

Is Greenwashing Prevalent?

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» Research Question Addressed

Do firms that make positive discretionary environmental disclosures in the press improve their overall environmental performance more than firms that do not make such public disclosures?

» Primary Findings

Firms that made announcements of environmental efforts beyond compliance significantly reduced their overall releases of chemicals and thereby improved their environmental performance compared to firms that did not make such announcements. The research suggests that so-called “greenwashing,” or exaggerating a firm’s commitment to green environmental performance, does not appear to be prevalent.

» Relevant Sectors

Energy
Manufacturing

» Keywords

Coarsened exact matching
Environmental disclosures
Environmental performance
Greenwashing
Press announcements
Toxics release inventory

» Industries Appearing in Research

Chemical manufacturing
Computer and electronic product manufacturing
Electrical equipment, appliance, and component manufacturing
Fabricated metal product manufacturing
Primary metal manufacturing
Transportation equipment manufacturing





» Highlights

Using data from the United States Environmental Protection Agency's (EPA) Toxics Release Inventory (TRI), the researchers measured the environmental performance of firms by aggregating releases of pollutants from their facilities. The researchers correlated these measurements with press announcements about environmental efforts. In a given year, the overall environmental performance of firms that made press announcements was greater than the performance of control firms that shared similar characteristics (such as size, industry, and prior environmental performance) but did not make any announcements.

» Topic Overview

Positive environmental disclosures evoke a fair amount of skepticism. Activists are often skeptical of positive environmental disclosures, and that skepticism affects the way the press, customers, employees, shareholders, analysts, and policymakers think about announcements related to environmental efforts.

» Implications for Sustainable Business

The fact that greenwashing does not appear to be prevalent should be good news to a variety of stakeholders—including activists. However, it is also possible that this lack of greenwashing may be related to increased external pressure on firms. Moreover, disclosures classified as *intentions* to implement environmental measures may be met with more scrutiny than disclosures classified as *achievements* about already-implemented actions.

» Title of Research

Hora, M. & Subramanian, R. (2018). Relationship between positive environmental disclosures in press announcements and environmental performance: An empirical investigation. Manuscript under revision for *Journal of Industrial Ecology*.

» Related Links

UL Environment. *The sins of greenwashing: Home and family edition*. Retrieved July 1, 2018, from <http://sinsofgreenwashing.com/>

United Nations. *Sustainable development: Knowledge platform*. Retrieved July 1, 2018, from <https://sustainabledevelopment.un.org/rio20>