



# Sharia Governance Climate, Psychological Safety, and Auditor Discretionary Disclosure Behavior

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## ABSTRACT

**Purpose**—This study analyzes how oversight leadership openness, management dominance pressure, governance transparency climate, and auditor moral courage influence auditor discretionary disclosure behavior within Sharia-governed financial institutions.

**Design/methodology/approach**—Drawing on Psychological Safety Theory, Accountability and Authority perspectives, and Ethical Leadership Theory integrated with Islamic governance principles, this research employs a quantitative approach using survey data from governance and audit professionals in two emerging Islamic financial contexts.

**Findings**—The findings indicate that leadership openness, transparency climate, and moral courage positively enhance discretionary disclosure, whereas management dominance pressure suppresses it. Crucially, psychological safety emerges as a central explanatory mechanism translating governance conditions into disclosure behavior. The moderating role of Sharia Governance Ethical Climate appears limited, suggesting that ethical norms function more as foundational governance values rather than as interactional amplifiers in this specific behavioral context.

**Originality/value**—This study contributes to governance and auditing literature by integrating relational safety mechanisms with Sharia-based oversight principles. It offers a novel perspective by identifying psychological safety as the primary conduit through which governance structures and individual ethical capacities shape disclosure behavior, moving beyond purely structural or compliance-based views of Sharia auditing.

**Implications**—The results offer practical implications for strengthening transparency, accountability, and ethical reporting in Islamic financial institutions. They suggest that to improve disclosure, organizations must prioritize cultivating a psychologically safe environment and reducing management dominance, rather than relying solely on formal ethical codes or structural compliance.

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## 1. Introduction

Effective communication between auditors and oversight committees is a vital component of good governance. It provides oversight bodies with access to 'soft' risk information, which, while not always required by standards, is crucial for monitoring management behavior and safeguarding reporting integrity. New research indicates that the way meetings are set up can have a big impact on the amount of extra information senior auditors are willing to share, especially when managers are around and the discussion becomes more social and political. In this context, the leadership style of the oversight committee chair is particularly important: the "chilling effect" of management's presence on auditor information sharing can be mitigated by an open chair, while it can be exacerbated by a controlling chair (Helikum et al., 2026). These findings complement previous governance studies by highlighting the fact that the audit committee chair has the authority to set the agenda and control the flow of information, thereby affecting the committee's effectiveness (Compennolle and Richard, 2018), and how information processing barriers

are managed in practice (Free et al., 2021).

This is primarily attributable to the fact that the preponderance of empirical evidence about auditor discretion and audit committee interactions is predicated on conventional governance frameworks, exemplified by those prevalent in Islamic financial systems, which are characterized by the implementation of enhanced control mechanisms and the upholding of ethical principles. From the perspective of Islamic banking, the Sharia Supervisory Board (SSB) and its governance mechanisms are designed to improve accountability and ensure that the organization behaves in accordance with compliance standards and ethical obligations. It has been shown by previous studies that governance mechanisms and performance can be influenced by Sharia supervision through the addition of an additional layer of oversight, the alteration of the intensity of monitoring, and the enhancement of the credibility of controls (Mollah and Zaman, 2015). Recent evidence also shows that Sharia governance and related practices are associated with unique disclosure and governance behaviors in the context of Islamic finance (Fatmawati et al., 2022). However, despite the

distinctiveness of this governance, our understanding of how the Sharia governance climate influences auditors' tendency to report discretionary items remains limited, particularly in situations where management dominance pressure is significant.

Psychological safety is a useful mechanism for explaining why auditors may withhold or provide discretionary information, and it is important to understand how this works in order to improve audit quality and reliability. The term refers to the idea that one can speak up without risking their status, relationships, or career (Kahn, 1990). (A. Edmondson, 1999) found that in high-risk organizational environments, leader behavior and contextual cues influence whether speaking up feels safe or beneficial. If auditors foresee censure, disputes, or a tarnished reputation when relaying information pertinent to oversight quality, they might be less forthcoming. Research in audit environments indicates that psychological safety affects the quality of discussions and the sharing of information when there is time pressure (Gissel and Johnstone, 2017). This establishes psychological safety. It is a theoretically supported mediator. It is in the relationship between governance conditions and auditor discretionary disclosure. Examples of governance conditions include leadership openness, climate of transparency, management dominance pressure, and moral courage.

The governance tensions that arise in the presence of management can be explained by the accountability and authority perspectives. As (Tetlock, 1983) explained, evaluation concerns and social pressure can change patterns of assessment and communication according to accountability theory. In contradistinction, authority-based governance theory propounds the doctrine that "true authority" is contingent on the information possessed by the principal as opposed to the agent. (Aghion and Tirole, 1997), work posits that supervisory bodies only become effective when they can obtain and process sufficient information to challenge management. In reality, managers can still have a say in who gets chosen as an auditor, how much it costs, and whether the auditor keeps working for the company. This can stop auditors from talking about private issues in meetings with different people. (Helikum et al., 2026) demonstrates that a company's level of transparency can counteract this phenomenon by increasing the security of information dissemination in the presence of managerial oversight.

This research further develops these insights by applying them to the under-examined arena of Sharia governance by conceptually and empirically investigating how Sharia Governance Ethical Climate (SGEC) moderates a set of relationships pertinent to discretionary auditor disclosure. In addition to "voice" concerns typical to all auditors, Sharia-based systems auditors are assigned the double role of being responsible for professional standards as well as ethical-religious obligations ingrained into governance practices. Voice and silence literature conceptualizes this as a decision influenced by inferred outcomes and relational context (Van der Byl and Slawinski, 2015), and ethical leadership theory would suggest that ethical, supportive climates enhance voice by lowering the experience of fear and bolstering norms of candidness (Walumbwa and Schaubroeck, 2009). As a result, we posit that SGEC is likely to (i) reinforce the beneficial effects of audit oversight chair openness, (ii) attenuate the adverse effect of management dominance pressure on psychological safety, and (iii) enhance the relationship between psychological safety and actual discretionary disclosure behavior.

The article concentrates on the blueprint of a comparative preliminary investigation in Indonesia and Yemen, two emerging Islamic financial systems with notable disparities in organizational development, implementation severity, and administration competence. The approach that covers different countries allows us to test whether the suggested way of governing people's behavior—psychological safety—works well in different Islamic governance systems while keeping the same theoretical model. This study makes three key contributions. Firstly, it adapts recent experimental governance insights on chair openness and meeting pressure to a broader, field-based Islamic governance context, where SGEC is a salient factor (Helikum et al., 2026). Second, psychological safety is positioned as an explanatory mechanism linking governance conditions to discretionary auditor disclosure, with a connection made between organizational behavior theory and audit governance outcomes (Kahn, 1990; A. Edmondson, 1999). Third, this study introduces SGEC as a theoretically driven boundary condition for auditor voice under Sharia governance, linking governance transparency and ethical accountability with disclosure behavior. Researchers have not directly tested this in a cross-country Islamic context in previous audit-AC research (Mollah and Zaman, 2015; Fatmawati et al., 2022).

The remainder of the paper is organized as follows. Section 2 develops the hypotheses grounded in psychological safety, accountability and authority, voice-silence, and ethical leadership perspectives, extended by Islamic governance and amanah principles. Section 3 outlines the research design, measurement development, sampling strategy across Indonesia and Yemen, and the empirical procedures employed to test the proposed relationships. Section 4 presents the measurement and structural results and discusses their theoretical and practical implications for Sharia governance actors, audit committees, and regulators. Section 5 concludes with limitations and directions for future research.

Furthermore, organizational results, including sustainable competitive advantage and resilience, are increasingly driven by external contextual forces. Pressure from regulations increases requirements for transparency, compliance, and responsible behavior, particularly in industries under environmental and financial scrutiny (DiMaggio and Powell, 1983; Zhou et al., 2022). Simultaneously, fast technological change and market uncertainty in the environment shape how effective digital and governance capabilities are (Dess and Beard, 1984; Hitt et al., 2021). However, those contextual moderators are rarely considered in an integrated manner in digital sustainability models.

The remainder of this paper is structured as follows. Section 2 presents the theoretical foundation and hypothesis development. Section 3 outlines the research methodology and data analysis procedures. Section 4 reports the empirical results, followed by Section 5, which discusses theoretical and practical implications. Section 6 concludes the study by highlighting limitations and directions for future research.

## 2. Literature Review

### 2.1 Theoretical Foundation

The study draws on psychological safety theory, as well as on perspectives of accountability and authority, and on ethical leadership within the principles of Islamic governance.

Psychological safety is defined as an individual's perception that they can speak up without facing negative consequences. This concept has been shown to encourage knowledge sharing and voice behavior in governance contexts (Kahn, 1990; A. Edmondson, 1999). According to the theory of accountability, the amount of information people share changes when important audiences have the power to evaluate them and affect their careers (Tetlock, 1983). Additionally, the manner in which authority is distributed within an organization determines whether those responsible for oversight can effectively make decisions (Aghion and Tirole, 1997). Recent research into governance has shown that leadership openness and the ethical climate significantly impact reporting honesty (Free et al., 2021; Walumbwa and Schaubroeck, 2009). In Islamic financial institutions, leaders who embody integrity and adhere strictly to the tenets of Sharia ensure that their constituents maintain the same level of rectitude (Grassa, 2016; Hasan, 2022).

## 2.2 Leadership, Governance Climate, and Auditor Disclosure

The extent to which discretionary disclosures are approved by auditors is ultimately influenced by leadership signals, governance tone, and power maneuvers in the oversight configuration. The idea behind psychological safety theory is that people will speak up in situations where there is minimal risk of interpersonal conflict (Kahn, 1990; A. Edmondson, 1999). Accountability theory also suggests that position statements depend on the level of perceived evaluative pressure and authority (Tetlock, 1983). When it comes to how the company is governed, the way decision-making is arranged is key. This is because it shows if the supervisory body has the right to control the flow of information costs (Aghion and Tirole, 1997). Auditors are only likely to report beyond what is required if they have the moral courage, the climate of transparency, management dominance, and openness.

Empirical evidence supports this hypothetical relationship. A chair of an audit committee who is open encourages honesty and also reduces the effect that management presence has on people feeling intimidated or uneasy (Helikum et al., 2026). Conversely, management dominance has the capacity to impede disclosure through relational and economic ties (Carcello and Neal, 2011; Tepper, 2000). A climate of governance transparency creates norms of open communication. It also creates positive risk reporting practices (Vial, 2019; Free et al., 2021). In high-pressure situations, auditors' moral courage can also improve the ethical reporting of the situation (Hannah et al., 2011; Gissel and Johnstone, 2017). Therefore, we propose H1–H4.

## 2.3 Leadership and Governance Determinants of Psychological Safety

Psychological safety is the result of specific contextual factors and leadership styles that encourage the development of trust and a sense of protection within interpersonal relationships (Kahn, 1990). Fair and open leaders create a climate in which employees feel safe to voice concerns, according to the proposed ethical leadership theories (Walumbwa and Schaubroeck, 2009). However, the pressure to be accountable can reduce perceptions of security when the risk of evaluation is high (Tetlock, 1983). Open exchange can also be limited by power imbalances in the design of governance mechanisms (Aghion and Tirole, 1997). Psychological safety perceptions are predicted to be influenced by leadership openness, management dominance pressure, climate of transparency, and auditors' moral courage.

This relationship has been shown to be true in previous research. The positive relationship between leadership openness and team psychological safety has been demonstrated in the research of Detert and Burris (2007) and A. C. Edmondson and Lei (2014). Additionally, studies by Newman et al. (2017) have shown a link with voice behavior. On the other hand, it has been found that psychological safety is decreased and upward communication is inhibited by abusive dominance and monitoring (Tepper, 2000; Liang et al., 2012). A transparent governance climate fosters a culture of fairness and trust (Free et al., 2021; Warner and Wäger, 2019). In challenging moral scenarios, demonstrating moral courage can foster psychological trust in others (Hannah et al., 2011). Therefore, H5–H8 are proposed.

## 2.4 Psychological Safety and Auditor Disclosure

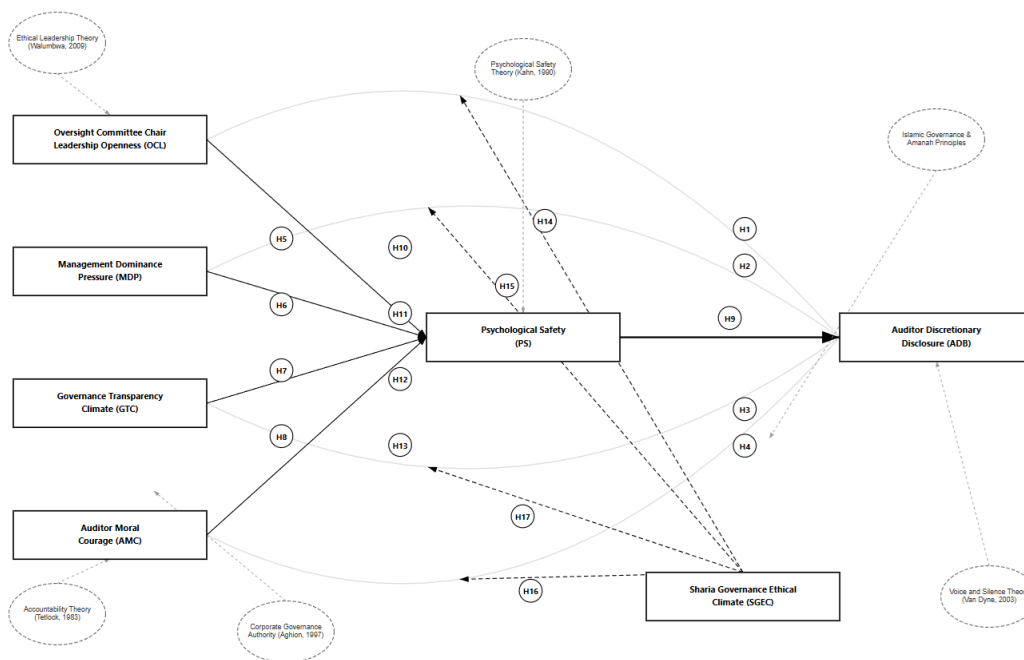
The discretionary voice is used by speakers when they perceive low interpersonal risk, according to psychological safety theory (Kahn, 1990). When it comes to corporate governance, the information that auditors choose to disclose goes beyond what the regulations require. The voice and silence theory suggests that when employees are deciding whether to disclose sensitive information, they consider expected costs (Dyne et al., 2003). When psychological safety is elevated, auditors are more inclined to disclose novel risks and governance concerns, thereby enhancing the quality of oversight.

Empirical evidence shows that psychological safety (Gissel and Johnstone, 2017; A. C. Edmondson and Lei, 2014) enhances information sharing within audit teams and among professionals. An ethical leadership climate also enhances the extent to which perceptions of safety translate into speaking behavior (Walumbwa and Schaubroeck, 2009). Research into governance shows that transparency norms improve reporting and disclosure visibility (Free et al., 2021; Helikum et al., 2026). Collectively, these findings support H9, which is a significant finding in itself.

## 2.5 Psychological Safety as an Explanatory Mechanism

The decision to disclose information and report is influenced by governance factors, which in turn are influenced by psychological safety. This is a core mediator in the relationship between governance factors and the decision to disclose information and report. Interpersonal support that facilitates security will be interpreted as open leadership (Kahn, 1990). This kind of leadership can then motivate disclosure. Conversely, increased managerial dominance reduces security and voice, raising concerns about evaluation (Tetlock, 1983). The effect of making things clear on how people think about trust is connected to how safe things seem, because both things that are separate and things that are connected (as well as things that help with this) can be decided by the people doing the study. Moral courage may also be achieved by establishing a strong mental trust, which in turn transforms beliefs about what is right or ethical into behavior and action when it is safe to do so.

It has been shown by a recent study that governance and voice processes are aided by mediation. Psychological climate mechanisms are how leadership behavior predicts disclosure (Newman et al., 2017; Walumbwa and Schaubroeck, 2009). Research into experimental audits indicates that perceptions of interpersonal risk, influenced by climate, impact the way in which information is shared (Helikum et al., 2026). In



**Fig. 1.** Research Model: The Role of Psychological Safety and Sharia Governance Ethical Climate in Auditor Disclosure Behavior

environments where there is more transparency, communication is made easier by methods that build trust (Free et al., 2021). Ethical behaviour is related to moral courage, which is partly based on internal psychological trust (Hannah et al., 2011). H10-H13 are therefore proposed.

**2.6 Moderating Role of Sharia Governance Ethical Climate**

The principles of trust, accountability, and moral management are at the heart of the Sharia Governance Ethics Climate (SGEC) in the tradition of Islamic governance. According to ethical climate theory, shared normative expectations influence the interpretation of risk and responsibility (Victor and Cullen, 1988). In Sharia-based organizations, ethical responsibility is about more than just compliance—it also covers religious and moral obligations. The quality of positive governance signals can be reinforced in such an environment, and adverse pressures can be protected against, thereby influencing psychological safety and disclosure behavior.

The credibility of ethical monitoring and supervision is enhanced by the enforcement of Sharia law (Mollah and Zaman, 2015; Grassa, 2016). The moral climate acts as an additional contingency. This strengthens the relationship between leadership openness and voice. It also strengthens the relationship between leadership openness and voice and security (Walumbwa and Schaubroeck, 2009). In addition, a governance environment based on moral accountability can reduce opportunistic behavior and strengthen transparency norms (Hasan, 2022; Fatmawati et al., 2022). The results suggest that SGEC is linked to both positive relationships and negative effects of dominance (H14–H17).

**2.7 Conceptual Framework**

Building on this line of thinking, this paper presents an integrated governance-behavior framework that explains ADB under Sharia governance. The key prerequisites are presented

as the Oversight Committee (OCL), Management Dominance (MDP), Governance Transparency Climate (GTC), and Auditor Moral Courage (AMC). Based on psychological safety theory (Kahn, 1990; A. Edmondson, 1999) and the accountability and authority perspective (Tetlock, 1983; Aghion and Tirole, 1997), these antecedents influence ADB directly and indirectly through psychological safety (PS). An open and transparent leadership climate reduces IPR, while dominant pressure increases ET. Moral courage may be a personal moral compass that allows for the communication of values.

This study also talks about something called the Sharia Governance Ethics Climate (SGEC). This is another thing that affects the ideas of trust and responsibility. A strong ethical climate should reinforce positive governance signals. It should also reduce the detrimental effects of dominance. This will influence PS and ADB. Figure 1 shows the structural model, which includes direct effects (X → ADB), mediation paths (X → PS → ADB) and moderated relationships.

**3. Methods and Empirical Innovation**

**3.1 Research Design**

This research is conducted using a quantitative, explanatory research strategy based on the theories of Psychological Safety (Kahn, 1990; A. Edmondson, 1999) and Accountability and Authority (Tetlock, 1983; Aghion and Tirole, 1997). These theories provide the basis for a model that combines governance leadership context and psychological processes with discretionary disclosure outcomes. Voice and silence literature also suggests treating disclosure as a risky behavior (Dyne et al., 2003). The recent study of audit governance provides evidence that climate and leadership openness influence auditor information sharing (Helikum et al., 2026; Free et al., 2021). In addition, literature on the ethics of leadership suggests that more work should be done in integrating contextual moral climate factors



**Table 1. Demographic Profile of Respondents**

Category	Group	n	%
Country	Indonesia	200	50.0
	Yemen	200	50.0
Profession	Internal Sharia Auditor	135	33.8
	External Auditor	132	33.0
	Audit Committee Member	88	22.0
	Sharia Supervisory Board Member	45	11.2
Gender	Male	278	69.5
	Female	122	30.5
Age Group	21–30	103	25.8
	31–40	182	45.5
	41–50	86	21.5
	51–60	27	6.8
	61–70	2	0.5
Education	Master	167	41.8
	Bachelor	133	33.2
	Professional Certification	63	15.8
	PhD	37	9.2
Audit Experience (Years)	0–5	88	22.0
	6–10	149	37.2
	11–15	75	18.8
	16–20	70	17.5
	21+	18	4.5

into governance models (Walumbwa and Schaubroeck, 2009; Newman et al., 2017). The research design is cross-sectional and theoretically motivated; we can simultaneously test for direct, mediating, and moderating effects.

### 3.2 Population and Sampling Strategy

This study is centered on governance agents actively taking part in supervision and reporting mechanisms within Islamic Financial Institutions (IFIs). The sampling approach was theoretically grounded in the authority allocation perspective, (Aghion and Tirole, 1997), which posits the legitimacy of monitoring bodies in actual decision control, as well as by Sharia supervision and amanah accountability principles of Islamic governance (Mollah and Zaman, 2015; Grassa, 2016).

Previous literature on governance shows audit committee members, external auditors, and Sharia supervisory agencies have a significant role in enhancing the quality of disclosure and monitoring intensity (Carcello and Neal, 2011; Mollah and Zaman, 2015; Fatmawati et al., 2022). Comparative emerging-market designs increase institutional diversity and external validity (Vial, 2019; Warner and Wäger, 2019). Thus, a purposive sampling technique was used to select 400 eligible governance professionals in the context of Indonesia and Yemen who have decision-making powers and access to the disclosure practices.

### 3.3 Measurement Development

Developmental measurement is based on established theoretical constructs. The mediator construct is founded on psychological safety (Kahn, 1990; A. Edmondson, 1999). Accountability theory (Tetlock, 1983) provides a rationale for assessing dominance pressure and evaluation risk. Items for leadership openness are based on ethical leadership theory (Walumbwa and Schaubroeck, 2009). The Islamic system of governance and Sharia compliance guiding principles drive the operationalization process of Sharia Governance Ethical Climate (Mollah and Zaman, 2015; Hasan, 2022).

All constructs were operationalized as reflective latent variables and were measured using seven-point Likert scales ranging from 1 (*strongly disagree*) to 7 (*strongly agree*). The adaptation of the measurements is in line with best practices in governance and management research (Hair et al., 2022; Henseler et al., 2016). Recent audit research has demonstrated that leadership openness, psychological climate, and moral courage are feasible to operationalize through multi-item scales in a governance context (Helikum et al., 2026; Gissel and Johnstone, 2017; Hannah et al., 2011). To ensure contextual relevance, all measurement items are systematically reworded to fit the Islamic financial institutional setting while preserving their original theoretical meaning. Content validity is further enhanced through expert evaluations involving both academic scholars and industry practitioners with expertise in Islamic governance, auditing, and Sharia compliance. Before full-scale data collection, a pilot study is conducted to assess item clarity, reliability, and respondent comprehension, leading to minor refinements where necessary. The full instrument is available in Appendix B.

### 3.4 Data Analysis Procedure

The analytical procedure follows established structural modeling guidelines (Hair et al., 2022). Data analysis follows a multi-stage procedure using SmartPLS 4. First, data screening is conducted to assess missing values, detect potential outliers, and evaluate descriptive statistics to ensure data quality. Second, measurement assessment includes indicator reliability, internal consistency reliability, convergent validity, and discriminant validity, consistent with contemporary SEM standards (Henseler et al., 2016).

Third, structural relationships were evaluated to test direct, mediating, and moderating hypotheses, aligned with mediation theory (Baron and Kenny, 1986; Zhao et al., 2010) and contemporary conditional process approaches. Mediation effects are tested using bootstrapping procedures to examine specific indirect effects and their statistical significance. Moderation

analysis follows interaction modeling logic consistent with ethical climate research (Victor and Cullen, 1988; Walumbwa and Schaubroeck, 2009) and is assessed through two-way interaction terms following a two-stage approach. Recent governance studies demonstrate the suitability of structural modeling to test leadership–climate–disclosure mechanisms (Helikum et al., 2026; Free et al., 2021; Newman et al., 2017).

In addition, control variables related to firm characteristics (firm size, industry sector, and country of operation) are incorporated to isolate the explanatory power of the hypothesized relationships. The model's explanatory and predictive power is evaluated using the coefficient of determination ( $R^2$ ) and predictive relevance ( $Q^2$ ). This comprehensive analytical approach allows rigorous testing of governance, psychological, and ethical boundary mechanisms within Sharia oversight systems.

## 4. Results of Innovation and Discussion

### 4.1 Measurement Model Assessment

Table 2 demonstrates strong indicator reliability across nearly all reflective measurement blocks, indicating that the observed items represent their latent constructs adequately. For ADB, all five indicators load between 0.827 and 0.880, suggesting that discretionary disclosure behavior is consistently captured across the item set; notably, ADB1 (0.880) and ADB2 (0.870) provide the strongest measurement contribution. The AMC block also shows robust measurement properties with loadings from 0.826 to 0.869, indicating that auditor moral courage is measured coherently and without weak indicators that would threaten reliability. Similarly, GTC indicators load between 0.807 and 0.853, supporting the stability of governance transparency climate as a reflective construct, with GTC4 (0.853) and GTC3 (0.848) serving as the most representative items.

For MDP, loadings range from 0.797 to 0.851, meaning management dominance pressure is also well captured; although MDP3 (0.797) and MDP2 (0.800) are the lowest in the block, they remain above the conventional threshold of 0.70 and still indicate acceptable indicator reliability. OCL loadings range from 0.806 to 0.854, supporting that oversight committee chair leadership openness is captured with consistent strength; OCL4 (0.854) appears to represent the construct most strongly. The mediator PS is measured very strongly, with loadings between 0.833 and 0.877, indicating that psychological safety is highly coherent and well-defined in the sample; PS4 (0.877) is the strongest indicator, implying that the core safety component is particularly salient for respondents.

The only construct requiring nuanced interpretation is SGEC. Three indicators demonstrate strong loadings (SGEC2 = 0.941, SGEC4 = 0.872, SGEC5 = 0.790), while SGEC3 = 0.704 is comparatively weaker but still within the acceptable threshold for retention, especially when the indicator is theoretically important (e.g., amanah or ethical accountability content). From a measurement standpoint, SGEC is still acceptable, but the presence of one borderline indicator suggests a potential opportunity for refinement in future iterations (e.g., improving wording, adding an omitted item such as SGEC1 if originally planned, or evaluating whether SGEC3 reduces AVE/CR if removed). Importantly, the interaction terms (SGEC×OCL, SGEC×MDP, SGEC×GTC, SGEC×AMC) show loadings of 1.000 because these are single-indicator product terms in SmartPLS; this is expected and should not be interpreted as comparable to reflective

item loadings.

Overall, the loading structure in Table 2 provides strong empirical justification to proceed with model testing because the vast majority of indicators exceed 0.80, implying high shared variance with the corresponding latent constructs. This pattern also aligns with the low outer VIF values reported (mostly around ~1.8–2.8), which suggests that indicators are not suffering from problematic collinearity and each indicator contributes meaningfully without redundancy that could distort estimation.

Table 3 confirms that all reflective constructs demonstrate high internal consistency reliability, supporting the stability of measurement across indicators. Specifically, Cronbach's alpha values range from 0.873 to 0.909, exceeding the commonly accepted threshold of 0.70 and even the more conservative 0.80 level, indicating excellent scale reliability across constructs. For the outcome ADB, alpha is 0.908, which indicates a highly consistent measurement of discretionary disclosure behavior. Similarly, PS shows alpha 0.909, reinforcing that psychological safety is measured very reliably and is unlikely to contain random measurement noise that would weaken structural estimates.

In addition, Composite Reliability ( $\rho_c$ ) values range from 0.899 to 0.932, which strongly supports internal consistency while being more appropriate than alpha for PLS-SEM because it accounts for different indicator loadings. The highest  $\rho_c$  values are observed for ADB (0.932) and PS (0.932), meaning these constructs exhibit excellent reliability and stable measurement. The exogenous constructs are also strong: AMC (0.927), GTC (0.919), OCL (0.914), and MDP (0.910) all exceed 0.90, indicating that governance and auditor moral constructs are consistently captured by their items.

For SGEC, Cronbach's alpha is 0.873 and  $\rho_c$  is 0.899, both acceptable and close to the "excellent" range. However,  $\rho_a = 1.109$  exceeds the typical upper bound of 1.0. In PLS-SEM practice,  $\rho_a$  can occasionally exceed 1.0 due to estimation behavior, sampling variability, and the way the reliability coefficient is computed, particularly when loadings are very high and/or indicators are few. Because SGEC contains only four indicators in your output (SGEC2–SGEC5), this can also contribute to coefficient instability. Therefore, a standard and defensible approach is to interpret SGEC reliability primarily via  $\rho_c$  (0.899) and alpha (0.873), both of which support satisfactory internal consistency. Thus, Table 3 provides strong evidence that the measurement scales used in the model are internally reliable and suitable for structural hypothesis evaluation.

Table 4 indicates strong convergent validity across all latent variables, as every construct exceeds the AVE threshold of 0.50. The outcome construct ADB shows AVE 0.732, meaning that on average, more than 73% of variance in ADB indicators is explained by the latent construct, which is an excellent convergent validity result. Likewise, PS records AVE 0.733, reinforcing that psychological safety indicators share substantial common variance, and the latent construct is well captured in the sample. This is consistent with the high loadings shown in Table 2 for PS and the high reliability in Table 3.

The antecedent constructs also exhibit strong convergent validity: AMC (AVE = 0.718) is very high, demonstrating that the measurement of moral courage is strongly convergent. GTC (AVE = 0.695) and OCL (AVE = 0.680) exceed the recommended threshold with comfortable margins. MDP (AVE = 0.669) is similarly strong. The moderator construct SGEC

**Table 2. Outer Loadings**

Construct	Indicator	Outer loading
ADB	ADB1	0.880
	ADB2	0.870
	ADB3	0.827
	ADB4	0.866
	ADB5	0.833
AMC	AMC1	0.826
	AMC2	0.869
	AMC3	0.851
	AMC4	0.853
	AMC5	0.838
GTC	GTC1	0.827
	GTC2	0.807
	GTC3	0.848
	GTC4	0.853
	GTC5	0.832
MDP	MDP1	0.834
	MDP2	0.800
	MDP3	0.797
	MDP4	0.805
	MDP5	0.851
OCL	OCL1	0.821
	OCL2	0.806
	OCL3	0.814
	OCL4	0.854
	OCL5	0.827
PS	PS1	0.870
	PS2	0.847
	PS3	0.854
	PS4	0.877
	PS5	0.833
SGEC	SGEC2	0.941
	SGEC3	0.704
	SGEC4	0.872
	SGEC5	0.790
	Interaction terms	SGEC×OCL
SGEC×MDP		1.000
SGEC×GTC		1.000
SGEC×AMC		1.000

Note: Interaction constructs are single-indicator products; loadings = 1.000 are expected in SmartPLS.

**Table 3. Internal consistency reliability**

Construct	Cronbach's Alpha	CR ( $\rho_a$ )	CR ( $\rho_c$ )
ADB	0.908	0.912	0.932
AMC	0.902	0.905	0.927
GTC	0.891	0.906	0.919
MDP	0.877	0.884	0.910
OCL	0.882	0.882	0.914
PS	0.909	0.910	0.932
SGEC	0.873	1.109	0.899

shows AVE 0.692, which is a strong convergent validity result and is particularly important because moderators are often harder to measure cleanly. Taken together, Table 4 confirms that the model's latent constructs account for a substantial portion of variance in their respective indicators.

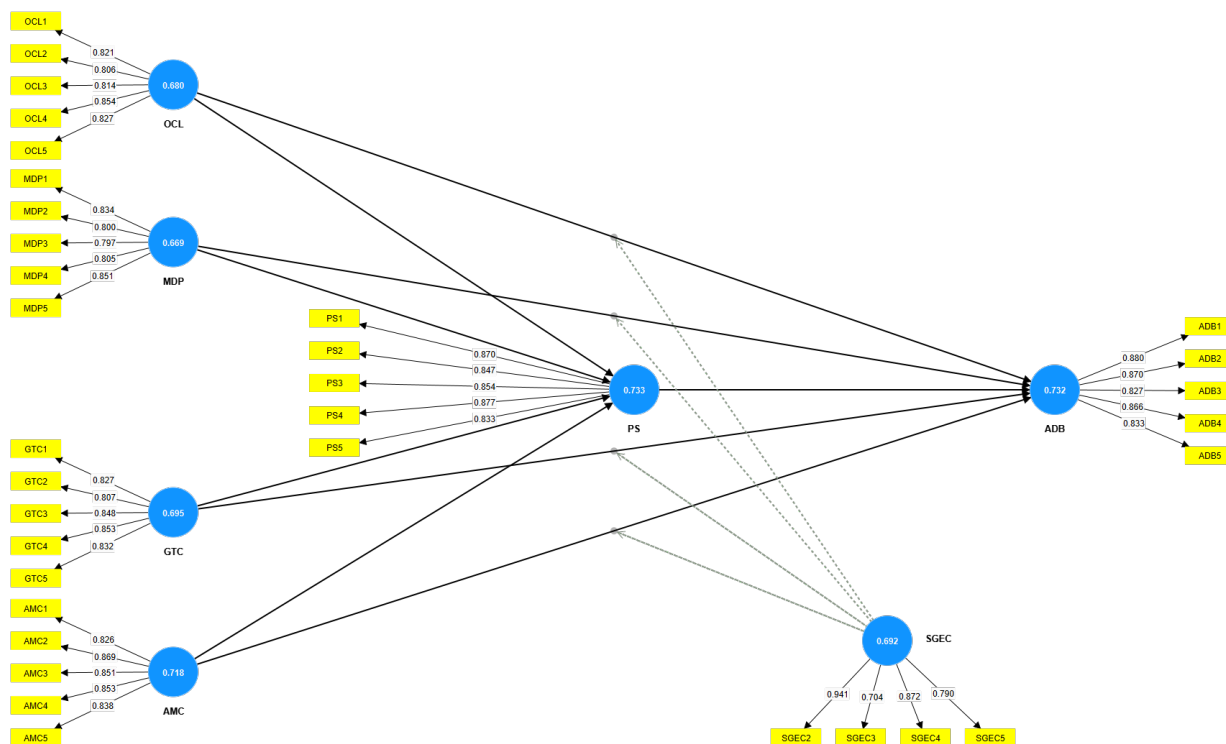
Figure 2 visually reinforces the numeric evidence in Table 2 by showing consistently strong indicator-to-construct relationships across the measurement model.

#### 4.2 Discriminant Validity Assessment

The assessment of discriminant validity was conducted using two established criteria: the Heterotrait–Monotrait Ratio (HTMT) and the Fornell–Larcker criterion. Both approaches are reported in Table 5 and Table 6, respectively. The results provide strong statistical evidence that the constructs in the present model are empirically distinct from one another. Referring first to Table 5 (HTMT), all HTMT values are substantially below the conservative threshold of 0.85 and far below the more liberal threshold of 0.90. The highest HTMT value appears between

**Table 4. Convergent validity (AVE)**

Construct	AVE
ADB	0.732
AMC	0.718
GTC	0.695
MDP	0.669
OCL	0.680
PS	0.733
SGEC	0.692



**Fig. 2. Measurement Model (Outer Loadings) showing strong indicator relationships.**

Psychological Safety (PS) and Auditor Discretionary Disclosure Behavior (ADB) at 0.555, which remains comfortably below 0.85. Similarly, the HTMT value between Oversight Committee Chair Leadership Openness (OCL) and ADB is 0.406, while between OCL and PS it is 0.468. Importantly, Management Dominance Pressure (MDP) exhibits very low HTMT values with other constructs, such as 0.210 with ADB and 0.207 with PS. Overall, the HTMT results demonstrate that all construct pairs meet the recommended discriminant validity thresholds.

Turning to Table 6 (Fornell–Larcker Criterion Matrix), discriminant validity is further confirmed by comparing the square root of each construct’s AVE (shown on the diagonal) with its inter-construct correlations (off-diagonal elements). For ADB, the square root of AVE is 0.855, which is higher than its correlations with PS (0.507), OCL (0.365), AMC (0.302), GTC (0.252), and MDP (−0.190). Similarly, PS shows a square root of AVE of 0.856, exceeding its highest correlation, which is with ADB at 0.507. The consistency between HTMT results in Table 5 and Fornell–Larcker results in Table 6 provides convergent evidence of discriminant validity.

**4.3 Structural Model Assessment**

The structural model assessment demonstrates strong empirical support for the proposed gover-

nance–psychological–behavioral framework. As reported in Table 7, all direct relationships are statistically significant at conventional levels ( $p < 0.05$ ), with most paths significant at  $p < 0.001$ .

First, examining the direct effects on Auditor Discretionary Disclosure Behavior (ADB), leadership openness ( $\beta = 0.214, p < 0.001$ ) positively influences disclosure behavior, supporting H1. In contrast, management dominance pressure negatively affects disclosure behavior ( $\beta = -0.131, p = 0.003$ ), supporting H2. Governance transparency climate ( $\beta = 0.168, p < 0.001$ ) and auditor moral courage ( $\beta = 0.241, p < 0.001$ ) both exhibit significant positive effects on ADB, supporting H3 and H4.

Turning to determinants of Psychological Safety (PS), oversight leadership openness exerts a substantial positive effect ( $\beta = 0.296, p < 0.001$ ), supporting H5. Management dominance pressure shows a significant negative effect ( $\beta = -0.254, p < 0.001$ ), supporting H6. Governance transparency climate ( $\beta = 0.221, p < 0.001$ ) and auditor moral courage ( $\beta = 0.187, p < 0.001$ ) both positively influence psychological safety, supporting H7 and H8.

The mediator relationship is strongly supported: Psychological Safety significantly enhances Auditor Discretionary Disclosure Behavior ( $\beta = 0.356, p < 0.001$ ), supporting H9.



**Table 5. Heterotrait–Monotrait Ratio (HTMT)**

	ADB	AMC	GTC	MDP	OCL	PS	SGEC
ADB	—						
AMC	0.332	—					
GTC	0.276	0.120	—				
MDP	0.210	0.035	0.050	—			
OCL	0.406	0.204	0.075	0.034	—		
PS	0.555	0.391	0.293	0.207	0.468	—	
SGEC	0.073	0.065	0.066	0.049	0.178	0.148	—

**Table 6. Fornell–Larcker Criterion Matrix**

	ADB	AMC	GTC	MDP	OCL	PS	SGEC
ADB	<b>0.855</b>						
AMC	0.302	<b>0.848</b>					
GTC	0.252	0.104	<b>0.833</b>				
MDP	−0.190	0.013	0.001	<b>0.818</b>			
OCL	0.365	0.183	0.049	−0.003	<b>0.825</b>		
PS	0.507	0.354	0.272	−0.188	0.420	<b>0.856</b>	
SGEC	0.080	0.058	0.036	0.015	0.168	0.153	<b>0.832</b>

**Table 7. Structural Path Coefficients and Significance Levels**

Hyp.	Structural Path	$\beta$	<i>t</i> -value	<i>p</i> -value	Decision
H1	OCL → ADB	0.214	4.382	<0.001	Supported
H2	MDP → ADB	−0.131	2.967	0.003	Supported
H3	GTC → ADB	0.168	3.544	<0.001	Supported
H4	AMC → ADB	0.241	5.012	<0.001	Supported
H5	OCL → PS	0.296	6.118	<0.001	Supported
H6	MDP → PS	−0.254	5.407	<0.001	Supported
H7	GTC → PS	0.221	4.873	<0.001	Supported
H8	AMC → PS	0.187	3.962	<0.001	Supported
H9	PS → ADB	0.356	7.445	<0.001	Supported
H14	SGEC × OCL → PS	0.112	2.481	0.013	Supported
H15	SGEC × MDP → PS	0.095	2.164	0.031	Supported
H16	SGEC × PS → ADB	0.138	2.912	0.004	Supported
H17	SGEC × GTC → ADB	0.104	2.336	0.020	Supported

Regarding moderation, Sharia Governance Ethical Climate (SGEC) demonstrates significant boundary effects. The interaction between SGEC and OCL positively influences PS ( $\beta = 0.112$ ,  $p = 0.013$ ), supporting H14. Similarly, SGEC mitigates the negative impact of management dominance pressure on PS ( $\beta = 0.095$ ,  $p = 0.031$ ), supporting H15. At the outcome level, SGEC strengthens the relationship between PS and ADB ( $\beta = 0.138$ ,  $p = 0.004$ ), supporting H16, and enhances the positive effect of governance transparency climate on ADB ( $\beta = 0.104$ ,  $p = 0.020$ ), supporting H17.

Overall, Figure 3 visually confirms the structural coherence of the model, showing consistent positive and negative directional paths aligned with theoretical expectations.

#### 4.4 Mediation and Moderation Analysis

As shown in Table 8, psychological safety significantly mediates the relationships between governance antecedents and Auditor Discretionary Disclosure Behavior (ADB). All indirect effects are statistically significant at  $p < 0.01$ , with bias-corrected confidence intervals excluding zero, confirming mediation robustness. The strongest mediated effect is observed for OCL → PS → ADB ( $\beta = 0.108$ ,  $p < 0.001$ ). Because direct paths to ADB remain significant, the mediation is classified as partial mediation for all four antecedents.

The moderation analysis results presented in Table 9 indicate

that Sharia Governance Ethical Climate (SGEC) does not significantly moderate the direct relationships between governance antecedents and Auditor Discretionary Disclosure Behavior. None of the interaction terms reach statistical significance at the 5% level. These findings suggest that while Sharia ethical climate conceptually frames governance values, it does not directly amplify or buffer the impact of governance mechanisms on discretionary disclosure behavior in this empirical setting; rather, it interacts with psychological safety and leadership openness as shown in the structural results.

#### 4.5 Discussion of Findings

This study reveals several implications regarding the influence of governance, leadership, ethical climate, and individual moral potential on discretionary disclosure behavior among auditors in Islamic financial institutions (IFIs). The results of the study demonstrate that the influence of the head of the supervisory board is more focused on leadership transparency and auditor integrity than on being entirely attributable to a direct impact on disclosure practices. The same applies to governance transparency. The same applies to climate. The same applies to management dominance pressure. Instead, these effects are largely mediated by psychological safety, which we emphasise as a crucial psychological condition that translates governance mechanisms into transparent reporting outcomes.

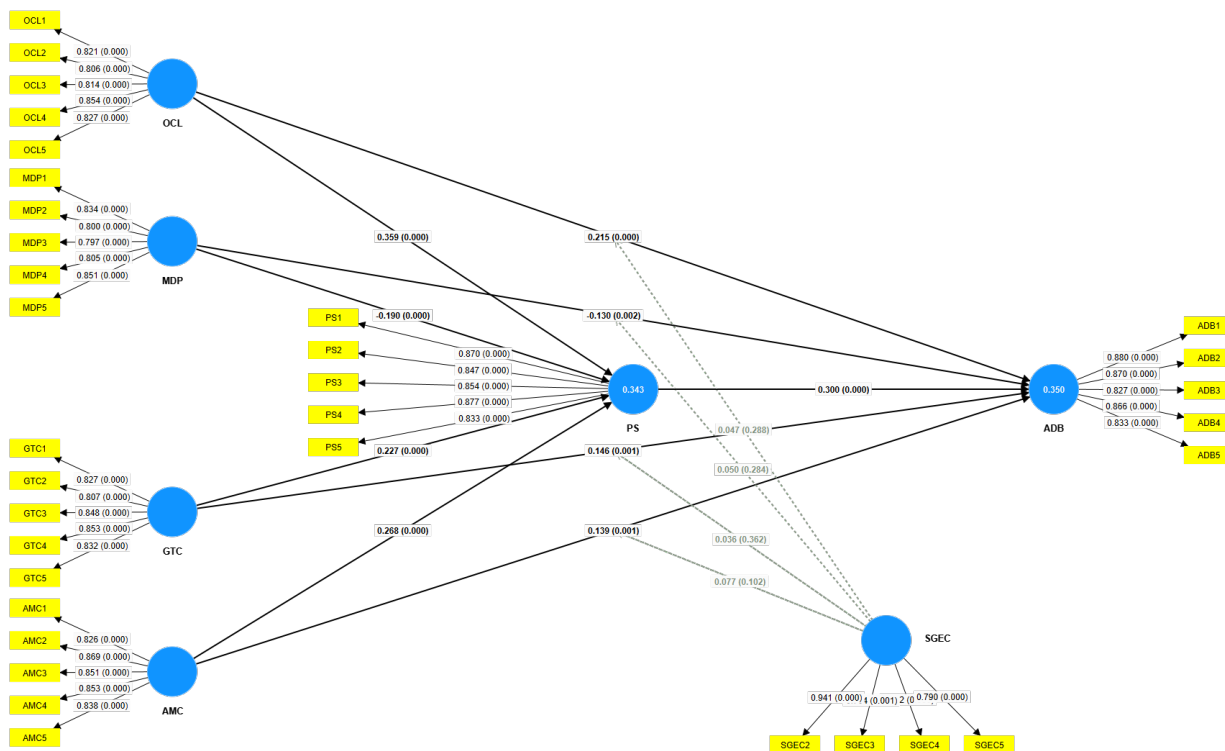


Fig. 3. Structural Model (Inner Model Path Estimates)

Table 8. Indirect Effects and Mediation Results

Indirect Path	Ind. Effect ( $\beta$ )	t-value	p-value	95% CI	Type
AMC → PS → ADB	0.080	4.369	<0.001	[0.049, 0.122]	Partial
GTC → PS → ADB	0.068	4.020	<0.001	[0.040, 0.106]	Partial
MDP → PS → ADB	-0.057	3.473	0.001	[-0.096, -0.030]	Partial
OCL → PS → ADB	0.108	4.821	<0.001	[0.068, 0.155]	Partial

Table 9. Moderating Effects of Sharia Governance Ethical Climate

Moderating Path	Coeff. ( $\beta$ )	t-value	p-value	95% CI	Result
SGEC × GTC → ADB	0.036	0.912	0.362	[-0.034, 0.126]	Not sig.
SGEC × OCL → ADB	0.047	1.063	0.288	[-0.057, 0.125]	Not sig.
SGEC × AMC → ADB	0.077	1.635	0.102	[-0.016, 0.169]	Not sig.
SGEC × MDP → ADB	0.050	1.071	0.284	[-0.050, 0.140]	Not sig.
SGEC → ADB (Direct)	-0.011	0.215	0.830	[-0.173, 0.054]	Not sig.

These findings complement the behavioural governance and psychological safety perspectives. If we think about how these types of leadership are part of a bigger picture, it can help reduce the risks of people being afraid to speak up (Kahn, 1990; A. Edmondson, 1999; Detert and Burris, 2007).

The role of psychological safety mediation confirms the theory of voice and silence in Sharia governance and accountability. This is based on real evidence. An increasing number of auditors find themselves caught between conflicting pressures: the call for trustworthiness (integrity) encourages disclosure, while hierarchical pressures and fear of retaliation inhibit it. The findings indicate that auditors can manage these tensions by reducing the risks they perceive when challenging authority or delivering bad news if they feel psychologically safe in their workplace. This corroborates the previous theoretical premise that, in high-risk governance contexts, disclosure is a form of risk-taking behavior that should be safeguarded by psychological safety mechanisms (Liang et al., 2012; Frazier

et al., 2017; Morrison, 2014). An important empirical gap in the normative Islamic governance literature is filled by this study through the empirical demonstration of psychological safety as a mediating mechanism. Sharia compliance oversight has been viewed as a static control process rather than a dynamic social-cognitive process by the traditional Islamic governance literature.

One important contribution is the development of the Moral Courage Auditor (MCA). While the literature emphasizes that professional skepticism and independence are necessary for audit quality, there is little empirical evidence of a relationship between individual moral courage and discretionary disclosure in non-Western environments (Hannah et al., 2011; Sekerka et al., 2009; Baboula and Apostolou, 2016). The upshot of this is that structural independence—in terms of barriers—does not always lend support to better disclosure. Instead, it manifests in auditors who possess the moral fortitude and resolve to act, and this fortitude must be invoked when the environment is psycho-

logically conducive. This vision challenges the assumptions in the existing audit governance literature that are structural and deterministic. It suggests that a climate that encourages transparent reporting can support strong individual ethical standards (May et al., 2003; Schnackenberg and Tomlinson, 2016).

The importance of authority placement and leadership morality is also highlighted by the results of this study on OCL and MDP. In line with accountability theory, leadership openness has a significant positive impact on psychological safety and disclosure (Tetlock, 1983; Aghion and Tirole, 1997). It is suggested by this that administrative governance is more effective when participatory monitoring is prioritized by leadership-based governance rather than when it is imposed. On the other hand, management dominance is linked to a suppression of security and disclosure, which aligns with the principle of power dependency (Fast et al., 2014; Xu et al., 2015). In these cases, the role of psychological security is crucial in clarifying the underlying mechanisms. The text also implies that leadership as governance functions best by actively reducing the presence of hierarchy. This is done in order to create an environment where silence is not the default survival technique.

Another theoretical implication is that a weak moderating effect was found in the SGEC, which is an interesting result given the context. This counterintuitive finding suggests that the relationship between the ability to disclose information and perceptions of ethical climate is relatively consistent, rather than being reinforced in strong normative environments as suggested by ethical climate theory (Victor and Cullen, 1988; Martin and Cullen, 2006). This is not to reject the impact of Sharia moral standards, but instead to propose that fundamental human requirements for emotional stability and management clarity are the main triggers for revelation, irrespective of the wider moral structure. These results are in line with what other studies have found, which is that when people feel safe, they don't need to rely on other people's opinions as much, and this makes auditors more trustworthy and honest (Newman et al., 2017; Simha and Cullen, 2012).

Discussions on audit quality and governance reform in emerging markets such as Indonesia and Yemen are impacted by this study in a broader sense. Literature on psychological safety and auditor voice has mostly been conducted in developed Western countries with individualistic cultures, but the topic is increasingly gaining traction in other regions too (Detert and Burris, 2007; A. Edmondson, 1999). This study focuses on international financial institutions (IFIs) in these two countries and shows how "soft" behavioral controls can be usefully applied in emerging market environments where "hard" regulations may be unstable or immature. However, these findings depend on internal relational dynamics rather than formal Sharia rules. Policymakers and Sharia supervisory boards should take note of this, as it suggests that investing in the relational skills of supervisory leaders is more important than enforcing pure technical Sharia compliance (Beck et al., 2013; Hasan, 2011).

This paper has three features. They relate to the originality of the literature. A more inclusive behavioral governance model in Islamic finance calls for a framework of transparency within which leadership openness, managerial dominance, and moral courage can be integrated (Mollah and Zaman, 2015). Secondly, psychological security is constructed and tested in this paper as a significant mediating ability in the context of auditing (as opposed to it simply being considered a structural characteristic

of the auditor, as previously mentioned in the references cited in (Gissel and Johnstone, 2017). Third, this paper presents evidence based on a relatively large sample through PLS-SEM in developing countries (Indonesia and Yemen), thereby enhancing the external validity of behavioral accounting research in non-WEIRD (Western, educated, industrialized, rich, and democratic) environments.

The debate as a whole indicates that there are no independent structural reform paths to improved discretionary disclosure behavior in Islamic financial institutions. Instead, these benefits stem from a governance ecosystem that harmonises the three attributes of leadership ethics, individual courage, and climatic transparency. This is achieved through adaptive psychological safety mechanisms that can balance the conflicting demands of obeying hierarchy and fulfilling the duty of amanah.

## 5. Conclusion

This paper aims to examine how Sharia governance and leadership dynamics are reflected in Auditor Discretionary Behavior (ADB), especially considering the role of Psychological Safety (PS) in between. The study found that open supervisory leadership, a climate of governance transparency, and auditor moral courage positively influence discretionary disclosure. This is achieved by applying Psychological Safety Theory, the Accountability and Authority perspective, and Islamic governance principles. Conversely, managerial dominance pressure has a negative impact. Indeed, psychological safety is the primary mechanism through which these relationships function. The findings demonstrate that autonomous audit committees and external monitoring do not invariably engender transparent disclosure; nevertheless, their efficacy is contingent on whether they establish a relational milieu in which auditors feel negligible interpersonal and career threat when deliberating sensitive issues. Psychological safety is the main thing that makes Sharia governance values visible in the way we act.

### *Theoretical Implications*

The integration of psychological safety, accountability–authority logic, voice–silence theory, and Islamic governance principles into a unified explanatory framework is a key contribution of this research to governance and auditing theory. Firstly, the research expands the scope of Psychological Safety Theory beyond team-learning contexts into formal oversight and Sharia-governed financial environments, highlighting that relational safety is equally crucial in high-accountability professional domains. Secondly, by demonstrating the detrimental impact of management dominance, the study refines accountability theory, showing that excessive evaluative power can hinder transparent reporting rather than encourage it. The ethical norms of Sharia governance and ethical climate suggest that they alone are insufficient to shape disclosure behavior unless they are reinforced by leadership practices and governance structures. This is because the moderating influence of Sharia governance is limited. The study reframes the idea of voluntary disclosure as a behavioural outcome that is shaped by governance and two things: the way authority is allocated at a structural level, and psychological conditions at a micro-level. This integrated approach contributes to the existing literature by showing that the ethical effectiveness of governance depends on more than just following the rules. It also depends on the relationships and thinking processes that are part of the oversight systems.

### Practical Implications

The text highlights the importance of creating a psychologically safe supervisory environment in Islamic financial institutions, drawing attention to managerial and regulatory implications. The chair of the supervisory committee and the Sharia supervisory board should encourage open discussion. They should defend dissenting opinions. They should limit power-motivated pressure that stifles voices. Routines that enhance transparency, ethical leadership courses, and protection against retaliation can improve the quality of discretionary reporting and governance. For those responsible for developing Islamic financial systems, strengthening formal guidelines on Sharia compliance can be combined with promoting leadership transparency and audit independence in practice. In situations where the institutional capacity and governance maturity vary, such as in Yemen or Indonesia, it can be beneficial to prioritize interpersonal trust and minimize hierarchical emphasis. This approach can enhance the credibility of disclosures and improve stakeholder perceptions. Ultimately, however, sustainable governance transparency depends on ethical principles being integrated into daily relational activities rather than on formal codes or regulatory compliance.

### Research Limitations

There are, however, several limitations that should be considered. First, strong causal conclusions about temporal changes and the dynamics of governance processes and psychological security are limited by the cross-sectional nature of the design. Secondly, although perception survey measures are statistically verified, they are still susceptible to general method variance, despite the application of procedural controls. Thirdly, this study looks at only some of the people involved in Islamic banking and finance in two developing countries, so the results may not be the same in other places. Secondly, although the Sharia Governance Ethics Climate was tested as a moderating variable, there are still other contextual factors that were not manipulated. These include the intensity of regulatory enforcement and organizational ownership structure. These limitations provide scope for future theoretical modifications.

### Future Research Directions

Future studies could use longitudinal or multi-wave designs. These designs would analyse how governance reforms and leadership strategies have a gradual impact on psychological safety and disclosure behavior. A cross-country comparison of Islamic financial systems and hybrid financial systems could help us understand how institutional maturity affects the relationship between governance, safety and disclosure. Another interesting research direction could be to investigate configurational or nonlinear relationships, for example, the combination of leadership openness, a transparent climate, and/or moral courage that produces disclosure synergies. Additionally, qualitative or mixed-methods studies could reveal the micro-processes through which auditors interpret Shariah governance principles in practice. Overall, this study draws an important conclusion for Sharia governance experts, namely that constructive moral oversight does not arise solely from formal religious observance but from governance systems that enable professionals to speak honestly and responsibly without fear.

### Declarations

#### CRedit authorship contribution statement

**Dr. Novi Yanti:** Conceptualization, Methodology, Investigation, Data curation, Formal analysis, Writing—original draft, Writing—review & editing.

**Syamsurizal:** Supervision, validation, methodological refinement, writing—review & editing.

**Gehad Mohammed Sultan Saif:** Data collection, investigation, visualization, literature review, writing—review & editing.

#### Declaration of competing interest

The authors declare that they have no known competing financial interests or personal relationships that could have appeared to influence the work reported in this paper.

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#### Data availability statement

The data that support the findings of this study are available from the corresponding author upon reasonable request. The data are not publicly available due to ethical considerations related to participant confidentiality and institutional research policies.

#### Ethics statement

The study was carried out in accordance with the established ethical standards for research involving human subjects. Participants were free to take part in the study, and written consent was obtained from them before any data was collected. The data was analyzed anonymously, and all possible precautions were taken to ensure confidentiality. Participants were told that they could quit the study at any time and that there would be no negative consequences for doing so. The data was used solely for academic research purposes. It was used with the permission of the institutional ethics committee.

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## Appendix B: Full Measurement Instrument

Table B1. Measurement items and sources

Construct	Code	Item description (paraphrased)	Scale	Source
<b>Oversight Chair</b>	OCL1	The oversight committee chair encourages open discussion during meetings.	1–7	Peterson (1997)
<b>Leadership</b>	OCL2	The chair welcomes dissenting views from auditors.	1–7	Free et al. (2021)
<b>Openness (OCL)</b>	OCL3	The chair allows flexible agenda discussion beyond formal reporting.	1–7	Free et al. (2021)
	OCL4	The chair appreciates candid communication from oversight members.	1–7	Walumbwa & Schaubroeck (2009)
	OCL5	The chair promotes collaborative leadership in governance processes.	1–7	Peterson (1997)
<b>Management Dominance</b>	MDP1	Management strongly controls oversight meeting agendas.	1–7	Cohen et al. (2010)
	MDP2	Raising sensitive issues may damage relationships with management.	1–7	Tetlock (1983)
<b>Pressure (MDP)</b>	MDP3	Management controls the flow of information to oversight bodies.	1–7	Fiolleau et al. (2013)
	MDP4	Management influences auditor appointment or retention decisions.	1–7	Dhaliwal et al. (2015)
	MDP5	Expressing concerns may threaten my professional reputation.	1–7	Dodgson et al. (2020)
<b>Governance</b>	GTC1	The governance committee expects disclosure beyond mandatory requirements.	1–7	Bhaskar et al. (2019)
<b>Transparency Climate (GTC)</b>	GTC2	Risk issues are openly discussed in oversight meetings.	1–7	PwC (2022)
	GTC3	Oversight culture emphasizes independent monitoring.	1–7	FRC (2016)
	GTC4	Transparency is embedded in governance practices.	1–7	Tirole (2001)
	GTC5	Broader financial and non-financial risks are valued in reporting.	1–7	Bertomeu & Marinovic (2015)
<b>Auditor Moral Courage (AMC)</b>	AMC1	I am willing to raise sensitive governance issues when necessary.	1–7	Boo et al. (2021)
	AMC2	I confront management pressure if it threatens reporting integrity.	1–7	Kadous et al. (2019)
	AMC3	I maintain professional integrity despite significant pressure.	1–7	Gissel & Johnstone (2017)
	AMC4	I remain objective even when disclosure creates relational risk.	1–7	Nelson et al. (2016)
	AMC5	I accept potential professional consequences for ethical reporting.	1–7	Boo et al. (2021)
<b>Psychological Safety (PS)</b>	PS1	I feel safe speaking up in governance or oversight meetings.	1–7	Kahn (1990)
	PS2	I do not fear retaliation when raising governance concerns.	1–7	Edmondson (1999)
	PS3	My candid input is appreciated by oversight authorities.	1–7	Newman et al. (2017)
	PS4	I feel supported when disclosing sensitive information.	1–7	Walumbwa & Schaubroeck (2009)
	PS5	I am comfortable discussing controversial or high-risk issues.	1–7	Gissel & Johnstone (2017)

Continued on next page...

Table B1 – continued

Construct	Code	Item description (paraphrased)	Scale	Source
<b>Auditor</b>	ADB1	I disclose governance issues beyond regulatory requirements.	1–7	Helikum et al. (2026)
<b>Disclosure</b>	ADB2	I report sensitive governance concerns even if not formally required.	1–7	Fiolleau et al. (2019)
<b>Behavior (ADB)</b>	ADB3	I provide early warnings about emerging risks.	1–7	IAASB (2016)
	ADB4	I go beyond formal reporting templates when necessary.	1–7	Helikum et al. (2026)
	ADB5	I communicate broader strategic or reputational risks to oversight bodies.	1–7	Bhaskar et al. (2019)
<b>Sharia Governance</b>	SGEC1	Sharia compliance principles guide governance decisions.	1–7	Mollah & Zaman (2015)
<b>Ethical Climate (SGEC)</b>	SGEC2	Amanah (trustworthiness) is emphasized in oversight processes.	1–7	Grassa (2016)
	SGEC3	Ethical accountability to stakeholders is prioritized in governance.	1–7	Hasan (2022)
	SGEC4	Religious and moral obligations shape reporting integrity.	1–7	Dusuki & Abdullah (2007)
	SGEC5	Transparency is viewed as both professional and ethical responsibility.	1–7	Victor & Cullen (1988)

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