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## 17 Exploring the Nexus between Earnings Quality and ESG Disclosure: A Systematic Literature Review

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**Keywords:** ESG Reporting; Earnings Quality; Corporate Social Responsibility; Financial Transparency; Earnings Management; Financial Reporting; ESG Impact on Finance; Corporate Accountability

In the context of corporate finance and sustainability research, the relationship between Earnings Quality (EQ) and Environmental, Social, and Governance (ESG) disclosure has recently gained popularity. Therefore, this study aims to present a systematic review of the existing findings on EQ and ESG disclosure relationships, attempting to identify current trends and research gaps. This article reviewed comprehensively peer-reviewed articles, empirical studies, and theoretical frameworks to construct an overall understanding of how EQ interacts with the disclosure practices of ESG by strictly following a set of predefined inclusion and exclusion criteria. The methodology section shows the approach systematically applied for the selection of the literature, detailing database search strategies, keyword uses, and the process for assessment of study quality and its relevance. The findings propose a complex relationship between EQ and ESG disclosure, where there is a series of factors that include the regulatory environment, industry characteristics, and corporate governance structures. The review finds a consensus that high-quality earnings information can raise the credibility of ESG disclosure and hence help target socially responsible investors and firm reputation building. This study also investigates how the relationship between earnings management and ESG disclosure changes in different contexts and introduces theories such as agency theory and stakeholder theory to shed light on these dynamics. Additionally, the review identifies areas that require further research, such as long-term studies, to decipher causality and investigations of this relationship in emerging markets. The primary aim is to offer a well-organized overview of the subject to assist stakeholders and provide directions for future research.

The connection of the communication proposed with the topic of the Conference: The research on EQ and ESG disclosures directly relates to corporate strategies of differentiation and innovation. In a competitive landscape, companies leveraging high-quality earnings information to boost the credibility of their ESG disclosures can differentiate themselves, attracting socially responsible investors and enhancing their reputation.

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