

SUSTAINABILITY REPORTING BETWEEN AUTHENTICITY AND GREENWASHING: A REVIEW OF CORPORATE LEGITIMACY STRATEGIES

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ABSTRACT

This study investigates how sustainability reporting acts as a corporate legitimacy strategy and whether it reflects authentic commitment or represents greenwashing. Using a Systematic Literature Review (SLR) guided by PRISMA, thirty empirical studies published between 2019 and 2025 were synthesized through thematic coding and theoretical mapping. The results reveal that most companies adopt symbolic legitimacy strategies characterized by greenwashing practices such as selective disclosure, impression management, vague or misleading information, and CSR decoupling. Authentic reporting that prioritizes transparency, accountability, and third-party assurance remains limited. Legitimacy Theory dominates as the primary analytical lens, reaffirming its relevance in explaining legitimacy maintenance while highlighting the need for greater theoretical diversification. Overall, sustainability reporting operates along a continuum between symbolism and authenticity, extending Legitimacy Theory toward moral and cognitive dimensions. Practically, the study underlines the need to strengthen the enforcement of existing sustainability reporting standards and to establish credible assurance mechanisms to enhance authentic disclosure, mitigate greenwashing, and strengthen stakeholder trust.

Key words: authenticity; greenwashing; legitimacy; sustainability reporting; systematic literature review

INTRODUCTION

Sustainability reporting has become an essential practice for companies to communicate their environmental, social, and governance (ESG) performance. The growing awareness of stakeholders and increasing global regulatory pressures have encouraged corporations to demonstrate greater transparency and accountability. Nevertheless, questions remain about the authenticity of these reports whether they truly reflect genuine sustainability commitments or serve mainly as symbolic tools to maintain corporate legitimacy in the eyes of the public (Siew, 2015). Legitimacy Theory provides a strong foundation to understand this phenomenon. The theory suggests that organizations seek social acceptance to maintain their social contract with society (Suchman, 1995). In this context, sustainability reporting is often used as a legitimacy strategy to influence stakeholder perceptions, protect corporate reputation, and demonstrate alignment with social expectations. However, many studies show that such disclosures are largely symbolic, focusing on selective information and impression management rather than real progress toward sustainability (León & Salesa, 2024; Nor Ahmad et al., 2022).

This issue is further complicated by the rise of greenwashing, which refers to misleading communication practices that create a false impression of corporate environmental and social responsibility. Greenwashing weakens public trust, reduces accountability, and undermines the credibility of ESG disclosures (Bernini & La Rosa, 2024). Evidence indicates that companies in high-impact industries such as energy and mining often use sustainability reporting as a reputation management tool instead of an instrument for genuine accountability (Marshall et al., 2023). On the other hand, some studies reveal more authentic practices, including the application of carbon assurance that reflects moral legitimacy and true commitment to sustainability (Rohani et al., 2023).

Although research on sustainability reporting continues to grow, there remains a conceptual gap in understanding how it operates along the continuum between authenticity and greenwashing. Therefore, this study aims to examine how sustainability reporting is used as a legitimacy strategy by companies and to evaluate the extent to which it reflects authentic sustainability commitments or represents greenwashing practices.

METHOD

This study employed a qualitative design using a Systematic Literature Review (SLR) guided by the PRISMA 2020 protocol (Page et al., 2021) to synthesize empirical findings on sustainability reporting along the continuum between authenticity and greenwashing. Relevant peer-reviewed articles published between 2015 and 2025 were systematically retrieved using specific keyword combinations related to sustainability reporting and corporate legitimacy. After removing duplicates and assessing relevance, 30 empirical studies were included. The findings were synthesized through thematic coding and theoretical mapping to identify patterns of legitimacy strategies, authentic reporting, and greenwashing practices, as illustrated in the PRISMA flow diagram.

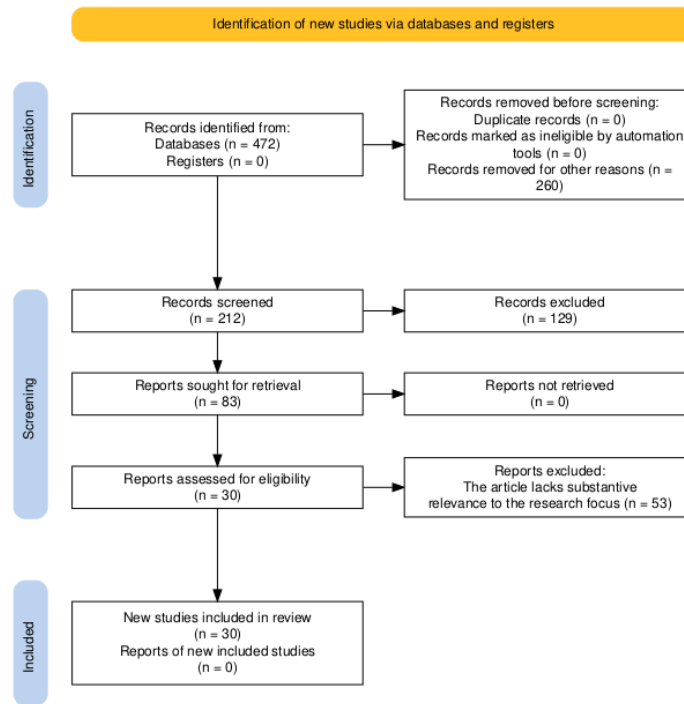


Figure 1. PRISMA Flow Diagram

RESULTS AND DISCUSSION

The descriptive analysis indicates that the thirty reviewed studies were published between 2019 and 2025, reflecting the increasing scholarly attention to sustainability reporting as a mechanism of corporate legitimacy. This tendency became more pronounced after 2023, consistent with the strengthening of global regulatory frameworks such as the ISSB and CSRD, which have transformed sustainability reporting from a voluntary initiative into an institutional requirement. Most studies were published in accounting-oriented journals, including *Sustainability Accounting, Management and Policy Journal* (4 papers) and *Accounting, Auditing & Accountability Journal* (3 papers), while the disciplinary expansion into management, economics, and communication reflects a paradigm shift from technical disclosure toward legitimacy strategies and stakeholder engagement. Methodologically, the studies display a relatively evenly distributed composition across qualitative (37%), quantitative (33%), and mixed-method (30%) approaches, illustrating an epistemic evolution from descriptive analysis to empirical investigation using ESG metrics and corporate discourse analysis.

Geographically, most studies focus on single-country contexts, underscoring the influence of institutional pressures and regulatory frameworks in shaping sustainability reporting practices. Sectoral analysis reveals a concentration of research on multi-sector studies, as well as extractive and manufacturing industries, which face greater environmental scrutiny and reputational risks than other sectors. These findings suggest that firms operating in high-exposure industries tend to use sustainability reporting as both a compliance mechanism and a strategic tool to maintain public legitimacy and manage stakeholder perceptions. Overall, these descriptive patterns demonstrate the evolution of sustainability reporting research across disciplinary, methodological, and contextual dimensions, forming the empirical foundation for subsequent theoretical and thematic analyses of corporate legitimacy and authenticity.

The theoretical mapping reveals that Legitimacy Theory is the most frequently applied framework (28 occurrences), followed by Stakeholder Theory (7), and Agency, Institutional, and Signaling Theories (each with five). The dominance of Legitimacy Theory underscores the perception that sustainability reporting serves as a mechanism for maintaining corporate legitimacy in the eyes of the public and regulators. This pattern is consistent with prior SLRs that identify legitimacy-related frameworks as the dominant analytical lens for examining corporate authenticity and disclosure strategies (Dewa Made et al., 2024; Lakhani & Herbert, 2022). Nevertheless, this theoretical concentration highlights the need for greater theoretical pluralism to more effectively capture the evolving dynamics of greenwashing, legitimacy construction, and institutional pressures in sustainability reporting research.

The following table presents the thematic mapping of sustainability reporting research, categorizing the main clusters and illustrating the frequency and focus of studies within each theme.

Table 1. Thematic Mapping on Sustainability Reporting Research

Theme	Sub Theme	Supporting Studies	Frequency
Sustainability Reporting as Legitimacy Strategy	<ul style="list-style-type: none"> -Stakeholder and institutional driver -Pragmatic, moral legitimacy, and cognitive legitimacy -social license to operate -legitimacy repair -Reputational management -Strategic signaling -Crisis discourse -Materiality & Issue Prioritization -Discursive strategy (persuasive language) 	21/30	70,00%
Authenticity in Sustainability Reporting	<ul style="list-style-type: none"> -Assurance & third party audit -NGO Collaboration & Stakeholder engagement -Integration into corporate strategy -Transparency in negative event reporting -Substantive action -Transparency, credibility, and consistency 	5/30	16,76%
Greenwashing in Sustainability Reporting	<ul style="list-style-type: none"> -Symbolic disclosure/reporting -CSR/ESG decoupling -selective disclosure & cherry-picking -vague or misleading disclosure -impression management -non disclosure or greenhushing -responsibility shift -greenbleaching & fabricated claims -CSR decoupling or symbolic action 	22/30	77,33%

As summarized in Table 1, the thematic mapping reveals three thematic clusters in sustainability reporting (SR) research, with two dominant themes: legitimacy strategy and greenwashing practices, while authentic reporting remains relatively underexplored. Most studies indicate that publicly listed firms employ SR to maintain legitimacy in response to stakeholder and institutional pressures, primarily through selective disclosure, symbolic compliance, and persuasive narrative framing aimed at constructing pragmatic rather than moral legitimacy (Amos, 2024; Di Chiacchio et al., 2024; Suchman, 1995). These practices often result in image oriented and partial reporting, reinforcing SR's role as a legitimacy instrument rather than a genuine reflection of substantive organizational change. This phenomenon occurs because sustainability reporting serves as a symbolic mechanism to maintain organizational legitimacy without substantive change, in line with findings that firms in high risk industries, such as extractives and manufacturing, tend to produce reports that are visually persuasive but substantively weak in managing stakeholder perceptions (Talpur et al., 2024). Post-crisis disclosures typically emphasize rhetorical coherence over actual performance improvement, highlighting the role of sustainability reporting as a socio-political process rather than a neutral information tool (Cho et al., 2015; León & Salesa, 2024).

Nevertheless, a small number of studies highlight authentic sustainability reporting practices that emphasize honesty, consistency, and substantive accountability. Authenticity in reporting is reflected through the implementation of assurance and third-party audits to enhance credibility, collaboration with NGOs and substantive stakeholder engagement to foster social accountability, and the integration of sustainability principles into corporate strategy as a long-term commitment to sustainable practices. Moreover, transparency in disclosing negative events, the execution of substantive sustainability actions, and reporting consistency across periods indicate that some firms are beginning to adopt more authentic and accountability-oriented reporting practices rather than merely pursuing symbolic legitimacy (Adardour et al., 2025; Rohani et al., 2023).

Compared to firms engaging in symbolic sustainability disclosure, those adopting authentic reporting practices tend to gain higher levels of stakeholder trust and loyalty, especially when communication is transparent, consistent, and externally assured. By contrast, greenwashing practices, although effective for short-term legitimacy repair, often erode long-term reputation and institutional credibility (Pandey et al., 2025; Xu et al., 2023). The quantitative pattern identified in this SLR further reveals that despite the surge of research and regulatory tightening after 2023, authentic practices remain relatively scarce, highlighting persistent barriers to substantive transformation.

Theoretically, these findings contribute to the expansion of Legitimacy Theory by showing that sustainability reporting is strategically employed to construct pragmatic, moral, and cognitive legitimacy. However, the moral dimension is often marginalized in favor of symbolic efficiency and public acceptance. Previous research has emphasized that the diffusion of global reporting standards does not automatically produce substantive outcomes unless accompanied by credible assurance mechanisms and active stakeholder collaboration (Crossley et al., 2021; Haack & Rasche, 2021).

Building on this theoretical foundation, emerging research indicates an ongoing institutional shift toward moral and cognitive legitimacy. Recent evidence also suggests a gradual shift toward moral and cognitive legitimacy, where sustainability becomes embedded in governance, decision-making, and value systems. This transformation is driven by institutional pressures for transparency and the global convergence of reporting standards such as ISSB and CSRD, which enhance comparability, stakeholder inclusivity, and corporate accountability (Rohani et al., 2023). Such developments indicate that sustainability reporting is evolving from a symbolic performance to a substantive governance mechanism that reflects genuine organizational commitment.

Overall, the synthesis results indicate that research on sustainability reporting has evolved from descriptive studies toward more explanatory and theory-oriented approaches. This shift signifies the growing academic attention to the relationship between legitimacy and authenticity in sustainability communication. Although symbolic legitimacy practices still dominate, there is a gradual tendency toward more substantive and accountability-oriented disclosure. These findings provide a theoretical foundation for future research to explore how sustainability reporting can transform from a merely symbolic instrument into an authentic mechanism that strengthens transparency and institutional trust.

From a practical perspective, the findings emphasize the importance of strengthening the implementation and oversight of existing sustainability reporting standards, as well as establishing credible assurance mechanisms to enhance the authenticity of disclosures. Independent audits or verifications based on recognized ESG frameworks, such as GRI or ISSB, can help reduce the risk of greenwashing and strengthen stakeholder trust. Moreover, transparent collaboration among companies, regulators, and civil society is essential to ensure that sustainability reporting evolves from symbolic communication into a genuine instrument of accountability.

CONCLUSION

Sustainability reporting functions as a strategic instrument for companies to secure societal acceptance and preserve their legitimacy amid increasing stakeholder scrutiny. The findings indicate that prior studies have been predominantly grounded in symbolic legitimacy approaches, while research emphasizing the authenticity of sustainability reporting remains limited. Descriptively, Legitimacy Theory continues to serve as the prevailing theoretical foundation, reflecting a research orientation centered on pragmatic rather than moral legitimacy. This review extends Legitimacy Theory by positioning sustainability reporting within the continuum between symbolism and authenticity, and by identifying its potential as a transitional mechanism toward substantive accountability. In practical terms, the results highlight the importance of robust regulatory frameworks and credible third-party assurance to enhance the reliability and trustworthiness of sustainability disclosures. However, this review is limited to 30 selected empirical studies, which may restrict the generalizability of its findings and potentially introduce selection or interpretive bias. Future research is therefore encouraged to broaden the scope of reviewed literature and adopt empirical or mixed-method approaches to validate these insights and further investigate the dynamics of authenticity in corporate sustainability reporting.

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