JAS (Jurnal Akuntansi Syariah)
June 2025, Vol.9, No.1: 79-103

Corporate governance as a market signal in sharia stock pricing: evidence from Jakarta Islamic Index 70

Rachma Agustina[1]✉, **Falikhatun**[2]
[1]Universitas Hasyim Asy'ari, Jombang, Indonesia
[2]Universitas Sebelas Maret, Surakarta, Indonesia
✉rachmaagustina@unhasy.ac.id

https://doi.org/10.46367/jas.v9i1.2401
Received: Mar 25, 2025 **Revised:** Apr 28, 2025 **Accepted:** May 23, 2025 **Published:** Jun 25, 2025

Abstract
Purpose – This study aims to analyse the effect of corporate governance on sharia stock prices in the Jakarta Islamic Index 70 (JII 70), a benchmark index of the 70 most liquid sharia-compliant stocks on the Indonesia Stock Exchange (IDX). **Method** – The research investigates five governance mechanisms (CEO duality, executive turnover, independent auditor, institutional ownership, and executive compensation) with ROA and firm age as control variables. A quantitative approach uses panel data regression on 115 companies from 2019 to 2023. The Fixed Effects Model (FEM) was selected as the best model, and a robustness test with Tobin's Q confirmed the stability of the relationships. **Findings** – The findings reveal that CEO duality and independent auditor positively affect stock prices, while executive compensation has a negative effect. Executive turnover and institutional ownership show no significant impact. **Implications** – These results support signalling theory, indicating that good governance sends positive signals to investors, enhancing trust in sharia-compliant firms. Practically, this study aids sharia investors in evaluating governance mechanisms and assists regulators in enhancing market transparency.
Keywords: corporate governance, sharia stock prices, sharia capital market, JII 70.

Introduction
Potential investors analyse financial statements to assess a company's prospects and capabilities while utilising its wealth sources to optimise the firm's value. Company value can be represented in stock prices on the capital market. Expensive or cheap stock prices reflect the company's value, which will then affect the owners' level of prosperity (Luckyardi et al. 2021). Investors will be encouraged to invest in companies with large company values because of the prospect of future profits. Implementing good corporate governance (GCG) by a company will help the company increase investment activities by investors. Research by Utami and Yusniar (2020) said that the principles of transparency, accountability, responsibility, independence, and fairness in GCG will help increase investor trust and motivate them to invest in companies implementing GCG. The better the implementation of GCG, the greater the investor trust. Similarly, research Nugroho and Nugroho (2024) successfully showed that when investors see a company with a strong governance structure, they tend to believe it will be better able to achieve good and sustainable performance. The principles of transparency, accountability, and responsibility that must be in place in governance for conventional issuers are not much different from the principles of governance for sharia capital market issuers.

The growth of Indonesia's capital market has been accompanied by the expansion of its sharia market, reflecting Indonesia's status as the country with the largest Muslim population.

As of June 2023, Indonesian sharia financial assets reached IDR 2,450.55 trillion (US$ 163.09 billion), marking a 13.37% year-on-year growth and accounting for 10.94% of total national finance (Saputra 2023). In the Indonesian capital market, Jakarta Islamic Index 70 (JII 70) includes 70 sharia stocks with high liquidity and large market capitalisation. JII 70 was launched on May 17, 2018 and is evaluated twice yearly. These indices guide investors in selecting stocks based on Sharia principles and making investment decisions that align with Islamic values (Tanin, Ahmad, and Muneeza 2023).

While numerous studies have explored the factors influencing sharia stock prices, such as company performance, macroeconomic conditions, and market events (Saputro 2020; Sudarsono and Latifatunnisa 2024; Verawati, Mubaraq, and Putra 2024), much of the research remains fragmented, focusing primarily on financial metrics or general indices like ISSI and JII, with limited attention to more selective indices such as JII70 (Azizah et al. 2024). Although profitability indicators like ROE and TATO have shown positive effects, findings regarding the role of ROA remain inconsistent, as Nugraha et al. (2020) suggest investors may prioritize ethical compliance over profitability. Additionally, corporate governance research tends to emphasize Islamic social reporting (ISR) or Islamic corporate social responsibility (ICSR) without deeply examining how specific governance mechanisms—such as CEO duality, auditor independence, and executive compensation—serve as strategic signals to the market (Prihatiningtias et al. 2022; Utami and Yusniar 2020).

This gap is critical when viewed through the lens of signaling theory, which highlights the role of governance structures in reducing information asymmetry and influencing investor trust (Kurnia, Nugroho, and Ali 2024; Rahim et al. 2021). Moreover, existing studies rarely combine financial controls like ROA and firm age with market-based measures such as Tobin's Q, missing the opportunity for a more robust, multidimensional analysis of governance effects on firm value in Islamic capital markets (N. Hasanah, Adrianto, and Hamidi 2024). Therefore, this study makes a timely and distinct contribution by focusing on the highly selective JII70 index, which applies stricter sharia compliance than broader indices like ISSI or JII. It examines specific governance mechanisms—CEO duality, auditor independence, executive compensation, and institutional ownership—as strategic signals influencing investor trust, grounded in signaling theory. By combining financial indicators (ROA, firm age) with market-based measures (Tobin's Q), this study provides a comprehensive view of how financial performance and governance shape sharia stock dynamics in JII70-listed firms.

This research examines how specific corporate governance mechanisms, such as CEO duality, auditor independence, executive compensation, institutional ownership, and executive turnover, influence the value of sharia-compliant firms, particularly those listed on the Jakarta Islamic Index 70 (JII70). It explores how these governance practices serve as signals to investors, viewed not only through financial outcomes but also through Islamic ethical values such as justice (*adl*) and trust (*amanah*). Previous studies have primarily focused on broad governance frameworks or Islamic social reporting (ISR), often overlooking how specific governance elements shape investor perceptions in Islamic capital markets. While signaling theory is well-established in conventional finance, its application in sharia contexts, where financial and ethical considerations go hand in hand, remains limited. This study seeks to fill that gap by understanding how governance, aligned with financial logic and Islamic principles, shapes investor trust and firm value. It also addresses the lack of focused research on JII70, Indonesia's most liquid and influential sharia index, which has rarely been analyzed in terms of governance. By uncovering these connections, this research offers practical insights for sharia-compliant firms and regulators to strengthen trust, enhance transparency, and uphold ethical integrity through thoughtful governance aligned with market expectations and Islamic values.

Literature review

Signaling theory

Signaling theory suggests that company information is crucial in shaping investor expectations and stock value perceptions, particularly financial conditions and performance. In the Islamic market, information about a stock's compliance with sharia principles is essential for Muslim investors and sharia fund managers, who often base their portfolios on sharia index announcements (Jaballah, Peillex, and Weill 2018; Kurniati, Pramono, and Anwar 2022). Signaling theory posits that firms can reduce information asymmetry between insiders (management) and outsiders (investors) by conveying critical information through strategic financial decisions and corporate actions (Spence 1973). Information asymmetry is a significant issue in the Islamic capital market, as limited access to fundamental information for investors can lead to market inefficiency. Information asymmetry arises when market participants lack access to relevant information, affecting their investment decisions (Ghani, Azemi, and Puspitasari 2017). Islamic firms use various signals to address information asymmetry, such as dividend policies, capital structure, and the quality of financial disclosures. For instance, during the Covid-19 pandemic, many sharia-compliant manufacturing companies in Indonesia continued to distribute dividends to signal financial resilience and long-term stability. However, the market response was weak due to economic uncertainty (P. G. Hartono and Raya 2022). Other signals include corporate governance practices, such as the presence of independent commissioners, transparent reporting, and institutional ownership, which are used to demonstrate integrity and reduce information gaps (Hidayat et al. 2019).

Sharia stock price

Sharia stock prices represent the value of shares issued by companies that operate by Islamic principles. In Indonesia, provisions regarding sharia stocks are regulated under the Financial Services Authority (FSA) Regulations No. 17/POJK.04/2015 and 35/POJK.04/2017. According to these regulations, sharia stocks are shares issued by issuers or public companies that declare that their business activities do not contradict sharia principles in the capital market. FSA periodically publishes the sharia securities list every May and November, including sharia-compliant stocks listed on the Indonesia Stock Exchange (IDX) and unlisted ones. The screening process ensures that the stocks included have passed both business and financial filters based on Sharia, such as a maximum debt-to-equity ratio (DER) of 45% and restrictions on non-halal income.

Although numerous studies have explored the dynamics of sharia stock prices, many do not explicitly define what constitutes a sharia stock price. Most research uses the general term "stock price," neglecting the unique conceptual and ethical distinctions found in Islamic finance. For example, Alam et al. (2017) do not directly define sharia stock prices. However, their discussion implies that these prices refer to the value of shares from companies avoiding interest-based transactions (riba), excessive uncertainty (gharar), gambling (maysir), and prohibited (haram) goods or services. Sharia stock prices reflect the market value of companies adhering to sharia guidelines (M. Rahman and Mustafa 2018a). While still governed by market mechanisms such as supply and demand, these prices are set within Islamic legal boundaries. Verawati et al. (2024) add that sharia stock prices are influenced by company performance, macroeconomic conditions, and investor sentiment, while maintaining adherence to Islamic values throughout business operations. A distinguishing characteristic of sharia stocks is the role of the sharia supervisory board (SSB), which provides fatwas and ensures that issuers' activities do not deviate from Islamic principles.

Corporate governance

In Islamic capital markets, good financial performance is important for investors. The main goal of Sharia issuers is to fulfil investors' desires to run businesses according to sharia principles, and to be a special characteristic of trust to be conveyed to investors (U. Hartono et al. 2021). The corporate governance mechanism in Islamic capital markets differs significantly from that of conventional markets, particularly regarding transparency, accountability, and Sharia supervision. In terms of transparency, Islamic capital markets emphasize not only financial reporting but also social reporting through Islamic social reporting (ISR), which includes disclosures related to investments and financing, halal products and services, zakat, and responsibilities towards labor, the environment, the community, and governance based on Sharia principles (Sardiyo and Martini 2021; Wijayanti and Setiawan 2022). In contrast, conventional capital markets tend to focus more on financial and economic aspects, with social disclosures often being optional and not a core part of corporate governance (Bamahros et al. 2022; Ferriswara, Sayidah, and Buniarto 2022).

The governance mechanisms applied in Islamic capital markets impose higher standards of transparency and accountability than conventional markets, particularly through the implementation of ISR and the crucial role of the sharia supervisory board in ensuring sharia compliance. Although social disclosures and sharia supervision may introduce short-term costs for companies, these mechanisms significantly enhance investor trust and contribute positively to firm value over the long term (Rahim et al. 2021; Wijayanti and Setiawan 2022). Therefore, good corporate governance is necessary, as effective governance builds trust among shareholders and ensures fair treatment for all stakeholders. In line with this, the present study adopts corporate governance variables such as CEO duality, executive turnover, independent auditor, institutional ownership and executive compensation.

CEO duality, where one person holds both the roles of chief executive officer (CEO) and chairman of the board, has long sparked debate in corporate governance, and this conversation also extends into Islamic capital markets (Javed et al. 2025). In conventional settings, CEO duality is often risky because it can weaken board oversight and lead to higher agency costs. However, in Islamic markets, governance is expected to meet financial and ethical standards, with the sharia supervisory board (SSB) playing an important role in ensuring decisions stay aligned with Islamic principles (Wijayanti and Setiawan 2022). Beyond board structure, how companies handle executive turnover and replace or remove top executives is another key aspect of governance.

Executive turnover is a term that refers to the change or rotation of top executives in an organization or company (Sun and Jiang 2022). Executives here usually hold high positions. Turnover occurs due to company decisions such as poor performance, organizational restructuring, and internal conflicts or ethical violations (Hyatt and Gruenglas 2023). Executive turnover brings new perspectives and opportunities for restructuring and strategy improvement (Xiong et al. 2021). However, it impacts management instability, declining employee morale, and uncertainty in the market or among investors.

An independent auditor is an auditor or audit firm with no personal, financial, or professional relationship with the company being audited so that they can provide an objective and impartial assessment of the company's financial statements (Erturan 2025). An independent auditor provides an independent opinion on whether the company's financial statements are prepared following applicable accounting principles and fairly present the company's financial position and performance (Baki 2021). The role of an independent auditor can increase investor and creditor confidence, demonstrate the company's transparency and accountability, and assist in fraud detection (Abubakr et al. 2025).

Institutional ownership is the percentage of a company's stock that large financial institutions or institutions own (Jiang, Zheng, and Wang 2021). Rather than individuals owning a company's stock, a large portion of the stock may be owned by large institutions that buy large amounts of stock as part of their investment portfolios (David et al. 2021). High institutional ownership is often seen as a signal that the company has good prospects and is well managed. Institutional ownership tends to be more stable than that of retail investors, although the impact can be large when they sell. Too much institutional ownership can also be risky, because if one large institution sells its stock, the price can fall (Kini, Lee, and Shen 2024).

Executive compensation is the total compensation package (rewards or pay) given to company executives, especially at the top level (Ferry, He, and Yang 2023). Executive compensation can attract and retain top talent, motivate high performance, align management interests with shareholders, and reward the achievement of short-term and long-term targets (Perkins and Shortland 2025). The main components of executive compensation consist of base salary, annual bonus, stock options, benefits and perks, retirement package, and long-term incentives (Bhuyan et al. 2022).

Hypothesis development

CEO duality can signal strong and decisive leadership to the market. When one person holds both roles, it may indicate exceptional expertise and deep company knowledge, leading to a more cohesive strategy and faster decision-making, which reduces investor uncertainty. Recent empirical studies show that CEO duality can positively affect firm performance and value in emerging markets and contexts with strong governance. Wijethilake and Ekanayake (2019) found that CEO duality enhances firm performance when board involvement is high. This finding is particularly relevant in Islamic markets, where the SSB plays an active supervisory role. Moreover, Chou et al. (2017) demonstrated that CEO duality positively impacts firm performance in environments with low information costs, a condition typical of Sharia-compliant firms emphasizing transparency. Further revealed that investors respond positively to firms that strategically adopt CEO duality, especially when justified by reasons such as leadership efficiency and stability (Uyar et al. 2022). Additionally, CEO duality improves firm performance in large firms, mainly when supported by strong corporate social responsibility (CSR) practices. In the Islamic context, CSR is more than a business strategy; it is a moral obligation (Mubeen et al. 2021). Therefore, consistent CSR practices under dual leadership can enhance investor trust. Thus, while CEO duality is often considered risky in conventional governance, its impact can be positive in Islamic capital markets. Islamic governance offers additional oversight mechanisms, and under such conditions, CEO duality can facilitate quicker decision-making, enhance managerial efficiency, and strengthen leadership stability, all of which contribute to increased sharia stock prices. The following hypothesis can be formulated:

H1: CEO duality has a positive effect on sharia stock price.

Executive turnover sends ambiguous or negative signals to the market, particularly in sharia-compliant contexts. Signaling theory posits corporate events convey information about a firm's intrinsic value or prospects (Spencer 1973). While some executive turnovers may indicate a shift towards better governance or strategic realignment, frequent or poorly communicated turnovers can signal internal conflicts, leadership crises, or governance failures. Executive turnover, particularly at the CEO level, is often perceived as a signal of managerial instability that generates uncertainty among investors. Farhan and Kim (2023) found that frequent management changes reduce investor trust due to perceived leadership instability. Liu et al. (2023) highlighted that such turnover disrupts strategic continuity, adding risks for investors. Zhang, Li, and Song (2018) said that high executive turnover is

linked to poor company performance, often reflected in declining stock prices. In Islamic capital markets, prioritizing stability, justice, and sustainability, such leadership changes can undermine confidence in a company's long-term commitment to sharia principles and ongoing operational continuity. Li and Farah (2021) found that CEO turnover, especially when forced, significantly increases equity volatility, directly reflecting market anxiety about the company's strategic direction post-turnover. This heightened volatility is contrary to the preferences of Sharia investors who value financial calmness (*itmi'nan*). Similarly, Greene and Smith (2021) observed that many executive changes lack proper succession planning, which signals weak oversight in sharia governance frameworks and further erodes investor trust. In the context of Islamic capital markets, executive turnover can have a negative impact on stock prices due to the uncertainty it creates the erosion of confidence in managerial stability, and the potential disruption of investor perceptions regarding the company's sustainable, Sharia-compliant performance. Sharia investors, who seek tranquility (*itmi'nan*) in their investments, are likely to respond negatively to the uncertainty caused by executive turnover, thereby exerting downward pressure on stock prices. The hypothesis can be formulated:
H2: executive turnover has a negative effect on sharia stock price.

The presence of independent auditors sends a strong positive signal about the firm's commitment to ethical practices and accurate reporting. This reduces information asymmetry and risk perception, particularly critical for Sharia investors who prioritize ethical compliance. Independent auditors are perceived as unbiased monitors of financial statements, ensuring that the company's reported financial position reflects its actual performance, free from managerial manipulation. In the context of Islamic capital markets, where compliance with sharia principles mandates higher levels of accountability, auditors' independence serves as a crucial signal of integrity and trustworthiness to investors. Independent auditors are considered neutral guarantors of financial statement accuracy, ensuring reported results are free from managerial bias. In Islamic capital markets, such integrity aligns with sharia principles of fairness (adl) and trustworthiness (amanah), enhancing investor confidence. Studies confirm that auditor independence significantly constrains earnings management and improves the quality of financial disclosures, directly boosting investor trust and firm valuation (Ardillah and Chandra 2022; Leng 2022). Kusnadi et al. (2021) found that auditor independence enhances audit quality, leading to higher firm value. Similarly, Rahman, Achyani, and Sasongko (2023) observed that independent auditors significantly improve stock price performance in emerging markets, which resonates with the risk-averse nature of Sharia investors. The role of auditor independence in elevating reporting quality, particularly under high ethical scrutiny, as found in Islamic finance environments (El-Deeb and Mohamed 2024). Independent Auditor enhances the credibility of financial reporting, aligns with Sharia principles of fairness (adl) and trust (amanah), and sends a positive market signal. This leads to more substantial investor confidence, reduced perceived risk, and higher demand for the firm's shares, ultimately positively impacting sharia stock prices. So, the hypothesis can be formulated as follows:
H3: independent auditor has a positive effect on sharia stock price.

Institutional ownership can be a positive signal to the market, indicating that reputable, professional investors trust the firm's governance and prospects. This signal is powerful in sharia markets, where such ownership implies adherence to financial rigour and religious and ethical standards. Institutional ownership is vital in strengthening corporate governance and promoting transparency, which is essential in sharia-compliant firms. In Islamic capital markets, where ethical compliance, trust (*amanah*), and long-term stability are key, the presence of institutional investors provides confidence that the firm adheres to sound financial practices and sharia principles. Sakawa et al. (2021) showed that institutional investors enhance firm performance in stakeholder-oriented governance systems, like

Japan's, by reducing agency conflicts and encouraging sustainable growth, principles which resonate with sharia values. Likewise, Guo and Platikanov (2019) found that institutional ownership positively influences firm value, particularly when legal and governance standards are strong, aligning with the robust compliance structures in Islamic finance. Liu (2024) further emphasized that growing institutional ownership boosts firm valuation by improving market confidence. In Islamic capital markets, a study by Putri and Maksum (2020) examined sharia-listed companies in Indonesia and explored the impact of institutional ownership on firm value. While their findings showed no significant direct effect, the research highlights that the effectiveness of institutional ownership in enhancing stock value may depend on the quality of governance and the degree of active institutional engagement. Schain and Stiebale (2021) found that institutional ownership reduces financial constraints and fosters innovation, especially in firms facing high external financing needs. Franks (2020) discussed how institutional ownership fosters better governance across different market structures, supporting consistent investor confidence. Institutional ownership enhances investor trust, signals strong governance, and aligns with Sharia values of justice, trust, and ethical responsibility. This combination fosters increased demand for Sharia-compliant stocks, contributing positively to their market value. So, the hypothesis can be formulated as follows:
H4: institutional ownership has a positive effect on sharia stock price.

Executive compensation sends a powerful signal to investors about the firm's internal priorities and ethical stance. High or unjustified compensation can signal weak governance, potential agency problems, and a divergence from Sharia principles, prompting adverse market reactions. In Islamic capital markets, which emphasize principles of justice (*adl*), trust (*amanah*), and collective welfare (*maslahah*), high or disproportionate executive compensation may be viewed as a sign of managerial self-interest rather than ethical stewardship. Fikri et al. (2023) found that higher executive remuneration in Indonesian Islamic banks increased financing risk, suggesting that such compensation practices may conflict with Sharia objectives of fairness and prudence, thereby leading to negative investor sentiment and pressure on stock prices. Similarly, Nasta, Magnanelli, and Ciaburri (2024) demonstrated that high CEO compensation, when not supported by strong ESG performance, reduced the legitimacy of firms among sustainability-focused investors, which aligns with the Sharia principle of accountability beyond mere profit. This dynamic signals to the market that the firm prioritizes executive interests over ethical obligations, leading to lower stock valuations. In sharia markets, where ethical governance is paramount, the market will likely penalize executive compensation that lacks transparency and proportionality (Putri and Maksum 2020; Guo and Platikanov 2019). In contrast to signaling efficiency or ethical leadership, such compensation structures may indicate a misalignment between management and stakeholder interests, particularly those of sharia-compliant investors. As a result, excessive executive compensation erodes investor trust, reduces demand for the firm's shares, and depresses stock prices in Islamic capital markets. From the above explanation, the following hypothesis can be formulated:
H5: executive compensation has a negative effect on sharia stock prices.

pISSN 2549-3086
eISSN 2657-1676
https://ejournal.isnjbengkalis.ac.id/index.php/jas

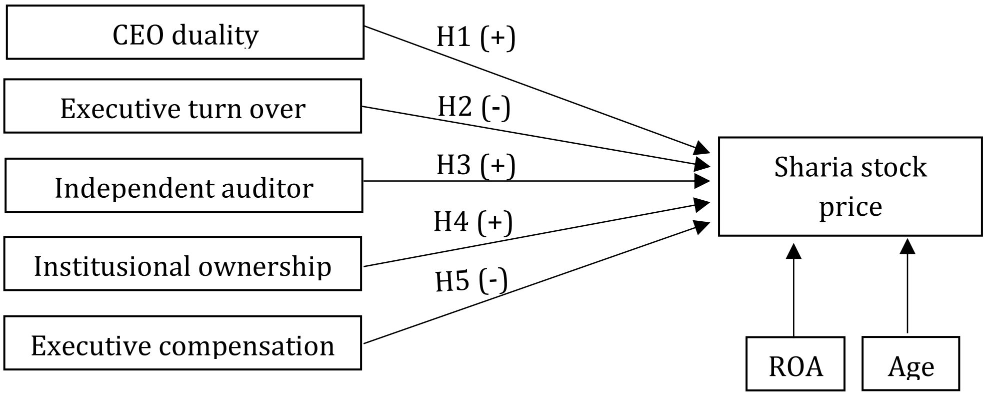

Figure 1 research framework

Method

This study adopts a quantitative approach, focusing on companies listed on the Jakarta Islamic Index 70 (JII70) of the Indonesia Stock Exchange (IDX) between 2019 and 2023. The sample was selected purposively based on two main criteria: first, the company must have been included in the JII70 from 2019 to 2023; second, it must have complete annual reports available for the same period. In total, 115 companies were selected, resulting in 575 observations, forming an unbalanced panel dataset (Table 1). The secondary data, obtained from company annual reports published on www.idx.co.id, were used to construct disclosure indices and calculate financial ratios. Profitability and firm age were included as control variables; for more complete variables, see Table 2.

Table 1 sample selection

Criteria	Amount
Companies listed in JII70 during 2019–2023	130
Incomplete annual reports during 2019–2023	(15)
Final sample of companies meeting criteria	115
Total observations (unbalanced panel data)	575

Source: secondary data (processed, 2025)

The models applied for panel data analysis included the common effect model (CEM), random effect model (REM), and fixed effect model (FEM). The CEM treats the data as if it lacks time and cross-sectional dimensions, while FEM assumes that each company has its unique intercept but shares the same slope across the sample. REM, on the other hand, allows for random variations across companies and over time. To determine which model best fits the data, the LM, Chow, and Hausman tests were employed (Ghozali and Ratmono 2017). The Hausman test results suggested that FEM was the most appropriate choice, as it effectively controls for potential endogeneity caused by omitted variables that do not change over time, such as organizational culture or industry-specific traits. By accounting for these constant unobserved effects, FEM provides more reliable and consistent estimates (Wooldridge et al. 2020). However, FEM does have its limitations. It does not address endogeneity resulting from reverse causality or measurement errors, which would require more sophisticated methods like instrumental variables (IV) or generalized method of moments (GMM). Despite this, FEM was considered adequate for this study, especially given the relatively short time frame and the focus on addressing time-invariant unobserved heterogeneity, as supported by the results of the model selection tests. Regression analysis was performed using EViews software with the equation:

$$PRICE = \alpha + \beta 1*DUAL - \beta 2*ETO + \beta 3*IND + \beta 4*IOR - \beta 5*COMP + \beta 6*ROA + \beta 7*AGE \quad (1)$$

Table 2 variable measurement

Variables	Measurement	Scale
Sharia stock price	Sharia stock price = closing price (Halim and Hafni 2019)	Ratio
CEO duality	DUAL = 1, if the CEO same as the director; 0, if the CEO and director are different (Bao and Xue 2023)	Nominal
Executive turn over	$ETO = \frac{\text{Number of executives leaving}}{\text{Total executive}} \times 100\%$ (Zhang, Li, and Song 2018)	Ratio
Independent auditor	$IND = \frac{\text{Number of independent auditors}}{\text{Total number of auditor members}} \times 100\%$ (Ahmad et al. 2023)	Ratio
Institusional ownership	$IOR = \frac{\text{Institutionally owned shares}}{\text{Total shares outstanding}} \times 100\%$ (Ahmad et al. 2023)	Ratio
Executive compensation	$COMP = \frac{\text{Total executive salary}}{\text{Company net profit}} \times 100\%$ (Wang et al. 2023)	Ratio
Profitability	ROA = Net profit / Total assets * 100% (Mumtazah and Purwanto 2020)	Ratio
Age	AGE = the year of research from the first year of the organisation's founding (Vithessonthi and Tongurai 2015)	Ratio

Source: secondary data (processed, 2025)

Results and discussion

Descriptive statistic

Descriptive statistical tests were conducted on each research variable using data from 2019 to 2023. The test used the dependent variable, closing stock price, as a proxy for stock price. The independent variables include CEO duality (DUAL), executive turn over (ETO), independent auditor (IND), institutional ownership (IOR), and executive compensation (COMP). The control variables are profitability/ROA and firm age/AGE.

Table 3 descriptive statistic

Variables	Mean	Median	Maximum	Minimum	Std. dev
PRICE	2835.935	1050.000	39025.00	0.034000	4852.040
COMPN	276.0638	3.266882	36830.63	-24.35097	2721.139
DUAL	0.492212	0.000000	1.000000	0.000000	0.500720
ETO	5.000226	0.000000	75.00000	0.000000	10.68710
IND	91.90031	100.0000	100.0000	0.000000	16.47512
IOR	23.27981	0.880000	6262.470	1.08E-09	352.6020
ROA	7.906610	6.000000	45.40000	-19.00000	7.969769
AGE	39.42368	38.00000	204.0000	1.000000	24.75722

Source: secondary data (processed, 2025)

The average sharia stock price (PRICE) is 2,835.94 with a median of 1,050.00, indicating high variation (SD: 4,852.04). Executive compensation (COMPN) averages 276.06, but a much lower median of 3.27, indicating a highly skewed distribution. CEO duality (DUAL) shows that about 49.22% of companies have a CEO who also serves as board chairman. Executive turnover (ETO) averages 5.00 with a median of 0.00, implying that many companies

pISSN 2549-3086
eISSN 2657-1676
https://ejournal.isnjbengkalis.ac.id/index.php/jas

report zero turnover, though some show much higher values. Independent auditor (IND) mostly scores 100 (median = maximum), with an average of 91.90 (SD: 16.48). Institutional ownership ratio (IOR) averages 23.28, but the much lower median of 0.88 reflects a highly uneven distribution. Return on assets (ROA) averages 7.91 (median 6.00), with significant variation (SD: 7.97), indicating some companies experience losses. Lastly, company age (AGE) averages 39.42 years, ranging from 1 to 204 years, with a wide spread (SD: 24.76).

Normality

Based on the normality test, the Jarque-Bera Prob. value is 0.58 > 0.05, so it can be stated that the data is normally distributed or passes the normality test.

Multicollinearity

Table 4 multicollinearity results

Variables	Coefficient variance	Uncentered VIF	Centered VIF
DUALITY	0.030446	2.182912	1.095058
IND	0.002376	11.13539	1.782191
ETO	6.65E-05	1.380654	1.127395
IOR	2.88E-07	5.465885	5.440777
COMP	1.17E-09	1.332276	1.317893
ROA	0.000116	2.174167	1.097823
AGE	0.002536	123.2856	1.212382

Source: secondary data (processed, 2025)

The variance inflation factor (VIF) test confirms that multicollinearity is not a concern, as all centred VIF values are below 10. The highest VIF is observed in IOR (5.44), which remains within an acceptable range, while all other variables, including DUAL (1.10) and IND (1.78), show low collinearity. Since no variable exceeds the critical threshold, it can be concluded that the multicollinearity assumption is met, ensuring the reliability of the regression model (Ghozali and Ratmono 2017).

Heteroscedasticity

Based on the heteroskedasticity test results, the Obs*R-squared value is 0.2335, greater than the 0.05 significance level. This means the model does not suffer from heteroskedasticity. Therefore, the assumption of constant variance (homoskedasticity) is met, confirming that the regression model passes the heteroskedasticity test (Ghozali and Ratmono 2017).

Model selection

Table 5 Chow test

Effects test	Statistic	d.f.	Prob.
Cross-section F	9.945390	(109,179)	0.0000
Cross-section Chi-square	592.030770	109	0.0000

Source: secondary data (processed, 2025)

Table 6 Hausman test

Test Summary	Chi-Sq. Statistic	Chi-Sq. d.f.	Prob.
Cross-section random	50.199192	14	0.0000

Source: secondary data (processed, 2025)

Table 5 show the Chow test results a p-value of 0.0000, which is less than 0.05, meaning the null hypothesis is rejected, suggesting that fixed effects model (FEM) is preferred over the pooled OLS model. Table 6 show the Hausman test also has a p-value of 0.0000, which is less than 0.05, indicating that the fixed effects model (FEM) is preferred over the random effects model (REM). Both tests support FEM, it can be stated that the fixed effects model (FEM) is the best approach for this data analysis (Ghozali and Ratmono 2017).

Hypothesis test

Table 7 shows that three hypotheses are accepted while two are rejected. CEO duality positively and significantly affects sharia stock prices (coefficient = 0.665117 and prob. = 0.0476 < 0.05), H1 is accepted. Executive turn over does not affect sharia stock prices (coefficient = -0.025152 and prob. = 0.1038 > 0.05), H2 is rejected. Independent auditor positively and significantly affects sharia stock prices (coefficient = 0.023543 and p = 0.0169 < 0.05), H3 is accepted. Institutional ownership does not affect sharia stock prices (coefficient = 0.000461 and prob. = 0.3074 > 0.05), H4 is rejected. Executive compensation negatively and significantly affects sharia stock prices (coefficient = -0.000140 and prob. = 0.0181 < 0.05), H5 is accepted.

Table 7 hypothesis results

Variables	Coefficient	Std. Error	t-Statistic	Prob.
DUAL	0.665117	0.319481	1.988575	0.0476
ETO	-0.025152	0.015414	-1.631706	0.1038
IND	0.023543	0.009800	1.402452	0.0169
IOR	0.000461	0.000451	1.022336	0.3074
COMP	-0.000140	6.34E-05	-2.377078	0.0181
ROA	0.031244	0.020268	1.541574	0.1242
AGE	1.640134	0.248826	6.461597	0.0000
C	1.926330	1.335483	1.442423	0.1502
R-squared				0.235290
Adjusted R-squared				0.215682
S.E. of regression				2.836904
F-statistic				11.99973
Prob(F-statistic)				0.000000

Source: secondary data (processed, 2025)

PRICE = 1.93 + 0.64*DUAL - 0.03*ETO + 0.02*IND + 0.00*IOR - 0.00*COMP + 0.03*ROA + 1.62*AGE

R-squared values can be categorised as strong (≥ 0.75), moderate (≥ 0.50), and weak (≥ 0.25) (Hair 2020). Table 7 shows that the adjusted R-squared is 0.22, which falls into the weak category, indicating that the model has a low explanatory power. Although the regression results indicate significant relationships for several governance variables, the model's predictive power remains limited. The adjusted R-squared value of 0.22 suggests that the independent variables in this study explain only 22% of the variation in sharia stock prices. This means that a substantial portion (78%) of the variability is influenced by other factors not captured within the current model. The relatively low explanatory power implies that while corporate governance plays a role, other elements such as macroeconomic conditions, market sentiment, regulatory changes, or even company-specific strategic decisions may considerably impact sharia stock prices but were not included in this analysis.

Robustness test

Tobin's Q was added to test the model's robustness. It compares a company's market value to the replacement cost of its assets as a measure of asset use efficiency (Ghozali and

Ratmono 2017). This addition helps determine whether the relationship between corporate governance variables (CEO duality, executive turnover, independent auditor, institutional ownership, executive compensation) and sharia stock prices remains consistent when considering company performance. The inclusion of Tobin's Q as a robustness check is well-founded, as it provides a broader perspective on firm value by capturing both market expectations and asset utilization efficiency. Unlike traditional accounting-based measures, Tobin's Q is a forward-looking indicator, reflecting investor sentiment about a firm's future growth relative to its asset base. In Islamic capital markets, where long-term sustainability and adherence to ethical principles are emphasized, Tobin's Q helps determine whether governance quality and sharia compliance influence internal performance and external market valuation. Tobin's Q is a reliable measure for linking governance factors to stock returns and market performance, reinforcing its role in assessing value creation in both conventional and Islamic contexts (Ghasemi et al. 2020). Therefore, incorporating Tobin's Q enhances the robustness of this study, ensuring that the observed effects are not limited to internal financial metrics but extend to market-based firm value.

Table 8 robustness test

Variables	Coefficient	Std. Error	t-Statistic	Prob.
TOBIN	0.194496	0.074090	2.625138	0.0091
DUALITY	0.707671	0.317705	2.227452	0.0266
ETO	-0.024001	0.015277	-1.571028	0.1172
INDPND	0.023654	0.009709	1.436466	0.0154
IOR	0.000533	0.000448	1.190179	0.2349
COMP	-0.000135	6.31E-05	-2.134815	0.0336
ROA	0.022154	0.020376	1.087274	0.2778
AGE	1.716624	0.249970	6.867327	0.0000
C	1.315308	1.343368	0.979112	0.3283
R-squared				0.251868
Adjusted R-squared				0.230218
S.E. of regression				2.810493
F-statistic				11.63354
Prob(F-statistic)				0.000000

Source: secondary data (processed, 2025)

PRICE = 1.32 + 0.19*TOBIN + 0.71*DUAL - 0.02*ETO + 0.02*INDP + 0.00*IOR - 0.00*COMP + 0.02*ROA + 1.72*AGE

Adding Tobin's Q significantly strengthens the relationship between corporate governance variables and sharia stock prices in the Islamic capital market. This result aligns with Rahman and Mustafa (2018b), who found that Tobin's Q affects short- and long-term stock prices. Tobin's Q is useful for assessing stock performance and a company's investment potential. The relationship between Tobin's Q and stock performance suggests that this ratio can predict stock market returns and assess the effectiveness of investment strategies (Ghasemi et al. 2020; Ghosh and Guha 2020; Mysaka and Derun 2021). CEO duality shows a stronger positive effect, highlighting its relevance when considering company value. Independent auditor remains significant, reinforcing investor trust in independently audited financial reports. Executive compensation continues to negatively impact stock prices, though slightly weaker after adding Tobin's Q, suggesting investors critically assess high compensation, especially when misaligned with firm value. Executive turnover and institutional ownership remain insignificant, implying these factors are less influential for Islamic investors. Firm age consistently shows a positive effect, indicating that older firms are perceived as more stable and trustworthy. Overall, Tobin's Q enhances the model's explanatory power, emphasising firm value as a crucial factor in understanding the impact of corporate governance on sharia stock prices.

CEO duality and sharia stock price

The findings show that CEO duality positively affects sharia stock prices. Suggests that having the same person hold both the CEO and board chair roles can add value to a company by fostering stability, decisive leadership, and a well-aligned strategic vision. From the signalling theory perspective, this kind of leadership setup sends investors a clear message: the company has strong internal control and a unified direction, which helps reduce uncertainty and builds confidence (Spencer 1973). In many cases, CEO duality can also allow for quicker decision-making and smoother execution of company strategies, especially when avoiding internal conflicts between the board and management, which is seen as a positive.

These findings are supported by Freire (2019), who stated that CEO duality can enhance the performance of independent directors, indicating that under the right conditions, combining these roles might support effective governance. Moreover, when a CEO has deep industry experience, having that person lead the management team and the board is a strength, helping ensure that strategic plans are effectively translated into action. For investors, particularly those in Islamic markets who value ethical leadership and long-term sustainability, CEO duality might signal a strong commitment to maintaining consistent, sharia-compliant performance. Sharia supervisory boards add another layer of reassurance, helping ensure that even with centralized leadership, the company remains aligned with Islamic governance principles. At the same time, it is important to note that some researchers take a more cautious view. Several studies have found a negative link between CEO duality and company performance, warning that too much power in one person's hands might weaken board independence and compromise governance (Firdiansjah, Apriyanto, and Widyaratna 2020; Mubeen et al. 2021). That said, the picture is more complex for sharia-conscious investors, who view leadership not only through efficiency but also through the core Islamic values of justice (*adl*) and accountability (*hisab*). While a concentration of leadership might reflect strength and trust (*amanah*), it can also raise concerns about the risks of unchecked power. Sharia investors may worry that, without proper checks and balances, CEO duality could lead to decisions that favor a few at the expense of fairness, a value central to Islamic ethics (Putri and Maksum 2020; Mubeen et al. 2021).

To maintain this delicate balance, especially in the Islamic financial context, companies with CEO duality must show strong independent oversight, through mechanisms like active sharia supervisory boards and independent directors, to protect transparency and uphold accountability. Sharia investors seek financial performance and assurance that companies operate fairly, ethically, and in a balanced manner. While CEO duality can help a company act with clarity and speed, it must be managed within a governance structure that respects Islamic values, ensuring that no single leader holds too much power and that all stakeholders' rights are protected. Sharia-compliant firms need not reject CEO duality, but should instead focus on reinforcing independent oversight to manage potential risks of power concentration. Strengthening the roles of sharia supervisory boards and independent directors is key. For investors, the emphasis shifts from leadership titles to the overall integrity of governance systems. Meanwhile, regulators should promote governance frameworks that allow flexibility in leadership while upholding Islamic values of transparency, fairness, and accountability.

Executive turnover and sharia stock price

The finding shows that executive turnover does not affect sharia stock prices. Suggests that changes in top management do not directly impact investor valuation. These findings supported research by Marcolino and Silva (2022). In contrast, Al-Faryan (2024), a study conducted on companies in Saudi Arabia, found that executive turnover had a negative effect on company performance, regardless of whether the dismissal was voluntary or forced, thus confirming the negative impact of executive turnover. One reason could be that investors see executive turnover as a normal part of business, especially in well-established companies with smooth leadership transitions. Strong corporate governance and strategic continuity also help maintain stability. Additionally, the impact may depend on factors such as the reason for the change and the successor's quality.

An explanation for why executive turnover does not significantly impact sharia stock prices is that investors in the Islamic capital market tend to focus more on long-term stability, ethical compliance, and the company's adherence to sharia principles, rather than short-term changes in leadership. In many cases, leadership transitions are viewed as a routine part of corporate life, especially in larger, more established companies where solid governance structures are already in place. These companies often have systems that ensure continuity and consistency, even when key executives change. Additionally, the role of the sharia supervisory board (SSB) helps to maintain investor confidence during these transitions. Because the SSB oversees compliance with Islamic values, investors may feel reassured that the company's core operations and ethical standards will remain intact, regardless of who is in charge (Wijayanti and Setiawan 2022). This reduces the level of concern typically associated with executive turnover. It is possible that some leadership changes are not highly publicized or not seen as disruptive, especially if they happen smoothly and without signaling deeper issues within the company. Many investors might not react strongly unless the turnover is linked to a crisis or a significant strategic shift. In some cases, limited access to detailed information about the reasons behind executive changes could also mean that investors do not factor these events heavily into their decisions (S. F. N. Hasanah, Hadiantini, and Kusumawardhani 2021).

From the signaling theory perspective, executive turnover in sharia-compliant firms does not come across as a strong negative signal to investors, because what matters to them is the company's continued commitment to sharia principles and stable, long-term governance. When top leaders change in conventional markets, it can often hint at deeper problems, like internal conflicts or instability, which naturally worries investors. However, in Islamic markets, there is an added layer of reassurance. A sharia supervisory board and a strong ethical foundation help send a different message: no matter who is in charge, the company will stick to its values and stay on course. For many investors, this commitment to Sharia compliance and consistent governance is a stronger and more trustworthy signal than any short-term uncertainty a leadership change might bring. These findings suggest that for sharia-compliant firms, strong governance and strategic continuity matter more to investors than leadership changes. Firms should emphasize institutional strength over individual executives. Investors are encouraged to assess long-term governance and sharia compliance rather than reacting to executive turnover. For regulators, the results highlight the importance of empowering sharia supervisory boards to maintain market stability during leadership changes.

Independent auditor and sharia stock price

The finding shows that an independent auditor positively affects sharia stock prices. Aligns with research by Ali and Meah (2021); Harjo et al. (2022); Indarningsih and Hasbi (2022). An independent auditor is key in ensuring the quality and reliability of a company's financial statements. The existence of an independent auditor increases investor confidence in the information presented, which can affect the company's stock price. In the context of the Islamic capital market, Almarayeh (2024) found that those conducting research in MENA member countries found that an independent auditor negatively affected earnings

pISSN 2549-3086
eISSN 2657-1676
https://ejournal.isnjbengkalis.ac.id/index.php/jas

management. In the Islamic capital market, maintaining an independent auditor is an important step to ensure transparency and accountability, which can increase investor confidence and potentially increase the company's stock price. While the importance of auditor independence is well established, its role in sharia-compliant firms goes beyond ensuring accurate financial reporting. For sharia investors, independent auditors provide crucial reassurance that a company follows financial best practices and adheres to Islamic ethical standards. Independent auditors help verify that business activities avoid prohibited elements such as riba, gharar, and investments in non-halal sectors, thereby reinforcing religious compliance.

From the signalling theory lens, an independent auditor sends a powerful signal to the market. It tells investors that the company is committed not just to financial integrity, but also to ethical and religious standards. In sharia-compliant firms, this signal goes beyond financial accuracy; it reassures investors that the company avoids prohibited elements like riba, gharar, and non-halal activities, which is crucial for maintaining trust in Islamic finance. The involvement of independent auditors also reinforces the oversight role of the sharia supervisory board (SSB), helping ensure that both financial practices and religious obligations are met (Novia, Lukviarman, and Setiany 2021). This alignment ensures that financial integrity and religious obligations are upheld, which is particularly important for investors who prioritize ethical transparency. The perception of fairness (*adl*) and trustworthiness (*amanah*) is significantly enhanced when investors see that an external, independent party regularly examines the company's operations. Auditor independence increases stakeholder confidence in corporate governance and the firm's long-term ethical standing (Fauziah and Yuskar 2023). This is vital in Islamic markets where investor loyalty is closely tied to a firm's commitment to sharia principles.

These findings highlight that auditor independence is crucial for sharia-compliant firms, not only for financial credibility but also for assuring investors of the firm's adherence to Islamic principles. Companies should ensure that independent auditors are actively involved in verifying sharia compliance, as this reinforces trust in both governance and ethical integrity. For investors, strong auditor independence signals transparency and commitment to fairness. At the same time, regulators are encouraged to strengthen audit standards that address financial and religious obligations, enhancing overall confidence in Islamic financial markets.

Institutional ownership and sharia stock price

The finding shows that Institutional ownership does not affect sharia stock prices. The results align with previous studies conducted by Arjuniadi and Khairunnisa (2021); Hadiansyah, Cahyaningtyas, and Waskito (2022); The and Yuniarwati (2022) state that institutional ownership does not impact sharia stock prices. Institutional ownership refers to company shares held by institutions such as pension funds, insurance companies, and other financial entities. There are several possible reasons for this, one of which is that many institutional investors in Indonesia, particularly in Islamic capital markets, tend to take a passive role. Unlike in some developed markets where institutional investors actively shape company policies and governance, their presence does not always translate into engagement (Putri and Maksum 2020). The sharia market is dominated by retail investors, who often focus more on whether a company adheres to Islamic values and maintains long-term stability, rather than on who holds large portions of its shares. Due to information asymmetry, many investors may not fully grasp or consider the role of institutional ownership when making decisions (S. F. N. Hasanah, Hadiantini, and Kusumawardhani 2021).

From a signalling theory perspective, the influence of institutional ownership may be diminished because the strong role of the sharia supervisory board (SSB) serves as a more powerful and visible signal of governance and compliance. The SSB actively oversees and ensures that all aspects of a firm's operations align with Islamic law, which builds investor confidence in ethical and financial integrity (Wijayanti and Setiawan 2022). In this context, investors perceive the presence and performance of the SSB as a more transparent and trustworthy signal of the firm's commitment to sharia principles than the mere fact of institutional ownership. This reduces the reliance on institutional investors as a source of governance assurance.

These findings suggest that for sharia-compliant firms, the effectiveness and transparency of the sharia supervisory board may be more important in building investor trust than the presence of institutional investors. Companies should focus on strengthening the role and visibility of their SSBs to reassure the market of their commitment to ethical and financial integrity. For investors, it highlights the importance of evaluating the quality of sharia governance rather than relying on ownership structures. Meanwhile, regulators can support market confidence by enhancing standards for SSB performance and ensuring that their role in governance is clearly communicated and effectively monitored.

Executive compensation and sharia stock price

The finding shows that executive compensation negatively affects sharia stock prices. Suggests that higher executive pay may not always align with shareholder value. This finding is supported by Luo, Wu, and Zhang (2021); Xu and Zou (2019) but contradicts the findings by Lee, Kim, and Choi (2012); Prabowo and Sari (2020). Excessive pay can be seen as poor resource allocation, diverting resources from business development or shareholder returns. It may also reflect agency problems, where executives prioritize personal gain over company performance, undermining investor confidence. Furthermore, overly generous compensation packages may reduce the motivation of management to innovate or pursue value-enhancing strategies, resulting in managerial complacency. Market perception also plays a critical role; when executive compensation is disproportionately high despite weak company performance, it tends to be viewed as unjustified, triggering negative responses from the market. In the sharia capital market, which upholds the principles of justice (*adl*) and accountability (*hisab*), such disparities are not merely financial but ethical concerns.

From the lens of signaling theory, executive compensation sends strong signals to investors about a firm's governance and values. Excessive, unjustified compensation can be interpreted as a negative signal, suggesting weak oversight and a lack of commitment to ethical principles. On the other hand, moderate and transparent compensation aligned with performance signals integrity, fairness, and responsible leadership. In Islamic finance, executive pay that does not align with performance violates the principles of justice and moderation. Leaders are entrusted with amanah, which is responsible for managing resources to benefit all stakeholders, not just themselves. When compensation appears excessive or lacks transparency, it can be seen as a breach of this trust, damaging the firm's reputation and reducing investor confidence. The role of Signalling theory here is clear: investors in sharia markets are sensitive to signals of ethical commitment, and executive pay is one such signal. A firm that demonstrates restraint and fairness in rewarding its leaders sends a positive message about its governance and long-term values. Supporting this view, Ooi, Setiawan, and Hooy (2021) found that leadership in Indonesian Islamic banks that aligns with Islamic values tends to manage risk more prudently, reinforcing the need for moderation, including in compensation. Yahaya (2024) also demonstrated that executive compensation tied to long-term sustainability goals, particularly about ESG (environmental, social, and governance) performance, strengthens corporate legitimacy, which aligns with Islamic accountability principles.

These findings suggest that sharia-compliant firms should adopt moderate and transparent compensation policies aligning with performance and Islamic ethical values. Linking executive pay to long-term goals like sustainability can enhance trust. For investors, this highlights the need to assess profits and ethical leadership accountability. Regulators and sharia boards are encouraged to provide clear guidelines on fair compensation, ensuring alignment with the principles of justice and amanah in Islamic finance.

Company age, ROA, and sharia stock price

The control variable, company age, is proven to positively and significantly affect Sharia stock prices. This indicates that the longer a company has been established, the greater investor confidence in the stability and reputation of the company. More mature companies tend to have a clearer track record, a more established operational structure, and experience in dealing with market dynamics, all of which are important factors for sharia investors in assessing long-term investment prospects. Meanwhile, profitability as proxied by ROA does not show a significant effect on sharia stock prices. The insignificance of Return on Assets (ROA) in this study indicates that profitability is not always a dominant consideration for investors in the Islamic capital market. Sharia investors emphasize ethical compliance, corporate governance, and long-term sustainability over short-term profitability measures. Although high ROA reflects efficient asset use, Islamic investors may prioritize the company's adherence to sharia principles, such as avoiding riba and ensuring social responsibility. This aligns with findings that, in sharia-compliant contexts, ethical considerations and transparency often outweigh conventional financial metrics. For instance, Islamic Corporate Governance and sharia compliance measures have shown more potent effects on investor perceptions than profitability alone, as revealed in recent analyses of Indonesian Islamic banks (Kuswantoro 2024). Furthermore, ethical identity and social responsibility disclosures, deeply rooted in Islamic business philosophy, are crucial in gaining investor trust (Prativi, Sukmadilaga, and Cupian 2021). These findings reinforce that sharia investors look beyond mere financial gains, valuing the integrity of governance and the company's social and religious accountability.

Conclusions

CEO duality and auditor independence were shown to have a positive and significant effect, suggesting that unified leadership and objective financial oversight enhance investor confidence in sharia-compliant firms. Executive compensation, however, exhibited a negative relationship, indicating that excessive managerial rewards are viewed unfavorably, potentially violating Islamic principles of justice and trust. Executive turnover and institutional ownership were found to be insignificant. This implies that sharia investors may not consider management changes or the presence of institutional shareholders as strong signals of firm value. Instead, they may place greater emphasis on the ethical and long-term sustainability aspects of the firm. From the perspective of signaling theory, these results give important insights. CEO duality and auditor independence send strong positive signals to investors, showing that the company has stable leadership and trustworthy financial oversight. This helps reduce uncertainty and builds confidence, especially for sharia-compliant investors who value integrity and good governance. On the other hand, high executive compensation sends a negative signal, raising doubts about fairness and possible self-interest among leaders. This can weaken trust, particularly in Islamic markets where ethics and justice matter most. The fact that executive turnover and institutional ownership are not significant suggests that not all typical governance factors are seen as important signals in sharia settings; instead, ethical and religious values may matter more than conventional financial cues.

Theoretically, these findings help refine how to see signaling theory in Islamic markets. Here, investors look at financial results and pay close attention to whether a company's actions align with values like fairness (adl) and trust (amanah). So, for a signal to matter, it has to make financial and ethical sense. This means that in a sharia context, signaling theory must include non-financial aspects to reflect how investors make decisions. On a practical level, sharia-compliant companies should focus on building governance that sends the right signals that meet both market standards and Islamic values. Having independent auditors and fair leadership structures helps build trust, while reasonable, performance-based pay shows respect for ethical limits. Investors are encouraged to look beyond profits and consider how well a company is governed. Regulators should support rules that promote financial responsibility and sharia compliance to keep the market strong and trustworthy.

However, this study has several limitations. First, the sample is limited to companies listed in JII 70 during 2019–2023, which may not fully represent the broader sharia market. Second, macroeconomic factors that could influence sharia stock prices were not considered. Additionally, the model shows a relatively low Adjusted R-Squared value, indicating that other variables outside the model may affect stock prices. Lastly, potential endogeneity, such as reverse causality between the independent and dependent variables, was not fully addressed. Future research should expand the sample to include sharia-compliant companies beyond JII70 and extend the observation period for greater generalizability. Incorporating macroeconomic variables like inflation, interest rates, or exchange rates could offer a more comprehensive understanding of the factors influencing sharia stock prices. Employing advanced analytical methods, such as the generalized method of moments (GMM), may help address endogeneity concerns and enhance the validity of results. Finally, exploring mediating or moderating variables, such as disclosure quality or the effectiveness of sharia supervisory boards, could provide deeper insights into the governance dynamics within Islamic capital markets.

References

Abubakr, Ayman Abdalla Mohammed, Faisal Khan, Khaled Mohammad Alomari, Mastora Sahal Gomaa Sahal, Nuseiba Azzam Ibrahim Yousif, and Hadiel Kamal Yousif. 2025. "The Role of the Internal Auditor, Stakeholders, and External Auditor in Discovering and Reducing Creative Accounting Practices in UAE Companies." *Security Journal* 38 (1): 31. https://doi.org/10.1057/s41284-025-00478-0.

Ahmad, Ahmad Muhammad, Lubabah Mansur Kwanbo, Shehu Usman Hassan, and Musa Suleiman Umar. 2023. "Moderating Effect Of Audit Committee On The Relationship Between Audit Quality And Earnings Management Of Listed Non-Financial Services Firms In Nigeria." *Gusau Journal of Accounting and Finance* 4 (1): 216–36. https://doi.org/10.57233/gujaf.v4i1.208.

Al-Faryan, Mamdouh Abdulaziz Saleh. 2024. "Firm-Level Factors Influencing CEO Turnover in Saudi Arabia." *Cogent Business & Management* 11 (1). https://doi.org/10.1080/23311975.2023.2262710.

Alam, Md. Mahmudul, Chowdhury Shahed Akbar, Shawon Muhammad Shahriar, and Mohammad Monzur Elahi. 2017. "The Islamic Shariah Principles for Investment in Stock Market." *Qualitative Research in Financial Markets* 9 (2): 132–46. https://doi.org/10.1108/QRFM-09-2016-0029.

Ali, Md. Hossain, and Mohammad Rajon Meah. 2021. "Factors of Audit Committee Independence: An Empirical Study from an Emerging Economy." Edited by Collins G. Ntim. *Cogent Business & Management* 8 (1). https://doi.org/10.1080/23311975.2021.1888678.

Almarayeh, Taha. 2024. "Audit Committees' Independence and Earnings Management in

Developing Countries: Evidence from MENA Countries." *Journal of Financial Reporting and Accounting*, July. https://doi.org/10.1108/JFRA-11-2023-0652.

Ardillah, Kenny, and Robby Chandra. 2022. "Auditor Independence, Auditor Ethics, Auditor Experience, And Due Professional Care On Audit Quality." *Accounting Profession Journal* 4 (1). https://doi.org/10.35593/apaji.v4i1.39.

Arjuniadi, Arjuniadi, and Khairunnisa Khairunnisa. 2021. "Pengaruh Kepemilikan Institusional, Struktur Modal, Kesempatan Investasi Dan Ukuran Perusahaanterhadap Harga Saham Pada Perusahaangarmen Dan Tekstil Yang Terdaftardi." *Jurnal Ekobismen* 1 (2): 77–91. https://doi.org/10.47647/jeko.v1i2.499.

Azizah, Fauziah, Sri Setya Handayani, Riskayanto Riskayanto, and Muhamad Rizky Rizaldy. 2024. "Comparative Analysis of Indonesia and Malaysia Sharia Stock Index Performance Using Sharpe, Treynor, and Jensen Methods." *International Journal of Islamic Business and Economics (IJIBEC)* 8 (1): 116–26. https://doi.org/10.28918/ijibec.v8i1.7188.

Baki, Ali. 2021. "Relationship With Independent Audit Quality And Financial Performance." *Quantrade Journal of Complex Systems in Social Sciences* 3 (2): 36–44. https://dergipark.org.tr/en/pub/quantrade/issue/67822/1032898.

Bamahros, Hasan Mohamad, Abdulsalam Alquhaif, Ameen Qasem, Wan Nordin Wan-Hussin, Murad Thomran, Shaker Dahan Al-Duais, Siti Norwahida Shukeri, and Hytham M. A. Khojally. 2022. "Corporate Governance Mechanisms and ESG Reporting: Evidence from the Saudi Stock Market." *Sustainability* 14 (10): 6202. https://doi.org/10.3390/su14106202.

Bao, Jingjing, and Chunxiao Xue. 2023. "CEO Duality, CEO Compensation, and Earnings Management: Evidence from China." *Corporate Ownership and Control* 20 (3, special issue): 317–27. https://doi.org/10.22495/cocv20i3siart7.

Bhuyan, Rafiqul, Deanne Butchey, Jerry Haar, and Bakhtear Talukdar. 2022. "CEO Compensation and Firm Performance in the Insurance Industry." *Managerial Finance* 48 (7): 1086–1115. https://doi.org/10.1108/MF-04-2019-0154.

Chou, Meng Hsuan, Jens Jungblut, Pauline Ravinet, and Martina Vukasovic. 2017. "Higher Education Governance and Policy: An Introduction to Multi-Issue, Multi-Level and Multi-Actor Dynamics." *Policy and Society* 36 (1): 1–15. https://doi.org/10.1080/14494035.2017.1287999.

David, Itzhak Ben, Francesco Franzoni, Rabih Moussawi, and John Sedunov. 2021. "The Granular Nature of Large Institutional Investors." *Management Science* 67 (11): 6629–59. https://doi.org/10.1287/mnsc.2020.3808.

El-Deeb, Mohamed Samy, and Lana Mohamed. 2024. "The Moderating Role of Board Gender Diversity on the Association between Audit Committee Attributes and Integrated Reporting Quality." *Future Business Journal* 10 (1): 85. https://doi.org/10.1186/s43093-024-00340-6.

Erturan, İlkay Ejder. 2025. "Examination of Professional Ethics of Independent Auditors In The Light of Immanuel Kant's Ethical Principles." *Sayıştay Dergisi* 36 (136): 125–44. https://doi.org/10.52836/sayistay.1608142.

Farhan, Muhamad, and Sung Suk Kim. 2023. "Pengaruh Kepemilikan Investor Institusi Asing Terhadap Volatilitas Harga Saham Di Indeks Kompas100." *Owner* 7 (2): 1382–90. https://doi.org/10.33395/owner.v7i2.1403.

Fauziah, Dian, and Yuskar Yuskar. 2023. "The Effect of Professionalism, Independence, Accountability and Time Pressure on Audit Quality With Auditor's Professional Ethics as Variables Moderating." *JASa (Jurnal Akuntansi, Audit Dan Sistem Informasi Akuntansi)* 7 (1): 190–204. https://doi.org/10.36555/jasa.v7i1.2166.

Ferriswara, Dian, Nur Sayidah, and Edwin Agus Buniarto. 2022. "Do Corporate Governance, Capital Structure Predict Financial Performance and Firm Value?(Empirical Study of Jakarta Islamic Index).” *Cogent Business & Management* 9 (1). https://doi.org/10.1080/23311975.2022.2147123.

Ferry, Laurence, Guanming He, and Chang Yang. 2023. “How Do Executive Pay and Its Gap with Employee Pay Influence Corporate Performance? Evidence from Thailand Tourism Listed Companies.” *Journal of Hospitality and Tourism Insights* 6 (1): 362–81. https://doi.org/10.1108/JHTI-03-2021-0061.

Firdiansjah, Achmad, Gaguk Apriyanto, and Lianita Widyaratna. 2020. “Analisis Of Ceo Dualify Influence And Corporate Social Responsibility (CSR) Toward Financial Performance Through Earning Management On Food & Beverage Company Listed In Indonesian Stock Exchange Period 2013 - 2017.” *International Journal Of Scientific & Technology Research* 9 (1): 1206–16. https://www.ijstr.org/research-paper-publishing.php?month=jan2020.

Franks, Julian. 2020. “Institutional Ownership and Governance.” *Oxford Review of Economic Policy* 36 (2): 258–74. https://doi.org/10.1093/oxrep/graa009.

Freire, Cesar. 2019. “Duality CEO-Chairman and Its Relation with the Effectiveness of the Board Control.” *Problems and Perspectives in Management* 17 (4): 239–51. https://doi.org/10.21511/ppm.17(4).2019.20.

Ghani, Erlane K, Nur ‘Afifah Mohd Azemi, and Evita Puspitasari. 2017. “The Effect of Information Asymmetry and Environmental Uncertainty on Earnings Management Practices among Malaysian Technology-Based Firms.” *International Journal of Academic Research in Economics and Management Sciences* 6 (1). https://doi.org/10.6007/IJAREMS/v6-i1/2617.

Ghasemi, Ali, Vahab Rostami, Mona Mahdavirad, and Meghdad Karkhane. 2020. “Intellectual Capital, Tobin`s Q Ratio and Stock Return.” *Journal of Management and Accounting Studies* 8 (1): 31–37. https://doi.org/10.24200/jmas.vol8iss1pp31-37.

Ghosh, Papiya, and Brishti Guha. 2020. “The Study Of Relationship Between Tobin’s Q And Us Stock Performance Of Selected Firms.” *International Journal of Advanced Economics* 1 (2): 85–94. https://doi.org/10.51594/ijae.v1i2.56.

Ghozali, Imam, and Dwi Ratmono. 2017. *Analisis Multivariat Dan Ekonometrika: Teori, Konsep, Dan Aplikasi Dengan Eview 10.* Semarang: Badan Penerbit Undip.

Greene, Daniel, and Jared Smith. 2021. “Timing CEO Turnovers: Evidence from Delegation in Mergers and Acquisitions.” *Journal of Banking & Finance* 126 (May): 106095. https://doi.org/10.1016/j.jbankfin.2021.106095.

Guo, Lin, and Stefan Platikanov. 2019. “Institutional Ownership and Corporate Governance of Public Companies in China.” *Pacific-Basin Finance Journal* 57 (October): 101180. https://doi.org/10.1016/j.pacfin.2019.101180.

Hadiansyah, Rahmat, Susi Retna Cahyaningtyas, and Iman Waskito. 2022. “Pengaruh Kepemilikan Manajerial Dan Kepemilikan Institusional Terhadap Nilai Perusahaan (Studi Empiris Pada Perusahaan Sektor Perbankan Yang Terdaftar Di Bursa Efek Indonesia Periode 2017-2021).” *Jurnal Riset Mahasiswa Akuntansi* 2 (4): 656–70. https://doi.org/10.29303/risma.v2i4.353.

Hair, Joe F. Jr. 2020. “Next-Generation Prediction Metrics for Composite-Based PLS-SEM.” *Industrial Management & Data Systems* 121 (1): 5–11. https://doi.org/10.1108/IMDS-08-2020-0505.

Halim, Boby Daniswara, and Layla Hafni. 2019. “Pengaruh Rasio Keuangan Terhadap Harga Saham Perusahaan Otomotif Dan Komponennya Yang Terdaftar Di Bei Periode 2014-2017.” *Bilancia: Jurnal Ilmiah Akuntansi* 3 (4): 451–63. https://ejournal.pelitaindonesia.ac.id/ojs32/index.php/BILANCIA/article/view/572.

Harjo, Dwikora, Aprilia Alfani, Wahidin Septa Zahran, and Iwan Irwansyah. 2022. “Peranan

pISSN 2549-3086
eISSN 2657-1676
https://ejournal.isnjbengkalis.ac.id/index.php/jas

Kegiatan Relawan Pajak Dalam Mendukung Pelaksanaan Stimulus Fiskal Pemerintah Tahun 2020." *Jurnal Pajak Vokasi (JUPASI)* 3 (2): 56–65. https://doi.org/10.31334/jupasi.v3i2.1693.

Hartono, Powell Gian, and Muhammad Yaasiin Raya. 2022. "COVID-19 Pandemic, Dividend Policy, and Stock Market Reaction: Evidence from the Manufacturing Companies in Indonesia." *Jurnal Keuangan Dan Perbankan* 26 (4): 758–78. https://doi.org/10.26905/jkdp.v26i4.8226.

Hartono, Ulil, Musdholifah Musdholifah, Ika Diyah Candra Arifah, Riska Dhenabayu, and Trias Madanika Kusumaningrum. 2021. "The Impact of Internet-Based Corporate Governance Sharia (IBCGS) Rating on Shareholders Trust in Jakarta Islamic Index Companies." *Al-Uqud : Journal of Islamic Economics* 5 (2): 327–44. https://journal.unesa.ac.id/index.php/jie/article/view/14579.

Hasanah, Nur, Fajri Adrianto, and Masyhuri Hamidi. 2024. "Pengaruh Kinerja Enviromental, Social, and Governance (ESG) Dan Volatilitas Laba Terhadap Volatilitas Harga Saham Syariah Dengan Effective Tax Rate Sebagai Variabel Moderasi (Studi Empiris Pada Perusahaan Yang Terdaftar Di Jakarta Islamic Index 70 Periode." *Ranah Research: Journal of Multidisciplinary Research and Development* 6 (6): 2942–56. https://doi.org/10.38035/rrj.v6i6.1191.

Hasanah, Siti Fathimah Nurul, Ratih Hadiantini, and Aninthitha Putri Kusumawardhani. 2021. "Analysis of Macroeconomic Factors and Fundamental Factors to Sharia Stock Return on Trade, Services and Investment Sector Companies in Jakarta Islamic Index (JII) Period 2014-2018." In *Proceedings of the First International Conference on Science, Technology, Engineering and Industrial Revolution (ICSTEIR 2020)*, 536:129–40. https://doi.org/10.2991/assehr.k.210312.020.

Hidayat, Riskin, Sugeng Wahyudi, Harjum Muharam, and Fatlina Zainudin. 2019. "Institutional Ownership, Productivity Sustainable Investment Based on Financial Constrains and Firm Value: Implications of Agency Theory, Signaling Theory, and Asymmetry Information on Sharia Companies in Indonesia." *International Journal of Financial Research* 11 (1): 71. https://doi.org/10.5430/ijfr.v11n1p71.

Hyatt, Josh, and Jeffrey Gruenglas. 2023. "Ethical Considerations in Organizational Conflict." In *Conflict Management - Organizational Happiness, Mindfulness, and Coping Strategies*. IntechOpen. https://doi.org/10.5772/intechopen.1002645.

Indarningsih, Nur Aisyah, and Hasbi Hasbi. 2022. "Analisis Perbandingan Risiko Volatilitas Indeks Harga Saham Syariah Dan Konvensional (Jakarta Islamic Indeks Dan Indeks LQ45)." *Jurnal Ekonomi Syariah Teori Dan Terapan* 9 (5): 694–709. https://doi.org/10.20473/vol9iss20225pp694-709.

Iqbal, Muhammad Saeed, and Mohd Fikri Sofi. 2023. "Impact of Panel of Board and Shari'ah Penal on Zakat Reserves in Islamic Banks of Pakistan." *COMSATS Journal of Islamic Finance* 8 (2): 81–106. https://doi.org/10.13140/RG.2.2.35965.99046.

Jaballah, Jamil, Jonathan Peillex, and Laurent Weill. 2018. "Is Being Sharia Compliant Worth It?" *Economic Modelling* 72 (June): 353–62. https://doi.org/10.1016/j.econmod.2018.02.011.

Javed, Maryam, Nadia Nasir, Adnan Bashir, Kashif Mehmood, and Hammad Akhtar. 2025. "Insights into CEO Duality in Corporate Governance: A Bibliometric and Systematic Analysis Approach." *Corporate Governance: The International Journal of Business in Society* 25 (4): 920–47. https://doi.org/10.1108/CG-02-2024-0083.

Jiang, Yunyun, Haitao Zheng, and Ran Wang. 2021. "The Effect of Institutional Ownership on Listed Companies' Tax Avoidance Strategies." *Applied Economics* 53 (8): 880–96. https://doi.org/10.1080/00036846.2020.1817308.

Kini, Omesh, Sangho Lee, and Mo Shen. 2024. "Common Institutional Ownership and Product

Market Threats." *Management Science* 70 (5): 2705–31. https://doi.org/10.1287/mnsc.2023.4830.

Kurnia, Rahmat, Lucky Nugroho, and Anees Janee Ali. 2024. "Signaling Theory Vis a Vis Bankruptcy Prediction Model in Islamic Bank Industry in Indonesia." *AiBi Revista de Investigación, Administración e Ingeniería* 12 (1): 194–202. https://doi.org/10.15649/2346030X.3788.

Kurniati, Ellysa, Sigid Eko Pramono, and Saiful Anwar. 2022. "Reaksi Pasar Atas Pengungkapan Kepatuhan Syariah Terhadap Saham Perusahaan Pada Indeks Saham Syariah Indonesia." *I-Finance: A Research Journal on Islamic Finance* 7 (2): 122–37. https://doi.org/10.19109/ifinance.v7i2.9722.

Kusnadi, Nabila Shafira, Reni Oktavia, Dewi Sukmasari, and Yuliansyah Yuliansyah. 2021. "Pengaruh Partisipasi Penganggaran Terhadap Kesenjangan Anggaran Dengan Komunikasi Sebagai Variabel Moderasi: Studi Perusahaan Di Batam." *Jurnal Akuntansi, Keuangan, Dan Manajemen* 3 (1): 31–49. https://doi.org/10.35912/jakman.v3i1.647.

Kuswantoro, Aprilian Dwi. 2024. "Pengaruh Islamic Corporate Governance Dan Sharia Compliance Terhadap Kinerja Keuangan Perusahaan Asuransi Syariah Di Indonesia." Universitas Islam Sultan Agung Semarang. https://repository.unissula.ac.id/34714/.

Lee, Sang M., Sung Tae Kim, and Donghyun Choi. 2012. "Green Supply Chain Management and Organizational Performance." *Industrial Management & Data Systems* 112 (8): 1148–80. https://doi.org/10.1108/02635571211264609.

Leng, Huiyi. 2022. "The Effect of the Independence, Expertise and Activity of the Audit Committee On the Quality of the Financial Reporting Process." *Frontiers in Business, Economics and Management* 7 (1): 17–20. https://doi.org/10.54097/fbem.v7i1.3688.

Li, Hui, and Paul Farah. 2021. "CEO Turnover and Equity Volatility." *Review of Economics and Finance* 19: 17–28. https://doi.org/10.55365/1923.x2021.19.03.

Liu, Lewis. 2024. "Environmental Performance Factors: Insights from CSR-Linked Compensation, Committees, Disclosure, Targets, and Board Composition." *Journal of Sustainable Finance & Investment*, February, 1–36. https://doi.org/10.1080/20430795.2024.2313497.

Liu, Mingzhi, Songlian Tang, Zhenyu Wu, and Rong Zeng. 2023. "The Impact of Foreign Ownership on the Media's Role in Curbing Insider Trading around Private Meetings." *Journal of International Financial Markets, Institutions and Money* 88 (October): 101826. https://doi.org/10.1016/j.intfin.2023.101826.

Luckyardi, Senny, Kamelia Agustini, Nugraha Nugraha, and Maya Sari. 2021. "The Impact of Dividend Policy and Capital Structure on Firm Value in Agricultural Sector." *Jurnal Ilmu Keuangan Dan Perbankan (JIKA)* 11 (1): 1–20. https://doi.org/10.34010/jika.v11i1.5717.

Luo, Le, Hongjun Wu, and Chuyue Zhang. 2021. "CEO Compensation, Incentive Alignment, and Carbon Transparency." *Journal of International Accounting Research* 20 (2): 111–32. https://doi.org/10.2308/JIAR-2020-032.

Marcolino, Lucas Tresso Caruso, and Vinicius Augusto Brunassi Silva. 2022. "The CEO's Origin and Fame in Relation to Company Performance and Market Perception." *Revista Contabilidade & Finanças* 33 (90). https://doi.org/10.1590/1808-057x20221523.en.

Mubeen, Riaqa, Dongping Han, Jaffar Abbas, Susana Álvarez-Otero, and Muhammad Safdar Sial. 2021. "The Relationship Between CEO Duality and Business Firms' Performance: The Moderating Role of Firm Size and Corporate Social Responsibility." *Frontiers in Psychology* 12 (December). https://doi.org/10.3389/fpsyg.2021.669715.

Mumtazah, Fahmi, and Agus Purwanto. 2020. "Analisis Pengaruh Kinerja Keuangan Dan Pengungkapan Lingkungan Terhadap Nilai Perusahaan." *Diponegoro Journal of Accounting* 9 (2).

https://ejournal3.undip.ac.id/index.php/accounting/article/view/27551.

Mysaka, Hanna, and Ivan Derun. 2021. "Corporate Financial Performance and Tobin's Q in Dividend and Growth Investing." *Contemporary Economics* 15 (3): 277–88. https://doi.org/10.5709/ce.1897-9254.449.

Nasta, Luigi, Barbara Sveva Magnanelli, and Mirella Ciaburri. 2024. "From Profits to Purpose: ESG Practices, CEO Compensation and Institutional Ownership." *Management Decision* 62 (13): 46–68. https://doi.org/10.1108/MD-06-2023-0932.

Novia, Irma, Niki Lukviarman, and Erna Setiany. 2021. "Pengaruh Corporate Governance Terhadap Pengungkapan Forward-Looking Information." *Jurnal Akuntansi Dan Bisnis* 21 (2): 190. https://doi.org/10.20961/jab.v21i2.690.

Nugraha, Nugi Mohammad, Deva Herlambang, Deden NS Nugraha, and Shendy Amalia. 2020. "The Influence of Macroeconomic Factors on the Volatility of Composite Price Stock Index: A Study on the Indonesia Stock Exchange." *International Journal of Psychosocial Rehabilitation* 24 (1). https://www.researchgate.net/publication/348486434.

Nugroho, M.Aqil, and Lucky Nugroho. 2024. "Financial Determinants of Corporate Value in Indonesia's Mining Sector: Insights from the Post-COVID Era." *BISMA Journal* 1 (2): 100–115. https://ejournal.bacadulu.net/index.php/bisma/article/view/46.

Ooi, Chai-Aun, Doddy Setiawan, and Chee-Wooi Hooy. 2021. "Muslim CEOs and Bank Risk-Taking: Evidence from Indonesia." *Global Finance Journal* 50 (November): 100507. https://doi.org/10.1016/j.gfj.2019.100507.

Perkins, Stephen J., and Susan Shortland. 2025. "Bridging Theory and Practice: Ethical Governance of Executive Compensation in the Financial Times Stock Exchange 100." *Compensation & Benefits Review*, April. https://doi.org/10.1177/08863687251336654.

Prabowo, Ananto, and Devinta Palupi Indah Sari. 2020. "Executives Compensation Impact Toward Shareholder Wealth: Company Performance (Empirical Study of Listed Companies in Indonesia Stock Exchange and Categorized as LQ45 Index)." *Journal of Business and Behavioural Entrepreneurship* 4 (1): 91–111. https://doi.org/10.21009/JOBBE.004.1.07.

Prativi, Yulinda Putri, Citra Sukmadilaga, and Cupian Cupian. 2021. "The Impact Of Islamic Corporate Governance Disclosure, Islamic Intellectual Capital, Zakat, Financial Performance (Scnp Model) & Islamic Ethical Identity To Sustainable Business." *Jurnal Ekonomi Syariah Teori Dan Terapan* 8 (2): 171. https://doi.org/10.20473/vol8iss20212pp171-182.

Prihatiningtias, Yeney Widya, Elok Riskika Putri, Nurkholis Nurkholis, and Wiwik Hidajah Ekowati. 2022. "Determinan Pengungkapan Islamic Social Reporting (ISR) Pada Perusahaan Di Jakarta Islamic Index (JII)." *EKUITAS (Jurnal Ekonomi Dan Keuangan)* 6 (1): 114–32. https://doi.org/10.24034/j25485024.y2022.v6.i1.5001.

Putri, Sari Khalidya, and Azhar Maksum. 2020. "Determinants of Firm Value and Earnings Management in Indonesian Sharia Stock Companies." *International Journal of Innovation, Creativity and Change* 13 (6): 305–24. https://www.ijicc.net/images/vol_13/Iss_6/13631_Putri_2020_E_R.pdf.

Rahim, Abdul, Muhammad Muddasar Khan, Waqas Iftikhar, Shagufta Ashraf, and Shahid Mehmood. 2021. "An Implication Of Signaling Theory To Examine Impacts Of Financial Leverage On Firm Performance: A Study Of Islamic Banks In Asian Region." *Psychology and Education* 58 (2): 6700–6721. https://www.researchgate.net/publication/369107650.

Rahman, Arif Nur, Fatchan Achyani, and Noer Sasongko. 2023. "Determinants of Audit Quality in Manufacturing Companies in Indonesia." *Journal Research of Social Science, Economics, and Management* 3 (5). https://doi.org/10.59141/jrssem.v3i5.590.

Rahman, Matiur, and Muhammad Mustafa. 2018a. "Dynamics of Tobin's Q and US Stock

Performance." *International Review of Business and Economics* 2 (2): 52–68. https://doi.org/10.56902/IRBE.2018.2.2.3.
———. 2018b. "Dynamics Influences of Tobin's Q and CEO Compensation on US Stocks." *Journal of Financial Economic Policy* 10 (1): 2–16. https://doi.org/10.1108/JFEP-03-2017-0017.
Sakawa, Hideaki, Naoki Watanabel, Geeta Duppati, and Robert Faff. 2021. "Institutional Ownership and Corporate Risk-Taking in Japanese Listed Firms." *Applied Economics* 53 (16): 1899–1914. https://doi.org/10.1080/00036846.2020.1854450.
Saputra, Ferry. 2023. "Aset Keuangan Syariah Capai Rp 2,45 Triliun per Juni 2023, Tumbuh 13,3%." Kontan. 2023. https://keuangan.kontan.co.id/news/aset-keuangan-syariah-capai-rp-245-triliun-per-juni-2023-tumbuh-133.
Saputro, Ahmad Eko. 2020. "Analisis Harga Saham Syariah Dan Volume Perdagangannya Sebelum Dan Sesudah Pengumuman Covid-19." *Economic & Education Journal* 2 (2): 159–68. https://www.academia.edu/79622614/.
Sardiyo, Sardiyo, and Martini Martini. 2021. "The Mediation of Islamic Social Reporting to Influence the Islamic Corporate Governance on Firm Value (Study on Islamic Banking in Southeast Asia 2012-2016)." *Ekuilibrium : Jurnal Ilmiah Bidang Ilmu Ekonomi* 16 (2): 139–53. https://doi.org/10.24269/ekuilibrium.v16i2.2021.pp139-153.
Schain, Jan Philip, and Joel Stiebale. 2021. "Innovation, Institutional Ownership and Financial Constraints." *Empirical Economics* 61 (3): 1689–97. https://doi.org/10.1007/s00181-020-01909-0.
Spence, Michael. 1973. "Job Market Signaling." *The Quarterly Journal of Economics* 87 (3): 355–74. https://doi.org/10.2307/1882010.
Spencer, Gary. 1973. "Methodological Issues in the Study of Bureaucratic Elites: A Case Study of West Point." *Social Problems* 21 (1): 90–103. https://doi.org/10.2307/799979.
Sudarsono, Heri, and Latifatunnisa Latifatunnisa. 2024. "Macroeconomic Variables and the Indonesian Sharia Stock Index." *Journal of Islamic Economics and Finance Studies* 5 (2): 273–91. https://doi.org/10.47700/jiefes.v5i2.7765.
Sun, Shujun, and Haiwei Jiang. 2022. "CEO Turnover and Corporate Innovation: What Can We Learn from Chinese Listed Companies." *Frontiers in Psychology* 13 (July). https://doi.org/10.3389/fpsyg.2022.874907.
Tanin, Tauhidul Islam, Abu Umar Faruq Ahmad, and Aishath Muneeza. 2023. "Shariah-Compliant Equities and Shariah Screening: Need for Convergence of Ethical Screening of Stocks with Shariah Screening." *International Journal of Emerging Markets* 18 (2): 296–315. https://doi.org/10.1108/IJOEM-09-2020-1041.
The, Olivia Natasha, and Yuniarwati Yuniarwati. 2022. "Pengaruh Struktur Kepemilikan Dan Rasio Keuangan Terhadap Harga Saham." *Jurnal Multiparadigma Akuntansi* IV (4): 1764–75. https://journal.untar.ac.id/index.php/jpa/article/view/21442.
Utami, Reistiawati, and Meina Wulansari Yusniar. 2020. "Pengungkapan Islamic Corporate Social Responsibility (ICSR) Dan Good Corporate Governance (GCG) Terhadap Nilai Perusahaan Dengan Kinerja Keuangan Sebagai Variabel Intervening)." *EL Muhasaba Jurnal Akuntansi* 11 (2): 162–76. https://doi.org/10.18860/em.v11i2.8922.
Uyar, Ali, Shaista Wasiuzzaman, Cemil Kuzey, and Abdullah S. Karaman. 2022. "Board Structure and Financial Stability of Financial Firms: Do Board Policies and CEO Duality Matter?" *Journal of International Accounting, Auditing and Taxation* 47 (June): 100474. https://doi.org/10.1016/j.intaccaudtax.2022.100474.
Verawati, Verawati, Abd. Mubaraq, and Windhu Putra. 2024. "The Impact of Price-Earning Ratio (PER) and Dividend on Sharia Stock Prices." *Asian Journal of Economics, Business and Accounting* 24 (8): 414–24. https://doi.org/10.9734/ajeba/2024/v24i81466.
Vithessonthi, Chaiporn, and Jittima Tongurai. 2015. "The Effect of Leverage on Performance:

Domestically-Oriented versus Internationally-Oriented Firms." *Research in International Business and Finance* 34 (May): 265–80. https://doi.org/10.1016/j.ribaf.2015.02.016.

Wang, Peiqiong, Xianhua Zhang, Taozhi Wang, and Zilu Wan. 2023. "Executive Compensation Controls and Corporate Cash Holdings." Edited by Stefan Cristian Gherghina. *PLOS ONE* 18 (9): e0285387. https://doi.org/10.1371/journal.pone.0285387.

Wijayanti, Rita, and Doddy Setiawan. 2022. "Social Reporting by Islamic Banks: The Role of Sharia Supervisory Board and the Effect on Firm Performance." *Sustainability* 14 (17): 10965. https://doi.org/10.3390/su141710965.

Wijethilake, Chaminda, and Athula Ekanayake. 2019. "CEO Duality and Firm Performance: The Moderating Roles of CEO Informal Power and Board Involvements." *Social Responsibility Journal* 16 (8): 1453–74. https://doi.org/10.1108/SRJ-12-2018-0321.

Wooldridge, Jeffrey M., Mokhtarul Wadud, Jenny Lye, and Roselyne Joyeux. 2020. *Introductory Econometrics: Asia-Pacific Edition*. Australia: Cengage AU.

Xiong, Ran, Ping Wei, Jingyi Yang, and Luis Antonio Cristofini. 2021. "Impact of Top Executive Turnover on Firms' R&D Investment: Evidence from China." *Innovation* 23 (3): 400–424. https://doi.org/10.1080/14479338.2020.1836968.

Xu, Jiahua, and Lan Zou. 2019. "The Impact of CEO Pay and Its Disclosure on Stock Price Crash Risk: Evidence from China." *China Finance Review International* 9 (4): 479–97. https://doi.org/10.1108/CFRI-10-2018-0138.

Yahaya, Onipe Adabenege. 2024. "Executive Compensation and ESG Performance." *SSRN Electronic Journal*. https://doi.org/10.2139/ssrn.5020674.

Zhang, Qiansheng, Jing Li, and Quanrui Song. 2018. "An Analysis of Relative Structure on Causes of Executive Turnover." In *Proceedings of the Third International Conference on Economic and Business Management (FEBM 2018)*. Paris, France, France: Atlantis Press. https://doi.org/10.2991/febm-18.2018.85.