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Walking the talk, but above all, talking the walk: Looking green for market stakeholder engagement

Javier Amores-Salvadó[1] | Gregorio Martin-de Castro[1] | Elisabeth Albertini[2]

[1]Department of Management, Complutense University of Madrid, Madrid, Spain

[2]IAE Paris, Sorbonne Business School, Universite Paris I Pantheon-Sorbonne, Paris, France

Correspondence
Javier Amores-Salvadó, Department of Management, Complutense University of Madrid, Madrid, Spain.
Email: jamores@ucm.es

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Abstract

In recent years, corporate environmental commitment is showing different postures going from greenwashing to undue modesty and from environmental excellence to environmental inaction. In this paper, we go a step beyond the most recent research work on the dichotomy greenwashing–brownwashing and develop a more comprehensive model that reflect more subtly four main corporate environmental strategic positions based on both firm's environmental performance and disclosure achievements. Jointly with their characterization, and adopting a *question-driven* approach we add to the literature on environmental disclosure-firm performance proposing an explorative research question that consider cluster membership on market firm performance under the general assumption that, at least theoretically, each of the four main corporate environmental strategic positions under analysis can result in market performance improvements. Our empirical results from a panel data of international industrial companies show very interesting and novel insights, highlighting the fact that being green is good, but above all, it is good to look green.

KEYWORDS
brownwashing, environmental disclosure, environmental performance, greenwashing, market performance, panel data, question-driven approach, stakeholder engagement

1 | INTRODUCTION

The Intergovernmental Panel on Climate Change (IPCC) in its 2022 report (Intergovernmental Panel on Climate Change, 2022) concludes that unless greenhouse gas emissions are reduced drastically and immediately, limiting warming to around 1.5°C or even 2°C (threshold at which critical events for agriculture and health would frequently be reached) will be an unattainable goal. But this enormous challenge cannot be met by governments and citizens alone and society increasingly expects that companies assume their leading role in helping to solve problems of environmental sustainability (Alvarez et al., 2020). Thus, under increasing institutional pressures coming from stakeholders and regulators (Bansal & Clelland, 2004; Delgado-Márquez et al., 2017; Delmas & Toffel, 2008), companies are faced with the double dilemma of what to do to tackle the environmental challenge and how to communicate their environmental stance to obtain social acceptance and support from their relevant audiences (Carlos & Lewis, 2018; Quintana-García et al., 2022).

Of all the relevant audiences and stakeholders surrounding the company, the financial markets play a key role. Through them, investors show their confidence or mistrust in the future direction of the firm, endorsing or penalizing corporate choices (Alessi et al., 2021). This is particularly true in the case of the company's environmental posture regarding the environmental performance/environmental disclosure dichotomy since investors may focus their attention on the company's real environmental performance, the environmental image

it projects or both, with the resulting impact on the company's financial performance.

Investors' increasing awareness, scrutiny and monitoring (Kim & Lyon, 2015; Alessi et al., 2021), is leading to a wider range of corporate environmental performance-disclosure policy, that goes from undue green modesty to green exaggeration and from environmental excellence to environmental inaction.

Although there is an important body of literature on both environmental performance and environmental disclosure (Albertini, 2014; Cho et al., 2012), there is a gap in examining the relationship between them and its implications for competitive advantage and firm performance (Doan & Sassen, 2020; Marquis et al., 2016). Furthermore, the relationship between the firm's (environmental performance/environmental disclosure) stance and the financial markets' valuation has hardly been analyzed, resulting in a significant knowledge void in this area. As Gatti et al. (2021) mention, there is hardly any work devoted to the effect of firms' environmental posture-where the environmental performance/environmental disclosure dichotomy plays a key role-on investment decisions, and investors' value-adding factors related to sustainability are still unknown (Merello et al., 2022).

Indeed, there is a very scarce literature dealing with environmental performance-disclosure relationship. From the CSR domain, the most recent work on the subject has focused on the phenomenon of greenwashing (Wu et al., 2020) and on the congruence or incongruence of companies in this respect (Ginder et al., 2021). In turn, in the field of environmental studies, research has focused on the analysis and understanding of the greenwashing–brownwashing dichotomy in different industrial and geographical settings (Aragón-Correa et al., 2016; Delmas & Burbano, 2011; Ferrón-Vilchez et al., 2021; Kim & Lyon, 2015) while other positions remain underexplored.

Concerning the purpose of this work about the effects of greenwash and brownwash on firm performance, and answering the call of Lyon and Montgomery (2015) for future research exploring the economic implications of greenwashing and brownwashing strategies, the work by Testa, Boiral, & Iraldo (2018) can be considered as the first approximation.

The implications of this apparent lack of interest in the relationship between firms' environmental performance/environmental disclosure posture and investment decisions are of great significance because the companies' lack of consistency in this respect may increase skepticism (Ramus & Montiel, 2005) and confusion among companies about what to do to tackle the environmental challenge and how to communicate their environmental stance to attract investors (Gatti et al., 2021). Therefore, the following research question arises: which environmental positioning is most valued by investors and financial markets?

With the aim of shedding some light on this issue, in this explorative research we revisit the very scarcely analyzed dichotomy environmental performance/environmental disclosure in order to propose a model that frames them in a logic of four environmental strategic positions which a priori could lead to a better market performance. Our research enhances previous contributions on the topic by analyzing the effect of the four environmental positioning described in our model—namely green quiets, green parrots, blackbirds, and green leadership, on firm market performance. In this way, we follow Graebner et al. (2022) and adopt a *question-driven approach* given that prior research on the topic is very limited—the scarce works on this subject are basically restricted to analyzing the dichotomy greenwashing versus brownwashing—and offer unclear predictions.

Our work overcomes the very scarce previous empirical fragmented contributions based on limited samples, experiments, and managerial perceptual and subjective information by developing an integrated theoretical framework and an empirical study in a wide longitudinal sample 2016–2019 of international publicly industrial firms from the ESG scores database.

The results indicate that companies falling into different environmental positioning have different market firm performances. Thus, our empirical evidence provides very interesting and novel insights showing that markets seem to reward companies that have a high level of environmental communication irrespective of their environmental performance. Furthermore, the international and multi-industry character of our sample enriches and expands previous fragmented and scarce empirical existing evidence.

The rest of the paper is organized as follows. In Section 2, theoretical arguments about environmental performance, environmental disclosure and their co-joint phenomenon are analyzed in order to present a model containing four main clusters of firm's environmental positioning based on previous environmental performance and disclosure choices. In Section 3, following a *question-driven approach* we present the theoretical arguments that support the economic logic of each of the environmental positioning under analysis. Next section presents and explains methodology, considering sampling and data gathering details. Main results are presented in the fifth section of this paper. Finally, conclusions and implications for both practitioners and academics are presented, jointly with research limitations and future avenues for research.

2 | CORPORATE ENVIRONMENTAL POSITIONING: MAPPING THE TERRITORY

Corporate environmental strategic posture can be defined according to the level and commitment that companies pursue in relation to their environmental performance and disclosure (Aragón-Correa et al., 2016; Carlos & Lewis, 2018). In this sense, several scholars have made valuable efforts to conceptualize the first element of corporate environmental posture—firms' environmental performance—(Montiel & Delgado-Ceballos, 2014). From a general point of view the concept of environmental performance can be understood as the quantifiable and measurable results of companies adopting environmental management practices (Walls et al., 2011), including different issues and activities, such as auditing and reducing environmental pollution—emissions, waste, energy, and transportation—, the definition of a corporate environmental policy and establishment of environmental management systems, and environmental process and product innovations (Azzone et al., 1996; Perotto et al., 2008). Environmental performance is mainly concerned with the

outputs of management activities regarding the natural environment, but also with these activities themselves (Cho et al., 2018). As a construct, it is characterized by its multidimensional nature (Bhattacharyya & Cummings, 2015; Escrig-Olmedo et al., 2017) and it can be approached from different perspectives and nuances which makes it difficult to reach a general consensus on its definition (Bhattacharyya & Cummings, 2015; Escrig-Olmedo et al., 2017), having two main dimensions (Trumpp et al., 2015): (i) managerial and (ii) operational, which explicitly focuses on the outcomes (Azzone et al., 1996).

Considering the second element of corporate environmental positioning—corporate environmental disclosure—, a growing body of research has arisen under an increasing controversy. Although the environmental disclosure is a voluntary activity, out of regulation, and it is difficult for external stakeholders to check the real environmental performance achievements made by the firm (Ramus & Montiel, 2005) the fact is that companies are increasing their environmental disclosure mainly forced by regulatory and stakeholders' pressures (Delmas & Toffel, 2008; Murillo-Luna et al, 2008) resulting sometimes in a new "hypocritical window-dressing" (Friedman, 1970) that instrumentalizes recent corporate environmentalism fever to develop greenwashing strategies (Bansal & Clelland, 2004; Delmas & Burbano, 2011; Ramus & Montiel, 2005; Testa, Boiral, & Iraldo, 2018) before the skeptical eye of the stakeholders and society in general.

Thus, the accelerated and generalized phenomenon of greenwashing and its derivatives (Gatti et al., 2021) which means that companies disclose partial and positive environmental actions while concealing negative ones to deliberately improve its environmental legitimacy and image (Delmas & Burbano, 2011; Doan & Sassen, 2020)—for some authors of epidemic proportions—(Kim & Lyon, 2015), coexist with a broader range of environmental performance-disclosure policies that define their strategic environmental postures and go from environmental excellence and undue modesty to green exaggeration or environmental inaction. In fact, in recent years there has been a dramatically increase of public concern about firm's behavior toward the natural environment (Pizzeti et al., 2021).

The connection environmental performance-disclosure has been very scarcely analyzed. The first work proposing the dichotomy greenwash versus brownwash was made by Kim and Lyon (2015), focusing their analysis on the causes of these two antagonist environmental positions, going from exaggeration to undue modesty. As they remark, although the phenomenon of greenwashing and its causes have been studied in recent times, there is a gap in understanding the brownwashing environmental stance.

The explorative research in the context of international businesses developed by Aragón-Correa et al. (2016) among the 100 largest multinational comes to respond to Kim and Lyon's (2015) concerns and provides a more detailed analysis. To this end, authors distinguished four main firms' positions based on environmental performance and disclosure: strategic environmental leadership; legitimation of existing practices, quiet environmental leadership, and pollution haven. These choices are subjected to different factors, such as legal and regulatory frameworks, stakeholders' pressures, and firm's internal resources and capabilities. More concretely, the first category was called "strategic environmental leadership," where advanced environmental practices are diffused globally. These companies achieve competitive advantage and good reputation. A second position, including those firms with high environmental performance and low environmental disclosure was named "quiet environmental leadership." This choice can be due to not attracting attention from activist or to protect proprietary knowledge. A third position implies low environmental performance and high environmental disclosure, which is named "legitimation of existing practices", framing high disclosure a mean to obtain license to operate and maintain or improve company's reputation. The last posture implies both low environmental performance and disclosure, which fits with the conforming pollution-haven hypothesis in international business. Their empirical descriptive statistics results show dramatic differences between international companies about environmental disclosure, being higher in the top 100 international companies. Additionally, their results also show that most internationalized companies show poorer environmental performance than other companies in their industries.

More recently, framed in the more general corporate social responsibility (CSR) domain, Ginder et al. (2021) built a matrix of four positions showing congruent (named uniform and apathetic positions) and incongruent (named washing and discreet positions) positions by comparing internal CSR action and external CSR claim and their effect on consumers perceptions, that they tested with experiments.

Taking the valuable contributions above on environmental strategies based on the dichotomy environmental performance-disclosure as a starting point, below we map the territory and compare what companies really do or walk versus what companies convey do or talk. Figure 1 shows the model based on two main axes; environmental performance and disclosure, that go from low to high scores, resulting into four clusters: (i) green quiet companies, or do not talk the walk; (ii) green leadership companies, or walking the talk; (iii) blackbird companies, that neither walk nor talk; and (iv) green parrot companies, or do not walk the talk.

Thus, Cluster 1 labeled "green quiet companies" is characterized by firms achieving comparatively to their industry peers' high levels of environmental performance jointly with low levels of environmental disclosure. Kim and Lyon (2015) named it brownwash or undue modesty environmental positioning, and Ginder et al. (2021) label this CSR cluster as "green hushing" firms.

In the opposite position, Cluster 4 labeled "green parrots" includes a new form of greenwashing as "green chattering" where companies devote great efforts in disclosing their environmental achievements while their actual environmental performance is below industry average, which mean "don't walk the talk", becoming a ceremonial commitment (Lyon & Maxwell, 2011) or a form of symbolic corporate environmentalism (Martín-de Castro et al., 2017). As Bowen & Aragón-Correa (2014) suggest, new forms of greenwashing occur when the firm environmental practices "the walk" are discrepant with its environmental communication and reporting "the talk" (Walker & Wan, 2012; Pizzeti et al., 2021).

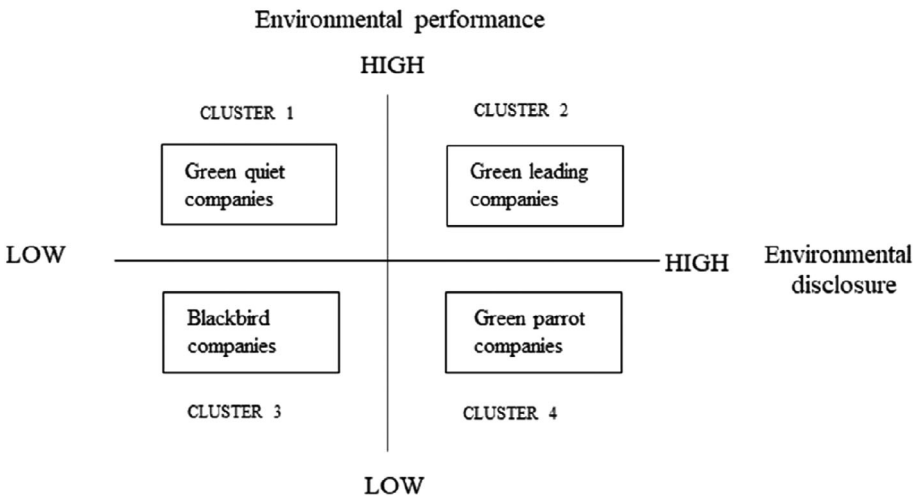

FIGURE 1 Environmental positioning clusters based on environmental performance and disclosure. *Source*: Own-elaboration based on Aragón-Correa et al. (2016)

Cluster 2 "green leading companies" shows coherent corporate environmental behavior (Ginder et al., 2021), with both high levels of environmental performance and environmental disclosure in comparison to their industry peers. It implies that firms falling into this category are green leaders and credible signalers, because they "walk the talk" (Berrone et al., 2017; Quintana-García et al., 2022). Finally, another coherent positioning is Cluster 3 "blackbird companies" which includes companies achieving both low levels of environmental performance and environmental disclosure in comparison to their industry peers. This coherent low environmental posture could include companies from polluting industries where environmental inaction is not unwelcome, companies from less polluting industries or, as Battisti and Perry (2011) mention SMEs, due to their less visibility and limited access to funds necessary to invest in environmental responsible practices.

Each of the four main environmental strategic positioning described above represent different ways of addressing the environmental challenge and are based on different logics that, each in its own way and under certain circumstances, can enhance the market value of the company and increase investor confidence. In the following lines, we will show the main arguments.

3 | EXPLORING THE RELATIONSHIP BETWEEN CORPORATE ENVIRONMENTAL POSITIONING AND FIRM PERFORMANCE

As Aragón-Correa et al. (2016) and Testa, Mirohnychenko, et al. (2018) suggest, considering the effects of corporate environmental positioning on firm performance, there is an important research gap, both in theory and empirical evidence and the scarce empirical literature existing concerned with the organizational effects of the different environmental positioning has been mainly focused on greenwashing–environmental exaggeration positioning and environmental legitimacy and reputation (Bowen & Aragón-Correa, 2014; Martín-de Castro et al., 2020; Testa, Mirohnychenko, et al., 2018; Truong et al., 2021) overlooking the effects environmental positioning on other stakeholder groups as financial investors (Gatti et al., 2021).

The following lines show the arguments on which each of the above main environmental strategic positions could lead to an improvement in the market value of the company.

3.1 | Green leaders

Greater investors' pressures to seize the opportunities resulting from climate change and ecological transition (Halper et al., 2021) create strong incentives for firms to adopt important green policies and actions aimed to achieve higher environmental performance and also to improve their environmental disclosure and legitimacy (Albertini, 2014; Berrone et al., 2017; Doan & Sassen, 2020). In this sense, advanced environmental practices jointly with an intense environmental disclosure policy imply a coherent corporate environmental posture enclosed in the cluster "environmental leadership companies" which can lead to both legitimacy-reputational and firm performance advantages (Aragón-Correa et al., 2016; Quintana-García et al., 2021). Companies falling in this category are green leaders and credible signalers, because they "walk the talk" (Berrone et al., 2017; Quintana-García et al., 2022). Based on Signaling Theory, credibility means the extent to which a company is honest, that is, its environmental disclosure corresponds to its environmental achievements. This coherent environmental behavior of "green leaders" which imply both high environmental performance and high environmental disclosure should lead to reinforce firm competitiveness and firm performance (Delmas & Burbano, 2011; Endrikat et al., 2014; Porter & van der Linde, 1995) and also the confidence among investors (Halper et al., 2021).

Corporate environmental performance can positively affect performance in a number of ways (Hang et al., 2019) and consequently improve firm value in the financial markets. Following a complementary argumentation, Natural Resource-Based View (Hart, 1995; Hart & Dowell, 2011; Russo & Fouts, 1997; Sharma & Vredenburg, 1998) scholars propose that resources and capabilities

aimed to deal with the natural environment are at the heart of the corporate environmental performance improvements that result in cost reduction, efficiency and reputational gains through pollution prevention and product stewardship strategies. In turn, proponents of the Stakeholder Theory (Buysse & Verbeke, 2003; Darnall et al., 2010; Donaldson & Preston, 1995) argue that the environmental respect on the part of the firms is another way of stakeholder engagement which results in better relationships with regulators, customers, suppliers and improved reputation among investors.

3.2 | Green parrots

However, there are also companies that pay more attention to the visibility of their environmental initiatives (however few) than to their environmental performance. These firms are well aware that environmental disclosure is positively correlated with firms' market value (Fazzini & Dal Maso, 2016) and that investors price the amount of environmental disclosure provided by a firm arguing that more environmental disclosure reduces investors' asymmetric information, the cost of equity (Yu Pei-yi et al., 2021) and the corporate risk (Chang et al., 2021).

Therefore, although it can be argued that corporate environmental disclosure is positively related to firm financial performance (Kouloukoui et al., 2019) current research has also shown that under certain circumstances top international companies disclose a plethora of environmental information while at the same time show poorer environmental performance than other companies in their industries (Aragón-Correa et al., 2016) in what García-Sánchez et al. (2022) call decoupling practices.

Indeed, the growing enthusiasm of investors toward companies at the forefront of the green economy (Halper et al., 2021) means that some companies, particularly those that face financial constrains (Zhang, 2022), in their attempt to increasing their market value and attractiveness, publish environmental information regardless of their environmental performance, this way taking advantage of the significant investors and analyst estimation risk associated to firms' environmental disclosure (Liesen et al., 2017).

Because of this estimation risk, companies know that disclosing environmental information that is more favorable to their interests (even if their environmental performance is low) is not really penalized by investors (Gatti et al., 2021) and yet it provides them with high visibility.

3.3 | Green quiets

Along with the need for some companies to showcase their environmental credentials, there are also companies in the competitive landscape that are much more cautious in this regard and prefer not to show their environmental progress.

The increasing stakeholders' skepticism about firm's real motivations lead to some firms to adopt a quietly conscientious or "green hushing" posture, deliberately limiting or avoiding explicit communication and notoriety about their environmental achievements (Ginder et al., 2021).

Scrutiny of companies' environmental disclosures by investors and regulators is growing (Halper et al., 2021) and as De Vries et al. (2015) point out, companies belonging to polluting industries and investing in environmental actions can be accused of corporate greenwashing due to its incongruence with their core business activities. As Carlos and Lewis (2018) point out, using the impression management logic, in order to avoid hypocritical dressing-window, large and established companies follow "environmental strategic silence" when they can evidence contradictions between their core business activities and environmental claims. Since firms rely on the social approval of stakeholders and financial markets to survive and prosper (Carlos & Lewis, 2018), in the face of financial and investors' pressures, they will opt for understate their sustainable achievements and costly environmental activities (Kim & Lyon, 2015) in order to obtain financial resources under the best possible conditions.

3.4 | Blackbirds

In addition, there are also companies that prefer not to act and go unnoticed acting as "blackbirds." They believe, in line with recent research in the field, that environmental transparency destroys value especially among the worst environmental performers, so that these practices are seen as a cost particularly by institutional investors (Jeriji et al., 2022). This fact, together with the increase in environmental litigation (Mishra, 2022), the proliferation of environmental reporting standards (Orowitz, 2022) that make them lose their differentiating value, and the doubts of regulatory authorities as to the enforceability of these standards (Posner, 2022), mean that companies with low or very modest environmental performance keep a low profile.

Although they see an increase in their environmental commitment as almost inevitable, they are delaying environmental decisions until there is no other option, and in the meantime they remain focused on their core activities, capitalizing (especially in the most polluting industries) on an image of coherence and authenticity which is highly valued among their traditional investors.

4 | METHODOLOGY

4.1 | Population, sample, and data sourcing

The research setting for this study is a panel data set of European, American, and Canadian public industrial firms in 2016, 2017, 2018, and 2019. Because of the small number of firms included and the missing data existing in early years 2008–2015, we decided to carry out our empirical research in the period 2016–2019. As the number of companies differs from year to year, being of 505 firms the largest sample size in 2019, the database is of a semi-panel format. Data were drawn from the ESG database of the Thomson Reuters Eikon,

the world's largest environmental, social, and governance rating database available. ESG database comprises relevant, auditable, and systematic quantitative and qualitative company-level data on public companies worldwide for several years, which makes it an adequate data resource for carrying out longitudinal studies. After collecting the ESG data every year, Thomson Reuters Eikon analysts' transform it into consistent units to enable quantitative analysis of this qualitative data. The validity and reliability of this database have been established in previous studies (Cheng et al., 2014). More concretely, considering data availability constraints (missing data for one or more variables), our sample includes 505 international and multi-industry firms, having data available for the dependent variables under analysis for 382 public companies.

4.2 | Measurement of variables

Independent variable is composed of the four clusters described—green quiets, green leadership, blackbirds, and green parrots—, which have been built considering company's environmental performance and disclosure rating. Environmental performance is a multidimensional construct, and although there is no consensus on its measurement (Escrig-Olmedo et al., 2017) it encapsulates managerial and operational processes and outputs (Daddi et al., 2017). Following Perotto et al. (2008) Escrig-Olmedo et al. (2017), and Testa, Mirohnychenko, et al. (2018), environmental performance indicators should be aggregated into indices or composite indicators. As a construct of characterized by its multidimensional nature (Bhattacharyya & Cummings, 2015; Escrig-Olmedo et al., 2017), it can be approached from different perspectives and nuances which makes it difficult to reach a general consensus on its definition.

Although corporate environmental performance indicators have been traditionally divided into three main categories, namely, environmental impact, regulatory compliance and organizational processes (Delmas & Blass, 2010), recent analyses suggest that actually firms' environmental performance can be accurately expressed through two main dimensions depending if we adopt a process or an outcome perspective (Delmas et al., 2013; Trumpp et al., 2015). The process perspective can be measured analyzing firm environmental activities within five subdimensions: policies, objectives, processes, organizational structures, and monitoring (Trumpp et al., 2015) while the outcome perspective of environmental performance can be measured taking into consideration the outcomes of firms' environmental management in terms of energy consumption, water consumption, CO2 emissions, solid, and toxic waste discharges (Ren et al., 2019).

To opt for one perspective or another exclusively can give us an incomplete picture of the concept. As Schneider and Meins (2012) suggest, firms' potential for environmental performance improvement (strategic level) must be materialized (operational level) and therefore, as some scholars suggest (Perotto et al., 2008; Escrig-Olmedo et al. (2017); Testa, Mirohnychenko, et al., 2018), environmental performance indicators should be aggregated into indices or composite indicators that encompass both process and outcome perspectives.

Accordingly, we have built an aggregated environmental performance index by adding the different environmental practices related both with processes and outcomes available in the ESG Thomson Reuters database. Thus, more environmental practices carried out by the firm, the higher will be its environmental performance. Therefore, the following processes or outcomes indicators signal if companies have carried out each of the initiatives or not (yes/no). Regarding outcomes (those indicators that materialize in an effective reduction of environmental impact) we have taken into consideration the next initiatives: (i) biodiversity impact reduction; (ii) staff transportation impact reduction; (iii) NOx and Sox emissions reduction; (iv) e-waste reduction; and (v) particulate matter emissions reduction. In turn, regarding processes (those indicators whose materialization into a reduction of the environmental impact cannot yet be specified) we have analyzed the next initiatives: (i) emissions trading and (ii) environmental restoration initiatives.

In a similar way, and as Ortas, Gallego-Álvarez et al. (2015) proposed, we have constructed an aggregated environmental disclosure index by adding the 12 indicators available in the same database. Concretely, the indicators show if companies do report on the following issues (yes/no): (i) CO2 equivalent emissions total; (ii) total waste to revenue; (iii) waste recycled to total waste; (iii) self-reported environmental fines; (iv) environmental R&D expenditures to revenues; (v) ozone-depleting substances; (vi) EMS certified; (vii) total hazardous waste to revenue; (viii) water pollutant emissions to revenue; (ix) environmental controversies count; (x) recent environmental controversies; (xi) GRI report guidelines; (xii) CSR sustainability external audit.

In order to build the four environmental positioning clusters, we decided to split both axes—environmental performance and environmental disclosure—into low and high positions. As low-high levels of both environmental performance and disclosure depends on industrial settings (Escrig-Olmedo et al., 2017; Martín-de Castro et al., 2017), for clustering purposes of each company into one of the four clusters—green quiets, green leadership, blackbirds, and green parrots—we compared their environmental performance and disclosure to its industry averages. This way:

- If a company shows both higher values in its environmental performance and disclosure in comparison with its environmental performance and disclosure industry averages, this company falls into "green leadership" cluster.
- If a company shows higher values in its environmental performance and lower value of environmental disclosure in comparison to its environmental performance and disclosure industry averages, this company falls into "green quiets" cluster.
- If a company shows lower values in its environmental performance and higher values of environmental disclosure in comparison with its environmental performance and disclosure industry averages, this company falls into "green parrots" cluster.
- Finally, if a company shows both lower values in its environmental performance and disclosure in comparison to its environmental

TABLE 1 Clusters' distribution according to nationality

Country of headquarters	Green quiets (Cluster 1)	Green leadership (Cluster 2)	Blackbirds (Cluster 3)	Green parrots (Cluster 4)	Total
Austria	0	1	0	3	4
Belgium	0	1	0	1	2
Canada	1	9	13	2	25
Denmark	0	3	3	5	11
Finland	0	5	1	5	11
France	2	19	2	2	25
Germany	1	13	8	5	27
Greece	0	2	1	0	3
Italy	0	4	1	3	8
Netherlands	0	4	1	4	9
Norway	0	3	0	0	3
Poland	0	0	2	0	2
Spain	0	5	2	2	9
Sweden	5	8	4	19	27
United Kingdom	5	19	15	26	65
United States	20	50	169	35	274
TOTAL	34	146	222	103	505

Source: Own-elaboration based on Eikon database.

TABLE 2 Cluster's distribution according to industrial setting

Industry	Green quiets (Cluster 1)	Green leadership (Cluster 2)	Blackbirds (Cluster 3)	Green parrots (Cluster 4)	Total
Aerospace and defense	2	12	22	10	46
Air freight and logistics	0	4	9	6	19
Airlines	1	11	8	0	20
Building products	0	0	4	4	8
Commercial services and supplies	9	21	23	14	67
Construction and engineering	3	22	20	9	54
Electrical equipment	1	6	12	7	26
Industrial conglomerates	2	5	2	1	10
Machinery	2	32	59	32	125
Marine	1	2	5	3	11
Professional services	6	15	18	1	40
Road and rail	2	7	18	7	34
Trading companies and distributors	5	4	15	6	32
Transportation and infrastructure	0	5	5	3	13
Total	34	146	222	103	505

Source: Own-elaboration based on Eikon database.

performance and disclosure industry averages, this company falls into "blackbirds" cluster.

Taking into account our dependent variable, we use firm's market capitalization as proxy of market performance (O'Shaughnessy & Flanagan, 1998; Testa, Mirohnychenko, et al., 2018).

5 | RESULTS

Due to the categorical nature of our independent variable, different analysis of variance (ANOVA) tests were carried out. Tables 1 and 2 show company's belonging to the different four clusters built according to nationality and industry.

TABLE 3 Analysis of variance (ANOVA) evolution of market capitalization in 2016–2019

					CI 95%			
Cluster	*N*	Mean	*SD*	*SE*	Lower	Higher	Min.	Max.
1	14	3,856,121,133	4,509,843,520	1,205,306,380	1,252,215,009	6,460,027,258	42,451,848	17,431,232,000
2	97	1.42E+10	1.718E+10	1,744,763,772	1.07E+10	1.76E+10	130,305,981	68,786,104,420
3	181	3,586,087,711	5,705,021,128	424,050,880.9	2,749,337,442	4,422,837,980	3,314,504	41,912,117,050
4	90	9,407,635,392	1.458E+10	1,536,490,916	6,354,660,669	1.25E+10	73,444,616	64,378,597,120
Total	382	7,650,733,959	1.265E+10	647,138,152.5	6,378,324,511	8,923,143,406	3,314,504	68,786,104,420

TABLE 4 Multiple comparisons Scheffe's post hoc tests evolution market capitalization year (t; t−1), cluster membership year (t−1)

					CI 95%	
Cluster (I)	Cluster (J)	Mean Dif (I–J)	*SE*	Sig	Lower	Higher
1	2	−1.030E+10*	2,120,604,652	0.000	−1.60E+10	−4,572,437,866
	3	270,033,422,4	1,277,725,565	1.000	−3,547,979,043	4,088,045,888
	4	−5552E+9*	1,952,835,837	0.035	−1.09E+10	−251,485,628
2	**1**	**1.030E+10***	2,120,604,652	**0.000**	4,572,437,866	1.60E+10
	3	**1.057E+10***	1,795,555,560	**0.000**	5,753,994,938	1.54E+10
	4	4,745,206,004	2,324,866,654	0.230	−1,438,281,351	1.09E+10
3	1	−270,033,422	1,277,725,565	1.000	−4,088,045,888	3,547,979,043
	2	−1.057E+10*	1,795,555,560	0.000	−1.54E+10	−5,753,994,938
	4	−5.822E+9*	1,593,933,338	0.002	−1.01E+10	−1,545,552,617
4	**1**	**5,551,514,258***	1,952,835,837	**0.035**	251,485,628,5	1.09E+10
	2	−4,745,206,004	2,324,866,654	0.230	−1.09E+10	1,438,281,351
	3	**5,821,547,681***	1,593,933,338	**0.002**	1,545,552,617	1.01E+10

Bold indicates statistically significant values.
[a]Mean difference statistical significance at 0.05 level.

As table 1 shows, blackbird companies is the most represented cluster in our sample with 222 firms, heterogeneously shared among different countries, pointing out Poland with a 100% (2 of 2 companies) followed by the United States with a 61.7% (169 of 274 companies), whereas green quiets is the smallest one, with only 34 companies, mainly belonging Sweden with a 19.8% (5 of 27 companies) and United Kingdom (7.7%, 5 of 65 companies). Green quiets are an emerging phenomenon of study, but with important environmental implications, as seminal works by Kim and Lyon (2015) and Testa, Miroohnychenko, et al. (2018) highlight. In addition, the second largest cluster is green leadership, with 146 firm members, being specially represented Norway with a 100% of cases (3 of 3 companies), followed by France with 76% (19 of 25 companies). Finally, the third cluster by size is green parrots, with 103 members, highlighting the position of Austria with a 75% of cases (3 of 4 companies), followed by Sweden with a 70.4% (19 of 27 companies).

Blackbird companies are heterogeneously represented among different industries, pointing out machinery and aerospace and defense activities, whereas green quiets cluster is the smallest one, with only 34 companies, mainly belonging to commercial and professional services. Also, the second largest cluster is green leaders, with 146 firm members, being specially represented machinery and construction and engineering sectors of activity. Finally, the third cluster by size is green parrots, with 103 members, highlighting the position of machinery and commercial services and supplies (Table 2).

5.1 | Relationships between environmental positioning and firm market performance

A one-way ANOVA (Table 3) is carried out to explore mean differences between the four environmental positioning and our measure of market firm performance: market capitalization. In this way, we can confirm whether the mean of the variable market capitalization is significantly different for the firms following the four different environmental positioning clusters: green quiets, green leadership, blackbirds, and green parrots.

The one-way ANOVA revealed significant differences in firm market performance measured as market capitalization, by the four types of strategic behavior, and we can reject the null hypothesis: there are significant differences among environmental positionings (F 17.870, Sig. 0.000). Nevertheless, to answer our research question, a multiple

comparison Scheffe's post hoc test must be carried out. It simultaneously performs all two-by-two comparisons of means from the F distribution. It can be used to examine all possible linear combinations of group means, not just two-by-two comparisons. Table 4 presents the results of the Scheffe's post hoc test.

Table 4 shows very interesting and novel results. The Scheffe's post hoc test for years 2016/2019 indicates that the market capitalization of companies belonging to "green leadership" is significantly higher than two of the above-mentioned environmental positions: "green quiets" and "blackbirds" firms. Being the difference "green leadership" versus "blackbirds" higher than "green leadership" versus "green quiets." This evidence corroborates (at least in these two specific cases) the traditional "walking the talk" argument.

In addition, companies belonging to "green parrots" cluster outperform "green quiet" cluster, while the market capitalization of firms belonging to "blackbird" cluster is significantly lower than those belonging to "green parrots" cluster.

Answering to our research question the findings show that both firms belonging to "green leadership" and "green parrots" clusters outperforms the other two environmental positions in terms of market performance. The empirical evidence also indicates that there is no statistical evidence to support the existence of significant differences between "green leaders" and "green parrots" companies and that firms belonging to the "green quiet" and "blackbird" clusters are the worst performers in terms of market performance.

All in all, markets seem to reward companies that have a high level of environmental communication irrespective of their environmental performance, as evidenced by the fact that not only green leaders but also, and perhaps more surprisingly, green parrots are the most valued by investors and financial markets. These results raise new questions and new avenues for discussion to which we will devote the following lines.

6 | CONCLUSIONS AND IMPLICATIONS

Answering the calls into the nature of corporate environmental strategic postures and their role on firm performance, this study has added new insights to the scarce literature on how different strategic environmental performance-disclosure positioning can affect firm performance. More specifically, this paper analyzes the effect of environmental positioning on market capitalization, an issue that has often been ignored in the literature, which to date has overlooked the effects of environmental positioning on other stakeholder groups as financial investors (Gatti et al., 2021).

In line with the literature on the matter, firms carrying out a coherent environmental leading behavior showing high levels of both environmental performance and disclosure outperform "green quiet" and "blackbird" clusters in terms of firm market performance (Berrone et al., 2017; Ginder et al., 2021). However, unexpectedly, we have found no empirical evidence indicating the existence of superiority in terms of market performance of the "green leader" cluster over "green parrots" or vice versa. This new finding calls into question the supposed benefits of adopting a consistent behavior (Ginder et al., 2021) and disputes its unquestionable superiority over other environmental positions such as green parrots, given the current information available to investors and analysts nowadays. A plausible explanation for this phenomenon can be found in the literature on CSR and the degree of stakeholder proximity. In this sense, financial investors could be considered as a stakeholder group with low proximity, which would make it difficult for them to distinguish between mere talk and real walk (Schons & Steinmeier, 2016).

This work also adds new perspectives to the emerging literature of brownwashing (Carlos & Lewis, 2018; Kim & Lyon, 2015) offering a broader perspective about the organizational consequences of brownwashing strategies (Testa, Boiral, & Iraldo, 2018). Jointly with the more studied phenomenon of corporate environmentalism and greenwashing, our work is useful to understand the risks for companies of not disclosing their environmental progress. The results suggest that companies should abandon their green quiet positions because above all the market values the visibility and responsiveness of the companies to the environmental challenge, which is reflected through their environmental disclosure.

6.1 | Theoretical implications

Our study makes three contributions to the literature. First, based on Aragón-Correa et al. (2016), we enrich the understanding of environmental performance-disclosure strategic positioning and respond to a call for a systematic examination of this phenomenon by developing a theoretical model of four different strategic choices that contemplates coherent (green leadership and blackbirds) as well as incoherent (green quiets and green parrots) ones (Ginder et al., 2021) into an integrative framework, expanding the theoretical arguments to Kim and Lyon (2015) and Testa, Mirohnychenko, et al. (2018) seminal contributions on the dichotomy greenwashing-brownwashing. Existing scarce literature in these four main positioning have been developed in the wider CSR domain (Ginder et al., 2021; Wu et al., 2020), or more specifically in the field or corporate environmentalism, as a four theoretical positioning explaining the origins and nature of greenwashing (Delmas & Burbano, 2011) or showing descriptive evidence in the field of international businesses (Aragón-Correa et al., 2016).

Second, to the best of our knowledge, our study focused on the four environmental strategic positioning is the first empirical study analyzing their consequences on firm market performance, market capitalization, of a multinational, multi-industry, and longitudinal character, offering novel, significant, and generalized empirical evidence to this growing field of research, as Lyon and Montgomery (2015), Aragón-Correa et al. (2016) or Pizzeti et al. (2021) called for.

Finally, in the sample under analysis, environmental disclose pays. Financial markets reward those who provide them with environmental information. Firms, and most especially green parrots, take advantage of the significant investors and analyst estimation risk associated to firms' environmental disclosure (Liesen et al., 2017). In this sense, recent work analyzing the assurance of environmental disclosure as a

solution to environmental decoupling practices (García-Sánchez et al., 2022), the different assurance types (Thompson et al., 2022), and the different impact of environmental assurance among different investors (professional vs. nonprofessional) (Gerwanski et al., 2022) can contribute to reduce investors' estimation risk.

Jointly with the new empirical evidence which shows the superiority—in terms of market capitalization—of companies that disclose their environmental achievements the most—whether their environmental performance is high or low, our results offers very novel and interesting results in the emerging phenomenon of undue modesty, strategic silence or brownwashing (Ginder et al., 2021; Kim & Lyon, 2015; Testa, Mirohnychenko, et al., 2018) showing that taking a green quiet or inactive stance is not beneficial to the company in terms of market capitalization. Effectively, our empirical results show that during the period under analysis, firms' environmental visibility-through environmental disclosure—is one of the ways in which large and public companies get financial market stakeholders' approval and obtain resources to survive and prosper (Gerwanski, 2020). Therefore, quietness and environmental inaction are not good choices in environmental positioning.

6.2 | Managerial implications

From a managerial perspective, our research develops a whole framework to understand four main choices that managers should take in order to develop a certain corporate environmental posture, based on environmental achievements and communication, explaining their nature and main implications for firm market performance.

In addition, our results suggest that financial markets not only value the coherence of the environmental message. In this sense, financial markets take also into consideration other factors such as environmental visibility and presence. Therefore, managers must pay attention to the environmental communication since communication plays an important role in business market performance, and contrary to the claims of some authors (Testa, Boiral, & Iraldo, 2018), investors tend to be impressed by exaggerated communication.

However, not just any kind of communication works, and not just any kind of communication is suitable for all contexts. In this sense, another important factor to be considered by managers is the quality of the message sent to investors. Beyond whether the environmental disclosure is higher or lower, managers should ask themselves about the quality, as this is a decisive factor when it comes to accessing funding. As the literature suggest, ensuring the quality of declassified information is perhaps one of the best ways to gain access to resources (García-Sánchez et al., 2019).

Concerning the context, managers should also properly assess the level of scrutiny to which their organization is exposed. Since in general terms the opacity of information to investors is detrimental to the company (as shown in our work), if the company is also in a sector subject to high scrutiny, it is to be expected that the negative effect of not declassifying environmental information will be accentuated, as the literature argues (Stanny & Ely, 2008).

7 | LIMITATIONS AND FUTURE RESEARCH

Our study has some limitations. Some of them are related to the way we have created corporate environmental clusters. Thus, the relationship between environmental performance and disclosure does not take into account the different nature of environmental claims in comparison to environmental achievement, as Kim and Lyon (2015) or Carlos and Lewis (2018) studied. Instead of that, we refer to "green quiet/parrot" when companies disclose low/high quantity of environmental claims in comparison to their real high/low environmental performance. This way, "green quiet/parrot" meaning goes more in the sense of "undue modesty/green exaggeration" way (Kim & Lyon, 2015).

In addition, our work does not analyze the different forms of greenwashing (Gatti et al., 2021), which could enrich the explanatory character of the results obtained. As mentioned, we do not analyze the environmental assurance phenomenon and its influence on investor behavior, issues, all of which could bring clarity to the topic in future research.

In addition, the narrow temporal character of our data (3 years) and the exploratory nature of the statistical analyses limit to capture the temporal changes and causal effects of the relationships under consideration.

Future research could include also the development of a longitudinal analysis, as well as including companies from other countries beyond Europe and North America in order to find better and robust empirical evidence. In this perspective, it could be interesting to examine the contextual circumstances of firms operating in developed and developing countries.

In addition, it could be interesting to study not only the organizational consequences of corporate environmental positioning but also the drivers of these clusters such as the nationality, company size, industrial setting, corporate governance characteristics, and so on.

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ORCID

Javier Amores-Salvadó https://orcid.org/0000-0002-1594-0826
Gregorio Martin-de Castro https://orcid.org/0000-0001-7416-8728

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