

Corporate Governance and Political Embeddedness: A Systematic Review of Royal Family Affiliation, Earnings Management, and Audit Quality

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Abstract

This systematic literature review examines the growing significance of royal family affiliation in shaping earnings management (EM) within emerging markets, particularly in contexts characterized by concentrated ownership and strong political influence. The study aims to synthesize existing literature, identify dominant methodological trends, and highlight directions for future research. The review addresses three key questions: (1) How does royal family affiliation influence earnings management in politically connected environments? (2) What methodological approaches are commonly employed to examine this relationship? and (3) What underexplored areas remain in the literature regarding governance mechanisms and audit fees?. The review synthesizes 40 studies published between 2010 and 2025, sourced from major academic databases including Scopus, Web of Science, and Google Scholar. A bibliometric analysis was conducted using VOSviewer to identify thematic patterns and research trends. The findings indicate a predominance of quantitative research approaches, with limited use of qualitative and mixed-method designs. The review emphasizes the need for further investigation into the moderating role of audit fees as indicators of external monitoring and audit quality, and their influence on the governance role of royal family board members. Additionally, the study identifies underexplored determinants, including board experience, ownership structure, and regulatory frameworks, particularly within emerging markets. The review advocates for a multidimensional approach to understanding earnings management and calls for more comprehensive empirical testing of governance mechanisms in politically embedded corporate environments.

Keywords: Royal Family Affiliation, Board of Directors, Audit Fees, Corporate Governance, Earnings Management, Saudi Arabia

Introduction

Financial reporting credibility is essential for the efficient functioning of capital markets, particularly in environments characterized by concentrated ownership and strong political

connections (Hong et al., 2023; Musa, 2025). Despite regulatory reforms and governance improvements following several high-profile corporate scandals, the persistence of earnings management (EM) continues to raise concerns regarding the effectiveness of board oversight mechanisms (Abu Bakar et al., 2023; Hasan & Rahman, 2020; Ronen & Yaari, 2008). Although EM may reflect managerial discretion used to convey private information, it also represents a central agency problem when insiders exploit accounting flexibility for personal gain (Healy & Wahlen, 1999). Consequently, understanding the governance mechanisms that constrain or facilitate EM remains a critical issue in accounting and corporate governance research.

In emerging markets, where ownership concentration and political influence are deeply embedded, the effectiveness of traditional governance mechanisms remains debated. Saudi Arabia provides a distinctive institutional setting characterized by concentrated ownership structures and strong political embeddedness, making it an appropriate context for examining these dynamics (Alqatan & Nasser, 2022). A notable feature of this environment is the presence of royal family members on corporate boards. Such affiliations may function as governance mechanisms that mitigate agency conflicts through enhanced monitoring and reputational incentives, or may intensify earnings management due to concentrated control and political protection (Alqatan & Nasser, 2022).

Royal family ownership is typically measured by the proportion of shares held by royal family members or their affiliates (Al-Hadi et al., 2016). Prior studies have examined various characteristics of royal family directors, including ownership stake, professional experience, board meeting attendance, and the proportion of independent royal family members, all of which are considered important determinants of earnings management practices (Al Nasser, 2019). However, empirical evidence on the effect of royal family affiliation on EM remains inconclusive. Some studies suggest that royal family connections reduce earnings manipulation due to reputational concerns (Ishak et al., 2011; Zehri, 2025), whereas others argue that political power may shield firms from external scrutiny, thereby facilitating opportunistic reporting behavior (Al Nasser, 2019; Almuzaiker et al., 2022). These mixed findings indicate that the relationship between royal family affiliation and EM is likely contingent upon other governance mechanisms.

One important governance mechanism that may influence this relationship is external audit monitoring, as reflected in audit fees. Audit fees are commonly used as a proxy for audit effort, auditor independence, and monitoring intensity (Abu Bakar et al., 2023). Higher audit fees are generally associated with greater audit quality, increased scrutiny, and reduced earnings management due to enhanced auditor independence (Shehadeh et al., 2024; Azoury et al., 2018). From an agency theory perspective, audit fees strengthen external monitoring and may limit the discretionary power of influential insiders, including royal family directors (Santos-Jaén et al., 2024). Empirical evidence further suggests that increased audit fees improve financial reporting quality and reduce earnings manipulation (Lohwasser & Zhou, 2024).

The relevance of this issue has increased following the introduction of the Saudi Corporate Governance Code reform by the Capital Market Authority in 2021, which imposed stricter requirements related to board independence, conflict-of-interest disclosures, and related-party transactions (Capital Market Authority (CMA), 2021). While these reforms aim to

enhance governance transparency and accountability, limited empirical evidence exists regarding their interaction with royal family board influence and external audit monitoring (Alsultan, 2025; Tawfik et al., 2023).

Drawing on agency theory and resource dependence theory, this study develops a conceptual framework to examine how royal family board affiliation influences earnings management. Specifically, it investigates the impact of royal family director characteristics such as business experience, board attendance, ownership stake, board representation, and independence, and evaluates whether audit fees moderate these relationships. Using the Saudi institutional context as a case study, the research contributes to the broader literature on the interaction between politically connected governance structures and formal monitoring mechanisms in shaping financial reporting quality.

This study makes three primary contributions to literature. First, it extends research on political connections and concentrated ownership by conceptualizing royal family affiliation as a hybrid governance mechanism that combines monitoring capacity with potential entrenchment risks. Second, it advances the earnings management literature by introducing audit fees as a moderating factor that influences the governance effects of politically powerful directors. Third, by examining the 2021 Saudi corporate governance reform, the study provides insights into whether formal regulatory mechanisms effectively constrain insider influence in environments characterized by informal power structures. Collectively, these contributions enhance understanding of how formal and informal governance mechanisms interact within emerging institutional contexts.

Literature Review

Earnings Management (EM)

EM is a pivotal concept in financial reporting, involving the deliberate manipulation of financial statements by management to meet certain financial objectives. It is defined as the exercise of managerial discretion in structuring transactions or reporting financial data to influence reported earnings, which in turn affects stakeholders' perceptions (Healy & Wahlen, 1999; Schipper, 1989). Earnings serve a dual purpose: they provide essential information for decision-making by investors and stakeholders and also act as a mechanism for evaluating managerial performance. This dual role of earnings provides managers with the incentive to engage in EM, particularly when compensation, reputation, debt covenants, or political visibility depend on accounting outcomes.

The concept of EM is widely debated in the literature. Schipper (1989) characterizes it as "deliberate interference in the external financial reporting mechanism aimed at securing personal benefits. Healy & Wahlen (1999) emphasize that EM involves managers exercising judgment within accounting standards to influence the financial statements and affect stakeholders. Meanwhile, (Watts & Zimmerman, 1990) highlight the role of discretion within the constraints of accounting standards. Despite some variations in definitions, the consensus is that EM stems from managerial discretion in environments characterized by information asymmetry and misaligned incentives, which is a clear manifestation of the principal–agent problem (Healy, 1985).

A critical distinction must be made between EM and fraudulent financial reporting. EM generally stays within the boundaries of accounting rules, exploiting flexibility and judgment to meet managerial objectives. In contrast, fraud involves the intentional misstatement or omission of financial information in violation of accounting rules and legal requirements. Czakowska (2021) noted that the line between EM and financial reporting fraud can be blurred, as both share the intent to influence the financial statement's portrayal. However, the primary difference lies in whether the actions comply with the accounting policies and legal standards set by the entity, as fraudulent reporting clearly violates these parameters.

EM can take different forms, each with distinct consequences for financial reporting quality and corporate governance. Accrual-based EM involves managerial judgment in the recognition of revenues or expenses, such as changes in depreciation methods or allowances for bad debts (Healy & Wahlen, 1999). Real earnings management (REM), however, involves actual business decisions that affect cash flows, such as accelerating revenues or delaying expenses to influence reported earnings. While REM may offer more transparent financial information, it can still distort the financial picture and lead to decisions that harm the firm in the long run (Roychowdhury, 2006). Fraudulent earnings management involves intentional misstatements designed to deceive stakeholders and may include inflating revenues or hiding liabilities to create a more favorable financial position than the company truly holds (Czakowska, 2021). Unlike accrual-based or real EM, fraudulent EM violates accounting standards, exposing the firm to significant legal and reputational risks.

The motivations for engaging in EM are varied and typically categorized into two broad groups: firm-related incentives and managerial self-interest. Managers may manipulate earnings to improve the company's external standing or meet internal performance targets (often referred to as "firm interests"). Alternatively, they may manipulate earnings to benefit personally, such as meeting bonus targets or securing job security (known as "managers' self-interests") (Zaytoun & Elhousy, 2023). These motivations can vary across institutional environments, and governance structures play a significant role in moderating these behaviors. Effective corporate governance mechanisms are thus crucial in mitigating the risks of EM (Wagener, 2024). In summary, EM involves managerial discretion within the confines of accounting standards to influence reported earnings. Its form and impact depend on institutional settings, ownership structures, and the governance mechanisms in place. This study contributes to the literature by exploring how governance characteristics, specifically the presence of royal family board members and audit fees, influence EM behavior in the context of Saudi Arabia.

Royal Family Members on the Board of Directors

Board members from royal families are considered decision-makers and owners who closely monitor management, which is likely to support and improve firm performance (Alzahrani, 2019). Their prestige, political legitimacy, and privileged access to state resources position them as uniquely powerful actors within corporate governance structures. Royal family ownership is typically measured by the proportion of the total percentage of majority shares held by royal family members or royal family associate investors (Al Nasser, 2019; Al-Duais et al., 2021; Al-Hadi et al., 2016). Such ownership confers both voting power and informal influence, particularly in institutional environments characterized by concentrated ownership and political connections. In GCC countries, royal family members frequently occupy board

positions either as significant shareholders or honorary appointees due to political status (Alqatan & Nasser, 2022). This dual economic–political role distinguishes royal directors from conventional blockholders. In Saudi Arabia, a monarchy, royal family members, and their significant influence play a key role in shaping the country's economy and the economic activities of individual firms (Tawfik et al., 2022). The royal family members in Saudi companies and the stock market hold significant control, comprising about 10% of boardrooms. A survey by Alghamdi et al. (2022) cited in Al Nasser (2019) shows that 45 percent of non-financial listed companies in Saudi Arabia have at least one royal family member on their board. This prevalence makes royal involvement a structurally embedded governance feature rather than an exceptional case.

From an agency theory perspective, royal family members may reduce Type I agency conflicts (manager vs. shareholder) due to their substantial ownership and reputational concerns. Their wealth and status are often tied to firm performance, incentivizing monitoring and improved disclosure quality (AL-Duais et al., 2021). However, concentrated royal influence may simultaneously generate Type II agency conflicts (controlling vs. minority shareholders), particularly where political protection reduces accountability (AL-Duais et al., 2021). In such cases, managers may feel shielded from legal or market discipline, potentially increasing EM. This duality suggests that royal board presence may function either as a monitoring mechanism (substitution hypothesis) or as an entrenchment mechanism (expropriation hypothesis), depending on contextual governance strength. Accordingly, this study adopts the substitution hypothesis, viewing royal family board membership as an internal governance mechanism whose effect on EM remains an empirical question.

Board meeting frequency presents both costs and benefits (Al Nasser, 2019). While excessive meetings may create coordination costs, frequent meetings enhance monitoring intensity and strategic oversight. (Mishra & Kapil, 2018) show that more frequent board meetings are associated with improved firm performance due to enhanced monitoring opportunities. Active attendance by royal family members may signal stronger engagement in oversight functions, increasing board vigilance over financial reporting. The frequent attendance of royal family members at board meetings with their long-term interests and closer ties to the company often puts them in a position to promote transparency and ensure more effective governance, ultimately leading to better oversight and reduced EM (Almuzaiker et al., 2022). However, where royal influence is dominant, frequent attendance may reinforce control rather than independent oversight, potentially facilitating EM if monitoring becomes symbolic rather than substantive.

Board representation reflects the degree of influence in strategic and monitoring decisions (Al Nasser, 2019). Evidence suggests mixed effects. In some contexts, greater royal representation reduces EM through enhanced oversight (Alqatan & Nasser, 2022). However, in Saudi Arabia, higher royal board representation has been linked to increased EM, possibly due to concentrated power and reduced board contestability. Greater numerical dominance may weaken independent monitoring and facilitate discretionary reporting behavior. Alternatively, reputational concerns and long-term orientation may motivate conservative financial practices.

Director expertise enhances monitoring effectiveness under agency theory. Business experience equips board members with the skills necessary to evaluate complex financial reporting (Sidki et al., 2024). Royal family members with extensive managerial or board experience may enhance governance quality and constrain EM. Experienced directors are better positioned to detect aggressive accounting practices and challenge managerial discretion. Such experience might enhance their ability to oversee the company's operations more effectively, potentially curbing aggressive EM strategies (Alqatan & Nasser, 2022). However, greater expertise may also increase the ability to strategically manage earnings, particularly where incentives for reputation management or political signaling exist. Thus, business experience may either strengthen monitoring capacity or enhance sophisticated earnings manipulation, depending on governance incentives.

Board independence is widely recognized as a key governance mechanism (Fama & Jensen, 1983). Independent directors enhance monitoring and reduce EM (Setiawan et al., 2019). However, in firms with royal family influence, formal independence may not equate to substantive independence. Royal family power may undermine the effectiveness of independent oversight if directors are socially or politically aligned. Where royal family members themselves are classified as independent directors, the effectiveness of monitoring depends on their autonomy from family interests. Substantive independence, rather than formal classification, determines whether EM is constrained. Supporting this, Setiawan et al. (2019) found that board independence is negatively associated with EM, arguing that independent boards provide an effective monitoring mechanism that helps constrain earnings manipulation. As this study focused on, the independence of royal family members is more significant and is crucial in determining whether EM will be prevalent.

The Audit Fees

Audit fees represent a critical external governance mechanism within the corporate monitoring framework. Prior literature conceptualizes audit fees as compensation for audit effort, risk assessment, professional expertise, and engagement complexity (Gandía & Huguet, 2021; Simunic, 1980). Rather than merely reflecting pricing arrangements, audit fees signal the intensity of external monitoring and the resources allocated to ensuring financial reporting quality. Extensive empirical evidence suggests that audit fees are positively associated with audit quality. Higher fees generally signal greater audit effort, increased audit hours, and enhanced scrutiny. When the audit fee is higher, the resulting audit quality is also higher (Aprilia & Kusumawati, 2023; Usman, 2021). Therefore, it is anticipated that higher auditor fees are indicative of superior audit quality, thus helping to prevent practices like EM.

The Capital Market Authority (CMA) (2017) mandates firms to establish an audit committee for internal auditing, assessing internal monitoring effectiveness, and recommending external auditors. However, governance structures alone are insufficient unless supported by effective monitoring intensity (Boshnak, 2025). Audit fees, in this regard, operate the strength of external oversight by reflecting the depth and rigor of the audit engagement. Audit fees, in this regard, operate the strength of external oversight by reflecting the depth and rigor of the audit engagement. Audit fees can be divided into normal audit fees and abnormal audit fees (Drogalas et al., 2021). They capture expected compensation for audit effort given client characteristics. Abnormal audit fees, by contrast, represent deviations from expected fee levels (Gandía & Huguet, 2021). Prior research presents two competing interpretations: The

economic bonding hypothesis, which suggests that positive abnormal fees may impair auditor independence due to client dependence (Kinney & Libby, 2002). The enhanced effort hypothesis argues that abnormal fees may reflect additional audit effort in response to heightened risk (Hossain & Wang, 2023). This dual perspective underscores the importance of examining audit fees not merely as a control variable, but as a moderating governance mechanism. According to Baron and Kenny (1986), moderation occurs when a variable alters the strength or direction of the relationship between an independent and dependent variable. In agency theory terms, audit fees may alter the agency costs arising from concentrated ownership and board influence. Royal family involvement in Saudi firms represents a distinctive governance feature characterized by concentrated power, political legitimacy, and reputational capital. Although royal family members may enhance monitoring through reputation and influence, their concentrated control may also increase agency risks by entrenching power and reducing managerial accountability.

Under agency theory, concentrated control can exacerbate Type II agency conflicts (controlling vs. minority shareholders), potentially increasing incentives for earnings management. In such settings, external audit intensity becomes particularly salient. Recent studies demonstrate that audit fees moderate relationships between governance mechanisms and EM, including audit committee characteristics (Shehadeh et al., 2024), board gender diversity (Juwita, 2023), and accounting comparability (Daryaei et al., 2024). These findings collectively suggest that audit fees strengthen external monitoring and condition the effectiveness of internal governance mechanisms. Extending this logic, higher audit fees may weaken the positive association between royal family involvement and EM by increasing audit scrutiny and limiting discretionary reporting behavior. Even where royal family members exert substantial board influence, intensive auditing may reduce information asymmetry and constrain opportunistic accounting practices. Conversely, lower audit fees may signal weaker monitoring, thereby allowing royal influence to translate more strongly into EM practices. Thus, audit fees function as a boundary condition that shapes the governance consequences of royal family involvement. Grounded in agency theory and the monitoring hypothesis, this study posits that audit fees moderate the relationship between royal family involvement and earnings management in Saudi-listed firms.

Methods

Review Design

This study employs a systematic literature review to synthesize and critically evaluate research on corporate governance mechanisms, ownership structures, IFRS adoption, and transparency practices in GCC and MENA countries. The review follows the structured procedures outlined by Tranfield et al. (2003), ensuring methodological rigor, replicability, and comprehensiveness. A systematic approach was adopted to identify dominant research themes, theoretical frameworks, methodological trends, and gaps in the literature published between 2015 and 2025. This design provides an integrated understanding of governance reforms and financial reporting developments within emerging-market contexts.

Data Sources and Search Strategy

To ensure comprehensive coverage, the literature search was conducted across multiple academic databases, including Scopus, Web of Science, Emerald Insight, and Google Scholar. These databases were selected for their extensive indexing of peer-reviewed journals and

governance-related studies in accounting and finance disciplines. The search, conducted in 2025, used Boolean operators (AND, OR) to construct systematic and replicable search strings. A representative search string was: (“corporate governance” OR “board composition” OR “board diversity” OR “ownership structure” OR “family ownership” OR “royal ownership” OR “audit quality” OR “earnings management” OR “audit fees” OR “Saudi Arabia”) AND (“GCC” OR “MENA” OR “emerging markets”). The search was restricted to English-language publications released between January 1, 2015, and January 1, 2025, to capture contemporary governance reforms, IFRS adoption developments, and transparency initiatives in the region.

Inclusion and Exclusion Criteria

To ensure relevance, consistency, and academic quality, studies were screened using the following criteria, as shown in Table 1:

Table 1

Inclusion and Exclusion Criteria

Criteria	Inclusion	Exclusion
Publication type	Peer-reviewed journal articles, conference papers, conceptual papers, PhD theses	Books, unpublished manuscripts, non-scholarly reports
Language	English	Non-English publications
Time period	2015–2025	Studies published before 2015

Restricting the timeframe ensures alignment with contemporary governance reforms and evolving financial reporting frameworks in GCC and MENA countries, though it may omit foundational studies before 2015.

Screening and Selection Process

The initial search identified 642 records: Google Scholar (N = 271), Scopus (N = 121), Emerald Insight (N = 167), and Web of Science (N = 83). After removing 117 duplicates, 525 articles remained for title and abstract screening. During this stage, 218 articles were excluded due to irrelevance or failure to meet inclusion criteria. The remaining 307 articles underwent full-text assessment. Following a detailed eligibility evaluation, 234 studies were excluded due to methodological limitations, insufficient regional focus, or inadequate academic quality. Ultimately, 40 articles were selected (see Appendix A), forming the analytical foundation of this review. A PRISMA-style flow diagram was prepared (Figure 1) to illustrate the search, screening, and selection process, ensuring transparency and replicability.

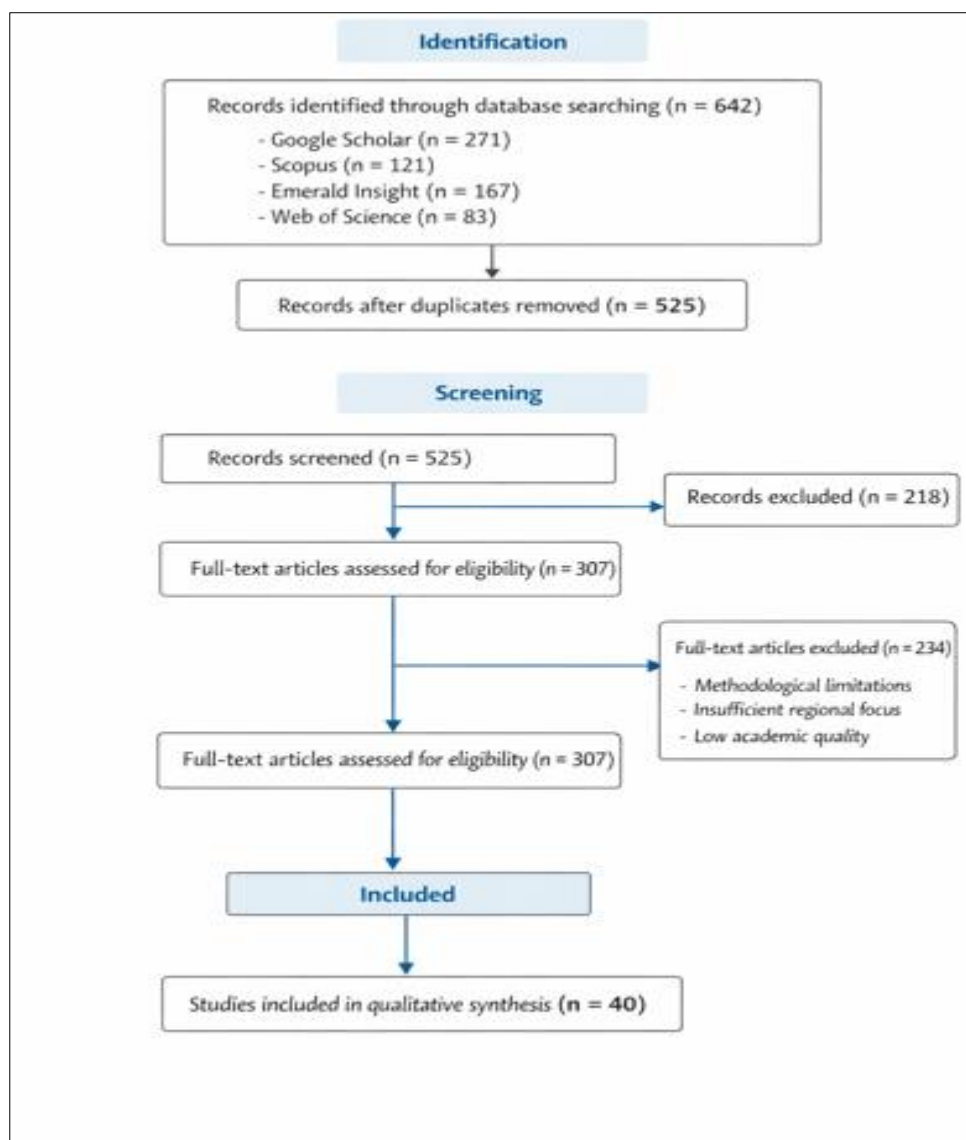


Figure 1. The buffering MD's moderation effects.

Data Extraction and Analysis

Each selected study was systematically coded according to its research objectives, theoretical framework, methodology (quantitative, qualitative, or mixed method), sample characteristics, geographic context, governance mechanisms examined, key findings, and identified limitations. The extracted data was organized in structured spreadsheets, facilitating systematic comparison and ensuring transparency throughout the analytical process. To enhance the rigor and depth of the analysis, two complementary techniques were employed. First, a bibliometric analysis using VOSviewer was conducted to examine keyword co-occurrence patterns and delineate thematic clusters across the literature. Second, descriptive and comparative analyses were performed in Microsoft Excel to generate frequency distributions and cross-tabulations, thereby highlighting methodological trends, thematic emphases, and contextual patterns.

By integrating these approaches, the studies were subsequently grouped into thematic clusters, providing insights into dominant research streams, prevailing methodological approaches, contextual gaps, and underexplored governance mechanisms in GCC and MENA

countries. This dual-analytical strategy ensured a robust, transparent, and replicable synthesis, forming a solid foundation for the discussion and interpretation of findings in subsequent sections.

Methodological Limitations

Despite its rigor, this study has several methodological limitations. First, the review was restricted to English-language, peer-reviewed publications indexed in four major databases (Scopus, Web of Science, Emerald Insight, and Google Scholar), which may have excluded relevant studies published in other languages or in grey literature, such as policy reports and working papers. Second, the selected timeframe (2015–2025) ensures alignment with contemporary governance reforms but may omit foundational or earlier studies that could provide historical context. Third, the thematic coding and synthesis of qualitative data inherently involve interpretive judgment, introducing potential subjectivity, particularly in areas such as ESG disclosure and the influence of royal family affiliation. Finally, the focus on GCC and selected emerging markets may limit the generalizability of the findings to other regions with different institutional, cultural, or regulatory environments. Future research could address these limitations by expanding database coverage, including multilingual sources, integrating grey literature, and adopting longitudinal or mixed method approaches to capture evolving governance practices and contextual nuances.

Results

Descriptive Analysis

This categorization was implemented to reflect contextual disparities in corporate governance research because studies conducted in developed and developing countries tend to focus on different economic, regulatory, and institutional settings, whereas cross-country research offers comparative insights that can be used to observe more general patterns. The systematic reviews were separated because they do not analyze primary data and instead integrate the available evidence, hence representing another type of contribution to literature. Systematic reviews in this context can be defined as studies that make use of structured, transparent, and replicable review protocols, i.e., preset search strategies, inclusion and exclusion criteria, and quality-assessment procedures, to synthesize the existing evidence. Figure 2 below shows the number of studies conducted in different economic contexts.

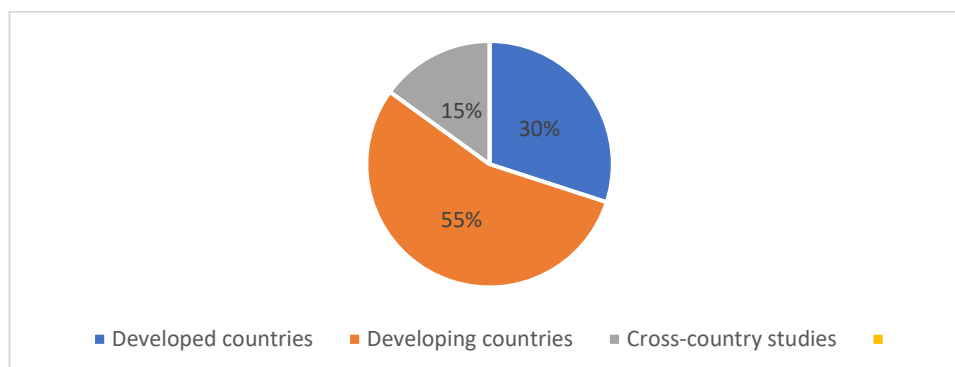


Figure 2. Distribution of studies by economic context.

Accordingly, during the past 10 years, there has been a high tendency to conduct corporate governance research in developing countries, particularly in GCC and MENA markets, whereas cross-country analyses are still limited. Studies focusing on Saudi Arabia, the UAE,

Jordan, and Bahrain dominate the local literature due to regulatory reforms, family-owned firm structures, IFRS adoption, and evolving governance codes.

The classification of past studies into qualitative, quantitative, mixed-method, experimental, and conceptual research was in accordance with the most common methodological categorization applied by researchers in the domain of social sciences. Three major research methods were identified: qualitative, quantitative, and mixed methods (Huyler & McGill, 2019). Moreover, (Hammond & Wellington, 2012) identified experimental and conceptual research methods in addition to the above three categories (Figure 3).

- Qualitative studies are based on non-numeric data to investigate meanings, behaviors, and decision-making processes in boards, ownership structures, and corporate culture.
- Quantitative studies are based on numerical evidence and statistical analysis to test relationships such as board diversity and earnings management, audit quality, CSR/ESG, and financial reporting quality.
- Mixed-method studies involve a combination of the two approaches to increase completeness.
- Experimental studies are those that control or field-manipulate variables to observe outcomes in corporate decision-making or governance interventions.
- Conceptual studies are often theoretical frameworks or literature-based syntheses of corporate governance, audit quality, and board dynamics.

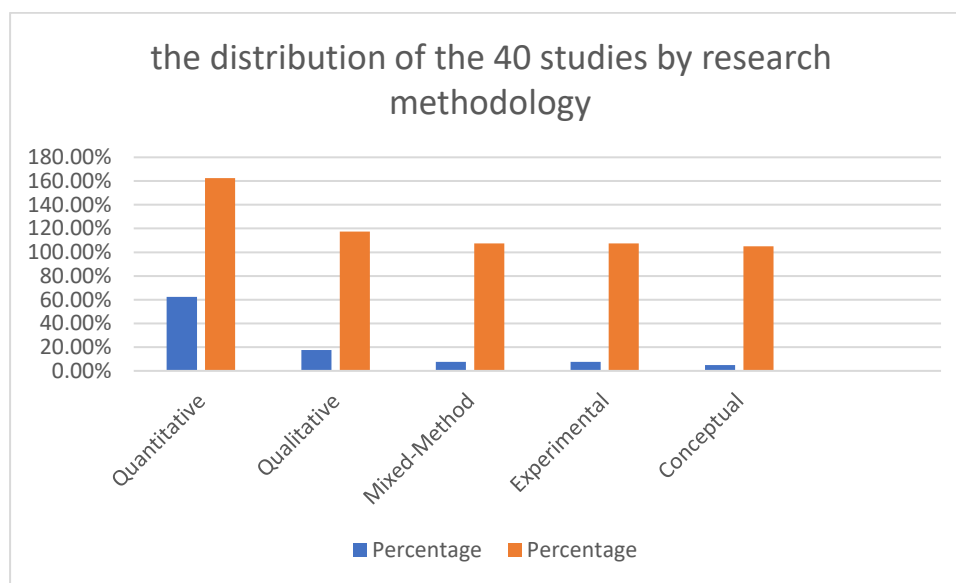


Figure 3. Distribution of studies by the research methodology employed.

According to the analysis shown in Figure 3 below, the empirical research under corporate governance in GCC-MENA markets is mostly conducted using quantitative approaches, with statistical methods including panel data regressions, system GMM, and 2SLS estimations. There are a smaller number of studies that employ qualitative and experimental methods, for example, interviews and case studies with board members or regulators. Conceptual and mixed-method research was utilized by only a handful of researchers. Since there is a dearth of research in qualitative methodology, future research can be focused on this area to understand the behavioral and contextual factors behind board decisions, ownership

influence, and audit quality. Moreover, the current theoretical environment of corporate governance research is dominated by agency theory, stewardship theory, and resource dependence theory, which explain most of the studies and represent a strong prevailing tendency of focusing on the mechanisms of control, monitoring, and accountability in firms (Figure 4). The use of behavioral, institutional, and political theories, while present, remains underrepresented, implying that future research could provide a more context-specific understanding of governance behaviors.

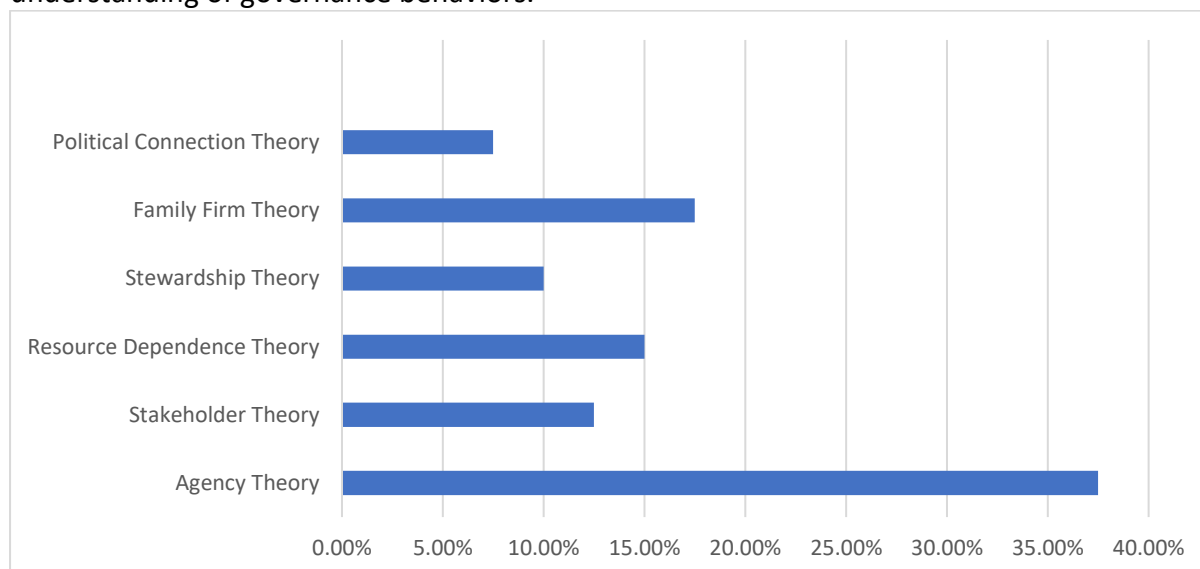


Figure 4. The percentage importance of the main theories in explaining the EM.

In addition, the distribution of studies according to the year of publication is shown in Figure 5. The majority of studies have been published from 2018 to 2023, coinciding with regulatory changes, mandatory IFRS adoption, and corporate governance reforms in the GCC region. The years 2024–2025 denote post-pandemic adjustments, where firms faced new governance challenges, digital reporting, and increased investor scrutiny. This classification aligns the periodization of studies with major regulatory, economic, and social changes affecting corporate governance practices in the region.

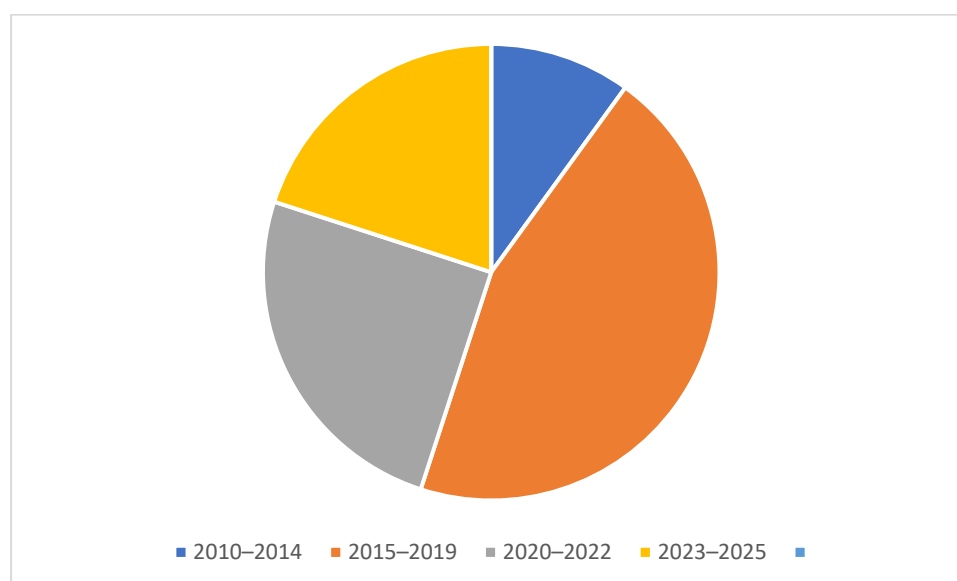


Figure 5. Distribution of studies by the year of publication.

Bibliometric Analysis

The study used VOSviewer software to identify the keywords in literature related to corporate governance, audit quality, earnings management, board diversity, and family/royal ownership in GCC/Saudi Arabia-MENA countries. Out of the 642 papers initially collected, only 40 studies were considered in the analysis, with a minimum of 3 keyword occurrences. This network diagram captures the main variables identified during the comprehensive analysis of the literature, highlighting the interconnections between board characteristics, ownership types, audit quality, earnings management, ESG/CSR, and political connections. The results provided in Figure 6 reflect the network of variables and show that the most interconnected and frequently discussed topics are board diversity, family ownership, audit quality, and earnings management. These themes constitute a critical framework for understanding corporate governance mechanisms in GCC/Saudi Arabia-MENA markets, focusing on both agency and stakeholder perspectives.

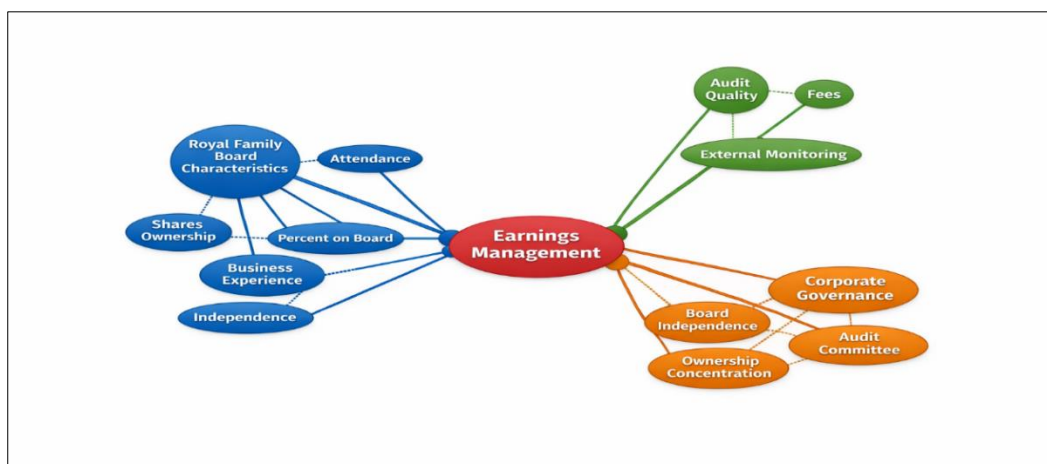


Figure 6 Network visualization of variables identified in relation to EM.

Conversely, elements with lower connectivity include digital governance, sustainability reporting, and cross-country comparisons, which are emerging or under-researched areas, indicating prospects for future studies. The illustration shows that the primary concepts of board oversight and ownership influence are well-developed, while new domains such as ESG disclosure, political connections, and digital reporting remain dynamic and contribute significantly to the development of the field.

Our analysis reveals five clusters, namely:

- Board Characteristics and Gender Diversity – Focus on BOD composition, independence, meetings, and female/foreign directors.
- Ownership Structure – Family ownership, royal family influence, institutional and foreign ownership, CEO duality, and blockholders.
- Audit Quality and Financial Reporting – High-quality auditors, Big Four appointments, audit committee expertise, discretionary accruals, and IFRS adoption.
- Earnings Management and CSR/ESG – Accrual and real-based earnings manipulation, CSR disclosure, sustainability engagement, and political connections.
- Corporate Risk and Disclosure Practices – Risk disclosure, financial reporting timeliness, corporate transparency, and regulatory compliance.

The structure of these clusters provides insight into the interdependence of corporate governance determinants in GCC/Saudi Arabia-MENA firms. The distinctiveness of these clusters suggests that researchers often focus on specific governance mechanisms in relation to firm performance and reporting quality. For example, the “Board Characteristics and Gender Diversity” cluster frequently examines the moderating role of female directors on audit quality and earnings management, while the “Ownership Structure” cluster highlights the unique influence of family and royal shareholders on governance and financial reporting.

The density map, presented in Table 2, underlines the frequency and relevance of the concepts. Warmer colors indicate higher research density, implying keywords that are frequently discussed in literature, whereas cooler areas indicate less-studied concepts. According to the density map:

- The literature is highly concentrated on-board diversity, family ownership, audit quality, and earnings management, which are central to debates in GCC-MENA corporate governance.
- Low-density areas include digital governance, ESG disclosures, political connections, and comparative cross-country studies, reflecting new or emerging domains in the field.
- These results show that while the literature on traditional governance mechanisms and earnings management is mature, emerging areas such as ESG, political connections, and technological integration remain underexplored, providing opportunities for future research. Table 2 presents an integrated mapping of thematic clusters with theoretical frameworks:

Table 2

Mapping of thematic clusters with theoretical frameworks.

Thematic Cluster / Core Focus	Relevant Theoretical Frameworks	Refined Theoretical Integration
Cluster 1: Board Characteristics & Gender Diversity	Agency Theory, Stewardship Theory, Resource Dependence Theory	The role of board composition, independence, and female directors in monitoring management, reducing opportunistic behavior, and enhancing audit quality.
Cluster 2: Ownership Structure	Agency Theory, Family Firm Theory, Political Connection Theory	Family and royal ownership impact decision-making, risk management, and financial reporting quality; political connections moderate governance effectiveness.
Cluster 3: Audit Quality & Financial Reporting	Agency Theory, Stakeholder Theory	Appointment of Big Four auditors, audit committee expertise, and IFRS adoption reduce earnings manipulation and improve reporting quality.
Cluster 4: Earnings Management & CSR/ESG	Agency Theory, Stakeholder Theory, Signaling Theory	Firms engage in CSR/ESG to signal transparency; audit quality and board oversight mitigate opportunistic reporting.
Cluster 5: Corporate Risk & Disclosure Practices	Risk Governance Theory, Institutional Theory	Board and ownership characteristics influence risk disclosure, reporting timeliness, and compliance with local governance codes.

Integrated Mapping of Thematic Clusters with Theoretical Frameworks

To elaborate on the explanatory scope of this review, the identified thematic clusters are systematically mapped to the established theoretical frameworks frequently utilized in corporate governance, audit, and earnings management literature. Agency Theory, Stakeholder Theory, Resource Dependence Theory, Stewardship Theory, Family Firm Theory, and Political Connection Theory provide the analytic prisms through which governance mechanisms, ownership structures, and managerial behavior can be interpreted. By matching these theories with thematic clusters, it is possible to explain how institutional, behavioral, and structural variables interact to influence firm decisions, reporting quality, and corporate performance. This integrative approach goes beyond descriptive synthesis, reinforcing the conceptual rigor of the review.

The thematic clusters identified in Section 4.2 can be systematically connected with the theoretical frameworks depicted in Figure 4, which supports the theoretical consistency of this review. Specifically:

Cluster 1: Board Characteristics and Gender Diversity is grounded in Agency Theory, Stewardship Theory, and Resource Dependence Theory, where board independence, size, and female representation act as monitoring and resource-based mechanisms to reduce opportunistic managerial behavior and enhance audit quality.

Cluster 2: Ownership Structure is anchored in Agency Theory, Family Firm Theory, and Political Connection Theory, where family ownership, royal influence, and institutional/foreign investors shape governance practices, control mechanisms, and risk disclosure patterns.

Cluster 3: Audit Quality and Financial Reporting is dominated by Agency Theory and Stakeholder Theory, emphasizing the role of Big Four auditors, audit committee expertise, IFRS adoption, and audit fees in constraining earnings management and improving transparency for stakeholders.

Cluster 4: Earnings Management and CSR/ESG integrates Agency Theory, Stakeholder Theory, and Signaling Theory, highlighting how firms use CSR/ESG engagement strategically to signal credibility, manage perceptions, and mitigate opportunistic reporting, with audit quality and board oversight acting as mitigating mechanisms.

Cluster 5: Corporate Risk and Disclosure Practices build on Risk Governance Theory and Institutional Theory, emphasizing how board and ownership characteristics influence risk disclosure, financial reporting timeliness, and compliance with governance codes in the GCC-MENA context.

This systematic mapping demonstrates that the literature on corporate governance in GCC-MENA markets reflects a dynamic interaction between ownership structures, board monitoring, auditing, and reporting behavior, as framed through the lens of the above theories. The integration also indicates that while the empirical research is concentrated on traditional mechanisms such as board composition, ownership, and audit quality, emerging areas such as ESG disclosure, political connections, and digital governance are still underexplored but theoretically meaningful.

From the previous sections, the selected articles under each cluster are analyzed separately. In these sections, different subsets of articles in each of the five clusters were selected based on a two-step selection procedure of literature. At the first stage, articles intended for inclusion in the final list (N = 40) were identified according to the general review criteria presented in the flow chart (Section 3), and their applicability to corporate governance and earnings management in GCC-MENA contexts were verified.

Later, to populate five individual tables 1& 2, secondary inclusion criteria were applied: an article was included in a specific table (appendix A) only if the primary focus of the study aligned with the theoretical category of the cluster (e.g., board characteristics, ownership structure, audit quality, earnings management/CSR, or risk/disclosure practices). This process allowed for the systematic categorization of the 40 studies into five clusters, with each table representing a correct synthesis of literature focusing exclusively on its corresponding determinant.

Board Characteristics and Gender Diversity

Board characteristics and gender diversity explore the role of directors' attributes in shaping corporate governance, audit quality, and firm performance. This thematic area investigates how board composition, independence, size, and gender diversity influence managerial behavior, monitoring effectiveness, and financial reporting quality. Key elements include the presence of independent directors, female board members, financial expertise, and meeting frequency, which serve as mechanisms for reducing opportunistic behaviors, enhancing transparency, and improving audit quality (Alhababsah & NAHAR, 2016; Zehri, 2025).

Agency Theory provides a theoretical lens, emphasizing monitoring and control to mitigate agency conflicts between managers and shareholders. Stewardship Theory complements this by suggesting that competent and diverse boards may act as stewards of organizational resources, promoting effective governance. Resource Dependence Theory explains how boards with diverse expertise, including gender diversity, provide valuable resources and advice to firms, enhancing decision-making and reducing risk. Table 3 presents a summary of published studies on corporate governance based on the dimension of board characteristics and gender diversity.

Table 3

Studies on corporate governance based on board characteristics and gender diversity.

Author(s)	Country/Context	Research Methodology	Key Focus/Findings
Alhababsah & NAHAR (2016)	Jordan	Quantitative	Board independence and audit committees' characteristics enhance audit quality; gender diversity negatively correlates with audit quality.
Zehri (2025)	Saudi Arabia	Quantitative	Female directors mediate the relationship between family ownership and audit quality.
Elmaasrawy et al. (2025)	GCC	Quantitative	Board chairman characteristics, including family and royal connections, affect firm cash holdings.
Al-Matari et al. (2012)	Saudi Arabia	Quantitative	Board composition, CEO duality, and audit committee characteristics influence firm performance.
Habtoor & Ahmad (2020)	Saudi Arabia	Quantitative	Board size, independence, and royal family presence influence corporate risk disclosure practices.

Out of the 40 examined studies, most research focuses on quantitative analysis, reflecting a strong emphasis on numeric evidence and statistical testing of relationships between board attributes and corporate outcomes. A smaller subset employs qualitative or conceptual approaches to explore board dynamics, decision-making, and governance challenges. Notably, mixed-method studies are rare, indicating a methodological gap in capturing both quantitative outcomes and qualitative board interactions.

The literature consistently emphasizes the importance of independent boards, female representation, and appropriate board size as mechanisms to enhance audit quality and governance. However, emerging findings on the negative effect of gender diversity in some GCC contexts and the role of royal family members highlight the need for more nuanced, context-specific research. Overall, this cluster illustrates that board characteristics remain a critical determinant of corporate governance effectiveness and financial reporting quality in the GCC-MENA region.

Ownership Structure and Family/Royal Influence

This thematic cluster examines how ownership structure, particularly concentrated ownership, family control, and royal family connections, shapes corporate governance, audit quality, and overall firm behavior. Research in this area explores the effects of family ownership, managerial ownership, government or institutional ownership, and politically connected (royal) directors on earnings management, transparency, and board effectiveness (Alazzani et al., 2021; Elmaasrawy et al., 2025).

Theoretical perspectives underpinning this cluster include Agency Theory, which posits that concentrated or family ownership can generate conflicts of interest between controlling and minority shareholders, potentially leading to opportunistic behaviors such as earnings management. In contrast, Stewardship Theory suggests that family or royal owners may act as stewards, aligning governance practices with long-term firm sustainability. Additionally, Political Connection Theory highlights the role of royal family directors in shaping corporate

disclosure and analysts' perceptions, which may influence the credibility of ESG reporting and other governance outcomes (Alazzani et al., 2021).

Empirical evidence from the GCC and MENA region indicates diverse impacts of ownership structures (Table 4). For example, Elmaasrawy et al. (2025) report that chairman ownership and CEO-family connections tend to reduce cash holdings, whereas the presence of royal family members on boards increases cash holdings. Alazzani et al. (2021) find that royal family directors negatively moderate the influence of ESG performance on analysts' recommendations. In Saudi Arabia, Zehri (2025) shows that family ownership, when combined with female board representation, enhances audit quality, while Habtoor & Ahmad (2020) demonstrate that the royal family's presence on boards positively influences corporate risk disclosure. Furthermore, Garfatta (2021) observes that CSR disclosures may be used opportunistically by managers, reflecting agency conflicts between controlling and minority shareholders.

Overall, the literature suggests that ownership concentration, family control, and political connections have nuanced effects on corporate governance outcomes in GCC and MENA firms. While family and royal ownership can act as stewardship mechanisms under certain conditions, they may also exacerbate agency conflicts, affecting transparency, disclosure quality, and audit effectiveness.

Table 4

Studies on corporate governance based on ownership structure and political connections

Author(s)	Country/Context	Research Methodology	Key Focus/Findings
Elmaasrawy et al. (2025)	GCC	Quantitative	Chairman ownership and CEO-family connections reduce cash holdings; royal family presence increases cash holdings.
Alazzani et al. (2021)	GCC	Quantitative	Royal family directors negatively moderate ESG influence on analysts' recommendations
Zehri (2025)	Saudi Arabia	Quantitative	Family ownership interacts with female directors to improve audit quality
Habtoor & Ahmad (2020)	Saudi Arabia	Quantitative	The royal family's presence on the board positively affects corporate risk disclosure.
Garfatta (2021)	Saudi Arabia	Quantitative	CSR disclosure may be used opportunistically by managers, reflecting agency theory dynamics

Audit Quality and Committee Effectiveness

This thematic cluster investigates how internal governance mechanisms, including audit committees, board independence, and auditor characteristics, influence financial reporting quality and constrain earnings management in GCC and MENA firms (Alhababsah & NAHAR, 2016; Hasan & Rahman, 2020; Rahman et al., 2023).

Theoretical underpinnings of this cluster are drawn from Agency Theory, which emphasizes monitoring mechanisms to mitigate opportunistic reporting; Stakeholder Theory, highlighting the role of audit quality in safeguarding investors and stakeholder interests; and Resource

Dependence Theory, which posits that audit committees provide expertise and oversight to enhance the reliability of financial reporting.

Empirical evidence underscores the critical role of audit committees and independent boards in enhancing governance outcomes (Table 5). For instance, Alhababsah & NAHAR (2016) find that the presence of independent audit committees with financial expertise significantly improves audit quality in Jordanian firms. Hasan & Rahman (2020) reports that high-quality auditors and independent boards reduce earnings management in Bahrain. Rahman et al. (2023) demonstrate that audit fees can moderate the relationship between corporate sustainability engagement and earnings management in Bangladesh, suggesting that resource allocation and monitoring intensity affect governance effectiveness. In Saudi Arabia, Garfatta (2021) observes that mandatory IFRS adoption is positively associated with CSR disclosure and earnings management, reflecting managerial opportunism, while Zehri (2025) shows that female board directors mediate the influence of family ownership on audit quality.

Overall, this cluster is characterized predominantly by quantitative studies employing panel data, regression models, and generalized method of moments (GMM) techniques. Findings consistently highlight the central role of audit committees in constraining earnings management and improving transparency. Emerging research also explores the moderating effects of audit fees and auditor characteristics on the effectiveness of corporate governance mechanisms, indicating an evolving and nuanced understanding of audit quality in emerging markets.

Table 5

Studies on corporate governance based on audit quality and committees.

Author(s)	Country/Context	Research Methodology	Key Focus/Findings
(AL-Duais et al., 2021; Alhababsah & NAHAR, 2016)	Jordan	Quantitative	Independent audit committees and financial expertise improve audit quality
	Bahrain	Quantitative	High-quality auditors reduce earnings management; independent boards increase supervision.
Rahman et al. (2023)	Bangladesh	Quantitative	Audit fees moderate the relationship between corporate sustainability engagement and earnings management.
Garfatta (2021)	Saudi Arabia	Quantitative	Mandatory IFRS adoption shows a positive association between CSR disclosure and earnings management, reflecting managerial opportunism.
Zehri (2025)	Saudi Arabia	Quantitative	Female directors' mediate family ownership influence on audit quality.

Risk Disclosure and Corporate Responsibility

This thematic cluster examines how firms report risks, sustainability initiatives, and ESG-related activities, with a particular focus on the influence of board characteristics, royal involvement, and CSR reporting on transparency and stakeholder confidence (Alazzani et al., 2021; Garfatta, 2021; Habtoor & Ahmad, 2020).

The cluster is underpinned by several theoretical perspectives. Agency Theory explains how managers may use disclosure strategically to signal good governance while concealing opportunistic behavior. Stakeholder Theory emphasizes the role of transparency in satisfying stakeholder expectations and enhancing corporate legitimacy. Additionally, Political Connection Theory provides insight into how royal family directors may shape ESG and risk disclosures, affecting both perceptions and credibility of reported information.

Empirical studies within the GCC and MENA context highlight the nuanced interplay between governance structures and disclosure practices (Table 6). Habtoor & Ahmad (2020) demonstrate that board size, independence, and royal presence significantly influence corporate risk disclosure in Saudi Arabia. Garfatta (2021) finds evidence that managers may use CSR reporting opportunistically to mask earnings management, consistent with agency theory. Alazzani et al. (2021) report that analysts perceive ESG disclosures as superficial when boards include royal directors, indicating the potential reputational effects of political connections. Further, Rahman et al. (2023) show that audit fees can mitigate opportunistic use of sustainability activities, while Elmaasrawy et al. (2025) highlight that chairman characteristics significantly affect corporate risk-taking and cash holdings in GCC firms.

Overall, this cluster is dominated by quantitative research utilizing panel data and regression techniques, with recurring evidence of the influence of family and royal involvement on disclosure practices. Findings suggest that CSR reporting serves dual functions: as a genuine governance mechanism enhancing transparency and as a strategic tool to influence stakeholder perceptions, reflecting the complex dynamics of corporate responsibility in emerging markets.

Table 6

Studies on corporate governance based on risk disclosure and CSR.

Author(s)	Country/Context	Research Methodology	Key Focus/Findings
Habtoor & Ahmad (2020)	Saudi Arabia	Quantitative	Board size, independence, and royal presence impact corporate risk disclosure.
Garfatta (2021)	Saudi Arabia	Quantitative	Managers use CSR to conceal earnings management, supporting agency theory.
Alazzani et al. (2021)	GCC	Quantitative	Analysts interpret ESG disclosures as superficial when royal directors are involved.
Rahman et al. (2023)	Bangladesh	Quantitative	Audit fees reduce the opportunistic use of sustainability activities
Elmaasrawy et al. (2025)	GCC	Quantitative	Chairman characteristics influence risk-taking and cash holdings

Integrated Mapping of Thematic Clusters with Theoretical Frameworks

To consolidate the findings of this review, the selected studies were organized into four major thematic clusters and mapped against the primary theoretical frameworks employed in corporate governance research, including Agency Theory, Stewardship Theory, Stakeholder Theory, Resource Dependence Theory, and Political Connection Theory (see Table 7). This integrative mapping provides a comprehensive understanding of how

governance mechanisms interact with ownership structures, board characteristics, audit quality, and disclosure practices in GCC and other emerging markets.

The first cluster, Board Characteristics and Gender Diversity, focuses on CEO duality, board size, female directors, and overall board composition. Studies within this cluster indicate that female directors play a mediating role in mitigating agency conflicts and enhancing audit quality, while board independence and diversified composition strengthen oversight and constrain managerial opportunism (Al-Matari et al., 2012; Zehri, 2025). These outcomes are primarily interpreted through the lens of Agency Theory and Stakeholder Theory, highlighting the dual monitoring and stakeholder protection functions of well-structured boards.

The second cluster, Ownership Structure and Family/Royal Influence, examines the effects of family ownership, royal family directors, and managerial ownership on corporate governance. Evidence suggests that family and royal ownership can simultaneously promote strategic stability in line with Stewardship Theory and facilitate opportunistic behavior consistent with Agency Theory. Additionally, political connections, particularly the presence of royal directors, may undermine the credibility of ESG disclosures and influence corporate transparency (Alazzani et al., 2021; Elmaasrawy et al., 2025).

The third cluster, Audit Quality and Committee Effectiveness, explores how audit committees, auditor expertise, and audit fees shape financial reporting quality and constrain earnings management. High-quality audits, independent committees, and experienced auditors were found to enhance reporting reliability, reduce opportunistic behavior, and improve stakeholder confidence. This cluster is informed by Agency Theory, Resource Dependence Theory, and Stakeholder Theory, emphasizing both monitoring and resource provision functions within internal governance mechanisms (Hasan & Rahman, 2020; Rahman et al., 2023).

The fourth cluster, Risk Disclosure and Corporate Responsibility, focuses on ESG initiatives, CSR practices, and corporate risk reporting. Findings indicate that board characteristics, particularly royal connections or larger board sizes, influence risk disclosure practices. CSR reporting may function both as a genuine governance tool that enhances transparency and as a strategic mechanism to conceal opportunistic behavior. Analysts often interpret ESG disclosures cautiously when boards include politically connected directors. Theoretical perspectives, including Agency Theory, Stakeholder Theory, and Political Connection Theory, underpin these dynamics, illustrating the interplay between governance, disclosure practices, and stakeholder perceptions (Alazzani et al., 2021; Garfatta, 2021; Habtoor & Ahmad, 2020).

Overall, this integrative mapping highlights how different governance mechanisms operate within emerging market contexts, revealing both synergistic and conflicting effects of ownership, board structure, auditing practices, and disclosure strategies, and providing a structured theoretical foundation for understanding corporate governance in GCC and MENA countries.

Table 7

Integrated mapping of thematic clusters with theoretical frameworks.

Thematic Cluster	Core Focus	Relevant Theoretical Frameworks	Refined Theoretical Integration
1. Board Characteristics & Gender Diversity	CEO duality, board size, female directors, board composition	Agency Theory, Stakeholder Theory	Female directors mediate agency conflicts and improve audit quality; board independence and composition enhance monitoring of managerial opportunism (Al-Matari et al., 2012; Zehri, 2025).
2. Ownership Structure & Family/Royal Influence	Family ownership, royal family directors, managerial ownership	Agency Theory, Stewardship Theory, Political Connection Theory	Family/royal ownership can both increase strategic stability (stewardship) and enable opportunistic behavior (agency theory); political connections may reduce credibility of ESG disclosure (Alazzani et al., 2021; Elmaasrawy et al., 2025).
3. Audit Quality & Committee Effectiveness	Audit committees, audit fees, and auditor expertise	Agency Theory, Resource Dependence Theory, Stakeholder Theory	High-quality audits, independent audit committees, and experienced auditors improve reporting reliability and constrain earnings management (Hasan & Rahman, 2020; Rahman et al., 2023).
4. Risk Disclosure & Corporate Responsibility	ESG, CSR, corporate risk disclosure	Agency Theory, Stakeholder Theory, Political Connection Theory	Boards with royal connections or larger size influence risk disclosure; CSR can signal legitimacy or conceal opportunism; ESG is interpreted cautiously by analysts when royal directors are involved (Alazzani et al., 2021; Garfatta, 2021; Habtoor & Ahmad, 2020).

Discussion and Future Research Agenda (Example Q1 Style)

Key Findings

This systematic review of 40 studies highlights that board characteristics, ownership structures, audit quality, and ESG disclosure significantly influence earnings management, transparency, and firm performance in GCC and emerging markets. Evidence on royal family involvement is mixed: in some contexts, it constrains opportunistic behavior, whereas in others, it introduces complex or symbolic effects. Audit committees and independent boards consistently improve reporting reliability, while CSR and ESG practices can function both as genuine governance tools and as strategic mechanisms.

Theoretical Implications

Agency Theory dominates the literature, explaining the interplay between ownership concentration, board monitoring, and audit quality. Stewardship Theory, Stakeholder Theory,

and Political Connection Theory appear selectively, particularly in studies examining family or royal influence on ESG disclosure. The field would benefit from theoretical pluralism, including behavioral governance, institutional theory, and ESG-oriented frameworks.

Methodological Observations

Most studies employ quantitative panel data and regression analyses, with limited qualitative, mixed-method, or longitudinal designs. Emerging topics, such as the role of gender diversity, audit fees, technology in governance, and ESG credibility, are underexplored. Cross-country comparisons are rare, limiting generalizability beyond GCC context.

Research Gaps and Future Directions

Despite considerable progress in understanding corporate governance mechanisms in GCC and emerging markets, several important gaps remain, offering avenues for future research. First, gender diversity remains underexplored, particularly as a potential moderator of governance effectiveness across different industries and firm types. Investigating how female board directors influence audit quality, risk oversight, and earnings management could provide valuable insights into inclusive governance practices. Second, the long-term and cross-country effects of political connections, including royal family involvement, on ESG credibility and analysts' perceptions are not fully understood. Comparative and longitudinal studies could clarify whether politically connected boards enhance or undermine the legitimacy and reliability of corporate disclosures. Third, while audit quality is widely studied, the roles of audit fees, non-audit services, and auditor expertise as mechanisms influencing earnings management remain underexamined. Future research should explore how these factors interact with board independence, ownership structures, and regulatory environments to shape financial reporting outcomes. Fourth, emerging digital governance tools, including AI-based audits, e-disclosure platforms, and advanced reporting technologies, offer new opportunities to examine transparency, compliance, and monitoring effectiveness in contemporary firms. Fifth, the integration of ethical, behavioral, and CSR determinants into governance research remains limited. Exploring how executives' values, ethical orientation, and CSR engagement influence decision-making could enrich the understanding of sustainable governance practices. Finally, there is a clear need for longitudinal and qualitative research designs to capture decision-making dynamics, contextual influences, and firm-specific governance mechanisms that quantitative analyses alone may overlook. Employing case studies, mixed methods, and multi-year datasets would enable a more nuanced understanding of governance processes and their evolution over time. Collectively, addressing these gaps can advance both theory and practice, providing evidence-based guidance for regulators, policymakers, and corporate boards seeking to enhance transparency, accountability, and sustainable firm performance in politically embedded and emerging-market contexts.

Practical Implications

Findings offer guidance to regulators, investors, and corporate boards seeking to enhance governance, transparency, and firm sustainability in emerging markets. Understanding the conditional effects of royal/family involvement, board diversity, and audit quality is particularly relevant for firms operating in politically influenced and concentrated ownership environments.

Limitations

This review is limited to English-language, peer-reviewed studies indexed in four major databases (Scopus, Emerald, Lens.org, and Google Scholar) between 2015 and 2025. Grey literature, non-English publications, and older studies were excluded, potentially limiting historical context and breadth. The focus on GCC and selected emerging markets may restrict generalizability. Thematic synthesis involves interpretive judgment, which could introduce bias, especially in context-sensitive areas like ESG disclosure and royal influence. Future reviews should expand database coverage, include multilingual sources, and adopt longitudinal and mixed-method approaches.

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