Paradigm

How Is ESG Performance Addressed in Relation to Audit Quality? A Structured Review of the Literature

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Abstract. *Purpose - The aim of this article is to conduct a systematic analysis on the relationship between ESG performance and audit quality. The main purpose is to synthesize existing research. Method - The analysis method used is that of a structured literature review. In the analysis was used a selection of academic articles, along with the definition of keywords. The establishment of inclusion and exclusion criteria and the development of a multidimensional classification scheme were included as well. The analysis of the selected studies was carried out using qualitative and quantitative descriptive methods. Key Findings - The results highlight a growing academic interest in the connection between ESG performance and audit quality, especially on sustainability reporting and non-financial information assurance services. It is characterized by significant differences in conceptual definitions, measurement methods and empirical results. The analysis shows the existence of insufficiently explored areas, especially regarding the mechanisms through which audit quality influences ESG performance. The results are conditioned by the databases, keywords and the period analyzed. However, the use of a structured and transparent protocol contributes to reducing potential biases. It also increases the reliability and replicability of the study. Contribution-The study provides relevant information for academia, policymakers and practitioners interested in improving the credibility of ESG reporting through audit-related mechanisms, supporting the decision-making process. It contributes to the field by demonstrating that the audit quality acts as a mechanism of credibility and moderation in ESG reporting rather than a direct determinant of ESG performance.*

Keywords: structured literature review, ESG performance, audit quality, perception, citation analysis.

Introduction

The purpose of this research paper is to systematically analyze how the relationship between audit quality (AQ) and ESG performance is addressed in the literature. Adopting a structured literature review (SLR), this research paper aims to synthesize existing research, identify the main theoretical and methodological perspectives, and highlight research gaps while also emphasizing future research directions.

ESG performance has become a popular topic in the specialized literature. Existing research shows that organizations that have a high level of achievement of ESG objectives record, on average, a higher quality of financial reporting but also a lower cost of capital. These advantages

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are also found in the case of companies that have well-anchored internal control systems. This aspect can support the analysis of the relationship between ESG performance and the control environment within organizations. Considering all this, companies that have higher ESG performance report a lower number of significant deficiencies in internal controls (Jizi M. & Thomas E., 2025).

Beyond internal organizational mechanisms, ESG performance analysis extends beyond the organization's internal mechanisms. The role of AQ in ensuring the credibility, transparency and reliability of reported ESG information also becomes an important pillar. Among the factors that are influencing ESG transparency we can mention institutional pressures, the need for legitimacy and the governance mechanism. All these factors play a role of reducing information asymmetries between management and stakeholders.

AQ determines the degree of trust that users of financial statements place in reported information and influences the ability of firms to provide credible and reliable ESG information. Therefore, high-quality auditors have both motivation and the ability to exert pressure on management to reduce the risk of misstatement and to improve the accuracy and transparency of reporting and non-financial reporting. AQ is associated with more transparent financial reporting, lower earnings management, and reduced information asymmetries. All these factors facilitate the transmission of credible signals about the authenticity of ESG disclosures. The allocation of greater resources to auditing, including the use of specialized auditors and paying higher fees to increase the credibility of ESG reporting to investors and stakeholders, may represent an effective strategy (Hammami & Hendijani Zadeh, 2020).

From a theoretical perspective, signaling theory suggests that companies with high sustainability performance are motivated to provide high-quality reports to convey credible information about their activities to stakeholders. However, the high level of reporting has not been correlated with actual performance. This happens due to some companies which are using symbolic disclosures to strengthen their legitimacy. They don't implement substantial changes, which is a phenomenon associated with greenwashing practices. In this context, corporate governance mechanisms play a crucial role in strengthening the credibility of sustainability reporting. External assurance and oversight by the audit committee (AC) contribute to increasing the reliability of ESG information and reducing information asymmetries between management and stakeholders. The independence and expertise of AC members support the quality of sustainability reporting. Therefore, the quality of sustainability reporting can mediate the relationship between AC characteristics and sustainability performance. Moreover, this is facilitating the transformation of ESG practices from a symbolic tool to a mechanism of organizational accountability and control (Santonastaso, Macchioni, & Zagaria, 2025).

The present study conceptualizes AQ as a credibility-enhancing and moderating growing mechanism of the ESG reporting. Therefor it contributes to a better theoretical positioning of the audit within ESG literature.

The research paper is structured as follows. The following sections include the review of the literature and describe the research methodology along with the SLR protocol. There are also presented and discussed the main findings of the research. In its continuation there is a section presenting the research gaps and future directions. In the final section there are presented the main conclusion of the research.

Literature review

By reviewing the literature, this study aims to systematically synthesize existing research on the relationship between ESG performance and AQ. It highlights the main directions of analysis; the approaches used along with the gaps identified in the specialized literature. The present literature review is structured on 3 main topics. This was done to distinguish the conceptual definitions of ESG performance and ESG disclosure from ESG performance and the role of AQ mechanisms in shaping the ESG related results.

There has been a significant increase in the interest given to ESG performance. This is due to the increased interest in corporate sustainability and the integration of ESG factors in decision-making processes. The role of AQ and non-financial information assurance services has begun to be analyzed as a potential mechanism for increasing the relevance, credibility and accuracy of ESG reporting.

ESG performance in the context of AQ

This first subsection clarifies how ESG performance is defined and conceptualized within the existing literature. We gave a particular attention to its high relevance for auditing and audit related task assessments.

ESG performance is associated with the quality of financial reporting and with the level of transparency and risk management. It is closely linked to complex accounting estimates as well as the credibility of financial information. Considering this, ESG performance gains increased importance for auditing through its impact on audit risk, professional judgments and the assessment of the reliability of financial statements (Sulaiman N. A., et. al, 2025).

In the literature it is made a clear distinction between ESG performance and ESG disclosure, as disclosure doesn't necessarily reflect the underlying sustainability performance of the firms. ESG information disclosure remains an essential element in promoting corporate sustainability. It responds to the growing demand from stakeholders for non-financial information. ESG disclosure supports the understanding of the performance and evolution of companies. This is associated with reducing risks, alleviating financing constraints and improving corporate performance. From a neoclassical economic perspective, it is suggested that ESG initiatives may generate additional costs. Legitimacy and stakeholder theories support the existence of a positive relationship between ESG disclosure and sustainability performance. (Duan, K., et. al. 2025).

Using the framework developed by the Sustainability Accounting Standards Board (SASB), ESG performance is also approached from the materiality perspective. ESG scores that are based on SASB are compared with ESG disclosure scores. The main objective remaining to assess the relationship between ESG performance, financial performance, and financial risks. The obtained results indicate a positive association between ESG scores based on SASB and financial performance. Moreover, there is presented a negative relationship with financial risks. In the same time, only ESG disclosure doesn't explain risks or financial performance. A difference across industries was observed on the materiality of ESG issues. It is also known that an efficient allocation of resources to ESG issues that are relevant to each sector is essential. The SASB framework has proven it success in providing a standardized approach in identifying material ESG issues as well as improving the comparability of ESG information (Yang S. et. al, 2025).

Analysis of the relationship between ESG performance and AQ

Through this section we examine the empirical evidence on the relationship that stands between AQ and ESG performance. AQ is emphasized as a governance and monitoring mechanism.

Companies' easy access to financial resources can lead to excessive investment in ESG activities. These investments can sometimes incline to be more motivated by managerial interests rather than maximizing shareholder value.

The role of AQ becomes an essential governance mechanism, capable of limiting opportunistic behaviors and ensuring the credibility of financial and non-financial information. High-quality audit, carried out by independent and well-qualified auditors, can be correlated with the reduction of information asymmetries. It can also lead to improvement of resource allocation and reduce the risks associated with agency costs. AQ is frequently operationalized by membership in the Big 4 companies and by the level of audit fees. These characteristics are associated with a more rigorous control of organizational processes and a more careful assessment of ESG risks (Hazea S. A., et. al 2025).

Due to the need of balancing economic growth with sustainable practices, companies have expanded reporting to include financial and non-financial information. The main purpose is to provide all stakeholders with a more comprehensive picture of corporate performance. Therefore, the shareholding structure influences ESG disclosure practices through its impact on corporate governance, managerial incentives and stakeholder engagement. As a result, concentrated and institutional ownership are analyzed. Auditing and AQ are identified as essential mechanisms for increasing the credibility of ESG information. They can do this by ensuring the accuracy and transparency of reporting. High-quality auditing helps reduce information asymmetries and agency problems. Considering this, it strengthens the trust of both stakeholders and investors. Especially in emerging economies, auditing may also have a moderating role in the relationship between shareholder structure and ESG disclosure. This is due to institutional pressures and the regulatory framework that influence companies' reporting behavior (Saleh S. et. al 2025).

The allocation of resources to ESG policies generates a tension between investments in sustainability and the distribution of dividends to shareholders. The relationship between ESG performance and dividend policy presents mixed empirical results, depending on the institutional context. Financial audit and non-financial reporting assurance influence how ESG practices are reflected in profit distribution decisions. AQ reduces information asymmetries and opportunistic behaviors, like this increases credibility and influences dividend policy. When we are talking about high-quality auditors, especially the Big Four, a rigorous monitoring role is exercised. They also have the role to limit earnings management and strengthen investor confidence. This approach is affecting both the level of dividends distributed and their dynamics. Event though, the provision of ESG information contributes to transparency and legitimacy, its impact on dividend decisions is less pronounced. This happens especially during periods when this practice is voluntary. (Zahid, Taran, Khan, & Chersan, 2023).

Influence of audit quality mechanisms on ESG performance

In this section we are focusing on specific AQ related mechanisms such as AC, assurance practices and AQ indicators as well as their influence on ESG related outcomes. ESG expertise of directors, along with gender diversity and alignment of executive compensation with social and environmental objectives are associated with high ESG performance. Superior financial results and high firm performance are associated as well with ESG performance.

The internal structure of the board of directors is conditioning the positive effect of ESG performance on firm performance. Board faultlines designate internal divisions of the board of directors, which can affect the oversight and quality of ESG disclosure. These can influence the relationship between ESG performance and firm performance either negative through fragmentation or positive through cognitive diversity. The way it influences depends on the governance context (Ji, Chen, & Ao, 2024).

Disclosing ESG information involves costs and requires balancing sustainability and profitability objectives. Environmental, Social and Governance Disclosure (ESGD) is associated with reducing information asymmetry, increasing transparency and strengthening reputation. Thus, it has the potential to influence firm value (FV). However, mixed results emerge regarding the ESGD–FV relationship. The differences are explained by the institutional context and corporate governance mechanisms. Interest in ESGD has increased in the middle of governance reforms and Vision 2030 objectives. However, disclosure remains voluntary on a large scale. Internal governance mechanisms play a key role in ensuring the credibility of ESGD. The audit committee (AC) bring their contribution in reducing information asymmetry and overseeing financial and non-financial reporting. AC characteristics such as size, independence, meeting frequency, and financial expertise have the power to influence the relationship between ESGD and firm value. The sustainability committee also supports the coordination of ESG policies and their communication to stakeholders with the potential to strengthen the link between ESGD and FV (Metwally, Abdalla, Aly, & Ali, 2025).

The increasing demand for ethics, transparency and organizational responsibility has strengthened the role of integrated reporting in explaining how companies create long-term value. In this context, AQ remains a vital mechanism for the credibility and value relevance of financial and non-financial information. This aspect brings an important contribution in reducing information asymmetry and strengthening investor confidence. Through competence and independence, quality audit, improves the relevance of accounting information for investment decisions. At the same time, business ethics amplifies the effects of integrated reporting based on value relevance. On the capital market, the interaction between ethics and reporting is associated with a more faithful reflection of performance and value creation processes (Hichri, 2023).

Audit Quality Indicators (AQIs) have been developed as tools to enhance transparency, accountability and assessment of AQ. Although it was originally designed for financial auditing, the definitions and application of AQIs vary significantly across jurisdictions. Due to this, their comparability and usefulness to external users is limited. AQIs can be classified into input, process and output indicators. The expansion of the audit scope to ESG information assurance, especially in the context of CSRD requirements, has increased the importance of AQIs as signaling mechanisms for the quality of non-financial assurance. However, the use of AQIs in ESG assurance remains fragmented, insufficiently harmonized, and limited in terms of cross-national comparisons. (Garefalakis et al., 2025).

Despite the growing body of the existing literature on ESG performance and AQ, there are still several limitations that need to be mentioned. We discovered that the present studies provide fragmented evidence and lack a coherent framework of explaining which are the mechanisms through which AQ influences ESG outcomes. We also remarked the fact that the distinction between ESG performance and ESG disclosure is not well integrated into empirical analyses. This is leading sometimes to mixed and inconclusive results. Moreover, we remarked that there is given a very limited attention to sustainability assurance, AC characteristics and AQ indicators in shaping the ESG related outcomes. There is also important to mention that cross-country differences and institutional factors are not sufficiently explored, especially in the context of regulatory frameworks.

Based on these identified gaps, we are addressing through the present research paper, the following research questions:

RQ1: How is ESG performance defined in the literature in relation to AQ?

RQ2: How is analyzed the relationship between ESG performance and AQ in the specialized literature?

RQ3: Which are the results, gaps and future research directions that are identified in the existing literature?

By answering these research questions, the study aims to contribute to a better understanding of how ESG performance is approached in relation to audit AQ, as well as outlining an analytical framework which intends to support future empirical research. Focus will stay on defining mechanisms, results and gaps existing in the literature regarding the relationship between ESG performance and AQ.

Methodology

To make a rigorous analysis on how the literature addresses the relationship between ESG performance and AQ, the methodology adopted follows the steps proposed by (Massaro et al., 2016) for developing an SLR.

The research combines systematic search and selection procedures with a qualitative content analysis of empirical studies. It uses a predefined analytical framework to classify and synthesize the literature on the relationship between ESG performance and AQ. In this study, we managed to define a research protocol, formulate insight–critique–future research questions and select studies in a systematically way. Moreover, we developed an analytical framework and identified gaps and future research directions.

The reason that stands behind choosing this method for the present research paper is because literature on ESG performance and AQ is characterized by conceptual diversity, heterogeneous methodological approaches, and non-convergent empirical results. Thus, a systematic and integrative analysis allows for the synthesis, comparison, and identification of research gaps. The SLR methodology allows for a systematic, transparent, and replicable analysis of the academic literature. This is possible with a clear research protocol, which reduces the risk of subjectivity and ensures a rigorous scientific approach. According to (Massaro et al.,2016), the analysis process was structured into several distinct stages. A first stage was determined by defining the purpose and research questions, followed by the identification and selection of relevant studies, the coding and classification of articles, and the analysis and synthesis of the results.

The analytical framework was designed to answer the research questions by connecting conceptual definitions of ESG performance (RQ 1), empirical approaches that are examining the relation between ESG and AQ (RQ2) and identified results and gaps along with future research directions (RQ3). All this helps ensuring the classification of the literature directly by supporting the study's research objectives.

Research design

The study is built on a structured analysis of the SLR literature, with the objective of systematically synthesizing existing research on the relationship between ESG performance and AQ.

The research design follows a descriptive and exploratory approach. This approach aims to identify the main directions at both the theoretical and empirical levels, the mechanisms analyzed, as well as the gaps that exist in the specialized literature. By applying this rigorous and replicable protocol, the study ensures the coherence of the selection, analysis and classification process of the included articles. Thus achieving the transparency and validity of the results obtained.

The process of selection and collection of data

The literature collection was carried out using the Web of Science (WoS) Core Collection database, selected for its indexing standards and relevance in the field of sustainability auditing and reporting. This choice is aligned with the methodological recommendations for conducting structured literature reviews.

Web of Science was used as the only database for this study because it provides comprehensive coverage of high-quality peer-reviewed journals in accounting, auditing, sustainability and corporate governance fields. Considering the objective of the SLR, to be able to synthesize consolidated academic knowledge, WoS ensures transparency, consistency and the ability to compare the selected studies. It has rigorous indexing standards which supports the reliability of the review process and aligns with the methodological requirements of SLRs.

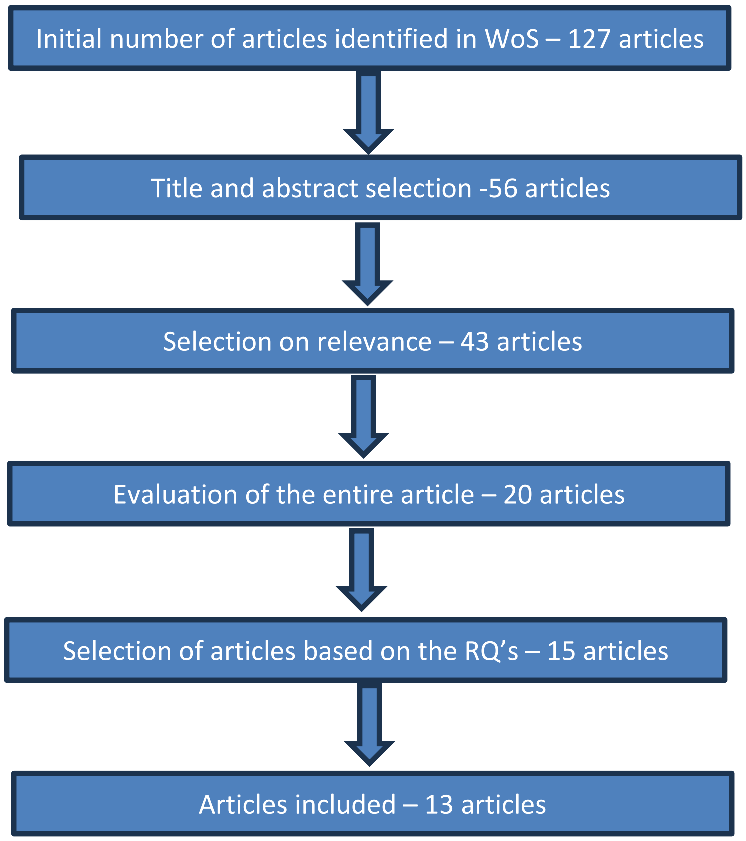
The search strategy was built around the study objectives and used combinations of keywords such as ESG performance, ESG disclosure, AQ, and sustainability reporting, applied to the title, abstract and keyword fields.

The initial search returned 127 articles. No additional filters were applied at the database level. Next, the articles were subjected to a manual selection process, including analysis of titles, abstracts and full-text evaluation. Inclusion criteria were studies that explicitly examine ESG performance or disclosure in relation to AQ or assurance mechanisms, published in peer-reviewed journals. We searched them using keywords, therefor, the following search string was used: "ESG performance, ESG disclosure, Audit quality, sustainability reporting". The search was performed using the title, abstract, and keywords field.

Following the application of the selection criteria, a final sample of 13 articles was obtained, used for detailed analysis and systematic coding, in accordance with the SLR methodology proposed by (Massaro et al., 2016).

Diagram 1 presents the selection process for SLR. Initially, a total of 127 articles were identified in the Web of Science database. This initial search was followed by a selection stage based on the titles and abstracts of the articles. Thus, the selection was narrowed down to a number of 55 articles. After an assessment of the articles from the point of view of their relevance, the selection was again narrowed down to a number of 43 articles. These were subjected to a full-text analysis. In order to align everything with the research questions, a number of 15 articles were selected, of which only 13 met all the inclusion criteria and could therefore be included in the final analysis.

Figure 1. PRISMA- Flow SLR



Source: Authors' own research.

Data analysis

The studies analyzed are empirical studies that are mainly based on panel data and regression analyses. The results indicate a consistent positive relationship between ESG-related activities and economic or governance outcomes. Turning to AQ, we observe that it fulfills a moderating or credibility-enhancing role rather than a direct explanatory one.

The studies included in the analysis highlight the role of audit committees, internal controls or the level of auditor scrutiny in strengthening the reliability of ESG information. These studies also observe the analysis of ESG results without explicitly integrating audit mechanisms. Overall, the literature remains fragmented, with a low level of integration between ESG performance and AQ in a unified analytical framework. This method is suitable for the present study because the literature on ESG performance and audit

In table 1 we can see a synthesis of the 13 analyzed empirical studies. It highlights the utilized methodologies, area of interests and the various role of AQ in its relations to ESG. It also shows the recurrent existing gaps in the literature such as limited integration of audit mechanisms and narrow geographical focus.

Table 1. Synthesis of empirical studies on the relationship between ESG performance and AQ

No.	Author	Year	Journal	Methodology	Focus	ESG-Audit relationship	Identified gaps
1	Duan et al.	2025	Finance Research Letter	Empirical – panel data	ESG disclosure	Positive connection between ESG disclosure and sustainability performance	No audit
2	Garefalakis et al.	2025	Sustainability	Empirical - Regression	AQ indicators	AQIs as a signaling mechanism for ESG	Incomplete ESG-audit integration
3	Hammami & Hendijani Zadeh	2020	IJAIM	Empirical - regression	AQ & ESG	Audit increases ESG credibility	No focus on ESG performance
4	Hazaea et al.	2025	Borsa Istanbul Review	Empirical – panel data	Cost of capital	AQ moderates the ESG–CoC relationship	Geographical limitation
5	Hichri	2023	Review of accounting and finance	Empirical – regression & panel data	Integrated reporting	positive relationship was found between AQ and value relevance	ESG treated aggregate
6	Ji et. al	2024	Research in International Business and Finance	Empirical quantitative analysis	Board faultlines	The board structure conditions the ESG effect	Audit not included
7	Jizi & Thomas	2025	Journal of Accounting & Organizationa l Change,	Empirical – panel data, regression, econometric	Internal control	ESG associated with better internal controls	Audit handled indirectly
8	Metwally et al.	2025	International Journal of Financial Studies	Empirical- panel data, econometric analysis	ESG and firm value	AC and SC strengthen the ESTE–FV relationship	Focus on a single emerging market
9	Saleh et al.	2025	Journal of Financial Reporting and Accounting	Empirical- sample	Ownership and ESG	AQ moderates ESG disclosure	No ESG performance
10	Santonasta so et al.	2025	Business Ethics, the Environment & Responsibility	Empirical – sample, statistics, regression	Audit committee	Reporting quality mediates ESG	Limited to Europe
11	Sulaiman et. al	2025	Asian Review of Accounting	Empirical - regression	Auditor scrutiny	ESG increases audit complexity	Limited geographic coverage
12	Yang et al.	2025	The North American Journal of Economics and Finance	Empirical - regression	ESG materiality	Material ESG explains performance and risk	No audit
13	Zahid et al.	2023	Borsa Istanbul Review	Empirical – panel, statistics	ESG & dividends	AQ moderates ESG–dividends	Voluntary ESG assurance

Source: Authors' own research.

The selected articles were analyzed and coded using a structured analytical framework, which included criteria such as research focus, methodological approach, institutional context, and types of audits and ESG mechanisms investigated. Based on this analytical framework, the information extracted from the articles was synthesized into a descriptive and comparative analysis. This allowed the identification of dominant patterns, convergences, and research gaps regarding the relationship between ESG performance and AQ.

In Table 2 below, we have highlighted that the literature reviewed is dominated by quantitative empirical studies. These investigate the ESG–audit relationship from diverse perspectives with a relative balance between developed and emerging economies.

Table 2. Classification of analyzed studies

Classification criterion	Categories	No of studies
Methodology	Empirical/Quantitative	13
	Theoretical/Conceptual	0
	Qualitative/Mixed	0
Role of AQ	Explanatory variable	4
	Moderating variable	5
	Assurance/Credibility mechanism	2
ESG focus	ESG performance	9
	ESG disclosure	6
Economy type	Developed economies	7
	Emerging economies	6

Source: Authors' own research.

Methodological limitations

Despite the methodological rigor associated with the structural analysis of the literature, this study has certain limitations. These must be taken into account when interpreting the results.

The selection process of articles is influenced by the search criteria set. This influence is also given by the choice of databases, keywords and the period analyzed. This may lead to the omission of relevant contributions published in other sources or in alternative forms of scientific dissemination.

The diversity of definitions and ways of measuring ESG performance and AQ in the existing literature limits the comparability of results and makes it difficult to formulate generalizable conclusions. Also, the predominant focus of the reviewed studies on certain geographical or institutional contexts may reduce the applicability of the conclusions at a global level.

However, the use of a structured and transparent protocol helps to reduce subjectivity in the selection and analysis of the literature. This provides a coherent framework for the synthesis of existing research. The identified limitations highlight the need for future studies to expand the scope of the analysis. These future studies could also integrate diverse methodological perspectives and investigate in more depth the mechanisms linking ESG performance to AQ.

Results and discussions

The structured analysis of the literature highlights the existence of several themes that, although fragmentary, are interconnected and answer the formulated research questions, namely RQ1, RQ2 and RQ3. In essence, this research reveals that there is a positive relationship between ESG performance and economic and governance results. At the same time, AQ has the role of increasing credibility, while the role of internal controls and AC is to strengthen the reliability of information.

The results indicate that the relationship between ESG performance and AQ is complex, and strongly dependent on the institutional context and corporate governance mechanisms.

However, there is a fragmentation of existing contributions, which approach this relationship from various theoretical and methodological perspectives. Failing to provide a coherent and integrated picture of the field, the need to conduct a literature review in a structured and critical manner is felt. This approach allows the systematization of existing research, the identification of the most important directions of analysis together with the emphasis on gaps that can inform future research.

RQ1 - ESG performance in the context of audit quality

The results related to RQ1 show that the literature treats ESG performance as a multidimensional construct, integrated into corporate strategy and closely linked to financial reporting, transparency and risk management processes.

ESG performance is associated with complex accounting estimates and a higher level of audit risk. This increases the importance of assessing the reliability of financial and non-financial information (Sulaiman et al., 2025). ESG disclosure is correlated with risk reduction and improved corporate performance, supported by legitimacy and stakeholder theories (Duan et al., 2025). Materiality-based approaches provide more consistent results in explaining financial performance and risks than simple ESG disclosure scores, highlighting the current limitations generated by the lack of uniform reporting standards (Yang et al., 2025). The present findings clarify the conceptual foundations of RQ 1. It shows the fact that depending on the way ESG performance is defined and measured directly, can affect both audibility and assessment of related audit risk.

RQ2 - Analysis of the relationship between ESG performance and audit quality

Regarding RQ2, the literature highlights that the relationship between ESG performance and AQ is complex and strongly conditioned by corporate governance mechanisms and institutional context. AQ rarely appears as a direct factor of ESG performance. It mainly functions as a growing mechanism of credibility and moderation. It moderates the way in which ESG practices are seen, evaluated and checked by stakeholders.

High-quality audit, frequently operationalized by Big Four membership or audit fee levels, is associated with reduced information asymmetries, limited opportunistic behavior, and a more rigorous assessment of ESG risks (Hazaea et al., 2025). Several studies show that audit acts as a moderating factor in the relationship between ESG performance and cost of capital or dividend policy, especially in developed economies characterized by high levels of ESG reporting (Zahid et al., 2023). The evidence revealed in the present study, suggest that AQ does not take the place of ESG performance. Although, it has the power to condition its economic consequences by moderating the relationships that are between ESG practices, financial conditions and the distribution of outcomes.

RQ3 – Identified gaps in the literature

For RQ3, the results indicate that ESG performance is significantly influenced by internal governance mechanisms, in particular board characteristics and oversight structures. Director expertise, gender diversity and alignment of management incentives with ESG objectives are associated with higher levels of ESG performance and corporate social responsibility (Ji et al., 2024).

Audit and sustainability committees also contribute to increasing the credibility and relevance of ESG reporting, influencing the relationship between ESG disclosure and firm value (Metwally et al., 2025). However, the literature remains fragmented, using different conceptual frameworks and indicators. The application of AQI in ESG assurance is insufficiently harmonized across jurisdictions, which limits the comparability and generalizability of results (Garefalakis et al., 2025). The existing gaps reveal the need for better harmonize measures of AQ. Moreover, it shows the need for cross-country comparative models that can capture the institutional differences in how audit mechanisms can shape the ESG credibility.

Considering all the above related findings regarding RQ1-RQ3, we can see the fact that AQ mainly functions as a growing mechanism of credibility and moderation, rather than a direct factor of performance. The way ESG performance is defined and measured influences both empirical evidence and identified gaps from the existing literature.

Conclusion

The objective of this study was to analyze, using (Masssaro et al., 2016) SLR methodology, the way in which ESG performance is perceived in the specialized literature in relation to AQ. The analysis placed particular emphasis on the mechanisms through which AQ influences ESG performance, having implications for the credibility of ESG reporting and assurance practices.

Considering these, we can state that the existing literature at the moment is fragmented, with the preponderance of studies that use empirical analysis as methodology. If we refer to conceptual definitions, we observe that the analyzed studies reveal significant differences. In relation to RQ1, the specialized literature treats ESG performance as a multidimensional construct that is closely linked to reporting, governance and materiality. Its contribution is to structure the fragmented conceptualizations of ESG performance. In the same time, the role of the audit is treated in the specialized literature as a credibility and moderation mechanism with heterogeneous approaches and empirical results. This highlights the practical relevance of auditors and AC in increasing the credibility of ESG reporting. Moving out focus to RQ 2, the access to financial resources have an influence on ESG investment. They are underscoring the monitoring role of AQ in disciplining the opportunistic. ESG engagement. The motivation behind these investments is not always one of maximizing shareholder profits, being sometimes seen more as an investment in the image and increasing the credibility of companies. In the context of these actions, a significant influence is also the performance of a quality audit that plays the role of exercising rigorous monitoring, thus strengthening investor confidence.

Regarding RQ3, major gaps are identified in the study. They are having massive implications for regulatory bodies and standard initiatives in ESG assurance. First, the literature is dominated by quantitative empirical studies, while conceptual, theoretical approaches are very few. Existing research is fragmented and focused on isolated relationships, without providing a holistic perspective that captures all the interdependencies between ESG and AQ. We can also state that a limited integration of the concept of ESG materiality was noted. This is particularly relevant in the context of regulatory efforts made toward standardization.

This research paper is also subject to some limitations. Among these we can mention the use of a single database along with the predominance of empirical research as well as the contextual and geographical focus within the analyzed specialized literature. The influence of these constraints is to limit the generalizability and transnational comparability of the results.

These limitations should be addressed in future research by integrating multiple databases followed by adopting a more conceptual and qualitative approach as well as incorporating transnational comparative analyses.

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