

Research Horizon

ISSN: 2808-0696 (p), 2807-9531 (e)

Research Horizon

Volume: 06
Issue: 01
Year: 2026
Page: 39-50

Citation:

Mawahib, M. A., & Fauzan. (2026). Implementation of good governance in the ethics-based financial reporting system in the regional government of Jember District. *Research Horizon*, 6(1), 39-50.

Article History:

Received: November 23, 2025
Revised: February 20, 2026
Accepted: February 23, 2026
Online since: February 28, 2026

Implementation of Good Governance in the Ethics-Based Financial Reporting System in the Regional Government of Jember District

Moh. Abil Mawahib^{*}, Fauzan¹

¹ Universitas Islam Negeri Kiai Haji Achmad Siddiq Jember, Jember, Indonesia

^{*} Corresponding author: Moh. Abil Mawahib (abilmawahib70@email.com)

Abstract

In the context of public sector finance, challenges such as lack of transparency, weak accountability, and limited public participation necessitate a reporting system that aligns with ethical and Islamic principles, emphasizing fairness, responsibility, and social relevance. This study examines the development of a Sharia-based financial reporting system with an ethical framework to enhance good governance in the Jember Regency government. This research employs a qualitative approach with a case study method, collecting data through in-depth interviews and document analysis. Findings indicate that implementing a Sharia-based ethical financial reporting system improves accountability, reduces opportunities for corruption, and encourages greater public involvement in financial oversight. The study contributes to public sector governance by demonstrating that integrating Sharia principles with conventional financial reporting can strengthen ethical practices, enhance transparency, and promote responsible management of public resources. These insights provide a practical framework for government institutions seeking to align financial management with ethical and socially responsible standards.

Keywords

Corruption, Ethical Framework, Good Governance, Public Sector Accountability, Sharia-Based Financial Reporting, Transparency.

1. Introduction

Financial reporting in the public sector plays a crucial role in safeguarding accountability, ensuring transparency, and guaranteeing that public financial management is conducted effectively and efficiently. In many countries, including Indonesia, efforts to improve government governance have increasingly focused on implementing the principles of good governance, characterized by transparency, participatory decision-making, responsibility, and freedom from corruption (Bovens et al., 2014). Good governance serves as a primary foundation for creating responsive public administration, particularly in the management of financial resources. Despite these efforts, the implementation of financial reporting systems in several regions of Indonesia, including the Regency of Jember, continues to face significant challenges. Issues such as corruption, lack of transparency, and weak accountability remain critical problems, undermining public trust in government institutions. According to Transparency International (2020), Indonesia continues to exhibit concerning levels in the Corruption Perception Index (CPI), reflecting the persistent challenges in governance quality, especially within the financial sector. Figure 1 shows that Indonesia's CPI has consistently remained between 36 and 40 from 2012 to 2024, illustrating the enduring nature of corruption-related challenges. This context underscores the urgent need to improve financial reporting systems to reduce misuse of power and enhance public trust.

Score changes 2012 - 2024

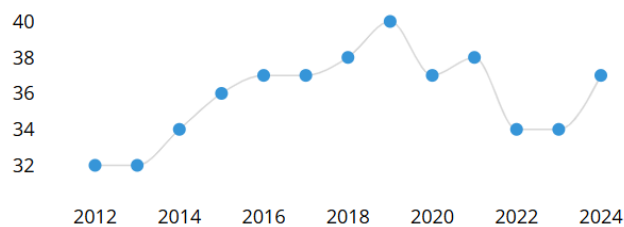


Figure 1. Trend Index Perception Corruption (CPI) Indonesia from 2012 up to 2024.

The persistent challenges in public sector financial management highlight the need for innovative approaches that integrate ethical and socially responsible principles. In this regard, Sharia-based financial reporting emerges as a promising alternative. Unlike conventional financial reporting, Sharia-based systems not only focus on formal compliance and accuracy but also emphasize ethical values, including justice, transparency, social responsibility, and accountability (Haniffa & Hudaib, 2007; Muftih & Muhammedi, 2024; Fadillah & Prasetyo, 2024). Lewis (2006) notes that such systems prioritize trust and fairness, which are essential in reinforcing government legitimacy and public confidence. By incorporating ethical principles derived from Sharia, financial reporting can become a tool for strengthening the integrity of governance processes.

Recent studies indicate growing attention to the role of ethics in financial reporting. Maali et al. (2006) argue that Sharia-compliant financial reporting has the potential to address social needs inadequately met by conventional reporting systems, particularly in public institutions, by balancing economic efficiency with social justice. In the context of local government, applying Sharia principles in financial reporting can facilitate greater transparency and encourage public participation, as stakeholders' interests are considered in the oversight and monitoring process (Aguilera & Cuervo-Cazurra, 2009; Syari & Nasution, 2025).

Therefore, integrating Sharia ethics into public financial reporting is not merely a technical adjustment but represents a strategic approach to improving governance quality by aligning financial management with societal expectations.

In Regency Jember, a region with significant economic and administrative importance, the need for a reliable and ethically sound financial reporting system is pressing, as the local government must ensure efficient management while meeting the expectations of an increasingly diverse society. Existing reporting mechanisms have proven insufficient to prevent unethical practices and fully engage public oversight, indicating that conventional approaches alone cannot guarantee transparency, accountability, or public trust (Chilshi et al., 2024; Lakasse et al., 2024). In this context, Sharia-based financial reporting offers a promising alternative to promote ethical conduct, strengthen governance, and enhance stakeholder confidence. However, research on its implementation in Indonesia's regional public sector remains limited, with most studies focusing on private institutions or general compliance (Amalia, 2023; Sam et al., 2024; Zahirah & Suhaedi, 2025). This gap presents a novel opportunity to examine how ethical, Sharia-compliant reporting can improve good governance in local government, and by developing and testing such a model in Regency Jember.

Therefore, this study develops an effective Sharia-based financial reporting model tailored for the Regency of Jember government. Specifically, it investigates how integrating Sharia ethical principles into financial reporting can enhance transparency, accountability, and public participation in managing public resources. The study also examines the potential of this approach to reduce corruption, strengthen institutional legitimacy, and serve as a replicable model for other regions in Indonesia confronting similar issues in governance and public finance. This study also aims to examine the implementation challenges and institutional readiness in adopting a Sharia-based ethical financial reporting system within the regional government.

2. Literature Review

2.1. Reporting Islamic Finance

Sharia-based financial reporting is a system built on Sharia principles that emphasizes not only financial aspects but also social and ethical dimensions of economic activity (Haniffa & Hudaib, 2007; Ariani & Sahman, 2025). The key principles of Sharia-compliant reporting include justice, transparency, and social responsibility. Justice requires that financial reports reflect fairness for all stakeholders, both internal and external, by avoiding dishonesty, fraud, and neglect of individual and societal rights (Maali et al., 2006; Nashit & Tasnim, 2024). Transparency is another central aspect, meaning that financial information must be presented clearly, accurately, and made accessible to all interested parties. In the Sharia perspective, transparency encompasses not only formal compliance but also ethical integrity in the delivery of accurate information, fostering trust among stakeholders and strengthening institutional accountability (Jaradat & Oudat, 2025). Moreover, Sharia-based reporting encourages the disclosure of financial practices in a manner that allows public scrutiny, promoting confidence in organizational governance.

Social responsibility extends accountability beyond shareholders to society and the environment, ensuring that all economic activities with social implications are openly reported (Dusuki & Abdullah, 2007). Sharia-compliant reporting integrates ethical considerations into financial statements, including the use of funds for charitable purposes, equitable allocation of resources, and measurement of social impact, such as zakat management and community welfare contributions (Fadillah & Prasetyo, 2024; Faizah & Satriawan, 2025). Furthermore, Sharia-based reporting

emphasizes balancing personal and public interests, with a strong focus on promoting justice, trust, and sustainability in financial practices (Zahirah & Suhaedi, 2025). This approach ensures that financial reporting serves as a tool for ethical stewardship, enhancing transparency, stakeholder engagement, and socially responsible governance, particularly in public and nonprofit institutions where trust and accountability are paramount.

2.2. Good Governance

Good governance is a concept that encompasses transparency, accountability, participation, and justice, which are essential for creating a responsive and responsible government (Singh, 2023). Fundamentally, the implementation of good governance, whether in the corporate or public sector, depends on sound principles and practices that ensure ethical conduct, transparency, and accountability toward stakeholders (Akbar & Choiriah, 2025). In the public sector context, these principles are reflected in how governments manage public financial resources and report them in an ethical, transparent, and accountable manner. Transparency involves the government being open in providing relevant and accurate information to the public, which is crucial for building trust, particularly in financial management (Bovens et al., 2014).

Accountability refers to the obligation of the government to justify its decisions and actions to society. In financial reporting, accountability requires presenting honest, open, and appropriate reports according to established standards, and Sharia-based reporting can enhance this by embedding stronger ethical principles in report preparation (Lewis, 2006). Participation emphasizes the importance of involving the public in decision-making processes, including the supervision of public funds. Greater public involvement in planning and evaluating government finances strengthens financial governance (Rijal, 2023; Islam, 2025). Justice ensures that policies and financial reports reflect a fair and equitable distribution of resources. Applying Sharia principles in financial reporting can help guarantee that public budgets are managed fairly and used for the broader public interest (Dusuki & Abdullah, 2007; Misbah, 2025).

2.3. Sharia-Based Financial Reporting and Good Governance

Sharia-based financial reporting is strongly related to the implementation of good governance. This reporting system not only fulfills the demands of fiscal accountability but also emphasizes integrity and trust, which must be maintained by public institutions (Haniffa & Hudaib, 2007). The implementation of an ethics-based reporting system can strengthen governance built on trust, ultimately reducing corruption and increasing public involvement in managing financial resources (Aguilera & Cuervo-Cazurra, 2009). Empirical studies by Maali et al. (2006) indicate that Sharia-compliant financial reporting, which incorporates social accountability, not only enhances transparency but also contributes to strengthening the integrity of public institutions. Similarly, Lewis (2006) highlights that ethical reporting can help address corruption and abuse of power in the public sector, particularly in Muslim-majority countries.

In the context of Regency Jember, a region with a developing economy, challenges remain in improving accountability and transparency in financial management. Based on audit data from the Audit Board of Finance (*Badan Pengawas Keuangan/BPK*), Regency Jember has previously received a “Reasonable With Exception” (*Wajar Dengan Pengecualian/WDP*) opinion due to several findings of discrepancies in public budget management. This underscores the importance of improving financial reporting systems to achieve better governance. Implementing a Sharia-based, ethics-driven reporting system in Regency Jember can serve as an

effective solution to enhance transparency, fairness, and social responsibility, thereby increasing good governance and public trust in the local government.

3. Methods

This study employs a qualitative approach with a case study design to explore the implementation of Sharia-based financial reporting in the government area of Regency Jember. The qualitative method is chosen because it allows for an in-depth understanding of complex processes, ethical considerations, and social dynamics involved in financial management, which cannot be fully captured through quantitative measures. This study adopts an exploratory single-case design focusing on the Regency Government of Jember. The case was purposively selected due to its efforts to integrate Sharia-based ethical principles into public financial management. The unit of analysis is the institutional financial reporting process within the regional government framework. The case study approach provides a detailed examination of the context, practices, and experiences of government officials, auditors, and Sharia financial experts, making it suitable to analyze the interplay between ethical principles and governance outcomes.

Data collection was carried out using two main sources. First, primary data were obtained through in-depth interviews with key informants, including officials from the Management Agency of Regional Finance and Assets (*Badan Pengelolaan Keuangan dan Aset Daerah/BPKAD*), members of the Regional Inspectorate, and experts in Sharia financial reporting. The interviews focused on understanding how Sharia principles such as justice, transparency, social responsibility, and accountability are applied in financial reporting processes, as well as identifying challenges in implementation. Open-ended questions were used to encourage detailed responses and capture participants' perceptions, experiences, and ethical reasoning in financial management.

Second, secondary data were collected from official documents, including financial reports, regulations, and guidelines related to Sharia and public financial management. These documents served to validate and complement the interview data by providing evidence of reporting practices, compliance with Sharia principles, and adherence to government regulations. The document analysis covered regional budget reports, internal audit reports, regional regulations, and national guidelines on Sharia-based financial governance. These documents were systematically reviewed to identify consistency between stated policies and actual reporting practices.

Data analysis was conducted using thematic analysis, which involved systematically coding and categorizing the data to identify recurring patterns, themes, and insights related to the implementation of ethics-based Sharia financial reporting. This method allows for the integration of multiple data sources and supports the development of a comprehensive understanding of how ethical and Sharia principles influence financial governance in a public sector context. Throughout the process, triangulation between interviews and documents was employed to ensure credibility, reliability, and depth of findings. To enhance trustworthiness, this study applied triangulation and member checking to ensure credibility. Dependability was maintained through an audit trail of research and coding processes, while confirmability was supported by preserving raw data and reflexive notes. Thick description was used to improve transferability and contextual understanding. This methodology provides a robust framework to explore not only the technical aspects of financial reporting but also the ethical, social, and governance dimensions, offering a comprehensive perspective on the implementation of Sharia-based reporting in Regency Jember.

4. Results

4.1. Integrating Sharia Ethics to Financial Reporting

The implementation of a Sharia-based ethical financial reporting system in the Regency of Jember is perceived to have significantly enhanced transparency and accountability in regional financial management. Findings from interviews with officials at the Regional Financial and Asset Management Agency indicate that the incorporation of Sharia principles, particularly justice and social responsibility, has encouraged the preparation of more detailed, structured, and publicly accessible financial reports. It was explained that the presence of ethical principles such as fairness and openness has fostered a stronger commitment among officials to disclose the use of public funds clearly, thereby strengthening public trust in regional budget management. These findings align with the argument of Haniffa and Hudaib (2007), who assert that Sharia-based reporting systems promote broader social accountability compared to conventional financial reporting frameworks.

Furthermore, the integration of Sharia principles has contributed to improvements in the quality of regional financial audits. Interviews with auditors from the BPK Representative Office revealed that more transparent and ethically grounded reporting practices have resulted in financial statements that are easier to audit and contain fewer discrepancies. It was noted that recent audit results demonstrated a significant improvement, reflected in the achievement of an unqualified opinion, whereas previous audits had frequently identified budget inconsistencies. Auditors emphasized that the structured and rule-compliant nature of Sharia-based reporting has simplified the audit process and enhanced the overall quality of government financial statements. These findings are consistent with Maali et al. (2006), who argue that Sharia reporting frameworks strengthen the audit process by increasing transparency and reducing opportunities for financial manipulation.

In addition to strengthening transparency and audit quality, the Sharia-based reporting system has also encouraged greater community participation in public financial oversight. Interviews with local community representatives suggest that improved access to financial information has enabled citizens to become more actively involved in monitoring government budget management. It was conveyed that clearer and more transparent reports have provided opportunities for the public to raise questions and offer input regarding the use of regional funds. This development reflects the participatory dimension of good governance, which emphasizes public involvement in managing public resources (Shah, 2007). Thus, the implementation of Sharia-based financial reporting not only enhances accountability but also fosters a more inclusive governance environment.

4.2. Corruption Reduction and Institutional Legitimacy

The implementation of a Sharia-based financial reporting system in the Regency of Jember has also contributed to minimizing the potential for corruption and budget misuse. Evidence from interviews with members of the Regional Inspectorate indicates that the integration of social and ethical accountability principles into financial reporting has strengthened officials' sense of moral responsibility in managing public funds. It was explained that the ethical foundation embedded in Sharia reporting reduces ambiguity in financial disclosures, thereby limiting opportunities for manipulation and discretionary abuse. These findings support the argument of Lewis (2006), who emphasizes that Sharia-based financial reporting frameworks enhance integrity in financial management by foregrounding justice and accountability.

Moreover, the incorporation of Sharia principles appears to reshape the ethical orientation of public officials. It was conveyed by Sharia experts that the system

reinforces awareness that accountability extends beyond administrative compliance to moral and spiritual responsibility. This broader conception of accountability was described as reducing tendencies toward budget abuse, as ethical considerations become embedded in daily financial practices. Such findings are consistent with contemporary discussions on Islamic accountability, which stress that Sharia governance frameworks integrate vertical accountability (to God) and horizontal accountability (to society) (Ahmad et al., 2023; Yahya et al., 2023). This dual accountability mechanism strengthens ethical discipline within public institutions.

In addition, the Sharia-based reporting model enhances institutional integrity by embedding transparency and moral norms into reporting structures. By clarifying procedures and emphasizing fairness, the system reduces information asymmetry and narrows discretionary space for corrupt behavior. Recent studies highlight that ethics-oriented governance frameworks, including Islamic public financial management models, contribute to corruption mitigation by reinforcing value-based controls alongside formal regulatory mechanisms (Abdurahman, 2025). The findings from Jember therefore illustrate how ethical institutionalization can function as a complementary anti-corruption instrument within public sector governance.

The evidence suggests that Sharia-based financial reporting in Jember strengthens integrity not only through technical compliance but also through internalized moral accountability. This aligns with broader empirical research demonstrating that value-driven financial governance systems are more resilient to corruption risks when ethical norms are systematically integrated into reporting and oversight mechanisms (Lewis, 2006; Popoola & Ibrahim, 2024). Consequently, the Sharia reporting approach operates as both a procedural and ethical safeguard against corruption in regional public finance management.

4.3. Replicability and Implementation Challenges

The implementation of a Sharia-based ethical financial reporting system in the Regency of Jember, despite its demonstrated benefits, continues to face several practical and institutional challenges (Mauliyah, 2025). One of the primary obstacles identified through interviews is the limited understanding of Sharia principles among a significant number of regional financial officials. While the technical structure of reporting has been adjusted, the internalization of underlying ethical values such as justice, *amanah* (trustworthiness), and social accountability remains uneven. This gap indicates that institutional transformation requires not only regulatory reform but also cognitive and ethical adaptation among public officials.

Interview findings further reveal that some officials perceive Sharia principles as extending beyond procedural compliance to encompass broader moral and spiritual dimensions. It was conveyed that ongoing learning is still required, as Sharia-based reporting does not merely concern technical accounting standards but also ethical commitments that may not yet be fully comprehended. This reflects a broader challenge in implementing values-based governance systems, where formal adoption does not automatically ensure substantive understanding or behavioral change (Alam et al., 2020). The need for deeper ethical literacy highlights the importance of capacity building in faith-informed governance reforms.

Moreover, the findings suggest that the sustainability and replicability of the Sharia-based reporting model depend heavily on structured training and continuous institutional support. Without systematic education programs and professional development initiatives, the effectiveness of the system may be constrained by inconsistent interpretation and application of Sharia principles. Recent studies by Shahzad and Khan (2015) emphasize that the successful implementation of Islamic public financial management frameworks requires integrated training mechanisms, leadership commitment, and alignment between ethical norms and administrative

procedures. These elements are critical to ensuring that value-based reforms move beyond symbolic adoption toward operational effectiveness.

While the Sharia-based financial reporting model in Jember shows strong potential for replication in other regions, its scalability depends on addressing human capital readiness and strengthening ethical competence among financial administrators. Institutionalization of Sharia governance must therefore be accompanied by systematic capacity development to ensure consistency, sustainability, and broader applicability within Indonesia’s public sector context (Radinger et al., 2025).

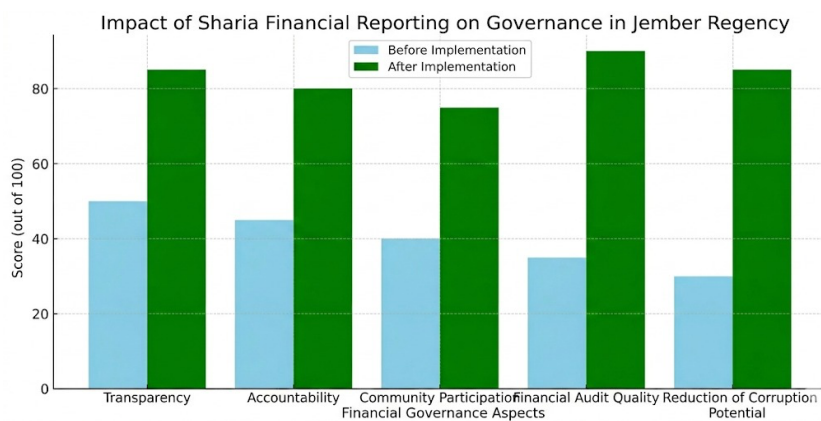


Figure 2. Impact Reporting Impact of Islamic Finance on Governance in District Jember

Figure 2 shows the differences between conditions before and after implementation across several aspects, including transparency, accountability, community participation, financial audit quality, and the reduction of potential corruption. The graph indicates a significant improvement in all categories following the implementation of the Sharia-based reporting system, reflecting the positive impact of applying Sharia principles in regional financial management and governance.

5. Discussion

The findings from the implementation of a Sharia-based ethical financial reporting system in Jember demonstrate a significant enhancement in the quality of regional governance, particularly in transparency, accountability, and public participation. The incorporation of Sharia principles such as justice, fairness, and social responsibility has encouraged more detailed, structured, and publicly accessible financial reports. This finding aligns with Haniffa and Hudaib (2007), who argue that Sharia-based reporting promotes broader social accountability compared to conventional frameworks. Similarly, Maali et al. (2006) emphasize that ethical reporting systems increase transparency and reduce opportunities for financial manipulation, supporting the observed improvements in Jember’s regional reporting practices.

Improved audit outcomes further illustrate the positive impact of Sharia-based reporting. The recent achievement of an unqualified opinion highlights the role of ethically grounded, structured reports in reducing discrepancies and simplifying the audit process. This is consistent with Lewis (2006), who suggests that integrating Sharia principles strengthens integrity in financial management. Moreover, Abdurrahman (2025) notes that embedding ethical norms within institutional frameworks serves as a complementary mechanism to formal anti-corruption

controls, reinforcing the notion that Jember's adoption of Sharia reporting enhances both procedural and moral accountability.

The findings also reveal that Sharia-based reporting encourages greater community participation in financial oversight. Improved access to transparent financial information has allowed citizens to monitor budget use and provide input, reflecting the participatory dimension of governance. This aligns with Shah (2007) and Rijal (2023), who emphasize that public involvement strengthens policy effectiveness and resource management. Dusuki and Abdullah (2007) further argue that ethical financial practices in Islamic contexts increase stakeholder confidence, which resonates with the active engagement of Jember's local communities observed in this study.

Despite these benefits, the results highlight challenges related to understanding and internalizing Sharia principles among financial officials. While technical reporting structures have been adopted, the uneven grasp of ethical values such as *amanah* (trustworthiness) and social accountability indicates that institutional reform must be accompanied by cognitive and ethical adaptation. This echoes findings by Alam et al. (2019) and Chilshi et al. (2024), who note that formal adoption of values-based systems alone does not guarantee substantive behavioral change. Capacity building, structured training, and leadership support are therefore critical to ensure consistent application and sustainability, as emphasized by Shahzad and Khan (2015) and Radinger-Peer et al. (2025).

The Jember case demonstrates that Sharia-based reporting enhances governance quality by simultaneously improving technical compliance, moral accountability, and participatory engagement. These outcomes are consistent with broader empirical evidence showing that value-driven financial systems are more resilient to corruption risks and foster public trust (Sam et al., 2024; Faizah et al., 2025). The study also highlights that replication in other regions is feasible but contingent upon systematic education and ethical literacy programs to sustain operational effectiveness, as discussed by Muftih and Muhammedi (2024) and Misbah (2025).

In conclusion, the Sharia-based financial reporting system in Jember exemplifies how integrating ethical principles into public sector governance can achieve transparency, accountability, and participation simultaneously, offering a model for strengthening financial management while embedding moral and social responsibility. These findings highlight that integrating Sharia principles into financial reporting can effectively improve governance, enhance public trust, reduce corruption risks, and encourage community engagement. For regions considering similar adoption, success depends on training, institutional support, and capacity building to ensure ethical principles are fully understood and applied. This approach fosters a governance culture where accountability combines procedural compliance with moral responsibility, supporting long-term sustainability in public financial management.

6. Conclusion

The implementation of a Sharia-based ethical financial reporting system in the Regency of Jember has demonstrated a significant positive impact on regional governance by enhancing transparency, accountability, and public participation in financial management. The system not only strengthens procedural compliance but also embeds moral and ethical responsibility among public officials, fostering greater public trust and reducing opportunities for corruption. By providing structured and ethically grounded financial reports, the system allows for more accurate audits and easier public oversight, ensuring that regional funds are managed responsibly.

These outcomes highlight the potential of Sharia-based reporting to create a governance culture where ethical principles complement formal regulations, ultimately supporting more effective and inclusive public financial management.

Moreover, the integration of social and ethical accountability encourages officials to consider both administrative and moral dimensions in decision-making, reinforcing the alignment between governance practices and community expectations. The experience in Jember illustrates that value-based financial management can serve as a model for other regions seeking to improve integrity, transparency, and citizen engagement in public sector finance.

However, the study also highlights certain limitations. The effectiveness of the system depends on the understanding and internalization of Sharia principles among officials, which remains uneven, and the findings are based primarily on a single regional context, which may limit generalizability. Future research could examine the implementation of Sharia-based reporting across multiple regions or sectors, assess the long-term sustainability of ethical compliance, and explore strategies for enhancing ethical literacy among public financial administrators.

References

- Abdurrahman, Z. (2025). Islamic ethical governance: An integrated model for corruption prevention. *Kurva: Jurnal Ekonomi Manajemen Keuangan Dan Bisnis*, 2(1), 1-19.
- Aguilera, R. V., & Cuervo-Cazurra, A. (2009). Codes of good governance. *Corporate Governance: An International Review*, 17(3), 376-387.
- Ahmad, S., Qamar, A. J., Bhatti, M. A. A., & Bashir, U. (2023). Integrating Islamic ethics with modern governance: A comprehensive framework for accountability across religious, social, and economic dimensions. *Al-Irfan*, 8(15), 51-79.
- Akbar, A., & Choiriah, S. (2025). The effect of good corporate governance, internal control system, and human resource competence on financial reporting quality. *Research Horizon*, 5(2), 183-194.
- Alam, M. M., Said, J., & Abd Aziz, M. A. (2019). Role of integrity system, internal control system and leadership practices on the accountability practices in the public sectors of Malaysia. *Social Responsibility Journal*, 15(7), 955-976.
- Amalia, M. M. (2023). Enhancing accountability and transparency in the public sector: A comprehensive review of public sector accounting practices. *The ES Accounting And Finance*, 1(03), 160-168.
- Ariani, Z., & Sahman, Z. (2025). The influence of the principles of trust and justice on the quality of financial reports in sharia financial institutions. *Tazkia Islamic Finance and Business Review*, 19(2), 412-426.
- Bovens, M. A. P., Goodin, R. E., & Schillemans, T. (Eds.). (2014). *The Oxford handbook public accountability*. Oxford: Oxford Handbooks.
- Chilshi, I., Aini, K., Marina, R., Roja, D., Firdaus, A., Arifai, M., & Mariana, M. (2024). Implementing sharia accounting principles in the public sector: A systematic literature review of challenges and opportunities. *HEI EMA: Jurnal Riset Hukum, Ekonomi Islam, Ekonomi, Manajemen dan Akuntansi*, 3(1), 83-93.
- Dusuki, A. W., & Abdullah, N. I. (2007). Maqasid al-shariah, maslahah, and corporate social responsibility. *The American Journal of Islamic Social Sciences*, 24(1), 25-45.
- Fadillah, N., & Prasetyo, M. (2024). The impact of the implementation of sharia accounting on the financial transparency of zakat institutions. *Seriät Ekonomisi*, 1(4), 13139-13139.
- Faizah, I., Satriawan, D., & Mustofa, U. A. (2025). The role of sharia-based financial reporting in promoting corporate sustainability. *GreenSharia: Journal of Islamic Economics and Business for Sustainability*, 1(1), 48-57.
- Haniffa, R., & Hudaib, M. (2007). Exploring the ethical identity of Islamic banks via communication in annual reports. *Journal of Business Ethics*, 76(1), 97-116.
- Islam, S. (2025). Public finance and policy effectiveness a review of participatory budgeting in local governance systems. *Available at SSRN*, 7(4), 12-20.
- Jaradat, H., & Oudat, M. S. (2025). Enhancing clarity and transparency in Islamic financial practices: The role of regulatory influence. *Journal of Financial Reporting and Accounting*, 9(4), 56-66.
- Lakasse, S., Rusmardiana, A., Kholid, M., Farina, K., & Silaban, B. T. (2024). The role of sharia compliance in enhancing financial reporting transparency: A comparative study

- of Islamic and conventional financial institutions. *The Journal of Academic Science*, 1(8), 1052-1062.
- Lewis, M. K. (2006). Accountability and Islam. *Accounting Forum*, 30(3), 245-265.
- Maali, B., Casson, P., & Napier, C. (2006). Social reporting by Islamic banks. *Abacus*, 42(2), 266-289.
- Mauliyah, N. I. (2025). Sharia-based economic development as a solution to poverty reduction in Jember Regency. *Research Horizon*, 5(5), 2207-2216.
- Misbah, A. (2025). The application of sharia economic principles in educational financial management: A review of applications, problems, and solutions. *Nidhomiyyah: Jurnal Manajemen Pendidikan Islam*, 6(2), 253-267.
- Muftih, A., & Muhammedi, S. (2024). Implementation of accountability and reporting based on Islamic sharia in efforts to prevent regional government financial fraud. *Journal of Islamic Economics and Business Ethics*, 1(2), 94-107.
- Nashit, R., & Tasnim, N. (2024). Analysis of sharia compliance in the presentation of Islamic bank financial reports. *Seriat Ekonomisi*, 1(4), 140-148.
- Popoola, A. D., & Ibrahim, A. K. (2024). Conceptual framework for strengthening governance and compliance in enterprise financial systems. *International Journal of Advanced Multidisciplinary Research and Studies*, 4(2), 332-341.
- Radinger-Peer, V., Seebauer, S., & Gugerell, K. (2025). The CAPS framework for governance capacity building for local climate action. *Journal of Environmental Policy & Planning*, 27(3), 309-328.
- Rijal, S. (2023). The importance of community involvement in public management planning and decision-making processes. *Journal of Contemporary Administration and Management (ADMAN)*, 1(2), 84-92.
- Sam, A. A. R., Haliah, H., & Kusumawati, A. (2024). Disclosure of transparency, accountability and value for money concept in public sector financial management: A systematic literature review. *International Journal of Economic Research and Financial Accounting (IJERFA)*, 3(1), 228-241.
- Shah, A. (2007). *Participatory budgeting*. Washington: World Bank Publications.
- Shahzad, M. A., & Khan, A. (2015). Sharī'ah governance framework in Islamic financial institutions: A comparative study of Pakistan and Malaysia. In *MUST 1st International Conference on Business and Management Research (ICBMR-2015)* (pp. 1099-1114). Kashmir: MUST.
- Singh, A. (2023). A theoretical understanding of governance and good governance. *VIDYA-A Journal of Gujarat University*, 2(1), 39-47.
- Syari, M. E., & Nasution, M. I. (2025). The role of service quality in moderating the effect of financial transparency and accountability on muzakki's trust. In *International Conference Epicentrum of Economic Global Framework* (pp. 679-686).
- Transparency International. (2020). *Corruption perceptions index 2024*. Retrieved on October, 26 2025 from <https://www.transparency.org/en/cpi/2024>.
- Yahya, N., Hoque, M. N., Zakaria, N., Nadzri, F. A. A., & Yusuf, S. N. S. (2023). Governance and accountability in promoting shariah and sustainable practices: Thematic issue on governance and accountability. *Journal of Nusantara Studies (JONUS)*, 8(3), 480-491.
- Zahirah, S. Y., & Suhaedi, W. (2025). Optimizing financial management and reporting to increase accountability and transparency in Islamic boarding schools. *Journal of Islamic Economics Lariba*, 11(1), 88-97.

Acknowledgment

We gratefully acknowledge the contributions of individuals who supported the completion of this article.

Funding Information

This research did not receive any funding.

Conflict of Interest Statement

The authors declare that there is no conflict of interest.

Ethical Approval and Originality Statement

Ethical approval was obtained for this study. The manuscript represents original work and has not been previously published, nor is it under consideration by another journal.

Data Disclosure Statement

The data that support the findings of this study are available from the corresponding author upon reasonable request.



Copyright: © 2026 by the authors.

This work is licensed under the terms and conditions of the Creative Commons Attribution-ShareAlike 4.0 International License

(<https://creativecommons.org/licenses/by-sa/4.0/>).