IJMRT: Volume (8), Issue 7, 2026, Pages 46-66
International Journal of Multidisciplinary Research Transactions
(A Peer Reviewed Journal)
www.ijmrt.in

ISSN (Print):2663-2381
ISSN(Online):2663-4007
|Regular Article |Open Acess
Aravandi Publications

# Beyond Green Claims: A Conceptual Framework for Understanding Greenwashing in Contemporary Business

**Dr. Neha Kumar***

Associate Professor, The NorthCap University, India.

*Corresponding author(s):
Dr. Neha Kumar, Associate Professor, The NorthCap University, India.
Email: kumarneha89@gmail.com

DoI: https://doi.org/10.5281/zenodo.21630988

Citation:

Dr. Neha Kumar, (2026). Beyond Green Claims: A Conceptual Framework for Understanding Greenwashing in Contemporary Business. International Journal of Multidisciplinary Research Transactions, 8(7), 46–66. https://doi.org/10.5281/zenodo.21630988



Accepted: 22 July 2026 Available online: 27 July 2026

---

## Abstract

Today, greenwashing is considered an important problem, causing loss of trust of stakeholders, organizational legitimacy, and credibility of corporate sustainability efforts. The growing number of organizations incorporating environmental, social and governance (ESG) principles and reporting on their sustainability efforts has led to growing worries about greenwashing and green washing. While the marketing, sustainability, corporate governance, and strategic management literatures have all paid attention to greenwashing, there is a lack of conceptual synthesis in the concept of the antecedents, manifestations and consequences of greenwashing in the literature. To fill this void, the present study aims to create an integrated conceptual framework to understand greenwashing in the current business context. This paper is based on an integrative narrative review of the available literature, which brings together some of the key theoretical streams, such as the Stakeholder Theory, Legitimacy Theory, Institutional Theory, Signaling Theory and Information Asymmetry Theory, to explain the organizational factors that drive greenwashing and the impacts of greenwashing on consumers, organizations and society. The conceptual structure of greenwashing as a multidimensional phenomenon is shaped by institutional pressure, stakeholder expectations, competitive dynamics, organizational characteristics, and information asymmetries and their outcomes include consumer scepticism, reduced green trust, reputational risk, and reduced progress towards sustainable development. The study also advances the research propositions and suggests future research directions to aid empirical validation of the suggested relationships. This paper brings together disparate viewpoints and perspectives to construct a cohesive conceptual model, and provides valuable practical guidance to managers, policy makers and researchers working on the promotion of transparent environmental communication and good business practice within the context of sustainability.



**Keywords:** Greenwashing, Sustainability, ESG, Conceptual Framework, Stakeholder Theory, Environmental Communication, Corporate Sustainability.

## 1. Introduction

In the last few decades the movement towards sustainability has grown from being a corporate option to a business necessity. As the climate crisis, environmental degradation, resource depletion, and the rising demand from stakeholders are concerns of growing importance, organizations are being driven to embed environmental sustainability in their business models and activities. Organizations are becoming more transparent and accountable about their environmental performance, and that is driving a trend towards sustainability reporting, Environmental, Social and Governance (ESG) disclosures, corporate social responsibility (CSR) initiatives and green marketing practices. Though these changes have increased people's environmental awareness, they have also led to opportunities for organizations to overstate or falsely represent their environmental performance in order to achieve reputational and competitive benefits (Delmas & Burbano, 2011; Lyon & Montgomery, 2015).

As sustainability becomes a more commercialized field, more and more organisations are competing to become 'green' businesses. Often, firms express their environmental policies in forms of eco-labels, sustainability reports, carbon neutrality statements, renewable energy projects, and climate-related disclosures. Many organisations are truly committed to sustainability, but others are involved in symbolic environmental communication, or exaggerating or misrepresenting their environmental impact. This practice is known as greenwashing and is one of the biggest ethical and strategic issues facing modern businesses. Greenwashing not only deceives stakeholders, but also harms consumers' trust, reduces organizational legitimacy, and signals a lack of credibility in the trustworthiness of real sustainability efforts (de Freitas Netto et al., 2020).

The issue of greenwashing has received significant academic research interest from a variety of fields such as marketing, sustainability management, corporate governance, business ethics, accounting and strategic management. The first research studies were concerned mainly with greenwashing as a form of misleading advertising for the environment, targeting "green consumers". But the current research considers greenwashing as a broader phenomenon where the environmental performance of an organization is in contradiction with the organization's communicated environmental commitments. This broader view acknowledges that greenwashing can happen by selective disclosure, by using terminology that is ‘sustainability' but not actually meaning it, by using ‘environmental' certifications that are not accurate, by engaging in symbolic corporate projects and by reporting on ESG projects. In this way, greenwashing has become a multi-dimensional phenomenon within the organization, impacting strategic decision making, stakeholder relations, and corporate brand (Delmas and Burbano, 2011; Lyon and Montgomery, 2015).

Greenwashing does not just affect images of an organization. Inaccurate information regarding the environment can foster distrust of sustainability communication, diminishing consumers' confidence in brands promoting sustainability and impacting their buying choices. Likewise, investors are increasingly considering organizations according to their ESG performance and sustainability disclosures, and false environmental communication is a very important governance issue. Regulatory bodies have also enhanced their enforcement of environmental claims to ensure better accountability from companies and prevent misleading sustainability practices. This means that there is a significant risk to the reputation, legal, financial and regulatory standing of organisations that engage in greenwashing and these risks may be greater than any short-term advantage in competing.

Although there has been increasing research, there is a lack of integration in the literature on greenwashing. Most of the existing research has focused on one of the aspects of the phenomenon, from disciplinary standpoints alone, such as consumer response, environmental marketing, sustainability reporting or corporate legitimacy. Although these studies have yielded some important findings, they only give partial information on the many organizational, institutional, and stakeholder components that can help create greenwashing context. In addition, the emergence of ESG reporting, digital sustainability communication and stakeholder activism has radically reshaped the sustainability concept and generated new variants of greenwashing which have not been fully captured in the current sustainability conceptual frameworks (Gillan et al., 2021).



The limitations underscore the need for a comprehensive conceptualisation of greenwashing, which brings together the various antecedents, manifestations and consequences of greenwashing. The concept of greenwashing should not be understood as a marketing technique of deception, rather it needs to be understood as a product of organizational and institutional processes that shape sustainability communication and perceptions of these processes among stakeholders. A holistic view can be helpful in building theoretical knowledge and can help organizations to increase the trust and transparency of their sustainability efforts.

In this context, the present study proposes an extensive conceptual model of greenwashing in the modern business. The paper, which is based on an integrative narrative review of the literature, synthesizes the relevant concepts from Stakeholder Theory, Legitimacy Theory, Institutional Theory, Signaling Theory and Information Asymmetry Theory to provide an explanation for why organizations engage in greenwashing and how that impacts society, organizations and consumers. The conceptual framework proposed by the research is derived from this synthesis and is intended to connect three elements of the research: organizational antecedents, greenwashing practices, and the outcomes of stakeholders. In addition, research propositions are developed to help guide empirical studies in the future.

This research has three major impacts on the available literature. Firstly, it brings together disparate studies from various disciplines to present a coherent conceptual approach to greenwashing. Second, it builds a conceptual framework that works at an integrated level by explaining the relationship between the organizational pressures, greenwashing practices, response of stakeholders and organizational outcomes. Third, it outlines a research agenda for the future, highlighting emerging themes and opportunities for advancing greenwashing scholarship in the evolving sustainability field and the ESG reporting landscape.

The rest of the paper is organized as follows. This paper outlines the methodology used for the review in Section 2. The literature review in section 3 evaluates the current research on the concept, antecedents, detection and impacts of greenwashing. The proposed conceptual framework is presented in Section 4, with the development of research propositions in Section

5. The theoretical, managerial and policy implications of the proposed framework is discussed in section 6. Section 7 proposes future directions for research and the concluding section summarizes the paper.



## 2. Methodology

The research design of this study is narrative literature review of an integrative type which is a literature review method that aims to summarize and critically analyze previous research and studies related to the issue under study. Conceptual research can be conducted using an integrative review, as it can combine results and insights from different theoretical and empirical studies for theory development and conceptual progress (Snyder, 2019; Jaakkola, 2020). Narrative reviews are different from systematic literature reviews, which mainly follow pre-defined rules for finding and analysing empirical data, in that they include the ability to incorporate theory, to compare theory, and to locate emerging themes and gaps in the research. This flexibility is also advantageous for the use of the approach in multidisciplinary fields like greenwashing, whose literature ranges from marketing, sustainability, corporate governance, business ethics to environmental management and strategic management.

This study's literature was selected from peer-reviewed journal articles, books, conference proceedings, and reports, which were accessed through academic databases like Scopus, Web of Science, Google Scholar, and other trusted online resources. Key words used for searching literature were 'greenwashing', 'green marketing', 'corporate sustainability', 'environmental claims', 'ESG disclosure', 'sustainability reporting', 'green trust' and 'consumer skepticism'. The last ten years of publications were given priority, thus reflecting the current trends of research on greenwashing, and seminal studies were included which would trace the evolution of the concept and its theoretical underpinning.

A critical analysis and synthesis of this selected literature was done to expose major themes related to conceptualisation of greenwashing, factors that promote greenwashing, the nature of greenwashing, its impact and theoretical foundations of greenwashing. The review will aim to critically review the literature in relation to the similarities and differences of the various perspectives, identify how thought has developed and how work has progressed and highlight areas for gaps in the literature. A disorganized collection of pieces of knowledge can be assembled with this analytical procedure into an overall understanding of Greenwashing.

The study constructs a conceptual framework based on a synthesis of literature reviewed, which links the important antecedents, dimensions and outcomes of greenwashing. The framework also indicates future research areas and offers theoretical and practical implications for the researchers, policy makers and business practitioners. The narrative literature review can also serve as a catalyst to developing theory and continuing research related to greenwashing and is not just for summarizing the existing knowledge.



The synthesized literature served as the base for the identification of major themes, the proposed conceptual and for the formulation of research propositions which are presented in the following sections.

## 3. Literature Review

Environmental responsibility is becoming more and more a business question, rather than a voluntary one, as it is being put on the agenda by the growing importance of corporate sustainability. There is a growing expectation by governments, investors, consumers, and civil society of companies to practice sustainably and publicly report their sustainability efforts. In response, organizations have started using sustainability reports, Environmental, Social and Governance (ESG) disclosures, eco-labels and green marketing campaigns in order to signal their environmental commitment. These efforts have led to increased environmental awareness, and have also opened opportunities for organizations to overstate or deceive about their environmental performance. As such, greenwashing is a growing concern in sustainability management, marketing, corporate governance and business ethics (Delmas & Burbano, 2011; Lyon & Montgomery, 2015; de Freitas Netto et al., 2020).

While the literature on greenwashing has grown significantly over the last 20 years, existing research has been dispersed across a number of disciplines. The main field of research on greenwashing is deceptive environmental communication and consumers' response, while the main field of research on management is organizational legitimacy, stakeholder management, and sustainability reporting. Recent research in accounting and finance has also explored greenwashing from the perspective of ESG disclosures and sustainable finance. This disciplinary disintegration has led to different conceptions, theoretical descriptions and empirical results, thus the importance of a holistic view of greenwashing.

Thus, this review aims to bring together the available literature and discuss it on three key aspects: (i) conceptualization and evolution of greenwashing, (ii) the antecedents and manifestations of greenwashing, and (iii) the impacts of greenwashing and the research gaps that need to be addressed to support the proposed conceptual framework of greenwashing.



**3.1. Conceptualization and Evolution of Greenwashing**

The term "greenwashing" was coined by environmental activist Jay Westerveld (1986) to denounce companies that claim to be environmentally responsible but are not actually. The term was first used for deceptive advertising in the hospitality industry but has slowly become a major issue in the realm of sustainability research. In the early research, greenwashing was mostly considered as deceptive communication in marketing that aims to sway pro-ecological consumers by over- or mis-stating environmental benefits (Laufer, 2003). As a result, during this time research was largely dedicated to the product advertising, environmental labeling, and promotion messages.

Greenwashing expanded to a wider range of issues in the late 1990s and early 2000s, as sustainability became more widespread in the institutional sphere.During the late 1990s and early 2000s, sustainability became more institutionalized and the range of 'greenwashing' expanded accordingly. Organizations started to report on sustainability, implement CSR, obtain environmental certifications and use voluntary disclosure frameworks to show their environmental responsibility. In response to this, it was decided that the strategy of greenwashing is not just about misleading advertising, but also about selective disclosure of information, symbolic environmental projects and discrepancies between the declared vision of sustainability and the actual performance of the organization (Delmas & Burbano, 2011). This transition moved greenwashing from marketing to strategic management, corporate governance and organizational legitimacy.

In recent years, greenwashing has been theorized as a three-dimensional phenomenon that occurs in organizations. But the idea isn't restricted to the false environmental claims; it is also broadly conceived as the disconnect between environmental communication and environmental performance (Lyon & Montgomery, 2015). The organizations can construct false profiles by either over-claiming, by withholding the bad news about the environment, by using ambiguous sustainability terms, by reporting positive indicators and/or by engaging in "symbolic" environmental programs that lead to positive reporting without any significant environmental benefit (de Freitas Netto et al., 2020).



ESG reporting and sustainable finance has further revolutionised the concept, with its pace and sheer scale. Sustainability reporting is becoming more widespread with integrated reporting, disclosure related to climate change, ESG ratings, and digital reporting. These mechanisms foster transparency, but may also present an opportunity for strategic sustainability story management by organisations. Today, greenwashing is not limited to communication at the product level; it also includes what happens at the organization level, such as disclosure, ESG reporting, and digital sustainability communication (Gillan et al., 2021).

Although the terms vary, the current definitions have three similarities. Firstly, greenwashing is a mismatch between environmental claims and environmental performance. Second, it is a strategic effort in shaping stakeholder perception. Third, organizations pursue benefits of reputation, money, or legitimacy via deceptive environmental communication. In this synthesis, greenwashing is understood as the 'strategic communication of misinformation or omission of environmental information that leads to a false impression of an organization's environmental sustainability performance and allows companies to gain benefits (reputational, competitive, financial) that cannot be substantiated by substantive environmental activities.

### 3.2. Antecedents and Manifestations of Greenwashing

The literature indicates that the greenwashing phenomenon is a product of the impact of outside institutional forces and internal organizational motivations. The Institutional Theory suggests that organizations adapt themselves to the societal norms in order to gain legitimacy (DiMaggio & Powell, 1983; Scott, 2014). Organizations are facing growing pressure to report on their environmental responsibilities, as governments impose stricter environmental laws and reporting standards. In other cases, however, where compliance involves significant financial or organizational cost, some business firms may engage in symbolic sustainable practices, which means the possibility of greenwashing is higher (Delmas & Burbano, 2011).

Another important explanation is along the lines of Stakeholder Theory. In recent years, companies are more subject to scrutiny by consumers, investors, employees, regulators and non-governmental organizations for their environmental performance (Freeman, 1984).

Organizations are thus trying to keep stakeholders' perceptions positive via sustainability communication. If sustainable improvements are expensive or hard to attain, companies can overestimate their sustainability efforts to maintain support and the legitimacy of their business.



Competition adds to these pressures. In certain sectors like fashion, energy, automotive, tourism, and consumer goods, sustainability has emerged as a key factor in market differentiation. It's becoming a common practice for organisations to position themselves in the environment, develop eco-labels, and make climate commitments – often as a way of competing with each other. This means that corporations can exaggerate their environmental successes in order to boost their brand value and draw in “green” customers (Lyon & Montgomery, 2015).

The role of information asymmetry is also very crucial. Organisations have much more knowledge about their environmental performance than external stakeholders, in accordance with Information Asymmetry Theory (Akerlof, 1970). This imbalance allows the disclosure of positive environmental information and reduces the ability for independent verification of environmental information by stakeholders. The more information is imbalanced, the more opportunity for greenwashing.

The ways in which greenwashing is displayed has also changed. Previous studies have concentrated on the types of deceptive environmental messages or deceptive product claims. Modern research recognizes that there are a number of types, such as selective disclosure, the use of general environmental language, symbolic environmental actions, misleading certifications, environmental greenwashing and digital greenwashing (de Freitas Netto et al., 2020). With more and more companies now publishing their sustainability reports, and engaging with social media platforms, the ways in which organizations communicate their environmental commitments have become more complex, and more difficult to spot.

### 3.3. Consequences, Research Gaps and Need for a Conceptual Framework

The effects of "greenwashing" go beyond the organization's reputation, and affect consumers, investors, regulators and society. From a consumer perspective, perceived greenwashing negatively impacts green trust, raises doubts about green claims, and diminishes purchase intentions ( Chen & Chang, 2013). Frequent exposure to misinformation in the environment can also diminish trust in sustainability labels and products that are truly sustainable, which will make it harder for organizations that are truly committed to sustainability.



Organisational level, the process of greenwashing can provide initial reputation and competitive benefits; but they are short-lived. When misleading environmental claims are uncovered, it can cause an organization to suffer reputational harm, financial penalties, legal scrutiny, loss of investor confidence and loss of stakeholder relationships (Lyon & Montgomery, 2015). The results of these illustrate that symbolic approaches to sustainability will not be able to replace genuine environmental performance in the long term.

At the societal level, greenwashing has an adverse impact on the overall sustainability goals and drives market distortion and loss of public trust in environmental governance. The use of misleading sustainability communication diminishes the effectiveness of market-based sustainability programs, slows down meaningful environmental action and potentially obstructs progress to the United Nations Sustainable Development Goals (the SDGs). As a result, preventing greenwashing is a top priority for the policy, regulatory, investment, and sustainability standard-setting communities.

Although greenwashing research has grown at a fast pace, there are still some critical research gaps within this field. First, the literature tends to focus on developed economies, whereas the emerging economies that are the subjects of this volume have institutional environments that are far more diverse. Second, the literature has focused mainly on consumer responses and few studies have focused on organizational decision-making processes that result in greenwashing. Third, the emergence of new ESG reporting, AI and digital sustainability communication have given rise to new forms of greenwashing, which are still poorly understood. Last, while many empirical studies examine one specific relationship at a time, there is little research that has brought together the organizational antecedents, greenwashing practices, stakeholder reactions, and organizational outcomes in a holistic conceptual framework.

The present study aims to bridge these gaps, by proposing an integrated conceptual framework that integrates the disjointed literature and clarifies how institutional pressures, stakeholder expectations, organizational features and information asymmetry influence greenwashing practices and their associated implications for consumers and organizations. The framework integrates several theoretical approaches into one model, which could serve as a basis for further empirical studies and make a contribution to the overall knowledge of greenwashing in the modern business.



## 4. Proposed Conceptual Framework

The above review has shown that greenwashing is a multileveled phenomenon in the organizational field and is influenced by the institutional, organizational and market related factors. Many factors that can cause or lead to greenwashing have been studied, as well as its consequences. However, these factors and their relationships have been studied separately, which leads to a lack of coherence in theory. To overcome this weakness, the present study proposes an integrated conceptual framework, synthesizing information from the Stakeholder Theory, Legitimacy Theory, Institutional Theory, Signaling Theory, and the Information Asymmetry Theory, to describe the motivation for organizations to engage in greenwashing and the impacts this has on various stakeholder groups.

The framework introduces the following antecedents of greenwashing: institutional pressure, stakeholder expectations, competitive pressure, organizational characteristics and information asymmetry.

Organizations facing institutional pressure are subjected to environmental regulations, sustainability reporting guidelines, industry norms and expectations from the society that push them to show their environmental responsibility. While they might help secure sustainable business, they can also foster symbolic compliance, whereby an organisation strives to gain legitimacy without effecting any real improvements.

Another key factor of greenwashing is expectations of stakeholders. Environmental concerns are increasingly impacting consumers, investors, workers, regulators, and civil society in its scrutiny of firms. Thus, there is the potential that organisations exaggerate their sustainability performance to create a positive perception by key stakeholders and bolster corporate legitimacy.

The more competitive a landscape is, the greater the chance of greenwashing. With sustainability increasingly viewed as an important source of competitive advantage, there is an increasing trend for organizations to differentiate themselves through environmental positioning. A company could therefore exaggerate its environmental performance to appeal to consumers and investors who take the environment into account when deciding which companies to buy into.



The framework also takes into account the influence of the leadership commitment, organizational characteristics, such as corporate governance, organizational culture and sustainability capabilities. Quality of environmental governance or sustainability integration in an organization increases the likelihood of symbolic environmental communication compared to substantive sustainability action.

Lastly, information asymmetry can be used to allow organisations to only publish positive environmental data, thereby greenwashing less positive environmental data. The lack of full transparency of the organizational environmental practices towards external actors, creates opportunities for firms to shape the perception of their actors through strategic sustainability communication.

Combined, these antecedents make up greenwashing, which is defined in this study as the misrepresentation, or selective communication, of environmental information to ensure an inaccurate impression of organizational sustainability performance.

The framework also argues that greenwashing has large-scale impacts at several levels. In the consumer level, greenwashing leads to consumer skepticism, decrease in green trust and ultimately to decrease in the intention of sustainable purchase. From an organisational perspective, ongoing greenwashing can lead to reputational harm, regulatory attention and financial risks for businesses. From a societal perspective, the general exposure to greenwashing contributes to mistrust in sustainability efforts and reduces the effectiveness of efforts to achieve sustainable development.

Regulatory scrutiny is also acknowledged as a moderating mechanism in the framework. Opaque and confusing environmental disclosures, opportunities for deliberate greenwashing, and lax environmental regulations are limited by sustainability requirements, mandatory environmental disclosures, independent assurance, and active stakeholder monitoring.

Overall, the proposed conceptual framework is an amalgamation of findings that will build a coherent theoretical model to explain the antecedents, process, and consequences of greenwashing. The framework can serve as a basis for future empirical studies and will help to further develop the understanding of greenwashing in today's business.



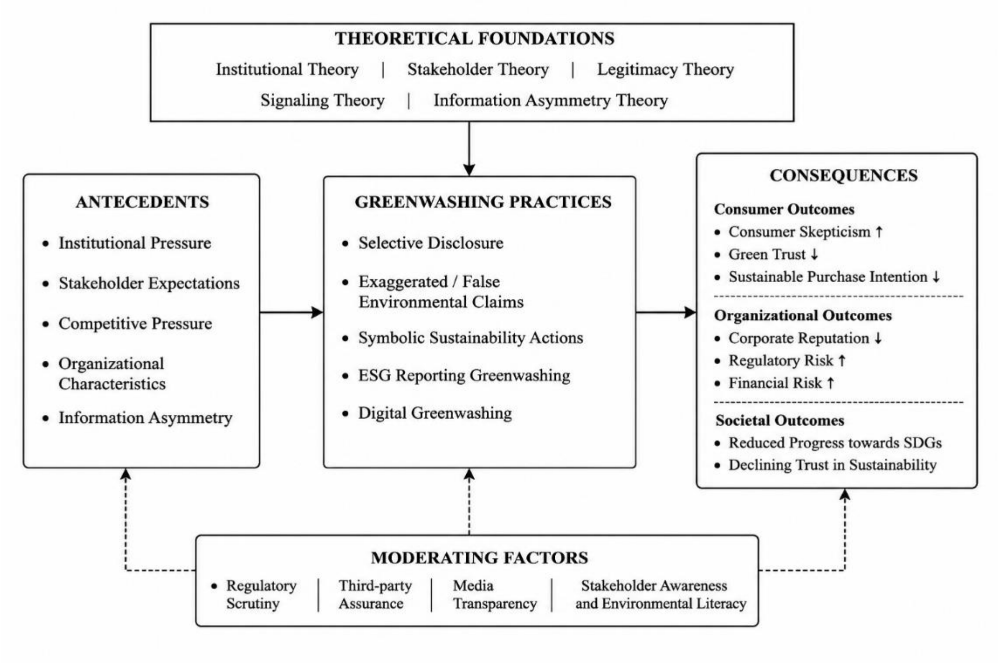


**Figure.1. Proposed Conceptual Framework**

## 5. Research Propositions

The following research propositions are formulated based on the proposed conceptual framework and synthesis of the existing literature, which will serve as a guide for conducting future empirical research.

### 5.1. Research Propositions (P1)

Institutional pressure has a positive effect on organizational engagement with greenwashing.

It is possible that, in the face of more stringent regulations and institutional requirements, organisations may communicate symbolically in order to gain legitimacy if they cannot secure substantive changes in sustainability performance at a reasonable cost or with reasonable effort (Delmas & Burbano, 2011; DiMaggio & Powell, 1983).

### 5.2. Research Propositions (P2)

The expectations of stakeholders positively affect their organizations' greenwashing involvement.

Rising consumer, investor, employee and regulatory expectations, and civil society organizations, drive companies to present a positive environmental reputation, which increases the risk of greenwashing when environmental practices do not meet or exceed stated goals (Freeman, 1984; Suchman, 1995).



**5.3. Research Propositions (P3)**

The more competitive, the better for organizational engagement in greenwashing.

Exaggeration of environmental performance is more likely to be found in organizations in highly competitive markets, in order to reinforce competitive positioning and differentiate themselves through sustainability-related statements (Lyon & Montgomery, 2015).

**5.4. Research Propositions (P4)**

Information asymmetry positively impacts organizational engagement in greenwashing.

With more information asymmetries between the firms and the stakeholders, firms can choose to disclose environmental information to the stakeholders, thus creating more opportunities for misleading sustainability communication (Akerlof, 1970).

**5.5. Research Propositions (P5)**

Greenwashing has a positive impact on consumer skepticism.

Ambiguity between environmental claims and company practices leads to skepticism on stakeholders' side towards the credibility of communication of sustainability in business (de Freitas Netto et al., 2020).

**5.6. Research Propositions (P6)**

Consumer's skepticism affects green trust in a negative way that affects sustainable purchase intention negatively.

Consumers' tendency to trust products and brands that are positioned for the environment decreases in times of heighted skepticism, leading to a decline in intentions to purchase environmentally positioned products and brands ( Chen & Chang, 2013).

**5.7. Research Propositions (P7)**

Regulatory scrutiny negatively moderates the relationship between organizational antecedents and greenwashing.

Good regulatory oversight, compulsory environmental disclosures and independent sustainability assurance create more transparency and accountability, which diminish the possibilities for companies to engage in greenwashing (Gillan et al., 2021).



## 6. Discussion and Implications

This study stems from recent research in greenwashing in different fields such as sustainability, marketing and corporate governance and strategic management. This paper builds on previous literature which has largely focused on individual antecedents or outcomes of greenwashing, to offer a more comprehensive appreciation of the multiple dimensions of the institutional environment, competitive pressures, organizational attributes, information asymmetry and their impact on greenwashing and in turn on stakeholder perceptions and organizational outcomes. The study attempts to paint a complete picture of greenwashing as a phenomenon of strategic organizational behaviour, rather than an issue of "green advertising".

### 6.1. Theoretical Implications

Theoretically, the study contributes to the field of greenwashing, bringing various theoretical approaches. Past studies tend to use just one theory (e.g., legitimacy theory or stakeholder theory) to explain organizational sustainability communication. Greenwashing, however, is a multifaceted problem and a one-dimensional prism won't give you the whole picture. The suggested framework highlights that the combination of legitimacy issues, stakeholder expectations, institutional pressures, signaling mechanisms and information asymmetry has an impact on organizational behaviour.

The value of the study is also given by the introduction of the greenwashing as a multi-dimensional concept, an aspect that is not simply a deceptive marketing communication. Present companies communicate sustainability via CSR reports, disclosures on ESG, climate commitments, digital and corporate sustainability reporting. But to understand greenwashing, it is not enough to look at claims made on the product; it is necessary to look at the strategies of organisational communication. This paper thus contributes to building a conceptual base for future empirical research to investigate the phenomenon of greenwashing from various organizational settings and stakeholder groups.

The following are also suggested as propositions for further research that can be tested and developed as theories: Future studies could be empirical tests of the proposed relationships;

other mediating and/or moderating variables could be investigated; and the framework could be replicated for specific industries and/or institutional settings.

### 6.2. Managerial Implications



This study has a number of implications for practitioners and organizational leaders. Whilst the short term benefits of greenwashing may be reputation or competitive advantage, there is plenty in the literature that may result in high long-term costs. If stakeholders start to believe that organisations don't match their sustainability commitments, they can see their levels of trust fall, reputations suffer, customers move to other businesses and regulatory agencies are more likely to investigate their actions and take action.

The management of the substantive practices of sustainability should therefore be encouraged rather than symbolic environmental communication, and this is where the role of the manager is important. The transition towards sustainability should become a part of the corporate strategy and the core of the organisation's activities and be used to evaluate the performance of organisational activities, rather than as a marketing tool. Clear reporting, quantified environmental objectives and periodic reporting of successes and problems can help to build credibility of the organization and lessen the perception of greenwashing.

A more robust internal governance framework should also be implemented on sustainability reporting in the organization. Independent verification, third party assurance and cross functional oversight of sustainability can improve the environmental disclosures' accuracy and reliability. This will reduce the likelihood of being accused of greenwashing and will create stronger relationships with stakeholders and long term legitimacy for the organization.

### 6.3. Policy Implications

Also identified are some policy and regulatory implications. This ongoing greenwashing indicates that self-reported information on sustainability may not be effective enough to create transparency and accountabilities. Reporting frameworks are inconsistent, definitions of terms used in environment clauses are vague and there are not enough mechanisms for enforcing them.

Policymakers need to strive toward more commonplace sustainability reporting and environmental claims. The opportunities for misleading communication can be limited by disclosure principles that are clear, consistent ESG reporting standards and more stringent requirements on environmental marketing. Environmental disclosures may be further strengthened in terms of credibility and comparability through independent sustainability assurance mechanisms. Furthermore, enhancing public awareness and environmental literacy also can be important steps to reduce greenwashing. Informed consumers and informed investors are more likely to question the claims made about the environment and expect organizations to be held accountable for false sustainability communication. Hence, there is a need for regulations to be supported with educational actions for the stakeholders and more broadly by enhancing the transparency of the sustainability reporting systems.



The study highlights the need for the engagement of organizations, regulators, investors, consumers and civil society in tackling greenwashing. True sustainability measures, clear communication and good governance structures are vital in ensuring that environmental claims are not used as a reputation management tool, but are an effective way of driving sustainable development.

**7. Future Research Agenda**

Even as a number of works examining greenwashing have been published, some questions remain to be answered both theorically and empirically. The present study draws attention to the need for further research to contribute to the growing body of knowledge on greenwashing in a more dynamic sustainability environment.

First, future studies should explore greenwashing in emerging economies, where regulatory structures, institutional pressures and expectations of stakeholders are different from developed economies. Cross-country comparisons could be useful to learn about the influence of institutional contexts on the occurrence and impact of greenwashing.

Second, existing research has tended to concentrate on large multinational companies, rather than small and medium sized companies (SMEs). SMEs may be subject to different pressures from their stakeholders, and have different resource constraints, and this may affect their sustainability communication strategies. Studying the greenwashing occurring in SMEs would increase the scope of application of already developed theories.

Third, the increased uptake of ESG reporting and sustainable finance creates new research opportunities. Further research is needed to examine the relationship between the quality of

ESG reporting, third-party assurance, and stakeholder perceptions, as it is expected that this relationship will be important in understanding how ESG reporting influences organisational credibility. There is also a need to investigate the effectiveness of the emerging sustainability reporting standards in the context of greenwashing reduction.



The use of digital technologies and Artificial Intelligence (AI) is also one of the potential streams of research. AI-powered reporting tools, digital marketing platforms, and social media are becoming increasingly popular for reporting sustainability efforts. Future studies could explore the potential of enhancing transparency through these technologies or of opening up new avenues for digital greenwashing. Likewise, the possibilities for using AI and big data analytics to identify deceptive greenwashing assertions are another significant subject for further exploration.

Further research is also needed to explore how consumer attributes influence the reactions to greenwashing. The relationship between greenwashing and consumer behavior could be mediated by variables such as environmental knowledge, green literacy, environmental concern, and trust in sustainability certifications. It can help in the understanding of the individual difference in consumers' resistance to misleading environmental statements.

Last, but not least, longitudinal and industry-specific research is required to explore the changes over time and industries in the phenomenon of greenwashing. There are different sectors that have different levels of environmental criticism and regulatory control, such as fashion, energy, car, tourism, and financial services. An analysis of these sectoral differences could help to develop a more nuanced understanding of greenwashing and lead to the creation of sector-specific approaches to improve greenwashing practices in the field of sustainability communication.

These research pathways can be used to improve current theories, support the conceptual framework put forward in this research and support the body of evidence for transparent and accountable sustainability practices.

## 8. Conclusion

From a marketing concern to a strategic organizational challenge, greenwashing affects the legitimacy of the organisation, stakeholder trust and sustainable business. With a growing trend of organisations sharing their environmental commitments in sustainability reports, ESG disclosures and digital platforms, there is a greater risk of organisations stating that they are doing something they actually aren't. Thus, it is critical for researchers, practitioners and policy makers to grasp the drivers and consequences of greenwashing.



This paper critically reviewed and synthesized available literature, giving a comprehensive conceptual understanding of greenwashing and proposed an integrated framework between the organizational antecedents, the greenwashing practices, and the outcomes of the stakeholder. The study highlights that greenwashing is driven by a combination of factors from legitimacy theory, stakeholder theory, institutional theory, signaling theory and information asymmetry, rather than a single organizational motivation. The research propositions suggested in this paper provide a theoretic framework for the future empirical studies and help to advance the greenwashing research.

The paper also highlights the short-term gains and positive reputation and competitive effects of greenwashing, which have long-term negative effects. Misleading environmental claims generate consumer mistrust as well as hurt corporate image, sustainability efforts, and progress towards the sustainable development. The findings highlight the importance of having authentic sustainability practices, public facing environmental communication, and good governance mechanisms to help gain organizational legitimacy, and public trust.

The paper gives an extensive conceptual synthesis but it has some limitations. The proposed framework has not been tested empirically as it is a conceptual study. However, the framework and its relationship should be further tested for generalizability in other industries, contexts and institutions to validate the proposed relationships and enhance the theoretical underpinning of the framework.

Lastly, greenwashing "should be addressed in a collective way by organisations, regulators, investors and consumers, as well as researchers. To reduce misleading environmental communication and further progress towards genuine corporate sustainability, transparency in sustainability reporting is essential, supported by robust regulatory and oversight, independent assurance and stakeholder engagement. The aim of this paper is to inspire other scholars to continue with research efforts and to help establish more responsible and accountable business practices.

**Acknowledgement**
The authors have no acknowledgements to declare.



**Funding**
This study has not received any funding from any institution/agency.

**Conflict of Interest/Competing Interests**
No conflict of interest.

**Data Availability**
The raw data supporting the findings of this research paper will be made available by the authors upon a reasonable request.

## References

[1]. Akerlof, G. A. (1970). The market for "lemons": Quality uncertainty and the market mechanism. The Quarterly Journal of Economics, 84(3), 488–500. https://doi.org/10.2307/1879431
[2]. Bowen, F., & Aragon-Correa, J. A. (2014). Greenwashing in corporate environmentalism research and practice: The importance of what we say and do. Organization & Environment, 27(2), 107–112. https://doi.org/10.1177/1086026614537078
[3]. Carroll, A. B. (1991). The pyramid of corporate social responsibility: Toward the moral management of organizational stakeholders. Business Horizons, 34(4), 39–48. https://doi.org/10.1016/0007-6813(91)90005-G
[4]. Chen, Y.-S., & Chang, C.-H. (2013). Greenwash and green trust: The mediation effects of green consumer confusion and green perceived risk. Journal of Business Ethics, 114(3), 489–500. https://doi.org/10.1007/s10551-012-1360-0
[5]. Delmas, M. A., & Burbano, V. C. (2011). The drivers of greenwashing. California Management Review, 54(1), 64–87. https://doi.org/10.1525/cmr.2011.54.1.64
[6]. DiMaggio, P. J., & Powell, W. W. (1983). The iron cage revisited: Institutional isomorphism and collective rationality in organizational fields. American Sociological Review, 48(2), 147–160. https://doi.org/10.2307/2095101
[7]. Freeman, R. E. (1984). Strategic management: A stakeholder approach. Pitman.
[8]. Gillan, S. L., Koch, A., & Starks, L. T. (2021). Firms and social responsibility: A review of ESG and CSR research in corporate finance. Journal of Corporate Finance, 66, 101889. https://doi.org/10.1016/j.jcorpfin.2021.101889
[9]. Jaakkola, E. (2020). Designing conceptual articles: Four approaches. AMS Review, 10(1–2), 18–26. https://doi.org/10.1007/s13162-020-00161-0
[10]. Laufer, W. S. (2003). Social accountability and corporate greenwashing. Journal of Business Ethics, 43(3), 253–261.
[11]. Lyon, T. P., & Montgomery, A. W. (2013). Tweetjacked: The impact of social media on corporate greenwash. Journal of Business Ethics, 118(4), 747–757. https://doi.org/10.1007/s10551-013-1958-x
[12]. Lyon, T. P., & Montgomery, A. W. (2015). The means and end of greenwash. Organization & Environment, 28(2), 223–249. https://doi.org/10.1177/1086026615575332
[13]. Nyilasy, G., Gangadharbatla, H., & Paladino, A. (2014). Perceived greenwashing: The interactive effects of green advertising and corporate environmental performance on consumer reactions. Journal of Business Ethics, 125(4), 693–707. https://doi.org/10.1007/s10551-013-1944-3
[14]. Parguel, B., Benoît-Moreau, F., & Larceneux, F. (2011). How sustainability ratings might deter greenwashing: A closer look at ethical corporate communication. Journal of Business Ethics, 102(1), 15–28. https://doi.org/10.1007/s10551-011-0901-2

[15]. Scott, W. R. (2014). Institutions and organizations: Ideas, interests, and identities (4th ed.). Sage.

[16]. Seele, P., & Gatti, L. (2017). Greenwashing revisited: In search of a typology and accusation-based definition incorporating legitimacy strategies. Business Strategy and the Environment, 26(2), 239–252. https://doi.org/10.1002/bse.1912

[17]. Snyder, H. (2019). Literature review as a research methodology: An overview and guidelines. Journal of Business Research, 104, 333–339. https://doi.org/10.1016/j.jbusres.2019.07.039

[18]. Spence, M. (1973). Job market signaling. The Quarterly Journal of Economics, 87(3), 355–374. https://doi.org/10.2307/1882010

[19]. Suchman, M. C. (1995). Managing legitimacy: Strategic and institutional approaches. Academy of Management Review, 20(3), 571–610. https://doi.org/10.5465/amr.1995.9508080331

[20]. Torraco, R. J. (2005). Writing integrative literature reviews: Guidelines and examples. Human Resource Development Review, 4(3), 356–367. https://doi.org/10.1177/1534484305278283

[21]. de Freitas Netto, S. V., Sobral, M. F. F., Ribeiro, A. R. B., & Soares, G. R. L. (2020). Concepts and forms of greenwashing: A systematic review. Environmental Sciences Europe, 32, 19. https://doi.org/10.1186/s12302-020-0300-3