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THE CONCEPT OF CORPORATE SOCIAL RESPONSIBILITY IN THE BEAUTY INDUSTRY IN THE UNITED STATES

Abstract

The practical implementation of the concept of corporate social responsibility in the beauty industry in the United States is based on the joint efforts and initiatives of major manufacturers in the industry to promote ethical business practices and eliminate negative social and environmental impacts. The purpose of this article was to study the practice of corporate social responsibility in the United States. The results show that the American experience of implementing corporate social responsibility combines three main aspects. First, institutions have been created at the state level to promote social and environmental initiatives among enterprises. The US Personal Care Products Council (the Council) is one of the most influential associations in the country's cosmetics industry. The institution brings together the efforts and activities of manufacturing companies to put the concept of corporate social responsibility into practice. The Council's initiatives include developing measures to promote socially responsible, ethical, and transparent business practices. The Council's social impact on society is achieved by combining the efforts of cosmetics manufacturers aimed at developing brands, products, and platforms. Secondly, cosmetics manufacturers are actively implementing corporate social responsibility practices. Thirdly, the US has developed federal legislation to protect consumer rights, which is mandatory for manufacturers in terms of product safety compliance. However, federal laws do not impose direct obligations on manufacturers to develop and implement

corporate social responsibility strategies. Legislative reforms have tightened requirements for cosmetic manufacturers in terms of safety and consumer protection. The changes will have a positive impact on the market and the beauty industry in the United States. In 2022, legislative changes were introduced to increase the level of control over cosmetic manufacturers.

Keywords

social responsibility, business ethics, cosmetic products, beauty industry, ecology, consumer protection.

Introduction

The US cosmetics industry is recognized as one of the most innovative and dynamic sectors of the economy, employing more than 5,700 specialists in science, technology, engineering, and mathematics [6]. In 2020-2025, there is a trend in the US towards the development of the beauty industry in terms of sales, revenue and profits on a global scale [10].

One of the trends in the beauty and personal care industry in the US is the integration of the concept of corporate social responsibility (CSR) into the business model of companies. Companies are implementing CSR practices in their activities, highlighting social, environmental, and ethical initiatives in their non-financial reporting as part of their corporate development strategy. CSR programs and initiatives are supported at the community level in the US, and personal care and hygiene manufacturers rank third in terms of charitable contributions and human resource development [6]. The most common CSR practices among beauty industry companies are: the use of biomaterials in providing aesthetic, cosmetic, and hairdressing services; the use of cosmetics made with biodegradable components; and charitable activities and initiatives.

Results

In 2001, the European Commission defined corporate social responsibility as

a concept whose implementation involves integrating social and ethical issues into the business operations of companies and their interaction with stakeholders on a voluntary basis. In 2011, the European Commission presented a new strategy for the practical implementation of the concept of corporate social responsibility as part of a package of measures to strengthen business accountability to society. The strategy aimed to promote the full realization of the potential of enterprises in creating jobs and innovative solutions to overcome the numerous challenges that existed in society. The document describes a number of benefits for enterprises in implementing corporate social responsibility, which the European Commission interprets as “the responsibility of enterprises for their impact on society.”

In 2011, the definition became more formal, as CSR was seen as a means of complying with legal obligations. The European Commission's new strategy required companies to integrate social and environmental measures, ensure compliance with ethical human rights and consumer protection in their business processes, in close cooperation with stakeholders [2]. The new provisions provide clarification on the implementation of corporate social responsibility strategies by enterprises and the integration of social, environmental, ethical, human rights, and consumer issues into business operations [3].

After manufacturers were required to implement corporate social responsibility, changes began to take place around the world. Large public companies began to incorporate initiatives and practices into their own corporate development strategies. First and foremost, this allowed them to improve their reputation when entering the stock market and attracting investor funds to finance their activities. About 80% of companies included in the Fortune 500 and S&P 500 rankings began to publish reports on their corporate social responsibility practices and sustainable development reports. It is quite common to publish social and environmental activities in management reports.

Environmental sustainability and social responsibility have become some of

the main concepts in the cosmetics industry. Transnational companies in the cosmetics industry have started to actively implement CSR, as they are most sensitive to consumer demand for products with a high environmental impact. The standardization and certification of cosmetics have become one of the main business processes in the production and marketing of their products, which guarantee the safety of goods for consumers.

According to the latest research, multinational corporations were among the first to integrate CSR policies into their own development strategies. Among corporations, cosmetic companies remain one of the most influential on consumers, as the goods they produce have a direct impact on consumers. Unlike large companies, small and medium-sized enterprises have a significantly smaller informal impact on society and the resolution of environmental, ethical, and consumer protection issues, and their behavior is difficult to track [3].

An analysis of literary sources on CSR issues in the US revealed the dual nature of the practical implementation of this concept in the American cosmetics industry. On the one hand, CSR is seen as a two-way mechanism for controlling business activities [9]. This position is understandable, as federal legislation in the US primarily regulates safety issues in the production and marketing of cosmetic products. On the other hand, it is emphasized that CSR is a fundamental business practice used by corporations to increase competitiveness and promote their own interests [9]. First and foremost, social, environmental, and other initiatives and practices of corporations in the US cosmetics industry are carried out on a voluntary basis to increase investment attractiveness, based on global standards of sustainable development.

The new 2011 provisions on corporate social responsibility in the EU have encouraged large companies to invest in social and environmental measures as part of their development strategies. Social responsibility and ethical business practices have become a new trend in the work of large enterprises. The cosmetics

industry has become one of the leaders in the production of environmentally friendly products, which are actively promoted in the beauty market. Professionals working in the beauty market have benefited financially from the sale and use of environmentally friendly cosmetics. In this context, consumer demand for safe, environmentally friendly products and professional services is growing.

In the US, similar trends toward the growing popularity of environmentally friendly cosmetics in the beauty industry are only increasing. The country's legislation does not provide for direct legal obligations for companies to engage in socially responsible business. However, federal legislation defines the obligation to ensure the safety of manufactured cosmetics. Corporate social responsibility initiatives are implemented by cosmetics manufacturers to gain competitive advantages and increase revenue. The development of eco-brands has become a new trend that contributes to increased business profitability and satisfies the social responsibility requirements of stakeholders. Cosmetics manufacturers apply global standards of sustainable business practices to develop non-financial reporting and reporting. Industry regulation of the beauty industry sets requirements for the safety of consumer products.

Large cosmetics corporations in the US apply non-financial reporting standards in their activities to ensure transparency: standards of the Global Reporting Initiative for improving corporate transparency (an international standardization organization that sets standards for the disclosure of information by companies on social and environmental initiatives) [11]; the standards of the International Sustainability Standards Board for reporting industry information on challenges, risks, vulnerabilities, and increasing the investment attractiveness of companies in the beauty industry.

Industry regulation of the US beauty industry is based on federal consumer product safety legislation: the Federal Food, Drug, and Cosmetic Act [12], and the requirements for the labeling of cosmetic products under the Fair Packaging and

Labeling Act of the Food and Drug Administration (FDA) [14].

In 2022, the Cosmetics Modernization Act was passed, expanding the powers of the Food and Drug Administration [13]. The legislation provides for mandatory registration of cosmetics manufacturers, record keeping of cosmetics ingredients, reporting of cosmetics side effects, and increased product safety requirements. The Toxic Substances Control Act regulates the use of chemical components in consumer products, including cosmetics, indirectly promoting environmentally friendly production and consumption. These legislative acts serve as the legal basis for regulating safety in the beauty industry.

The Personal Care Products Council is one of the most influential organizations in the US cosmetics industry. The institution began its work in 1912 by bringing together companies in the industry. Over the course of its work, the association has had an increasing influence on the promotion of corporate social responsibility practices in the US.

The main aspects of corporate social responsibility in the US cover a variety of practices and initiatives of the US Personal Care Products Council and all stakeholders involved in their development and implementation.

Practices to reduce the negative impact of the cosmetics industry on consumers are among the most important in business operations. The main ethical aspects of CSR in the activities of beauty industry companies in the United States are related to ethical behavior to support the highest standards in the industry, the use of alternative product testing methods, and ensuring the safety of cosmetic and hygiene products (Fig. 1).

The main area of activity of the US Personal Care Products Council is the safety of cosmetics and personal care products. Cosmetics manufacturers invest approximately $2.7 billion annually in research and development to promote product safety. These investments improve the quality of new products and their composition.

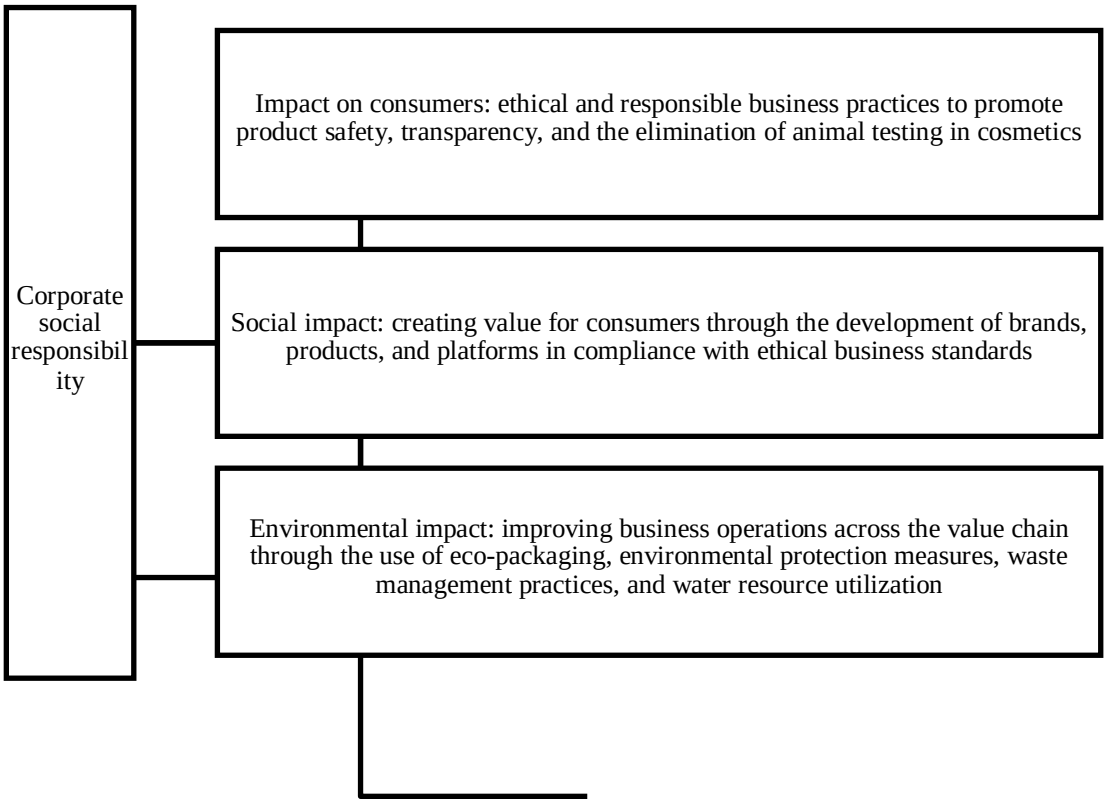


Fig. 1. Key aspects of corporate social responsibility in the beauty industry in the United States (author's own work)

Given the growing demand for quality products, environmentally friendly products are becoming increasingly popular among consumers of aesthetic and cosmetic services in the US. This trend is linked to supply and demand factors in the beauty market. One factor is the promotion of environmentally friendly cosmetic products by manufacturers as part of sustainable development and social entrepreneurship. Another factor is the preference for environmentally friendly products among consumers.

In the US, ethical business practices involve combating the production and sale of counterfeit cosmetics on the beauty market, which poses a threat to consumer safety. Counterfeit cosmetics often cause health problems due to non-compliance with sanitary and hygienic requirements during their production. In addition, counterfeit goods often pose reputational risks to major companies—

manufacturers in the beauty industry. It is estimated that the cosmetics industry loses approximately $5.4 billion in revenue each year due to counterfeit goods [5].

In 1976, the US Personal Care Products Council established the Expert Panel on Cosmetic Ingredient Safety, an independent commercial scientific organization for the safety of cosmetic ingredients and the composition of cosmetic products. The Expert Group includes scientists, doctors, scientific and medical groups approved by the consumer community, industrial manufacturers, and government agencies. The Personal Care Council initiated the Cosmetic Review Program in collaboration with and support from the Consumers Federation of America and the Food and Drug Administration (FDA).

The Personal Care Products Council works with organizations and government agencies to promote CSR policies aimed at eliminating the testing of cosmetics on animals. In collaboration with The Humane Society Legislative Fund (HSLF) and the Humane Society of the United States (HSUS), the Personal Care Council developed and promoted the passage of the Humane Cosmetics Act to establish uniform animal welfare standards. The Personal Care Council has collaborated with Cruelty Free International (CFI) on the development of legislation on animal testing of cosmetics in several states. The Personal Care Council has established close cooperation with the International Cooperation on Cosmetic Regulation (ICCR) and the International Cooperation on Alternative Test Methods (ICATM) to harmonize and promote the global implementation of alternative safety assessment methods [4].

One of the most important social impact practices of companies in the US beauty industry is responsible sourcing, or sustainable, ethical sourcing in the supply chain when purchasing raw materials and products for further production. Responsible sourcing aims to minimize the negative impact of raw material sourcing processes on people and the environment. Manufacturers, suppliers, and distributors in the beauty industry are using new approaches to procurement and

supply chain management that integrate risk management processes (supply disruptions, price volatility, compliance with local laws, reputation risks). The main tool for promoting responsible sourcing in the beauty industry is codes of ethics, which define rules and expected standards of conduct in the industry to minimize risks [8].

To reduce their negative impact on the environment, cosmetics manufacturers are improving their business operations within the supply chain. The production of eco-friendly packaging is one of the emerging trends among manufacturers and suppliers of cosmetics packaging. Waste management and more efficient use of water resources in production allow for supply chain optimization.

To address the issue of increasing waste, beauty industry companies in the US are using a systematic approach that combines solutions for improving packaging materials (eco-packaging) and design, waste disposal and recycling management in the industry. Companies use circular design principles to reduce the amount of materials used in manufacturing by replacing them with renewable or recycled materials and designing products for reuse. Companies are committed to achieving zero waste in their operations by using a hierarchical approach to waste reduction: waste reduction, reuse, and recycling [7].

The main challenges to the practical implementation of CSR in the beauty industry in the US include strategic and legislative issues [6]. Companies face a constant need to develop new social responsibility initiatives and strategies and integrate sustainable practices into product life cycle management. New legislation is slowly being introduced to strengthen corporate social responsibility and address the most pressing ethical issues. The concept of corporate social responsibility remains overlooked by small and medium-sized enterprises.

Despite the legally defined CSR implementation strategy in business, for most small and medium-sized enterprises in the beauty industry, compliance with social, environmental, and ethical principles of business conduct remains a non-

mandatory legal obligation. On the other hand, the economic benefits of CSR promote more ethical business practices. The financial benefits of using environmentally friendly cosmetics when providing services to consumers ensure the provision of higher quality, safer, and more professional services. In turn, consumers prefer beauty salons that take a more responsible approach to providing aesthetic and cosmetic services.

Conclusions

The American experience of implementing corporate social responsibility combines three main aspects. First, institutions have been created at the state level to promote social and environmental initiatives among businesses. The US Personal Care Products Council (the Council) is one of the most influential associations in the country's cosmetics industry. The institution brings together the efforts and activities of manufacturing companies to implement the concept of corporate social responsibility in practice. The Council's initiatives include the development of measures to promote socially responsible, ethical, and transparent business practices. The Council's social impact on society is achieved by combining the efforts of cosmetics manufacturers aimed at developing brands, products, and platforms. Secondly, cosmetics manufacturers are actively implementing corporate social responsibility practices. Thirdly, the US has developed federal legislation to protect consumer rights, which is mandatory for manufacturers in terms of product safety compliance. However, federal laws do not impose direct obligations on manufacturers to develop and implement corporate social responsibility strategies. Legislative reforms have tightened requirements for cosmetic manufacturers in terms of safety and consumer protection. The changes will have a positive impact on the market and the beauty industry in the United States. In 2022, legislative changes were introduced to increase the level of control over cosmetic manufacturers.

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