

RESEARCH ARTICLE OPEN ACCESS

Strategic Sustainability Reporting, Impression Management and Board Gender Diversity: Evidence From Luxury Fashion Industry

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Received: 4 May 2025 | **Revised:** 10 September 2025 | **Accepted:** 18 September 2025

Keywords: board gender diversity | ESG reporting | impression management | luxury fashion industry | strategic sustainability communication | sustainability disclosure

ABSTRACT

The study aims to examine the impression management (IM) of the luxury fashion industry through communications using annual reports and the influence of board gender diversity (BGD). Using a computational approach with Python and Natural Language Processing on sustainability practices and performance of 19 luxury fashion companies from Top 100 global luxury brands over the period 2020 to 2022, it evaluates sustainability dimensions and the BGD's influence on IM practices. The findings reveal a notable increase in IM disclosure over the years and highlight a positive association between IM and sustainability disclosures, illustrating the use of disclosure language strategically to enhance corporate sustainability and reputation. They uncover that the boards with a higher proportion of female directors are positively associated with IM practices. This study contributes to the understanding of IM strategies in sustainability disclosure within the luxury fashion industry and underlines the crucial role of female directors in fostering ethics.

1 | Introduction

The areas of Environmental, Social and Governance (ESG) and Sustainability became popular in the business world. Significant calls were made by governments, organizations and NGOs to adopt new strategies and models of business and consumption that are more friendly to the environment and more ecologically sustainable (Schaltegger et al. 2016). Existing business practices have raised concerns about the inefficient use of natural resources and the sector's contribution to climate change and environmental degradation and, at the same time, to mitigate harmful environmental effects from climate change. Unlike other industries with sustainability records such as the oil and gas industry or the transport industry, the luxury fashion industry is considerably seen as vulnerable to consumer scrutiny (Campos Franco et al. 2020). Luxury fashion companies received criticisms for the damages to environmental

biodiversity, the increased waste and pollution from the manufacturing activities of the companies, the existence of animal abuse when testing raw materials and the exploitation of labour workers in developing countries (see BBC News 2018; Kerr and Landry 2017). Despite these criticisms, the luxury fashion industry marks a continuous increase in global industry revenues, where in 2021, it grew 21% year on year, whereas the average EBITA margin close to doubled, growing 6% points (McKinsey and Company 2023, 10). A strong performance was also evidenced in early 2022 with 13% revenue growth in the first half of the year (McKinsey and Company 2023).

EY Global Institutional Investor Survey showed that '90% of investors [...] attach greater importance to companies' ESG performance when it comes to their investment strategy and decision-making' and '92% say they have made an investment because they saw it benefiting from the green recovery' (EY 2021,

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4). A significant pressure to meet sustainability requirements has encouraged various companies to establish sustainability practices and strategies to monitor and evaluate the companies' processes and the effect of their activities and strategies (Di Leo et al. 2023; Centobelli et al. 2021). This demand for more sustainability disclosures led these companies to make available data about their economic, social and environmental activities, performance and their sustainability strategies in publicly available reports (Jestratišević et al. 2020, 2022). Nonfinancial reporting provides stakeholders with detailed information on investment opportunities, risks and sustainability strategies, the risks that the company faces in the social and environmental areas and the consequences that resulted from these risks on the company's development and performance (Di Leo et al. 2023; Perrini 2006; Cormier et al. 2011). The luxury fashion industry has received considerable and significant attention from various academic scholars (see, e.g., Kapferer and Michaut-Denizeau 2014; D'Anolfo et al. 2017; Di Leo et al. 2023). These luxury fashion companies attempted to provide evidence about their awareness and involvement for a better environment and towards sustainability requirements. They have tried to find ways to balance the economic growth of the business and the protection of the climate and environment and the human health issues by adopting sustainability and corporate social responsibility (CSR) strategies and practices (Di Leo et al. 2023). Recent scholarship has shown that luxury fashion firms are increasingly adopting sustainability strategies to enhance both brand image and operational performance (see Centobelli et al. 2021; Bundgaard and Huulgaard 2019; Medcalfe and Miralles Miro 2022; Di Leo et al. 2023). For example, McKinsey and Company (2023) stated that these companies made a top priority their commitments to environmental sustainability reporting.

GRI standards are the standards mostly used across the globe for sustainability reporting of various companies (GRI 2019). The attributes of the GR framework adopted by the companies cover the issues of completeness, comparability, clarity, accuracy, timeliness, verifiability and balance (GRI 2019). The reasons that explain the use of the GRI framework by companies include breeding relationships with various groups of stakeholders, resistance from the pressure received by these stakeholders to omit reporting on sustainability and the evidence that the business acts ethically and is friendly to the environment to attract investors (Alonso-Almeida et al. 2014). To achieve these, the issue of appropriate documents and reports was used as a tool to communicate at the corporate level the sustainability activities and strategies of the business and how these affect the choices made by the business (Landrum and Ohsowski 2018). Therefore, the ESG factors become an important issue for consideration by the stakeholders for business evaluation and performance (Carroll 2021). Di Leo et al. (2023) argued that concerns were raised regarding the quality of reporting, which may not clearly provide evidence of the actual activities carried out by the companies. On this matter, prior studies (see, e.g., Kapferer and Michaut-Denizeau 2014; Li et al. 2014) found that there is limited knowledge about the adoption of sustainable reporting and communication practices in the luxury fashion industry despite their awareness of communicating their engagement in sustainability activities to the stakeholders. Kang and Sung (2022, 292) argue that the luxury fashion industry 'encounter a dilemma over their green CSR engagement and

communication', meaning to consider CSR a key pillar of their business or a communication tool that could confuse their clients regarding their environmental practices.

For the luxury fashion industry, there are very limited studies (see Wells et al. 2021; Di Leo et al. 2023) that focused on the understanding of their sustainability activities and practices. The study of Di Leo et al. (2023) identified the sustainable practices of luxury fashion brands through their communications via official reporting documents to classify practices used for communicating sustainability performance. Their study focuses on the ongoing debate about the adoption of GRI guidelines and the communication of the luxury fashion companies' activities to signal their commitment to CSR. They explore the connection between the adoption of GRI guidelines in the luxury global market and a company's communication effectiveness. However, they only focused on the 2019 sustainability reports. Furthermore, they did not examine the effects of the impression management disclosure (IMP) levels to the board gender diversity (BGD) and to measure sustainability from the annual reports of luxury fashion companies. The use of content analysis of the documents only focuses on the evaluation of the economic, environmental and social commitment of the companies in the 1-year sample without considering how the gender diversity in the companies' board may affect the communication and measurement of sustainability from the annual reports. Therefore, they further suggested that more longitudinal observation and analysis of sector-specific sustainability initiatives reporting practices may be conducted in the future to confirm and further investigate the results that emerged from this analysis. Furthermore, the study of Wells et al. (2021) only examined the environmental reports of two luxury fashion brands (LVMH and Kering) and whether they were legitimate using corpus-assisted discourse analysis of the sustainability reports. By focusing only on two luxury fashion companies, it did not allow the comparison to reveal different practices among other luxury conglomerates or independent luxury brands. Additionally, the legitimacy theory was only used as a theoretical framework to be applied to the context of luxury reporting to reveal to what extent the sustainability reporting can be considered as legitimate and indicative of substantive management practice. This led to a narrow perspective to view the sustainability communication among the luxury fashion companies towards the groups of stakeholders without considering the effect of the board of directors and the role of gender diversity. Another study is that of Baier et al. (2020) that generated a list of words that was used to analyse a company's CSR in their annual reports. Their aim was to identify and quantify differences and special characteristics in the extent of ESG reporting. Their focus was on CSR reporting and not on the annual reports of the luxury fashion companies. Additionally, no theoretical framework was used to interpret the findings and provide an extended conclusion.

Therefore, our research is aimed to increase the knowledge about the organizational impression management tactics used to measure the sustainability practices in annual reports (see Wells et al. 2021). The luxury fashion companies aim to avoid any accusations that show them not to be friendly operating in the environment (see Mohr et al. 2001; Kang and Sung 2022), and thus, a further development of their sustainability and CSR communication tools is needed. To address any paradoxes, the luxury

fashion industry needs to find ways to communicate more effectively their sustainability strategies and activities to the stakeholders (Hahn et al. 2015). Indeed, climate change discourses themselves may constitute an impression management exercise, raising concerns about whether sustainability narratives are substantive or symbolic (Nik Ahmad and Hossain 2019).

This study pioneers the exploration of the intersection between impression management and sustainability reporting in the luxury fashion industry. By providing a comprehensive analysis of the annual reports of top global luxury brands over a 3-year span, our research fills a critical gap in the literature. Notably, it uncovers a significant relationship between increased positive IMPs and ESG reporting. Furthermore, our investigation into the influence of BGD on these practices offers groundbreaking insights. It reveals that a higher proportion of female directors on boards correlates with enhanced impression management, underscoring the unique contribution of gender perspectives in corporate communication. This study not only advances academic understanding in these areas but also imparts practical implications for corporate governance and sustainability strategies in the luxury fashion sector.

The methodological approach of this research is both innovative and rigorous, employing Natural Language Processing (NLP) techniques and Python programming to analyse a large dataset. We meticulously examined the annual reports (2020–2022) of 19 leading companies from the Top 100 global luxury brands. This approach allowed us to quantitatively assess patterns and shifts in sustainability reporting and impression management strategies over time. The utilization of NLP in this context is particularly novel, enabling us to process and analyse textual data with a precision and scale that traditional manual methods cannot match. This methodology not only enhances the reliability and depth of our analysis but also sets a precedent for future studies in corporate communication and sustainability reporting.

This study offers critical insights into how luxury fashion companies strategically manage sustainability disclosures to shape stakeholder perceptions, thereby aligning corporate communication practices with broader environmental sustainability objectives. By examining impression management tactics in sustainability reporting, this research contributes to the understanding of strategic responses to environmental challenges, which is a core concern for businesses operating in today's climate-conscious market.

Our study makes several important contributions to the existing literature on sustainability reporting. Firstly, it unveils the impression management tactics employed by luxury fashion companies to communicate their sustainability and ESG performance. We delve into the diverse content used by these companies to convey their sustainability practices, enriching the ongoing discourse from a decision-making perspective. Our findings suggest that luxury fashion companies strategically adopt specific strategies, terms and terminologies, not only to demonstrate their commitment to sustainability but also to meet certain standards and criteria for verification and acceptance among stakeholders concerned with environmental stewardship. This aspect of communication through annual reports is pivotal, as it reveals the methods employed by these companies

to engage their current audience and attract potential stakeholders and investors.

Secondly, our research methodologically advances the field by employing an automated textual analysis, providing a comprehensive measurement of IMP in the narrative sections of annual reports. This study contributes new evidence regarding the relationship between BGD and corporate IMP. Our findings offer managers and policymakers deeper insights into how female board members can enhance disclosures related to modern slavery and mitigate its associated risks. Theoretically, our research supports the predictions of Gender Socialization Theory (GST) and Critical Mass Theory (CMT), thus extending the understanding in these areas.

Our paper therefore aims to examine the impression management of the luxury fashion industry through their communications using official annual reports. This will enable us to classify the practices and the content that were used by these companies and the performance measurement to communicate their sustainability practices. Specifically, we seek to answer the following research questions: *To what extent do luxury fashion companies employ impression management in their annual reports, and what rhetorical strategies are evident in their sustainability narratives? And how does board gender diversity influence the level of impression management disclosure in luxury fashion companies' annual reports?*

The structure of the remainder of this paper is as follows: Section 2 reviews literature related to sustainability in the luxury fashion industry. Section 3 discusses the hypotheses development. Section 4 details the research design and methodology, including the methods employed. Section 5 presents our findings. The final section offers a discussion and conclusion.

2 | Literature Review

There is no fixed definition of the word 'luxury' (Heine 2012; Vigneron and Johnson 1999, 2004; Yeoman 2011) due to the variety of meanings that are formed and given based on individuals' experiences (Nia and Zaichhowsky 2000; Cornell 2002) and circumstances (Gardyn 2002). Atwal and William (2009) argued that it was difficult to provide a definition of what is 'luxury'. Some characteristics were used to describe luxury, such as rarity (Ko et al. 2019), high quality (Ryding et al. 2018; Athwal et al. 2019), premium price (Phau and Prendergast 2000; Okonkwo 2007) and aesthetics (Ko et al. 2019). The luxury industry was deemed a key market segment that accounted for US\$111.50bn in 2023 and is predicted to grow 3.39% annually in the coming years (Statista 2023).

The words 'sustainability' and 'luxury' have been characterized as noncompatible or even two opposing terms/concepts (Di Leo et al. 2023). There was the perception that the luxury companies did not need to report sustainability to increase or improve their sales (Di Leo et al. 2023; Joy et al. 2012). However, in recent years, consumers changed their minds towards the role of these companies in climate change and environmental issues and exerted their purchase power by influencing the revenues of the business (see Kapferer and Michaut-Denizeau 2014; Garcia-Torres

et al. 2017). Therefore, the global fashion luxury companies received criticisms for unsustainable practices such as waste creation, use of chemicals, treatment of workers along the supply chain and burning of unsold goods (see, e.g., Henninger and Athwal 2022; Blazquez et al. 2020; Brydges and Hanlon 2020; Dickson and Warren 2020). These companies have shifted their strategies to improve sustainability efforts, and the concept of 'sustainable luxury' emerged as a key strategic priority to consider for the future of these companies (Athwal et al. 2019; Karaosman et al. 2020; Kunz et al. 2020; Di Leo et al. 2023). To show their involvement in sustainability practices (see Kapferer and Michaut-Denizeau 2014), the luxury fashion industry changed its priorities (Woodside and Fine 2019). For instance, the brand of Stella McCartney started to advert vegan alternatives within its fashion lines (Athwal et al. 2019), and the brand of Miu Miu used alternative production approaches such as up-cycled vintage collections (Bala 2021; Henninger et al. 2022). The 'communication of luxury producers tries to transport the perception of a harmonious togetherness between sustainability and luxury without sacrificing any promises made by luxury' (Kunz et al. 2020, 552).

Annual reports are prepared once a year to provide a true and fair view of the financial performance and financial condition of a company. Annual reports are required by company law to contain information about the activities and financial results of a business. Evaluating the financial results of a business helps to examine whether the company will continue to operate in the foreseeable future. An annual report includes both qualitative and quantitative information about the company, such as the narrative reports, the financial statements, the audit report and the discussion of different sectors/departments of the company. Apart from the corporate numerical details of the annual report, narrative reporting is provided, focusing on environmental-related and sustainability issues of the company. The disclosure of environmental and sustainability information is voluntary and depends entirely on the company's discretion to provide such information to users of accounting information. According to Niskala and Pretes (1995), environmental reporting is considered an exemplar of additional information that companies are willing to provide to their stakeholders.

According to Guthrie et al. (2008), there are arguments for and against the use of annual reports to examine a company's sustainability practices and reporting. Prior studies on corporate social disclosure (CSD) (see, e.g., Cowen et al. 1987; Guthrie and Parker 1989, 1990; Neu et al. 1998; Roberts 1992; Wiseman 1982) use annual reports as a key means of communicating CSD information to the public and the stakeholders of the business. Milne and Adler (1999) highlight that the annual reports are widely used in sustainability research to indicate the sustainability and CSR practices of the company. In this light, Campbell (2000) argued that the annual reports can be accepted as an appropriate source of a company's characteristics towards social and environmental reporting. The rationale behind this statement is that the company has complete editorial control over the document (excluding the audit report), and it is usually the most widely distributed public document produced by the company (Guthrie et al. 2008). Another reason that confirms the appropriateness of annual reports for examination of sustainability practices and reporting is that these reports are required by legislation and are

produced on a regular basis by all companies, and this facilitates comparisons between the companies and sectors/industries (Tilt 2001; Guthrie et al. 2008). This mandatory legal requirement establishes a high degree of credibility and reliability of annual reports by their users (the stakeholders) (Neu et al. 1998). Petty and Guthrie (2000) further argued that the annual report is used as a communication tool that enables the company not only to report to various external and internal stakeholders but also to establish their reputation and image in the market. Adams and Harte (1998) assert that the annual reports are socially of great significance; they are easily available, and they are used as the main means of communication by the companies.

Given that annual reports are a primary communication vehicle for corporate narratives, understanding how sustainability is embedded in these reports is essential. By restricting only to the examination of the annual reports, this might give an incomplete view of overall reporting and communication of CSR and sustainability issues (Zeghal and Ahmed 1990). However, prior scholars (see, e.g., Adams et al. 1995; Gray et al. 1995; Neimark 1992) state that the annual report can be seen as a major channel for corporate communication. The annual reports are a powerful tool for shaping what is important for the business, and it can also enhance the issue of accountability by having annual reports as publicly available data (Everaert et al. 2007).

Prior literature (see Athwal et al. 2019; Janssen et al. 2017; Di Leo et al. 2023) provided evidence on the one hand that well-known luxury brands are more advanced in respect of the implementation of sustainability practices and on the other hand that the over-communication of sustainability practices can impact the prestige of these luxury brands. These issues were reflected by the communication strategies and practices followed by these luxury companies and also helped to broaden the objectives of the sustainability communications. For instance, the study of Lee and Gordon-Wilson (2021) found four main strategies across 10 sustainable luxury fashion brands. Reviewing the prior literature, our research study aims to examine these issues by furthering the examination and understanding of the luxury fashion companies in the context of sustainability. There were calls for investigating further the reporting of environmental, monitoring and enforcement practices by luxury companies (see Wells et al. 2021; Athwal et al. 2019; Di Leo et al. 2023). This aligns with earlier evidence that firms often deploy impression management through minimal narrative disclosure in annual reports (Leung et al. 2015).

In this context, examining how luxury fashion companies strategically communicate their environmental and sustainability initiatives is vital for understanding their broader business strategies aimed at enhancing environmental responsibility. This responds to recent work evaluating impression management tactics in mandatory sustainability reporting (Iazzi et al. 2025), highlighting the importance of governance drivers in shaping rhetorical practices. As sustainability becomes a core component of corporate strategy, particularly in response to stakeholder expectations and environmental challenges, exploring impression management through annual reports provides important insights into how firms navigate the tension between brand prestige and accountability. Our study contributes to the growing discourse on business strategies for

improving environmental performance and supports the call for more transparent and credible sustainability practices in the luxury sector.

First, prior luxury fashion research largely documents what firms disclose but is limited by narrow temporal or firm coverage and by a focus on stand-alone sustainability reports. For example, Wells et al. (2021) examine only two conglomerates, whereas Di Leo et al. (2023) analyse one reporting year (2019) and do not consider how governance structures shape disclosure choices. This stream also emphasizes transparency/legitimacy rather than impression management as a measurable construct, and it rarely uses reproducible computational text analysis on annual reports—the primary, legally anchored vehicle for corporate narratives. Moreover, although corporate governance studies link BGD to disclosure breadth/quality in other settings (e.g., Al-Shaer and Zaman 2016; Cabeza-García et al. 2018; Nadeem 2022; Moussa et al. 2023), the literature has not examined whether, and under what thresholds, BGD is associated with impression-management tone and intensity in the luxury context. Together, these gaps limit what we know about how governance shapes the rhetoric of ESG communication in an industry where brand prestige heightens incentives for strategic messaging (see also Athwal et al. 2019; Neu et al. 1998).

Second, our study addresses these gaps by (i) assembling a multi-year panel of 19 luxury fashion companies (2020–2022) and analysing impression-management language in annual reports with a validated, reproducible NLP pipeline (CFIE + Python); (ii) testing the association between impression management and ESG disclosure levels; and (iii) theorizing and evaluating BGD as a governance antecedent of impression management, including a critical mass perspective consistent with GST and CMT. By shifting from counts of disclosures to the strategic use of positive/negative narrative tone, and by embedding board composition into the explanation of ESG communication strategies, we extend luxury fashion disclosure research beyond descriptive transparency towards a governance-inflected account of how and why firms craft their sustainability narratives. These clarifications directly motivate our hypotheses below.

3 | Hypothesis Development

3.1 | BGD and Corporate IMP

Examining the association between corporate disclosure levels and BGD, empirical studies suggest a positive association between the representation of female directors on corporate boards and disclosure levels. For instance, evidence indicates that female directors promote information sharing (Nadeem 2020). Cabeza-García et al. (2018) report that companies with higher percentages of female directors have better CSR disclosures, which can be parallelly applied to IMP. Moreover, Nadeem (2022) finds a significant positive association between BGD and the readability of US companies' 10-K filings, a facet closely related to IMP. Furthermore, studies report a positive association between gender diversity and various disclosure levels, including biodiversity (Haque and Jones 2020), continuous disclosures (Ahmed et al. 2017), modern slavery (Allam et al. 2024; Moussa et al. 2023) and sustainability reporting quality

(Al-Shaer and Zaman 2016), all of which could encompass aspects of IMP. Given the ethical implications of transparent and honest disclosures and the focus of women on communal values and ethics, there is a solid empirical basis to expect a positive association between BGD and IMP. Therefore, we formulate our first hypothesis as follows:

Hypothesis 1. *Board gender diversity is positively associated with companies' Impression Management Disclosure levels.*

3.2 | The Critical Mass of Female Directors

Building on the concept of the CMT in the context of gender diversity's role on corporate boards, it is posited that a small representation of female directors (i.e., one or two) can be considered a 'token' with no significant impact on decision-making (Allam et al. 2024; Mintah et al. 2025). It is argued that for female directors to significantly influence the board's decision-making process, their number must exceed a certain limit. Erkut et al. (2008) and others (Kristie 2011) suggest that three or more women on a board provide the necessary critical mass for effective influence. Support for this argument is found in various studies (e.g., Cabeza-García et al. 2018; Gyapong et al. 2021; Joecks et al. 2013; Liu et al. 2014; Lucas-Pérez et al. 2015; Nadeem 2022; Post et al. 2011; Yarram and Adapa 2021; Mintah et al. 2025; Allam et al. 2024; Moussa et al. 2023). These studies demonstrate that a threshold of three women on a board is necessary for gender diversity to significantly impact disclosure levels, including IMP. Therefore, our second hypothesis is

Hypothesis 2. *A critical mass of at least three female directors on the board is positively associated with companies' Impression Management Disclosure levels.*

4 | Research Design and Methodology

4.1 | Research Design

This study adopts a quantitative research methodology, focusing on textual analysis of luxury fashion companies' official documents, particularly their annual reports. This approach enables an in-depth examination of the impression management tactics used in reporting sustainability practices and performance. Annual reports were collected from company websites and served as our primary data source, supplemented by ESG and sustainability indicators from the EIKON platform (renamed as LSEG Workspace in 2025). To identify relevant case studies, we consulted the *Global Powers of Luxury Goods 2022* ranking by Deloitte (2022). This report by Deloitte (2022) lists the top 100 luxury goods companies globally based on the consolidated sales of luxury goods in 2021 (for the financial year ending on June 30, 2022) and provides a global economic outlook of the luxury fashion companies' performance in all geographical and product areas.

Using as a starting point this Deloitte (2022) report, several criteria were put in place to select the luxury fashion companies for this study: (1) core activities in the fashion industry, (2) availability of the annual reports within companies' websites,

Company name	Selection of luxury brands	Country of origin	FY2021 Luxury goods sales (US\$M)	FY2021 Total revenue (US\$M)
LVMH Moët Hennessy-Louis Vuitton SE	Louis Vuitton, Christian Dior, Fendi, Tiffany & Co., Bvlgari, Loro Piana, Emilio Pucci, Off-White, Acqua di Parma, Loewe, Marc Jacobs, TAG Heuer, Benefit Cosmetics	France	54,938	75,920
Kering SA	Gucci, Saint Laurent, Bottega Veneta, Balenciaga, Alexander McQueen, Brioni, Boucheron, Qeelin	France	20,861	20,861
Chanel Limited	Chanel	UK	15,639	15,639
Hermès International SCA	Hermès, John Lobb	France	10,619	10,619
Ralph Lauren Corporation	Ralph Lauren, Polo Ralph Lauren, Lauren Ralph Lauren	US	4,401	4,401
Capri Holdings Limited	Michael Kors, MICHAEL Michael Kors, Jimmy Choo, Versace	UK	4,060	4,060
Prada Group	Prada, Miu Miu, Church's, Car Shoe	Italy	3,979	3,979
HUGO Boss AG	BOSS, HUGO	Germany	3,294	3,294
Burberry Group plc	Burberry	UK	3,060	3,060
Moncler SpA	Moncler, Stone Island	Italy	2,419	2,419
G-III Apparel Group, Ltd	DKNY, Donna Karan, Karl Lagerfeld Paris, Sonia Rykiel Licensed brands including Calvin Klein, Tommy Hilfiger	US	2,055	2,055
Ermenegildo Zegna N.V	Zegna, THOM BROWNE	Italy	1,528	1,538
Salvatore Ferragamo SpA	Salvatore Ferragamo	Italy	1,340	1,342
TOD'S SpA	Tod's, Roger Vivier, Hogan, Fay	Italy	1,064	1,064
Brunello Cucinelli SpA	Brunello Cucinelli	Italy	842	854
Canada Goose Holdings Inc	Canada Goose, Baffin	Canada	683	683
Ted Baker plc	Ted Baker	UK	453	461
Aeffe SpA	Moschino, Pollini, Alberta Ferretti, Philosophy di Lorenzo Serafini	Italy	384	394
J Barbour & Sons Ltd	Barbour	UK	287	287

FIGURE 1 | Luxury brand companies sample used in this study. *Source:* Deloitte (2022, 34–37).

and (3) alignment with luxury or super-premium brand status. By conducting this screening, we shortlisted 19 companies (see Figure 1 below), with Italy being the most represented country with seven companies. The overall portfolio of the selected luxury fashion companies consists of more than 60 subbrands, and the average size in terms of total revenue is 8049 million US dollars.

We began with the Top-100 global luxury/fashion brands and applied the following inclusion criteria: (1) The reporting entity (brand or corporate parent) publishes a full, stand-alone annual report that includes narrative sections; (2) reports are available for each year 2020–2022; (3) the annual report is available in English to enable reproducible computational text analysis; and (4) board composition data (for gender diversity) are available for the same years. We excluded privately held brands and subsidiaries that do not publish stand-alone annual reports, cases where disclosure occurs only within a non-public filing and observations with missing board-level data. Applying these rules yields 19 companies (57 firm-years).

This multistage sampling process ensured a diverse yet sector-specific sample. The annual reports used in our analysis cover the period 2020 to 2022. This timeframe was strategically selected to capture the post-COVID-19 transition in corporate reporting, particularly in 2021, a pivotal year for observing emerging patterns in sustainability disclosure. Although the 3-year window enhances comparability, it also reflects the recovery period from the pandemic, which may have influenced the tone and emphasis of corporate narratives. We therefore interpret results with caution, acknowledging that part of the

observed variation in impression management could be shaped by pandemic-related reporting dynamics.

The sample includes a notable proportion of Italian luxury firms, reflecting the country's global dominance in the sector. This introduces a potential regional bias: Disclosure practices may be influenced by Italy's governance environment, cultural norms of corporate reporting and national ESG expectations, which may not be generalizable to all jurisdictions. Nevertheless, the inclusion of firms headquartered in France, the United Kingdom and the United States provides a broader comparative base.

The final sample (19 firms; 57 firm-years) is determined by data availability, report language (English) and alignment with our predefined inclusion criteria (public, stand-alone annual reports with continuous coverage and matched board-gender data).¹

4.2 | Data Analysis

Our study employs advanced computational textual analysis techniques, analysing the annual reports of the selected 19 luxury fashion companies from the Global Powers of Luxury Goods 2022 (Deloitte 2022). This analysis focuses on examining the sustainability practices and performance of these companies, recognizing the three dimensions of sustainability as per the Global Reporting Initiative: Economic, Social and Environmental (ESG). This involves identifying and quantifying the frequency of terms and types of content related to each dimension, where a higher frequency indicates greater emphasis on that particular dimension.

4.3 | The Construction of IMP Measurement

To assess the degree of IMP, we employed advanced computational textual analysis techniques, analysing annual reports of 19 selected companies from the Top 100 global luxury brands (2020–2022). We utilized Python to develop a unique code, augmenting the capabilities of the Corporate Financial Information Environment (CFIE) software for measuring disclosure levels. This software specializes in extracting narrative sections from annual report PDFs. Our disclosure index was constructed using data directly sourced from company websites. The ‘bag of words’ method was applied to the narrative sections (Elmarzouky, Moussa, and Allam 2025; Elmarzouky, Hussainey, et al. 2025; Andreou et al. 2020; Hoberg and Moon 2017; Shohaieb et al. 2022; Albitar et al. 2025), recognized as crucial communicative links between corporate management and stakeholders.

To create the IMP index, we reviewed the literature on Impression Management. We constructed a bag of words based on previous studies (Shohaieb et al. 2022). The wordlist for disclosure measures the extent of corporate disclosure by calculating the frequency of specific words and the number of sentences containing those words, scaled by the total number of words (sentences) in the annual reports (Shohaieb et al. 2022; Andreou et al. 2020; Hoberg and Moon 2017).

The list of keywords comprises two categories: (i) positive impression management terms reflecting vague optimism and assertive phrasing (e.g., ‘leadership’, ‘commitment’, ‘outstanding’, ‘excellence’, ‘sustainable future’ and ‘responsible growth’) and (ii) negative impression management terms associated with risk acknowledgement and defensive framing (e.g., ‘challenge’, ‘uncertainty’, ‘difficulties’, ‘volatility’ and ‘risk exposure’). These categories were extended through manual review of luxury fashion reports.

4.4 | Scoring the Corporate Annual Reports

We employed CFIE 2019, a software developed by Lancaster University (El-Haj et al. 2019), to score the annual reports based on the constructed wordlist across the sample. After scoring the annual reports, we randomly checked five reports and compared the software’s outcomes with the actual IMP sections in those reports. We found a positive association between the scores given by CFIE 2019 and the manually verified Impression Management narrative disclosure. The software was then used to score the entire sample. To ensure the reliability and scalability of our analysis, we utilized Python as a computational tool. By leveraging Python’s power and versatility, we replicated the scoring process for the entire sample. The results obtained through Python reaffirmed the consistency and accuracy of the software’s scoring mechanism.

To further validate the scoring, a manual coding exercise was conducted. A random sample of five annual reports was independently coded by two members of the research team against the impression management dictionary. Coding guidelines were developed ex ante to reduce subjectivity. The independent coding showed a high level of agreement (over 85%), and any discrepancies were discussed and resolved through consensus. This process ensured that the automated CFIE/Python scoring

framework captured IMP with a high degree of reliability and replicability.

Through the utilization of Python in conjunction with CFIE 2019, we have employed a robust approach to evaluate IMP in annual reports. This combination of advanced software and Python programming not only enhances the efficiency of the scoring process but also strengthens the reliability and validity of our findings. Table 1 reports the IMP by year.

4.5 | Model Specification

To examine the impact of BGD on IMP, we estimate the following multivariate regression model:

$$\begin{aligned} IMP = & \beta_0 + \beta_1 BGD + \beta_2 FSIZE + \beta_3 ROA + \beta_4 LEV + \beta_5 BSIZE \\ & + \beta_6 BINDE + \beta_7 MTBV + \beta_8 DUALITY + \beta_9 CSRCOM \quad (1) \\ & + \text{Industry Fixed Effects} + \text{Year Fixed Effects} + \epsilon \end{aligned}$$

where the dependent variable *IMP* is the percentage of the number of Impression Management sentences scaled by the total number of sentences in the annual report. The test variable *BGD* is the percentage of female directors on board. We use *BLAU* an alternative proxy to assess BGD. Blau index for BGD is calculated as $1 - \sum_{i=1}^n P_i^2$, where n is the number of categories (i.e., male and female) and P_i is the percentage of board members in each category.

Following the existing literature, we include a number of control variables that have been demonstrated to affect CSR, carbon emissions and climate change disclosure: *FSIZE*, the natural log of total assets of the firm; *ROA*, the percentage of net income to total assets; *LEV*, the percentage of total debt to total assets; *BFSIZE*, the number of directors on board; *BINDE*, the percentage of independent directors on the board of a company; *MTBV*, the percentage of the market-to-book value of equity; *DUALITY*, a dummy variable equals 1 if the CEO is also the chairman and 0 otherwise; and *CSRCOM*, a dummy variable equals 1 if the company has a board CSR sustainability committee and 0 otherwise. Finally, we include *YEAR*, which is the year fixed effects, intended to capture time-invariant characteristics and year that could influence Impression management transparency, that is, COVID-19.

Then, to infer the effect of a critical mass of female directors on companies’ climate impact transparency disclosure levels, we replace the main test variable with four different proxies capturing critical mass: *ONEFD*, a dummy variable equals 1 if there is one female director on board and 0 otherwise; *TWOFD*, a dummy variable equals 1 if there is two female director on

TABLE 1 | The impression management disclosure by year.

Year	2020	2021	2022
IMP	13.60	15.51	18.24
IMP_P	12.05	13.80	15.38
IMP_N	1.54	1.71	2.86

Note: The definitions of all variables are presented in Table 2.

TABLE 2 | Variables' definitions.

Variables	Symbols	Definitions
Impression management disclosure	IMP	The percentage of the number of Impression Management sentences scaled by the total number of sentences in the annual report.
Positive impression management disclosure	IMP_P	The percentage of the number of Positive Impression Management sentences scaled by the total number of sentences in the annual report.
Negative impression management disclosure	IMP_N	The percentage of the number of Negative Impression Management sentences scaled by the total number of sentences in the annual report.
ESG	ESG	We capture the ESG (Environmental, Social and Governance) by combining the variables (Environmental pillar, Social pillar, Governance pillar) through a principal component analysis (PCA) (Mallin et al. 2013; Arena et al. 2015). The PCA helps aggregate variables associated with each determinant into a single composite score and avoid multicollinearity and reduce measurement error (Arena et al. 2015).
Board gender diversity	BGD	Percentage of female directors on board
Blau's index of diversity	BLAU	Blau index for board gender diversity is calculated as $1 - \sum_{i=1}^n P_i^2$, where n is the number of categories (i.e., male and female) and P_i is the percentage of board members in each category. The index ranges from 0 to 0.5. A higher score indicates a higher representation of women on board.
One female director	ONEFD	A dummy variable equals 1 if there is one female director on board and 0 otherwise.
Two female directors	TWOFD	A dummy variable equals 1 if there are two female directors on the board and 0 otherwise.
Three female directors	THREEFD	A dummy variable equals 1 if there are three female directors on the board and 0 otherwise.
Four female directors	FOURFD	A dummy variable equals 1 if there are at least four female directors on the board and 0 otherwise.
Firm size	FSIZE	Natural log of total assets of the firm
Profitability	ROA	Percentage of net income to total assets
Leverage	LEV	Percentage of total debt to total assets
Board size	BSIZE	Number of directors on board
Board independence	BINDE	Percentage of independent directors on the board of a company
Growth opportunities	MTBV	Percentage of the market-to-book value of equity
CEO duality	DUALITY	A dummy variable equals 1 if the CEO is also the chairman and 0 otherwise.
CSR sustainability committee	CSRCOM	A dummy variable equals 1 if the company has a board CSR sustainability committee and 0 otherwise.
Year	YEAR	Year dummy to control for year effects

board and 0 otherwise; *THREEFD*, a dummy variable equals 1 if there is three female director on board and 0 otherwise; and *FOURFD*, a dummy variable equals 1 if there is four female director on board and 0 otherwise.² We operationalize 'critical mass' using four mutually exclusive indicators: *ONEFD* (exactly one woman director), *TWOFD* (exactly two), *THREEFD*

(exactly three) and *FOURFD* (four or more). For transparency, the distribution across our 57 firm-years is as follows: *ONEFD* = 18, *TWOFD* = 15, *THREEFD* = 13 and *FOURFD* = 11 (sum = 57). Given the relatively small overall sample (19 firms; 2020–2022), we caution that inference for *FOURFD* should be interpreted carefully due to a limited cell size.

Table 2 provides the definitions of all the variables used in our research.

5 | Empirical Results

5.1 | Descriptive Statistics

Table 3 delineates the progression of the IMP index from 2020 to 2022. The impression management disclosure (IMP) index exhibits an upward trend from 2020 to 2022, indicating a growing use of impression management strategies over time. The mean IMP started at 13.592 in 2020 and increased to 18.236 by 2022. With the minimum IMP consistently at 0, it suggests that some firms have not employed impression management in their disclosures. On the other hand, the maximum reached its peak at 65.2 in 2022, marking a significant variation in IMP levels among companies. The positive impression management disclosure (IMP_P) also reveals an increasing trend, emphasizing that firms are progressively focusing on positive narratives in their disclosures. The mean IMP_P grew from 12.054 in 2020 to 15.379 in 2022. Throughout this period, the minimum value has remained at 0, indicating that certain firms opted not to use positive impression management techniques. However, the maximum has experienced a rise, peaking at 47.2 in 2022. The negative impression management disclosure (IMP_N) provides varied insights. The mean values show an increase from 1.538 in 2020 to a high of 2.857 in 2021, followed by a slight decrease to 2.049 in 2022. This temporary rise may reflect the reputational and operational challenges firms faced during the height of the COVID-19 recovery period, prompting some to acknowledge negative aspects to maintain legitimacy. These data suggest that there was a peak in negative disclosures in 2021, perhaps highlighting challenges or areas of improvement. Throughout the period, the minimum values remained at 0, further suggesting that some firms refrained from negative impression management, whereas the maximum values reached 18, consistent in both 2021 and 2022. In summation, the data from 2020 to 2022 indicate a clear evolution in impression management tactics by firms. There

TABLE 3 | The evolution of the impression management disclosure index.

Year	All	2020	2021	2022
IMP				
Mean	15.83	13.592	15.514	18.236
Min	0	0	0	0
Max	65.2	51.9	56.7	65.2
IMP_P				
Mean	13.785	12.054	13.8	15.379
Min	0	0	0	0
Max	47.2	37.9	44.7	47.2
IMP_N				
Mean	2.049	1.538	1.714	2.857
Min	0	0	0	0
Max	18	14	12	18

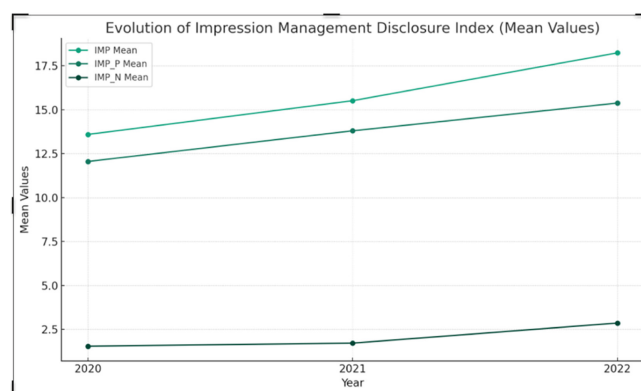
is an evident preference for positive disclosures. However, the prominence of negative disclosures in 2021 and the consistent minimum values across the years suggest that although some companies emphasize achievements or positive narratives, others might be highlighting challenges or even refraining from employing impression management strategies altogether.

Graph 1 illustrates the trend in IMP in the luxury fashion industry over a 3-year period. The line graph depicts a clear upward trajectory, highlighting a notable increase in the frequency and intensity of such disclosures. This trend is indicative of a growing strategic emphasis by luxury fashion brands on shaping their corporate image in the realm of sustainability and ESG reporting. The graph's ascending line underscores the industry's proactive engagement in bolstering its reputation through enhanced communication practices.

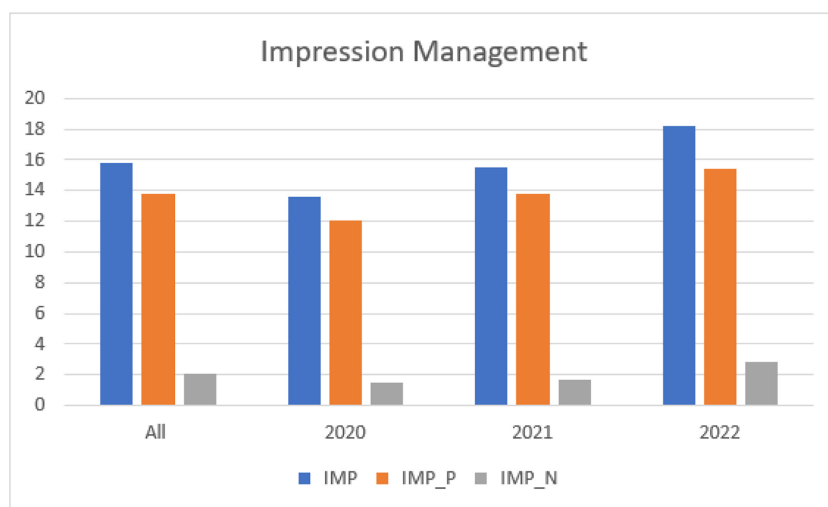
Graph 2 presents a comparative analysis of BGD and its correlation with IMPs within the luxury fashion industry. The bar graph displays a series of data points for different brands, showcasing a general trend where companies with a higher proportion of female directors exhibit a greater tendency towards impression management in their sustainability reporting. This finding underlines the significant impact of board composition on corporate communication strategies, particularly in the context of ethical and transparent reporting on sustainability issues.

Graph 3 delves into the relationship between ESG reporting quality and impression management tactics. Using a scatter plot, the graph demonstrates a strong positive correlation between the two variables. Firms with more comprehensive and higher quality ESG reports tend to employ more sophisticated impression management techniques. This correlation suggests a strategic approach among luxury fashion brands to leverage their sustainability reporting as a tool for building a more favourable corporate image, especially in the eyes of environmentally conscious stakeholders and investors.

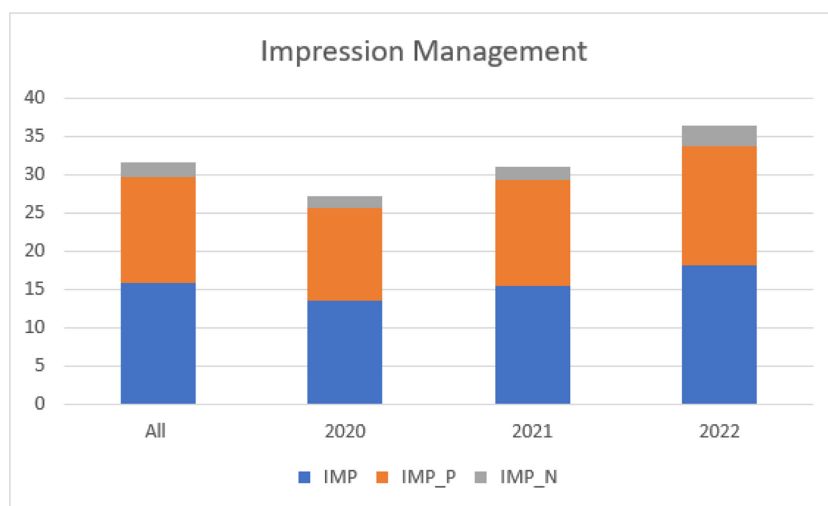
Table 4 presents the summary statistics for all variables utilized in our investigation. The IMP spans a range from a minimum of 0% to a peak of 65.2%, with a mean value of 15.834% and a standard deviation of 14.306%. This considerable variation underscores the diverse degrees of IMP among the sampled companies. The IMP_P oscillates between 0% and 47.2%, averaging



GRAPH 1 | Illustration of impression management disclosure Index over a 3-year period.



GRAPH 2 | Comparative analysis of board gender diversity and its correlation with impression management disclosures within the luxury fashion industry.



GRAPH 3 | Illustration of the relationship between ESG reporting quality and impression management.

at 13.785% with a standard deviation of 10.757%. This indicates differing intensities of positive narratives in the disclosures of the firms in our sample. Conversely, the IMP_N showcases a mean of 2.049% and a standard deviation of 4.006%, ranging from 0% to 18%. This suggests that although some companies might be highlighting challenges or areas of improvement, the overall usage of negative impression narratives is relatively low compared with positive ones.

Regarding the financial control variables, the mean firm size (FSIZE) stands at 14.719 with a standard deviation of 1.462, indicating a modest variation in the sizes of firms in the dataset. The average leverage (LEV) of the companies is 33.132% with a standard deviation of 13.824%. Additionally, the mean market-to-book value (MTBV) of the firms is 3.418 with a standard deviation of 2.54. Other notable metrics include the current ratio (CR) with a mean of 1.871, indicating the liquidity position of firms, and profitability measures like ROE and ROA with means of 3.143% and 2.611%, respectively. Furthermore, the board size (BSIZE) has an average of 11 members, revealing insights into the typical governance structure of the firms. The gender

diversity on the board (GENDiv) stands at a mean of 38.242%, emphasizing the growing focus on gender diversity in corporate governance. In conclusion, the variations in our sample's characteristics furnish a comprehensive setting to delve into the intricacies of impression management tactics in corporate disclosures, and their interplay with other factors such as board composition and financial performance. To aid interpretation of the critical mass tests, the female director count by firm-year is as follows: one ($n=18$), two ($n=15$), three ($n=13$) and four or more ($n=11$).

Table 5 presents the Pearson pairwise correlation analysis for all variables incorporated in our regression models. The IMP does not exhibit significant correlations with most variables, as evidenced by p -values greater than 0.05. However, a noteworthy positive correlation is observed between IMP and the CR ($r=0.324$, p -value = 0.081). FSIZE displays a strong positive correlation with return on equity (ROE) ($r=0.542$, p -value < 0.001), return on assets (ROA) ($r=0.505$, p -value < 0.001) and BSIZE ($r=0.691$, p -value < 0.001). These correlations suggest that larger firms tend to have larger boards and higher profitability

measures. The MTBV is significantly positively correlated with ROE ($r=0.501$, p -value=0.001) and ROA ($r=0.544$, p -value<0.001), indicating that firms with higher market valuations relative to their book values tend to be more profitable. One

of the strongest correlations observed in the table is between ROE and ROA ($r=0.965$, p -value<0.001), which is expected since both are profitability measures. The negative correlation between GENDiv and CR ($r=-0.547$, p -value=0.000) suggests that firms with greater gender diversity on their boards might have different financial management strategies, as evidenced by their CRs. Low correlation values among the majority of independent and control variables suggest that there might be no severe multicollinearity issue. To further ensure this, we calculated the variance inflation factors (VIF). Even though the results are not tabulated for the sake of brevity, there is no evidence of multicollinearity, as all VIF values are below the commonly used threshold of 10. Additionally, to ascertain the assumptions of our regression models, we utilized residual plots and Q-Q plots to verify linearity and normality, respectively. The Durbin-Watson statistics were also computed to check for the independence of errors. These results, again not outlined for brevity, suggest no significant breaches of these linear regression assumptions.

TABLE 4 | Descriptive statistics.

Variable	Obs	Mean	Std. Dev.	Min	Max
IMP	42	15.834	14.306	0	65.2
IMP P	42	13.785	10.757	0	47.2
IMP N	42	2.049	4.006	0	18
ESG	42	58.361	23.619	0.89	98.56
FSIZE	42	14.719	1.462	12.476	18.691
LEV	42	33.132	13.824	1.05	59.72
MTBV	42	3.418	2.54	0.5	13.23
CR	42	1.871	0.672	0.82	3.42
ROE	42	3.143	20.44	-57.5	34.85
ROA	42	2.611	8.207	-16.27	19.18
BSIZE	42	11	3.073	5	17
GENDiv	42	38.242	10.399	20	66.67

Note: The definitions of all variables are presented in Table 2.

5.2 | Main Evidence

Table 6 elucidates our baseline regression results, demonstrating the impact of BGD measures on IMP. In Models 1 and 3, the percentage of female directors, represented by BGD, exhibits a statistically significant positive relationship with IMP ($\beta=0.271$,

TABLE 5 | Correlation analysis.

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(1) IMP	1.000									
(2) ESG	0.205 (0.001)	1.000								
(3) FSIZE	0.088 (0.642)	0.413 (0.000)	1.000							
(4) LEV	0.074 (0.698)	0.213 (0.054)	-0.099 (0.534)	1.000						
(5) MTBV	0.060 (0.752)	0.848 (0.620)	0.318 (0.046)	0.068 (0.679)	1.000					
(6) CR	0.324 (0.081)	0.020 (0.178)	-0.030 (0.849)	0.009 (0.953)	0.319 (0.045)	1.000				
(7) ROE	0.214 (0.255)	0.242 (0.001)	0.542 (0.000)	-0.158 (0.317)	0.501 (0.001)	0.254 (0.105)	1.000			
(8) ROA	0.220 (0.243)	0.007 (0.000)	0.505 (0.001)	-0.072 (0.648)	0.544 (0.000)	0.316 (0.041)	0.965 (0.000)	1.000		
(9) BSIZE	0.045 (0.819)	0.061 (0.000)	0.691 (0.000)	0.242 (0.149)	0.061 (0.721)	0.050 (0.767)	0.344 (0.037)	0.329 (0.047)	1.000	
(10) GENDiv	0.234 (0.230)	0.483 (0.032)	0.281 (0.092)	0.301 (0.070)	-0.119 (0.483)	-0.547 (0.000)	0.120 (0.481)	0.090 (0.598)	-0.031 (0.853)	1.000

$p < 0.01$ and $\beta = 0.189$, $p < 0.01$, respectively). When using the Blau index as an alternative proxy for BGD, in Models 2 and 4, we again observe a significant positive correlation with IMP ($\beta = 0.171$, $p < 0.01$ and $\beta = 0.215$, $p < 0.01$, respectively). This suggests that an increased presence of female directors and a more diversified board composition enhance the disclosure of impression management. Among control variables, FSIZE consistently presents a positive association with IMP across all models, indicating that larger firms tend to be more transparent in their IMPs. Specifically, FSIZE demonstrates a positive correlation with IMP in Models 1 and 2 ($\beta = 0.0154$, $p < 0.01$ and $\beta = 0.000162$, $p < 0.05$), and a stronger association in Models 3 and 4 ($\beta = 0.333$, $p < 0.01$ and $\beta = 0.342$, $p < 0.01$). This corroborates the theory that larger enterprises, owing to their visibility and stakeholder scrutiny, are more inclined to provide comprehensive disclosures, ensuring transparency and legitimizing their operations.

Furthermore, profitability (ROA), LEV, BSIZE, board independence (BINDE) and CSR communication (CSRCOM) are consistently and positively correlated with IMP across all models. For instance, LEV shows a positive correlation in Models 1 and 2 ($\beta = 2.336$, $p < 0.05$ and $\beta = 1.2806$, $p < 0.05$) and an even stronger positive correlation in Models 3 and 4 ($\beta = 8.8406$, $p < 0.05$ and $\beta = 9.6006$, $p < 0.05$). This accentuates that these factors play a crucial role in influencing firms' impression management transparency. Intriguingly, market-to-book value (MTBV) is negatively associated with IMP in all models, suggesting that firms with high market valuations relative to their book values might employ lesser IMPs. Moreover, CEO duality (DUALITY) presents a negative relationship with IMP in pooled OLS regression models, implying that when the CEO also chairs the board, there might be a decrease in the transparency of IMPs.

TABLE 6 | Board gender diversity and impression management disclosure.

Variables (Model)	Dependent variable: Impression management disclosure			
	(1) Pooled OLS regression	(2) Pooled OLS regression	(3) Fixed-effects regression	(4) Fixed-effects regression
BGD	0.271*** (0.0665)		0.189*** (0.0524)	
BLAU		0.171*** (0.0065)		0.215*** (0.00218)
FSIZE	0.0154*** (0.0634)	0.000162** (0.000632)	0.333*** (0.00176)	0.342*** (0.00176)
ROA	0.000608*** (8.9705)	0.000590*** (8.9405)	0.000271*** (9.5005)	0.000255*** (9.5505)
LEV	2.336** (8.9006)	1.2806** (8.8806)	8.8406** (1.2705)	9.6006** (1.2805)
BSIZE	0.0271*** (0.0385)	0.0282*** (0.0384)	0.0231*** (0.0521)	0.0286*** (0.0124)
BINDE	0.0137*** (4.505)	0.000154*** (4.475)	0.000489*** (6.615)	0.0507*** (6.645)
MTBV	-4.1123 (1.601)	-3.605 (1.3203)	-4.2305 (1.3103)	-5.8601** (1.2304)
DUALITY	-0.0134*** (0.00193)	-0.0133*** (0.00192)	-0.00134 (0.0218)	-0.00155 (0.00219)
CSRCOM	0.034*** (0.00142)	0.245*** (0.00131)	0.809*** (0.00181)	0.912*** (0.00182)
YEAR	Yes	Yes	Yes	Yes
Constant	0.127*** (0.0881)	0.126*** (0.0802)	0.613*** (0.0561)	0.514*** (0.0462)
R-squared	0.363	0.468	0.618	0.602

Note: Table 2 outlines variable definitions. ***, ** and * indicate statistical significance at 1%, 5% and 10% levels, respectively. Robust standard errors are shown in parentheses.

Overall, our findings resonate with existing literature, emphasizing the significant positive influence of BGD on corporate disclosures. This aligns with gender socialization and ethicality theories, suggesting that female board members often display greater sensitivity to societal concerns, striving to rectify unethical practices in business. This culminates in the enhancement of disclosure practices, particularly in the domain of impression management. Our finding that higher ESG disclosure is positively associated with impression management may be interpreted in two ways. On the one hand, it may reflect genuine accountability, with firms using richer

disclosure language to reinforce their commitment to sustainability. On the other hand, it may signal symbolic compliance or decoupling, whereby firms strategically frame ESG narratives to maintain legitimacy without necessarily advancing substantive change (Meyer and Rowan 1977; Hahn et al. 2015). This dual interpretation aligns with legitimacy theory, which emphasizes that disclosures can serve both substantive and symbolic purposes. Future research could disentangle these dynamics more directly, for example, by triangulating narrative analysis with external performance indicators.

TABLE 7 | Critical mass of female directors on the board and impression management disclosure.

Variables (Model)	Dependent variable: Impression management disclosure							
	Pooled OLS regression				Fixed-effects regression			
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ONEFD	-0.004 (0.00051)				-0.025 (0.00452)			
TWOFD		-0.401*** (0.00159)				-0.164*** (0.00145)		
THREEDFD			0.0168 (0.00202)				0.0421 (0.00185)	
FOURFD				0.0843*** (0.00203)				0.4321*** (0.0141)
FSIZE	0.0304*** (0.0462)	0.0546*** (0.0630)	0.0182*** (0.0213)	0.0160*** (0.0431)	0.5041*** (0.0352)	0.087*** (0.0132)	0.237*** (0.0189)	0.146*** (0.0126)
ROA	-0.028*** (7.1205)	-0.029*** (7.1105)	-0.026*** (7.0905)	-0.029*** (7.1205)	-0.025*** (6.8505)	-0.026*** (6.8505)	-0.096*** (6.8005)	-0.026*** (6.8405)
LEV	-8.9406 (8.9606)	-9.0106 (8.0206)	-1.1005 (8.9206)	-6.2606 (8.9706)	-4.3100** (1.2805)	-2.5805** (1.2805)	-2.8505** (1.2705)	-2.5905** (1.2805)
BSIZE	-0.057*** (0.00284)	-0.049*** (0.00282)	-0.071*** (0.0233)	-0.16*** (0.00653)	-0.084*** (0.000354)	-0.089*** (0.000284)	-0.098*** (0.000282)	-0.080*** (0.000284)
BINDE	0.0073*** (3.3205)	0.0012*** (3.3105)	0.0171*** (3.3005)	0.0059*** (3.3705)	0.0173*** (3.3005)	0.0171*** (3.3005)	0.0166*** (3.2705)	0.0172*** (3.2905)
MTBV	7.5507 (1.1605)	1.2406 (1.1605)	-1.0306 (1.1505)	1.3006 (1.1605)	9.2406 (1.0305)	9.1306 (1.0305)	8.2706 (1.0205)	9.0206 (1.0205)
DUALITY	0.00242 (0.00170)	-0.00212 (0.00166)	-0.00102 (0.00162)	0.0621*** (0.00220)	0.0130*** (0.0229)	0.0980*** (0.00226)	0.995*** (0.00223)	0.0192*** (0.00267)
CSRCOM	0.0158*** (0.00166)	0.0157*** (0.00165)	0.0140*** (0.00164)	0.0152*** (0.00168)	0.0633*** (0.00210)	0.0732*** (0.00209)	0.802*** (0.00207)	0.011*** (0.00214)
YEAR	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Constant	0.0806*** (0.0053)	0.0788*** (0.0649)	0.0880*** (0.00659)	0.0695*** (0.0432)	-0.706*** (0.0615)	-0.703*** (0.0781)	-0.689*** (0.0223)	-0.725*** (0.0254)
R-squared	0.091	0.081	0.061	0.055	0.426	0.403	0.395	0.394

Note: Table 2 outlines variable definitions. ***, ** and * indicate statistical significance at 1%, 5% and 10% levels, respectively. Robust standard errors are shown in parentheses.

Table 7 provides the results of multivariate analyses (OLS and fixed-effects regressions) investigating the impact of varying numbers of female directors on the board on IMP. The underlying hypothesis suggests that a ‘critical mass’ of female directors is essential to significantly influence IMP. In Models 1 and 5, the presence of just one female director (ONEFD) does not show a significant impact on IMP ($\beta = -0.004$ and $\beta = -0.025$, respectively), which resonates with the perspective on tokenism. It suggests that a solitary female board member may be more symbolic than substantive in influencing IMP.

Models 2 and 6, highlighting boards with two female directors (TWOFD), reveal a significant negative relationship with IMP ($\beta = -0.401$, $p < 0.01$ and $\beta = -0.164$, $p < 0.01$), supporting Kanter’s (1977) theory of tokenism, where pairs of token women might struggle to form effective alliances, potentially leading to internal conflicts that undermine board cohesion. For boards with three female directors (THREEFD), represented in Models 3 and 7, we still find no discernible impact on IMP ($\beta = 0.0168$ and $\beta = 0.0421$), suggesting that even a trio of female directors does not significantly influence IMPs. However, a transformative shift is evident when the board comprises at least four female directors (FOURFD). Models 4 and 8 demonstrate a pronounced positive association with IMP ($\beta = 0.0843$, $p < 0.01$ and $\beta = 0.4321$, $p < 0.01$), underlining that a ‘critical mass’ of at least four female directors is necessary to elicit a tangible positive effect on IMPs.

Among control variables, FSIZE consistently exhibits a positive relationship with IMP across all models (β values ranging from 0.0304 to 0.5041, all $p < 0.01$), underscoring the idea that larger firms are more likely to be transparent in their IMPs. Other variables like ROA, LEV, BSIZE, BINDE and CSRCOM also display consistent associations with IMP, highlighting

their influence on a firm’s disclosure practices. Notably, MTBV and DUALITY dynamics provide further dimensions of understanding, shedding light on firms’ varying disclosure tendencies.

These findings align with existing research, suggesting that a substantial representation of women on boards significantly impacts corporate disclosures. When female directors reach a critical mass, their collective influence becomes more pronounced, shaping board decisions and fostering improved disclosure practices. This research contributes to the literature by offering a nuanced exploration of the influence of different levels of BGD on IMP.

5.3 | Robustness Checks

5.3.1 | Adjusted BGD and IMP Variables

Table 8 offers a comprehensive look into the robustness of our analysis by examining the relationship between industry-adjusted BGD and IMP. To mitigate any potential industry effects, we introduced adjusted variables: Adj_BGD and Adj_BLAU, encapsulating the industry-adjusted metrics for BGD. The patterns uncovered in Models 1–4 of Table 8 confirm the reliability of the relationships observed in our main analysis (Table 6). Specifically, Model 1 showcases the positive linkage between BGD and Adj_IMP with a coefficient of $\beta = 0.8425$ at a significance level of 1%. This implies that even after adjusting for industry influences, an augmentation in BGD is consistently associated with heightened levels of IMP. Further, Model 2 introduces the BLAU variable, which too displays a strong positive association with Adj_IMP, marked by a coefficient $\beta = 20.054$, significant at the 1% level. These findings

TABLE 8 | Results for industry-adjusted board gender diversity and impression management disclosure.

(Model)	(1)	(2)	(3)	(4)
Variables	Adj_IMP	Adj_IMP	IMP	IMP
BGD	0.8425*** (0.0074)			
BLAU		20.054*** (0.0031)		
Adj_BGD			0.6354*** (0.0006)	
Adj_BLAU				21.201*** (0.0054)
Controls	Yes	Yes	Yes	Yes
Industry	Yes	Yes	Yes	Yes
Year	Yes	Yes	Yes	Yes
Constant	Yes	Yes	Yes	Yes
R-squared	0.301	0.282	0.261	0.372

Note: Table 2 outlines variable definitions. ***, ** and * indicate statistical significance at 1%, 5% and 10% levels, respectively. Robust standard errors are shown in parentheses.

cement the argument that, irrespective of the metrics used, BGD, when adjusted for industry nuances, remains a pivotal determinant in driving IMPs. On exploring further, Models 3 and 4 delve deeper into the relationship using non-adjusted IMP as the dependent variable. Model 3 exhibits a significant positive relationship between Adj_BGD and IMP ($\beta=0.6354$, $p<0.01$), and Model 4 reveals a significant positive association between Adj_BLAU and IMP ($\beta=21.201$, $p<0.01$). The results are coherent with the prior models, underscoring the consistency of the relationship irrespective of industry adjustments. Table 8 provides compelling evidence, reinforcing the hypothesis that BGD is intrinsically linked to IMP. The robustness checks, using both original and industry-adjusted variables, offer a consistent narrative, emphasizing the pivotal role of female representation on boards in shaping corporate disclosure practices.

To address concerns about small-cell bias in the FOURFD category ($n=11$), we re-estimated the models using collapsed thresholds: (i) ATLEAST3 (=1 for ≥ 3 women; else 0) and (ii) ATLEAST4 (=1 for ≥ 4 women; else 0). Results are consistent with our main findings: ATLEAST4 remains positive and significant, whereas ATLEAST3 is weaker, supporting the four-director threshold as a plausible ‘critical mass’.

5.3.2 | Additional Analysis

In examining the intricate relationship between IMP and ESG disclosure, the empirical analysis presented in Table 9 provides compelling insights. Utilizing both pooled OLS regression and fixed-effects regression models, the study robustly indicates a positive correlation between the extent of impression management and the level of ESG disclosure. Specifically, the coefficients for impression management in both models (0.00141 and 0.00189, respectively) are statistically significant at the 1% level, strongly suggesting that increased efforts in impression management are associated with heightened ESG disclosures. This relationship is more pronounced in the fixed-effects model, which accounts for unobserved entity-specific heterogeneities, underscoring its relevance in diverse

TABLE 9 | Impression management disclosure and ESG.

Variables		
(Model)	(1) Pooled OLS regression	(2) Fixed-effects regression
IMP	0.00141*** (5.5605)	0.00189*** (6.2405)
Controls	Yes	Yes
YEAR	Yes	Yes
Constant	0.213*** (0.0007)	0.817*** (0.0006)
R-squared	0.657	0.422

Note: Table 2 outlines variable definitions. ***, ** and * indicate statistical significance at 1%, 5% and 10% levels, respectively. Robust standard errors are shown in parentheses.

corporate contexts. Additionally, the substantial R-squared values, particularly the 65.7% in the pooled OLS model, highlight the model’s explanatory power in capturing the variance in ESG disclosure. These findings not only reinforce the nuanced interplay between corporate disclosure strategies and sustainability reporting but also suggest that impression management may play a strategic role in how companies frame their ESG commitments (Karim et al. 2025). This result is instrumental for stakeholders and policymakers in understanding the dynamics underpinning corporate ESG narratives and their alignment with actual sustainability practices.

6 | Conclusions

This study examined impression management in sustainability reporting within the luxury fashion industry and the influence of BGD. By analysing the annual reports of 19 leading global luxury brands over 3 years (2020–2022), we identified a rising trend in IMPs, particularly with an inclination towards positive framing. This trend suggests that luxury fashion firms are strategically enhancing their corporate image and legitimacy in response to heightened scrutiny of unsustainable practices and increased stakeholder demand for transparency (Di Leo et al. 2023; Wells et al. 2021).

Our analysis highlights that impression management tactics have become more frequent and more prominent in the luxury sector, with companies relying on rhetorical strategies such as ‘commitment to nature’, ‘zero waste ambition’, and ‘ethical excellence’. These expressions exemplify the vague optimism and superlative phrasing characteristic of impression management (Leung et al. 2015; Nik Ahmad and Hossain 2019). Importantly, the presence of female directors is positively correlated with IMP, highlighting the significant role of gender diversity in shaping sustainability narratives. This finding aligns with predictions from GST and CMT (Allam et al. 2024), showing that female directors (particularly when reaching a critical mass) influence the development of more transparent and ethically framed communication strategies.

From a theoretical perspective, this study expands understanding of impression management in corporate sustainability communication. It provides evidence that disclosure practices reflect both substantive accountability and symbolic compliance, consistent with legitimacy theory and decoupling perspectives (Meyer and Rowan 1977; Hahn et al. 2015). Our findings also demonstrate that board composition shapes these dynamics, revealing governance as a key determinant of disclosure tone and style.

Despite its contributions, the study faces limitations. First, the relatively small sample of 19 firms constrains generalizability, especially as Italian companies are overrepresented, potentially reflecting country-specific governance and disclosure norms. Second, the 3-year period coincides with the COVID-19 recovery, which may have temporarily influenced disclosure tone and impression management strategies. Third, our reliance on textual analysis limits our ability to assess whether disclosures are fully substantive. Future research could extend to all Top 100 Deloitte-ranked luxury brands, triangulate textual analysis

with interviews of directors and stakeholders or incorporate additional board diversity dimensions (e.g., ethnicity, expertise and experience). Cross-sector comparisons would also enrich understanding of how impression management and governance interact across industries.

From a practical perspective, this study offers several insights. For boards of directors, the evidence underscores that gender diversity is not merely symbolic but a strategic asset that strengthens sustainability communication. The presence of female directors enhances impression management in ways that can improve perceptions of transparency, responsibility and ethical commitment. Investors and regulators, meanwhile, should be cautious in interpreting ESG disclosures, recognizing that increased volume and positivity in reporting may reflect both substantive progress and impression management strategies. Distinguishing between these dimensions is critical for informed decision-making.

For luxury fashion firms, incorporating sustainability narratives that are not only persuasive but also verifiable is essential to maintaining stakeholder trust and safeguarding reputation. Practical steps include ensuring clarity and balance in sustainability reporting, aligning narratives with measurable ESG benchmarks and fostering board diversity beyond gender to include ethnicity, expertise and cultural background. More broadly, these findings serve as a guide for industries where legitimacy and reputation are central, emphasizing the importance of transparent and ethically grounded sustainability communication.

Acknowledgements

The authors would like to thank the journal's editors and reviewers for their constructive comments and the participants of the European Accounting Association (EAA) Conference 2025 for their helpful comments in developing this paper.

Conflicts of Interest

The authors declare no conflicts of interest.

Endnotes

¹When a brand is part of a listed group that issues a consolidated annual report, the group is taken as the reporting entity.

²For clarity, ONEFD equals 1 if there is exactly one female director; TWOFD equals 1 if there are exactly two; THREEFD equals 1 if there are exactly three; and FOURFD equals 1 if there are at least four female directors on the board.

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