Comprehensive Model of Disclosure Components in Islamic Financial Reporting Using the Grounded Theory Method

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Abstract: The purpose of this study was to explain a comprehensive model of disclosure components in Islamic financial reporting. In other words, the researcher sought to identify and analyze the factors affecting Islamic financial disclosure through interviews with experts and by examining the data using the grounded theory method. The present study was applied in terms of purpose and descriptive–exploratory in terms of data collection. The research was conducted using a qualitative approach and the grounded theory method. Data were collected through interviews with 15 expert accountants active in the field of Islamic auditing and accounting. Participants were selected through purposive and snowball sampling, and relevant open codes were extracted from the interview transcripts. In the concept identification stage, the main concepts were first extracted from each sentence. After multiple rounds of analysis and consultation with experts, 119 basic concepts were finally identified. These concepts were then classified into categories, including religious and organizational values and transparency, organizational culture and structure, social and legal contextual factors, financial, governmental, and Shariah compliance, trust in organizational legitimacy, and Shariah-based, ethical, and supervisory strategies. Finally, these concepts were presented in the form of a paradigmatic model. The research findings showed that disclosure in Islamic financial reporting results from the interaction of contextual, causal, and intervening factors, and that its realization plays an important role in promoting transparency, accountability, trust, and legitimacy in the Islamic financial system. The results are also consistent with the objectives of the general policies of the resistance economy in the areas of economic transparency, financial system integrity, and strengthening public trust, and they can provide a basis for developing Islamic financial reporting standards and policies.

Keywords: Disclosure, Islamic financial reporting, grounded theory, paradigmatic model.

1. Introduction

Financial reporting has traditionally been regarded as one of the most important mechanisms for reducing information asymmetry, strengthening accountability, and supporting rational economic decision-making. In modern organizations, disclosure is not limited to the presentation of financial figures; rather, it is a multidimensional process through which organizations communicate their financial position, governance practices, risk exposures, social responsibilities, ethical commitments, and future-oriented information to stakeholders. The quality of disclosure determines the extent to which users of financial statements can assess organizational performance, evaluate managerial stewardship, and form expectations about future sustainability. In this regard, disclosure is closely related to transparency, accountability, legitimacy, and trust, all of which are central concepts in

management and accounting literature. Empirical evidence has shown that the quality of financial information disclosure can influence actual corporate performance by reducing uncertainty and improving the informational environment of firms [1].

In Islamic financial reporting, the concept of disclosure has a broader meaning than in conventional reporting systems, because it is shaped not only by technical accounting requirements but also by religious, ethical, social, and institutional principles. Islamic financial institutions and organizations operating in Islamic environments are expected to disclose information in a way that reflects compliance with Shariah, avoidance of prohibited transactions, justice in financial relations, protection of stakeholder rights, and responsibility toward society. Therefore, disclosure in Islamic financial reporting is not merely an instrumental tool for informing investors; it is also a normative and ethical obligation rooted in Islamic values. Islamic accounting and Islamic financial institutions require reporting practices that reflect both economic substance and religious legitimacy, because financial information must demonstrate whether organizational activities are consistent with Shariah principles and ethical expectations [2].

The need for Islamic accounting standards has been emphasized in studies of Islamic financial institutions, particularly because conventional accounting standards do not always provide sufficient guidance for transactions and contracts that are specific to Islamic finance. Islamic financial transactions often involve distinctive contractual structures, such as profit-and-loss sharing, murabaha, mudarabah, musharakah, ijara, and other Shariah-compliant arrangements. These contracts require disclosure practices that communicate not only financial outcomes but also the religious and contractual basis of transactions. Research on Malaysian Islamic financial institutions has shown that the development of Islamic accounting standards is necessary to respond to the specific reporting needs of Islamic finance and to improve comparability, transparency, and stakeholder confidence [3]. Similarly, the existence of diverse accounting standards for Islamic financial transaction disclosures has created challenges for consistency and comparability across jurisdictions, indicating the need to narrow disclosure gaps and develop more coherent reporting frameworks [4].

The importance of disclosure in Islamic financial reporting is also reinforced by the growing expansion of Islamic banking, Islamic capital markets, takaful, and other Shariah-compliant financial services. As Islamic financial activities become more complex and internationally connected, stakeholders increasingly require reliable information about financial performance, Shariah compliance, risk management, governance, and social responsibility. In this context, Islamic financial reporting must respond to both conventional information needs and faith-based accountability requirements. Studies on financial reporting frameworks for banks with an Islamic banking approach have emphasized the necessity of designing reporting models that are compatible with the specific operational and normative features of Islamic banking [5]. This issue becomes more important when Islamic financial institutions operate in environments where conventional financial reporting standards dominate, because such conditions may create tension between international comparability and Shariah-based accountability.

One of the major debates in this field concerns the convergence of Islamic financial reporting with international financial reporting standards. On the one hand, convergence with international standards can improve comparability, foreign investment, and global credibility. On the other hand, Islamic financial reporting must preserve religious, ethical, and jurisprudential requirements that may not be fully reflected in conventional standards. Therefore, convergence should not be understood as simple adoption, but as a selective and context-sensitive process that considers the requirements of Islamic finance. The feasibility of convergence between Islamic financial reporting and international financial reporting standards has been examined as an important issue in

Islamic accounting environments, suggesting that harmonization requires careful attention to both technical compatibility and Shariah-based legitimacy [6]. Recent work on comprehensive disclosure models in Iranian commercial insurance companies centered on international financial reporting standards also indicates that disclosure models need to integrate institutional, professional, and stakeholder-oriented dimensions within the local reporting context [7].

Disclosure is closely associated with the ethical foundations of accounting. From an Islamic perspective, accounting is not value-neutral; rather, it is embedded in moral obligations such as honesty, justice, trustworthiness, avoidance of deception, and accountability before God and society. The position of Islamic ethics in accounting highlights the need to consider moral principles in financial measurement, recognition, reporting, and disclosure decisions [8]. In the same vein, models based on the verses of the Holy Quran show that Islamic accounting can be conceptualized as a system grounded in divine guidance, ethical conduct, and social justice [9]. Therefore, disclosure in Islamic financial reporting should be examined not only as a technical reporting practice but also as an ethical process through which organizations reveal the truthfulness, fairness, and legitimacy of their financial activities.

The principle of transparency has also been discussed in Islamic political and social thought as a foundation for public accountability, justice, and the prevention of corruption. Transparency, from this viewpoint, is not merely an administrative mechanism but a moral and social requirement that supports trust between institutions and society. Studies on the foundations and effects of transparency in Islamic political thought indicate that transparency can strengthen legitimacy, prevent abuse of power, and promote accountability in institutional systems [10]. In accounting systems, accountability is similarly shaped by the interaction between agency, structure, institutional rules, and social expectations. Anthony Giddens' structuration theory has been applied to explain organizational accountability models in accounting systems, emphasizing that accountability is produced through the interaction of organizational actors and institutional structures [11]. These perspectives suggest that disclosure in Islamic financial reporting should be understood as a socially embedded phenomenon shaped by values, rules, organizational practices, and stakeholder expectations.

In addition to ethical and institutional considerations, the social dimension of corporate reporting has become increasingly important. Stakeholders now expect organizations to disclose information about social responsibility, citizenship behavior, sustainability, environmental impact, governance quality, and ethical performance. A mixed model of social and ethical components of corporate citizen financial reporting has shown that stakeholder information needs extend beyond conventional financial data and include moral, social, and responsibility-oriented dimensions [12]. Similarly, research on the quality of sustainability reporting by banks has distinguished between authentic disclosure efforts and symbolic or impression-management practices, warning that disclosure may become superficial if it is not supported by genuine accountability [13]. This concern is particularly important in Islamic financial reporting, because Shariah-compliant organizations must avoid purely ceremonial disclosure and ensure that reported information reflects real ethical and religious compliance.

Disclosure quality is also influenced by governance and audit mechanisms. Audit quality, auditor independence, audit committee characteristics, and the content of audit-related disclosures can affect the credibility of financial reporting. Research on auditor rotation, key audit matter disclosures, and financial reporting quality shows that audit-related disclosure mechanisms can contribute to improving the quality and usefulness of financial information [14]. In Islamic banks, audit committee attributes have also been linked to real earnings management, indicating that governance structures can affect the integrity of financial reporting practices [15]. These findings

imply that disclosure in Islamic financial reporting cannot be analyzed without attention to supervisory mechanisms, audit committees, Shariah boards, and religious-financial expertise. Effective disclosure requires not only clear standards but also competent and independent governance structures capable of monitoring both financial accuracy and Shariah compliance.

One of the specific challenges of Islamic accounting is the conceptual treatment of economic principles that may differ from conventional accounting assumptions. For example, the issue of the time value of money has been critically discussed in Islamic accounting practice from the perspective of maqasid al-Shariah, showing that financial concepts must be evaluated in light of Islamic objectives such as justice, welfare, and prevention of exploitation [16]. Such debates demonstrate that Islamic financial reporting cannot rely solely on conventional accounting concepts; it must clarify how financial recognition, measurement, and disclosure are aligned with Shariah principles. Therefore, disclosure components in Islamic financial reporting should include not only information about financial amounts but also explanations about the religious justification, ethical implications, and maqasid-oriented objectives of financial transactions.

The Iranian context provides a particularly important setting for examining disclosure in Islamic financial reporting. Iran's financial system is formally based on Islamic principles, and accounting practices are expected to align with Islamic economic objectives, national development policies, and public accountability requirements. Previous research has attempted to identify disclosure components in Islamic financial reporting within the framework of Islamic economy, showing that disclosure should reflect the values and requirements of Islamic economic thought [17]. Other studies have examined information disclosure in accounting and the factors affecting it, emphasizing that disclosure is shaped by organizational, regulatory, managerial, and environmental conditions [18]. Furthermore, studies on the quantitative and qualitative dimensions of future information disclosure in annual reports of Iranian companies have highlighted the need to expand disclosure beyond historical financial statements and include forward-looking information for decision-making [19].

Islamic financial reporting is also related to the broader discourse of resistance economy, especially in contexts where economic resilience, transparency, and public trust are policy priorities. Accounting has been described as an important instrument for achieving the goals of resistance economy by supporting transparency, efficient resource allocation, and financial discipline [20]. Academic experts have also identified accounting functions in the financial aspects of resistance economy policies, indicating that accounting can contribute to policy implementation through measurement, disclosure, monitoring, and accountability mechanisms [21]. In addition, the role of accounting and accountants in improving the national economy under sanctions has been examined with emphasis on resistance economy, suggesting that reliable financial information and professional accountability are essential under conditions of economic pressure [22]. More recent research has also proposed a quantification model of resistance economy using accounting metrics and examined its effect on stock returns, further confirming the policy relevance of accounting-based indicators and disclosures [23].

Despite the growing body of research on Islamic accounting, financial disclosure, reporting standards, and resistance economy, the literature still lacks a comprehensive model that explains disclosure components in Islamic financial reporting as an integrated phenomenon. Existing studies have often focused on specific dimensions such as accounting standards, Shariah compliance, disclosure quality, ethical reporting, governance, or resistance economy. However, disclosure in Islamic financial reporting is produced through the interaction of multiple layers: religious values, organizational culture, legal frameworks, social norms, audit and supervisory systems, financial reporting standards, managerial ethics, and stakeholder expectations. Scientometric research on international

scientific productions in the field of Islamic financial reporting shows that this research area has expanded and diversified, yet it still requires stronger conceptual integration and more systematic model-building efforts [24]. This gap justifies the use of qualitative approaches that can identify concepts from expert experiences and organize them into a coherent theoretical framework.

A grounded theory approach is suitable for this purpose because it allows the researcher to move from empirical data toward conceptual abstraction and theoretical explanation. In management and accounting research, grounded theory is particularly useful when the phenomenon is complex, context-dependent, and insufficiently theorized. Methodological literature emphasizes that qualitative inquiry can help researchers understand social processes, meanings, and relationships that cannot be fully captured through purely quantitative designs [25]. Grounded theory has also been used to develop models in related fields, including the formation of students' understanding of Islamic banking accounting based on learning experiences, demonstrating its capacity to generate explanatory models from participants' lived experiences and interpretations [26]. Therefore, grounded theory provides an appropriate methodological foundation for identifying disclosure components in Islamic financial reporting and explaining the relationships among them.

Accordingly, the aim of this study was to explain a comprehensive model of disclosure components in Islamic financial reporting using the grounded theory method.

2. Methodology

The present study was qualitative in terms of approach and was based on the grounded theory strategy. This method was selected due to the complex and multidimensional nature of disclosure in Islamic financial reporting, because this phenomenon is influenced not only by technical aspects but also by religious, ethical, institutional, and cultural factors. Therefore, explaining it requires extracting concepts and relationships from empirical data. In this research, the study population included all accountants active in the field of Islamic auditing and accounting who had more than 10 years of work experience, had conducted at least five studies in the field of Islamic accounting, and worked in reputable auditing firms with an A rating. Participants were selected through purposive and snowball sampling, and the data collection process continued until theoretical saturation was reached.

The research data were collected through in-depth semi-structured interviews. The interview questions were designed with a focus on the dimensions of disclosure in Islamic financial reporting, Islamic and ethical requirements, influencing factors, and consequences. After obtaining informed consent from the participants, the interviews were recorded, transcribed, and analyzed using MAXQDA software. Data analysis was conducted based on the systematic approach of Strauss and Corbin and through open, axial, and selective coding. In order to enhance the credibility and trustworthiness of the findings, strategies such as constant comparison of data, participant review of findings, and detailed documentation of the research stages were used. The result of this process was the presentation of an indigenous model consistent with Shariah principles for explaining the components of disclosure in Islamic financial reporting.

In order to ensure the validity and reliability of the findings, the common criteria of qualitative research, including credibility, dependability, and confirmability, were used. Accordingly, data analysis was carried out systematically and based on open, axial, and selective coding, and the relationship among raw data, concepts, and categories was continuously examined. Moreover, to enhance the credibility of the findings, continuous review of the data, constant comparison of concepts, the use of various expert perspectives, and validation of the results by some participants and specialists in the research field were applied. Detailed documentation of the data collection

and analysis procedures, along with the use of evidence and quotations from the interviews, also provided the basis for the confirmability and dependability of the results and contributed to the robustness of the final research model.

Descriptive validity was ensured through accurate data recording, complete transcription of the interviews, and documentation of all data collection procedures. Interpretive validity was achieved by continuously reviewing the researcher's interpretations and comparing them with the intended meanings of the participants. Theoretical validity was also considered through the logical connection among concepts, categories, and theoretical propositions, as well as through their comparison with the theoretical literature on disclosure and Islamic accounting.

Finally, to improve confirmability, the findings were presented based on documentary evidence and direct quotations from the participants so that readers could clearly follow the process through which the researcher reached the conclusions. The use of systematic procedures for data collection and analysis, together with methodological transparency, ensured that the research results had the required scientific adequacy. Accordingly, the proposed model of disclosure components in Islamic financial reporting is presented as a valid and reliable model in the field of Islamic accounting research.

3. Findings and Results

This research is inductive in nature, because general results were obtained from specific findings through interviews and coding. In this approach, the content is examined, initial patterns or formats emerge in the form of codes, and these codes are accepted if they have the required frequency and conceptual relevance. When these codes are related to one another, an axial code is formed.

In this section of the research, the interview transcripts were analyzed. Coding was conducted based on the method of Strauss and Corbin, which is appropriate for qualitative research based on grounded theory. This coding process includes three stages: open, axial, and selective coding. In the first stage, open codes were extracted from the interview transcripts. The codes were then classified into second-level components and subsequently organized into first-level and main categories. Strauss and Corbin describe open coding as the part of analysis specifically concerned with naming and categorizing phenomena through careful examination of data. In other words, in this type of coding, the concepts found in interviews and documents are classified based on their relationships with similar themes. The result of this stage is the refinement and summarization of the large volume of information obtained from interviews and documents into concepts and categories that appear across the interview texts.

In the first step of data analysis, the interview transcripts were fully transcribed and carefully examined. Then, using open coding, the concepts and categories of the grounded theory model were identified and extracted from the participants' statements. At this stage, the data were analyzed line by line in order to extract the primary concepts and codes related to the subject of disclosure in Islamic financial reporting. The aim of this stage was to gain a deep understanding of the experts' perspectives and experiences and to identify the key concepts embedded in the data.

In the next step, the extracted codes were categorized based on conceptual similarities and relationships and were organized into core categories. Then, using the paradigmatic model of grounded theory, the categories were classified into causal conditions, contextual conditions, intervening conditions, strategies, and consequences in order to provide the basis for forming the final research model and explaining the relationships among the components of disclosure in Islamic financial reporting. These categories are presented in Table 1.

Table 1. Major and Core Categories

Paradigm Component	Open Codes	Axial Category	Core Category
Causal Conditions	Long-term view of economic activity; impact of management stability; clear reporting structure; disclosure limits under market volatility and pressure	Managers' religious commitment and values	Religious and organizational values and transparency
Causal Conditions	Long-term view of economic activity; impact of management stability; clear reporting structure; disclosure limits under market volatility and pressure	Organizational transparency and accountability	Religious and organizational values and transparency
Causal Conditions	Long-term view of economic activity; impact of management stability; clear reporting structure; disclosure limits under market volatility and pressure	Organizational stability and structure	Religious and organizational values and transparency
Causal Conditions	Transparency of internal organizational processes; role of ethical leadership in employees' daily behavior; shared values and religious beliefs in organizational culture; institutionalization of responsibility and accountability at different levels; unity of action in financial decision-making	Organizational culture	Organizational culture and structure
Contextual Conditions	Societal culture of transparency and social honesty; customary acceptance of or resistance to secrecy; culture of public accountability; ethics- and responsibility-based organizational culture; institutionalization of Islamic values; culture of minimal consequentialism	Culture, environment, and social norms	Legal and social frameworks
Contextual Conditions	Institutional conditions; public trust in society; indirect effect of social trust on disclosure; alignment of laws with religious values; legal encouragement of transparency; conflict between law and religious ethics	Legal and institutional framework	Legal and social frameworks
Intervening Conditions	Role of effective supervision in strengthening disclosure; jurisprudential consultation; Shariah requirements; guidance of consultants; independence of supervisory bodies; increasing honesty in disclosure; restrictive managerial influence; promotional disclosure in the absence of independence	Effective tax system in accounting	Financial, governmental, and Shariah compliance
Intervening Conditions	Training of managers and financial staff; managers' awareness of the consequences of lack of transparency; jurisprudential and financial expertise of members; support from the board of directors; strengthening the culture of disclosure; sustainability of disclosure	Shariah accountants and religious-financial education	Financial, governmental, and Shariah compliance
Consequences	Increasing stakeholder trust; reducing doubt and ambiguity; enhancing the organization's ethical image; reducing conflict; sending a message of transparency; strengthening accountability; playing a preventive role	Trust and accountability	Trust and organizational legitimacy
Consequences	Respecting stakeholder rights; aligning interests; strengthening social capital; creating a model for other organizations; increasing justice; producing consequences beyond financial transparency	Stakeholder capital	Trust and organizational legitimacy
Strategies	Shariah-based internal guidelines; continuous consultation with jurisprudential bodies; integration of Islamic ethics into performance evaluation; periodic Shariah auditing; complementary interpretive reports attached to financial statements; establishment of accountability channels	Islamic guidelines	Shariah-based, ethical, and regulatory strategies
Strategies	Documentation of financial decisions; segregation of responsibilities; use of localized models; creation of a culture of ethical dialogue; use of information technologies; combination of strategies	Ethical decisions	Shariah-based, ethical, and regulatory strategies

Quality Indicators

This framework provides practical guidance for researchers and managers in designing disclosure processes and promoting financial transparency. The following factors are described below.

Causal Factors

In this model, causal factors refer to components that directly shape the quality and extent of disclosure in Islamic financial reporting. These factors include religious and organizational values and transparency, organizational culture, and organizational structure. The religious values and beliefs of managers and employees, especially in financial decision-making, determine the direction of disclosure and promote disclosure from a minimal reporting requirement to an ethical organizational behavior. Organizational transparency and coherence in the financial structure also create the conditions required for implementing Islamic principles in reporting.

Sample Interview Text

"Our senior managers always emphasize compliance with Shariah principles in all transactions, and these values have been institutionalized in the daily culture of the organization."

"Our financial structure is clear, and internal reports are designed in such a way that no important information is hidden."

Contextual Factors

Contextual factors include the cultural, economic, and institutional environment that affects disclosure but does not directly determine the disclosure decision. Societal culture, social norms, and the legal and institutional framework create an environment in which organizations can or cannot act transparently. For example, in a society where transparency is considered a social value and laws are aligned with Islamic values, more natural and comprehensive disclosure occurs.

Sample Interview Text

"In our society, companies are expected to be transparent, and this social pressure makes us take disclosure seriously."

"Tax and accounting laws that are consistent with Shariah principles help us publish our reports accurately and honestly."

Intervening Factors

Intervening factors play a moderating role in this model and can strengthen or weaken the effect of causal and contextual factors on disclosure. Examples of these factors include an effective tax system, Shariah auditors, and religious-financial training for employees. These factors ensure that disclosure is not merely formal, but that its content is also consistent with Islamic principles and professional standards.

Sample Interview Text

"The presence of Shariah auditors assures us that our reports are not merely formal documents, but that their content and accuracy are also respected."

"Continuous religious and financial training for employees has made them familiar with Islamic standards and accurate disclosure."

Consequences

The consequences of disclosure include trust, accountability, legitimacy, and the social capital of the organization. Accurate and transparent disclosure reduces conflict between the organization and its stakeholders, improves the ethical image of the organization, strengthens stakeholder loyalty, and stabilizes the organization's social status. Disclosure also provides a model for other organizations and improves the overall level of transparency in society.

Sample Interview Text

"When information is provided in a timely and transparent manner, stakeholder trust increases and collaborations are strengthened."

"Our transparent disclosure has made the organization known as an ethical institution in society, and its social legitimacy has been strengthened."

Strategies

Strategies include a set of actions that organizations implement to achieve transparent and ethical disclosure. These strategies usually involve a combination of organizational structures, training, and Shariah supervision, which are coordinated with ethical and legal frameworks to ensure continuous and accurate disclosure.

Sample Interview Text

"We have an internal guideline that aligns all stages of financial reporting with Shariah principles."

"Before publishing any financial report, we consult Islamic jurisprudential experts to ensure that everything is transparent and consistent with Shariah."

Based on the extracted components, the paradigmatic model of the research is presented as follows.

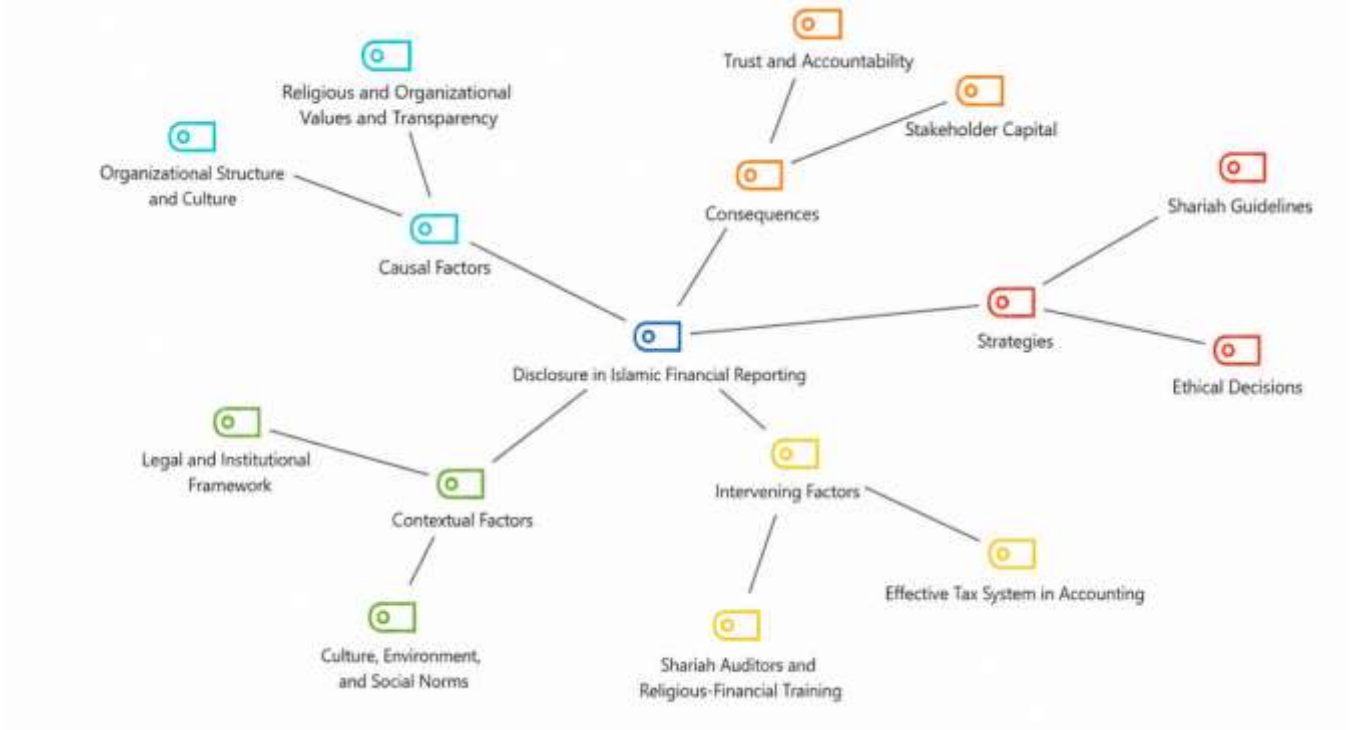


Figure 1. Paradigmatic Model of the Research

4. Discussion and Conclusion

The present study aimed to explain a comprehensive model of disclosure components in Islamic financial reporting using the grounded theory method. The findings showed that disclosure in Islamic financial reporting is a multidimensional and context-dependent phenomenon shaped by the interaction of causal conditions, contextual conditions, intervening conditions, strategies, and consequences. The extracted model indicates that Islamic financial disclosure cannot be reduced to the technical presentation of accounting information; rather, it is formed at the intersection of religious values, organizational transparency, Shariah compliance, ethical governance, legal requirements, stakeholder expectations, and institutional accountability. This result is consistent with the theoretical foundations of Islamic accounting, which consider accounting not merely as a neutral information system but as a value-based mechanism for justice, trustworthiness, responsibility, and social accountability [2, 8, 9].

The first major finding of the study was the identification of religious and organizational values, transparency, organizational structure, and organizational culture as causal conditions affecting disclosure in Islamic financial reporting. This finding suggests that when managers and employees internalize religious and ethical values, disclosure becomes an organizational commitment rather than a merely regulatory obligation. In such conditions, transparency is viewed as part of ethical conduct and religious accountability. This result is aligned with studies emphasizing the ethical position of accounting in Islamic environments and the role of Islamic values in guiding financial reporting behavior [8, 9]. It is also consistent with the view that Islamic financial institutions require accounting and reporting practices that reflect Shariah principles and the ethical purposes of Islamic finance [3, 4].

The findings further showed that organizational culture and structure play a decisive role in the quality and scope of disclosure. A transparent structure, clear reporting channels, stable management, and institutionalized accountability can facilitate the disclosure of relevant and reliable information. This result corresponds with previous research showing that the quality of financial information disclosure affects corporate performance and that disclosure quality is not independent of managerial and organizational conditions [1]. It also supports the argument that organizational accountability is created through the interaction of agency, institutional structure, and social expectations within the accounting system [11]. Therefore, in Islamic financial reporting, disclosure quality depends not only on external standards but also on the internal culture and governance mechanisms that determine how seriously organizations treat transparency and accountability.

The second major finding concerned contextual factors, including social culture, environmental norms, and legal and institutional frameworks. The model showed that disclosure in Islamic financial reporting is influenced by the broader cultural and institutional environment in which organizations operate. When transparency is socially valued, when public accountability is expected, and when legal frameworks are aligned with religious values, organizations are more likely to provide comprehensive and meaningful disclosure. This result is consistent with studies that consider transparency a foundational principle in Islamic political and social thought and a mechanism for strengthening legitimacy and preventing corruption [10]. It is also compatible with research emphasizing that legal, institutional, and regulatory conditions affect disclosure practices and the quality of information provided to users [18, 19].

This finding also has particular relevance for the Iranian economic and institutional context. In Iran, financial reporting is expected to respond not only to conventional stakeholder information needs but also to Islamic economic principles and national policy objectives, including transparency, financial discipline, and resistance economy. Previous studies have emphasized the role of accounting in achieving the goals of resistance economy by enhancing transparency, improving resource allocation, and supporting accountability [20, 21]. Other studies have highlighted the role of accountants in strengthening economic resilience under sanctions and improving the quality of economic decision-making [22]. The findings of the present study support these perspectives by showing that Islamic financial disclosure can contribute to the health of the financial system, the strengthening of public trust, and the realization of policy objectives related to economic transparency and institutional legitimacy.

The third major finding was the identification of intervening factors such as an effective tax system, Shariah auditors, supervisory independence, jurisprudential consultation, and religious-financial training. These factors can strengthen or weaken the effect of causal and contextual conditions on disclosure. In other words, even when organizations hold Islamic values and operate within supportive legal environments, disclosure quality may remain weak if supervisory systems are ineffective or if managers and accountants lack adequate Shariah and financial knowledge. This result is consistent with studies showing that audit quality, audit committee

characteristics, and audit-related disclosures influence financial reporting quality [14, 15]. It also supports the argument that Islamic financial institutions require specific accounting standards and governance mechanisms to ensure that reporting practices reflect the substance and requirements of Islamic finance [3, 4].

The role of Shariah auditors and religious-financial education is especially important in Islamic financial reporting. The findings indicated that Shariah supervision prevents disclosure from becoming merely formal or symbolic and helps ensure that disclosed information reflects actual compliance with Islamic principles. This result is aligned with research on the need for Islamic accounting standards, which emphasizes that Islamic financial transactions have unique characteristics that cannot always be adequately represented through conventional reporting frameworks [3]. It is also consistent with studies on the convergence of Islamic financial reporting with international financial reporting standards, which suggest that technical harmonization must be balanced with the preservation of Shariah-based legitimacy [6]. Therefore, the present study confirms that Shariah expertise, audit independence, and religious-financial education are essential mechanisms for improving the credibility and substance of Islamic financial disclosure.

The fourth major finding concerned the consequences of disclosure, including stakeholder trust, accountability, organizational legitimacy, social capital, justice, and the reduction of ambiguity. The findings showed that high-quality disclosure in Islamic financial reporting improves stakeholder confidence, strengthens the ethical image of the organization, reduces conflict between organizations and stakeholders, and contributes to social legitimacy. This finding is consistent with previous research indicating that financial and nonfinancial disclosure plays an important role in meeting stakeholder information needs and supporting corporate citizenship reporting [12]. It also corresponds with studies on sustainability reporting, which show that disclosure must reflect authentic organizational effort rather than superficial or symbolic reporting in order to create stakeholder trust [13]. From this perspective, the value of Islamic financial disclosure lies not only in information provision but also in its capacity to demonstrate organizational sincerity, ethical responsibility, and commitment to stakeholder rights.

The consequences identified in this study also correspond to the broader objectives of Islamic economy. Disclosure that reflects Shariah compliance, justice, transparency, and responsibility can strengthen confidence in Islamic financial institutions and reduce the gap between formal compliance and substantive accountability. Previous studies on disclosure components in Islamic financial reporting have emphasized that Islamic economy requires reporting practices that reflect religious values, social responsibility, and stakeholder accountability [17]. Similarly, research on Islamic banking financial reporting frameworks has shown that Islamic financial institutions need reporting models that address both financial performance and religious legitimacy [5]. The findings of this study extend these insights by showing how disclosure consequences are produced through the interaction of values, context, supervision, and strategies.

The fifth major finding was the identification of strategies for improving disclosure in Islamic financial reporting. These strategies included Shariah-based internal guidelines, continuous consultation with jurisprudential bodies, integration of Islamic ethics into performance evaluation, periodic Shariah audits, interpretive reports attached to financial statements, documentation of financial decisions, segregation of responsibilities, localized reporting models, ethical dialogue, and the use of information technologies. This finding indicates that Islamic financial disclosure requires operational mechanisms that translate values and standards into organizational practice. It is consistent with studies emphasizing the need to design Islamic accounting models based on Quranic principles and ethical foundations [9], as well as studies that highlight the necessity of developing Islamic financial reporting frameworks appropriate to the institutional and religious context [5, 7].

The strategic dimension of the findings also supports the literature on the complexity of Islamic financial reporting and the need for integrated disclosure models. Scientometric research on Islamic financial reporting has shown that this field has expanded significantly and includes diverse themes such as reporting standards, Shariah governance, Islamic banking, accountability, and stakeholder information needs [24]. The present study contributes to this literature by organizing these scattered dimensions into a paradigmatic model. Furthermore, studies on the future dimensions of information disclosure in annual reports show that stakeholders increasingly require both quantitative and qualitative information, including explanatory and forward-looking disclosures [19]. Accordingly, the strategies identified in this study can help organizations move from narrow financial reporting toward comprehensive Islamic disclosure that includes ethical, jurisprudential, governance, and stakeholder-oriented information.

Another important implication of the findings is that Islamic financial disclosure must maintain a balance between international comparability and local-religious legitimacy. The findings showed that localized models, Shariah-based guidelines, and jurisprudential consultation are necessary for ensuring compatibility with Islamic principles. At the same time, organizations also need reporting structures that can communicate information clearly and comparably to broader stakeholders. This is consistent with research on convergence between Islamic financial reporting and international financial reporting standards, which indicates that convergence should be pursued carefully and without weakening Shariah requirements [6]. It is also aligned with research on disclosure models centered on international financial reporting standards, which shows that comprehensive disclosure models must consider institutional conditions and stakeholder needs [7]. Therefore, Islamic financial reporting requires a dual orientation: technical comparability and religious accountability.

The findings also reveal the importance of education and knowledge development in Islamic accounting. The role of Shariah accountants and religious-financial training in the model shows that disclosure quality depends on the competence of those who prepare, audit, and interpret financial reports. This finding is supported by research showing that understanding Islamic banking accounting develops through learning experiences and requires specialized educational models [26]. It is also related to methodological and theoretical discussions that emphasize the role of systematic inquiry in developing valid models in behavioral and social sciences [25]. Therefore, the development of Islamic financial disclosure cannot be separated from education, professional training, and the institutionalization of Islamic accounting knowledge.

Overall, the findings of this study confirm that disclosure in Islamic financial reporting is a comprehensive, value-based, and institutionally embedded process. It is shaped by causal conditions such as religious values and organizational transparency, contextual conditions such as social norms and legal frameworks, intervening conditions such as Shariah supervision and tax systems, strategies such as ethical guidelines and Shariah audits, and consequences such as trust, legitimacy, accountability, and social capital. This integrated explanation is consistent with previous studies on Islamic accounting standards, ethical accounting, disclosure quality, governance, resistance economy, and stakeholder reporting [13, 14, 16, 23]. The contribution of this study lies in presenting these dimensions within a coherent grounded theory model that can serve as a conceptual basis for future research, standard-setting, and managerial practice in Islamic financial reporting.

The present study had several limitations. First, the research was conducted using a qualitative approach and relied on interviews with experts in Islamic auditing and accounting; therefore, the findings reflect the experiences, perceptions, and interpretations of a specific group of participants. Second, although theoretical saturation was considered in the data collection process, the sample size was limited, and the views of other stakeholder groups

such as investors, regulators, Shariah board members, tax authorities, and users of financial statements were not directly examined. Third, the study was conducted within a specific institutional and cultural context, which may limit the direct generalizability of the findings to other Islamic financial environments. Finally, because the proposed model is conceptual and grounded in qualitative data, it requires further empirical validation through quantitative and mixed-method studies.

Future researchers are encouraged to test the proposed model using quantitative methods and structural equation modeling in order to examine the strength and direction of relationships among causal conditions, contextual conditions, intervening factors, strategies, and consequences. Comparative studies can also be conducted across Islamic banks, insurance companies, investment institutions, and nonfinancial firms to determine whether the disclosure components identified in this study vary across organizational types. In addition, future studies can examine the perspectives of different stakeholder groups, including shareholders, creditors, customers, regulators, Shariah scholars, and auditors. Cross-country research can also provide valuable evidence on how legal systems, cultural norms, Shariah governance structures, and international reporting requirements affect disclosure in Islamic financial reporting.

Managers, policymakers, auditors, and standard-setters can use the proposed model as a practical framework for improving disclosure in Islamic financial reporting. Organizations should develop Shariah-based internal disclosure guidelines, strengthen the independence and professional capacity of Shariah supervision, provide continuous religious-financial training for accounting and managerial staff, and integrate ethical criteria into performance evaluation systems. Financial reports should also include interpretive explanations that clarify the Shariah basis, ethical implications, and stakeholder relevance of financial transactions. At the policy level, regulators should support the development of disclosure standards that combine technical reporting quality with Islamic values, stakeholder accountability, and institutional transparency.

Authors' Contributions

Authors equally contributed to this article.

Ethical Considerations

All procedures performed in this study were under the ethical standards.

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Conflict of Interest

The authors report no conflict of interest.

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