

# Ethical Disclosure and Transparency in Valuation Reports: A Systematic Review of Reporting Quality Standards

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**Abstract.** Value reports suffer from subjectivity, bias and ethical failure to a degree that belies public confidence and sound decision-making, in the long shadow of which there is insufficient research on value as it is ethically defined. The purpose of this systematic review was to suggest further advancements and interventions, assess policy translation and review barriers for integration as well as recommend future research on ethical valuation reporting. Following a PRISMA-guided systematic review, 17 Scopus articles were combined. The results show that the implementation of IFRS and good corporate governance improve both reporting quality and firm valuation, however some caveats still remain due to vagueness in ethical benchmarks, overloading information as well as insufficient RPTR. The have identified that further experiential evidence is required in order to continue improving praxis, including good governance frameworks humanly realistic metrics applied ethically, RPT complexities and stress-testing IFRS for transparency and robust accountability.

## 1 Introduction

Valuation reports remain controversial because of subjectivity, professional judgment, and the uncertainties inherent in financial forecasting. Overoptimistic fair value estimates may drive negative pricing discounts on investment properties, underscoring the importance of reliable disclosure practices (Ma & Wells, 2024). Ethical concerns, conflicts of interest, and inadequate transparency further undermine public confidence in valuation practices, particularly among firms with weak corporate governance (Charitou et al., 2015; Elkelish, 2017).

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Pressure to satisfy client expectations may create ethical dilemmas, encouraging reporting bias, misrepresentation, and potential financial information manipulation (Haslam et al., 2016; Zouari-Hadiji & Chouaibi, 2021). Inadequate fair value disclosure can consequently restrict stakeholders' access to essential information, compromising financial reporting integrity. Strengthening transparent disclosure mechanisms is therefore critical to improving valuation reliability and accountability (Marta, 2021; Tshipa et al., 2018).

Despite increasing attention to valuation ethics, significant research gaps remain regarding the effectiveness of ethical reporting guidelines, particularly within the International Valuation Standards (IVS). Existing studies have insufficiently examined how ethical violations influence valuation processes or how specific reporting standards might mitigate professional misconduct. Although previous research recognizes the importance of high-quality fair value disclosures, comprehensive evaluations of ethical reporting frameworks remain limited (Haslam et al., 2016; Ma & Wells, 2024; Sangchan et al., 2020; Zouari-Hadiji & Chouaibi, 2021).

Furthermore, quality assurance mechanisms, including whistleblower policies, remain underutilized in promoting ethical accountability (de Villiers & Dimes, 2021; Sen, 2023). Client-related pressures complicate professional independence, highlighting the need for institutional safeguards and clearer disclosure requirements. Consequently, systematically consolidating existing evidence is essential to identifying weaknesses in prevailing valuation practices and strengthening stakeholder confidence (Elkelish, 2017; Marta, 2021).

Addressing these deficiencies requires innovative reporting frameworks that integrate ethical safeguards with emerging technologies, particularly artificial intelligence (AI). Explainable AI (XAI), supported by error-reporting mechanisms, offers opportunities to improve valuation transparency, accuracy, and stakeholder understanding (Sangchan et al., 2020; Zouari-Hadiji & Chouaibi, 2021). Broader datasets, diversified forecasting models, and adaptive regulatory frameworks may further enhance financial transparency and valuation relevance (de Villiers & Dimes, 2021; Elkelish, 2017). Lessons from corporate governance failures and ethical misconduct also provide essential foundations for strengthening market stability and investor confidence (Liapis & Politis, 2018; Mear et al., 2020; Tshipa et al., 2018).

Against this background, this systematic literature review critically examines ethical disclosure and transparency in valuation reporting, focusing on professional bias, conflicts of interest, client pressures, and limitations within existing standards. The study aims to identify regulatory and implementation challenges, evaluate ethical safeguards and technological opportunities, and propose evidence-informed recommendations for improving reporting guidelines. By synthesizing existing research, this study seeks to contribute to valuation scholarship while providing practical insights for professional bodies, regulators, and practitioners seeking to strengthen ethical accountability, reporting credibility, and public trust.

## **2 Methodology**

## **2.1 Protocol and Reporting**

Studies were selected based on predefined eligibility criteria, focusing on ethical disclosure, transparency, reporting standards, professional bias, conflicts of interest, client pressure, and financial reporting reliability in valuation practices. Non-peer-reviewed publications, studies with inadequate methodological quality, and research unrelated to these themes were excluded. Seventeen eligible studies were included in the final review.

## **2.2 Eligibility Criteria and Study Selection**

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## **2.3 Data Sources and Search Strategy**

A systematic search was conducted in Scopus on February 10, 2026, using the following query:

TITLE-ABS-KEY("ethical" OR "ethics" OR "transparency" OR "disclosure") AND TITLE-ABS-KEY("valuation" OR "appraisal" OR "valuation report") AND TITLE-ABS-KEY("reporting quality" OR "reporting standard" OR "professional standard")

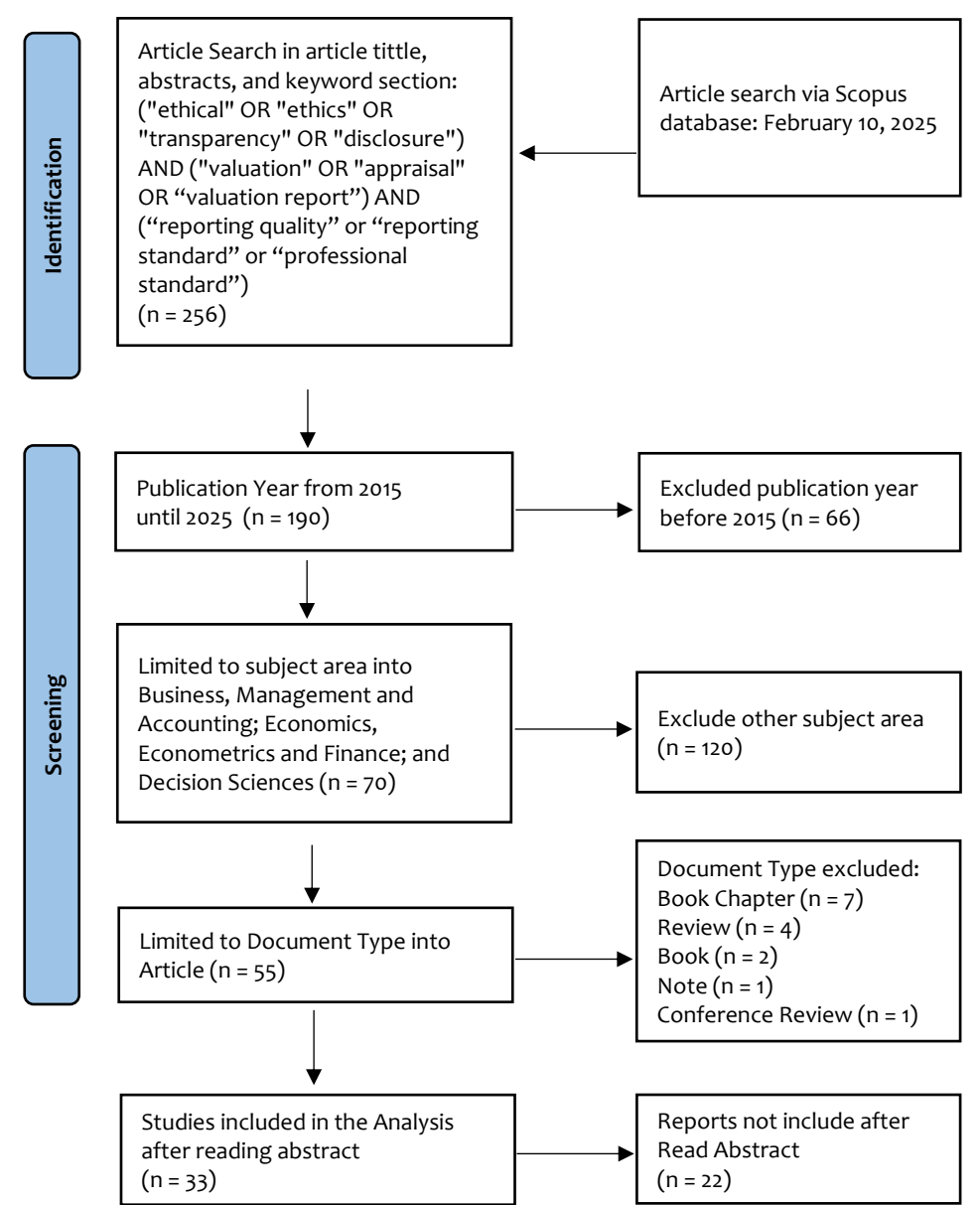
The search initially identified 256 records, reduced to 190 after restricting publication years to 2015–2025. Filtering by subject areas (Business, Management and Accounting; Economics, Econometrics and Finance; and Decision Sciences) yielded 70 records, further reduced to 55 journal articles. Title and abstract screening identified 33 potentially relevant studies, and full-text assessment confirmed 17 met the eligibility criteria. Reference lists were also examined for additional relevant literature.

## **2.4 Data Extraction and Risk of Bias Assessment**

Two reviewers independently extracted study characteristics, objectives, methodologies, key findings, and recommendations using a standardized form. Methodological quality and risk of bias were assessed using appropriate appraisal tools, such as the Mixed Methods Appraisal Tool (MMAT). Disagreements were resolved through discussion or consultation with a third reviewer.

2.5 Data Synthesis

A narrative synthesis supported by thematic analysis was employed to identify recurring patterns, conceptual themes, and inconsistencies across the included studies. The synthesis focused on ethical disclosure, transparency, reporting quality, professional bias, conflicts of interest, and client influence on valuation reliability. The PRISMA flow diagram summarizes the study selection process.



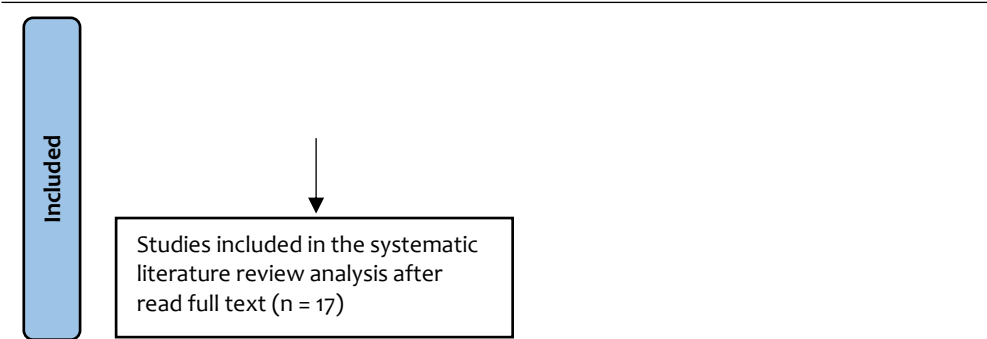


Fig 1. Filtering and data selection process by PRISMA (Processed by Author, 2026).

3 Results and Discussion

3.1 Results

The current systematic review synthesizes the results thematically in Table 1 at the beginning of the results section. The purpose of this table is to organize and present the evidence in discrete sub-sections; it does not describe the literature about ethical disclosure and transparency within valuation reports before findings are reported.

Table 1. Thematic Synthesis of Ethical Disclosure and Transparency in Valuation Reports.

| Sub-section                                     | Key References (Authors & Year)                                                                                                                                                                                                 | Area of Discussion                                                                                   |
|-------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------|
| Innovations in Reporting Quality Standards      | Ma & Wells (2024); Sangchan et al. (2020); de Villiers & Dimes (2021); Sampaio et al. (2020); Zouari-Hadiji & Chouaibi (2021); Elayan et al. (2016); Haslam et al. (2016); Sen (2023); Fang et al. (2017); Tshipa et al. (2018) | Fair value measurement, IFRS adoption, disclosure quality, corporate governance, valuation relevance |
| Targeted Interventions for Biases and Conflicts | ElKelish (2017); Sen (2023); Mear et al. (2020); Iqbal et al. (2020); Fang et al. (2017); Zouari-Hadiji & Chouaibi (2021); Charitou et al. (2015); Tshipa et al. (2018); de Villiers & Dimes (2021); Flagmeier & Muller (2024)  | Conflict of interest mitigation, audit quality, disclosure reforms, bias reduction, valuation impact |
| Policy Implementation and Public Trust          | de Villiers & Dimes (2021); Sampaio et al. (2020); Zouari-Hadiji & Chouaibi (2021); Elayan et al. (2016); ElKelish (2017); Marta (2021); Sen (2023); Iqbal et al. (2020)                                                        | Transparency enforcement, governance credibility, investor trust, risk disclosure, market confidence |
| Challenges in Ethical Disclosure Integration    | Zouari-Hadiji & Chouaibi (2021); de Villiers & Dimes (2021); Charitou et al. (2015); Marta (2021); Liapis & Politis (2018); ElKelish (2017); Fang et al. (2017); Sen (2023)                                                     | Disclosure inconsistency, information overload, standardization gaps, governance weakness            |



| Sub-section                                | Key References (Authors & Year)                                                                                                                                                             | Area of Discussion                                                                                      |
|--------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------|
| Future Research and Development Directions | de Villiers & Dimes (2021); Tshipa et al. (2018); Zouari-Hadiji & Chouaibi (2021); Elayan et al. (2016); ElKelish (2017); Haslam et al. (2016); Charitou et al. (2015); Iqbal et al. (2020) | Governance frameworks, ethical metrics, IFRS stress-testing, comparative studies, longitudinal analysis |

A rigorous study of Table 1 uncovers a complex world of ethical disclosure and transparency in valuation reports, where qualitative improvements in reporting standards including fair value measurement under IFRS 13, the adoption of global standards such as IFRS, and strong corporate governance are associated with improved disclosure quality and valuation reliability (as demonstrated by research on optimistic input leading to price discounts, future cash flow signaling in real estate, and reduced valuation gaps for firms with lower governance). This foundation leads to consideration of specific remedies for biases and conflicts, focusing on mitigating conflict, improving audit quality (especially judgment), and making disclosures that neutralize client influence while minimizing valuation misrepresentation, thereby elevating overall trustworthiness.

Facilitating public trust building via policy implementation In addition to strengthening public trust by implementing transparent enforcement, governance credibility and risk disclosures that enhance investors’ confidence and market stability, however long-standing difficulties in the integration of ethical disclosure, including inconsistency problems, information overload phenomenon, standardization lacunae and governance weaknesses, highlight challenges to policy implementation & potential for bias. These themes together reflect a dialectic tension and coexistence between progress and obstacles, resulting in calls for further studies on advanced governance systems, ethics-based metrics, IFRS stress-testing analysis, comparative research and longitudinal investigations towards resolving discrepancies vertically to the financial reporting integrity.

3.2 Discussion

3.2.1 Innovations in Reporting Quality Standards

Corporate reporting continues to evolve through regulatory reforms, technological developments, and increasing stakeholder expectations. Among these developments, International Financial Reporting Standards (IFRS), particularly IFRS 13, have strengthened fair value measurement and disclosure requirements. However, (Ma & Wells, 2024) found that investment properties valued using Level 3 inputs may experience substantial pricing discounts when optimistic assumptions undermine valuation credibility. This highlights the importance of transparent disclosures in mitigating information asymmetry and valuation uncertainty.

Similarly, Sangchan et al. (2020) showed that fair value adjustments in Australian property companies provide information relevant to future cash flows, particularly for

debtholders. Nevertheless, disclosure effectiveness depends on governance quality and institutional conditions. (de Villiers & Dimes, 2021) emphasized that corporate governance reporting is shaped by regulatory pressures, organizational culture, and financial performance, requiring an integrated approach to disclosure quality.

International reporting convergence also influences market valuation. (Sampaio et al., 2020) found that mandatory IFRS adoption improved firm valuations in Brazil, particularly among companies with weaker pre-adoption governance. Ethical performance further contributes to financial credibility, as stronger corporate ethics are associated with lower equity capital costs (Zouari-Hadiji & Chouaibi, 2021). Consistently, (Elayan et al., 2016) identified positive market reactions to improvements in corporate ethical performance.

However, reporting reforms require continuous evaluation. (Haslam et al., 2016). Haslam et al. (2016) advocated stress-testing IFRS frameworks to address potential moral hazards and financial stability concerns. Similarly, (Sen, 2023) emphasized the importance of effective auditing and disclosure environments in strengthening investment confidence. (Fang et al., 2017) demonstrated that high-quality auditors improve financial reporting among group-affiliated firms, although governance practices may differ across organizational structures. Evidence from South Africa further indicates that flexible governance disclosures influence the value relevance of accounting information (Tshipa et al., 2018).

### *3.2.2 Targeted Interventions for Biases and Conflicts*

Addressing professional bias and conflicts of interest requires targeted interventions combining regulatory enforcement, independent auditing, and corporate governance improvements. Inadequate related-party transaction (RPT) disclosures may negatively affect firm valuation, illustrating the economic consequences of insufficient transparency (Elkelish, 2017). Strengthening auditing and disclosure frameworks can also complement fiscal incentives in attracting sustainable investment (Sen, 2023).

Nevertheless, intervention effectiveness depends on reporting relevance and institutional conditions. (Mear et al., 2020) questioned whether deferred tax disclosures under IAS 12 adequately represent economic realities, indicating the need for more meaningful standards. (Iqbal et al., 2020) demonstrated that stronger market competition improves analysts' forecast quality, suggesting that external market pressures can encourage accountability. Internal governance mechanisms are equally important, as high-quality external auditors improve reporting reliability and reduce agency-related concern (Fang et al., 2017).

Ethical governance offers additional economic benefits. (Zouari-Hadiji & Chouaibi, 2021) associated stronger ethical performance with lower equity capital costs, reinforcing the financial relevance of ethical interventions. However, regulatory reforms may produce unintended consequences. (Charitou et al., 2015) found unfavorable valuation consequences following IFRS adoption among firms facing greater compliance and financial difficulties.

Contextual differences further complicate intervention effectiveness. (Tshipa et al., 2018) demonstrated the value relevance of flexible governance disclosures in South

Africa, while (de Villiers & Dimes, 2021) emphasized institutional and cultural influences on governance reporting. Accordingly, broader multidimensional assessments of financial reporting quality are necessary to evaluate intervention outcomes (Flagmeier & Müller, 2024).

### 3.2.3 Policy Implementation and Public Trust

Effective policy implementation is fundamental to strengthening public trust in financial reporting and corporate governance. Transparent governance structures, independent oversight, and reliable disclosures contribute to stakeholder confidence by reducing information asymmetry and perceived investment risks (de Villiers & Dimes, 2021). Similarly, mandatory IFRS adoption has been associated with improved corporate valuation, particularly in environments characterized by initially weaker governance practices (Sampaio et al., 2020).

Ethical performance further reinforces investor confidence. (Zouari-Hadiji & Chouaibi, 2021) demonstrated that stronger corporate ethics are associated with lower equity capital costs, while (Elayan et al., 2016) linked improvements in ethical performance to favorable market valuation. These findings suggest that ethical reporting creates economic value beyond regulatory compliance.

However, transparency policies do not automatically guarantee stakeholder trust. Insufficient RPT disclosure can undermine firm value and governance credibility (Elkelish, 2017). Conversely, excessive quantitative risk disclosures may produce information overload and negatively affect valuation outcomes (Marta, 2021). Thus, effective implementation requires balancing disclosure completeness with clarity, relevance, and accessibility.

### 3.2.4 Challenges in Ethical Disclosure Integration

Integrating ethical disclosure into financial reporting presents challenges involving measurement consistency, governance effectiveness, regulatory compliance, and stakeholder expectations. Although stronger ethical performance is associated with lower equity capital costs, the absence of standardized ethical indicators complicates comparability and disclosure assessment (Zouari-Hadiji & Chouaibi, 2021).

Corporate governance structures significantly influence how ethical considerations are incorporated into reporting practices (de Villiers & Dimes, 2021). However, mandatory reporting reforms may generate unintended financial consequences, particularly among firms insufficiently prepared for regulatory adjustments (Charitou et al., 2015). Excessive disclosure requirements can also reduce information usefulness by overwhelming stakeholders rather than improving their understanding (Marta, 2021).

Conflicts of interest represent another substantial obstacle. Inadequate RPT disclosures may conceal governance weaknesses and undermine valuation credibility (Liapis & Politis, 2018). Evidence from the United Arab Emirates similarly indicates that insufficient transparency surrounding related-party transactions adversely affects firm value (Elkelish, 2017).

Organizational differences further contribute to inconsistent disclosure practices. (Fang et al., 2017) demonstrated that group affiliations influence auditor selection and reporting quality, indicating variations in governance incentives. Meanwhile, (Sen, 2023) emphasized that credible investment environments require transparent reporting mechanisms alongside financial incentives.

These challenges reveal a fundamental tension among disclosure quantity, ethical accountability, and the usefulness of information. Addressing them requires standardized ethical indicators, stronger conflict-of-interest safeguards, proportionate reporting requirements, and independent verification mechanisms. Such integration should prioritize meaningful transparency rather than procedural compliance alone.

### **3.2.5 Future Research and Development Directions**

Future research should examine how governance mechanisms, ethical disclosure practices, and regulatory frameworks jointly influence valuation credibility and stakeholder confidence. (de Villiers & Dimes, 2021) recommended integrated approaches to understanding governance disclosure determinants and outcomes, suggesting opportunities for mixed-method and cross-cultural investigations.

Comparative research is particularly relevant for identifying institutional differences between developed and emerging markets. (Tshipa et al., 2018) highlighted the importance of contextual governance practices in determining financial information relevance, supporting further longitudinal assessments of regulatory effectiveness.

The financial implications of ethical reporting also require deeper investigation. (Zouari-Hadiji & Chouaibi, 2021) established associations between corporate ethics and equity capital costs, while (Elayan et al., 2016) demonstrated relationships between ethical performance and market valuation. Future studies could investigate the mechanisms through which ethical disclosure influences investor behavior, organizational reputation, and long-term competitiveness. RPT transparency remains another important research priority. Findings by (Elkelish, 2017) suggest opportunities to compare disclosure effectiveness across institutional environments and develop stronger safeguards against conflicts of interest.

Further investigation should also address IFRS implementation and financial stability. (Haslam et al., 2016) emphasized the need to evaluate moral hazards associated with financialized accounting practices, while (Charitou et al., 2015) identified potential valuation and default-risk implications of mandatory IFRS adoption. These concerns warrant longitudinal research examining regulatory trade-offs and institutional preparedness. Finally, (Iqbal et al., 2020) demonstrated that market competition influences analysts' forecast quality, providing opportunities to examine sectoral and geopolitical variations in forecasting reliability.

Collectively, future research should prioritize comparative and longitudinal designs, standardized ethical disclosure indicators, and empirical assessments of governance interventions. Emerging technologies, including explainable artificial intelligence, also warrant investigation as potential instruments for improving valuation transparency, detecting reporting inconsistencies, and strengthening ethical accountability. Such

developments could support evidence-based reporting frameworks that balance technological innovation, regulatory effectiveness, and public trust.

## 4 Conclusion

This systematic review of 17 studies highlights the critical role of ethical disclosure, reporting standards, and corporate governance in strengthening valuation transparency and stakeholder confidence. Findings indicate that IFRS adoption, particularly IFRS 13, and effective governance are associated with improved reporting quality, firm valuation, and reduced equity capital costs. However, inconsistent ethical metrics, governance weaknesses, information overload, and inadequate related-party transaction disclosures continue to undermine reporting credibility. These challenges underscore the need for standardized ethical indicators, independent oversight, and context-sensitive disclosure policies that balance transparency with relevant information. Future research should prioritize longitudinal and cross-country assessments of governance effectiveness, the financial implications of ethical disclosure, related-party transaction transparency, and IFRS adaptability. Ultimately, ethical valuation reporting requires more than regulatory compliance; it demands consistent accountability, meaningful disclosure, and continuous improvement to sustain investor confidence and market integrity.

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