3 Perspectives on symbolic corporate environmentalism

What is symbolic corporate environmentalism and how have aspects of it been theorised by others? Because symbolic corporate environmentalism is a new concept, there is no well-established and neatly defined body of research to analyse it. In this chapter, I expand the new concept of symbolic corporate environmentalism and draw on existing greenwashing research and broader theory to further describe it. I show how symbolic corporate environmentalism has been treated so far within two conflicting research perspectives: the conventional and the critical views. I define key ideas related to symbolic corporate environmentalism, including 'symbolic gaps' and 'symbolic performance'. I then place these ideas within broader organisational theory and strategy literatures related to firm symbolic performance, particularly on reputation, legitimacy and status. I use the theoretical foundations based on these two perspectives of symbolic corporate environmentalism to support the analysis in subsequent chapters.

'Corporate environmentalism' is defined as changes made by managers within firms that they describe as primarily for reasons connected with the natural environment. Researchers have variously focused on changes to firms' processes, practices and general modes of response to addressing environmental issues.[1] However, they usually have in common a focus on the selective adoption by firms of environmental changes that are beyond legal compliance (Prakash 2000) or 'environmentally friendly measures that are not required by law' (Lyon and Maxwell 2004: xi). Of course, the interpretations of 'environmentally friendly' and even 'what is required by law' are open to discussion. What matters here is how managers present the changes: corporate environmentalism entails changes that managers explain as voluntary responses to greening pressures in the natural, stakeholder or institutional environment that are not immediately required to meet current regulatory or legal obligations.

Corporate environmentalism is a general concept that captures a wide range of specific environmental practices. These practices can be product-oriented, such as when firms develop products that are somehow greener, or process-oriented, such as efforts to reduce waste or improve resource efficiency. Corporate environmentalism also includes investments in management systems – that is, internal infrastructural investments that affect the way production is managed (Klassen and Whybark 1999; Kolk 2000). Managers describe a variety of practices – from eco-labels to recycling schemes to buying carbon credits – as corporate environmentalism. It also includes firm involvement in a proliferation of environmental management standards, environmental reporting and accounting, partnerships, industry associations, employee training schemes, business consortia and conventions, which are all positioned as offering improvements in a firm's environmental performance.

In this book, I describe changes to environmental practices as 'green solutions' because they are responses by managers to solve problems in the natural, social, institutional and market surroundings arising from the natural environment. Some green solutions lead to improvements in substantive environmental problems, such as reducing water use, waste or carbon emissions. Other green solutions may address problems in the institutional environment, such as a threat of NGO activism or poor ratings in ethical investment rankings. Still other green solutions address a combination of both. The conventional view in corporate environmentalism research is that, properly implemented, green solutions should solve green problems. Yet, the discourse about the potential for corporate green solutions is far ahead of actual environmental improvements. Furthermore, as discussed in this chapter, a critical view of corporate environmentalism emphasises how recasting the conversation away from problems to solutions distracts social attention away from the environmental damage caused by industrial activity. According to the critical view, green solutions are designed and symbolically supported by those with the power to produce them.

Thus, simply because a manager (or, indeed, a researcher) describes a particular initiative, policy, strategy, investment or programme as a 'green solution', it does not mean that a 'problem' in the natural environment is necessarily 'solved'. Given this difficulty with the 'green-solutions' label, readers may wonder why I use it in this book.

One of the challenges in this controversial area is that there are no value-free labels. Most of the labels used to describe corporate environmentalism would suffer from this issue.[2] I choose to stay with the 'green solutions' label because it best reflects what managers, standard setters and designers of industry clubs claim that they are trying to do: that is, provide solutions to environmental problems, whether in the natural or institutional environment. However, given the controversy surrounding the solutions-based discourse, I use the label mindfully and certainly without any implication that a 'solution' will in fact 'solve' an environmental 'problem'.

In this chapter, I outline the contours of the academic literature that addresses the core concepts of corporate environmentalism, green solutions, symbolic performance and symbolic gaps. I begin by describing two widely held perspectives on corporate environmentalism – the critical and the conventional views – and how each view understands the shared meanings and representations related to everyday corporate activities. I show that proponents of each perspective have a quite different understanding of symbolic performance and symbolic gaps. I then position this difference within broader treatments of corporate symbolic gaps, borrowing ideas from organisational theory and strategy, sociology, psychology, anthropology, law and economics. The goals are to (1) provide key insights from the research to date on the important phenomenon of symbolic corporate environmentalism; and (2) generate themes, issues and questions that have not been fully addressed in the current literature.

Two perspectives on corporate environmentalism

Corporate environmentalism is the voluntary attempts of managers to adopt, implement and communicate solutions to environmental problems. Typically, corporate environmentalism is defined as environmental changes made by managers to firms' practices, processes or strategies beyond those required by law. This conventional approach questions the drivers and consequences of voluntary corporate greening. However, some critical theorists have been resisting this rather managerialist view of corporate environmentalism. They point out that expecting voluntary environmental leadership from firms and the rational 'eco-efficiency' rhetoric are actually quite recent, emerging only since the mid-1990s. Critical theorists term this conventional discourse the 'new corporate environmentalism' (Jermier et al. 2006) and instead propose a perspective anchored in the politics and rhetoric of environmentalism. A thorough analysis of corporate environmentalism should begin with understanding the key assumptions and concerns of both the critical and the conventional perspectives.

The conventional perspective

Corporate strategy is about matching a firm's internal resources with its external surroundings in order to secure advantage for the firm in the long term. In the late 1980s and early 1990s, managers began to adjust their strategies in response to changes to external environmental demands. Iconic events – including the Bhopal disaster in 1984, the Exxon Valdez oil spill in 1989, the Montreal Protocol that banned ozone-depleting substances in 1987, the original Rio UN Conference on Environment and Development in 1992, and, later, the Brent Spar controversy in 1995 – all heightened attention on environmental issues. Large, visible companies – particularly in the chemical, oil and natural resources sectors – faced questions from governments, NGOs, investors and the media on how their strategy could be affected by environmental concerns. At the same time, strategy scholars began to look inside firms to understand the foundations of competitive advantage, and they found an answer in the pattern of a firm's resources and capabilities (Barney 1991; Wernerfelt 1984). Corporate environmentalism research began to build on this theory to argue that investing in green solutions could enhance a firm's internal resources and, ultimately, its competitive position (Hart 1995; Sharma and Vredenburg 1998). Environmental concerns began to influence corporate strategy in both practice and theory.

The conventional perspective on corporate environmentalism focuses on how the natural environment affects firms' strategies and, ultimately, performance.[3] The approach is usually based on injecting environmental concerns into the resource-based view (RBV) of the firm. The RBV was built on an economic analysis of how firms invest and develop idiosyncratic resources to best position their activities to gain competitive advantage (Lockett and Thompson 2001; Penrose 1959). Hart (1995) famously adapted the framework to build a natural-resource–based view (NRBV) of the firm. His core insight was to turn potential limitations that firms might face due to resource scarcity and reliance on natural ecosystems into a basis for competitive advantage. Investing in specific strategic capabilities helps firms to build key resources and ultimately can secure competitive advantage. Hart's three green capabilities – pollution prevention, product stewardship and sustainable development – framed much of the subsequent conventional corporate environmentalism literature. Pollution prevention – or minimising emissions, effluents and wastes – can support a firm's continuous improvement and lead to lower costs than its competitors. Product stewardship develops a firm's abilities in stakeholder integration, preempting competitors' attempts to shape the stakeholder and regulatory environment. Furthermore, sustainable development – that is, minimising the environmental burden of firm growth and development – helps to develop a shared vision and a firm's future position.

Hart's NRBV formalised the prospect of win-win corporate environmentalism and offered mainstream strategy theory new insights about the foundations of competitive advantage (Berchicci and King 2008). By investing in green solutions, a firm could develop competitively valuable capabilities (Sharma and Vredenburg 1998), improve relationships with various stakeholders (Buysse and Verbeke 2003), and enhance its reputation (Russo and Fouts 1997). Developing a proactive corporate environmental strategy helps firms navigate contingencies in their external environment, thereby contributing to strategic success (Aragon-Correa and Sharma 2003). Numerous tests and extensions of the NRBV demonstrated the potential for investments in different types of green solutions to support a firm's competitive advantage (Sellers, Verbeke, and Bowen 2006).

A central research question in the conventional perspective of corporate environmentalism has been to test the relationship between environmental and financial performance: Does it pay to be green? In theory, firms can lower costs through eco-efficiency in their processes or products. Alternatively, they can differentiate through a reputation for beyond compliance leadership in their organisational processes or gain a price premium through eco-branding (Orsato 2006). However, the debate continues about how widespread these gains might be in practice, and recent reviews reveal mixed empirical evidence (see, e.g., Molina-Azorín et al. 2009 and Stefan and Paul 2008).

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Because conventional corporate environmentalism research originates in economics and strategic management, there is an understandable focus on the private costs and benefits of green solutions for firms. However, this perspective is rightly criticised for giving too little attention to whether corporate environmentalism actually improves the natural environment. Conventional research focuses on the more easily visible and widely available indicators of environmental performance, such as adopting recognised labels, joining schemes and measures of single environmental issues (e.g., toxic emissions and climate change) (Etzion 2007; Russo and Minto 2012; Whiteman et al. 2012). Even studies based on the same green solution can give contradictory results. For example, Pototski and Prakash (2005) found a positive relationship between the adoption of the ISO 14001 environmental management standard and substantive environmental improvements, whereas Russo and Harrison (2005) found a negative relationship.

Conventional corporate environmentalism researchers sent insightful 'postcards from the edge' of established strategy and economics theory, shedding light on the origins of competitive advantage and on industry self-regulation (Berchicci and King 2008). This 'second wave' of corporate environmentalism placed green issues in the context of a firm's overall strategic management (Hoffman and Bansal 2012). Focused on showing the firm-level competitive benefits of green solutions, it also introduced a new language of corporate environmentalism into contemporary business based on eco-efficiency, sustainability, and environmental win-wins.

The critical perspective

There is no doubt that the conventional perspective helped to bring concerns about the natural environment into conversations at corporate board meetings, business school conferences and academic journals. However, a set of alternative, critical perspectives argues that 'what business and the natural environment research has succeeded in doing is to add the prefix "sustainable" to mainstream accounts of organisational theory that continue to privilege growth, production and consumption' (Banerjee 2012: 579). Advocates of a critical view point out that the corporate environmentalism of the conventional view should more accurately be thought of as a *new* corporate environmentalism because this particular version of corporate responses

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to environmental pressures evolved only in the past fifteen years or so as a product of its sociohistorical moment. A more critical view points out that new corporate environmentalism functions as 'the *rhetoric* concerning the central role of business in achieving both economic growth and ecological rationality, and as a *guide* for management that emphasises voluntary, proactive control of environmental impacts that exceed or go beyond environmental laws and regulatory compliance' (Jermier et al. 2006: 618; emphasis in the original). The critical perspective looks past a firm-level analysis of corporate environmental strategy, positioning and competitively valuable resources and instead questions the structure and consequences of the rhetoric surrounding green solutions at the social-system level. The critical view asks: What does corporate engagement with a broader social conversation do to the potential solutions presented to pressing environmental challenges, and which solutions are ultimately preferred and implemented?[4]

A critical view highlights the fundamentally political nature of corporate environmentalism (Crane, Matten, and Moon 2008). Corporate involvement in inventing, selling, appropriating and deflecting green solutions is 'first and foremost about control': the critical questions are to ask who does and who should control the impact of industrial production on the environment (Jermier et al. 2006: 627). Critical researchers look beyond the conventional answer that managers and firms can and should self-regulate at the corporate, industry-sector or national level. Reducing complex, dynamic and interconnected environmental effects and portraying them as controllable oversimplifies the challenges ahead. A critical approach problematises the conventional received wisdom that business must have a key leadership role in a transition to a greener economy, whereas government's role is minimised. The discourse surrounding rational solutions to environmental challenges serves to maintain power structures and systems of influence that privilege corporate views.

The control problem boils down to two related corporate projects: controlling rhetoric and controlling access to resources. First, well-resourced and highly central firms have amassed considerable rhetorical and communicative skills that enable them to control the rhetoric surrounding corporate environmentalism. As Karliner (1997: 32) stated, transnational firms have 'appropriated the language and images of ecology and sustainability in an effort to ward off the threat that the environmental movement might convince the world's

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governments to force them to make much more far-reaching changes'. Large firms use extensive public relations and communications machinery to directly communicate about their corporate environmentalism and to indirectly limit the range of possible futures. The more visible 'war of ideas' (Beder 1997) related to corporate greening involves privately funded PR, front groups, think tanks, advertising and campaigns. More insidiously, environmentalism has been 'hijacked' as 'senior executives and their business clubs' reconstruct the environmental agenda (Welford 1997: x). Corporate executives and policy makers do not necessarily aim to eliminate debate or controversy because it is needed to maintain the (mis)perception of a functioning social debate. Rather, what is important is to maintain 'the power to limit the subject, scope and boundaries of the controversy' (Beder 1997: 282–283).

An important way in which powerful social actors reconstruct the environmental agenda is by reframing the environmental discussion from a source of problems to a source of solutions. As discussed previously, conventional perspectives promote win-win environmental initiatives, such as eco-efficiency, waste reduction and pollution prevention; managers simply need to find the profitable or socially acceptable ways to integrate green concerns to support their corporate strategy. Critical theorists resist redefining greening as an extension to 'business as usual'. They see the language of win-win solutions as a discursive device, removing environmental concerns from a conversation on moral responsibility and instead centring them in a technocratic, seemingly rational, and ultimately less threatening frame (Crane 2000). Further symptoms of the capture of solutions include the rise of the 'sustainable development industry' (Springett 2003) and, indeed, the rise of voluntary labels, codes, standards and everyday greening symbols that are at the core of this book. The critical view sees the solution-oriented discourse as a signal of corporate control over the rhetoric of greening.

The second dimension of the control problem involves controlling resources. The contestation over framing environmental issues is about maintaining current levels of access to the Earth's natural, physical and biophysical resources. The critical view is suspicious of tools common within the conventional perspective, such as the NRBV of the firm and valuing ecosystem resources because they simply subsume or co-opt natural resources into business as usual. Instead, critical theorists point out that these managerial devices are ways of diminishing the value of indigenous knowledge and ways of being – privileging Western frames over ecological sensemaking (see, e.g., Banerjee 2000 and Whiteman and Cooper 2011). Corporate control of natural resources is framed as another expression of neo-colonialism by large multinationals thirstily exploiting historical power relations to access natural resources wherever they can do so at lowest cost. This dynamic is all the more damaging because poor or marginalised groups are more likely to be the victims of disproportionate environmental damage (Shafik 1994). Thus, critical theorists are closely connected with the environmental justice movement, whether inequity is focused on the developing countries at the world scale or on marginal communities in richer countries.

Focusing on the political nature of corporate environmentalism invites questions about who is included and excluded in the environmental conversation. Critical organisational theorists ask who has the political skill and connections to exploit access to resources, as well as when and how they exert that control. Corporations have the means to engage in direct political influence through lobbying, think tanks and political action committees. At the global level, corporate diplomacy has become highly organised, with large companies participating in multilateral negotiations related to international environmental or trade rules either on their own behalf or through industry consortia. In her penetrating analysis of the global food supply, for example, Shiva (2000) traced how local food markets and policies were captured by large companies from North America and Europe and their influence on the international trade regime. Even environmental groups have been criticised for being elitist and imperialist. Race is the most important determinant of the location of risk-producing activities or, as economists might describe them, 'disamenities' (Shafik 1994). Yet, the role of race in reinforcing entrenched environmental inequalities too often is missing from analyses of the control of natural resources (Newell 2005). As Jermier et al. (2006) reminded us, even the multiplication of environmental social movements has not necessarily led to wider participation in environmental decision making because mainstream environmental groups need to gain access to power and resources to ensure their own survival.

A critical perspective on corporate environmentalism pays attention to underlying power structures, promotes ecological learning, broadens debate in the public sphere, emphasises citizenship capabilities and encourages inclusion. The most important contribution of critical corporate environmentalism is that theorists and managers should appreciate the fact that dominant discourses related to corporate environmentalism are constructed by the most powerful members of a social field. We should observe who decides what it means to be green. Critical theorists' emancipatory and deliberative instincts invite managers and researchers to resist the conventional view's reassuring integration of green issues into strategic concerns and to open conversation to a wider range of possible alternatives.

Comparing the corporate environmentalism perspectives

Table 3.1 summarises the previous discussion about the two main sets of perspectives on corporate environmentalism. The conventional perspective asks questions about firm-level environmental strategy and performance: Does it pay to be green? When, why and how? In contrast, the critical perspective interrogates the role of corporations as mediators and constructors of discourse surrounding environmental degradation and its implications. The focus is more on asking what it means to be green and who has the power to decide the answer and how. The two views evolved from entirely different families within the philosophy of science.[5] The conventional perspective is broadly based on variants of positivist thought, which assumes that there is a single reality 'out there' about which we can gather empirical evidence and use it to develop and test quite general social laws, similar to how we might for physical laws. However, the critical perspective is built on more constructivist foundations. This family of corporate environmentalism takes a critical stance with respect to taken-for-granted knowledge. It assumes that the concepts and categories we use to understand the world are historically and culturally specific, and it emphasises that our knowledge of the world is created and sustained by interpretations, particularly through language and symbols. It also assumes that behaviour and interpretation cannot be separated. Just as positivist views are 'dominant and traditional' in Western thought (Welford 1997: 45), perspectives on corporate environmentalism based on a positivist frame emerged as the conventional new

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Table 3.1 ***Comparing two perspectives on corporate environmentalism***

	Conventional perspective	Critical perspective
Corporate environmentalism		
Focal phenomenon	Corporate environmental strategy and performance	Corporations as mediators and constructors of environmental discourse
Key relationships	Economic relations	Power relations
Level of analysis	Firm	Field or system
Primary research questions	Does it pay to be green? (When, why, how . . .)	What does it mean to be green? (Who, why, how . . .)
Philosophical position	Positivist	Constructivist
Symbolic corporate environmentalism		
Environmental problem	Asymmetric information problem	Control problem
Analytical apparatus	Economics of signalling and reputation	Power relations within institutional fields
Motivation for symbolic behaviour*	Competitive gains from reputation	Controlling rhetoric and resources
	Managing legitimacy and social licence to operate	Maintaining status and authority

* For more detailed definitions of legitimacy, reputation and status, see Table 3.2.

corporate environmentalism in the past two decades. The conventional view's assumed objectivity makes it easier to bring the conventional corporate environmentalism's arguments, language and findings into corporate boardrooms and policy circles. But it also has the disadvantage in that the role of power in enabling some actors to control the rhetoric and resources surrounding environmental degradation is vastly underexplored in the conventional literature.

Thus, corporate environmentalism theory and practice is based on (at least) two fundamentally different perspectives. Conventional perspectives examine how natural environment issues are affecting business and how managerial decision making needs to change to manage them. Critical perspectives question how managers and organisations are defining and constructing the social conversation about environmental degradation in order to control access to the natural environment. There is an extensive and ongoing discussion within organisational theory – and the philosophy of science more broadly – on whether these two worldviews are intrinsically incompatible. Without discussing the details of those debates, it is sufficient to note that these views have fundamentally different implications for the theory and practice of corporate environmentalism. The corporate environmentalism research conversation is active within both perspectives; however, the premier business academic journals tend to publish more papers from the conventional view rather than the critical view. Both perspectives also are in evidence in management training and even management practice, in which we can contrast the conventional focus on management strategies, systems and processes with approaches that emphasise critical reflection, mindful leadership and deliberative processes.

To attempt to fully integrate or reconcile these two different worldviews would be a monumentally ambitious and possibly foolhardy enterprise. Nevertheless, given the urgency of environmental problems and the increasing legitimacy of conventional environmental research and practice, it seems vital to use aspects of the critical view to deepen conventional insights. Philosophical differences too easily can become an excuse for the critical and conventional camps to talk past one another. In this book, I hope to contribute to the more modest task of seriously interrogating each perspective's assumptions about symbolic corporate environmentalism and to use this to generate deeper insights into when green solutions are in the best interest of society and when they are not.

Symbolic corporate environmentalism

Contemporary research in the conventional perspective is beginning to find empirical evidence for a gap between stated corporate environmental commitments, the adoption of green solutions and environmental impacts. Evidence from contexts such as the adoption of sustainability certifications (Blackman and Rivera 2011), environmental management systems (Boiral 2007; Russo and Harrison 2005), voluntary disclosure programmes (Kim and Lyon 2011; Short and Toffel 2010) and industry voluntary agreements (Darnall and Sides 2008; Delmas and Montes-Sancho 2010) all show that firms that commit to proactive green solutions are no more likely – and, in some cases, are even less likely – to improve their substantive environmental performance. This line of thinking fits with the literature on greenwashing outlined in Chapter 2. However, there is more to the symbolic aspect of corporate environmentalism than deliberate, overt communicative efforts by companies to embellish their 'true' environmental performance. Symbolic corporate environmentalism is broader and refers to the shared meanings and representations related to all of the changes made by managers within firms that they describe as primarily for environmental reasons.

Both the conventional and critical perspectives acknowledge the existence of symbolic corporate environmentalism. However, there are fundamental differences in the functions that symbols are assumed to fulfil and how symbolic corporate environmentalism should best be understood and analysed (see Table 3.1). Within the conventional view, symbolic corporate environmentalism arises from information asymmetries and firms' attempts to signal their reputation and social legitimacy on environmental issues. Within the critical view, symbolic corporate environmentalism is a potential answer to a control problem, in which influencing symbols can allow firms to appear to be responding to environmental demands while maintaining control over rhetoric and resources. Thus, examining symbolic corporate environmentalism has become a contemporary research concern for researchers from each perspective but with quite different explanations for why managers and firms shape and influence the symbols around green solutions.

Forbes and Jermier (2012) recently revisited the new corporate environmentalism literature, this time casting it through the lens of symbolic organisation theory. This perspective, with its roots in symbolic anthropology, focuses theorists' attention on the public impressions of a phenomenon, organisation or action compared with 'behind-the-scenes' operations. All green solutions have a symbolic meaning that is shared, interpreted and deciphered by individuals both inside and outside of the organisation. However, Forbes and Jermier (2012: 360) remind us that 'some are "mere symbols", a concept we use to refer to the material and other tangible phenomena that distract or mislead by intentionally presenting an image that does not accurately represent environmental costs and benefits'. Making environmental changes to a firm's mission statement, organisational structure, disclosure practices, physical buildings, products or technologies may be substantive

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green solutions if they reduce the firm's environmental impacts. If they do not, then they are 'mere symbols' or what I call 'symbolic green solutions'.

The main conventional explanation for why managers adopt symbolic green solutions is to signal a firm's environmental responsiveness to stakeholders who otherwise might be unable to observe it. Stakeholders involved in a firm have poor information about the quality of its environmental actions, but managers would like to be able to demonstrate acceptable indicators of their firm's environmental quality. The symbolic component of green solutions can be an answer to this information asymmetry, as managers adopt practices recognised by stakeholders as signs of commitment to managing environmental issues, effectively joining a 'green club' (Prakash and Potoski 2006). Adopting a green solution with a well-established shared meaning lowers monitoring costs for individual stakeholders and eliminates the need for a proliferation of many different schemes and labels, ultimately lowering the cost of achieving the same level of information (Christmann and Taylor 2006). For example, research in the conventional perspective has shown that firms use the ISO 14001 certification scheme symbolically to communicate environmental credentials when their supply chain exchange partners lack information (King, Lenox and Terlaak 2005) and to signal to regulators when regulations are stringent but flexible (Potoski and Prakash 2005). The fear of falling behind apparently greener competitors may lead firms to state proactive environmental intentions or join green schemes that are largely symbolic without incurring the additional costs of actually making substantive environmental improvements. According to this view, adopting a green solution is more likely to be symbolic when there is poor transparency, low penalties for lack of substantive adoption and weak monitoring (Delmas and Montes-Sancho 2010; Lyon and Maxwell 2011).

As noted previously, the conventional view generates a rich research literature on the drivers of substantive green solutions but has given far less attention to predictors of symbolic green solutions. In a recent review of the drivers of greenwashing,[6] Delmas and Burbano (2011) identified potential antecedents of symbolic corporate environmentalism at the institutional, organisational and individual levels. According to their review, firms are more likely to drive a wedge between their symbolic and substantive performance based on pressures from market actors (i.e., consumers, investors and competitors) and non-market actors (i.e., regulators and NGOs); organisational structure, climate and communication; and cognitive biases of individual managers. Others emphasise characteristics of the proposed green solution itself, noting that symbolic corporate environmentalism is easier when these voluntary initiatives are self-monitored rather than externally certified (Darnall and Sides 2008); when auditing, monitoring and sanctioning processes are weak (Christmann and Taylor 2006); and when it includes either strong or weak environmental performers (Terlaak 2007).

The primary motivations for merely symbolic greening within the conventional view are to gain a licence to operate or to signal favourable environmental quality. However, the empirical evidence on whether green solutions actually lead to positive firm-level outcomes is mixed. Walker and Wan (2012) found a negative relationship between merely symbolic corporate environmentalism and financial performance, whereas Berrone, Gelabert, and Fosfuri (2009) found a positive relationship between some symbolic green solutions and gaining environmental legitimacy. Notably, these studies have in common a feature of much of the conventional perspective: the motivations for and outcomes of symbolic corporate environmentalism are focused at the firm level.

In contrast, the critical perspective raises the level of analysis to the field or system level and explains symbolic corporate environmentalism as a solution to a control problem. Greenwashing, in the language of symbolic organisational theory, is a 'green ceremonial façade', which "greens" the organisation in its surface appearance, but it likely has little to do with actual environmental performance' (Forbes and Jermier 2012: 561). Indeed, a central idea in the critical perspective is that the new corporate environmentalism strongly emphasises voluntary corporate environmental leadership and new business norms at the level of rhetoric but only incremental changes (at best) at the level of practice. Symbolic corporate environmentalism helps maintain current power relations within institutional fields by developing rhetoric and symbols that signal reassurance about the established orthodoxy as well as controllability of environmental issues while providing stakeholders with a sense that companies are taking action. This is achieved not only through deliberate greenwashing by managers but also can emerge as a rational response to the myths and discourses surrounding the effectiveness of green solutions (Boiral 2007).

Whereas conventional views emphasise the firm-level strategic benefits of joining green clubs (e.g., ISO 14001) (Prakash and Potoski 2006), critical views claim that environmentalism was 'hijacked' as 'senior executives and their business clubs' reconstructed the environmental agenda (Welford 1997: x). Adopting the legitimising symbolic green solutions leads to standardisation and uniformity in symbols rather than to environmental innovation and leadership, and adopting green symbols often is disconnected from what is actually occurring inside a firm (Jiang and Bansal 2003). The critical view sees the primary function of voluntary green solutions as evading public demands for stronger government regulation and control. For example, Karliner (1997: 185) accepted that green solutions such as ISO may help implement strong, uniform, voluntary standards in places where they are not required by law but also pointed out that ISO is 'a private-public organisation dominated by large transnational corporations'. Within the scheme, firms contract and pay their own choice of external auditors, and the relatively short audits are based mostly on documentary evidence provided by a firm (Boiral and Gendron 2011). This facilitates 'decoupling between the image of rigour of ISO certification and the backstage of internal practices' (p. 388). Firms may appear to be making investments in green solutions; however, even among leading firms that experience high institutional pressure, implementing formal green solutions such as ISO 14001 can be 'ritualistic and documentary' (Boiral 2007: 139). The adoption of symbolic green solutions functions as an organised exhibition of authority by high-status actors to develop acceptable signals of environmental responsiveness.

Both the conventional and critical perspectives concede that it may be difficult to differentiate between symbolic and substantive corporate environmentalism. For conventional researchers, this is a practical, empirical problem. For example, Berrone et al. (2009) considered environmental trademarks to be symbolic but environmental patents to be substantive green solutions, without really explaining why. Similarly, Walker and Wan (2012) operationalised both symbolic and substantive green solutions by evaluating company websites. For them, backward-looking statements on past accomplishments were labelled 'substantive' whereas forward-looking statements on company plans and commitments were labelled 'symbolic'. Neither of these operationalisations would be acceptable to critical theorists who emphasise that all green solutions have a symbolic dimension. What is important here, however, is to separate out green solutions that are 'merely symbolic' in the sense that they do not lead to any improvements in environmental impact. Does a given green solution lead to improvements in any of the nine ecological system boundaries identified by Rockström et al. (2009) and Whiteman et al. (2012)? In the short term, substantive green solutions do but symbolic green solutions do not.

In summary, the now substantial literature on corporate environmentalism can be categorised broadly into research and practice based on either (1) a conventional analysis of firm-level corporate environmental strategy and performance, or (2) a critical analysis of corporations as mediators and constructors of environmental discourse. Both perspectives recognise that green solutions can be symbolic and/or substantive but that their emphasis differs. Conventional approaches tend to assume that corporate environmentalism is a deliberate choice at the firm level and can affect both firm and substantive environmental performance. Critical approaches tend to theorise the discourse and rhetoric of symbolic green solutions first and only later consider whether there is potential for substantive environmental change. The conventional perspective is beginning to take seriously the empirical evidence that merely symbolic corporate environmentalism is widespread. Critical theorists take this for granted and highlight the system-level cost of symbolic activity without necessarily suggesting practical alternatives. The current research challenge is to bridge the chasm in corporate environmentalism scholarship between positivist strategic approaches that focus on firm-level strategy and interpretive approaches that place firms as mediators and constructors of environmental discourse. One of the goals of this book is to uncover mechanisms underlying the drivers and consequences of symbolic corporate environmentalism.

Symbolic performance and symbolic gaps

The obvious problem with operating at the symbolic level on environmental issues is that it can lead to dangerous substantive harm

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on the natural environment. We must pay closer attention to whether a green solution has a positive impact on the natural environment in terms of minimising biophysical harm (i.e., substantive performance) or whether it leads to only positive social evaluations (i.e., symbolic performance). It is possible that a green solution does not lead to either symbolic or substantive performance or to some of both. Others classify types of strategies based on managers' intentional green solution investments: that is, the extent to which they invest in communicative practices around environmental issues compared with practices that actually alter a firm's environmental impacts (see, e.g., Delmas and Burbano 2011). Greenwashing is focusing more on the former practices than the latter. Thinking of symbolic corporate environmentalism more broadly requires us to not only consider deliberate, communicative practices by firms but also how symbolic activities are understood and rewarded (or not) by interested stakeholders. Firms make investments in green solutions, but it is the stakeholders who award improved symbolic performance. Moving beyond greenwashing requires giving more attention to separating the extent to which particular green solutions lead to symbolic or substantive performance.

A core concern of this book entails the social consequences of symbolic corporate environmentalism. Before we can analyse the consequences, however, we need to understand the drivers. Seeking symbolic performance and maintaining distance between merely symbolic and substantive practices is not unique to environmental decision making. There is a well-established research literature on mismatches between firms' symbolic and substantive adoption of new practices (see, e.g., Endelman 1992; Meyer and Rowan 1977 and Westphal and Zajac 1994). A central tension in this literature is that although firms may gain social legitimacy through symbolic strategies, they may lose it if the difference between symbol and substance is exposed (Ashforth and Gibbs 1990; Fiss and Zajac 2006). Firms face pressures to maintain symbolic performance on environmental issues, yet corporate environmentalism often is dismissed as a green ceremonial façade. Borrowing ideas on symbolic performance from broader organisational theory and strategy, sociology, anthropology, psychology, law and economics can help us to theorise symbolic corporate environmentalism beyond the deliberate communicative practices of corporate greenwashing.

Symbolic performance

Symbolic performance is the extent to which an action – in this case, investing in green solutions – generates positive social evaluations (Heugens and Lander 2009). Managers implementing green solutions may be trying to improve their firm's impacts on the natural environment – that is, improving substantive performance – but they are also at least partly trying to improve their firm's symbolic performance as evaluated by stakeholders. According to the conventional view, managers are attempting to signal their firm's quality or social appropriateness through corporate environmentalism. The critical view emphasises how new corporate environmentalism helps a firm maintain the established social order. Organisational theorists and economists usually operationalise symbolic performance as a firm's reputation, legitimacy or status. Conventional approaches emphasise the reputation and legitimacy dimensions of symbolic performance, whereas critical perspectives highlight the role of status (see Table 3.1). Recently, organisational theorists have given more attention to the similarities and differences among each of these dimensions of symbolic performance and their implications for symbolic behaviour.[7] All three dimensions can be indicators of symbolic performance, but reputation, legitimacy and status are quite distinct concepts, each of which is relevant to understanding symbolic corporate environmentalism (Table 3.2 is a summary). There is insufficient research on how reputation, legitimacy and status interrelate to underpin symbolic corporate environmentalism.

Reputation is 'a set of attributes ascribed to a firm, inferred from the firm's past actions' (Weigelt and Camerer 1988: 443) or an indicator of the 'firm's relative success in fulfilling the expectations of multiple stakeholders' (Fombrun and Shanley 1990: 235). Most useful here is the dimension of reputation that Lange, Lee, and Dai (2011: 155) identify as 'being known for something' or the 'perceived predictability of organisational outcomes and behaviour relevant to specific audience interests'. A good reputation is a signal of firm quality and behaviour, which can differentiate it from its competitors. Reputations are intangible and socially complex, making them difficult to imitate and a potential source of sustainable competitive advantage (Barney 1991; Roberts and Dowling 2002). Because of this potential to gain advantage from reputation, strategy scholars and information economists devote considerable theoretical attention to the economics

Table 3.2 *Evaluating symbolic performance: Legitimacy, reputation and status*

	Legitimacy	Reputation	Status
Definition	Perceptions of appropriateness	Signal of quality and behaviour	Agreed-upon social rank
Judgment question	• Does the organisation belong to a familiar class or category? • Does the organisation conform to societal norms?	• How will the organisation perform or behave in the future relative to other organisations in the set?	• Where does the organisation fit in the ranked order of similar organisations?
Key criteria	• Taken-for-grantedness • Congruence with norms • Social licence to operate • Appropriateness	• Prominence • Past quality performance and relative success • Reputation for something	• Prestige due to hierarchical position • Privilege • Hierarchical position
Logic	Sociopolitical	Economic	Sociopolitical
Indicators	Symbols	Signals	Symbolic capital
Measurement scale	Dichotomous	Interval	Ordinal
Mechanism	Homogenising	Differentiating	Segregating/discriminating
What is valued	Similarity/conformance	Advantage	Distinction

Sources: Adapted and expanded from Bitektine (2011); Deephouse and Carter (2005); Deephouse and Suchman (2008); Devers et al. (2009); Lange, Lee, and Dai (2011); Rao (1994); and Washington and Zajac (2005).

of signalling and reputation (see, e.g., Axelrod 1984, Camerer 2003, and Connelly et al. 2011).

Conventional research has found that corporate environmentalism influences reputation at the industry, firm and product levels. For example, King, Lenox, and Barnett (2002) analysed a 'reputation commons problem', wherein firms in the same industry can be 'tarred with the same brush'. Firms strategically adopt various types of green solutions in order to navigate their industry's reputation. At the firm level, corporate environmentalism is more likely to lead to reputational benefits when environmental issues are highly salient (Brammer and Pavelin 2006). Philippe and Durand (2011) agree that signalling compliance with social norms has a positive impact on reputation and that this positive effect is stronger when signals about environmental goals are supported by signals of procedural commitment. This highlights a key problem with green reputation: to gain from a positive reputation, firms must overcome the problem of establishing the credibility of information about environmental quality (Jahn, Schramm, and Spiller 2005; Reinhardt 1998).

Whereas reputation emphasises the economic advantages to firms of being different, legitimacy captures the sociopolitical benefits of conforming to social norms. A central tenet of institutional theory is that when managers face uncertainty about an organisational practice, they may adopt it to be perceived as socially acceptable and appropriate rather than basing their decision on rational efficiency criteria (Lawrence 1999; Meyer and Rowan 1977). As firms adapt to institutional pressures, stakeholders such as shareholders, government, NGOs and other firms determine whether the firm fits with social norms (Dacin, Oliver, and Roy 2007). Evaluating symbolic performance through legitimacy is rooted in neo-institutional social theory, in which organisations are understood to be subject to isomorphic pressures that make them more alike over time, gradually defining which behaviours and practices are acceptable within a particular social field (see Deephouse and Suchman 2008 and Bitektine 2011 for detailed reviews). The legitimacy concept also has branched out from sociology and is commonly used within legal scholarship that examines the connections among legal frameworks, social norms and decision making (see, e.g., Edelman and Suchman 1997 and Posner 2002), as well as increasingly within psychological studies of why individuals adhere to social norms (see Tyler 2006 for a review). Across all of these literatures, evaluating symbolic performance as legitimacy involves asking whether a particular organisation or its activities are acceptable, appropriate, expected or endorsed or if it fits with norms. Thus, legitimacy is a dichotomous variable in the sense that an organisation either does or does not have legitimacy in a particular decision domain.

Because legitimacy reflects the extent to which firms are meeting societal expectations, it is a popular concept within both the conventional and critical corporate environmental literatures. The conventional approach tends to emphasise the extent to which the approval of various stakeholder groups influences environmental strategy (see, e.g., Darnall, Henriques, and Sadorsky 2010 and Kassinis and Vafeas 2006). In contrast, the critical approach delves more deeply into the processes by which firms seek and earn legitimacy through their environmental discourses and actions (see, e.g., Crane 2000 and Fineman and Clarke 1996). Although strategic management scholars typically are more interested in what makes firms different from rather than similar to one another, the environmental context has proven useful for unpacking the more nuanced aspects of corporate legitimacy management. For example, Delmas and Toffel (2008) demonstrated how firms emphasise green solutions in domains that are crucial for maintaining legitimacy. Active legitimacy and impression management on green issues has been shown to decrease company-specific stock market risk (Bansal and Clelland 2004).

It is popular in the conventional view to contrast economically based reputation motives with more sociopolitically based legitimacy motivations for symbolic corporate environmentalism. However, there has been far less focus on the role of status in driving environmental decision making. Washington and Zajac (2005: 284) defined status as the 'socially constructed, inter-subjectively agreed-upon and accepted ordering or ranking of individuals, groups, organisations or activities in a social system'. Status is fundamentally different from legitimacy and reputation in that it is explicitly hierarchical and distinguishes particular individuals or organisations as worthy of privilege or prestige. An organisation's status, as reflected by its positional ties within a network or market, influences how other social actors evaluate it under uncertainty (Podolny 1994, 2001). High-status actors are awarded higher symbolic performance than lower-status actors even if their output is the same. This so-called Matthew effect (Merton 1968), which is found in a diverse range of organisational contexts, emphasises how symbolic performance evaluations are shaped by social positions. Sociologists typically assume that such positional status is unearned and often is misrecognised by those who grant it because they do not see the arbitrary power structures that underpin these distinctions (Bourdieu and Nice 1984). In contrast, psychology has a long tradition of analysing individuals' status-seeking behaviours (see, e.g., Hyman 1942 for a classic review and Huberman, Loch, and Önçüler 2004 for a contemporary review). Recent work has begun to explore the potential of greening to generate symbolic performance in the sense of social status (see, e.g., Dastrup et al. 2012), but this is still a largely unexplored area.

An advantage of evaluating symbolic performance through status is that this hierarchical approach brings power and relational positions explicitly into the analysis. Privileged individuals and organisations are granted more authority to define appropriate responses to social demands than those with less power. In the environmental context, high status and authority can lead directly to authorship of key green standards and codes. Popular and well-established standards such as the LEED building standards in the United States and the ISO 14001 certification series may appear, at first glance, to be impartial endorsements of firms' green performance. But a closer look reveals that key industry players were heavily involved in the authorship of both schemes, which have largely displaced the more rigorous standards that were originally proposed.[8] Scholars bridging organisational theory and political science have asked how authority is granted to particular green symbols, calling for more attention to be given to which social actors dominate policy networks related to particular environmental issues (see, e.g., Cashore 2003 and Cashore and Vertinski 2000). The lesson for conventional corporate environmentalism researchers is to be more observant of the role of status in framing evaluations of legitimacy and reputation in the greening context. Symbolic performance evaluations are reflections of not only firms' relative quality or social acceptability but also of their social rank.

Symbolic performance, then, can be an evaluation of a firm's reputation, legitimacy or status. It is evaluated by stakeholders who observe firms' green solutions as signals, symbols and symbolic capital. The differences among signals in the sense used by information

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economists – and the broader symbols indicating conformance with social norms – have been long established within organisational theory (see, e.g., Feldman and March 1981). Signals typically are deliberate communications of positive information about an unobservable characteristic in an effort to convey positive organisational attributes (Connelly et al. 2011), whereas symbols are 'an image that refers to a system of beliefs that are generally known, if not necessarily shared, by the person who observes the symbol' (Posner 2002: 112). The emerging literature on greenwashing is largely interested in deliberate communication or disclosure of signals; however, there is a much broader symbolic domain surrounding corporate environmentalism. Furthermore, that symbolic domain also includes cultural symbols that are granted higher symbolic performance because of the status of those associating with them. Moving beyond conventional corporate environmentalism's concerns about reputation and legitimacy to include status also requires moving beyond signals and symbols to consider 'symbolic capital'. An individual or organisation can gain symbolic capital when it possesses cultural symbols that are associated with high prestige, whether or not that prestige is warranted.[9] To date, there has been little or no analysis of symbolic performance as it relates to the production and maintenance of symbolic capital in the greening context.

Throughout this book, I explore how reputation, legitimacy and status are interrelated in underpinning symbolic corporate environmentalism. Although corporate environmentalism research has separately relied on each of these symbolic performance dimensions, it is rare to integrate across all three dimensions to argue when each might be particularly important. Specifically, conventional corporate environmentalism research gives too little attention to the role of status and symbolic power in legitimacy seeking.

Symbolic gaps

A 'symbolic gap' is the difference between a firm's symbolic performance – in the sense of positive social evaluations – and substantive environmental improvements. A key empirical finding within corporate environmentalism in recent years is that there seem to be persistent symbolic gaps around firms' environmental performance. This presents

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a compelling puzzle: If much corporate environmentalism is understood to be symbolic, why are symbolic gaps not exposed and symbolic performance evaluations adjusted to match substantive environmental performance? An answer based on greenwashing would suggest that firms' communication strategies are somehow so sophisticated and so poorly monitored that their deliberate attempts to exaggerate, deflect or otherwise disconnect their symbolic from substantive environmental actions are not noticed by stakeholders. Alternatively, even if greenwashing is noticed, stakeholders are powerless to do anything about it. But we should remember an important difference between greenwashing and broader symbolic corporate environmentalism: whereas greenwashing is based on a firm's deliberate communicative efforts, symbolic gaps are based on social evaluations assigned to firms by interested stakeholders, which managers may be able to control to only a limited extent. Greenwashing is assumed to be deliberate in the sense that a company produces the greening communications. However, symbolic gaps can be the deliberate or unintended consequence of corporate environmentalism because symbolic performance is a social evaluation that is only partly determined by a firm's own actions.

There is a significant amount of research literature on the gap between what firms say and do in the broader organisational theory and strategy literatures. Often framed as contrasting 'talks and actions' or 'rhetoric and reality',[10] organisational theory studies emphasise decoupling; that is, organisations only ceremonially adopting new practices to meet social demands without necessarily fully implementing them (Meyer and Rowan 1977). Alternatively, strategy scholars often present symbolic gaps as a strategy implementation process problem, in which top managers' stated intentions and visions run ahead of implementation actions deep inside the firm (Andrews 1971). Marquis and Toffel (2012) recently added a more deliberate 'attention-deflection' strategy, in which managers deliberately adopt alternative but acceptable practices to avoid being coerced into potentially more costly alternatives.

So far, corporate environmentalism researchers have relied most heavily on decoupling explanations for symbolic gaps. Recent organisational theory research on decoupling addresses how symbolic gaps evolve over time (Tilcsik 2010), simultaneous causes and consequences (Weber, Davis, and Lounsbury 2009), and effects on organisational insiders (MacLean and Behnam 2010). Bromley and Powell (2012) argue powerfully that in our contemporary, more highly monitored and audited society, decoupling may be shifting from a gap between policy and practice to a gap between means and ends. Other researchers recently revisited Tolbert and Zucker's (1983) classic insight that late adopters of a new practice are more likely to only symbolically adopt a practice to gain social legitimacy (see, e.g., Delmas and Montes-Sancho 2010; Kennedy and Fiss 2009). However, these contributions downplay an important corollary to decoupling: because institutional pressures lead to decoupling, organisations will do their best to avoid scrutiny – or at least attempt to control the process of scrutiny (Boxenbaum and Jonsson 2008: 81). This raises questions about how the strength of monitoring and the relative power between firms and those that monitor them influences the potential for persistent symbolic gaps.

Evidence suggests that firms are likely to decouple when there is strong pressure from market stakeholders including suppliers, customers and shareholders (Oliver 1991; Stevens et al. 2005) but also that adoption is more likely to be substantive when it is monitored (Christmann and Taylor 2006). Similarly, although managers may become more aware of the potential for decoupling through their social networks (Westphal and Zajac 2001), social networks can be a source of support for monitoring whether or not adoption is substantive (Lounsbury 2001). Thus, although late adopters may be tempted to adopt symbolically for social legitimacy reasons (Tolbert and Zucker 1983), these same adopters may find themselves in a stronger normative context in which both the practice and the monitoring stakeholders are more mature (Phillipe and Durand 2011).

The primary fault line in the literature on symbolic corporate environmentalism is whether symbolic gaps are deliberate or an unintended consequence of the incentives and social structures within which managers operate. The greenwashing literature tends to portray symbolic gaps as deliberate, almost by definition. Recall some of the definitions of greenwashing in Chapter 2: '*the act of misleading* consumers regarding the environmental practices of a company' (Delmas and Burbaro 2011: 66; emphasis added); '*a strategy that companies adopt* to engage in symbolic communications of environmental issues without substantially addressing them in actions' (Walker and Wan 2012: 227; emphasis added); and firms 'creatively manag[ing] their reputations' (Laufer 2003: 255). These definitions imply some agency for firms – or

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at least managers within them – in deliberately opening up a gap between symbol and substance.

A strategic approach to corporate environmentalism tends to support this deliberate view of symbolic gaps. Economists commonly model corporate environmentalism as a strategic game in which firms can choose levels of substantive and symbolic environmental performance and in which activist stakeholders monitor, audit and sanction noncomplying firms depending on the information available to them (see, e.g., Lyon and Maxwell 2011). Marquis and Toffel (2012) identify three deliberate symbolic compliance strategies in addition to decoupling. 'Social image bolstering' is when firms adopt green solutions to enhance their reputation and deflect attention from less admirable activities, such as when they selectively and strategically adopt symbols, eco-labels and certification schemes (Corbett and Muthulingam 2007; Darnall and Kim 2012). 'Substitution' is when organisations create a less rigorous practice as a substitute to practices demanded by stakeholders. Examples include the commitment to use only Sustainable Forestry Initiative (SFI)–accredited wood products rather than the more stringent Forest Stewardship Council (FSC)–certified products (Cashore 2003) and the active promotion of carbon markets and earning carbon neutrality labels by offsetting rather than direct emissions reduction (Meckling 2011). The third strategy, 'selective disclosure', is the strategy most similar to greenwashing, in which firms disproportionately disclose positive information to create an impression of environmental proactivity and social conformance. There is a long history of scholarship in accounting that shows how firms selectively reveal information about their environmental performance in an attempt to gain social legitimacy.[11]

The critical view also often argues that firms deliberately open up symbolic gaps. A core assumption about symbolic behaviour is that 'through symbols, humans have the capacity to stimulate others in ways other than those in which they themselves are stimulated' (Welford 1997). By publishing an environmental report or painting a reception area green, for example, firms hope to favourably influence stakeholders, even if they themselves are polluting. Karliner (1997) argued that the symbols, language and messages of corporate environmentalism are deliberately designed to deflect environmental demands. Firms cope with institutional pressures by setting up symbolic diversions. In this 'war of ideas', symbolic diversions such as corporate front groups, weak self-regulatory mechanisms and green window-dressing are all the more dangerous because they are designed to go unnoticed (Beder 1997).

However, there is another way of looking at the emergence of symbolic gaps that does not rely on deliberate, malicious or devious corporate activities. Symbolic gaps can arise as an unintended consequence of other corporate or social processes for at least four reasons. First, symbolic gaps can be an unintended consequence of profit-maximising investments in green solutions. As discussed in more detail in Chapter 4, firms choose to invest in particular green solutions for strategic, profit-maximising reasons. But we need to understand corporate environmentalism as a strategic process that is as fallible as any other change process within an organisation. Winn and Angell (2000: 1131) admitted that 'unrealised greening' can be a consequence of deliberate greenwashing, but it also can be seen as 'an intermediary stage for firms in the process of ramping up to implementation'. Symbolic gaps also can arise through a simple disconnect between upper and middle management: some strategies simply do not become realised despite the best intentions of top managers (Mintzberg and Waters 1985). Announcing investments or committing resources to adopt a particular green solution does not necessarily guarantee that it will be fully implemented within the organisation. This opens up the possibility that firms may be rewarded through positive symbolic performance evaluations for adopting the green solution – even if it does not result in substantive improvements.

Second, symbolic gaps can arise from inertia. Internal inertia arises from existing firm structures and incentives, which explain a natural lag between senior management's declaration of commitment and the adaptions needed in the rest of the company to realise that intention (Delmas and Burbano 2011). Highly specific knowledge, organisational structures and poor communication can lead to knowledge-transfer difficulties among the marketing, product development, operations, legal, communications and other functions that need to collaborate on environmental issues. Outside of the firm, there can be a broader social inertia that tends to favour early, satisficing solutions to environmental problems. Moreover, any given green solution tends to gradually 'thicken in apparent objectivity' over time (Welford 1997). Because it can be difficult to break out of current language, symbols and acceptable solutions, it often is easier to repurpose or adopt existing words, solutions or symbols, which further feeds inertia. The result is that green solutions can become unchangeable social facts that are passed on to new field members – even if the solution does not positively impact the environment.

Third, symbolic gaps can arise as an unintended consequence of managerial cognitive biases. Managers may suffer narrow decision framing, hyperbolic inter-temporal discounting or optimism biases that lead them to overstate what might be possible in terms of green solutions or to underperform in implementation (Delmas and Burbano 2011). The broader strategic management literature is beginning to more seriously integrate cognitive and social psychology with standard strategic management theory.[12] Symbolic corporate environmentalism could be a fruitful context within which to deepen and empirically test explanations for persistent symbolic gaps arising from cognitive biases. For example, Walker and Wan (2012) point out that substantive performance evaluations are based on what firms have done in the past, whereas symbolic performance often is based on statements about what firms plan to do in the future. Optimism bias can lead managers to overstate the potential of future-oriented green solutions. If the desired substantive changes subsequently do not occur, this could lead to a symbolic gap. Alternatively, given the uncertainty surrounding green solutions, managers' decision framing often is based on analogical situations and how to cope with similar decision situations. Yet, unthinking analogical strategic decision making can lead decision makers astray (Gavetti, Levinthal, and Rivkin 2005). Overreliance on proactive metaphors and discourse can entrench persistent gaps between the rhetoric and the reality of corporate greening (Milne, Kearins, and Walton 2006). Even well-intentioned attempts to frame unfamiliar greening choices as similar to other management innovations such as the introduction of total quality management or adapting to new trade regulations can open up a gap between proactive-sounding symbolic components and less-impactful material components of green solutions.

Finally, a more critical approach emphasises that symbolic gaps arise because of broader sociopolitical processes within the political economy of late capitalism (Bromley and Powell 2012; Fleming and Jones 2013). Consumers and producers are trapped within a 'culture of consumption, materialism and greed which now dominates human behaviour in the West' (Welford 1997: ix). It is difficult to break through the entrenched interests of incumbent firms within the status quo. New ideas – particularly those that might challenge current production and political processes – do not have legitimacy, especially if they emerge from the fringes of the field, as with environmentalism. Threatened incumbents experience safety in numbers from stakeholder scrutiny, so there is a tendency to adopt whatever labels and language are available rather than question whether they actually are fit for purpose. We should remember that the myths surrounding ceremonial behaviour and decoupling are apparently 'rational' in the sense that both producers and consumers of green solutions value reassurance that something is being done on environmental issues – even if that 'something' is not particularly effective (Boiral 2007). Yet, symbolic performance is not necessarily based on earned improvements in practices. Symbolic performance can be misrecognised as stakeholders award firms positive social evaluations but do not notice that their esteem is based on status rather than environmental improvements. This power dynamic serves to reinforce the social structures within the economy (Bourdieu 2005).

Some symbolic corporate environmentalism, and the symbolic gaps that arise from it, is deliberate. But if we are interested in understanding corporate environmentalism within a mature issue domain, then we also need to account for emergent strategies and their sometimes unintended consequences. Analysing broader symbolic gaps rather than more specific greenwashing is useful because it goes beyond deliberate communicative practices, which fuels a sensible suspicion of voluntary environmentalism. We do need symbols of corporate environmentalism to help with an information asymmetry problem. We also need to be aware of persistent symbolic gaps, ideally without fully adopting the pessimism and scepticism of the critical perspective. A core question in this book is about when symbolic gaps are likely to emerge and when they will continue to be persistent. In answering this question, I join efforts to explore the boundary conditions around conventional corporate environmentalism by injecting useful ideas from the critical view on power, status and dominant discourse (Banerjee 2012). Moving beyond greenwashing to symbolic gaps builds more realistic foundations and better normative implications for conventional corporate environmentalism research.

Consequences of symbolic corporate environmentalism

One of the ways in which Banerjee (2012) encourages us to explore the limits of corporate environmentalism and green solutions is by moving the level of analysis. Conventional research focuses on firm-level, private costs and benefits of corporate environmentalism. This is useful to analyse corporate decision making but less useful for evaluating whether there is a net social benefit from corporate environmentalism. Raising the level of analysis allows us to evaluate the social costs and benefits of corporate environmentalism. As Banerjee (2012: 585) stated: '[I]f corporations are to carry out activities once the purview of governments, then there is a need to examine the processes and outcomes of corporate involvement in political and social domains'. The conventional literature is beginning to make progress on understanding greening processes and private, firm-level outcomes; so far, however, there has been insufficient examination of social outcomes.

Critical theorists regularly remind us of the consequences of symbolic corporate environmentalism: 'It camouflages what is actually going on in a field of action, obscuring the negatives while trumpeting the positives' (Forbes and Jermier 2012: 560). Institutional organisational theorists have called for more research on the 'dark side' of symbolic behaviour because powerful actors use symbols to privilege some societal interests while relegating others. In the introduction to their *Handbook on Organisational Institutionalism*, the editors remind us that 'we too often neglect to assess the societal consequences of institutionalised corporate behaviour' (Greenwood, et al. 2008: 25). Even well-established and highly regarded standards such as ISO 14001 can have undesirable consequences at the economy or society level. For example, as ISO rules become established as the dominant symbols, international organisations such as the WTO may be able to use them to strike down other, stricter environmental controls as trade barriers. In another example, the existence of ISO standards as a potential green solution can serve as a diversion from the creation of international, binding standards (Karliner 1997). Both examples can impose externalised costs on society in the longer run because of the way that the green solutions are designed and promoted in the first place.

These indirect social costs are in addition to the private firm-level direct cost of funding PR teams, reporting about sustainability, adopting eco-labels, participating in industry associations and so forth. There

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may be a deadweight loss to society because high-status social actors exert monopoly power over acceptable symbols of corporate environmentalism in the public discourse. This limits the supply of green solutions to those that central social actors are willing to tolerate. Conventional wisdom is that a firm's strategic adoption of green solutions can be welfare-enhancing compared with coerced solutions (see, e.g., Husted and Salazar 2006 and Maxwell, Lyon, and Hackett 2000). However, these analyses neglect the importance of firms exerting control over the range of solutions available. If managers were truly indifferent about the form taken by their voluntary corporate environmentalism, then the best option from a welfare perspective would be for them to donate cash to a neutral body that then could allocate these resources to the best societal use.[13] Yet, part of the strategic advantage of voluntary corporate environmentalism is that firms do not give up this control over resource allocation and supporting particular solutions. Non-monetary donations are always inefficient but they facilitate signalling (Ellingsen and Johannesson 2011). As an illustration, to signal generosity, a person is more likely to volunteer to help a friend to move house than to offer to pay for a professional – even if doing so would be more efficient for all involved. In the same way, voluntarily allocating staff time to participate in community environmental projects appears generous, but it is actually less efficient than donating the equivalent cash to contract professionals to complete the work. Thus, to the extent that the donor of a particular green solution controls the exact form that the solution takes, there is a social welfare loss as more allocatively efficient alternatives are forgone.[14]

This insight puts us in the somewhat depressing position of being sceptical about not only the motivations of firms but also the social consequences of corporate environmentalism – even for apparently well-intentioned green solutions. Environmental managers within firms fight hard to be able to join green certification schemes, produce robust environmental reports, and find time to attend green industry association events. Yet, all of these initiatives usually impose a social cost precisely because firms control their design.

Fortunately, simply because there is a social cost, it does not mean that we should avoid all corporate environmentalism. There may be potential longer-term benefits from environmental rhetoric. Even Forbes and Jermier (2012: 566) acknowledge the benefits of some symbolic management on environmental issues:

We do not think that all contemporary approaches to organisational greening should be completely dismissed as mere empty symbols – epiphenomena that mislead and distract from shameful practices. Some organisational greening initiatives that begin with seemingly superficial symbols, such as the plans and policy statements of ISO 14001 or the LEED-certified corporate HQ buildings, might lead to further steps along the pathway to eco-centric organising.

Even largely symbolic green solutions can eventually generate social benefit by changing employee attitudes and behaviour (Field and Ford 1995), by giving managers tools to be able to sell an environmentally sound business case (Cornelissen and Lock 2000), by changing the mindset of employees as rhetoric leaves behind useful ideas and techniques (Rhee and Lee 2003), and by opening up organisational spaces to gather environmental information that is eventually put to substantive uses (Feldman and March 1981). As Feldman and March (1981: 180) stated: 'It is not easy to be a stable hypocrite'. A static analysis may suggest that symbolic corporate environmentalism entails social costs, but a more dynamic analysis highlights the possibility of social benefits. In the next chapter, I model this difference as a trade-off between utility losses due to corporate control and the social benefits of diffusion.

New directions and framing questions

During the past twenty years, tenacious scholars and practitioners succeeded in bringing corporate environmentalism 'in from the cold'. Corporate environmental researchers are no longer sending 'postcards from the edge' of strategy and organisational theory. They have inspired, educated and learned from a growing cohort of environmental management professionals. But, in this process, nature has been transformed from a biophysical context within which social activities are organised into an environmental issue to be managed. Critical management researchers offer a sound argument about the conventional view's tendency to downplay power structures and the arbitrariness of social evaluations. There are distortions arising from the social competition to control resources and rhetoric that are largely ignored in a conventional corporate environmentalism analysis. We need to give more attention to the performativity of corporate environmentalism and the power structures that underpin it.

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Seeking win-win solutions through building a firm's reputation or managing legitimacy can have a negative side effect on society. There simply is not enough research that considers the social consequences of symbolic corporate environmentalism. If we integrate the most realistic assumptions within the conventional and critical views, then we can develop a more sophisticated understanding of the relationships between symbolic corporate environmentalism and society. Symbolic corporate environmentalism often is associated with decoupling and can serve as a distraction, but it also can help the diffusion of more environmentally sound industrial activities. Conventional researchers focus on the positive firm-level performance benefits of implementing green solutions; critical researchers focus on the negative social side effects of green solutions being controlled by the powerful elite in society. A more comprehensive model would consider both approaches to assess the social costs and benefits of symbolic corporate environmentalism. The question then becomes: When might social costs outweigh the social benefits, leading to a social energy penalty? Conversely, when might the social benefits be larger than the social costs, potentially leading to a social energy premium?

Of course, integrating incommensurate perspectives is too ambitious to unravel in one book – generations of researchers so far have not managed to do so. We should also remember that the conventional and critical views are based on fundamentally different philosophical foundations (see Table 3.1). Nevertheless, it is a worthwhile ambition to expose and juxtapose the key assumptions within each perspective. In this book, the critical concerns of interests, power and control are taken seriously. However, problems in the natural environment are so urgent and important that we must generate short- to medium-term solutions within our current discursive, policy and strategy frames. A truly critical approach, perhaps rightly, calls for radical, deliberative and reflexive change; or, failing that, a philosophical shrug of the shoulders. My more pragmatic goal is to confront the conventional view with vital insights from the critical view and to advance our thinking on the consequences of corporate environmentalism. I use some of the apparatus and implications of the conventional perspective to persuade conventional researchers to take the critical view more seriously. Simultaneously, I aim to help the critical view to transcend its theoretical 'comfort zone' by analysing empirical studies that explore the contingencies and boundaries of the critical approach.

In this book, I incorporate four elements of the critical view to enrich conventional perspectives on symbolic corporate environmentalism. First, my approach aims for a critical evaluation of the limits and boundary conditions of voluntary corporate environmentalism. Despite a recent rise in conventional research that takes more seriously the symbolic adoption of green solutions, most conventional researchers downplay differences among proactive green stated intentions, the implementation of green solutions and their eventual environmental impact. However, many of the green solutions that companies designed, joined or adopted have now been around for two or three decades. The chemical industry's Responsible Care programme was initiated in 1985, the ISO 14001 series in 1996, and FSC certification in 1993. Also, numerous empirical studies have been conducted since the rise of the new corporate environmentalism in the 1990s. Corporate environmentalism is becoming a mature issue domain, in both research and practice. This longer experience and extensive evidence base now allows us to use empirical data on firms' adoption, implementation and consequences of green solutions to explore the boundaries of conventional corporate environmentalism. To what extent do green solutions actually translate into the mitigation of environmental damage? When are symbolic gaps most likely to emerge and persist? I address this theme most clearly in Chapter 5 in which I present a meta-analysis of the many quantitative, conventional studies of corporate environmentalism.

Second, I give particular attention to the importance of power – in the sense of controlling both rhetoric and access to resources. The material, discursive and positional power of those who write the rules is central to the analysis. So far, conventional researchers have under-explored when and how actors can exert discretionary power over the production of green solutions. The meta-analysis in Chapter 5 addresses this theme by showing how the strength of monitoring and the relational power imbalance among firms and those who monitor them influences the potential for symbolic gaps. I delve more deeply into this theme in Chapter 6 by analysing the political and rhetorical competition concerning CCS demonstration projects and how this links to the competitive strategies of firms that adopt the technology. Incumbent firms attempt to control resources by gaining subsidies and influencing political channels. They also attempt to control the rhetoric surrounding CCS by presenting it as a low-carbon solution, an engine of green growth and supporting energy security. Due to the highly politicised nature and concentrated structure of the traditional energy industry, power is vital to understanding the carbon strategies of firms in this industry but is often neglected in conventional win-win analyses. We need to further investigate how power is used to limit the subject, scope and boundaries of environmental controversies.

Third, I expand the conventional view by explicitly including status in understanding symbolic performance. The conventional view tends to treat symbolic performance as reputation or legitimacy, but corporate environmentalism is just as likely to be influenced by status as a reflection of a firm's or an association's hierarchical privilege. This link between status and the control of rhetoric or resources typically is underplayed in the conventional view. For example, the LEED building standards are acknowledged as the leading green building standards in the United States. To support their reputation for environmental quality or to maintain their social licence to operate, firms proudly announce that their headquarters or other facilities are LEED-certified. The standards are developed by the US Green Building Council (USGBC), which lends credibility to the standard. However, the USGBC often is mistaken as a government agency (it is not), and this misinterpretation of the independence and prestige of the standard is enhanced by the high status of the USGBC and the companies that adopt LEED. We must look for signs of dominance over greening solutions and the cultural symbols that reproduce it. Is there evidence that high-status firms use their power to shape legitimacy within fields? How and when? These themes are discussed in the empirical studies on CCS (see Chapter 6) and carbon accounting (see Chapter 7). Status can create distortions in symbolic performance evaluations that are underplayed in the conventional view. This is a problem especially during the process of developing measuring and reporting systems over time, as in the case of carbon accounting.

Finally, I raise the level of analysis from the firm to the broader institutional field or system level. Management researchers within the conventional perspective are familiar with the idea that demands for environmental improvement come from the broader stakeholder or institutional environment, but they usually limit the consequences of responding to those demands to evaluations of substantive or symbolic performance at the firm level. Investing in reputation or maintaining legitimacy focuses on the private benefits of symbolic corporate environmentalism, but we often overlook the potential social cost. Some scholars in the conventional tradition explored whose interests are served through voluntary environmental programmes and asked whether they are in the common interest (Steelman and Rivera 2006). I bridge the gap between these and more critical views that focus on the social welfare implications of corporate environmentalism. When are firm-sponsored green solutions in the best interests of society – even if they are symbolic – and when are they not? More specifically, when might the social costs of corporate environmentalism outweigh the social benefits, leading to a social energy penalty? When is the social energy penalty larger? How does it develop? What are possible ways to overcome it?

In the next chapter, I develop a model of the social costs and benefits of corporate environmentalism at the field level. Evaluating allocative efficiency or the welfare implications of firm-level decisions is typically the domain of economists and legal scholars, but these decisions have important implications for firm-level strategy and the policy designed to frame it. Managers and firms are part of a broader social conversation on greening. Management scholars are increasingly realising that we may have overly neglected the influence of management theory on social welfare. By examining the interactions between the firm and system levels of analysis, I hope to contribute to an ongoing discussion about the social implications of voluntary regulatory approaches. I also hope to provide inspiration to curious economists who may be able to more formally model and test some of these initial insights. The model is intended to bridge the critical and conventional perspectives and to help understand the costs and benefits of symbolic corporate environmentalism in society.