingly, we recommend that future studies incorporate a variety of publications and consider the inclusion of additional keywords to ensure a more comprehensive representation in the systematic literature review of Shariah Reporting and Disclosure (SRD).

Declarations

Conflict of interest On behalf of all authors, the corresponding author states that there is no conflict of interest.

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