JOURNAL OF MANAGEMENT AND BUSINESS SOLUTIONS

Identifying the Components of Sustainability Reporting in the Cosmetics and Personal Care Industry

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ABSTRACT

Sustainability reporting is considered a key instrument for increasing transparency, promoting social responsibility, and improving organizational performance in the cosmetics and personal care industry. The purpose of this study was to identify the main components of sustainability reporting in this industry and to present an integrated framework. The research method was based on a systematic review of domestic and international studies, and the data were collected from scientific sources and relevant reports. The findings indicate that sustainability reporting is a multidimensional process influenced by the environment and legal requirements, organizational structure and management, the quality and transparency of financial reporting, and social responsibility and innovation. The results of the study present a four-component framework consisting of "environment and institutional framework," "organizational structure and management," "financial and sustainability performance and reporting," and "social responsibility and innovation," which can help companies operating in the cosmetics and personal care industry design and implement their sustainability policies and practices in a comprehensive and targeted manner. This framework also provides a basis for future research in the field of accounting and sustainability reporting.

Keywords: sustainability reporting, cosmetics and personal care industry, corporate social responsibility, environmental sustainability, corporate governance, international standards.

Introduction

Sustainability reporting has become one of the most important mechanisms through which contemporary organizations communicate their environmental, social, governance, and economic responsibilities to stakeholders. In recent decades, the increasing intensity of environmental degradation, social inequality, stakeholder activism, climate-related risks, ethical consumption, and global regulatory pressures has transformed sustainability reporting from a peripheral voluntary practice into a central component of corporate accountability and strategic management. Organizations are now expected not only to generate financial value, but also to disclose how they create, preserve, or erode environmental and social value across their operations and supply chains. This shift has expanded the traditional boundaries of accounting and reporting and has required firms to integrate sustainability-related information into their governance systems, financial disclosure practices, risk management processes, and long-term strategic planning. Sustainability reporting is therefore not merely a technical disclosure exercise; it is a

Article history:
Received 13 April 2026
Revised 30 June 2026
Accepted 07 July 2026
Initial Publish 24 July 2026
Published online 01 May 2027

How to cite this article:
Akbari, M., Rashidi Baghi, M., & Moslemi, A. (2027). Identifying the Components of Sustainability Reporting in the Cosmetics and Personal Care Industry. *Journal of Management and Business Solutions, 5*(3), 1-16. https://doi.org/10.61838/jmbs.375

multidimensional managerial process that links corporate governance, stakeholder engagement, environmental stewardship, social responsibility, financial transparency, and organizational legitimacy (1-3).

The theoretical and practical importance of sustainability reporting lies in its ability to reduce information asymmetry between companies and their stakeholders. Traditional financial reporting primarily reflects monetary performance, profitability, and financial position, while sustainability reporting extends organizational accountability to non-financial dimensions such as environmental impacts, social outcomes, human capital, governance quality, ethical behavior, innovation, and long-term resilience. This broader disclosure orientation is particularly important in industries whose activities directly affect public health, consumer well-being, natural resources, waste generation, chemical safety, packaging, biodiversity, and supply-chain labor conditions. As sustainability concerns become more integrated into investment decisions, consumer preferences, public policy, and corporate reputation, companies are increasingly required to demonstrate how their activities contribute to sustainable development goals and how they manage the risks arising from environmental and social challenges (2, 4, 5).

In this context, sustainability reporting plays a strategic role in linking sustainable development priorities with corporate performance. Studies have shown that sustainability reporting can serve as a bridge between organizational strategy and the Sustainable Development Goals by translating broad sustainability commitments into measurable disclosures, indicators, targets, and accountability mechanisms. However, the effectiveness of this process depends on the quality, comparability, reliability, and transparency of the information disclosed. Merely publishing sustainability reports does not guarantee meaningful accountability; rather, the value of sustainability reporting depends on the extent to which reports reflect material issues, credible data, stakeholder expectations, governance structures, and actual performance outcomes. Consequently, organizations need coherent reporting models that identify the core components of sustainability reporting and organize them within a systematic framework (2, 6, 7).

The movement from voluntary to mandatory sustainability reporting has further increased the significance of identifying robust reporting components. In many jurisdictions, sustainability reporting has historically been driven by voluntary initiatives, corporate reputation concerns, stakeholder pressure, and market expectations. However, recent regulatory developments indicate a global trend toward mandatory sustainability disclosure, particularly with regard to environmental impacts, climate-related risks, governance practices, and Sustainable Development Goal reporting. This transition has created a need for organizations to move beyond fragmented disclosure and develop structured reporting systems capable of meeting regulatory requirements while also supporting strategic decision-making. Mandatory reporting can improve transparency, but it also creates challenges related to standardization, data collection, internal control, assurance, and organizational readiness (8-10).

Corporate governance is one of the central foundations of high-quality sustainability reporting. Effective governance mechanisms can strengthen accountability, improve disclosure quality, reduce opportunistic behavior, and ensure that sustainability information is embedded in decision-making processes rather than treated as symbolic communication. Boards of directors, audit committees, sustainability committees, internal control systems, and executive leadership all influence the credibility and completeness of sustainability reporting. Research on mandatory sustainability reporting quality has emphasized that sustainable corporate governance plays a decisive role in shaping the quality of sustainability disclosures, particularly when firms face increasing regulatory and stakeholder scrutiny (9). Similarly, studies on strategic management accounting and sustainability reporting show that governance, social, and environmental dimensions are interdependent and that sustainability reporting should be viewed as part of a broader strategic management accounting system rather than as an isolated disclosure activity (3).

In addition to governance, organizational structure and internal management systems are critical determinants of sustainability reporting. Sustainability disclosure requires the coordination of multiple organizational units, including accounting, finance, operations, human resources, legal affairs, environmental management, marketing, supply-chain management, and corporate communications. Without appropriate internal structures, firms may struggle to collect reliable sustainability data, establish reporting responsibilities, monitor performance indicators, and align sustainability goals with operational processes. Internal control systems are also essential for strengthening the reliability of sustainability information and reducing the risk of incomplete or misleading disclosure. In this regard, organizational accountability, managerial transparency, and mechanisms such as whistleblowing can contribute to enhanced reporting integrity and managerial responsibility (11). Therefore, sustainability reporting depends not only on external standards and stakeholder expectations, but also on the internal organizational capacity to produce, verify, and communicate sustainability information.

Another major component of sustainability reporting is the quality of financial and non-financial information. The expansion of sustainability reporting does not reduce the importance of financial reporting; rather, it increases the need for integration between financial and sustainability information. Investors and other stakeholders increasingly seek to understand how environmental, social, and governance factors affect firm value, cost of capital, financial risk, market growth, and long-term profitability. Empirical evidence suggests that sustainability performance and disclosure can influence firm value, especially when reporting quality, disclosure scores, and firm size are considered (12). Other studies indicate that environmental performance reporting may be associated with financing conditions, including the cost of debt, particularly when corporate reputation is taken into account (13). These findings demonstrate that sustainability reporting is not separate from financial performance; rather, it contributes to the financial interpretation of organizational risk, value creation, and market legitimacy.

The relationship between sustainability reporting and investor behavior is also becoming increasingly important. Investors are progressively incorporating sustainability information into their assessments of firm risk, ethical orientation, future performance, and alignment with sustainable development principles. Sustainability reporting can influence investor sentiment by providing signals about corporate responsibility, environmental risk management, governance quality, and long-term strategic orientation (5). At the same time, corporate finance is increasingly expected to support not only shareholder wealth maximization but also sustainable growth, requiring firms to reconcile financial objectives with environmental and social responsibilities (14). Accordingly, high-quality sustainability reporting can contribute to financial decision-making by clarifying how companies balance profitability, risk management, social legitimacy, and sustainable growth.

Environmental disclosure constitutes one of the most visible and consequential aspects of sustainability reporting. Environmental information in financial and corporate reporting may include data on resource consumption, emissions, waste management, energy use, environmental costs, ecological risks, environmental liabilities, and compliance with environmental standards. Disclosure of environmental information is particularly important because environmental impacts often extend beyond the boundaries of the firm and affect communities, ecosystems, consumers, and future generations (15). In industries such as cosmetics and personal care, environmental issues are especially salient due to raw material sourcing, water consumption, plastic packaging, chemical ingredients, animal testing concerns, waste generation, carbon emissions, and product life-cycle impacts.

Therefore, sustainability reporting in this industry must be capable of capturing environmental performance and translating it into transparent, comparable, and decision-useful information.

Social and environmental reporting is also shaped by institutional contexts. In developing countries and emerging markets, institutional voids, weak enforcement mechanisms, limited regulatory capacity, and fragmented reporting norms may affect the quality and scope of sustainability disclosure. Research indicates that social and environmental reporting practices are influenced by institutional conditions and that firms operating in environments with institutional gaps may face distinctive challenges in implementing sustainability reporting systems (16). Similarly, public-sector accounting literature has emphasized that sustainability and environmental change reporting pose significant challenges for accountants, particularly in contexts where reporting standards, professional capacity, and accountability structures are still developing (10). These challenges highlight the need to identify context-sensitive components of sustainability reporting that can be adapted to specific industries and institutional environments.

The development of sustainability reporting models has been examined in different sectors, and these studies provide important insights for designing industry-specific frameworks. For example, coherent sustainability reporting models for corporations emphasize the integration of environmental, social, economic, and governance dimensions into a structured reporting system (6). Research in the insurance industry has identified sector-specific components of sustainability reporting and has shown that industry characteristics influence the content and prioritization of sustainability disclosures (17). Studies on higher education institutions have proposed sustainability reporting assessment tools, demonstrating that reporting frameworks must reflect the mission, stakeholders, and operational characteristics of each sector (18). Similarly, research on public value reporting in electric utilities highlights the importance of aligning sustainability reporting with sector-specific public responsibilities and value creation mechanisms (19). These studies collectively suggest that sustainability reporting cannot be fully understood through a generic model; rather, each industry requires a framework that reflects its distinctive risks, responsibilities, stakeholders, and sustainability priorities.

The cosmetics and personal care industry has characteristics that make sustainability reporting particularly important. This industry interacts directly with consumers and is closely connected with issues of health, safety, environmental protection, ethical sourcing, biodiversity, packaging sustainability, product transparency, animal welfare, social image, and brand trust. Consumer awareness regarding sustainable consumption has increased significantly, and companies in beauty, cosmetics, and personal care markets are increasingly evaluated based on their environmental and social conduct. Although research on luxury fashion brands has shown that sustainability reporting practices can serve as tools for legitimacy, differentiation, stakeholder communication, and brand positioning (20), similar concerns are also relevant to cosmetics companies, whose products are embedded in lifestyle, identity, health, and ethical consumption. The symbolic and consumer-facing nature of the industry intensifies the need for credible sustainability disclosure because reputational risks can arise rapidly when firms are perceived as engaging in greenwashing or insufficient transparency.

Sustainable innovation is another essential dimension of sustainability reporting. Firms increasingly use green innovation practices, digital technologies, and new business models to improve sustainability performance and disclose their contributions to sustainable development. Research has shown that green innovation practices and reporting can mediate or strengthen the relationship between firm-level Sustainable Development Goals and financial performance (21). In addition, artificial intelligence is now emerging as a powerful tool for sustainable accounting, environmental impact assessment, data analytics, and reporting automation. AI-based models can support sustainability reporting by improving data collection, environmental measurement, predictive analysis, scenario evaluation, and reporting accuracy (22). For the cosmetics industry, technological innovation may contribute to sustainable formulation, packaging redesign, supply-chain traceability, carbon accounting, and consumer-facing transparency systems. Therefore, technology and innovation should be considered core components of sustainability reporting frameworks.

Sustainability reporting also requires attention to intellectual capital, organizational learning, and intangible resources. Contemporary sustainability challenges are not limited to physical resources and environmental indicators; they also involve knowledge systems, employee capabilities, relational capital, innovation capacity, organizational culture, and managerial competencies. The expansion of contextual axes in sustainable intellectual capital reporting indicates that organizations must account for the intangible capacities that enable sustainable value creation (23). In the cosmetics and personal care industry, intellectual capital may include research and development capabilities, scientific knowledge of ingredients, sustainable product innovation, brand reputation, consumer trust, supplier relationships, employee expertise, and ethical culture. These intangible assets can significantly influence sustainability performance and should be reflected in a comprehensive reporting model.

Another important issue is the appropriateness and relevance of sustainability reporting items under specific corporate citizenship strategies. Research extending the resource-advantage theory to sustainable reporting under green corporate citizenship strategies suggests that the selection of sustainability reporting instances should be aligned with corporate strategy, competitive advantage, and environmental responsibility (24). This perspective is especially relevant for cosmetics firms, which often compete through brand differentiation, ethical claims, environmental commitments, and consumer trust. A reporting framework for this industry should therefore not only list disclosure items but also explain how these items relate to corporate strategy, market positioning, and sustainable value creation.

Despite the growing body of research on sustainability reporting, several gaps remain. First, much of the literature addresses sustainability reporting at a general corporate level or within sectors such as oil and gas, higher education, insurance, public utilities, and fashion, while the cosmetics and personal care industry has received less systematic attention (4, 17, 18, 20). Second, existing studies often focus on specific dimensions such as environmental disclosure, governance quality, investor sentiment, financial performance, or artificial intelligence, whereas fewer studies provide an integrated framework that combines institutional, organizational, financial, environmental, social, and technological components (5, 9, 15, 22). Third, sustainability reporting frameworks need to be adapted to industry-specific realities, particularly in consumer-facing sectors where legitimacy, transparency, safety, innovation, and environmental responsibility are closely connected.

Accordingly, a systematic identification of sustainability reporting components in the cosmetics and personal care industry can contribute to both theory and practice. From a theoretical perspective, such a framework can enrich the sustainability accounting and management literature by clarifying the relationships among institutional pressures, governance structures, reporting quality, environmental performance, social responsibility, innovation, and stakeholder well-being. From a practical perspective, it can guide managers, accountants, sustainability officers, auditors, regulators, and investors in designing more coherent and comprehensive reporting systems. It can also help firms avoid fragmented or symbolic disclosures by aligning sustainability reporting with strategic management, internal control, corporate governance, financial reporting quality, and sustainable innovation.

Therefore, identifying the components of sustainability reporting in this industry is a necessary step toward improving transparency, accountability, comparability, and sustainable value creation.

The aim of this study is to identify and synthesize the main components of sustainability reporting in the cosmetics and personal care industry and to present an integrated framework that organizes these components into coherent institutional, organizational, financial, social, environmental, and innovation-related dimensions.

Methods and Materials

In general, research methods in the behavioral sciences can be classified according to two criteria: the research objective and the method of data collection. In terms of objective, this study is applied research, and in terms of method, it is descriptive and correlational. This study is descriptive because its purpose is to provide an objective, realistic, and systematic description of events, phenomena, and issues related to the research domain. Descriptive research refers to studies whose purpose is to describe the conditions or phenomena under investigation. This study is among applied studies and was designed for sustainability reporting in the cosmetics and personal care industry. Given the lack of access to a laboratory setting, it is also classified as descriptive research. In terms of its nature, the study is also considered evaluative research. The required information and data in this study were collected through a library-based method. The information needed to develop the theoretical foundations of the research, which constitutes an important stage of any research work, was reviewed by referring to various academic and research centers and by studying reputable domestic and international scientific journals, available collections of articles, reports, results of studies, research projects, and previous research records. In addition, the Internet and relevant websites were used to extract and apply the required materials. Content analysis was used to analyze the information.

Findings and Results

This qualitative study was conducted among studies and research works carried out on sustainability reporting in the cosmetics and personal care industry, and qualitative content analysis with a conventional approach was used to analyze the data. The method of the present study is descriptive-analytical and is based on content analysis. Content analysis is a method that refers to any systematic and objective technique for extracting the characteristics of a message.

Step One: Formulating the Research Question. The research questions, along with the parameters examined, are specified below.

Study population: Studies in the field of sustainability reporting in the cosmetics and personal care industry

Nature of the task: What are the components of sustainability reporting in the cosmetics and personal care industry?

Time limitation: 2025–2026

Methodology: Documentary analysis, identification and coding, concept and code generation, and categorization of codes

Step Two: Systematic Review of the Literature. In this step, all texts related to the research objectives were reviewed. Studies eligible for inclusion in the meta-synthesis analysis were selected. In meta-synthesis studies, secondary data generated through qualitative methods in the subject area of the research are used to collect research data.

Step Three: Selecting Appropriate Categories. At this stage, the researcher must evaluate the quality of the sources stored based on the selected keywords related to sustainability reporting in the cosmetics and personal care industry.

Step Four: Extracting Information from Texts. At this stage, using the qualitative meta-study method, namely meta-synthesis, the researcher must select one of the nine methods of this approach according to the nature of the subject and the sources collected. In this study, content analysis was used as the method for extracting information from the final sources.

In qualitative analysis, the aim is to understand phenomena from the perspective of participants and within their specific institutional and social context; this aim is overlooked when findings are quantified. Qualitative analysis may be positivist, interpretive, or critical. Rather than measuring and evaluating organizational phenomena, qualitative analysis deals with their meaning.

Qualitative research processes assume that organizational realities are not fixed and definite; rather, they are the outcome of the projection of human perception. Those who prefer qualitative research argue that, in order to discover new knowledge, direct intervention in organizations and the use of human emotions to interpret organizational phenomena are necessary.

The coding stages used in qualitative analysis include open coding based on the categories extracted from the preliminary review of the theoretical foundations of the study, axial coding, and selective coding.

Step Five: Analysis, Interpretation, and Synthesis of Qualitative Findings. In the fifth step, after extracting information in the previous step based on the content analysis method, the qualitative findings derived from previous studies were analyzed, interpreted, and synthesized in order to present an integrated and systematic interpretation with a novel approach (Sandelowski & Barroso, 2007). Accordingly, all identified codes were categorized into groups with similar concepts according to their meanings. The following table presents the codes and categories of the first-stage research components using a comparative approach:

Table 1. Codes and Categories of the First-Stage Research Components

Sustainability Reporting Component	Code
Environmental requirements	SP1
Environmental incentives	SP2
Environmental pressures	SP3
Cultural, social, and political characteristics of the country	SP4
Characteristics of the international environment	SP5
Characteristics of the corporate environment	SP6
Economic conditions of the country	SP7
Financial incentives	SP8
Accounting and financial environment of the country	SP9
Structural characteristics of the company	SP10
Corporate governance characteristics	SP11
Competition in the industry	SP12
Behavioral characteristics of managers	SP13
Performance characteristics of the company	SP14
Establishment of an internal control system	SP15
Sustainability training	SP16
Designation of the body responsible for sustainability	SP17
Development of sustainability principles and standards	SP18
Strengthening and use of emerging technologies	SP19
Establishment of a sustainability committee	SP20
Protection of the environment for future generations	SP21
Increasing social trust	SP22

Improving the quality of financial reporting	SP23
Improving human quality of life	SP24
Capital market growth	SP25
Environmental accounting standards	SP26
Social accounting standards	SP27
Economic accounting standards	SP28
Quality of accounting information, including earnings, response coefficient, accruals, and valuation methods	SP29
Comparability of financial statements	SP30
Application of artificial intelligence in sustainability reporting	SP31
Transparency and voluntary disclosure of sustainability information	SP32
Health and safety of human capital	SP33
Innovation in business models and processes	SP34
Management of energy and resource consumption	SP35

Subsequently, by integrating the indicators, the following new codes were extracted:

Table 2. Codes and Categories Using a Comparative Approach: Second Stage

Subcomponents	Main Component	Integrated Code
SP1 (environmental requirements), SP2 (environmental incentives), SP3 (environmental pressures), SP4 (cultural, social, and political characteristics of the country), SP5 (characteristics of the international environment), SP7 (economic conditions of the country), SP8 (financial incentives), SP9 (accounting and financial environment of the country)	Environment and external requirements	CP1
SP6 (characteristics of the corporate environment), SP10 (structural characteristics of the company), SP11 (corporate governance characteristics), SP12 (competition in the industry), SP13 (behavioral characteristics of managers), SP14 (performance characteristics of the company)	Organizational and corporate characteristics	CP2
SP15 (establishment of an internal control system), SP16 (sustainability training), SP17 (designation of the body responsible for sustainability), SP18 (development of sustainability principles and standards), SP19 (strengthening and use of emerging technologies), SP20 (establishment of a sustainability committee)	Internal control and strategies	CP3
SP21 (protection of the environment for future generations)	Environmental protection	CP4
SP22 (increasing social trust), SP24 (improving human quality of life)	Social responsibility and trust	CP5
SP23 (improving the quality of financial reporting), SP29 (quality of accounting information), SP30 (comparability of financial statements), SP32 (transparency and voluntary disclosure of sustainability information)	Quality and transparency of financial reporting	CP6
SP25 (capital market growth)	Market growth and development	CP7
SP26 (environmental accounting standards), SP27 (social accounting standards), SP28 (economic accounting standards)	Accounting standards	CP8
SP19 (strengthening and use of emerging technologies), SP31 (application of artificial intelligence in sustainability reporting), SP34 (innovation in business models and processes)	Technology and innovation	CP9
SP13 (behavioral characteristics of managers), SP33 (health and safety of human capital)	Human capital	CP10
SP35 (management of energy and resource consumption)	Resource and energy consumption	CP11
A combination of SP14 (performance characteristics of the company), SP12 (competition in the industry), and SP6 (characteristics of the corporate environment)	Financial and operational convergence	CP12

These 12 integrated components can be used as the final framework for sustainability reporting in the cosmetics and personal care industry.

Table 3. Codes and Categories Using a Comparative Approach: Third Stage

Subcomponents	Main Component	Integrated Code
CP1 (environment and external requirements), CP8 (accounting standards), CP11 (resource and energy consumption)	Environment and institutional framework	FP1
CP2 (organizational and corporate characteristics), CP3 (internal control and strategies), CP10 (human capital), CP12 (financial and operational convergence)	Organizational structure and management	FP2
CP6 (quality and transparency of financial reporting), CP7 (market growth and development)	Financial and sustainability performance and reporting	FP3
CP4 (environmental protection), CP5 (social responsibility and trust), CP9 (technology and innovation)	Social responsibility and innovation	FP4

The status of the network of main and subthemes is presented below:

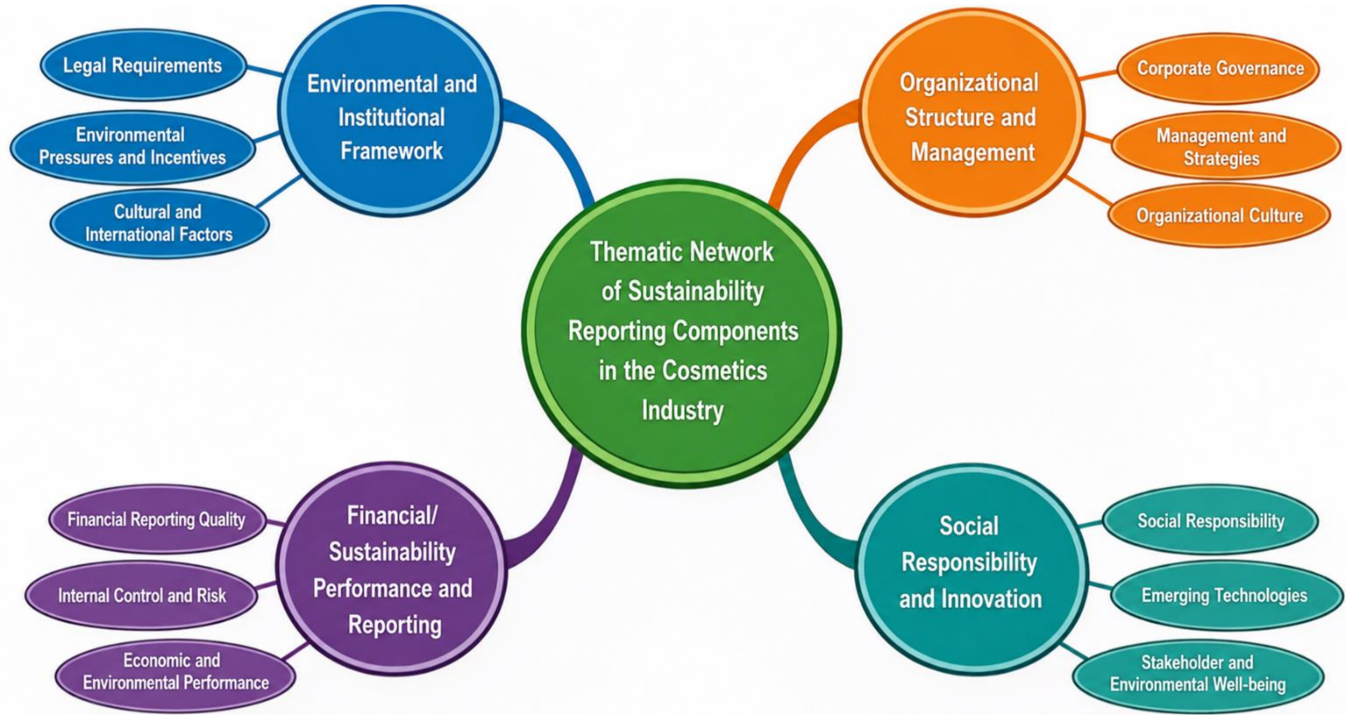

Figure 1. Thematic Network of the Study

Discussion and Conclusion

The purpose of this study was to identify the components of sustainability reporting in the cosmetics and personal care industry and to synthesize them into an integrated framework. The findings showed that sustainability reporting in this industry is a multidimensional construct consisting of four final components: environmental and institutional framework, organizational structure and management, financial/sustainability performance and reporting, and social responsibility and innovation. These four components were derived from 35 initial codes, which were subsequently integrated into 12 intermediate components and then organized into the final thematic network. The results indicate that sustainability reporting in the cosmetics industry cannot be reduced to a narrow set of environmental disclosures or financial indicators; rather, it should be understood as an integrated reporting architecture that links institutional requirements, governance mechanisms, internal organizational capacities, financial reporting quality, environmental performance, social legitimacy, technological innovation, and stakeholder well-being. This finding is consistent with the broader sustainability accounting literature, which emphasizes that sustainability reporting requires the integration of environmental, social, governance, and economic dimensions into coherent reporting systems (1, 2, 6).

The first final component identified in this study was the environmental and institutional framework, which included external requirements, accounting standards, and resource and energy consumption. This finding suggests that sustainability reporting in the cosmetics and personal care industry is strongly shaped by regulatory, institutional, environmental, economic, and professional contexts. Legal requirements, environmental pressures, international expectations, accounting standards, and resource management practices create the external conditions within which companies define and disclose their sustainability responsibilities. This result aligns with studies showing that sustainability reporting is increasingly influenced by the transition from voluntary disclosure to mandatory reporting, particularly in relation to transparency, Sustainable Development Goal reporting, and institutional accountability (8). It is also consistent with research emphasizing that social and environmental reporting is affected by institutional voids, regulatory weakness, and contextual limitations, especially in developing countries where sustainability disclosure may be less standardized and more dependent on external legitimacy pressures (16). Therefore, the environmental and institutional framework identified in this study confirms that sustainability reporting is not merely an internal managerial choice, but a response to institutional expectations and environmental accountability demands.

The inclusion of accounting standards within the environmental and institutional framework is also theoretically meaningful. Sustainability reporting depends on the availability of standards that define what should be measured, how information should be classified, and how disclosed data can be compared across firms and periods. The findings showed that environmental, social, and economic accounting standards are among the key foundations of sustainability reporting in the cosmetics industry. This is consistent with previous studies arguing that sustainability reporting frameworks should be linked to Sustainable Development Goals and should be designed in a way that increases comparability, relevance, and accountability (2, 4). Similarly, the disclosure of environmental information in financial reporting has been highlighted as an important mechanism for communicating environmental costs, risks, liabilities, and performance outcomes (15). In the cosmetics industry, where product formulation, packaging, raw material sourcing, and waste generation have direct environmental consequences, the standardization of environmental and sustainability information is particularly important for preventing fragmented disclosure and improving the credibility of sustainability reports.

The second final component was organizational structure and management, which included organizational and corporate characteristics, internal control and strategies, human capital, and financial-operational convergence. This finding indicates that sustainability reporting requires internal organizational readiness and cannot be implemented effectively without appropriate governance structures, managerial commitment, internal controls, sustainability committees, employee capabilities, and strategic alignment. This result is supported by research demonstrating that sustainable corporate governance plays a critical role in improving the quality of mandatory sustainability reporting (9). It is also consistent with evidence indicating that strategic management accounting is related to governance, social, and environmental aspects of sustainable development reporting (3). In other words, sustainability reporting is not only a reporting output but also a reflection of organizational structure, internal accountability, and managerial decision-making. The identification of this component shows that companies in the cosmetics industry must institutionalize sustainability within their management systems rather than treating it as an external communication function.

The role of internal control and accountability within this component is also significant. The study identified the establishment of internal control systems, sustainability training, designation of a responsible sustainability body, development of sustainability principles and standards, use of emerging technologies, and formation of sustainability committees as important elements. These elements are essential because sustainability reporting often depends on data obtained from multiple organizational units and operational processes. Without internal control, sustainability reports may suffer from inconsistency, selective disclosure, unreliable data, or symbolic reporting. Previous studies have emphasized that reporting transparency and managerial accountability can be enhanced through organizational mechanisms such as whistleblowing and internal monitoring systems (11). Therefore, the findings support the argument that sustainability reporting quality is not determined only by external standards, but also by the internal governance architecture that supports reliable data generation, monitoring, and disclosure.

The inclusion of human capital as a subcomponent of organizational structure and management further demonstrates that sustainability reporting is a socio-organizational process. Human capital, including managerial behavior, employee health and safety, professional competencies, and sustainability knowledge, affects the quality of sustainability-related decisions and disclosures. This finding is aligned with studies on sustainable intellectual capital reporting, which emphasize the importance of intangible organizational resources, knowledge, capabilities, and relational assets in sustainability disclosure (23). In the cosmetics and personal care industry, human capital is particularly relevant because sustainability performance depends on research and development expertise, safe formulation practices, ethical supply-chain management, environmental awareness, marketing transparency, and employee participation. Therefore, sustainability reporting frameworks should not be limited to external environmental indicators but should also include the organizational capabilities that enable sustainable performance.

The third final component was financial/sustainability performance and reporting, which consisted of quality and transparency of financial reporting and market growth and development. This finding indicates that sustainability reporting is closely connected with financial reporting quality, accounting information quality, comparability of financial statements, voluntary disclosure, and capital market development. The result supports the view that sustainability reporting should not be separated from financial reporting; rather, it should be integrated with financial performance and value creation mechanisms. Prior studies have shown that corporate sustainability performance can be associated with firm value and that disclosure quality and firm size can influence this relationship (12). Similarly, sustainable environmental performance reporting has been linked to the cost of debt financing, especially through the role of corporate reputation (13). These findings support the present result that sustainability reporting is relevant not only for ethical or environmental accountability but also for financial analysis, investment decisions, and capital market evaluation.

The emphasis on financial reporting quality and transparency also reflects the increasing importance of investor-oriented sustainability information. The study identified quality of accounting information, comparability of financial statements, and voluntary disclosure of sustainability information as important codes. These elements are consistent with research showing that sustainability reporting can influence investor sentiment by providing information about firms' sustainable development orientation and long-term risk profile (5). They are also compatible with studies arguing that corporate finance must contribute to both shareholder wealth and sustainable growth, thereby requiring greater integration between financial and sustainability objectives (14). For cosmetics companies, this integration is especially important because sustainability-related risks can affect brand value, consumer trust, regulatory exposure, supply-chain stability, and market competitiveness. Therefore, transparent financial and sustainability reporting can provide stakeholders with a more complete understanding of corporate performance.

The fourth final component was social responsibility and innovation, which included environmental protection, social responsibility and trust, and technology and innovation. This finding shows that sustainability reporting in the cosmetics and personal care industry must address both societal expectations and the innovative capacities through which firms respond to sustainability challenges. Social responsibility, environmental protection, human quality of life, social trust, emerging technologies, and innovation in business models and processes were all identified as key elements. This finding is consistent with studies indicating that sustainability reporting practices can strengthen legitimacy, stakeholder communication, and brand positioning in consumer-facing industries such as luxury fashion (20). Since cosmetics products are directly related to identity, health, beauty, lifestyle, and consumer trust, social responsibility and transparency are central to sustainable competitiveness in this industry.

The inclusion of innovation and emerging technologies as part of the final framework is also consistent with recent research on green innovation and digital transformation in sustainability reporting. Previous evidence suggests that green innovation practices and sustainability reporting can support the relationship between firm-level Sustainable Development Goals and financial performance (21). Moreover, artificial intelligence has been recognized as a useful tool for sustainable accounting, environmental impact assessment, and reporting model development (22). In the cosmetics industry, emerging technologies can support traceability of raw materials, assessment of environmental impacts, reduction of packaging waste, product safety monitoring, life-cycle assessment, and automated sustainability data analysis. Therefore, the findings suggest that innovation should not be treated as an external or optional dimension of sustainability reporting, but as a core mechanism through which companies improve sustainability performance and disclose it more accurately.

The results also showed that the 12 intermediate components provide a more detailed operational structure for the final framework. These intermediate components included environment and external requirements, organizational and corporate characteristics, internal control and strategies, environmental protection, social responsibility and trust, quality and transparency of financial reporting, market growth and development, accounting standards, technology and innovation, human capital, resource and energy consumption, and financial-operational convergence. This layered structure is consistent with previous research that has attempted to develop sector-specific sustainability reporting models. For example, studies on corporate sustainability reporting models have emphasized the need for coherent frameworks that integrate multiple dimensions of sustainability reporting (6). Research in the insurance industry similarly identified specific reporting components based on the characteristics of that sector (17). The present study extends this logic to the cosmetics and personal care industry by showing that reporting components should be adapted to industry-specific environmental, social, organizational, and innovation-related conditions.

The findings further support the idea that sustainability reporting frameworks must be contextualized rather than universally applied in an identical form across all industries. Prior studies in higher education, electric utilities, oil and gas, insurance, and fashion have shown that each sector has distinctive sustainability responsibilities, stakeholder expectations, and reporting priorities (4, 17-20). The cosmetics industry requires a specific framework because it combines environmental concerns, consumer safety, ethical sourcing, chemical ingredients, packaging sustainability, brand image, innovation, and social trust. Accordingly, the present framework contributes to sustainability reporting literature by organizing these diverse dimensions into an integrated model that is suitable for the strategic and operational realities of the cosmetics and personal care industry.

The findings are also compatible with resource-advantage and corporate citizenship perspectives, which suggest that sustainability reporting should be aligned with organizational strategy, market positioning, and competitive advantage. The identification of market growth, financial-operational convergence, social trust, and innovation indicates that sustainability reporting can support green corporate citizenship while also reinforcing organizational competitiveness. Previous research has emphasized the need to determine appropriate sustainability reporting instances under green corporate citizenship strategies (24). From this perspective, cosmetics companies can use sustainability reporting not only to comply with institutional requirements but also to differentiate their brands, strengthen stakeholder trust, reduce reputational risk, and communicate their sustainable value proposition.

Overall, the findings of this study show that sustainability reporting in the cosmetics and personal care industry should be designed as a comprehensive managerial and accounting framework. The four final components identified in this research reflect the main domains that companies must consider when developing sustainability reports: the external institutional and environmental context, the internal organizational and governance system, the integration of financial and sustainability performance, and the social and innovative dimensions of sustainable value creation. This interpretation is aligned with the broader argument that corporate accounting and reporting must evolve to address sustainability challenges and support more responsible organizational decision-making (1). Therefore, the study contributes to the literature by providing a structured and industry-specific framework that can be used by researchers, managers, accountants, auditors, and policymakers to improve the quality, relevance, and comprehensiveness of sustainability reporting in the cosmetics industry.

One limitation of this study is that it was based on documentary analysis and qualitative content analysis of existing studies and reports; therefore, the extracted components reflect the available literature and may not fully capture the practical experiences of managers, accountants, auditors, regulators, consumers, and sustainability professionals active in the cosmetics and personal care industry. Another limitation is that the study did not statistically validate the identified framework using quantitative techniques such as factor analysis, structural equation modeling, or expert-based weighting methods. In addition, because sustainability reporting practices are influenced by national regulations, institutional environments, market maturity, and cultural expectations, the generalizability of the framework may vary across countries and corporate contexts. Finally, the rapidly changing nature of sustainability standards, artificial intelligence applications, environmental regulations, and consumer expectations may require continuous updating of the proposed components.

Future research should empirically validate the proposed framework using quantitative and mixed-method designs. Researchers can use expert panels, Delphi studies, exploratory and confirmatory factor analysis, fuzzy inference systems, or structural equation modeling to test the relationships among the identified components and determine their relative importance. Comparative studies across different countries, firm sizes, ownership structures, and segments of the cosmetics and personal care industry would also be useful for examining contextual differences in sustainability reporting priorities. Future studies may also investigate the role of digital technologies, artificial intelligence, blockchain-based traceability, environmental life-cycle assessment, and integrated reporting systems in improving the accuracy and credibility of sustainability disclosures. Furthermore, longitudinal research can examine how sustainability reporting components evolve over time in response to regulatory changes, consumer pressure, market competition, and environmental risks.

In practice, cosmetics and personal care companies should use the proposed framework as a diagnostic and planning tool for developing comprehensive sustainability reporting systems. Managers should first assess the company's institutional obligations, environmental impacts, accounting standards, and resource consumption patterns, and then establish internal governance structures such as sustainability committees, internal controls, reporting responsibilities, and employee training programs. Firms should also integrate sustainability information with financial reporting quality, market performance, risk management, and strategic planning. In addition, companies should disclose social responsibility initiatives, environmental protection measures, human capital policies, innovation activities, and technology-based sustainability practices in a transparent and comparable manner. By doing so, organizations can strengthen stakeholder trust, improve accountability, reduce reputational risk, and align their sustainability reporting with long-term value creation.

Acknowledgments

We would like to express our appreciation and gratitude to all those who helped us carrying out this study.

Authors' Contributions

All authors equally contributed to this study.

Declaration of Interest

The authors of this article declared no conflict of interest.

Ethical Considerations

All ethical principles were adheried in conducting and writing this article.

Transparency of Data

In accordance with the principles of transparency and open research, we declare that all data and materials used in this study are available upon request.

Funding

This research was carried out independently with personal funding and without the financial support of any governmental or private institution or organization.

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