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Integrated reporting, corporate governance, and financial sustainability in Islamic banking

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A B S T R A C T

Article history:
Received May 20, 2023
Received in revised format July 27, 2023
Accepted September 29 2023
Available online
September 29 2023

Keywords:
Islamic Banking
Integrated Reporting
Corporate Governance
Financial Sustainability
Corporate Social Responsibility

This research delves into the intricate nexus between integrated reporting, corporate governance, and financial sustainability in Islamic banking. The study scrutinized a collection of research spanning diverse geographies and periods, emphasizing factors like board dynamics, audit committee proficiency, sustainability disclosures, and the implementation of value-centric strategies. The distillation of insights from an initial pool of 173 studies, which was meticulously narrowed down to 30 through rigorous criteria, indicates a prevalent positive association between these determinants and the financial robustness of Islamic banks. Such findings accentuate the pivotal role of syncing banking operations with the intrinsically sustainable tenets of Islamic finance. This harmony can notably spur sustainable development, potentially drawing more investors and boosting the stature of the Islamic banking domain. Furthermore, this study sheds light on potential avenues for upcoming research, including the analysis of managerial competencies' influence on varying Corporate Social Responsibility (CSR) classifications and the examination of the ramifications of sustainability benchmarks, cultural variances, legal structures, and Islamic statutes in diverse nations. This investigation provides critical insights for professionals and decision-makers in Islamic banking, facilitating a deeper understanding of practices that strengthen financial sustainability.

1. Introduction

Islamic banking anchored by Sharia principles is a dynamic financial institution that necessitates a tailored approach to integrated reporting (Bakar et al., 2020; Hoque, 2023). This mode of reporting blends both pivotal financial and non-financial details, prioritizing sustainability, to deliver a panoramic view of a firm's value-creation process (Buallay et al., 2021). Notwithstanding its escalating significance, there's a noticeable research lacuna concerning the influence of integrated and sustainable reporting elements on Sharia-compliant banks (Jan et al., 2023). Diving into the existing literature, several researchers have trodden the path of understanding integrated reporting within the purview of Islamic banking. Alketbi et al. (2022) brought to light the essential role of value-centric strategies in amplifying sustainability and robustness in Islamic banking. Similarly, Muhamad et al. (2022) found that robust internal controls notably enhance the financial efficiency of Islamic banking entities, underlining the paramountcy of solid governance frameworks.

Shifting the focus, studies conducted by academics like Samaha et al. (2012) have endeavored to dissect the influence of corporate governance mechanisms on integrated reporting. However, the correlation between corporate governance's prominence in Islamic banking and its effect on the calibre of integrated reporting remains in the shadows (Jan et al., 2023). Additionally, investigations addressing the role played by audit committees and boards of directors in steering and upholding integrated reporting practices have been sparse (Barako & Brown, 2008; de Villiers et al., 2017). Notably, Haji and Anifowose

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ISSN 2291-6830 (Online) - ISSN 2291-6822 (Print)

doi: 10.5267/j.uscm.2023.9.022

spotlighted an existing knowledge chasm regarding the ramifications of board diversity for integrated reporting within Islamic banking (Ahmed Haji & Anifowose, 2016).

At the theoretical core, the stakeholder-agency theory stands out as a central tenet (Jan et al., 2023; Tasnia et al., 2021). It suggests that integrated reports should aim to reduce information asymmetry and address conflicts that arise between managers and various stakeholders (Alam & Miah, 2021). In essence, if companies have the right integrated reporting system, they should be adept at implementing efficient integrated reporting procedures, as emphasized by Chouaibi et al. (2022). Furthermore, various mechanisms, such as the composition of the integrated reporting board, are expected to minimize agency costs, thereby ensuring higher-quality integrated reports (Jan et al., 2023).

There is limited insight into how integrated and sustainable reporting variables impact Sharia banks. For instance, while Al-ketbi et al. (2022) showcased the importance of value-based strategies in Islamic banking, the broader implications remain underexplored. The influence of corporate governance on integrated reporting quality in Islamic banking is another grey area. Previous works, like those of Samaha et al. (2012) have ventured into understanding corporate governance mechanisms and their bearing on integrated reporting, but the specific interplay with Islamic banking remains elusive. The roles of diverse entities, such as audit committees, boards of directors, and even aspects like board diversity in Islamic banking, in relation to integrated reporting, have been studied less frequently.

The research landscape still lacks clear hypotheses or direct research questions addressing these gaps, pointing towards a pressing need for structured investigations. As the realm of business pivots increasingly towards sustainable and social responsibility practices, gaining a deeper understanding of integrated reporting in Islamic banking is imperative. While recognizing the significance of pillars like corporate governance, board diversity, and regulatory guidelines, an accentuated focus on sculpting precise hypotheses or research questions will undoubtedly unveil the subtleties of integrated reporting pertinent to Islamic banking.

There is also a need to investigate the extent to which the application of International Financial Reporting Standards (IFRS) affects the quality of integrated reporting in Islamic banks (Napier, 2009; van Liempd & Busch, 2013). Furthermore, the impact of regulatory requirements on integrated reporting practices is another under-researched area (Owen, 2013, 2014). Considering the increasing importance of sustainable and social responsibility practices in business, a comprehensive understanding of the impacts and influences on integrated reporting in Islamic banking is necessary. Hence, the field provides abundant opportunities for future research to bridge these gaps and make significant contributions to the theory and practice of Islamic banking and finance.

To provide a comprehensive perspective on integrated reporting, corporate governance, and financial sustainability in the context of Islamic banking, this paper is organized into distinct sections. The "Theoretical Foundation" section delves into the core theories and principles that underpin the research, offering a critical assessment of Stakeholder-Agency Theory and exploring its relevance and applicability to Islamic banking. The “Methodology” section elucidates the research approach, detailing the selection criteria, bibliometric techniques, and analytical tools employed to extract meaningful insights from the selected studies. Following this, the “Results and Discussion” section presents the findings, drawing connections between board characteristics, audit committee expertise, sustainability disclosures, and the implementation of value-based strategies in Islamic banks. The paper culminates with the "Conclusion" section, summarizing our key takeaways, the significance of our findings to the broader research community, and the implications for Islamic banking practitioners and policymakers. Each section is carefully crafted to enhance understanding, foster critical thinking, and set the stage for future research endeavors in this domain.

2. Theoretical Foundation

2.1 Stakeholder-Agency Theory

The Stakeholder-Agency theory did not emerge in a vacuum (Vitolla et al., 2020). Its roots can be traced back to two foundational theories in corporate governance: the Stakeholder Theory and the Agency Theory. Historically, the Stakeholder Theory, first introduced in the 1960s, emphasized the pivotal role of all entities that either affect or are affected by an organization (Dmytriyev et al., 2021; Jones et al., 2017). It argued that businesses have moral and practical duties beyond just maximizing shareholder profits. On the other hand, the Agency Theory, which took shape in the 1970s, delved into the conflicts that arose between principals (like shareholders) and agents (like managers or executives) due to divergent interests and information asymmetry (Fama, 1980). Over time, scholars and practitioners recognized the potential of merging the two concepts, leading to the birth of the Stakeholder-Agency theory (Hill & Jones, 1992).

Corporate governance, the system by which corporations are directed and controlled, has been a focal point for scholars and business practitioners. Central to this is the challenge of aligning the interests of management with those of shareholders. Historically, agency theory, rooted in works by Jensen and Meckling (Jensen & Meckling, 1976), has underscored potential conflicts between a company's senior management and its shareholders. The primary conflict revolves around the creation and distribution of a firm’s economic value (Beiner & Schmid, 2005). Over time, various governance mechanisms have been instituted globally, aiming to mitigate these conflicts. These mechanisms, for instance, incentivize CEOs with stock-based compensation linked to company performance or involve outsider involvement on boards to enhance shareholder oversight (Mitnick, 2015).

However, focusing solely on the manager-shareholder dynamic seems limited (Morellec et al., 2012). The earliest interpretations of agency theory hinted at a company being a hub of contracts between various parties, pointing towards a multi-stakeholder perspective. Regrettably, most governance models have primarily centered around the relationship between managers and shareholders, neglecting other vital stakeholders. The world is changing. Events like the COVID-19 crisis highlight that companies cannot just focus on shareholder return; they need to account for a wider array of stakeholders (Marhaeni et al., 2023). The analysis of stakeholder governance, however, is more intricate than the binary manager-shareholder perspective (Quigley et al., 2017). While traditional corporate finance suggests maximizing shareholder wealth inherently maximizes firm value, this is not necessarily true in the real, imperfect world. In a nuanced environment, stakeholders' interests aren't purely economic (Bosse et al., 2009). Employees care about work conditions, job stability, and equity in pay (Ekowati et al., 2023; Shah, Al-Ghazali, et al., 2023; Shah, Fahlevi, et al., 2023; Watto et al., 2023). Consumers are concerned about ethical practices, environmental impacts, and more (Fahlevi, 2021). Communities in which companies operate have their own set of concerns, ranging from employment to pollution (Ahmad et al., 2023; Fahlevi et al., 2023). Milton Friedman once argued that businesses should solely focus on profit maximization (Friedman, 2010). However, contemporary evidence suggests that neglecting broader stakeholder interests can have adverse financial implications. Thus, the conventional corporate governance model, emphasizing solely shareholder wealth, is inadequate (Fahlevi et al., 2022).

According to the Integrated Reporting Framework, the goal is to provide a concise representation of how an organization's value is created over time for “all stakeholders interested in an organization” (Jan et al., 2023). The fundamental corporate ownership approach underpinning integrated reporting ensures that the integrated reports contain all material information related to the company's governance structure (Chouaibi et al., 2022). Stakeholder-agency theory plays a central role in the research report (Buallay et al., 2021). This theory posits that the information disclosed in integrated reports should diminish information asymmetry and mitigate conflicts of interest between managers and various stakeholder groups (Ghafoor et al., 2019; Juhandi et al., 2020). This premise suggests that companies require an appropriate integrated reporting system to execute effective integrated reporting procedures (Chouaibi et al., 2022).

The stakeholder governance conundrum demands a re-evaluation of established theories and practices. Addressing this could lead to monumental shifts in management thought and practice in this century. As businesses grow more intertwined with societal fabrics, acknowledging and integrating wider stakeholder interests becomes not just a theoretical exercise but a practical necessity.

2.2 Application in Islamic Banking

The Stakeholder-Agency theory finds a unique resonance, primarily due to the foundational Sharia principles that guide these institutions (Grassa et al., 2018). Islamic banks, by their very nature, must consider the interests of a broader group of stakeholders, surpassing the simple profit motivations. Islamic finance operates on the principles of justice, risk-sharing, and the prohibition of speculation and usury (Hanefah et al., 2020). These principles have profound implications for governance in Islamic banks (Baber, 2020). For example, the prohibition of interest (Riba) ensures that the bank and its customers share both profit and loss, inherently aligning their interests more closely than in conventional banking. Likewise, the prohibition of speculative transactions (Gharar) implies that the bank's governance structure should prioritize transparency and clarity in its dealings (Hanefah et al., 2020).

This mode of operation extends naturally to the stakeholder-centric view. In Islamic banking, stakeholders aren't merely shareholders or financiers (Bhatti & Bhatti, 2010). They include depositors, borrowers, employees, and even the larger community the bank serves. Moreover, the overarching principle of promoting societal welfare and prohibiting harmful practices (even if they are profitable) speaks volumes about the stakeholder-centricity of Islamic banking (Shibani & De Fuentes, 2017). The integration of Stakeholder and Agency theories becomes particularly pertinent. From the agency perspective, Islamic banks must ensure that managers act in the best interests of stakeholders, including complying with Sharia principles, which act as an added layer of fiduciary duty (Campisi et al., 2018, 2018; Morea & Poggi, 2016). Simultaneously, from the stakeholder view, these banks have to ensure that their operations cater to the broader objectives of socio-economic justice and equity, upholding the interests of diverse groups associated with the bank.

Several studies in Islamic banking have emphasized the importance of effective governance structures to ensure compliance with Sharia principles (Shibani & De Fuentes, 2017; Slahudin, 2008). For instance, Choudhury and Hussain argue that the dual role of Islamic banks as financial intermediaries and as institutions bound by religious tenets necessitates a governance structure that effectively bridges the conventional corporate governance mechanisms with Sharia requirements (Alam Choudhury & Hussain, 2005).

The Stakeholder-Agency theory, when applied to Islamic banking, suggests that these banks can reduce conflicts and enhance transparency by aligning the interests of managers with the broader group of stakeholders (Grassa et al., 2018). This alignment can be achieved by prioritizing integrated reporting, as it offers a holistic view of the bank's performance, considering both financial and non-financial metrics (Jan et al., 2023). Such reporting will not only enhance transparency but also ensure that the banks remain true to their foundational Sharia principles. The Stakeholder-Agency theory offers a robust theoretical framework to guide the governance and reporting practices of Islamic banks. By aligning the interests of managers and a diverse group of stakeholders, and by prioritizing integrated reporting, Islamic banks can uphold their unique value proposition and ensure sustained value creation for all stakeholders. Further research in this area will deepen our understanding of the complex relationship between integrated reporting and governance in Islamic banking.

2.3 Integrated Reporting Mechanisms in Islamic Banking

In light of the increasing importance of integrated reporting (Velte, 2022; Vitolla et al., 2020), particularly within the realm of Islamic banking, the mechanics underpinning this form of reporting cannot be overlooked. These mechanisms, such as the composition of the integrated reporting board and its committees, play a pivotal role in shaping the quality and veracity of the reports (Wijayanti & Setiawan, 2022). The composition of the integrated reporting board and its committees is paramount to the effectiveness of integrated reporting in Islamic banking (Jan et al., 2019). With the right composition, the board can ensure the inclusion of diverse perspectives, ultimately culminating in the production of high-quality integrated reports (Owen, 2014). These reports are meant to encapsulate both financial and non-financial aspects of a bank's operations, offering a comprehensive view of the bank's overall performance (Chouaibi et al., 2022). The committees within the integrated reporting board should aim to minimize agency costs. Such costs arise from potential conflicts of interest between managers and shareholders or between different groups of shareholders. By reducing these costs, the committees can pave the way for more transparent and reliable reports, which are crucial for maintaining trust among various stakeholders, including investors and customers (Frias-Aceituno et al., 2013).

Diverse Islamic banking institutions, ranging from investors and shareholders to external integrated report appraisers, play a critical role in the integrated reporting process (Buallay et al., 2021). These entities oversee related sustainability activities, ensuring that the bank adheres to its foundational Sharia principles. Their involvement in the reporting process adds a layer of credibility to the integrated reports, as these entities provide external validation of the information presented. Moreover, these institutions serve as gatekeepers. They ensure that the reports produced are not only accurate but also resonate with the broader objectives of socio-economic justice and equity, which are intrinsic to Islamic banking. Their monitoring and validation activities contribute to the reliability and trustworthiness of the integrated reports, reinforcing the bank's commitment to transparency and ethical conduct (Marsidi et al., 2017).

Internal governance mechanisms are undoubtedly essential, the broader operating environment in which an Islamic bank functions also significantly influences its integrated reporting practices (Wijayanti & Setiawan, 2022). Country-specific governance factors, such as regulatory guidelines, cultural norms, and economic dynamics, can either bolster or hinder a bank's readiness to adopt integrated reporting (Jan et al., 2023). For instance, in countries with stringent regulatory requirements concerning financial disclosures, Islamic banks may be more inclined to adopt integrated reporting as it aligns with the broader regulatory landscape (Shodiq, 2021). Conversely, in regions where there is less emphasis on transparency or where integrated reporting is a novel concept, banks may face challenges in its implementation. Understanding these country-specific governance factors provides invaluable insights into the challenges and opportunities faced by Islamic banks (Alam Choudhury & Hussain, 2005). It offers an essential backdrop for researchers, policymakers, and practitioners to navigate the complexities of integrated reporting in different socio-cultural and economic contexts. In summary, as integrated reporting gains traction, especially in Islamic banking, a deeper understanding of the various mechanisms and influencing factors becomes indispensable. Whether it is the composition of the reporting board, the role of diverse banking institutions, or the influence of country-specific governance factors, each component offers a unique perspective, warranting further exploration and research.

2.4 Corporate Governance in Islamic Banking

Corporate governance, which refers to the structures and processes that guide the management and operation of companies, plays a pivotal role in Islamic banking, especially when juxtaposed with integrated reporting (Slahudin, 2008). Its importance is magnified due to the specific ethical, social, and economic imperatives that Islamic banking operates within, which are deeply anchored in Sharia principles (Sulub et al., 2018). One of the defining characteristics of Islamic banking is its commitment to Shariah compliance, which demands a unique governance framework. Islamic banks have Shariah boards or committees tasked with ensuring that all products, services, and operations align with Islamic principles. These committees often comprise Islamic scholars and financial experts who jointly evaluate and advise on the bank's offerings and practices. Shariah compliance transcends mere operational guidelines; it touches upon every facet of governance, from transparency in transactions to the prohibition of certain types of investments. The rigorous adherence to these principles can pose challenges but also ensure a level of trust and confidence among stakeholders (Shibani & De Fuentes, 2017).

The ethical compass of Islamic banking is more pronounced compared to conventional banking (Srairi, 2013). Given the emphasis on justice, fairness, and equity, corporate governance structures within Islamic banks often have heightened expectations to act ethically and justly. This responsibility is not limited to interactions with shareholders but extends to customers, employees, and the broader community. As a result, the board of directors and senior management in Islamic banks bear a heightened ethical responsibility. Their actions and decisions must constantly reflect the broader values of socio-economic justice that Islamic banking espouses (Salem, 2013).

Engaging with a diverse array of stakeholders is a cornerstone of corporate governance in Islamic banking. Given the multi-dimensional objectives of these banks which span beyond profitability to include social and ethical goals, there is a need for broader stakeholder engagement. This involves frequent interactions with depositors, borrowers, regulators, and community representatives, ensuring that the bank's direction aligns with the broader objectives of all its stakeholders (Muhamad et al., 2022).

Given the prohibition of interest and speculative transactions in Islamic finance, risk management assumes a unique dimension within the governance structures of Islamic banks (Salem, 2013). Products and services must be tailored to avoid prohibited practices, necessitating specialized governance frameworks that oversee risk assessment and management. While Islamic banks have made significant strides in instituting robust governance mechanisms, challenges persist. There is a continual need for harmonizing global practices, ensuring standardized interpretations of Sharia principles, and training professionals well-versed in both finance and Islamic jurisprudence. As Islamic banking continues to evolve and expand its global footprint, refining and enhancing its corporate governance structures will be paramount. Corporate governance in Islamic banking is both a complex and critical aspect of its operations (Slahudin, 2008). Given the unique ethos and principles guiding these institutions, their governance structures must be tailored, robust, and flexible. As the world increasingly acknowledges the significance of ethical and sustainable business models, the corporate governance practices of Islamic banks can offer invaluable insights and lessons (Shibani & De Fuentes, 2017).

2.5 Financial Sustainability in Islamic Banking

Amidst the intricacies of Shariah compliance and the unique corporate governance structures of Islamic banking lies the fundamental aim of financial sustainability (Čihák & Hesse, 2010). Just as with conventional banks, Islamic banks must ensure their financial stability to remain viable and serve their stakeholders effectively. However, due to their distinct operational ethos, achieving and maintaining financial sustainability in Islamic banking requires a nuanced approach (Ashraf et al., 2016). Financial sustainability is the ability of an institution to maintain its operations and fulfill its objectives over the long term without undue reliance on external sources of funding. For Islamic banks, this means not just ensuring profitability, but also aligning their financial operations with Shariah principles and broader social and ethical objectives (Alqahtani & Mayes, 2018).

A significant differentiator in Islamic banking is the use of profit-and-loss sharing mechanisms (Lassoued, 2018), such as Mudarabah and Musharakah (Aliyu et al., 2017). Unlike interest-based financing in conventional banks, these mechanisms involve sharing both profits and losses between the bank and its customers. Such structures promote risk-sharing and equitable distribution of financial outcomes, fostering an environment of shared responsibility and financial sustainability (Aliyu et al., 2017).

To ensure long-term financial stability, Islamic banks diversify their investment portfolios (Chakroun & Gallali, 2015). However, given the prohibition of certain types of investments such as those in alcohol, gambling, and non-halal products Islamic banks have to be particularly discerning (Sari et al., 2016). The emphasis is on investing in ethically sound and economically viable ventures that promise sustainable returns. Islamic finance emphasizes asset-backed financing, ensuring that every financial transaction has an underlying tangible asset. This approach reduces speculative behavior and ensures that the bank's financial activities are grounded in real economic value, enhancing financial stability and resilience (Jan et al., 2019).

Islamic banking offers a robust framework for financial sustainability (Alketbi et al., 2022), but it is not without challenges. The absence of universally accepted standards for Shariah compliance can lead to variations in practice. Additionally, Islamic banks often face liquidity management challenges, given the prohibition of conventional money markets. Innovating and developing Shariah-compliant liquidity instruments is, therefore, a pressing need. Financial sustainability in Islamic banking is intrinsically linked with broader global sustainability goals (Aliyu et al., 2017). By emphasizing equitable wealth distribution, ethical investing, and risk-sharing, Islamic banks resonate with global calls for sustainable development and responsible banking. Financial sustainability in Islamic banking is a multifaceted endeavor. It is not merely about ensuring profitability but about aligning financial practices with Shariah principles and broader ethical imperatives (Lassoued, 2018). As Islamic banking continues to gain traction globally, its approach to financial sustainability can provide valuable insights for the broader financial sector, emphasizing ethical, social, and economic viability in tandem.

3. Methodology

The use of the keyword 'Islamic bank' with the variables “integrated reporting”, “corporate governance”, and “financial sustainability” with various data centers of existing bibliographies (Prabakusuma et al., 2023; Sahabuddin et al., 2023), the inclusion of research for a paper that is not indexed by SCOPUS but is cited by SCOPUS documents emphasizes the value of such research in contributing to academic knowledge. Even though SCOPUS is a reputable database, it does not encapsulate all valuable and insightful research in every field. In the context of this paper, research from other databases has been used to comprehensively study topics related to 'Islamic bank', specifically focusing on integrated reporting, corporate governance, and financial sustainability.

SCOPUS acknowledges the relevance of these non-indexed papers by allowing them to be cited in SCOPUS-indexed documents. This highlights the interconnectedness of academic research and indicates that valuable insights can be derived from sources beyond just one database. It suggests that quality research is not limited to just one repository but can be found across various platforms (Meiryani et al., 2023).

In essence, by utilizing research from ScienceDirect, Emerald, and Google Scholar on the specified topics, the paper aims to provide a holistic view, drawing from diverse sources to comprehensively address the relationship between 'Islamic bank' and its association with integrated reporting, corporate governance, and financial sustainability. Such an approach ensures a broader perspective and encapsulates diverse insights into the subject matter, thereby enhancing the depth and breadth of the study. While the research scope remains broad, incorporating studies from diverse countries and periods, there is a deliberate emphasis on multivariate archival studies published in peer-reviewed literature. The reason for this specificity is to ensure that our findings are both reliable and valid (Meiryani et al., 2023). To extract the most salient points and recurring themes from this vast literature, we employ the voice-counting technique (see Fig. 1).

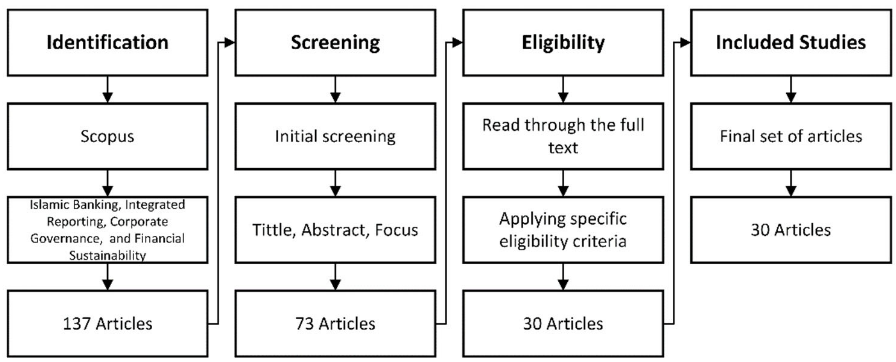

Fig. 1. Stages of content analysis on articles sourced from the Scopus database.

This research methodology is designed to systematically collect and analyze literature related to integrated reporting, corporate governance, and financial sustainability within Islamic banking. Here is a more detailed breakdown of the methodology. In Fig. 2, we began the research process by identifying relevant keywords, namely “Islamic bank”, “integrated reporting”, “corporate governance”, and “financial sustainability”. The focus of the study remains steadfast on multivariate archival studies within peer-reviewed literature, ensuring that the extracted data upholds rigorous academic standards. Voice counting, a pivotal method in content analysis, enables us to dissect the literature meticulously. In this method, each distinct citation, termed as 'voice', is analyzed to discern dominant themes or prevailing trends within literature. A subsequent bifurcation of the results into qualitative and quantitative research paradigms was undertaken. This categorization is instrumental in streamlining our findings and discerning the varied analytical approaches existing within the academic domain.

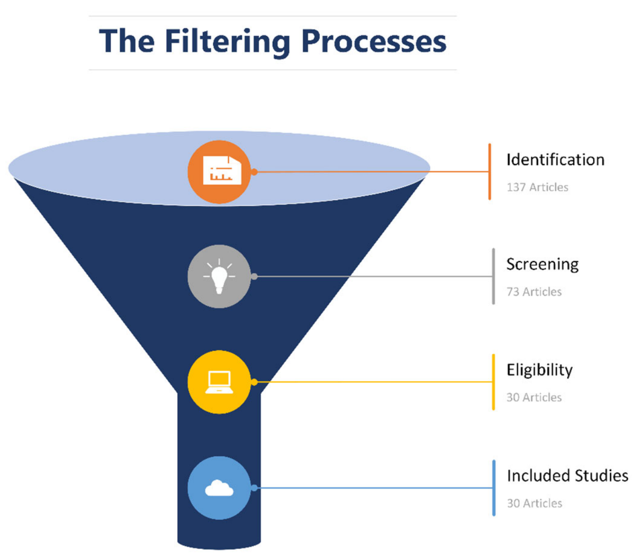

Fig. 2. The filtering processes

The data was then meticulously tabulated, demarcating key parameters such as the publication year, journals, and core content, specifically analyzing whether the literature leaned towards integrated reports, corporate governance, and financial sustainability within the ambit of Islamic banking. This rigorous and methodical approach ensures a robust analysis, unveiling dominant trends, seminal findings, and potential lacunae in the existing literature on Islamic banking.

Table 1
Research Filtering Processes

Category	Qualitative	Quantitative
Publication Year	1989: 1 2012: 1 2013: 2 2014: 1 2016: 1 2017: 2 2018: 1 2019: 2 2020: 3 2021: 2 2022: 5	2015: 1 2019: 1 2020: 2 2021: 1 2022: 1 2023: 3
Journals	Renewable and Sustainable Energy Reviews (1) Journal of Cleaner Production (2) Journal of Islamic Marketing (2) Asian Journal of Business and Accounting (1) ISRA International Journal of Islamic Finance (1) International Journal of Business Governance and Ethics (1) Journal of King Abdulaziz University, Islamic Economics (1) International Journal of Business and Society (1) Environment, Development and Sustainability (1) Journal of Islamic Accounting and Business Research (1) World Health Forum (1) Risk Management for Islamic Banks (1) Journal of Sustainability Science and Management (2) Journal of Global Responsibility (1) Sustainability (Switzerland) (1) Advances in Accounting (1) Advanced Science Letters (1) IOP Conference Series: Earth and Environmental Science (1) Corporate and Business Strategy Review (1)	Journal of Business Ethics (1) Vision (1) Institutions and Economies (1) International Journal of Sustainable Development and World Ecology (1) ISRA International Journal of Islamic Finance (1) Lecture Notes in Networks and Systems (1) Journal of Sustainable Finance and Investment (1) Business Strategy and Development (1)
Contents	Islamic Bank – Integrated report: 5 Islamic Bank – Corporate Governance: 12 Islamic Bank – Financial Sustainability: 15	Islamic Bank – Integrated report: 3 Islamic Bank – Corporate Governance: 3 Islamic Bank – Financial Sustainability: 2

The use of the table here serves several functions in research methodology, the Table 1 divides the literature into qualitative and quantitative research. These two types of research provide different types of insights: qualitative research is usually more exploratory and provides depth and context, while quantitative research is more definitive and provides measurable data. By categorizing the studies in this way, we can easily compare the contributions of each type of research to our understanding of the topic. By listing the publication years of the studies, the table shows how research on the topic has evolved over time. This can reveal trends, such as increased interest in the topic, shifts in focus, or gaps in the literature at certain points in time. Listing the journals that the studies were published in helps identify which journals are publishing research on the topic. This can be useful for researchers who want to find more articles on the topic, or who are looking to publish their research on the topic. By listing the main contents of the studies, the table provides a glance view of the main focus areas of the literature. This can highlight which areas have been well-researched and where gaps might exist that future research could fill. Table 2 illustrates the breadth and depth of the research conducted on the topic. It shows how many studies have been conducted and what topics they have focused on. It is especially insightful to see the proportions between different areas (like integrated report vs corporate governance vs financial sustainability), indicating which areas have received more attention and where there may be opportunities for further research. The use of such a table helps in summarizing, organizing, and visualizing the breadth and depth of literature on a given topic, making it easier to identify trends, gaps, and the contribution of different types of research.

4. Result and Discussion

4.1 Detailed Analysis of Selected Studies on Islamic Banking and Integrated Reporting

To comprehensively understand the existing literature on Islamic banking, integrated reporting, and sustainability, this review has selected 30 studies that have significantly contributed to these fields. The chosen studies vary in their focus, methodology, and findings, offering a diverse array of insights into how Islamic banking intersects with integrated reporting and sustainability. Table 2 presents a detailed analysis of ten such studies, highlighting the sample size, the independent and dependent variables, and the key findings of each study.

Table 2
Detailed Analysis of Selected Studies

No	Year	Authors	Sample Size	Independent Variables	Dependent Variables	Key Findings
1	1989	(El Tom et al., 1989)	16 banks in UAE, audited financial reports of the years 2003–2013	Planning, Integrated report	Sustainability disclosure	Found low levels of sustainability disclosure among all banks, with conventional banks showing higher rates of disclosure than Islamic banks
2	2012	(Sobhani et al., 2012)	29 banks listed on the Dhaka and Chittagong Stock Exchanges	Sustainability disclosure	Sustainability information	Found higher disclosure in annual reports than on corporate websites, potentially due to lack of internet access for local stakeholders
3	2013	(Oseni et al., 2013)	SME in France	Islamic Finance, SME, Sustainability report	Financial integration	Found a large market for Islamic financial products in France, suggesting potential for integration into the French financial framework
4	2022	(Wijayanti & Setiawan, 2022)	All Islamic banks in Indonesia, 2016-2020	Sharia governance, Sharia supervisory board	Islamic social reporting	Found positive and significant influence of Sharia Supervisory Board on Islamic social reporting
5	2014	(Darus et al., 2014)	Three fully-fledged Islamic commercial banks in Indonesia, 2007-2011	Annual reports, social reporting, Social responsibility	Islamic banks	Found highest disclosures for 'corporate vision' and 'board of directors and top management', with the lowest for 'environment' and 'product, services and fair dealing with supply chain'
6	2015	(Sulaiman et al., 2015)	All 16 IFIs operating in Malaysia	Corporate governance disclosure quality	Islamic financial institutions (IFIs), Malaysia	Found IFIs tended to focus on risk management related information
7	2022	(Alketbi et al., 2022)	All listed commercial and Islamic banks of the UAE, 2009-2019	Sustainability performance, Firm strategy	Firm performance	Sustainability performance plays a moderating role in the relationship between firm strategy and financial performance
8	2012	(Samaha et al., 2012)	Egyptian companies listed on Egyptian Stock Exchange (EGX)	Corporate governance, Attributes	Corporate governance voluntary disclosure	Disclose corporate governance information in order to reduce information asymmetry and agency costs and to improve investor confidence in the reported accounting information
9	2023	(Jan et al., 2023)	The Malaysian Islamic banks over time from 2011–2020	Embedding sustainability; Bank strategy	Sustainable development goals	SDG-wise analysis indicates that SDG-9, SDG-17, SDG-11, and SDG-1 appear to have the highest disclosure scores.
10	2017	(Marsidi et al., 2017)	Malaysian Islamic bank, 2007-2010	Financial and social reporting, Disclosures and perceptions	Accountability, Sustainability	Perceived as contributing towards the suitable formation of board of directors

The relationship between sustainability and reporting in the financial sector underscores a pivotal shift towards transparent and ethical financial practices. The emergence of sustainability and its subsequent disclosure in these studies highlights the increasing importance of sustainable business practices in today's corporate landscape. An early study from 1989, for instance, underscores the disparities in sustainability disclosure between conventional and Islamic banks in the UAE, hinting at distinct operational philosophies and potentially varied stakeholder expectations across different banking paradigms. The geographical diversity of these studies, spanning from the Middle East to Southeast Asia and Europe, underscores a universal gravitation towards understanding and implementing sustainable practices in banking, irrespective of regional and cultural nuances. This geographical breadth attests to the universality of sustainability concerns and indicates a global consensus about its significance in the financial world.

Islamic banking, in particular, emerges as a distinct focal point across these studies. This emphasis may be attributed to the inherent principles of Islamic banking, which align closely with ethical and sustainable business practices. By delving into topics such as sustainability disclosures and corporate governance within the Islamic financial sector, the research sheds light on how Islamic banks navigate the intersections of tradition, ethics, and modern business demands. However, despite the unified themes, the findings of these studies exhibit a spectrum of results. While some research points to a positive interplay between CSR activities and the financial performance of institutions, others emphasize discrepancies in sustainability disclosure among varied banking entities. Such diversity in findings not only emphasizes the complexity of the relationship between sustainability and financial performance but also highlights the need for a nuanced approach when interpreting and implementing sustainability practices across different financial institutions. An analysis of these ten important studies reveals several notable trends and findings in the domain of Islamic banking and integrated reporting (Fig. 3):

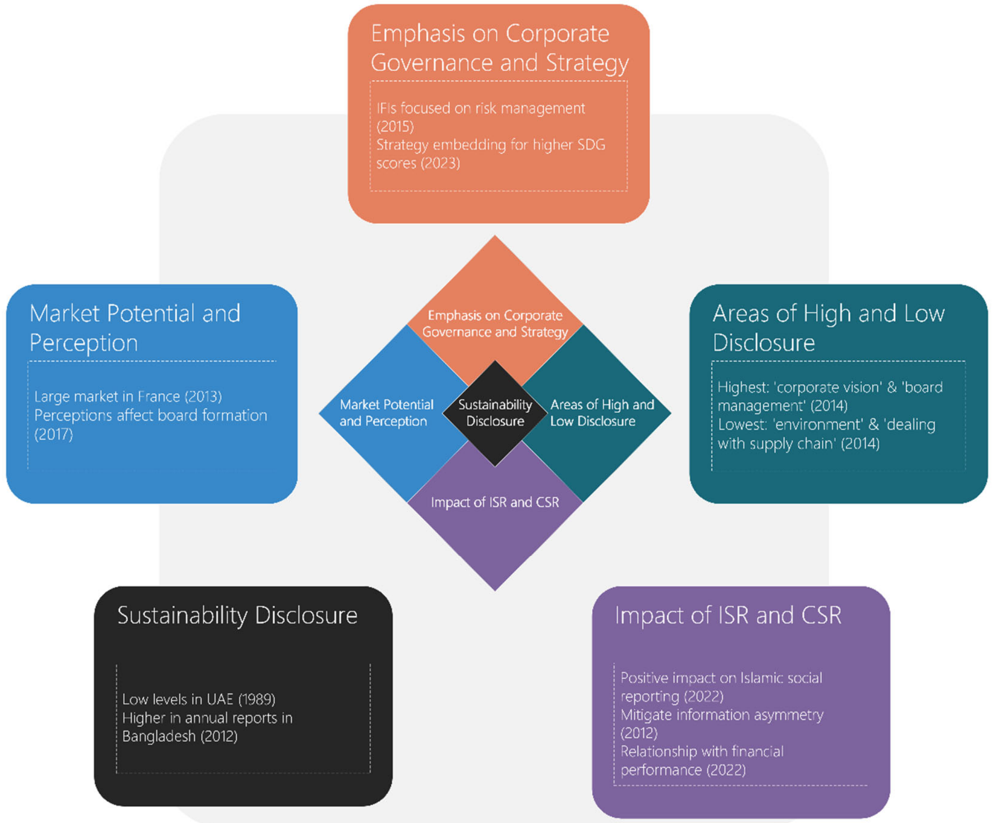

Fig. 3. Trends and Findings.

4.1.1. Sustainability Disclosure

Sustainability disclosure in the banking sector, especially within the context of Islamic banking, has emerged as a significant area of research and practice. This is rooted in the ethical and moral foundations of Islamic finance, which places a high premium on societal welfare, transparency, and accountability. The studies reflect these nuances, with variations in disclosure practices across different regions and institutions. El Tom et al.'s research provided insights into the comparative sustainability practices of conventional and Islamic banks in the UAE (El Tom et al., 1989). Their findings underscored a disparity, wherein conventional banks exhibited a more initiative-taking approach in disclosing sustainability initiatives. This suggests that, during the time of the study, Islamic banks in the UAE might have been more conservative or restrictive in their sustainability communications, or perhaps they faced unique challenges that impeded such disclosures. It is crucial to understand the underlying factors behind such differential reporting, which could include regulatory constraints, institutional priorities, or stakeholder pressures.

Sobhani et al.'s study paints a different picture in the context of Bangladesh (Sobhani et al., 2012). Here, the prominence of sustainability disclosure in annual reports over corporate websites can be viewed through multiple lenses. Firstly, it underscores the primacy of traditional communication channels in disseminating critical information, possibly due to the longstanding trust and legitimacy associated with printed annual reports. Additionally, the limited emphasis on online sustainability reporting might be attributed to infrastructural challenges, including limited internet penetration and access among the local population. However, this trend also raises concerns about the inclusivity and reach of such disclosures, especially in an age where digital communication is rapidly becoming the norm. Sustainability disclosure is gaining traction in the Islamic banking sector, the extent, medium, and depth of these disclosures are influenced by a myriad of factors, including cultural, technological, regulatory, and institutional. As the sector evolves and faces increasing stakeholder scrutiny, it would be pivotal to address these discrepancies and foster a more consistent and comprehensive approach to sustainability reporting.

4.1.2. Impact of Islamic Social Reporting (ISR) and Corporate Social Responsibility (CSR)

The realm of Islamic Social Reporting (ISR) and its influence on Islamic banks is prominently evident in contemporary research. Wijayanti and Setiawan focused on all Islamic banks in Indonesia between 2016 and 2020 and found a positive and significant influence of the Sharia Supervisory Board on Islamic social reporting (Wijayanti & Setiawan, 2022). This underscores the importance of robust governance mechanisms in enhancing transparency and disclosure levels in Islamic banks. Further emphasizing the importance of disclosure and transparency, Samaha et al. examined Egyptian companies listed on the Egyptian Stock Exchange (Samaha et al., 2012). Their findings suggested that companies tend to disclose corporate governance information to mitigate information asymmetry and agency costs, while simultaneously bolstering investor confidence in the reported accounting data.

The relationship between Corporate Social Responsibility (CSR) and financial performance was also explored by Alketbi et al. (Alketbi et al., 2022). Investigating both commercial and Islamic banks of the UAE from 2009 and 2019, the study revealed that sustainability performance acts as a moderating factor in the relationship between firm strategy and financial performance. When juxtaposed, these findings collectively underscore the intricate dynamics between governance mechanisms, such as ISR and CSR, and the financial performance of Islamic banks. The consistent emphasis across these studies on transparency, disclosure, and the role of sustainability performance signals a broader shift towards ethically sound and responsible banking practices in the Islamic finance sector.

4.1.3. Emphasis on Corporate Governance and Strategy

Corporate governance is paramount in the banking industry due to the need to protect stakeholders, ensure transparency, and promote financial stability. Within the Islamic banking framework, the emphasis on corporate governance becomes even more pronounced owing to its ethical foundation and principles of justice, fairness, and transparency. The research by Sulaiman et al. is an exemplar of the nuances of corporate governance within the realm of Islamic Financial Institutions (IFIs) (Sulaiman et al., 2015). Their study revealed that these IFIs in Malaysia placed a pronounced emphasis on risk management in their governance disclosures. Such a prioritization suggests a heightened sense of responsibility and diligence within these institutions to ensure stakeholders are kept abreast of potential vulnerabilities and measures taken to mitigate them. Given that risk management is integral to ensuring the safety of deposits and promoting trust in the banking system, its prominence in corporate governance disclosures is both timely and pertinent. Additionally, this emphasis can be seen as a reflection of the Shariah principles, which advocate risk-sharing and caution against excessive uncertainty or “Gharar”.

Shifting the lens to strategic integrations, the study by Jan et al. provides invaluable insights into the intersection of banking strategies and sustainable development (Jan et al., 2019; Jan et al., 2023). By emphasizing the embedding of sustainability within their operational and strategic frameworks, banks not only position themselves as socially responsible entities but also align their growth trajectory with the larger global agenda of sustainable development. Their finding that such an embedded approach leads to higher scores on multiple SDGs is testimony to the efficacy and impact of intertwining sustainability with core banking strategies. This alignment underscores the fact that banks can play a pivotal role in advancing societal objectives while also achieving their financial and operational goals. These studies emphasize the growing realization within the Islamic banking sector about the symbiotic relationship between robust corporate governance, strategic foresight, and sustainable growth. As Islamic banks continue to evolve in an increasingly interconnected and dynamic global landscape, their commitment to sound governance and strategic sustainability will likely remain key determinants of their success and resilience.

4.1.4. Areas of High and Low Disclosure

Transparency and disclosure are essential elements in building trust with stakeholders, especially in the banking sector. They ensure accountability, provide clarity to investors and consumers, and enhance the overall reputation of an institution. Understanding areas of high and low disclosure can offer insights into the priorities, concerns, and potential areas of improvement within the banking sector. Darus et al.'s study paints an interesting picture of disclosure practices within the Islamic banking sphere in Indonesia (Darus et al., 2014). The prominence of 'corporate vision' in disclosures highlights the importance Islamic banks in Indonesia place on establishing and communicating a clear sense of purpose and direction. By frequently disclosing their vision, these banks convey their commitment to long-term objectives and principles, underscoring their alignment with Islamic banking's ethical foundation. This could also reflect these institutions wanting to resonate with their stakeholders, ensuring that they understand and align with the bank's future aspirations.

Equally telling is the high rate of disclosure pertaining to the 'board of directors and top management.' By choosing to provide comprehensive information about the bank's leadership, these institutions are emphasizing the qualifications, experience, and credibility of those at the helm. This can be instrumental in instilling confidence among stakeholders, indicating that the institution is under competent leadership and committed to upholding the principles of Islamic finance and ensuring financial prudence. At the other end of the spectrum, the limited disclosures surrounding 'environment' and 'product, services, and fair dealing with the supply chain' present areas of potential concern. The relatively scant information about environmental initiatives and considerations might indicate a lag in embracing broader global shifts toward environmental sustainability. As the importance of environmental consciousness and sustainability grows worldwide, this could become an area of focus for future enhancements in disclosure. The limited disclosures related to products, services, and dealings with the supply chain can have multiple interpretations. It might indicate a missed opportunity to highlight the bank's commitment to ethical dealings, transparency in product offerings, or building robust relationships within the supply chain. Alternatively, it could reflect the bank's belief that other areas, such as corporate vision or leadership, might be of more immediate importance to stakeholders. The trends identified by Darus et al. (2014) provide valuable insights into the mindset of Islamic banks in Indonesia. While they are keen on presenting a robust vision and leadership profile, there might be room to bolster disclosures in other crucial areas, ensuring a holistic representation of their operations and values.

4.1.5. Market Potential and Perception

The vast landscape of Islamic banking stretches across diverse markets and economies, with each region presenting its unique challenges, opportunities, and perceptions. Starting with Europe, the research by Oseni et al. opens a captivating perspective on Islamic finance's market potential in traditionally non-Islamic regions like France (Oseni et al., 2013). Their findings offer more than just a glimpse into the growth potential of Islamic financial products in the country. France, with its rich financial history and strong economic base, recognizing the potential of Islamic finance, is indeed remarkable. It suggests an emerging openness in Western economies to alternative financial systems and hints at a possible interweaving of conventional and Islamic financial systems in the future. This integration could be fueled by the ethical and risk-sharing principles of Islamic finance, which might resonate with an increasingly conscious and informed clientele in the West.

Moving to Asia, the heartland of Islamic finance, Marsidi et al.'s study in Malaysia unveils nuanced insights into perceptions surrounding disclosure practices by Islamic banks (Marsidi et al., 2017). Their findings shed light on the significance of both financial and social reporting in influencing stakeholder trust and confidence. It is not just about the bank's financial soundness, stakeholders also value transparency in an institution's social commitments and ethical foundations. The emphasis on the formation of a board of directors through such reporting indicates the crucial role leadership plays in shaping perceptions. In essence, a bank's commitment to transparent financial and social practices can significantly bolster its image, highlighting its dedication to both profitability and principles.

Across this tapestry of research, a few trends become evident. Firstly, the approaches to sustainability and integrated reporting in the Islamic banking sector, though varied, highlight the growing emphasis on these domains. Stakeholders, both internal and external, are increasingly viewing institutions through the lens of their sustainability commitments and ethical foundations. Moreover, the importance of corporate social responsibility and corporate governance cannot be overstated. They are no longer mere buzzwords but have become critical components influencing operational decisions and stakeholder perceptions. Additionally, the role of geographic and technological factors in shaping disclosure practices stands out. As regions vary in their technological adaptability and accessibility, so do the means of conveying information to stakeholders. For instance, while an advanced digital infrastructure might favor online disclosures in some regions, others might still rely on traditional annual reports due to technology constraints or preferences. The realm of Islamic banking, though grounded in centuries-old principles, is evolving rapidly in response to modern-day challenges and opportunities. With markets expanding and perceptions shifting, it stands at a fascinating intersection of tradition and innovation, with each influencing the other.

4.2. Internal Corporate Governance

In light of the research on the influence of corporate governance within Islamic banks and broader financial institutions, it's important to deepen our understanding of how these findings relate to the internal structures of these organizations (Slahudin, 2008; Sulub et al., 2018). The role of the Board of Directors in particular, as demonstrated in the studies, can significantly affect the extent and quality of integrated reporting and sustainability practices (Chouaibi et al., 2022). Board diversity, both in terms of the variety of skills and backgrounds and the range of values and beliefs represented, has been shown to enrich corporate decisions around financial and sustainability reporting, and CSR (Marsidi et al., 2017). This aligns with legitimacy theory, which suggests that companies may leverage board diversity as a signaling mechanism in the market, even if it does not immediately translate into concrete actions. The research by Darus et al. also highlights the importance of transparency in governance, demonstrating the influence it has on the breadth of disclosures related to areas like 'corporate vision' and 'board of directors and top management' (Darus et al., 2014).

Board size and frequency of board meetings are other variables that have been examined concerning integrated reporting. Although results have been mixed, there's evidence to suggest that larger boards and more frequent meetings could foster a better exchange of views and higher-quality decision-making (Fasan & Mio, 2017; Frias-Aceituno et al., 2013). These factors can potentially shape the way Islamic banks approach sustainability and integrated reporting, as seen in the work by Sulaiman et al. (2015) on Islamic financial institutions in Malaysia. The role of the audit committee in overseeing the integrated reporting process is crucial. In the context of Islamic banking, this committee plays a pivotal role in monitoring managers and external auditors, thereby ensuring the credibility of the reporting process. Notably, two studies have confirmed that the financial and sustainability expertise of the audit committee enhances the readability and quality of integrated reports.

The potential of a sustainability committee is also worth noting. Acting as a supportive body for the audit committee, it can significantly improve the quality of sustainability disclosures in reports, as evidenced by the study by Wijayanti and Setiawan (2022) on Islamic banks in Indonesia. This implies that enhancing the effectiveness of the audit committee, potentially through the addition of a sustainability committee, can lead to improvements in the quality and quantity of sustainability disclosures. The intricate interplay of these elements of corporate governance significantly impacts the extent and quality of integrated reporting in Islamic banking institutions. There is a clear need for further research to delve deeper into these dynamics and their implications for sustainability practices within the industry.

4.3. Integrated Reporting and Financial Sustainability in Islamic Banking

In the context of Islamic banking, integrated reporting and financial sustainability are fundamental. Integrated reporting encapsulates the disclosure of both financial and non-financial facets of an Islamic Financial Institution (IFI), highlighting how the organization assimilates Islamic principles into its business conduct and activities. Financial sustainability, on the other hand, relates to the capacity of an IFI to yield long-term financial returns whilst simultaneously fostering sustainable development (Jan et al., 2023).

Integrated reporting serves a pivotal role in enhancing financial sustainability within Islamic banking. It enables the articulation of non-financial aspects, such as the social and environmental ramifications of an Islamic bank's activities, thereby pinpointing potential avenues for bolstering the institution's sustainability performance. As per a study by Muhamad et al. (2022) internal control, comprising three key components, exerts substantial influence on the financial efficiency of Islamic banks. This study also reveals that while external governance considerably moderates the relationship between used capital value and financial efficiency, it does not significantly impact the bond between internal control and social outreach efficiency.

Integrated reporting can augment the reputation of IFIs and foster trust among stakeholders, including customers, investors, and regulators. This, in turn, fortifies the IFIs' financial sustainability by drawing new customers and investors and attenuating capital costs. Moreover, integrated reporting can facilitate the alignment of IFIs' business operations with Islamic principles, which are inherently sustainable. This includes prohibitions on interest charges, a focus on risk sharing, and the prioritization of social responsibility. By assimilating these principles, IFIs can contribute to both societal and environmental sustainability. Integrated reporting can engender financial sustainability in Islamic banking by enhancing the reputation of IFIs, illuminating areas in need of enhancement, and realigning operations with Islamic principles (see Fig. 4). As highlighted in a study by Alketbi et al. (2022), a value-centric approach in Islamic banking enhances sustainability, resilience, and social impact by allocating resources towards activities that foster economic resilience and stimulate inclusive and sustainable economic growth.

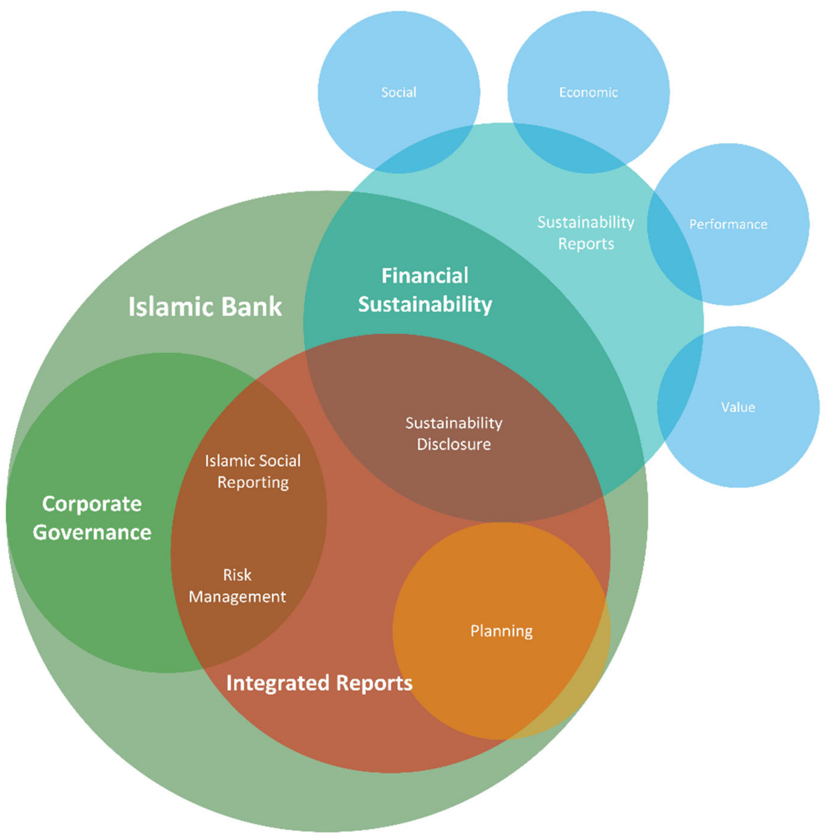

Fig. 4. Concentric Insights: Integrated Reporting, Corporate Governance, and Financial Sustainability in Islamic Banking.

According to research by Jan et al. (2023), governance significantly impacts the integrated reporting of Islamic banks. Their analysis based on Sustainable Development Goals (SDGs) demonstrates that SDG-9, SDG-17, SDG-11, and SDG-1 have the highest disclosure scores, whereas SDG-16 has the lowest. This implies a minimal impact from the sampled Islamic banks regarding SDG-16. With Islamic banks maintaining a high-tier due to the stringent ethical and religious norms around honesty, integrity, and transparency, a conducive governance environment is fostered, thereby instilling trust and sustainability in the banks' reporting. This contributes to enhancing investor trust and long-term business sustainability, thereby promoting the growth of robust and sustainable banking.

4.4. Opportunities for Future Research on Reporting Quality

Despite existing attempts to justify unimpressive outcomes, there remains substantial scope for future research to delve into the quality of integrated reports and their impact on long-term sustainability levels in Islamic banks. This calls for exploration beyond the confines of integrated reporting standards. Additionally, the object of research could be expanded to include not only Islamic banks, but also well-functioning Sharia-compliant businesses such as Islamic pawnshops, Islamic fintech, and other rapidly expanding sectors within Islamic finance.

The theme of sustainability interwoven with CSR also presents numerous opportunities for future research to enhance our understanding. The following propositions could be considered for further investigations (see Fig. 5):

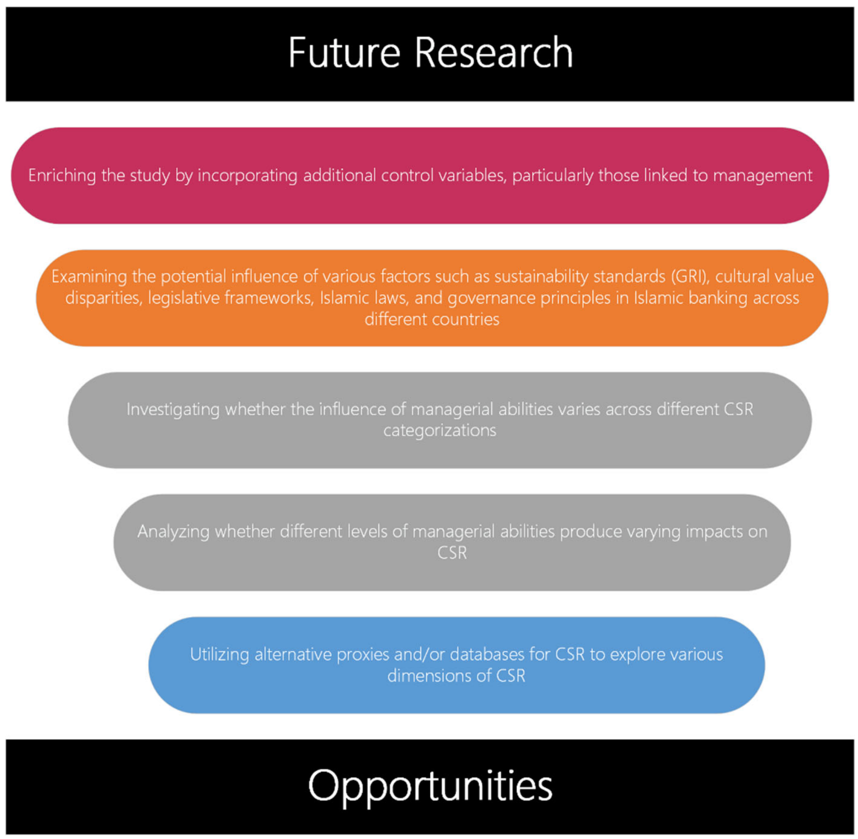

Fig. 5. Opportunities for Future Research

The quality of reporting in Islamic banking might be influenced by management practices and managerial characteristics. Additional control variables, such as management style, level of experience, or level of education, might provide a deeper understanding of these influences. For instance, a manager's propensity towards risk-taking could impact both the bank's sustainability initiatives and how these initiatives are reported. Also, their commitment to transparency could influence the comprehensiveness of the bank's integrated reporting. Different countries have different standards and legislative frameworks that influence corporate reporting and sustainability practices. The Global Reporting Initiative (GRI) standards, for example, are often used as a guideline for sustainability reporting. Islamic laws and governance principles might also play a significant role in shaping the practices of Islamic banks (Ascarya et al., 2022; Bilgin et al., 2021). The role of these factors could be examined by comparing Islamic banks in different countries or jurisdictions, looking at how differences in these factors correspond with differences in reporting practices and sustainability performance.

CSR can be categorized into different ways, such as environmental responsibility, social responsibility, and governance responsibility (often abbreviated as ESG). Managerial abilities could potentially have varying impacts on these different categories. For instance, a manager with a strong background in environmental science might have a greater impact on the bank's environmental responsibilities than its social responsibilities. A manager's ability could be reflected in their knowledge, skills, experience, and decision-making capabilities. These attributes could potentially influence a bank's CSR practices and how these practices are reported. For example, managers with a higher level of experience or stronger decision-making abilities might be more successful in implementing and communicating CSR initiatives.

This would provide a deeper understanding of the role of integrated reporting and CSR in promoting sustainability in Islamic banking and other Sharia-compliant businesses. Moreover, it could also offer insights into how various factors, such as management practices and CEO characteristics, influence these entities' commitment to sustainability. The interplay between integrated reporting, corporate governance, and financial sustainability in the context of Islamic banking demands extensive research. Specifically, the stakeholder-agency theory suggests that management's primary responsibility lies in the ethical and diligent representation of the stakeholders' interests (see Fig. 6). This implies that managers have a significant influence on the direction, intent, and quality of integrated reporting, especially when contextualized in the Islamic banking framework.

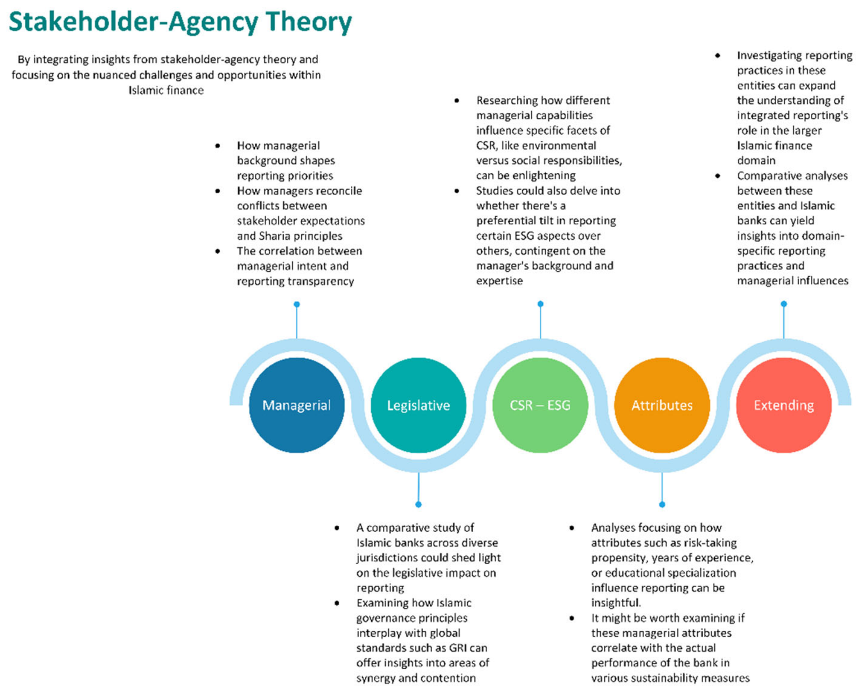

Fig. 6. Integrating Insights from Stakeholder-Agency Theory

The pursuit of quality integrated reporting in the Islamic banking and finance realm offers a multi-faceted research arena. Recognizing managerial influence, shaped by individual attributes and environmental factors, is crucial. By integrating insights from stakeholder-agency theory and focusing on the nuanced challenges and opportunities within Islamic finance, researchers can unveil richer insights, thereby strengthening the foundation for ethical, transparent, and comprehensive reporting in the sector.

5. Conclusion

This study navigated the intricate relationships between integrated reporting, corporate governance, and financial sustainability within the Islamic banking framework. Our endeavor was not only to understand these relationships but to also discern the nuances and variations across different geographical and temporal contexts. We shed light on pivotal factors such as board dynamics, the role of audit committees, the essence of sustainability disclosures, and the benefits of adopting value-based strategies in Islamic banks. Our findings underscore a notable positive linkage between these critical components and the overarching financial sustainability within the Islamic banking realm. By synthesizing data and insights from a myriad of studies, we were able to provide a holistic understanding of how aligning banking operations with the inherent sustainable principles of Islam can offer a competitive advantage, heightening the sector's reputation and drawing increased investor interest.

This study revealed significant areas that beckon further scholarly exploration. The influence of managerial acumen on CSR classifications, the potential impact of diverse cultural values, legislative influences, and the nuances of Islamic legal frameworks across various regions stood out as potential frontiers for future research endeavors. This study makes a substantial contribution to the existing corpus of knowledge by not only presenting the intricate dynamics of integrated reporting and corporate governance in the Islamic banking sector but also by elucidating their crucial role in steering these institutions towards sustainable futures. The insights and implications drawn from our research serve as invaluable touchpoints for practitioners, policymakers, and scholars, offering a blueprint for enhancing financial sustainability through robust governance and reporting practices.

Data Availability Statement

The original contributions presented in the study are included in the article, further inquiries can be directed to the corresponding author.

Conflicts of Interest

The authors declare that the research was conducted in the absence of any commercial or financial relationships that could be construed as a potential conflict of interest.

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