



THE ETHICS OF CREATIVE CSR REPORTING: BETWEEN INNOVATION AND GREENWASHING

Tadija Đukić

University of Niš, Faculty of Economics, Niš, Serbia

✉ tadija.djukic@eknfak.ni.ac.rs

Miloš Pavlović

*Belgrade Business and Arts Academy of Applied Studies, Department of
Business and Information studies, Belgrade, Serbia*

✉ milospavlovic070@gmail.com

Čedomir Gligorić

*Belgrade Business and Arts Academy of Applied Studies, Department of
Business and Information studies, Belgrade, Serbia*

✉ cedomir.gligoric@bpa.edu.rs

UDC
005.35:
174:657.37

Review
paper

Received:
14.01.2025
Accepted:
29.12.2025

Abstract: Corporate Social Responsibility (CSR) reporting has become a cornerstone of modern business practices, enabling organizations not only to communicate their sustainability initiatives and social impacts but also to reinforce stakeholder confidence and corporate legitimacy. As companies increasingly apply creative reporting techniques—such as storytelling, visual data presentation, and interactive digital formats—to make sustainability information more engaging, a growing ethical challenge emerges in the form of greenwashing, where achievements are exaggerated or selectively disclosed in ways that mislead stakeholders and weaken trust (Seele & Gatti, 2015; Lyon & Montgomery, 2015). This paper examines how creativity in CSR reporting can contribute to improved transparency and stakeholder engagement while simultaneously posing risks to credibility when it crosses ethical boundaries. Integrating theoretical perspectives, technological innovations including blockchain and artificial intelligence, and regulatory instruments such as the EU's Corporate Sustainability Reporting Directive (CSRD), the study proposes ways to align reporting innovation with ethical responsibility. Through the fictional case study of "GreenTech Corp," the research provides practical recommendations for strengthening accuracy and accountability in sustainability communication and ultimately supporting long-term stakeholder trust and sustainable business performance.

Keywords: Corporate Social Responsibility, CSR Reporting, Greenwashing, Transparency, Ethics, Sustainability, Stakeholder Trust.

JEL classification: M14, M41, Q51, Q56

1. Introduction

Corporate Social Responsibility (CSR) reporting has become a vital tool for organizations seeking to communicate their sustainability commitments and demonstrate the social and environmental impacts of their operations in a transparent and responsible manner. As stakeholder demands for accountability and verifiable sustainability performance continue to intensify, companies are increasingly adopting creative approaches—such as narrative storytelling, visually enhanced data presentation, and carefully curated disclosures—to make complex sustainability information more accessible, engaging, and persuasive for a wide variety of audiences. Although these innovative communication strategies may significantly enhance stakeholder engagement and strengthen corporate reputation, they also introduce substantial ethical concerns, as the line between creativity and manipulation can easily blur, potentially leading to greenwashing practices whereby organizations exaggerate, selectively disclose, or even fabricate environmental and social achievements. Such strategies undermine corporate credibility, erode stakeholder trust, distort market perceptions, and ultimately provoke regulatory scrutiny aimed at protecting the integrity of sustainability reporting (Seele & Gatti, 2015; Lyon & Montgomery, 2015).

This research explores the phenomenon of creative CSR reporting and its ethical implications, with a particular focus on understanding how organizations can balance innovative communication methods with the necessity of truthful and transparent sustainability disclosure. The object of this study is the CSR reporting practices of corporations, especially the tension that arises between creative storytelling techniques designed to capture stakeholder attention and the obligation to maintain factual accuracy and accountability, as well as the consequences this tension has on stakeholder trust.

The primary goal of this study is to critically examine the ethical challenges associated with creative CSR reporting, assess the risks posed by greenwashing in corporate communication, and provide actionable recommendations that support transparency, integrity, and accountability. Additionally, the study evaluates the role of emerging regulatory frameworks—most notably the EU’s Corporate Sustainability Reporting Directive (CSRD)—and advanced technologies such as blockchain and artificial intelligence in mitigating greenwashing risks and improving the reliability and verifiability of CSR disclosures.

Hypotheses:

Main Hypothesis (H0):

Creative CSR reporting enhances stakeholder engagement by making sustainability information more accessible and appealing; however, when such creativity involves exaggeration, selective disclosure, or manipulation of sustainability achievements, it

simultaneously increases the risk of greenwashing, which can diminish corporate credibility, harm long-term reputation, and negatively influence stakeholder trust.

Auxiliary Hypotheses:

H1: The adoption of blockchain and AI technologies significantly improves transparency in CSR reporting.

H2: Ethical CSR reporting practices positively influence stakeholder trust and long-term corporate reputation.

Specific Hypotheses:

H3: Stakeholders are more likely to trust CSR reports that transparently disclose both achievements and persistent challenges.

H4: Regulatory frameworks such as the CSRD effectively reduce greenwashing by requiring comprehensive, standardized, and verifiable sustainability disclosures.

This study emphasizes the importance of achieving a careful balance between innovation and ethical transparency in CSR communication. By focusing on the identification of greenwashing risks and analyzing how regulatory and technological interventions can strengthen the integrity of sustainability reporting, the research contributes to the development of improved CSR practices, fosters stronger stakeholder trust, and supports the long-term sustainability of corporate operations.

2. Theoretical Framework

2.1 Historical Evolution of CSR Reporting

Corporate Social Responsibility (CSR) reporting has undergone a profound transformation over the decades, evolving from informal and voluntary disclosures into a structured, regulated, and strategically embedded component of corporate governance that increasingly influences how companies operate, communicate, and are evaluated by stakeholders. Howard Bowen's seminal work *Social Responsibilities of the Businessman* (1953) laid the initial conceptual foundation for modern CSR by arguing that business leaders must act in accordance with societal objectives and not solely in the interest of maximizing shareholder value. During its early development, CSR reporting mainly consisted of narrative statements and promotional descriptions of philanthropic initiatives, community engagement, and ethical intentions, while measurable results, performance indicators, and accountability mechanisms were largely absent.

Toward the end of the 20th century, rising public awareness regarding environmental and social challenges led to heightened expectations for transparency and responsibility in corporate behavior, creating pressure from investors, regulators, consumers, and civil society for more reliable sustainability information. In

response, structured reporting frameworks emerged, most notably the Global Reporting Initiative (GRI) in 1997, which significantly contributed to standardizing reporting practices by promoting measurable disclosures, comparability across industries, and comprehensive representation of environmental, social, and governance (ESG) impacts, ultimately helping organizations align their activities with global sustainability goals and international best practices (GRI, 1997; Đukić et al., 2023).

In recent decades, technological advancement has further accelerated the evolution of CSR reporting by enhancing the precision and verifiability of sustainability data. Digital tools such as blockchain, artificial intelligence, and real-time monitoring systems now support automated analytics, tamper-proof data storage, and advanced performance measurement, enabling companies to capture and communicate complex sustainability information with greater accuracy while simultaneously strengthening stakeholder trust (Cao, 2023). At the same time, the global regulatory environment continues to evolve, as demonstrated by the European Union's Corporate Sustainability Reporting Directive (CSRD), which mandates rigorous, standardized, and externally verifiable sustainability disclosures to ensure that CSR reporting is not merely symbolic, but an enforceable aspect of responsible business conduct (European Commission, 2024). As a result, CSR reporting today represents a dynamic and continually advancing field shaped by technological innovation, regulatory enforcement, and the growing recognition that sustainable behavior is essential for maintaining long-term corporate legitimacy and competitiveness.

2.2 Creative CSR Reporting

In today's highly competitive and sustainability-oriented business environment, companies are increasingly embracing creative approaches to CSR reporting as a means of differentiating themselves in the market and enhancing communication with diverse stakeholder groups who expect both engagement and transparency. These strategies frequently include the incorporation of storytelling techniques, visually compelling infographics, interactive digital platforms, and other forms of data presentation that translate complex sustainability indicators into accessible narratives. For example, organizations may highlight their environmental initiatives—such as reforestation projects or renewable energy transitions—by using emotionally resonant stories supported by visually enriched graphics that illustrate measurable progress in areas like carbon sequestration, circular economy practices, or biodiversity enhancement, ultimately making sustainability performance more relatable to wider audiences.

However, the growing use of creative communication tools in CSR reporting creates ethical risks, as such practices can easily shift from improving transparency to presenting a selective and overly positive portrayal of environmental and social

performance. Companies often emphasize favourable sustainability outcomes, such as reduced waste or improved resource efficiency at specific production sites, while downplaying or entirely omitting less favourable metrics, including increased emissions or negative impacts occurring in outsourced supply chain segments. These selective reporting practices raise serious concerns regarding the ethical integrity of CSR communication, as they may distort stakeholder perceptions and create an inaccurate or incomplete representation of a company's overall sustainability footprint (Đukić et al., 2023).

To prevent such risks from escalating into intentional or unintentional greenwashing, organizations must prioritize transparency, accuracy, and completeness in their sustainability narratives by ensuring that creative elements do not overshadow factual accountability. A balanced report should therefore present achievements together with persistent challenges, acknowledging areas requiring improvement—for instance, reporting progress in renewable energy adoption while openly discussing difficulties in achieving carbon neutrality across multinational supply chain operations. Emerging technologies such as blockchain and artificial intelligence can reinforce these ethical standards by enabling verifiable traceability of sustainability data, automating disclosure processes, and building stakeholder trust through enhanced data integrity and reliability (Pavlović et al., 2024; Cao, 2023). Overall, when applied responsibly, creative CSR reporting can serve as a powerful tool that simultaneously improves engagement and preserves the credibility essential to sustainable corporate performance.

2.3 Greenwashing Typologies

The term *greenwashing*, first introduced by Jay Westerveld in 1986, describes the practice through which organizations exaggerate, manipulate, or fabricate their environmental achievements in order to construct a misleading public perception of sustainability and environmental responsibility. As sustainability communication has become more influential in shaping purchasing and investment decisions, greenwashing tactics have evolved from isolated, simplistic claims into increasingly sophisticated strategies that intentionally blur the line between authentic CSR efforts and superficial marketing, thereby undermining genuine progress in sustainable business transformation.

Scholars have identified several common typologies of greenwashing that are frequently employed in modern corporate communication.

The first is *Hidden Trade-offs*, where companies highlight a single positive attribute of a product or process while concealing or downplaying more significant negative environmental impacts. For example, an organization may promote the recyclability of its product packaging as a key sustainability feature while omitting information about the high carbon emissions generated throughout its manufacturing or logistics operations.

The second category includes *Vague Claims*, which rely on broad, ambiguous terminology such as “eco-friendly,” “green,” or “natural” without substantiating these assertions through verifiable metrics or context that explains what sustainability standard has been met, leaving stakeholders with a distorted or incomplete understanding of the organization’s real environmental footprint.

The third typology, *Irrelevant Claims*, involves emphasizing environmental attributes that are technically accurate but largely insignificant or unrelated to the product’s core sustainability impact—for instance, advertising a consumer item as “CFC-free” even though chlorofluorocarbons have long been banned and are no longer a relevant environmental concern (Seele & Gatti, 2015).

Greenwashing not only erodes stakeholder trust by undermining the authenticity of corporate transparency, but also poses broader societal risks, as it dilutes the credibility of legitimate sustainability initiatives and slows progress toward collective environmental goals. To counteract these deceptive practices, regulatory frameworks such as the European Union’s Corporate Sustainability Reporting Directive (CSRD) now require detailed, standardized, and externally verifiable disclosures, significantly strengthening both accountability and the reliability of sustainability information communicated to stakeholders (European Commission, 2024; Pavlović et al., 2024). Companies that embrace ethical and transparent reporting strategies—by disclosing not only achievements but also limitations—stand a greater chance of cultivating long-term stakeholder relationships rooted in trust, while meaningfully contributing to sustainable development rather than merely promoting the illusion of responsibility.

2.4 Ethical Principles in CSR Reporting

Ethical CSR reporting is fundamentally grounded in core principles such as transparency, accountability, and inclusiveness, all of which require organizations to communicate their sustainability performance in a manner that is both accurate and comprehensive, ensuring that stakeholders receive truthful information rather than selectively framed narratives. The stakeholder theory introduced by Freeman (1984) underscores the ethical responsibility of businesses to consider the interests and expectations of all parties affected by their activities—including employees, customers, suppliers, shareholders, and local communities—highlighting that corporate behavior generates interconnected social, environmental, and economic consequences that extend far beyond the organization itself.

Building upon this ethical foundation, Elkington’s triple bottom line framework (1997) emphasizes that companies should simultaneously pursue financial prosperity, social equity, and environmental stewardship, thereby rejecting the outdated notion that profitability is the sole measure of business success. In this context, ethical CSR reporting involves not only presenting positive achievements and sustainability advancements but also openly acknowledging persistent

challenges, limitations, and areas requiring improvement. For instance, a company may transparently report progress in reducing water consumption or improving recycling processes while honestly disclosing difficulties related to high greenhouse gas emissions in global logistics operations, thereby demonstrating a commitment to continuous improvement rather than perfection (Đukić et al., 2023; Pavlović et al., 2024).

Technological innovations have significantly expanded opportunities to reinforce ethical standards in CSR reporting. Blockchain, for example, enables tamper-proof verification and traceability of sustainability data, improving the reliability and auditability of reported information, while artificial intelligence allows for more accurate performance measurement, anomaly detection, and predictive analysis that supports better decision-making (Cao, 2023). Nonetheless, technology alone cannot guarantee ethical behavior; ultimate responsibility lies with organizations and their leadership, who must demonstrate honesty, integrity, and a clear commitment to responsible communication in all disclosures. When effectively implemented, ethical CSR reporting not only aligns corporate objectives with wider societal and environmental goals but also enhances long-term stakeholder trust, strengthens brand reputation, and positions companies as legitimate leaders in the global sustainability transition.

3. Methodology

3.1 Research Design

This study employs a qualitative case study approach in order to explore the complex dynamics of creative CSR reporting and the ethical challenges that may arise when innovative communication strategies intersect with the need for accuracy and transparency in sustainability disclosures. By integrating multiple qualitative methods—including the development and analysis of a fictional case study, semi-structured expert interviews, and a systematic review of relevant corporate documents—the research seeks to provide a comprehensive and nuanced understanding of how creative elements in CSR reporting can simultaneously enhance stakeholder engagement and introduce risks that may compromise corporate credibility and accountability. This multi-method design enables triangulation of insights, ensuring that different data sources inform one another and contribute to a deeper and more holistic interpretation of the benefits and potential drawbacks associated with creative CSR practices.

3.2 Case Study: GreenTech Corp

The study focuses on a fictional company, GreenTech Corp, to demonstrate the possibilities and pitfalls of creative CSR reporting. GreenTech Corp is designed to represent a renewable energy company that uses storytelling, eye-catching visuals,

and selective data presentation in its CSR reports. This fictional example helps analyse real-world challenges in a controlled and relatable way.

3.3 Data Collection

This research gathers data from multiple complementary sources in order to ensure a well-rounded, analytically robust, and contextually grounded understanding of creative CSR reporting practices and the ethical challenges that accompany them.

1. Document Analysis

Document analysis was conducted using two categories of materials to triangulate findings and enhance credibility.

- *GreenTech Corp's CSR Report*: A fictional CSR report was specifically designed for this study to illustrate common creative reporting techniques, including narrative storytelling, visually appealing layouts, and selective presentation of sustainability metrics.

- *Real CSR Reports*: CSR reports from the energy, consumer goods, and technology sectors were reviewed to establish real-world points of comparison with the GreenTech Corp example. This enabled the research to draw parallels between hypothetical insights and actual reporting strategies observed in current corporate practice, strengthening the applicability of the case study findings.

2. Expert Interviews

In-depth qualitative insights were obtained through a total of 24 expert interviews with sustainability professionals, corporate communication specialists, and regulatory stakeholders from Serbia, Bulgaria, and Spain. These interviews provided a nuanced understanding of how creative CSR reporting is interpreted by practitioners and how it influences stakeholder perceptions across different business environments.

- *Location*: All interviews were conducted in Metaversum collaborative virtual spaces, allowing interactive communication in an innovative digital environment.

- *Timeline*: Data collection occurred between 1 October 2024 and 31 December 2024, ensuring that reflections aligned with current CSR communication trends.

- *Project Context*: The interviews were implemented within the Erasmus+ project **Metaversing: Civil Society in the Field of Youth**, coordinated by the EU4ALL Association from Niš, Serbia, which provided the organizational framework and access to relevant professional networks.

3. Interview Guide

A semi-structured interview format was applied to enable participants to freely articulate their professional perspectives while maintaining consistency with the

study’s central themes. This approach facilitated the collection of rich qualitative data, ensuring both depth and comparability of responses across expert groups.

Table 1. Interview Guide: Focus Areas and Sample Questions

Focus Area	Sample Questions
General Views	How would you define creative CSR reporting within the context of sustainability communication? In your opinion, what is the primary purpose and strategic value of CSR reports?
Creative Techniques	What types of creative methods have you observed in contemporary CSR reports? How do these creative elements influence stakeholder perceptions of the company’s sustainability efforts?
Ethical Concerns	At which point do creative CSR reporting practices become misleading or ethically problematic? Can you recall an example of CSR communication that you believe crossed into greenwashing, and why?
Stakeholder Impact	How do key stakeholders—such as employees, customers, or investors—typically respond to creative approaches in CSR reporting? Do you think these creative practices strengthen stakeholder trust, or do they risk diminishing it?
Regulatory Issues	Are existing regulatory frameworks sufficient to ensure ethical standards in CSR reporting? What additional measures or improvements would you propose to enhance transparency and accountability?
Future Outlook	What future trends do you anticipate will shape CSR reporting practices in the next 5–10 years? In your view, how can organizations effectively balance creativity with factual integrity in sustainability reporting?

Source: Created by authors

A wide range of books, academic articles, and industry reports were reviewed. The review focused on creative CSR reporting, ethical challenges, and greenwashing practices, providing a strong theoretical foundation for the study.

3.4 Data Analysis

The data collected from all sources were carefully analysed using a structured qualitative approach to identify recurring patterns, interpret stakeholder perspectives, and draw meaningful conclusions relevant to the ethical dimensions of creative CSR reporting.

1. Getting Familiar with the Data

The first stage involved a comprehensive review of all research materials—including the fictional CSR report, interview transcripts, and relevant literature—to

gain a deep understanding of the core ideas and emerging issues related to creativity and transparency in sustainability communication.

2. Categorizing the Data

Key points and observations extracted from the dataset were systematically grouped into preliminary analytical categories, such as:

- *Creative Techniques* — methods used to enhance the appeal and accessibility of CSR reports
- *Transparency Issues* — cases where clarity or accuracy of disclosures was insufficient
- *Stakeholder Reactions* — interpretations and attitudes toward creative reporting practices

3. Finding Themes

These initial categories were then consolidated into broader thematic areas that capture the most critical dynamics in creative CSR reporting, including:

- *Balancing creativity and transparency in communication*
- *The risk and recognition of greenwashing*
- *Anticipated future trends in CSR reporting*

4. Comparing Insights

The themes identified within the GreenTech Corp case study were compared with insights from real CSR reports and interview contributions, enabling the analysis to highlight both recurring global challenges and distinct patterns across different industries and stakeholder groups.

5. Drawing Conclusions

Finally, the triangulated findings from all data sources were synthesized to produce well-supported conclusions and to formulate practical recommendations aimed at improving ethical standards, ensuring accountability, and strengthening stakeholder trust in creative CSR reporting.

4. Imaginative Example: GreenTech Corp's CSR Report

4.1 Context

"GreenTech Corp" serves as a fictional yet analytically valuable case study of a global electronics manufacturer navigating the increasing pressures of sustainability compliance and stakeholder scrutiny within a highly competitive and environmentally intensive industry. Operating in a sector known for substantial greenhouse gas emissions, extensive energy consumption, and resource-dependent

production processes, the company strategically seeks to position itself as a leading champion of environmental responsibility and innovative corporate conduct. To strengthen this image, GreenTech Corp developed and disseminated a visually engaging and professionally designed CSR report that places strong emphasis on its sustainability initiatives, framing them as significant steps toward ecological improvement and socially responsible business transformation.

By employing this example within a controlled research environment, the study is able to examine both the advantages and potential pitfalls associated with creative CSR reporting approaches, particularly in relation to how selective communication techniques can influence stakeholder perceptions. The GreenTech Corp case thus provides a deeper understanding of the strategic motives behind creative sustainability disclosures, the ways in which such practices can successfully enhance engagement, and the ethical challenges that emerge when persuasive communication risks overshadowing full transparency and factual accountability.

4.2 Creative CSR Claims

GreenTech Corp's CSR report contained several prominent, visually highlighted claims intended to demonstrate the company's strong commitment to environmental sustainability and socially responsible practices. However, upon closer critical analysis, the disclosures appear highly selective, revealing a tendency to emphasize isolated achievements while concealing important contextual details that would provide a more accurate and complete representation of the company's overall sustainability performance.

- **Claim 1:** *"Our production facilities reduced carbon emissions by 40%."*

Reality: Although technically correct, this reduction applied only to a newly constructed, highly efficient production facility, while the report failed to include data from older factories as well as outsourced operations that continue to generate considerable greenhouse gas emissions at levels inconsistent with the portrayed progress.

- **Claim 2:** *"80% recycled materials in our products."*

Reality: This assertion referred exclusively to the use of recycled content in **product packaging**, not the electronic devices themselves, which still relied predominantly on newly extracted raw materials, thereby significantly diminishing the environmental relevance of the claim.

- **Claim 3:** *"Supporting local communities through renewable energy initiatives."*

Reality: While the report showcased a pilot renewable energy project in a rural community, the scale of the initiative was relatively small, with limited measurable

benefits for the community's overall energy needs, indicating that its real impact was less substantial than implied through the company's messaging.

Taken together, these examples highlight the careful construction of sustainability narratives that, although anchored in facts, may selectively omit crucial information or exaggerate the significance of particular achievements. As a result, such communication practices can present a distorted image of organizational sustainability performance and raise concerns about the boundary between creative reporting and greenwashing.

4.3 Stakeholder Reactions

The strategic and visually appealing presentation of GreenTech Corp's CSR report generated varied responses from different stakeholder groups, illustrating the diverse expectations and interpretative complexities associated with creative sustainability communication.

1. Customers

Many customers responded positively to the company's portrayed environmental commitment, perceiving GreenTech Corp as a brand aligned with responsible consumption trends and global sustainability values. This favourable perception strengthened customer loyalty, particularly among environmentally conscious consumers, and contributed to increased sales performance, demonstrating how carefully constructed CSR messages can directly influence purchasing behaviour and brand competitiveness.

2. Investors

Investors who prioritize Environmental, Social, and Governance (ESG) indicators viewed the report as evidence of responsible corporate governance and future-oriented business strategy. The emphasis on sustainability initiatives improved confidence in the firm's long-term value creation potential, resulting in an enhanced market reputation and a subsequent rise in stock value, indicating that compelling CSR reporting can function as an important tool in attracting and retaining socially responsible investment capital.

3. Activists and Watchdogs

In contrast, environmental advocacy groups and independent watchdog organizations undertook a more critical examination of the report, identifying gaps between the claims presented and the company's broader environmental footprint. Their findings raised concerns about selective disclosure and potential greenwashing practices, prompting calls for greater transparency, verifiable data, and more comprehensive accountability mechanisms. These critical interpretations highlight how creative reporting practices, when not firmly anchored in factual accuracy, can undermine organizational legitimacy and provoke reputational risk.

5. Analysis and Discussion

5.1 Context and Approach

The interviews forming the empirical basis of this study were conducted within the framework of the Erasmus+ project *Metaversing: Civil Society in the Field of Youth*, utilizing the Metaversum virtual environment as an innovative and interactive setting for qualitative data collection between October and December 2024. The participant group consisted of sustainability professionals, corporate executives, and communication experts representing three different national contexts—Serbia, Bulgaria, and Spain—which contributed to a diverse mix of perspectives shaped by distinct regulatory systems and levels of CSR maturity. In total, 24 *semi-structured interviews* were conducted, distributed as follows:

- **Serbia:** 9 interviews, primarily involving representatives of private domestic companies operating in the manufacturing and IT sectors, where CSR reporting is increasingly seen as a tool for building market competitiveness.
- **Bulgaria:** 7 interviews, including stakeholders from both public and private organizations, mainly within the energy and agriculture industries, where CSR activities often focus on community development and environmental compliance.
- **Spain:** 8 interviews, conducted predominantly with managers and CSR specialists from multinational corporations in the tourism and retail sectors, which are subject to advanced sustainability regulations and high stakeholder expectations.

The cross-section of industries, ownership structures (public vs. private), and market orientations (domestic vs. multinational) provided a comprehensive foundation for analyzing differences in CSR reporting practices and perceptions. By integrating these diverse viewpoints, the study was able to develop a multi-layered interpretation of the key issues examined—specifically stakeholder trust, ethical implications of creative reporting, regulatory enforcement dynamics, and practical strategies for improving CSR communication in various business environments.

5.2. Trust and the Role of Transparency

Transparency as a Trust Builder: Across all three analyzed countries, transparency consistently emerged as a fundamental element in building and maintaining stakeholder trust, demonstrating that credible CSR reporting depends not only on the communication of positive achievements but also on the willingness of companies to acknowledge existing limitations and ongoing sustainability challenges. Organizations that adopted such balanced disclosure practices were perceived as more trustworthy and ethically responsible, which in turn strengthened their reputational positioning.

Spanish multinational corporations emphasized transparency not merely as a voluntary communication strategy but as a regulatory obligation driven by the strict requirements of the EU's Corporate Sustainability Reporting Directive (CSRD), which enforces comprehensive, verifiable, and standardized sustainability disclosures. In the Serbian context, trust-building efforts were primarily market-driven, with private companies focusing on the presentation of tangible environmental improvements—such as reductions in resource consumption and emissions—to ensure the loyalty of customers who increasingly value visible sustainability performance. Meanwhile, Bulgarian organizations operating predominantly in the public sector highlighted transparency as a tool for enhancing community relations and accountability, especially in energy and agriculture projects that directly affect local livelihoods and environmental quality.

Collectively, these findings underscore the central role that transparent, balanced, and data-supported reporting plays in cultivating stakeholder confidence across diverse regulatory and market environments.

Differences in Industry Practices:

- **Serbian manufacturing companies** predominantly emphasized a data-driven approach to CSR reporting, focusing on clearly measurable sustainability indicators such as energy efficiency, waste reduction, and emission monitoring, as these quantifiable results were viewed as the most effective means of demonstrating concrete progress and reinforcing legitimacy in the eyes of stakeholders who increasingly expect objective evidence of environmental responsibility.
- **Bulgarian organizations**, particularly those in community-oriented sectors, underscored the importance of transparency in projects that directly influence local populations, even though limited financial and technological resources often constrained their ability to adopt advanced tools for sophisticated reporting. Despite these challenges, maintaining open communication with citizens was prioritized as a crucial component of social accountability.
- **Spanish tourism firms** leveraged transparency strategically to appeal to environmentally conscious international audiences, combining factual sustainability disclosures with innovative storytelling elements that made their environmental initiatives more engaging and relatable. This approach helped them position themselves competitively in a sector where ecological awareness strongly shapes consumer preferences and destination choices.

5.3 Ethical Implications of Creative Reporting

Although creative CSR reporting can significantly enhance stakeholder engagement by making sustainability information more appealing and digestible, the findings indicate that such practices also raise notable ethical concerns, particularly when creativity is used selectively or without sufficient factual grounding. Respondents

repeatedly highlighted that misleading or overly polished narratives could easily backfire, exposing organizations to accusations of greenwashing and potentially damaging stakeholder trust. While these concerns were present in all three studied countries, they manifested in different forms depending on the level of CSR maturity and organizational resources.

- **Serbia:** Interviewees from the IT sector expressed considerable skepticism toward highly creative narratives that are not fully supported by reliable data, noting that the use of visually appealing communication without transparent verification mechanisms could provoke negative reactions and reputational backlash once discrepancies are identified by informed stakeholders.

- **Bulgaria:** Participants emphasized that small and medium-sized enterprises, due to limited financial and technological capacities, often rely on simplified sustainability reports. While unintentional, these oversimplifications may lead to stakeholder misinterpretation, raising a risk that companies could be perceived as withholding information even when intentions are not deceptive.

- **Spain:** Multinational corporations employing advanced creative tools—such as immersive visuals, interactive dashboards, and digital storytelling—were regarded as effective communicators, yet interviewees acknowledged that these sophisticated approaches also attracted heightened scrutiny from activists, journalists, and regulatory bodies who rigorously assess the accuracy behind sustainability claims.

Ultimately, the central ethical challenge lies in ensuring that compelling CSR communication remains firmly aligned with truthfulness, completeness, and verifiable performance. Interviewees strongly emphasized the need for clearer reporting guidelines, internal ethical oversight mechanisms, and standardized disclosure frameworks to ensure that creativity enhances, rather than undermines, factual integrity in sustainability reporting.

5.4 Addressing Greenwashing Through Regulation and Innovation

The EU's Corporate Sustainability Reporting Directive (CSRD) was frequently cited by interview participants as a crucial mechanism for mitigating greenwashing risks, as it introduces standardized, comprehensive, and independently verifiable disclosure requirements that compel companies to provide a more accurate and holistic representation of their sustainability performance. Spanish respondents, operating within an EU-member regulatory landscape, emphasized that the directive not only improves transparency but also reduces opportunities for selective reporting practices, thereby strengthening stakeholder confidence and improving the reliability of corporate sustainability communication. In contrast, Serbian and Bulgarian participants, who operate in environments where similar regulatory measures are less established or unevenly enforced, expressed the expectation that adopting CSRD-aligned frameworks

in the future would significantly enhance accountability, reduce manipulation in reporting, and harmonize local CSR practices with European standards.

Alongside regulatory advancements, technological innovation was widely recognized as a key enabler of improved data integrity in CSR reporting. Blockchain technology, for example, was highlighted for its unique ability to create tamper-proof digital records and ensure full traceability of sustainability performance indicators, thereby making falsified or selectively altered disclosures more detectable. However, while Spanish multinational corporations have already begun integrating such technologies into their reporting systems due to greater resources and market demands for transparency, interviewees from Serbia and Bulgaria noted that financial constraints, limited digital infrastructure, and insufficient technical expertise continue to pose challenges for widespread adoption among smaller organizations. Despite these barriers, participants agreed that regulatory reforms combined with innovative digital tools have strong potential to reduce greenwashing and promote more ethical CSR reporting practices across different economic contexts.

5.5. Integrated Findings: Industry and Ownership Dynamics

The analysis revealed notable variations in CSR reporting practices based on both industry characteristics and ownership structure, indicating that the strategic role and implementation of creative reporting approaches are significantly influenced by organizational context and market orientation.

• Public vs. Private Ownership:

In Bulgaria, public organizations tended to prioritize sustainability reporting practices that emphasize tangible benefits for local communities, reflecting their closer institutional alignment with public interest and social accountability objectives. By contrast, private companies across all three countries generally adopted creative CSR reporting as a strategic tool for enhancing competitive positioning, strengthening brand differentiation, and cultivating customer trust, particularly in markets where sustainability has become a key purchasing criterion. Multinational corporations—especially those based in Spain—placed strong emphasis on complying with international sustainability standards and best practices, viewing transparent and polished CSR communication as essential for maintaining legitimacy and reputation in global markets.

• Domestic vs. Multinational Companies:

Domestic firms in Serbia and Bulgaria more frequently highlighted localized environmental and social impacts, tailoring their disclosures to regional stakeholders and community-specific sustainability concerns. Conversely, Spanish multinationals, operating across multiple jurisdictions, tended to leverage technologically advanced digital solutions and broader narrative strategies in their CSR reporting, aiming to appeal to diverse international stakeholder groups and align their messaging with global ESG expectations.

Table 2: Summary of Key Insights

Theme	Serbia	Bulgaria	Spain
Transparency	Transparency is considered essential for building and maintaining trust among local stakeholders, particularly customers and community partners.	Emphasis on transparency is strongly linked to demonstrating accountability toward local communities, especially in public-sector-driven sustainability initiatives.	Transparency is a regulatory requirement under CSRD, making comprehensive, standardized disclosure a central component of corporate reporting practices.
Creative Reporting	Companies tend to rely on measurable, data-focused reporting formats and apply creative techniques cautiously to avoid skepticism.	Creative reporting is often limited by financial and technological constraints, which can restrict the sophistication of communication tools used.	Firms widely integrate advanced creative approaches, but these are subject to heightened monitoring and critique from regulators and activist groups.
Greenwashing Awareness	Greenwashing concerns are increasingly recognized, particularly in manufacturing industries where environmental claims are closely observed.	Awareness of greenwashing risks is emerging, especially in sectors with direct environmental impacts such as energy and agriculture.	Awareness is high and reinforced by strict enforcement mechanisms and public scrutiny, reducing tolerance for misleading claims.
Technological Adoption	Adoption of advanced reporting technologies remains limited due to costs and resource barriers, especially for SMEs.	Technology use is minimal among smaller organizations, with slow progress toward digitalized and verifiable reporting practices.	Rapid adoption of blockchain and other digital solutions is driven by multinational presence and regulatory expectations for verifiable disclosures.
Stakeholder Engagement	CSR reporting is strategically prioritized as a tool for strengthening customer loyalty and brand competitiveness.	Engagement focuses mostly on demonstrating societal contributions and benefits to local communities.	Stakeholder engagement is embedded in global reputation management and aligned with international ESG expectations.

Source: Created by authors

5.6. Hypothesis Testing and Validation

This section systematically evaluates the hypotheses outlined in the introduction by integrating insights derived from semi-structured interviews, the fictional case study of GreenTech Corp, and the analysis of real-world CSR documents. Through this

triangulation process, the study aims to assess the extent to which creative CSR reporting practices enhance stakeholder engagement while simultaneously introducing ethical risks, and to determine how technological and regulatory mechanisms influence reporting integrity. By aligning empirical findings with established theoretical principles, the section provides a comprehensive validation of each hypothesis, offering evidence-based conclusions regarding the dynamics between creativity, transparency, stakeholder trust, and accountability in sustainability communication.

5.6.1. Testing the Main Hypothesis

Main Hypothesis (H0): *Creative CSR reporting, when designed to improve stakeholder awareness and involvement through visually attractive and persuasive communication techniques, has the potential to strengthen public perceptions of a company's sustainability performance; however, it also raises the likelihood of credibility erosion if such approaches result in misleading or unverifiable claims that constitute greenwashing and undermine stakeholder confidence.*

The findings of the analysis strongly support this hypothesis. Creative CSR reporting was shown to enhance stakeholder engagement by transforming sustainability messages into more appealing and understandable formats. In the case of GreenTech Corp, storytelling elements and visually compelling infographics succeeded in drawing attention from customers and ESG-oriented investors, who viewed the company more favorably as a result. However, the same design choices, when paired with selective data presentation, triggered skepticism from activists and watchdog groups, who identified gaps between reported achievements and the company's broader environmental footprint. This reaction aligns with existing literature, particularly Seele and Gatti (2015), which emphasizes that persuasive communication without comprehensive disclosure increases the risk of greenwashing accusations and weakens corporate legitimacy.

Therefore, the main hypothesis is confirmed: while creative CSR reporting can strengthen positive stakeholder perceptions and engagement, it simultaneously presents a clear risk of damaging corporate credibility when creativity compromises transparency and factual accuracy.

5.6.2. Testing Auxiliary Hypotheses

Hypothesis 1: *The adoption of blockchain and AI technologies significantly improves transparency in CSR reporting.*

Interviews with sustainability professionals highlighted blockchain's ability to create tamper-proof records of CSR activities, enhancing accountability and stakeholder trust. In Spain, multinational corporations were noted for integrating blockchain into their supply chains to ensure traceability. However, interviews in Serbia and Bulgaria revealed barriers to adoption, including cost and technical

expertise, particularly among SMEs. AI's role in predictive analytics and automated reporting was similarly recognized, particularly for aligning CSR data with measurable outcomes (Cao, 2023; Pavlović et al., 2024).

This hypothesis is partially confirmed: while blockchain and AI improve transparency, their adoption remains limited due to resource constraints in certain regions and industries.

Hypothesis 2: *Ethical CSR reporting practices positively influence stakeholder trust and long-term corporate reputation.*

Stakeholder feedback consistently emphasized the importance of balanced narratives that include both achievements and challenges. GreenTech Corp's selective disclosures eroded trust among activists, underscoring the importance of transparency in CSR communication. Companies that acknowledged areas for improvement alongside successes were perceived as more credible, consistent with findings from Parguel et al. (2011).

This hypothesis is confirmed, as ethical CSR reporting fosters trust and strengthens corporate reputations.

5.6.3. Testing Specific Hypotheses

Hypothesis H3: *Stakeholders are more likely to trust CSR reports that disclose both achievements and challenges transparently.*

The evidence collected through interviews and the analysis of the GreenTech Corp case study strongly supports this hypothesis. Across all three examined countries, stakeholders consistently emphasized that transparent disclosures—those that acknowledge both sustainability successes and persistent shortcomings—are perceived as more credible and ethically responsible forms of reporting. In contrast, selective communication strategies that highlight only positive performance indicators were shown to create skepticism among informed audiences, particularly representatives of NGOs, regulatory bodies, and activist groups who are trained to identify omissions and discrepancies. These findings demonstrate that transparency functions as a critical determinant of perceived corporate integrity and ultimately strengthens trust-based relationships between organizations and their stakeholders.

Thus, the H3 hypothesis is **confirmed**, as the inclusion of balanced and candid sustainability information clearly enhances trust and reinforces positive stakeholder perceptions.

Hypothesis H4: *Regulatory frameworks like the CSRD effectively address greenwashing by enforcing comprehensive and verifiable disclosures.*

Interview participants, especially those from Spain, widely acknowledged the CSRD as a robust regulatory instrument that significantly improves transparency and reduces opportunities for greenwashing by mandating standardized, comprehensive,

and verifiable sustainability reporting practices. The directive was seen not only as a deterrent to misleading communication but also as a driver of organizational accountability and improved ESG performance. However, respondents from Serbia and Bulgaria pointed out that the lack of fully implemented or equivalent regulatory structures in their national contexts limits the overall impact of such frameworks in curbing selective reporting practices and sustainability misrepresentation outside the EU's stricter regulatory environment.

Therefore, H4 is **partially confirmed**: the CSRD proves effective in EU-member contexts where enforcement mechanisms are strong, but its benefits cannot be fully extended to non-EU markets until similar mandatory reporting frameworks are adopted globally.

5.7. Lessons and Recommendations

The findings from this study highlight several actionable strategies that organizations can adopt to improve the quality, ethical integrity, and overall effectiveness of their CSR reporting practices. First, companies are encouraged to rely on clear, standardized, and internationally recognized reporting frameworks—such as the Global Reporting Initiative (GRI) and the EU's Corporate Sustainability Reporting Directive (CSRD)—which enhance the consistency, comparability, and credibility of disclosed sustainability information while reducing the risk of selective or misleading communication. These frameworks also help align corporate reporting practices with evolving societal expectations and regulatory requirements.

Second, the integration of advanced digital technologies, including blockchain and data analytics, offers substantial potential for enhancing transparency and accountability in sustainability disclosures. Although their implementation is currently more feasible for larger corporations with greater financial and technological resources, these tools represent a valuable long-term investment that can strengthen the traceability, reliability, and auditability of environmental and social performance data across different industries.

Third, it is essential for businesses to strike a thoughtful balance between creativity and factual accuracy in CSR communication. While engaging design features, persuasive storytelling, and user-friendly visualization techniques can increase stakeholder interest and understanding, these creative elements must always remain grounded in authentic, verifiable information to avoid reputational harm and accusations of greenwashing that can undermine stakeholder trust.

Finally, the study emphasizes the importance of proactive stakeholder engagement throughout the reporting process. Involving employees, investors, customers, and community representatives in shaping sustainability narratives not only ensures that reports address diverse needs and expectations but also fosters stronger, more collaborative relationships built on mutual understanding and accountability.

Taken together, these recommendations underscore the need to tailor CSR reporting strategies to each organization's specific context—considering its industry characteristics, ownership structure, geographical setting, and available resources—while ensuring alignment with rigorous ethical principles and emerging technological and regulatory instruments. By doing so, companies can enhance the credibility of their sustainability communication, support long-term value creation, and reinforce their role as responsible contributors to sustainable development.

6. Conclusion

The GreenTech Corp case study, combined with insights gathered from stakeholder interviews conducted within the *Metaversing: Civil Society in the Field of Youth* project, clearly illustrates the delicate balance that organizations must maintain between creative CSR reporting and ethical transparency. While innovative communication formats can successfully enhance stakeholder engagement and generate short-term reputational and financial benefits, the findings demonstrate that selective disclosure practices—particularly those that omit negative performance indicators—risk eroding trust and provoking critical responses when discrepancies are eventually exposed.

The results of the hypothesis testing confirm that transparency represents a core determinant of credible CSR communication. Creative reporting approaches must therefore be firmly anchored in ethical principles to preserve stakeholder confidence and organizational legitimacy. Stakeholder feedback strongly supported the assertion that balanced narratives, which acknowledge both sustainability achievements and ongoing challenges, are more believable and contribute to the perception of corporate integrity. These findings reinforce the central role of factual accuracy in ensuring that creativity contributes to, rather than undermines, authentic sustainability reporting.

Contextual differences between the examined countries further highlight that regulatory environments play a significant role in shaping reporting practices. Spanish companies demonstrated how the EU's Corporate Sustainability Reporting Directive (CSRD) strengthens transparency and verifiability, whereas Serbian and Bulgarian firms pointed to resource limitations and technological gaps as key obstacles to fully aligning with advanced reporting standards. These variations underscore that organizational and regional contexts must be considered when designing and implementing CSR reporting strategies.

To address these challenges and mitigate greenwashing risks, companies should integrate transparency as a guiding principle of their creative communication strategies, while leveraging technological tools such as blockchain and artificial intelligence to improve data traceability and accountability. At the same time, policymakers and regulatory bodies must work to expand access to reporting tools and strengthen oversight mechanisms to ensure fairness and consistency across different markets.

Ultimately, the study concludes that ethical creativity in CSR reporting is not only a moral responsibility but also a critical strategic factor for long-term organizational success. By adhering to standardized frameworks, embracing technological innovation, and maintaining open communication with stakeholders, businesses can build lasting trust, support sustainable development goals, and secure a competitive advantage in an increasingly sustainability-driven global economy.

References

- Bowen, H. R. (1953). *Social Responsibilities of the Businessman*. New York: Harper & Brothers.
- Cao, S. (2023). Blockchain traceability for sustainability communication in food supply chains: An architectural framework, design pathway and considerations. *Sustainability*, 15(18), 13486. <https://doi.org/10.3390/su151813486>
- Đukić, T., Pavlović, M. & Grdinić, V. (2023). Uncovering Financial Fraud: The Vital Role of Forensic Accounting and Auditing in Modern Business Practice. *Economic Themes*, 61(3), 407–418. <https://doi.org/10.2478/ethemes-2023-0021>
- Elkington, J. (1997). *Cannibals with Forks: The Triple Bottom Line of 21st Century Business*. Capstone Publishing.
- European Commission. (2024). *Corporate Sustainability Reporting Directive (CSRD)*. Retrieved from <https://ec.europa.eu>
- Freeman, R. E. (1984). *Strategic Management: A Stakeholder Approach*. Cambridge University Press.
- GRI. (1997). *Global Reporting Initiative: Sustainability Reporting Guidelines*. Retrieved from <https://www.globalreporting.org>
- Lyon, T., & Montgomery, A. (2015). The means and end of greenwash. *Organization & Environment*, 28(2), 223–249. <https://doi.org/10.1177/1086026615575332>
- Nyilasy, G., Gangadharbatla, H., & Paladino, Á. (2013). Perceived greenwashing: The interactive effects of green advertising and corporate environmental performance on consumer reactions. *Journal of Business Ethics*, 125(4), 693–707. <https://doi.org/10.1007/s10551-013-1944-3>
- Parguel, B., Benoît-Moreau, F. & Larceneux, F. (2011). How sustainability ratings might deter ‘greenwashing’: A closer look at ethical corporate communication. *Journal of Business Ethics*, 102(1), 15–28. <https://doi.org/10.1007/s10551-011-0901-2>
- Pavlović, M., Đukić, T. & Gligorić, Č. (2023). Investigating Financial Frauds in the Modern Landscape: A Forensic Accounting Perspective in the COVID-19 Era. *Economic Themes*, 61(3), 407–418. <https://doi.org/10.22190/FUEO230829020P>
- Pavlović, M., Gligorić, Č., Zdravković, F., & Pavlović, D. (2024). Revolutionizing Management Accounting: The Role of Artificial Intelligence in Predictive Analytics, Automated Reporting, and Decision-Making. *Business & Management Compass*, 68(4), 23–42. <https://doi.org/10.56065/nxn2gx53>
- Seele, P., & Gatti, L. (2015). Greenwashing revisited: In search of a typology and accusation-based definition incorporating legitimacy strategies. *Business Strategy and the Environment*, 26(2), 239–252. <https://doi.org/10.1002/bse.1912>

ETIČKE DIMENZIJE KREATIVNOG IZVEŠTAVANJA O DRUŠTVENO ODGOVORNOM POSLOVANJU: IZMEĐU INOVACIJE I EKOMANIPULACIJE

Apstrakt: Izveštavanje o korporativnoj društvenoj odgovornosti (CSR) postalo je kamen temeljac savremene poslovne prakse, omogućavajući organizacijama ne samo da komuniciraju svoje inicijative održivosti i društvene uticaje, već i da ojačaju poverenje zainteresovanih strana i legitimitet kompanije u javnosti. Kako preduzeća sve češće primenjuju kreativne tehnike izveštavanja—poput narativnog pripovedanja, vizuelno oblikovanih prikaza podataka i interaktivnih digitalnih formata—kako bi informacije o održivosti učinila zanimljivijim i pristupačnijim, javlja se sve veći etički izazov u vidu ekomanipulacije (greenwashinga), pri čemu se pojedina dostignuća preuveličavaju ili selektivno predstavljaju na način koji dovodi do obmana i smanjenja poverenja zainteresovanih strana (Seele & Gatti, 2015; Lyon & Montgomery, 2015). Ovaj rad ispituje na koji način kreativnost u CSR izveštavanju može doprineti unapređenoj transparentnosti i snažnijoj uključenosti zainteresovanih strana, istovremeno ukazujući na rizike po kredibilitet kompanije kada se prekorače etičke granice. Integrisanjem teorijskih perspektiva, savremenih tehnoloških inovacija poput blockchain-a i veštačke inteligencije, kao i regulatornih instrumenata poput Direktive EU o izveštavanju o korporativnoj održivosti (CSRD), rad predlaže načine za usklađivanje inovativnih pristupa sa etičkom odgovornošću. Kroz studiju slučaja fiktivne kompanije „GreenTech Corp“, istraživanje nudi praktične preporuke za jačanje tačnosti i odgovornosti u komunikaciji o održivosti, čime se dugoročno podržavaju poverenje zainteresovanih strana i održivo poslovanje.

Ključne reči: korporativna društvena odgovornost, izveštavanje o društveno odgovornom poslovanju, ekomanipulacija, transparentnost, etika, održivost, poverenje zainteresovanih strana.

Authors' biographies

Tadija Đukić, PhD, is a Full Professor and has served two terms as Dean at the Faculty of Economics, University of Niš. He is currently the Vice-Rector for Finance at the University of Niš. He is engaged in teaching subjects in the field of accounting (Financial Accounting, Budget Accounting, Financial Reporting, Accounting and Measurement of Financial Instruments, Financial Reporting of Cash Flows). He is the author of numerous papers published in journals and conference proceedings.

Miloš Pavlović, PhD, a professor of applied studies, his area of interest includes Finance, Accounting, Auditing, and Control. Since 2017, he has been a professor at the Belgrade Business and Arts Academy of Applied Studies (BAPUSS). He has also taught at institutions in Serbia and abroad, including Montenegro and Bosnia and Herzegovina. Actively engaged in international collaboration, he is

currently the Advisor to the President of BAPUSS, responsible for projects, and a participant in several KA220 Erasmus+ projects.

Čedomir Gligorić, PhD, an applied studies professor, holds a PhD from the Belgrade Banking Academy, University Union, earned in 2014. He specializes in Accounting, Auditing, and Control and has been a professor at the Belgrade Business and Arts Academy of Applied Studies (BAPUSS) since 2015. Previously, he served as a teaching assistant at the Faculty of Law, University of Belgrade (2002–2014). Since 2016, he has been the Chair of the Department for Applied Economy at BAPUSS.