1 *Introduction*

Back in 2005, HSBC became the first large bank and the first of the one hundred largest companies listed on the London Stock Exchange to declare itself 'carbon neutral'. The bank committed to reducing to zero its net carbon dioxide (CO_2) emissions from more than ten thousand office buildings and from executive travel (Walck 2006). It planned to invest up to £4 million annually in planting trees, reducing energy use, buying green electricity and trading carbon credits to limit its CO_2 emissions (BBC 2004). Achieving carbon neutrality was intended to set a new benchmark in environmental performance for the financial services industry, a sector that had been slower to respond to calls for environmental improvement than more obviously dirty industries such as chemicals and oil. The bank was recognised as the '*Financial Times* Sustainable Bank of the Year' in 2006 (*Financial Times* 2006).

Yet, HSBC was persistently criticised for this strategic environmental decision. HSBC's own guidelines emphasised that it was reducing net rather than gross CO_2 emissions. The bank would continue to emit some CO_2 from dirty energy and staff travel and pay others to provide equivalent CO_2 reductions through carbon offsetting (HSBC 2011a). Greenpeace questioned whether planting trees is actually carbon neutral, asking 'What if there's a forest fire?' (BBC 2004).[1] Other critics pointed out that HSBC's commitments were related to emissions from its own banking operations, not the much larger indirect emissions arising from projects that the bank financed in carbon intensive industries (Gass 2011). Even HSBC's commitment to 'plant one virtual tree in our virtual forest' for every account switched to a paperless Green HSBC Plus Account in 2007 backfired. A journalist noticed the HSBC fine print – 'for every 20 virtual trees we promise to plant a real one' – as well as a backlog of 400,000 virtual trees from the first two years waiting to be planted (Pearce 2009).

Responding to this criticism, HSBC withdrew its carbon neutrality commitment in 2011. What began in 2005 as a pioneering attempt to lead the way in green banking had come to a messy end. HSBC was forced to explain its withdrawal from an environmental commitment made with such fanfare a few years earlier. Activists celebrated a victory over exposing a high-profile bank's flimsy environmental credentials. HSBC was highlighted along with other high-profile companies, from 'Apple to Coca-Cola, GE to McDonald's, and Starbucks to Walmart', as greenwashing their climate-friendly policies (Pearse 2012). Greenwashing misleads consumers about companies' environmental performance or the environmental benefits of a product or service, specifically by combining positive environmental communications with poor environmental performance (Delmas and Burbano 2011). Researchers and activists usually understand situations such as HSBC's carbon neutrality as greenwashing: the bank deliberately disclosed one element of its environmental performance (i.e., zero net CO_2 emissions) and withdrew from this commitment when activists exposed the mismatch between its proactive-sounding statements and much less favourable environmental impacts.

It is easy to dismiss firms' environmental activities as greenwashing that promises an advantage to the firm while imposing costs on society. However, HSBC's experiments with carbon neutrality highlight a tension in a company's role in mitigating society's environmental impacts. On the one hand, stakeholders demand environmental improvements and require evidence that firms are indeed taking seriously their environmental responsibilities. On the other hand, consumers and a broader range of stakeholders have developed a justifiable scepticism about the effectiveness of green solutions promoted by large corporations. Society is caught in a bind between needing better green information and a distrust of those who provide it. A shared language needs to be developed to describe corporate environmental changes; but, as the architects of change, firms can also influence the language used. New terms such as 'carbon neutral' can signify an abstract concept that was not needed before – that is, producing products or services with low or zero CO_2 emissions to combat climate change. The meaning of these new symbols evolves through conversations and interactions among many different actors in society. Sometimes firms can influence the symbols around corporate greening, sometimes they cannot. The new symbols may be socially useful or they may be a damaging distraction. Dismissing the symbolic aspects of corporate environmental actions as deliberate greenwashing tells only part of the story.

The past two decades have given rise to an enormous range of symbols of corporate environmentalism. Firms are labelled as carbon neutral, sustainable, eco- or green. Products can be organic, dolphin-safe, recycled, reclaimed, low-energy, renewable, efficient or environmentally friendly. There are increasingly more sophisticated-sounding technologies, programmes, management processes, industry associations and labelling schemes to reassure stakeholders that firms are environmentally sound. Some of these symbols are greenwashing – that is, deliberate attempts to communicate positive environmental information not matched by improved environmental impacts. However, some are more than merely symbolic and actually signify environmental improvements. All corporate environmental activities have a symbolic component. We must develop tools to identify which are socially wasteful distractions and which may be initial attempts to promote green solutions so desperately needed to mitigate society's impact on the natural world.

In this book, I show that expanding research beyond greenwashing to a broader symbolic corporate environmentalism generates new research questions and implications for environmental strategy and policy. 'Corporate environmentalism' is defined as changes made by managers inside organisations that they describe as primarily for environmental reasons. 'Symbolic corporate environmentalism' is defined as the shared meanings and representations surrounding these changes. All environmental activities have a symbolic component as managers and others learn to describe the new environmental solutions they are adopting. New language, symbols, terms, labels and shared meanings evolve to signify the abstract idea of making changes to solve environmental problems. Some symbolic corporate environmentalism is 'merely symbolic' in the sense that the proactive-sounding symbols do not match with substantive environmental improvements. As discussed in the next chapter, greenwashing is a specific subset of symbolic corporate environmentalism in which the changes are both 'merely symbolic' and deliberately so. In this book, I expand conventional corporate environmental strategy research to include a broader range of symbolic activities after greenwashing. Symbolic corporate environmentalism includes not only greenwashing but also unintended, merely symbolic activities and the symbolic components of environmental changes that actually have a positive, substantive impact on the natural environment.

Recasting HSBC's carbon neutrality through a symbolic corporate environmentalism lens provides a much richer explanation than dismissing it as greenwashing. HSBC chose to invest in a portfolio of green solutions, including adopting and maintaining the carbon neutral credential, launching green bank accounts, signing up to industry charters such as the Equator Principles, building the first Leadership in Energy and Environmental Design (LEED) Gold–certified buildings in Latin America and the Middle East to house its regional headquarters, keeping count of virtual trees and participating in an underdeveloped CO_2 offset market.[2] Despite these initiatives, the overall environmental footprint of HSBC's direct and indirect activities continued to rise. The bank placed a strategic bet that the carbon neutral label would be valued as a signal of environmental responsiveness as other firms and stakeholders better understood carbon management over time. HSBC may or may not have deliberately opened up a gap between the proactive-sounding carbon neutral label and its actual environmental performance. However, the net result was that carbon neutrality did not develop as a valuable asset as the firm had initially envisioned.

Condemning HSBC's actions as greenwashing implies that society would be better off now that the limitations of its version of the carbon neutrality label has been exposed. Taking a broader symbolic corporate environmentalism perspective suggests that the social impact may not be so simple: over time, HSBC's withdrawal might slow the development of proactive environmental management in the banking sector. Stakeholders may have lost the opportunity to challenge more banks to examine their carbon footprints by considering whether they could reduce carbon emissions like their sector leaders. Society needs experiments such as the carbon neutrality label to improve environmental performance. Yet, withdrawing from a public commitment can damage a firm's credibility and limit the learning gained from these experiments. The frameworks described in this book provide the analytical tools for evaluating why HSBC first opted in and then out of carbon neutrality, as well as the social consequences of those decisions.

As environmental issues have spread into the business mainstream, the symbolic component of corporate environmentalism has become increasingly pervasive. There are now more than four hundred active

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Excerpt
More information

eco-labelling schemes worldwide, each claiming to give stakeholders useful information about the environmental performance of products ranging from cut flowers to cosmetics and from construction to carpets. More than one hundred environmental awards have been established to celebrate multiple dimensions of environmental performance, recognising the most innovative environmental technologies, the greenest car dealership in the United Kingdom or the 'Environment/Sustainability Manager of the Year'. There are at least 120 recognised voluntary standards listed by the International Trade Commission (ITC).[3]

These are only some of the more obvious symbols of corporate environmentalism. Firms also signal their environmental awareness by adopting a wide range of everyday practices that have become norms in contemporary business, including constructing green buildings, developing environmental visions, implementing environmental measurement and reporting systems, signing green industry pledges and supporting environmental technologies. Some of these symbols signify substantive improvements in a firm's environmental impact, such as emission reductions or improving air or water quality. Others are merely symbolic green solutions, disconnected from the underlying environmental impacts of corporate activities. Many other green solutions lie between these two extremes, where firms gain symbolic legitimacy for signalling environmental awareness, but the substantive impact is limited because they control the implementation of a new practice.

The symbolic aspect of corporate environmentalism was driven home for me when I visited Walmart's Canadian headquarters in 2006. Office buildings are powerful symbols of corporate cultures. I had visited the headquarters of several Canadian subsidiaries of foreign-owned multinationals during that same week. Most had reception areas in spacious, light-filled atriums in glitzy office buildings in prestigious downtown Toronto locations. In contrast, Walmart's Canadian headquarters was housed in one of its 'big-box' warehouse buildings in an out-of-town industrial area. I was struck by the no-nonsense building with a small reception area for visitors and suppliers, which signalled a low-cost corporate culture. What I did not expect was that the entire reception area had been recently painted a vibrant green, replacing Walmart's corporate blue and yellow colours. Walmart's literal greenwashing – covering the walls and chairs in the reception area with green paint – could be dismissed as a cynical ploy to show visitors the corporation's new green sheen. Alternatively, it could serve as a useful stimulus to visiting suppliers as well as employees to consider environmental costs. In recent years, the company has made impressive gains by improving environmental management. Since 2008, Walmart has saved $3.4 billion by reducing packaging waste. The company recently announced plans to expand its renewable-energy projects even more: it will build on its position in the United States as the leading user of onsite renewable power, which will eliminate the need for two more fossil-fuel power plants and thereby save the company $1 billion annually in energy costs by 2020 (Walmart 2013). The greening of the reception area may have helped with the symbolic support to enact behavioural changes in the company. It may also have helped spread environmental awareness through the supplier network and industry by reminding visitors of society's expectations for green performance. Or it may be merely a paint-thin veneer over low-cost business as usual. Current analytical tools simply cannot detect the difference.

Of course, some corporate environmentalism has been rightly dismissed as greenwashing. Shell was compelled by the Advertising Standards Authority in the United Kingdom to withdraw its print advertisements that featured flowers coming out of smokestacks. Lexus's UK print-advertising campaign, 'Put your carbon foot down', was similarly censured because the text stating 'a car that's better for the environment' did not provide any details of comparison cars or emission levels.[4] Attempts to launch environmental product ranges such as GE's Ecomagination campaign launched in 2005 (the same year as Walmart's sustainability programme) and IBM's Smarter Planet in 2008 often overstate material changes to firms' internal processes, programmes and policies.

Academic research is catching up with these deliberate initiatives and can now explain some drivers of overt greenwashing (Delmas and Burbano 2011; Lyon and Maxwell 2011). Far less is known about the more subtle but much more pervasive symbolic component of ordinary corporate environmental practices. Critics have long denounced corporate environmentalism as distracting 'spin' and a waste of societal resources. HSBC's commitment to plant 'virtual trees' is, at best, an inadequate disclosure of the firm's environmental performance, leading to less socially efficient decision making. At worst, it is a cynical attempt to cash in on consumers who may be willing to pay for a greener bank account without incurring the full cost of providing a greener service. Either way, the headline promise of a green bank account is not matched with adequate substantive tree planting or CO_2 absorption, yielding a social loss.

What about the longer-term effects of HSBC's symbolic corporate environmentalism? Offering green bank accounts, promoting a carbon neutrality vision and asking energy suppliers about the carbon intensity of their operations could lead to useful spillovers, thereby encouraging consumers, competitors, suppliers and regulators to incorporate green criteria into their own decisions. Even merely symbolic corporate environmentalism can lead to learning over time and a gradual rise in environmental performance expectations. We must pay closer attention to the effects of green solutions, in terms of both symbolic performance in the sense of positive social evaluations and substantive impact on the natural environment.

Substantial academic research in the past two decades aims to understand the effects of corporate environmentalism. Most of this research is in what I term the 'conventional view' of corporate environmentalism (see Chapter 3). The conventional perspective questions firm-level environmental strategy and performance: Does it pay to be green? When, why and how? In contrast, the 'critical view' interrogates the role of corporations as mediators and constructors of discourse surrounding environmental degradation and its consequences for which green solutions gain traction in society. The focus is more on asking what it means to be green and who has the power to decide that and how. Both views have something to offer in understanding symbolic corporate environmentalism. However, both views also have significant theoretical blind spots that limit our understanding of the symbolic components of greening. The conventional view tends to underplay the power of some social actors – particularly large firms and well-organised industry associations – to influence the rhetoric and resources around green solutions. Conversely, the critical view focuses so much on this corporate power and its potential abuses that companies' green solutions are routinely dismissed as merely symbolic, with little sense of the potential environmental and social benefits derived from developing shared meanings and learning about green solutions. Both views tend to neglect green solutions that are neither purely symbolic nor purely substantive but that might be symbolically useful in developing shared meanings and language around new environmental demands.

Despite the apparent explosion in research and practice-based talk on corporate environmentalism, industrial societies are pushing Earth's biosphere ever closer to and even beyond safe operating limits. Rockström et al. (2009) identified threshold limits of human impacts on nine natural systems – the carbon cycle, ocean acidification, stratospheric ozone, global phosphorus and nitrogen cycles, biodiversity loss, global freshwater use, land-system change, aerosol loading and chemical pollution – and showed how we are already operating beyond three of these natural limits. Critical researchers argue that twenty-five years of research in the conventional view has provided many symbols and some actions but not nearly enough substantive environmental renewal from industrial activity (see, e.g., Forbes and Jermier 2012 and Whiteman et al. 2012). They have a point: symbolic corporate environmentalism pervades our contemporary capitalist society.

However, we must not forget the analytical and empirical progress of twenty years of conventional corporate environmentalism research. In this book, my perspective is that problems in the natural environment are so urgent and important that we need to generate better short- to medium-term solutions within our current discursive, policy and strategy frames. Conventional corporate environmentalism has developed tools for understanding corporate environmental decision making. I intend to use and develop these tools from the conventional view to ask questions posed in the critical view: What are the drivers and consequences of symbolic corporate environmentalism and, most important, when might corporate environmentalism be bad for society?

The most obvious way in which corporate environmentalism is bad for society is when green solutions do not have any substantive impact on mitigating environmental damage. In this book, I present many studies that show firms adopting a particular green solution to gain positive social evaluations – whether an environmental policy, an eco-label, a pollution control technology or a new measurement and reporting system – but not improving substantive environmental impacts. I label these green solutions 'merely symbolic'. They are the most overt form of symbolic corporate environmentalism, the most misleading and, ultimately, the most wasteful. I also address green solutions that are not completely decoupled from substantive environmental improvements. There is a significant grey area in which green solutions promise some environmental benefit but apparently deliver more reputational and legitimacy benefits than are strictly warranted by the substantive improvement.

A good example is performance-based eco-labels such as the points-based LEED green building standard that HSBC adopted for all of its major buildings. Performance-based standards reduce the likelihood of merely symbolic corporate environmentalism, but they do not eliminate symbolic effects altogether. The conventional view tends to be pragmatic about performance-based symbols and broadly accepts that they represent underlying environmental improvements, as advertised. In the conventional view, the main areas of concern for these symbols are the strength of monitoring, sanctions and enforcement stringency around the symbol, and its proper implementation. The critical view, however, reminds us that someone somewhere decides how many points should be awarded to a specific building. The rules are written and the paperwork is evaluated by individuals, each with their own interests and biases. These evaluations are made within a relational context that gives some actors more status than others to award a recognised 'stamp of approval'.

Most green solutions suffer this type of problem. There may or may not be substantive environmental improvements, but there will always be a relational context within which shared meanings evolve and are influenced by those who may choose to exert their systemic power in society. I argue that this difficulty extends far beyond the typical symbols discussed in greenwashing – eco-labels, certificates, awards, schemes, marketing and other deliberate communicative practices – to the symbolic components of everyday corporate environmental practices. Instead of labelling corporate activities as 'symbolic' or 'substantive', I examine all of the symbolic or substantive effects of the initiatives. I argue that all green solutions have a symbolic component and that after greenwashing, we must be alert to the symbolic performance of all of a firm's greening activities, not only those that are deliberately communicative.

The gap between the rhetoric around firms' activities and the reality of environmental damage is a pressing social problem. Activists and academics have embraced the challenge to expose and analyse greenwashing. However, there are no easy solutions to the environmental challenges: governments are bound by public apathy, non-governmental organisations (NGOs) by the need to maintain legitimacy in a corporatist society, and firms by poor knowledge of environmental issues and inadequate incentives for action. Symbolic corporate environmentalism is here to stay, even after greenwashing. The challenge is to work out when the benefits of harnessing firms' creativity and resources to tackle environmental challenges might outweigh the costs of allowing them to drive the terms of the debate. My hope is that this book provides a 'call to arms' as well as analytical frameworks to understand symbolic corporate environmentalism and its social consequences.

Core ideas and contributions

This book is the first systematic examination of the drivers and social consequences of symbolic corporate environmentalism after greenwashing. In it, I extend our theoretical and empirical understanding of the shared meanings and representations around firms' environmental activities. I contribute to debates about firms' environmental strategy and the social implications of widespread symbolic behaviour on green issues. By tapping into wider literatures in organisation theory, economics, sociology, anthropology and law, I build theoretical insights on the drivers and consequences of symbolic corporate environmentalism. This approach is novel in two main ways. First, I reinject notions of power and status back into analysing symbolic corporate environmentalism that have been lost in recent economic analyses of greenwashing. This provides a richer sense of how corporate engagement with a broader social greening conversation impacts the range of potential solutions to solve environmental challenges. Second, I bridge the typical firm level of analysis to the broader institutional field level and, ultimately, to the societal level. This highlights the social costs and benefits of symbolic corporate environmentalism that are often overlooked in the conventional literature, which tends to focus on firm-level environmental strategy.

Book structure

Chapter 2 begins the analysis by showing how the broader concept of symbolic corporate environmentalism is 'after greenwashing' in two significant ways. First, I show the rise and fall of greenwashing in the popular and academic literatures. New monitoring technologies such as smartphones and social media may limit the extent to which firms