

# **IDEAL TYPES OF ENVIRONMENTAL DISCLOSURE: AN ANALYSIS FROM THE PERSPECTIVE OF NGOS**

## **1. INTRODUCTION**

This research investigates how to consolidate different interpretations of corporate environmental ethics in environmental disclosure, based on the perspective of environmental NGOs, in light of sustainability pressures and the climate crisis (Shukla & Skea, 2022). By applying the theory of corporate legitimacy, it proposes a typology of environmental disclosure, identifying four ideal types: illusionist, normative, transitional, and transformational (Benlemlih et al., 2018; Chauvey et al., 2015). Under increasing pressure to ethically communicate environmental practices, companies continue to face challenges, particularly in how these practices are interpreted by NGOs, considering the issue of greenwashing (Laufer, 2003; Ruiz-Blanco et al., 2022). This research underscores the urgency for greater transparency and authenticity in corporate environmental communications to ensure legitimacy and promote global sustainability (Bergsteiner & Avery, 2012; Hockerts & Searcy, 2023).

## **2. THEORETICAL BACKGROUND**

**Environmental Disclosure:** Refers to the communication of a company's environmental performance to stakeholders, including investors, regulators, and the public. The quality and transparency of this communication are influenced by factors such as business strategy, board diversity, and environmental performance (Baalouch et al., 2019). However, greenwashing practices, where companies disclose misleading environmental information, undermine stakeholder trust and corporate legitimacy (Laufer, 2003).

**Corporate Environmental Ethics:** Tied to Corporate Social Responsibility (CSR), it involves promoting transparency and environmental accountability in business practices. The adoption of sustainability reporting standards, such as those from the Global Reporting Initiative (GRI), aims to align business practices with ethical principles (Boiral, 2013). However, some disclosure practices are viewed as merely instrumental and do not reflect a genuine commitment to sustainability (Johnsen, 2021).

**Corporate Legitimacy:** Explores how companies seek to align their practices with societal expectations to gain or maintain legitimacy. Legitimacy is often associated with transparency in environmental disclosure practices, but symbolic strategies may be employed to appear compliant without making substantial changes (Seele & Gatti, 2015).

## **3. METHOD**

This study employs a qualitative approach grounded in interpretive epistemology, aiming to understand the subjective perceptions of NGOs regarding corporate environmental ethics within the context of environmental disclosure. According to Burrell and Morgan (1979), interpretive epistemology recognizes reality as socially constructed through individual experiences and perceptions, making it suitable for exploring the complex and nuanced interpretations of NGOs concerning corporate disclosure practices.

Data collection was conducted through in-depth interviews with representatives from eight environmental NGOs. The participating NGOs were selected using the snowball sampling technique, starting with the Climate Observatory Network, as described by Patton (2002). The interviews were conducted online, with an average duration of seventy minutes, and were fully transcribed for subsequent analysis. The interview guide was semi-structured, allowing respondents to freely express their perceptions and experiences related to environmental disclosure, ensuring a rich and detailed data collection (Kvale & Brinkmann, 2009).

Data analysis was performed using content analysis, applied deductively. The analysis categories were based on Weber's (1994, 2016) orders - affective, traditional, rational, and functional - which provided a robust analytical framework to identify and categorize NGO perceptions of corporate environmental ethics.

To organize and consolidate the data, a polythetic choice was adopted in constructing a typology of environmental disclosure. According to Bailey (1994) and Weber (1994, 2016), polythetic choice allows for the definition of categories by a set of criteria without requiring all criteria to be met for a case to be included in a category. This approach was essential for addressing the diversity of NGO perceptions and for developing a typology that reflected the different environmental disclosure approaches identified in the study: illusionist, normative, transitional, and transformational. The application of polythetic choice enabled the integration and simplification of the complexity of real-world disclosure practices into comprehensible analytical categories.

To ensure the validity and reliability of the categorization, a triangulation process was employed, wherein a second researcher applied the categories to three of the transcribed interviews. This process allowed for the identification and discussion of discrepancies, contributing to consensus building and reinforcing the robustness of the developed typology (Creswell, 2014).

#### **4. IDEAL TYPE OF CORPORATE ENVIRONMENTAL DISCLOSURE**

The discussion and findings of this study present a detailed analysis of NGO perceptions regarding corporate environmental ethics in environmental disclosure. The ideal type of environmental disclosure, inspired by Max Weber's methodology, serves as an analytical tool to understand and categorize the different environmental communication practices of companies. These ideal types are not exact descriptions of reality but theoretical models that aid in identifying patterns and comparing actual behaviors against these models (Weber, 1994; 2016). In the context of this study, four ideal types of environmental disclosure were identified: illusionist, normative, transitional, and transformational. Each of these types represents a distinct level of commitment and authenticity in corporate environmental communication practices.

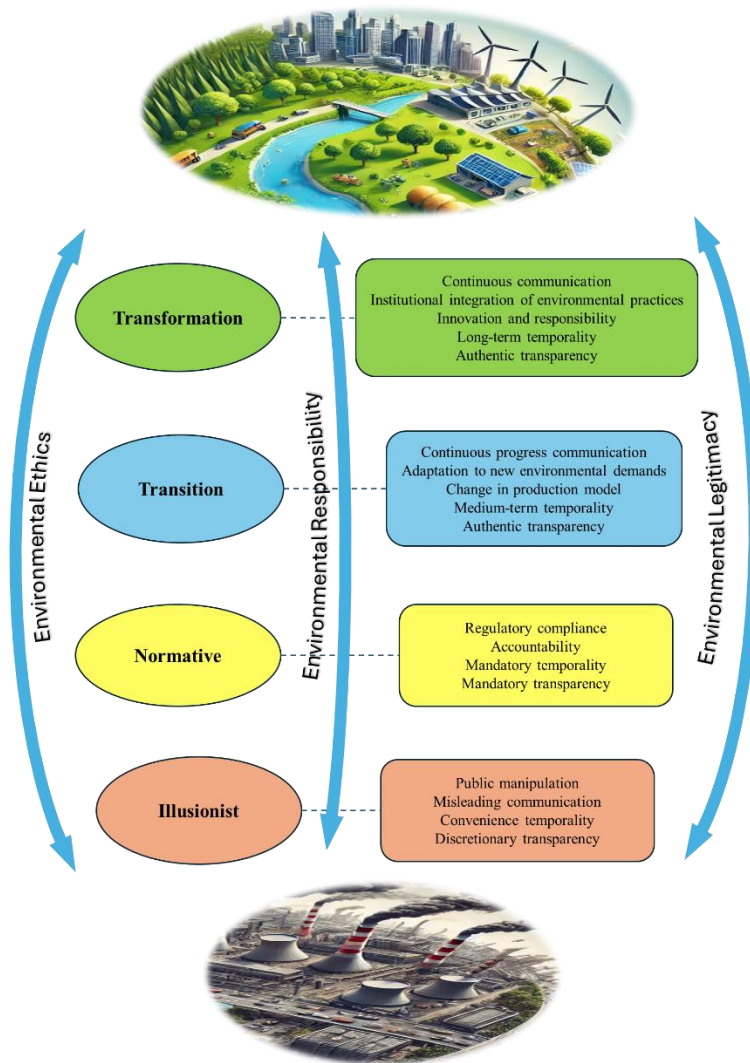
The first type, illusionist disclosure, is characterized by greenwashing practices, where companies disclose environmental information in a manipulative or misleading manner (Laufer, 2003; Seele & Gatti, 2015). The objective of these practices is to create a public image of sustainability that does not correspond to the reality of the company's operations. For example, a company might emphasize the use of recyclable materials in its products in its advertising campaigns while continuing to contribute significantly to pollution and environmental degradation in other parts of its operations (Ruiz-Blanco et al., 2022). These practices aim to deceive stakeholders, gaining legitimacy without making real and substantial changes. However, this approach is detrimental to stakeholder trust and can lead to a backlash when the company's actual practices are exposed, undermining corporate legitimacy and damaging the company's reputation in the long term (Albitar et al., 2023).

In contrast to illusionist disclosure, normative disclosure refers to the minimum compliance with environmental norms and regulations. Companies that fall into this ideal type adhere to legal requirements but do not go beyond what is strictly necessary. These companies comply with established rules to avoid penalties and maintain compliance but do not demonstrate an authentic commitment to sustainability practices (Chauvey et al., 2015). For instance, a company might meet all legal requirements for disclosing greenhouse gas emissions but not adopt proactive measures to reduce these emissions (Benlemlih et al., 2018). Although normative disclosure is legitimate and can improve regulatory compliance, it is often seen as

insufficient by stakeholders who expect a deeper commitment to sustainability. This approach tends to be criticized for being reactive rather than proactive in promoting sustainable environmental practices (Patten, 2020).

Moving further along the commitment spectrum, transitional disclosure represents an intermediate stage where companies begin to adopt operational changes to meet new environmental demands. This ideal type of disclosure is characterized by more transparent and ongoing communication about the progress and challenges encountered during the transition to more sustainable practices (Chauvey et al., 2015; Patten, 2020). Companies that are evolving beyond normative compliance seek to integrate broader sustainability practices into their operations. An example of this is a company investing in transforming its supply chain to reduce its carbon footprint and openly communicating the steps it is taking, the challenges it faces, and the goals it hopes to achieve in the coming years (Patten, 2020). Transitional disclosure is seen as a positive sign that the company is genuinely committed to sustainability but is still in the process of implementation. Transparency during this process helps build trust among stakeholders and signals a genuine intention to make real changes (Chauvey et al., 2015).

Finally, transformational disclosure is the most advanced ideal type, reflecting a deep and enduring commitment to sustainability (Albitar et al., 2023). Companies that fall into this ideal type not only communicate their environmental practices transparently but also integrate sustainability into all their operations and institutional strategies. This type of disclosure represents a structural transformation in business practices, where sustainability becomes a central part of the corporate culture (Benlemlih et al., 2018). For example, a company that redefines its business models to be entirely sustainable, from production to distribution, with clear sustainability goals that are reported transparently and verifiably, exemplifies transformational disclosure. These companies lead the industry in environmental practices and serve as examples for others (Albitar et al., 2023). Transformational disclosure not only meets but exceeds stakeholder expectations, promoting transparency, trust, and accountability. This type of disclosure is seen as a reflection of leadership and innovation in sustainability, aligning corporate operations with ethical values and promoting true change in traditional business models (Bergsteiner & Avery, 2012; Hockerts & Searcy, 2023).



The study's findings highlight that while NGOs value transparency and accountability in disclosure practices, they also identify significant gaps between corporate communication and actual practice. The developed typology offers a useful framework for evaluating and classifying environmental disclosure practices, encouraging companies to adopt more authentic and ethical communications to ensure corporate legitimacy.

## 5. CONCLUSION

This study makes a significant contribution by developing a typology that categorizes four ideal types of environmental disclosure: illusionist, normative, transitional, and transformational. This typology provides a clear analytical framework for evaluating environmental disclosure practices, distinguishing between those that adopt genuine practices and those that use greenwashing to deceive stakeholders. The application of corporate legitimacy theory in the context of environmental disclosure reveals how companies can build or compromise their legitimacy through their environmental communications. The study also emphasizes that transformational disclosure, in particular, aligns more closely with NGO expectations, highlighting the importance of an authentic and integrated approach to sustainability. This contribution encourages companies to align their environmental communications and practices with ethical principles, promoting transparency and accountability.

The study offers practical implications for managers, who can use the developed typology to assess and adjust their environmental disclosure strategies, avoiding practices that may be perceived as greenwashing. This not only improves the public image of companies but also strengthens stakeholder trust and creates long-term value for society.

However, the study has some limitations. First, it is based on a limited number of NGOs, which may not capture the full diversity of perceptions regarding corporate environmental ethics. Additionally, the use of Weber's ideal type method, while effective, may oversimplify the complexity of actual disclosure practices, focusing on ideal categories rather than practical nuances. The qualitative and interpretive approach may limit the generalizability of the results to other contexts or sectors.

Future research could expand the sample to include more NGOs from different regions and contexts, as well as explore complementary methodologies, such as case studies and quantitative analyses, to provide a more comprehensive and representative view of environmental disclosure practices.

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