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ESG Greenwashing: Theoretical Tracing and Practical Correction of ESG Conceptual Alienation

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Abstract: *The rise of the ESG concept reflects the emphasis on sustainable development, yet the greenwashing phenomenon poses a challenge to it. This paper reviews the development process of ESG, analyzes the evolution, theoretical roots, causes of the greenwashing phenomenon, and proposes corrective approaches. Greenwashing stems from enterprises' profit-seeking impulses and manifests itself in data falsification, selective disclosure and misleading publicity, which undermines market trust. The principal-agent theory, information asymmetry theory, signaling theory and institutional isomorphism theory explain its causes. At the institutional level, there are flaws in regulations and standards; at the market level, consumers and investors have limitations; and at the enterprise level, there are problems with organizational culture and managers' behaviors. The corrective approaches include improving the institutional system, guiding and cultivating the market, and enabling enterprises to carry out self-innovation. It requires the joint efforts of all parties to build a sustainable business ecosystem.*

Keywords: *greenwashing; ESG; sustainable development*

1. Introduction

The rise of ESG (Environment, Social and Governance) reflects the growing emphasis placed by investors, enterprises and society on sustainable development. Against the backdrop of global challenges such as climate change, social inequality and corporate governance issues, ESG has become an important indicator for measuring the sustainable development capabilities of enterprises. However, the phenomenon of ESG greenwashing has posed challenges to this emerging field, leading people to question the authenticity and effectiveness of the ESG concept. Therefore, in-depth research on the ESG greenwashing phenomenon, the revelation of its essence and causes, and the exploration of effective corrective paths are of great theoretical and practical significance for promoting the healthy development of the ESG concept.

2. The Development Process and Connotation of ESG

2.1 The Conceptualization and Development of ESG

2.1.1 The Germination of the Concept and Early Exploration (1900s - 2003)

The ESG concept originated from the early socially responsible investment[1]. In the early 20th century, with the rapid development of industrialization, enterprises' one-sided pursuit of economic benefits led to situations such as the impairment of labor rights and interests and the intensification of environmental pollution, which triggered reflections among all sectors. Thus, the concept of corporate social responsibility emerged as the times required. Since the middle of the 20th century, the environmental protection movement has risen. The concept of corporate social responsibility has transitioned from vague moral appeals to specific practical requirements. Some enterprises have attempted to balance economic, social and environmental interests in their operations. Later, the United Nations Conference on Environment and Development adopted key declarations and agendas. International organizations have gradually built a consensus on sustainable development, laying a solid conceptual foundation for ESG.

2.1.2 The Conceptual Proposal and Initial Development (2004 - 2010)

In 2004, the United Nations Global Compact released a report that clearly proposed the ESG

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concept, systematically elaborated its connotations as well as the paths and values of integrating environmental, social and governance issues into investment decisions[2], marking the birth of ESG as a complete and independent concept. Since then, organizations such as the United Nations Environment Programme Finance Initiative and the United Nations Global Compact have released a series of reports, deeply analyzing the influence mechanism of ESG factors on corporate value and providing theoretical bases for investors. The United Nations-supported Principles for Responsible Investment (UN PRI) was established and released the Principles for Responsible Investment, which provided practical guidelines for global institutional investors to implement ESG investment, and promoted ESG investment from being an advocated concept to practical implementation. Some pioneering enterprises took the initiative to respond, incorporated ESG into their strategic management frameworks and explored practical paths. During this stage, the ESG concept spread globally, investment practices were initiated and the participation of enterprises was enhanced, laying the foundation for its development.

2.1.3 Rapid Growth and Diversified Promotion (2011 - 2020)

Since 2011, the awareness of global sustainable development has been on the rise, and multiple factors have driven the rapid development of ESG[2]. The proposal of the United Nations Sustainable Development Goals and the signing of the Paris Agreement have provided ESG with macro-strategic guidance and an action framework. Governments around the world have been actively formulating policies and regulations. For example, the European Union issued the Non-Financial Reporting Directive in 2014, and the Hong Kong Exchanges and Clearing Limited released the Environmental, Social and Governance Reporting Guide in 2012, which either mandate or encourage enterprises to disclose ESG information and regulate ESG practices. International organizations have continuously improved the standard system. The Global Reporting Initiative (GRI) has continuously upgraded its reporting guidelines, and the Sustainability Accounting Standards Board (SASB) has released industry-specific ESG accounting standards to enhance the comparability of ESG information disclosure and its usefulness for decision-making. The market demand for ESG investment has soared. Institutional investors have increased their ESG investment allocations, which has promoted the expansion of the ESG market and the improvement of its ecosystem. Enterprises have improved their overall ESG performance from aspects such as strategic formulation, operational optimization, supply chain collaboration to risk management innovation. During this stage, ESG has shifted from being an investment concept to practical implementation, with institutional building and market development advancing in a coordinated manner.

2.1.4 Standardization and Maturity and Global Collaboration (2021 - Present)

In recent years, the chaotic phenomena in the ESG market have drawn the attention of global regulators, prompting the development of ESG to enter a new stage characterized by standardization, maturity and global collaboration. Governments and regulatory authorities around the world have strengthened law enforcement and supervision. For instance, the U.S. Securities and Exchange Commission has established a special task force on climate change and ESG, and the European Union has implemented anti-greenwashing rules, etc., all of which have severely cracked down on pseudo-ESG behaviors and regulated the market order. International organizations have integrated and optimized the standard framework. The International Sustainability Standards Board (ISSB) has released unified standards to enhance the consistency and interoperability of ESG disclosure globally[3]. Enterprises have deeply integrated ESG into their core businesses and driven the improvement of substantive performance and long-term value through innovation. On a global scale, countries have strengthened the coordination of ESG policies and the alignment of standards, jointly addressed global challenges such as climate change, ecological protection and social equity, promoted the coordinated development of ESG practices worldwide, and laid a solid foundation for the sustainable development of human society.

2.2 The Definition and Connotation of ESG

ESG, namely Environmental, Social and Governance, is a concept and standard for measuring the sustainable development capabilities of enterprises. It emphasizes that when enterprises pursue economic benefits, they need to give consideration to being environmentally friendly, fulfilling social responsibilities and maintaining good corporate governance[4]. Its core lies in helping enterprises achieve sustainable development and promoting the coordinated progress of the economy, society and the environment.

ESG evaluates the impact of enterprise operations on the environment, society and their own

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governance from multiple dimensions, and considers how environmental and social factors react on enterprises in return. At the environmental level (E), it refers to the positive actions taken by companies in environmental aspects, focusing on enterprises' energy conservation and emission reduction, resource utilization efficiency, measures to address climate change and so on. In the social dimension (S), it means treating stakeholders equally and maintaining the social ecosystem for the company's development, covering the protection of employees' rights and interests, the quality of products and services, community participation and supply chain management. In the governance category (G), it refers to the result formed and exerted by the comprehensive effects of the governance environment, governance structure, governance mechanism and governance behavior, involving the rationality of the enterprise's governance framework, the scientific nature of decision-making, the effectiveness of risk management, information transparency and the protection of shareholders' rights and interests[5].

3. The Conceptual Evolution of ESG Greenwashing

3.1 The Germination and Evolution Path of the ESG Greenwashing Phenomenon

3.1.1 Early Germination: The Quiet Emergence Driven by Profit-Seeking Impulses

With the gradual rise of the ESG concept on a global scale, its original intention to promote the sustainable development of enterprises in terms of environment, society and corporate governance should have served as a guide for enterprises to fulfill their social responsibilities. However, the profit-seeking impulses of some enterprises in the market have quietly distorted the true meaning of this concept. In the early stage, lured by short-term interests, individual enterprises began to tentatively distort the original intention of ESG. They often released isolated and false environmental protection statements. For example, they claimed to have adopted certain environmentally friendly production processes, but in fact, they did not really implement them. Or they occasionally carried out some superficial social responsibility activities, such as making a small amount of public welfare donations and vigorously publicizing them, while the protection of labor rights and interests and environmental protection measures in their daily operations had not been substantially improved, so as to cover up various flaws existing in the operation process of enterprises.

These behaviors did not attract widespread attention at that time, but they were the quiet germination of the greenwashing phenomenon. Enterprises regarded ESG as a marketing tool rather than a real strategic transformation direction, attempting to obtain social recognition for their sustainable development without incurring substantial costs and efforts, thereby seeking more economic benefits for themselves. Such behaviors not only violated the original intention of the ESG concept but also laid hidden dangers for the frequent occurrence of the greenwashing phenomenon in the future.

3.1.2 The Evolution of Greenwashing Behaviors under Intensifying Market Competition

Data Fabrication and Manipulation: Enterprises are no longer content with simple false statements but start to systematically fabricate ESG data. In terms of environmental indicators, they forge carbon emission data, energy consumption data, etc., to create the false impression that the enterprises perform excellently in energy conservation and emission reduction. In the social dimension, they exaggerate data such as the investment in employee benefits and contributions to public welfare undertakings, misleading stakeholders in their judgment of the fulfillment of corporate social responsibilities. In the area of corporate governance, they fabricate information about the perfection of the corporate governance structure and the effectiveness of internal controls to enhance the enterprise's governance image. Such data fabrication and manipulation behaviors lead to a serious disconnection between the enterprise's ESG reports and its actual operating conditions, becoming one of the important means of greenwashing behaviors[6].

Selective Disclosure: During the process of information disclosure, enterprises no longer present their ESG performance comprehensively and truthfully. Instead, they carefully select favorable information for disclosure while concealing or downplaying negative information. For example, an enterprise may focus on publicizing its small investment in environmental protection projects while remaining silent about the problem of large amounts of pollutant emissions generated in its production process. On social issues, it emphasizes some welfare policies for employees while ignoring problems such as disputes over employee rights and interests. This selective disclosure makes it difficult for stakeholders to fully understand the enterprise's real ESG situation, thus misleading their decision-making.

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Misleading Publicity: Enterprises conduct concealed and misleading publicity through various channels. By using ambiguous language, exaggerated expressions and misleading charts and other means, they exaggerate the enterprise's ESG achievements and create a false image that the enterprise actively fulfills its social responsibilities. Some enterprises may use ambiguous environmental terms in their publicity, making consumers mistakenly believe that their products or services are highly environmentally friendly, while in fact, their environmental impact has not been substantially improved. This misleading publicity further aggravates the information asymmetry in the market, making it difficult to distinguish between truth and falsehood in the ESG market and seriously shaking the trust foundation of the market.

As time passes, greenwashing behaviors gradually permeate all dimensions of ESG and the entire process of enterprise operations. From data fabrication in the environmental field to false promises at the social level and then to information manipulation in corporate governance, the means of greenwashing are becoming increasingly diverse and concealed. This all-round erosion not only poses a huge challenge to the implementation of the ESG concept in practice but also makes enterprises that are truly committed to sustainable development face unfair competition in the market, thus hindering the progress of the entire economic society towards the goal of sustainable development.

3.2 The Theoretical Framework Supporting the Evolution of ESG Greenwashing

3.2.1 Perspective of the Principal-Agent Theory

The separation of corporate ownership and management rights has become a breeding ground for greenwashing. Managers, driven by the desire for salaries, reputations and stable tenures, are keen on greenwashing strategies that can yield quick results in the short term to cater to the ESG boom in the market. They whitewash performance to win the favor of shareholders and investors, sacrificing the long-term sustainable interests of the enterprise. The information asymmetry exacerbates the principal-agent conflict. Managers have control over the right to disclose ESG information. By taking advantage of greenwashing, they conceal moral hazards and operational weaknesses and fulfill personal private interest contracts with false ESG performance. Shareholders and investors find it difficult to conduct real-time and precise supervision, which causes greenwashing to accelerate its transformation from a potential moral hazard into a common fraudulent phenomenon in the market, eroding the internal driving force for the sustainable development of enterprises and the efficiency of market resource allocation.

3.2.2 Explanation from the Information Asymmetry Theory

The information imbalance in the ESG field has facilitated the breeding and spreading of greenwashing. Enterprises are fully aware of the actual situation of their own ESG operations, while stakeholders make indirect judgments based on the information disclosed by enterprises. Often, enterprises take advantage of their information superiority to select, distort and conceal information, beautify their ESG images and mislead decision-making[7]. Especially in the context where there are diverse ESG standards, difficulties in data quantification and weak verification mechanisms, false ESG publicity by enterprises can easily spread, making it hard for investors and consumers to distinguish between truth and falsehood. With the fragile trust mechanism in the market and distorted signal transmission, greenwashing enterprises have not been effectively identified and punished by the market but have instead obtained undue benefits, giving rise to adverse selection. This drives more enterprises to follow suit for profits, intensifies the chaos and disorder of ESG information in the market and delays the maturity of the ESG market and the effective allocation of sustainable capital.

3.2.3 Insight from the Signal Transmission Theory

ESG is originally a signal for enterprises to convey their sustainable characteristics to the market. However, greenwashing enterprises maliciously disrupt the signal ecology. Their false ESG signals mislead stakeholders to overestimate the enterprises' sustainable competitiveness and moral standards, attracting investment, customers and cooperation resources. Meanwhile, the high-quality signals of truly green enterprises are drowned out by the greenwashing noise. As a result, the market screening and identification mechanism fails, resources are misallocated to greenwashing enterprises, which dampens the enthusiasm of honest enterprises, distorts the logic of survival of the fittest in the market, leads to the disorder of the ESG signal system and the misplacement of market incentives, threatens the foundation of ESG value investment and the precise empowerment of sustainable development resources, and hinders the process of the economic green transformation and the improvement efficiency of social well-being.

3.2.4 Interpretation from the Institutional Isomorphism Theory

The institutional isomorphism pressure prompts the convergence of enterprises' ESG behaviors. Some enterprises resort to greenwashing to cater to the symbolic meaning of institutional norms and avoid the costs of substantive changes. Under the mandatory ESG disclosure regulations, enterprises hastily engage in greenwashing in a perfunctory manner to avoid being penalized for violations. In the tide of industry ESG initiatives, enterprises blindly follow the trend and respond falsely to maintain the appearance of "legitimacy" instead of deeply internalizing the essence of ESG to transform their operations. The formalization of institutional isomorphism has given rise to an imitative wave of greenwashing, which weakens the effectiveness of the institution in promoting enterprises' substantive sustainable transformation, exacerbates the false prosperity bubble in the industry's ESG practices, delays the pace of industrial green upgrading and the institutional innovation process of the economic and social sustainable development, and erodes the authority and implementation effectiveness of the ESG institutional system.

3.3 The Definition of ESG Greenwashing

ESG greenwashing refers to the behavior of enterprises in the aspects of environment, society and corporate governance (ESG). Through false publicity, misleading statements, data manipulation or other fraudulent means, they create an illusion of actively fulfilling social responsibilities and achieving sustainable development. However, their actual behaviors do not meet the claimed standards or commitments, or even seriously violate them, thus misleading stakeholders' understanding of the enterprises' real situations for improper purposes such as obtaining economic benefits, enhancing reputations or evading supervision.

4. The Causes of ESG Greenwashing

4.1 Institutional Factors

4.1.1 Imperfect Laws and Regulations and Loose Supervision

In China, ESG regulations are still in the early stage of development, and there are numerous gaps and ambiguous areas in the legal framework. The definition of greenwashing behaviors is unclear, there is a lack of unified norms for identification standards, and the deterrent effect of penalty clauses is insufficient, resulting in the cost of violating the law being far lower than the profits obtained from false ESG publicity[8]. Regulatory resources are scattered, coordination is poor, and there are limitations in professional capabilities. The regulatory responsibilities of multiple departments overlap and there is buck-passing among them, making it difficult to form an efficient joint regulatory force. It is weak in verifying and checking the authenticity of enterprises' ESG information, thus providing opportunities for greenwashing.

4.1.2 Inconsistent Standards and Lack of Disclosure Norms

The global ESG rating systems and information disclosure standards are diverse and fragmented. There are significant differences between domestic and foreign standards, varying indicators among different industries, and enterprises often act on their own. Enterprises can choose "favorable" standards for disclosure according to their own interest needs. The lack of consistency and comparability in data statistical scopes, accounting methods and report formats makes it difficult for stakeholders to accurately evaluate the ESG performance of enterprises. Greenwashing behaviors can easily be concealed therein, increasing the difficulty for the market to identify and supervise, and weakening the quality of ESG information and its usefulness for decision-making.

4.2 Market Factors

4.2.1 Consumers' Cognitive Limitations and Weak Rights Protection

Although consumers' attention to green products has been on the rise, most of them lack in-depth ESG knowledge and the ability to distinguish, making it difficult for them to detect enterprises' greenwashing behaviors. They often judge the green attributes of products based on superficial promotional labels and fail to conduct in-depth investigations into the environmental and social impacts throughout the entire life cycle of the products. When it comes to safeguarding their rights, they face challenges such as complicated procedures, high costs and difficulties in providing evidence. Moreover,

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their consumption decisions are interfered by multiple factors such as price and brand awareness. Even if they suspect greenwashing, it is hard for them to take effective actions, which gives greenwashed products an opportunity and causes the market elimination mechanism to malfunction.

4.2.2 Investors' Information Dilemma and Short-Term Preferences

In the face of complex ESG information and diverse rating systems, investors find it difficult to accurately distinguish the real ESG situation of enterprises and the authenticity of ratings due to the lack of unified standards, low transparency of methods and doubts about data reliability. Driven by short-term interests, some investors pay too much attention to enterprises' short-term financial returns and stock price fluctuations, neglecting the potential of ESG to create long-term value. They have a relatively high tolerance for enterprises' greenwashing behaviors and even cooperate with enterprises' false publicity for the sake of short-term stock price increases, which weakens the market's restraint and balance on greenwashing and distorts the resource allocation function of the capital market.

4.3 Enterprise Factors

4.3.1 Distortion of Organizational Culture and Lack of Ethics

Egoism and short-term utilitarian culture prevail within enterprises. ESG is regarded as a marketing gimmick and a cost burden rather than a core value and a strategic priority. The fulfillment of social responsibilities has degenerated into a tool for window dressing. The decision-making layer and the management layer disregard the ethical principles of integrity and are keen on maximizing short-term economic benefits. They are enthusiastic about manipulating ESG information to gain fame and fortune, sacrificing the foundation of long-term sustainable development and constructing a false ESG image to cater to the market, which leads to the deviation of enterprise values and codes of conduct from the right path and plunges them into a vicious cycle of greenwashing.

4.3.2 Managers' Shortsightedness and Self-interest-driven Behaviors

The tenure assessment mechanism and salary incentive system for managers overly focus on short-term financial indicators, prompting them to resort to all means to achieve their goals. Faced with the uncertainty of long-term returns on ESG investments and cost pressures, they tend to choose the low-cost greenwashing shortcut to boost performance and obtain rewards and promotions. Meanwhile, due to bounded rationality, they underestimate the risks of greenwashing being exposed and the costs of reputation repair, and misjudge the reactions of the market and regulators. Thus, they rashly carry out greenwashing under the temptation of short-term benefits, which damages the long-term interests and sustainable development prospects of enterprises.

5. Exploration of Paths to Correct ESG Greenwashing

5.1 Improvement and Coordination at the Institutional Level

5.1.1 Strengthening the Construction of Regulations and the Intensity of Regulatory Enforcement

In terms of regulatory construction: The pace of improving the relevant legal framework should be accelerated. The definition standards for greenwashing behaviors should be refined to fill the legal gaps. Specific identification bases for behaviors such as false publicity and data manipulation should be clearly defined. Advanced international experiences can be drawn upon, for example, the precise definitions of various false environmental claims and misleading information disclosures in the EU's anti-greenwashing legislation[9]. In combination with China's actual situation, specific quantitative judgment standards for behaviors such as enterprises' false reporting of carbon emission data and exaggeration of environmental protection investments in ESG reports should be clarified to make legal provisions more operable. The illegal costs for enterprises' greenwashing should be significantly increased. Severe penalties such as hefty fines, market bans, and mandatory stock repurchases should be imposed on those with serious circumstances to fundamentally eliminate enterprises' lucky mentality.

At the regulatory enforcement level: Strengthening the coordination and cooperation among various regulatory departments is of vital importance. Currently, in China's ESG supervision, there are problems of overlapping responsibilities among multiple departments and regulatory gaps coexisting, which seriously affect the supervision efficiency. Therefore, it is necessary to integrate regulatory resources and clearly define the specific division of responsibilities among departments such as environmental protection, market supervision, and financial supervision in ESG supervision (refer to the coordinated supervision model of the "One Bank and Two Commissions" in China's financial supervision field in preventing financial risks). For example, the environmental protection department should focus on supervising the authenticity of enterprises' environmental indicators, the market supervision department should be responsible for investigating and punishing false publicity behaviors, and the financial supervision department should regulate enterprises' ESG information disclosure in the capital market. On this basis, a normalized joint supervision mechanism should be established, such as setting up a joint supervision working group and regularly carrying out joint law enforcement inspections to ensure the effective supervision of enterprises' ESG behaviors in an all-round and whole-process manner.

5.1.2 Unifying ESG Standards and Standardizing Disclosure Requirements

Unifying ESG standards is a key measure to enhance market transparency and reduce greenwashing behaviors. Currently, the global ESG rating systems and information disclosure standards are in a diversified and fragmented pattern. There are significant differences between domestic and foreign standards, and indicators among different industries also vary, which provides enterprises with the space to choose "favorable" standards for disclosure and seriously affects the comparability and decision-making usefulness of ESG information[10]. To this end, China should actively participate in the formulation process of international standards. Based on the International Financial Reporting Sustainability Disclosure Standards (IFRS S1 and IFRS S2) released by the International Sustainability Standards Board (ISSB), combined with the characteristics of domestic enterprises and the needs of industry development, coordinate the efforts of all parties, promote the docking and integration of domestic ESG standards with international standards, and construct a set of universal, authoritative, and widely recognized ESG core indicator systems.

Meanwhile, it is urgent to standardize the format and content of ESG information disclosure. Detailed requirements for enterprises' ESG information disclosure should be formulated to clearly define the specific information items that enterprises should disclose, including but not limited to energy consumption, pollutant emissions, and resource utilization efficiency in the environmental aspect; the protection of employees' rights and interests, community participation, product quality and safety in the social aspect; and the corporate governance structure, risk management system, and information transparency in the governance category. The data statistical methods and report preparation formats should be unified to ensure that the ESG information disclosed by enterprises is true, accurate, complete, and comparable, facilitating stakeholders' effective evaluation and decision-making.

5.2 Market-level Guidance and Cultivation

5.2.1 Improving Consumers' Awareness and Rights Protection Abilities

As important participants in the market, consumers' awareness of ESG and their rights protection abilities directly affect enterprises' behaviors. Currently, although consumers' attention to green products has been continuously increasing, their overall understanding of ESG knowledge is still relatively limited, and they lack the ability to identify enterprises' greenwashing behaviors. To change this situation, all-round and multi-level ESG knowledge popularization and education activities should be carried out. On the one hand, diverse channels such as social media, public service advertisements, and consumer education lectures should be utilized to disseminate ESG concepts, standards, and common forms and identification methods of greenwashing behaviors, guiding consumers to pay attention to the environmental and social impacts behind products. On the other hand, the construction of the consumer rights protection mechanism should be strengthened. Special consumer complaint hotlines and online platforms should be set up to facilitate consumers to report greenwashing behaviors and to timely accept and handle consumer complaints. At the same time, legal support for consumers' rights protection should be strengthened. In disputes between consumers and enterprises regarding greenwashing, professional legal consultation and litigation agency services should be provided for consumers to enhance their confidence and ability in safeguarding their rights.

5.2.2 Optimizing Investors' Decision-making and Market Constraint Mechanisms

Investors have an important influence on promoting enterprises to practice the ESG concept. However, they currently face challenges such as complex ESG information and inconsistent rating systems, which impede accurate evaluation of ESG performance. Some investors also have a preference for short-term benefits and neglect enterprises' long-term sustainable development[11]. In

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response to these problems, investor education should be strengthened to guide them to establish correct ESG investment concepts. Via investment institution training, seminars, and research reports, investors can be informed about ESG investment principles, methods, and long-term value, helping them grasp the link between ESG and financial performance and thus consider sustainability in decision-making.

Establishing independent and reliable ESG rating agencies is vital for optimizing investor decisions. The cultivation and development of local ESG rating agencies should be promoted, and their independence and professionalism should be strengthened. Rating agencies should adopt scientific and reasonable rating methods, fully collect and analyze enterprises' ESG data and provide objective and fair ESG rating reports for investors.

The market constraint mechanism for greenwashing behaviors should be strengthened. An enterprise ESG reputation mechanism should be established to publicly expose and impose reputation penalties on greenwashing enterprises. Investors can make investment decisions based on enterprises' ESG reputation, reducing investment in greenwashing enterprises, thereby prompting enterprises to attach importance to their own ESG image building and consciously abide by ESG principles.

5.3 Enterprise-level Self-innovation and Sustainable Development Transformation

5.3.1 Reshaping Enterprise Organizational Culture and Values

Enterprise organizational culture and values are the internal driving forces for enterprise behaviors. Currently, some enterprises have problems such as distorted organizational culture and regarding ESG as a marketing gimmick rather than a core value, which seriously affects the real implementation of the ESG concept. Therefore, at the enterprise level, the ESG concept should be integrated into the core values of enterprise culture. From senior leaders to grassroots employees, a sustainable development awareness should be established among all staff. Senior enterprise managers should lead by example, actively practice the ESG concept, and run it through the enterprise's strategic decision-making, daily operations, and employee management to create a good ESG cultural atmosphere.

5.3.2 Strengthening Enterprise ESG Strategic Planning and Execution Abilities

Formulate a scientific and reasonable ESG strategic plan. In combination with the enterprise's own characteristics and development needs, clarify the ESG goals, key areas and implementation paths. The enterprise should conduct a comprehensive assessment of ESG risks and opportunities, establish and improve the organizational structure and management system for the implementation of the ESG strategy, clearly define the division of responsibilities of each department in ESG work, set up a specialized ESG management department or position responsible for coordinating the enterprise's ESG work as a whole, and form a working mechanism for promoting the implementation of the ESG strategy in a coordinated manner.

The enterprise should strengthen the management of internal ESG data, improve data quality, adopt advanced information technology means to realize the automatic collection and processing of ESG information. Meanwhile, actively communicate with stakeholders, and promptly respond to their concerns and questions about the enterprise's ESG work. Through channels such as the enterprise's official website, social responsibility reports, investor exchanges, and supplier seminars, regularly disclose information on the enterprise's ESG strategy, goals, measures, achievements and challenges to stakeholders, enhance their trust and support for the enterprise's ESG work, and promote the sustainable development of the enterprise.

6. Conclusion

Through sorting out the development process of the ESG concept and analyzing the ESG greenwashing behaviors, this study has revealed the process from its early germination to evolutionary development, as well as the theoretical roots involved from multiple aspects, including the principal-agent theory, information asymmetry theory, signal transmission theory, and institutional isomorphism theory. Meanwhile, it has comprehensively and systematically analyzed the causes of the greenwashing behaviors from the three aspects of the institution, the market, and the enterprise, clarifying the key roles played by factors such as imperfect regulations, inconsistent standards, limited consumer awareness, investors' short-term preferences, distorted enterprise organizational culture, and managers' shortsightedness. In response to these problems, effective paths to correct ESG

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greenwashing have been proposed. At the institutional level, it is necessary to strengthen the construction of regulations, refine the definition standards for greenwashing behaviors, increase penalties, unify ESG standards and standardize disclosure requirements, strengthen the coordination and cooperation among regulatory departments, and build a powerful institutional guarantee system. At the market level, by carrying out consumer education activities to improve their awareness and rights protection abilities, optimizing the investors' decision-making process, establishing independent and authoritative rating agencies and an enterprise ESG reputation mechanism, effective market guidance and constraint forces can be formed. At the enterprise level, promoting enterprises to reshape their organizational culture and values, integrating the ESG concept into the core value system, strengthening the construction of ESG strategic planning and execution abilities, and realizing the transformation of the enterprise's own sustainable development can be achieved.

Correcting ESG greenwashing is a systematic and long-term project that requires the joint efforts of institutions, the market, and enterprises to form a synergy, so as to promote enterprises to achieve sustainable development and contribute positive forces to the coordinated development of the global economy, society, and environment. In the future, with the continuous changes in the market environment and enterprise practices, it is still necessary to continuously pay attention to and conduct in-depth research on ESG-related issues, continuously optimize the correction paths to adapt to the development needs of the new situation, and jointly build a fairer, more transparent, and more sustainable business ecological environment.

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