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The Dual Faces of Corporate Camouflage: An Integrated Theoretical Model of Earnings and Impression Management in Executive Compensation

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Amendments - This protocol was registered with the International Platform of Registered Systematic Review and Meta-Analysis Protocols (INPLASY) on 3 September 2026 and was last updated on 3 September 2026.

INTRODUCTION

Review question / Objective The primary objective of this systematic review is to address the "triadic disconnect" in the corporate reporting literature by synthesizing fragmented streams of accounting, governance, and communication research. Specifically, the review aims to answer: (1) How do powerful executives systematically coordinate accrual-based and real earnings management (numerical camouflage) with narrative disclosures and self-serving causal attributions (narrative camouflage) to secure and protect rent-extracting compensation structures? (2) How does the corporate governance system function dynamically ex-post as a multi-stage filtration system to detect, moderate, and constrain this dual-layered reporting camouflage, particularly within the highly regulated South African JSE environment under the King IV Code?

Rationale Prior research has extensively investigated the relationship between executive compensation and earnings management, and executive compensation and qualitative impression management in isolated, pairwise dyads. However, because aggressive numerical manipulation carries high ex-post audit detection risks and regulatory penalties, executives are incentivized to deploy narrative obfuscation as a qualitative smokescreen to distract stakeholders. By failing to study these mechanisms in coordination, existing literature suffers from a significant "triadic disconnect" and lacks an explanatory model for their simultaneous deployment. This study provides the necessary theoretical synthesis, establishing a unified model of corporate camouflage grounded in Agency Theory, the Managerial Power Perspective, and the Positive Accounting Framework.

Condition being studied The study examines "corporate camouflage," defined as the strategic, synchronized deployment of both numerical manipulation (accrual-based earnings management and real earnings management) and qualitative narrative impression management (syntactical obfuscation, tone management, and self-serving causal attributions) by powerful executives to hide rent extraction and mitigate stakeholder outrage.

METHODS

Search strategy The primary Boolean search string was executed across the Scopus database to capture the triadic intersection pool: ("Executive compensation" OR "CEO pay") AND ("Earnings management" OR "Discretionary accruals") AND ("Impression management" OR "Corporate governance" OR "Readability"). To supplement the primary search and capture the dyadic baseline literature (e.g., studies on compensation and accruals alone, or earnings management and readability alone) for thematic contextualization, secondary targeted exploratory sub-queries were executed across Scopus using specific pairings of the core variables. The search covered the longitudinal period from 1973 to 2026.

Participant or population Not applicable. This is a systematic review and conceptual model of peer-reviewed corporate reporting and executive compensation literature. The "population" consists of 249 global, peer-reviewed academic articles indexed in Scopus, including a dedicated ring-fenced contextual subset of 42 papers focused on the South African Johannesburg Stock Exchange (JSE) environment.

Intervention Not applicable (Conceptual/ Bibliometric Review). The systematic review applies science mapping (fractional keyword co-occurrence network analysis, modularity resolution clustering) and thematic synthesis to develop an integrated conceptual model and five testable propositions.

Comparator Not applicable (Conceptual/ Bibliometric Review). The review compares and contrasts the characteristics of existing fragmented pairwise literature (dyads) with the proposed fully integrated triadic corporate camouflage framework.

Study designs to be included This review includes systematic reviews, conceptual papers, bibliometric science-mapping studies, and peer-reviewed archival empirical/quantitative research investigating the intersection of executive compensation, earnings management (AEM/REM), and qualitative corporate disclosure/impression management.

Eligibility criteria Inclusion Criteria: (1) Peer-reviewed, Scopus-indexed English-language journal articles published between 1973 and 2026. (2) Directly links at least two of the three main concepts (Compensation, EM, and IM). Exclusion Criteria: (1) Studies examining board characteristics, accounting standard changes, or executive tenure in complete isolation without connecting them to pay and reporting quality. (2) Books, chapters, conference proceedings, working papers, and non-peer-reviewed reports. (3) Inaccessible full texts (n=2) or papers lacking methodological rigor (n=4).

Information sources The Scopus database was selected as the primary electronic source because it offers superior coverage of peer-reviewed business, management, and accounting literature and provides high-quality metadata for VOSviewer science mapping. Supplementary manual search protocols (forward citation searching in Google Scholar and reference list backtracking of included articles) were used to identify any missing records.

Main outcome(s) The primary outcome of the systematic review is a unified conceptual model and a series of five testable theoretical propositions mapping: (1) asymmetric pay-for-performance sensitivity driven by ex-ante board capture, (2) the non-linear bonus plan limits of numerical earnings management, (3) the socio-psychological outrage-mitigation mechanisms of narrative impression management, (4) the synergistic coordination of financial and qualitative camouflage, and (5) the dynamic moderating role of ex-post corporate governance filtration structures.

Additional outcome(s) Technical parameter settings for VOSviewer keyword mapping (fractional counting, Modular modularity clustering resolving at 1.00, Association Strength normalization), and a JSE-specific diagnostic blueprint for regulators, remuneration committees (RemCos), and auditors within the South African corporate environment.

Data management The bibliographic metadata files (.csv and RIS formats) were exported directly from the Scopus database. Screening, deduplication, and initial sample filtration were managed systematically using EndNote reference manager software. The cleaned metadata was subsequently imported into VOSviewer (Version 1.6.20) to perform thematic clustering and keyword co-occurrence analysis, ensuring transparent and replicable data handling.

Quality assessment / Risk of bias analysis The quality of the primary papers was assessed based on four criteria: (1) Peer-reviewed publication status and Scopus index verification; (2) Scholarly impact (citation counts and journal rankings); (3) Methodological transparency (explicit descriptions of variables, regression models, and econometric diagnostics); and (4) Direct relevance to the theoretical parameters of accrual-based (AEM), real-activities (REM), or narrative (IM) manipulation.

Strategy of data synthesis Science mapping was performed using modularity-based clustering (Q = 0.7459; Mean Silhouette S = 0.4969) in VOSviewer to identify key research streams and thematic clusters. This quantitative science mapping was then synthesized qualitatively under Agency Theory to construct the corporate camouflage model. We systematically map the logical progression of our conceptual model from executive compensation structures, through numerical and narrative mechanisms of distortion, to the ex-post filtration probability of corporate governance oversight.

Subgroup analysis The study applies a subgroup analysis on a ring-fenced contextual subset of 42 South African documents. This contextual subset represents the South African JSE environment within the broader 249-document global final sample (accounting for 16.87% of the total corpus) to evaluate corporate camouflage under King IV and the South African Companies Act No. 71 of 2008.

Sensitivity analysis We performed technical sensitivity checks by testing variations in VOSviewer keyword frequency thresholds (varying the minimum threshold from 3 to 5 occurrences) and adjusting modularity clustering resolution parameters (varying between 0.80 and 1.20) to verify the structural stability and boundary integrity of our keyword co-occurrence network clusters.

Language restriction English.

Country(ies) involved South Africa.

Keywords Corporate Camouflage; Executive Compensation; Earnings Management; Impression Management; South Africa; JSE.

Dissemination plans The systematic review and conceptual model have been prepared for publication as a peer-reviewed article in the International Journal of Financial Studies (IJFS) as part of a Special Issue.

Contributions of each author

Author 1 - Persuade Kampinya - Conceptualized the research, designed the database search strategy, performed the screening, extracted data, conducted bibliometric science mapping in VOSviewer, and drafted the original manuscript.
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