

GREEN PROMISES, GREY REALITIES: INSTITUTIONAL MECHANISMS AND GREENWASHING IN THE ENERGY SECTOR

ALAN BANDEIRA PINHEIRO
NEOMA BUSINESS SCHOOL

NÁGELA BIANCA DO PRADO
UNIVERSIDADE ESTADUAL DE CAMPINAS (UNICAMP)

GEOVANE CAMILO DOS SANTOS
UNIVERSIDADE FEDERAL DE UBERLÂNDIA (UFU)

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Introdução

Despite growing environmental disclosure, doubts persist about whether it reflects true transparency or symbolic greenwashing. Greenwashing, selective sustainability messaging to maintain legitimacy, raises ethical concerns, especially in the energy sector, which faces intense stakeholder scrutiny (Luu et al., 2025). Institutional theory explains how coercive, normative, and mimetic pressures influence firms' environmental behaviors, though such pressures may drive either genuine change or legitimacy-focused actions misaligned with long-term strategy (Peng et al., 2024).

Problema de Pesquisa e Objetivo

Institutional theory highlights how external pressures can both discourage greenwashing through increased scrutiny and compel firms to adopt legitimacy-driven practices misaligned with long-term goals. Despite these dualities, the theory offers a valuable lens to understand consensus-building between firms and stakeholders (Marquis et al., 2011). Accordingly, this study aims to examine the effect of institutional mechanisms on the greenwashing practices of leading companies in the energy sector.

Fundamentação Teórica

From the famous thesis from DiMaggio and Powell (1983), corporate decisions are influenced by three institutional mechanisms (also known as pressures): normative, coercive, and mimetic isomorphism. These environmental pillars work together to exert organizational effects, rather than being independent of each other. As proved in existing research, these pressures significantly influence corporate environmental practices. In this study, we considered them as drivers against greenwashing practices in leading companies of the energy sector.

Metodologia

A mixed-method approach was employed, integrating generalized least squares, a logistic regression model, and Necessary Condition Analysis (NCA). A sample of 436 companies from the energy sector, located in 50 different countries, and covering a range of five years (2019-2023) was considered. Robustness tests were employed to ensure data reliability.

Análise dos Resultados

The findings show that greenwashing is more prevalent among larger, more profitable, and highly visible energy firms. Individualism negatively relates to greenwashing, aligning with normative institutional theory. However, government effectiveness does not significantly deter greenwashing, and adherence to the UN Global Compact is associated with higher greenwashing. Firm-level traits, especially market value, size, and CSR committees, emerge as strong necessary conditions, indicating internal drivers outweigh institutional constraints.

Conclusão

This study examined the influence of institutional mechanisms on greenwashing practices among leading firms in the energy sector, indicating that companies based in more individualistic cultural contexts are less likely to engage in greenwashing, suggesting that informal norms promoting personal responsibility and ethical behavior may serve as effective deterrents. In contrast, firms affiliated with the UN Global Compact exhibit higher levels of greenwashing, indicating a potential disconnect between symbolic commitments and substantive environmental action.

Contribuição / Impacto

This study advances institutional theory by revealing that cultural values in individualistic societies, such as accountability and ethics, can act as normative constraints reducing greenwashing. It also shows that UN Global Compact signatories may engage in symbolic environmental actions driven by mimetic isomorphism. Practically, the findings highlight the need for firms to align sustainability discourse with action and for policymakers and investors to strengthen enforcement, transparency, and outcome-based evaluations beyond symbolic commitments.

Referências Bibliográficas

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