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Fraud Risk Management Disclosure among Award-Winning Shariah-Compliant Companies in Malaysia: A Legitimacy Perspective

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ABSTRACT

The purpose of this research was to assess the extent of fraud risk management disclosure by NACRA 2024 award-winning companies that were Shariah-compliant in Malaysia. The Legitimacy Theory was applied to evaluate fraud risk management disclosures. Using a new Fraud Risk Management Disclosure Index containing sixty-nine items, a content analysis of annual reports from ten NACRA 2024 award-winning companies was conducted. Results demonstrated an adequate overall level of fraud risk management disclosure, specifically within the categories of governance structures, internal control frameworks and audit oversight. These results indicated high levels of compliance with regulatory and ethical standards. While some operational information existed such as fraud-risk preventive measures and due diligence, the amount of information available in these categories appeared to be comparatively lower than in the two previous categories. It indicated a preference for symbolic rather than substantive transparency. This study contributes to the literature by identifying fraud risk management disclosure as a new category of governance disclosure and by providing useful practical guidance for regulators and companies seeking to enhance their fraud governance practices.

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1. INTRODUCTION

Fraud Risk Management (FRM) is strategic governance for integrity in Malaysian Shariah-compliant companies (Azmil Umor & Tuan Mat, 2025). Shariah-compliant companies need effective FRM disclosure to preserve stakeholder trust (Muslim, 2025). Corporate governance and FRM are receiving increased scrutiny following several high-profile corporate scandals which have revealed a lack of oversight in corporate governance such as the 1MDB scandal. In response to subsequent lawsuits filed by regulators and investors against financial institutions related to these events, it was determined that regulatory compliance processes and due diligence were inadequate (Teichmann & Falker, 2021). It resulted in greater demands from government agencies and the public to increase the level of disclosure and accountability within corporate reports (Jones, 2020). Examples of companies that have established best practices in governance disclosures related to fraud were award-winning Shariah-compliant companies (Seow, 2025). Strong internal controls that were based on ethics and Islamic governance supported fraud risk mitigation and stakeholder protection (Ghafran & Yasmin, 2023). Therefore, these companies provide an example of the highest quality of FRM disclosure practices.

The Legitimacy Theory (LT) can explain how companies have adapted their FRM disclosure reporting practices to meet social demands and regulatory requirements for the purpose of gaining greater legitimacy from a public perspective and to reflect changing governance codes (Silva, 2021; Osman et al., 2026). FRM disclosure is especially important for Shariah-compliant companies as it is required to demonstrate conformity with Islamic ethical standards in addition to showing that the company has demonstrated a level of organisational integrity and accountability to stakeholders (Wilbanks et al., 2017). To systematically evaluate these dynamics, this study addressed the following research questions. It aimed to answer what the current extent and nature of fraud risk disclosure (FRMD) were among award-winning Shariah-compliant companies in Malaysia and how variations between different categories of FRMD such as governance oversight versus operational due diligence can be explained through the lens of the LT.

2. LITERATURE REVIEW

2.1 Fraud Risk Management

Fraud Risk Management (FRM) is a formal and systematic process for identifying, assessing, reducing or eliminating, and monitoring fraud risks that could impede a company's ability to achieve its goals. The Committee of Sponsoring Organisations of the Treadway Commission had defined FRM as a component of an organisation's Enterprise Risk Management (ERM). The companies were expected to conduct fraud risk assessments within their comprehensive enterprise-wide risk management frameworks (COSO, 2017). Fraud is an operational and governance issue. Thus, the board should oversee this area by providing leadership support and creating a positive control environment.

FRM involves another level of ethical responsibility for Shariah-compliant firms since fraud is a violation of ethical obligations which included trust (*amanah*), honesty, fairness or justice (*adil*), and responsibility (*tanggungjawab*) to society (Ghafran & Yasmin, 2023). Fraud compromises the foundational ethical framework of Islamic Corporate Governance. Therefore, Shariah-compliant companies were required to establish FRM policies and controls. However, these companies were also required to make

such policies and controls transparent so that stakeholders can verify compliance with both Shari'ah and regulatory standards (El-Halaby & Hussainey, 2015).

2.2 Fraud Risk Management Disclosure Practices

International studies have shown that organisations with formalised anti-fraud policies and whistle-blower programs provided more detailed annual and sustainability report disclosures (Belgacem, 2025) particularly among highly visible companies where anti-fraud disclosure serves accountability and signalling purposes (Shanikat & Aldabbas, 2025). However, prior studies have largely focused on general governance disclosures such as operational risk and whistle-blower policies rather than comprehensive Fraud Risk Management Disclosure (FRMD). Although whistleblowing reporting systems can serve as a type of early warning system to identify risk associated with fraudulent activities which standard control measures cannot capture (Sumanto & Zuhdi, 2026), the disclosure of whistleblowing policies by Malaysian Shariah-compliant companies has also been evaluated in terms of their transparency and accountability (Ahmad et al., 2024). However, there was very limited research regarding FRMD specifically in Shariah-compliant companies. This gap was significant as it could be a valuable source of information on the emerging best practices for FRMD in Malaysia through which to find out from leading Shariah-compliant companies with an excellent corporate governance performance (Ab Ghani, 2025).

2.3 Global Dimensions of Shariah Governance and Organizational Legitimacy

In the Malaysian jurisdiction, there are two categories of Shariah-compliant companies. These included Islamic Financial Institutions (IFIs) and non-IFIs. IFIs have a central and regulatory driven Shariah governance model that has strong oversight from the central regulatory body. Therefore, the governance model for these companies promoted uniform governance and disclosure practices throughout all IFI's (Faizi & Shuib, 2024). Unlike Shariah-compliant IFI's with their own Shariah governing frameworks and Shariah boards of supervisory bodies, non-IFI Shariah-compliant companies relied mostly on the traditional corporate governance systems and a screening process by the relevant authorities. The difference would suggest that FRMD is one method through which Shariah-compliant companies could be a means of developing legitimacy in demonstrating ethical accountability, enhance stakeholders' confidence and sustain Shariah compliance. However, empirical evidence on these areas remained limited.

Therefore, a Malaysian company achieves its cognitive legitimacy by complying with standardised state-level codes. Conversely, for a global Shariah-compliant company, it is essential that the disclosure strategy balanced local regulatory requirements and international accountability measures.

2.4 Award-Winning Shariah-Compliant Companies and FRMD

Shariah-compliant companies are expected to meet regulatory requirements for Shariah compliance as well as uphold the tenets of Shariah. These companies have received increased scrutiny from regulators and investors (Wan Ismail et al., 2015) especially those that have been recognised as award-winning and are viewed favourably by stakeholders. An award-winning Shariah-compliant company could lose a considerable amount of credibility if involved in fraudulent activity or governance failure. Therefore, they were held accountable through disclosures demonstrating their commitment to social responsibility. These disclosures send signals of ethical conduct and low-risk characteristics to stakeholders to increase their confidence and value on the brand name (Nahar et al., 2020).

The role of FRMD is to serve as a protective and signalling mechanism in demonstrating that the organisation had adopted ethical procedures to minimise fraud (Khusnah & Soewarno 2022). The literature on corporate governance suggests that improved levels of transparency and disclosure enhanced stakeholders' trust in organisations which positively impacted their perceived legitimacy (Al-Hadi et al., 2021).

2.5 The Legitimacy Theory and Fraud Risk Management Disclosure

In response to challenges to an organisation's legitimacy due to fraudulent behaviour, governance failures or other misconduct, organisations may strengthen their governance structures and expand their disclosure practices. Considering these pressures, Shariah-compliant companies faced additional pressure to establish legitimacy because they relied upon religion as their foundation. Thus, formalisation through disclosure is required to establish credibility to satisfy stakeholders' expectations rather than relying on informal communication.

2.6 Framework and Proposition Development

Based upon an on-going alignment of the organisation's activities with societal norms and values according to the Organisational Legitimacy Theory, organisations continually strive for obtaining and maintaining legitimacy regarding stakeholders' perceptions. Suchman (1995) defined governance-related disclosures as a way for an organisation to demonstrate it is acting in accordance with regulatory and social norms by being transparent, accountable and responsible. To transition from a post-hoc explanatory tool to an ex-ante predictive model, this study mapped Suchman's (1995) three primary dimensions of legitimacy, pragmatic, moral and cognitive directly onto FRM practices.

Pragmatic Legitimacy

Pragmatic legitimacy depends on the self-interested motivations of an organisation's direct stakeholders such as investors or regulators who require the oversight of a company to be able to minimise its operational risk. Abu Abbas and Hassan (2024) had previously established that companies operating within industries which have high regulatory oversight will be scrutinised more closely than other companies. Therefore, they provided their stakeholders with additional details about their corporate governance practices including fraud risk-related information (Theuma & Hayek, 2026). Due to the fact that financial institutions were governed under much tighter corporate governance regulations, they had a larger pragmatic incentive to demonstrate low-risk characteristics through their reporting. Hence, the following was proposed.

P_1

Proposition 1 (P_1): Shariah-compliant companies operating under intense regulatory oversight such as financial services will exhibit higher overall levels of FRMD to secure pragmatic legitimacy from key stakeholders.

Moral Legitimacy

Moral legitimacy denotes a normative evaluation of an organisation's actions by reflecting stakeholders' perceptions of whether the organisation is adhering to ethical standards. In order

for Shariah-compliant companies to create moral legitimacy in advance, companies can use highly visible structural mechanisms including independent internal audit functions, board oversight and explicit codes of ethics as evidence that the companies have an interest in protecting its integrity (Theuma & Hayek, 2026).

P_2

Proposition 2 (P_2): Shariah-compliant companies will provide exhaustive disclosure regarding high-level corporate governance structures, internal audit evaluations and control frameworks to demonstrate moral legitimacy.

Cognitive Legitimacy

Cognitive legitimacy occurs when stakeholders in an organisation accept its operations as standard or normal (Van Der Steen et al., 2021) but goes beyond moral legitimacy as described by Islam et al., (2021). Organisations also recognised that releasing full operational transparency related to their fraud detection methods could pose significant reputational risk because it may provide an opportunity for competitors to identify potential weaknesses within their systems. Therefore, many companies choose a strategic reporting method which provided a general overview of how the companies have complied with various regulatory requirements but did not include specific details of their actual fraud detection processes (Islam et al., 2021). The purpose of this type of reporting method was to create symbolic assurances that meet societal expectations for reporting and regulatory compliance. Nonetheless, it limited the companies from exposing its internal vulnerabilities.

P_3

Proposition 3 (P_3): Shariah-compliant companies will utilise selective disclosure by favouring broad structural governance data over granular operational or due diligence details to maintain symbolic cognitive legitimacy.

3. METHODOLOGY

Utilizing content analysis, this study evaluated the annual reports of ten award-winning companies from the 2024 National Annual Corporate Report Awards (NACRA) to examine the extent of FRMD among Shariah-compliant firms in Malaysia. NACRA recognised excellence in corporate reporting including corporate information, financial statements, sustainability reporting and corporate governance disclosures. The content analysis of the 2024 annual reports of NACRA winners was conducted in October 2025. These companies were treated as winning organisations that were expected to exhibit stronger governance and excellent reporting practices.

To increase confidence that the coding process was reliable, two coders used the same FRMD checklist and coding guidelines to review the companies' annual reports independently. Transparency into the coding process was further enhanced by maintaining a coding record that showed how each company's disclosure items had been scored. The coders initially became familiarised with the categories that existed within the

checklist for the items and the expected meaning of each disclosure item. Then, both of the coders independently reviewed the annual reports and recorded whether each item from the FRMD was present or absent in those annual reports.

Following the separate independent coding processes, the results of the coding for each item of the FRMD were compared item by item. The comparison did not reveal any significant discrepancies. Minor variations in interpretation were also addressed and resolved through a group discussion among the two coders to establish agreement based on reference to the annual report disclosure related to each category of interest and the operational definition of each category in the checklist. This procedure assisted to minimise individual coder bias and increased the consistency of interpreting the evidence presented regarding these disclosures.

The FRMD index was developed through a rigorous development process and validated by scholars and industry practitioners. Similar disclosure indices have been widely used in recent governance and sustainability research to measure corporate transparency across various governance dimensions (Doni et al., 2021; Velte, 2023). The final FRMD checklist consisted of 69 items across 15 main categories. An unweighted disclosure index was used to measure FRM disclosure where a score of “1” was given to indicate that the FLI was disclosed in the company’s annual report. On the other hand, a score of “0” was recorded when no disclosure related to the FLI item was found in the annual report. This method was selected over the weighted disclosure index on the basis that each disclosure item was equally important and was believed to produce no differences in the results (Marston & Shrives, 1991). In this study, the score on the extent of FRMD in Malaysian Shariah-compliant companies’ annual reports was calculated as follows:

$$FRMD_i = (\sum_{j=1}^n X_{ij}) / n_j \quad (1)$$

Where:

FRMD_i : Fraud Risk Management Disclosure Index

n_j : Number of FRM items expected for the company $n_j \leq 69$ items

X_{ij} : “1” if the company discloses FRM items and “0” if otherwise

4. RESULTS AND DISCUSSION

4.1 Overview of Fraud Risk Management Disclosure

This study evaluated the extent of FRMD among selected Malaysian listed companies. The shortlisted companies were Malayan Banking Berhad (Maybank), CIMB Group Holdings Berhad (CIMB), Sime Darby Berhad (Sime Darby), Sunway Berhad (Sunway), MBSB Bank Berhad (MBSB), Malaysian Resources Corporation Berhad (MRCB), KLCC Property Holdings Berhad (KLCC), UEM Sunrise Berhad (UEM Sunrise), Telekom Malaysia Berhad (TM), and Axiata Group Berhad (Axiata). The FRM disclosure index was developed based on international and national reporting guidelines and past literature which

contained 69 disclosure items across 15 main categories including Control Environment (11 items), Risk Assessment (10 items), Control Activities (3 items), Information and Communication (8 items), Monitoring Activities (6 items), Top-Level Commitment (4 items), Fraud Prevention Procedures (9 items), Due Diligence (1 item), Governance and Oversight (4 items), Detection (2 items), Recording and Reporting (2 items), Internal Audit Evaluation (2 items), Risk Management and Internal Control Framework (3 items), Audit Committee Oversight (2 items) and ‘Others’ (2 items).

4.2 Firm-Level FRM Disclosure

Table 1 summarises is a summary of the firm-level FRM disclosure among the sample firms based on the FRM Disclosure Index developed in this study which consisted of the 69 disclosure items.

Table 1. Firm-Level FRM Disclosure

Sector	Firms	Overall Score	Ranking Category
Banking & Financial Services	Maybank, CIMB, MBSB	81.61	Outstanding
Industrial Conglomerate	Sime Darby	79.71	Good
Property & Real Estate	Sunway, KLCC, UEM Sunrise, MRCB	72.83	Good
Telecommunications	TM, Axiata	69.57	Good
Overall		71.76	Good

The overall performance of the companies showed noteworthy level of FRM disclosure with an average score of 71.76%. It indicated a “Good” ranking category. Besides, the findings showed that Maybank, CIMB and MBSB exhibited the highest levels of disclosure by recording 81.61% earning an “Outstanding” rating. Previous studies have similarly stated that companies operating in highly regulated industries tended to provide more comprehensive governance disclosures due to greater oversight from regulators and stakeholders (Yavuz et al., 2024; Silalahi et al., 2023).

Other companies also established comparatively high disclosure levels. The Industrial Conglomerate sector, illustrated by Sime Darby, reported a score of 79.71% while the Property and Real Estate sector comprising Sunway, KLCC, UEM Sunrise and MRCB achieved an average score of 72.83%. Both sectors were classified as ‘Good’. The Telecommunications sector, exemplified by Telekom Malaysia and Axiata, recorded the lowest average score of 69.57% even though it remained within the ‘Good’ category. The wide range in disclosure levels among these firms suggested that a firm's governance policies and attributes, as well as the industry segment from which it originated, may influence the level of FRM disclosure. These findings were consistent with previous research demonstrating that corporate disclosures differ across companies due to variations in regulatory pressure, governance structures and stakeholders’ expectations (Yavuz et al., 2024).

4.3 FRM Disclosure by Category

Table 2 shows the average FRMD by category across the 10 sample firms based on 69 disclosure items.

Table 2. Average Disclosure by Category across Firms

Disc. Items	May bank (%)	CIM B (%)	Sime Dar by (%)	Sun way (%)	MBS B (%)	MR CB (%)	KLC C (%)	UE M Sunr ise (%)	TM (%)	Axia ta (%)	Disclosure	
											%	Level
Control Env.	91	100	100	91	91	100	91	100	100	82	95	High
Risk Assess.	90	90	80	40	70	60	50	50	60	50	64	Moderate
Control Act.	100	100	67	67	100	67	67	100	100	33	80	Moderate
Info & Comm.	63	100	75	75	75	75	63	100	50	50	73	Moderate
Monitoring	83	83	100	100	83	67	83	83	83	67	83	Moderate
Leadership	100	75	100	100	100	75	100	100	100	100	95	High
Fraud Prev.	67	56	56	44	56	89	56	56	67	67	61	Moderate
Due Diligence	0	0	100	100	0	100	100	0	0	0	40	Low
Governance	100	50	25	25	100	50	50	50	75	50	58	Moderate
Detection	100	100	100	100	100	50	100	100	50	0	80	Moderate
Reporting	100	100	100	50	100	100	0	0	100	50	70	Moderate
Internal Audit	100	100	100	100	100	100	100	100	100	100	100	High
Risk Mgmt.	100	100	100	100	67	100	100	100	100	100	97	High
Audit Comm.	100	100	100	100	100	0	100	100	100	100	90	High

Others	0	0	0	0	0	50	50	0	0	50	15	Low
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The evaluation of the index indicates various levels of disclosure throughout the 15 categories assessed. Based on the results presented in Table 2, the disclosure categories were generally categorised into high disclosure, moderate disclosure and low disclosure (Joseph et al., 2018).

High Disclosure

Numerous FRM components were reported to be high by a majority of the companies as shown in Table 2. Internal Audit Evaluation was found to be the top component in terms of disclosures as 100% of sampled firms disclosed the results of their internal audit evaluations. The outcome underlined the strong role of internal audit functions in evaluating internal control effectiveness and providing confirmation regarding FRM practices (Nadirisyah et al., 2024). Risk Management and Internal Controls Frameworks reported a very high level of disclosure from companies (97%). Most studies also indicated that effective internal controls can reduce the potential for fraud in financial reporting because they provide an additional layer of oversight and accountability (Zaki & Adrianto, 2026). In addition, the Control Environment category of RMIC reported a very high level of disclosure (95%) which were related to various aspects of company operations such as corporate governance structures and commitment from senior leaders. A strong set of ethical values was fundamental to maintaining transparency and preventing fraud in a business environment (Shanikat & Aldabbas, 2025).

The results of the study showed that fraud prevention depended upon strong commitment from an organisation's senior management and well-established internal controls which are fundamental principles of the COSO Enterprise Risk Management and COSO–ACFE framework principles (Cotton et al., 2023). For example, Maybank Group had developed and implemented a Standalone Code of Ethics and Conduct for Directors ("the Code") across the entire Group. The development of this code was based on applicable local and international law, regulation, guideline, best practice and internal policy (Malayan Banking Berhad, 2024, p. 130).

Governance-related disclosure enabled an organisation to demonstrate accountable, transparent and responsible behavior in managing its business operations consistent with societal and regulatory expectations (Suchman, 1995). In terms of FRM, investors, regulators, and other external stakeholders expected organisations to establish governance structures that protected the firm's integrity and mitigate fraud risk (Kassem, 2022).

Moderate Disclosure

Six categories of FRM showed a moderate level of disclosure based on Table 2 for all sampled companies. These categories included Risk Assessment, Control Activities, Information and Communication, Monitoring Activities, Fraud Prevention Procedures, Governance and Oversight, Detection, and Recording and Reporting. FRM can be effective through the integration

of controls and continued evaluations consistent with COSO guidelines. The two elements were designed to provide assurance that controls are operating properly and allow for timely identification of developing fraud risk (Cotton et al., 2023). In total for all companies in the sample, there was an average disclosure rate of 64% within the area of fraud Risk Assessment. Past research has shown that companies using structured fraud risk assessment processes have been able to minimise their fraud occurrence rates in addition to improving organizational integrity (Sanusi et al., 2025). Internal communications about fraud risks, as well as whistleblowing reporting procedures were covered in the Information and Communication element of the report. The area was found to have a moderate level of disclosure (72.50%).

Fraud prevention practices disclosed by companies are an indicator of a company's efforts to adhere to COSO requirements and communicate risk throughout the organisation on a continuous basis. The level of disclosure regarding Fraud Prevention Procedures in this study was 61% which suggested that while companies recognised the importance of fraud prevention, they did not disclose sufficient details about its practice implementation. Research has indicated that most fraud prevention programs included general anti-fraud techniques instead of providing specific examples of identifying or addressing fraud opportunities (Pattingaloang & Kuntadi, 2024).

Low Disclosure

Due Diligence and 'Others' Mechanisms (Corporate Risk Profiles/Integrity Survey) recorded comparatively low levels of disclosure. Among the 15 categories, the "Others" category, which contained integrity surveys and corporate risk profiles, reported the lowest disclosure level (15%). Similarly, the Due Diligence category reported a relatively low disclosure level (40%). Companies required due diligence measures to manage fraud-related risks from independent providers, authorities and suppliers. However, many companies did not fully disclose fraud management processes in annual reports or other publicly available documents based on fears of losing competitive advantage through loss of proprietary information. Companies often performed internal fraud risk assessments independently but showed little transparency regarding such activities within their public reporting documents (Capras et al., 2025). A sample disclosure related to due diligence practices can be observed in Sime Darby Berhad of "The Group screens new and existing suppliers for risks related to sanctions, bribery and corruption, applying a rigorous vendor due diligence process." (Sime Darby, 2024, p.87)

The empirical data clearly supported **Proposition 1 (P1)**. Award-winning companies exhibited very high levels of disclosure in their reporting practices (a total average of 71.76%). Financial giants organisations, specifically Maybank and CIMB, reported the greatest individual averages for governance disclosure at 82.61%. Thus, the trend directly supported the concept of pragmatic legitimacy. Banking firms have a strong need to comply with the regulations governing them due to increased scrutiny from both stakeholders and regulatory bodies. Therefore, banking firms are inclined to report on all aspects of corporate governance. Organisations that were not bank related and therefore did not experience the same level of scrutiny will also disclose less information

about corporate governance. To illustrate, Axiata was found to be at 63.77% in terms of disclosure.

In addition to this, the data also supported **Proposition 2 (P2)** that suggested that all surveyed companies provided full disclosure on both the ethical and structural framework. This was evidenced by the 100% disclosure rate in the Internal Audit Evaluation among all sampled companies coupled with near-perfect scores in Risk Management Frameworks (96.67%) and Control Environments (95%). The exceptionally high scores in this study using the LT indicated that award -winning companies had chosen highly visible structural governance frameworks to meet the public's social expectation for ethics. In the case of Shariah-compliant companies, these disclosures were one of the most important mechanisms available to assure stakeholders of their compliance with Shariah corporate governance requirements. It also signaled to stakeholders that they have an authentic board leadership structure that reflected the fundamental principles of Islam such as trust (amanah) and accountability.

Final analysis of operational metrics provided undeniable evidence to support **Proposition 3 (P3)**. Structural compliance elements scored near perfect but specific granular aspects of operations dropped rapidly with Fraud Prevention Procedure averaging at 61% and Due Diligence practices falling to 40%. This was an empirically clear divide that gave evidence of how the LT can function in dynamic terms within corporate reporting. As noted by Deegan (2002) and Suchman (1995), corporate reporting was often used as a tool of symbolic assurance. Award-winning companies successfully defended their institutional standing by pairing maximum structural reporting with calculated operational silence to protect internal operational vulnerabilities.

5. CONCLUSION, LIMITATION AND FUTURE RESEARCH

The LT was used to examine the FRMD for award-winning Shariah-compliant companies in Malaysia. The results showed that the sample group scored a “Good” rating on the LT with a total disclosure level of 71.76% which indicated that FRM is now becoming a more significant component of transparency in Shariah-compliant companies. The full scope of the LT of comprehensive FRMD included reporting on all aspects of corporate governance because it provided a signal to stakeholders regarding the extent of an organisation's transparency, its level of accountability, its adherence to Shariah law and its organisational legitimacy. The FRMD framework was developed to reflect Islamic ethical principles and to enhance the confidence of stakeholders and trust of the general public.

This study is a contribution to the LT in that it identified FRMD as an evolving form of corporate governance disclosure mechanism. The results indicated that Shariah-compliant companies can use FRMD disclosures to demonstrate the ethical performance, fraud risk accountability and compliance with corporate governance standards and those required under Islamic law. From a practical perspective, this study had indicated that regulatory bodies and standard setters should provide clearer guidelines for FRMDs. Companies were also encouraged to disclose additional information about their fraud prevention policies and practices, internal control mechanisms, ethics education programs and fraud incident response systems.

This study was conducted with a number of limitations. It focused on selected award-winning Malaysian Shariah-compliant companies and also relied upon content analysis from the companies' annual reports for the disclosed practices rather than actual FRM implementation or effectiveness. Therefore, future research should provide an opportunity for comparison between Shariah-compliant and non-Shariah compliant companies in order to assess whether compliance with Shariah law strengthened FRMD practices. It may also enable future researchers to add additional strength and validity to their results and conclusions.

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7. CONFLICT OF INTEREST STATEMENT

The authors agree that this research was conducted in the absence of any self-benefits, commercial or financial conflicts and declare the absence of conflicting interests with the funders.

8. AUTHORS' CONTRIBUTIONS

All authors contributed significantly to the development of this manuscript. Corina Joseph was responsible for the conceptualization, methodology, and overall supervision of the study. Sharifah Norzehan and Nur Izyan contributed to the literature review, drafting, and critical revision of the manuscript. Saifulrizan and Siti Aimi contributed to the conceptualisation, formal analysis, and validation. All authors read and approved the final version of the manuscript prior to submission.

9. DECLARATION OF GENERATIVE AI IN THE WRITING PROCESS

The authors declare that no generative artificial intelligence (AI) tools or systems were used at any stage in the preparation, drafting, editing, or refinement of this work. All ideas, analyses, interpretations, and written content presented are entirely my own and have been developed independently without the assistance of AI technologies.

10. DATA AVAILABILITY/SUPPLEMENTARY MATERIALS

The data that support the findings of this study are available from the authors upon reasonable request. All relevant information supporting the findings and conclusions is fully presented within the main text of this document.

11. ETHICS STATEMENT

This study did not involve any human participants, animals, or sensitive data requiring ethical approval. The authors confirm that the research was conducted in accordance with accepted academic integrity and ethical publishing standards.

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