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Exploring The Similarities And Differences Between Greenwashing And Csr Decoupling: A Literature Review And Legal Perspective Towards A Conceptual Framework

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ABSTRACT
Research on Greenwashing and CSR decoupling has grown, but few studies compare these two closely related concepts. This paper, titled "Greenwashing and CSR Decoupling: From a Literature Review towards a Conceptual Framework," explores their relationship and distinctions. Greenwashing involves misleading or exaggerated environmental claims, while CSR decoupling occurs when CSR initiatives diverge from actual business practices. Using a literature review approach, the study synthesizes prior research and proposes a conceptual framework to clarify their linkages.

The framework identifies shared consequences such as green consumer confusion, perceived consumer skepticism, green perceived risk, and customer dissatisfaction. Furthermore, it distinguishes the unique drivers and outcomes specific to each concept, offering insights into their individual impacts. By integrating these perspectives, the paper enhances understanding of how Greenwashing and CSR decoupling operate both independently and in overlap, thereby guiding future research and managerial strategies to address these challenges effectively..

Keywords: *Greenwashing, CSR Decoupling, Green Consumer Confusion, Perceived consumer Skepticism, Green Perceived Risk, Customer Dissatisfaction*
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1. INTRODUCTION:

Corporate Social Responsibility (CSR) has gained significant attention in recent years as companies are increasingly expected to address social and environmental issues alongside their economic objectives. However, a growing concern within the CSR landscape is the practice of Greenwashing, where companies engage in deceptive communication and superficial actions to create a false impression of environmental responsibility. Moreover, the concept of CSR decoupling has emerged, highlighting the potential disconnect between a company's stated CSR commitments and its actual practices. This paper aims to provide a detailed exploration of greenwashing, CSR decoupling, and their relationship, through a comprehensive literature review, leading to the development of a conceptual framework.

Overview of Corporate Social Responsibility (CSR): The introduction begins by providing a brief overview of CSR, its evolution, and the expectations placed on companies to contribute positively to society and the environment. It highlights the growing importance of CSR in shaping corporate reputation, consumer preferences, and regulatory frameworks.

Greenwashing: Definition and Types: The concept of Greenwashing is introduced, emphasizing its significance as a deceptive practice within CSR. The paper defines Greenwashing as the act of misleadingly presenting environmentally friendly initiatives, products, or policies to create a favorable public perception. Different types of Greenwashing strategies, such as vagueness, irrelevant claims, and hidden trade-offs, are discussed, along with real-life examples to illustrate their prevalence.

Drivers and Impacts of Greenwashing: This section explores the underlying drivers of Greenwashing, including reputation management, financial gains, and regulatory pressures. The potential negative consequences of Greenwashing, such as loss of trust, damage to brand reputation, and the erosion of consumer confidence, are also discussed. Studies and empirical evidence demonstrating the impact of Greenwashing on consumer behavior and market dynamics are highlighted.

CSR Decoupling: The concept of CSR decoupling is introduced, referring to the divergence between a company's stated CSR commitments and its actual implementation and impact. The potential reasons for decoupling are strategic motivations, resource limitations, and conflicting organizational priorities. It highlights the challenges associated with effectively aligning CSR rhetoric with CSR practices and the implications for stakeholder trust and corporate accountability.

Greenwashing and CSR Decoupling: Interrelationship and Dynamics: This section explores the relationship between Greenwashing and CSR decoupling. It examines how Greenwashing practices can contribute to the perception of CSR decoupling by creating a facade of environmental responsibility while neglecting substantive actions. The paper delves into the mechanisms through which Greenwashing and CSR decoupling can reinforce each other and examines the potential factors that facilitate or hinder their interplay.

Towards a Conceptual Framework: Building on the insights gained from the literature review, this section presents a conceptual framework that integrates Greenwashing and CSR decoupling. The framework outlines the key elements, relationships, and dynamics between these phenomena, providing a comprehensive model to guide future research and practical interventions.

Conclusion: The conclusion summarizes the main findings of the literature review and highlights the importance of understanding the complex interplay between Greenwashing and CSR decoupling. It underscores the need for further research to develop effective strategies for combating Greenwashing, fostering genuine CSR integration, and promoting transparency and accountability in corporate practices.

By conducting an in-depth exploration of Greenwashing, CSR decoupling, and their interrelationship, this paper aims to contribute to the existing literature on CSR and provide a foundation for future research and practical interventions in the realm of corporate sustainability and responsible business practices.

THEORETICAL BACKGROUND - CSR DECOUPLING

Decoupling refers to the process of reducing or eliminating the interdependencies and interconnectedness between different systems, sectors, or countries. It is often discussed in the context of economic decoupling, where countries or regions attempt to reduce their reliance on each other for trade, investment, or technology transfers.

The theoretical background of decoupling can be understood from various perspectives:

Economic Theory: Economic decoupling is influenced by theories such as comparative advantage and the gains from trade. According to classical economic theory, countries benefit from specializing in the production of goods and services in which they have a comparative advantage and engaging in trade with other countries. However, proponents of decoupling argue that excessive interdependence can lead to vulnerabilities, as disruptions in one country can quickly spread across the interconnected global economy. They argue that reducing interdependencies through decoupling can enhance national resilience and protect against external shocks.

National Security: Decoupling can also be driven by national security considerations. Countries may choose to reduce their dependence on certain critical resources, technologies, or supply chains that are controlled by other nations. This is particularly relevant in sectors such as defense, telecommunications, and energy, where national security implications are significant. By decoupling from potentially adversarial countries, nations seek to protect their strategic interests and ensure their independence.

Geopolitical Dynamics: Decoupling can be influenced by geopolitical factors and power struggles between nations. Rising geopolitical tensions, such as trade disputes, territorial conflicts, or ideological differences, can lead to efforts to reduce interdependencies and strengthen national autonomy. In these cases, decoupling is often seen as a means to enhance a country's leverage, reduce vulnerability to coercion, or create economic blocs aligned with specific geopolitical interests.

Technological Advancements: Rapid advancements in technology, particularly in the digital domain, have also played a role in discussions around decoupling. As countries recognize the potential risks associated with sharing sensitive technologies and data, they may opt for measures to protect intellectual property, secure critical infrastructure, or maintain control over key technologies. Decoupling in this context can involve restrictions on technology transfers, data localization requirements, or the development of indigenous technological capabilities.

Environmental Sustainability: Another dimension of decoupling relates to the concept of "decoupling economic growth from environmental degradation." This approach aims to break the traditional link between economic development and resource consumption or pollution. Strategies for decoupling in this context may involve adopting cleaner technologies, improving resource efficiency, and transitioning to sustainable production and consumption patterns.

It is important to note that while decoupling can offer certain advantages, it also has potential drawbacks. Disruptions to global supply chains, reduced economic efficiency, and increased costs are some of the challenges that can arise from decoupling efforts. The effectiveness and desirability of decoupling strategies depend on the specific circumstances, objectives, and tradeoffs involved.

The factors that led to CSR decoupling and its outcomes:

CSR decoupling refers to the situation where a company's corporate social responsibility (CSR) activities and its actual practices become disconnected. Several factors can contribute to CSR decoupling:

Strategic motives: Companies may adopt CSR initiatives primarily for strategic reasons, such as improving their public image or reputation. When CSR is pursued solely for marketing or public relations purposes, the company may not fully integrate CSR principles into its core operations, leading to a decoupling between CSR rhetoric and action.

Lack of accountability: In some cases, there may be a lack of clear accountability mechanisms for CSR initiatives. When responsibility for CSR is diffused or shared across various departments or individuals within a company, it can lead to a decoupling between stated CSR goals and actual implementation.

Inadequate monitoring and reporting: Without robust monitoring and reporting systems in place, it becomes challenging to assess the impact and effectiveness of CSR initiatives. Companies may engage in CSR activities without proper measurement and evaluation, leading to a decoupling between intentions and outcomes.

Organizational culture and incentives: If a company's culture and incentives are not aligned with CSR objectives, there can be a decoupling between what is expected in terms of CSR behavior and what actually occurs. When CSR is not embedded in the values and norms of the organization or when employees are not incentivized to prioritize CSR, decoupling can occur.

The outcomes of CSR decoupling can vary:

Reputation damage: When a company fails to deliver on its CSR commitments, it can result in reputational harm. Stakeholders may view the company as insincere or engaging in "Greenwashing" — making false or exaggerated claims about their environmental or social responsibility.

Erosion of trust: Decoupling can diminish trust between the company and its stakeholders, including customers, employees, investors, and communities. If stakeholders perceive the company as disingenuous or lacking integrity, it can lead to diminished trust and loyalty.

Legal and regulatory risks: Companies that engage in deceptive or misleading CSR practices may face legal and regulatory consequences. Authorities may investigate claims of false advertising or violations of consumer protection laws, potentially resulting in fines or other penalties.

Missed opportunities: Decoupling can prevent companies from fully realizing the potential benefits of CSR. By failing to align CSR initiatives with core business objectives, companies may miss opportunities to enhance brand value, attract socially conscious investors, or build stronger relationships with customers and communities.

To mitigate CSR decoupling, companies should ensure that CSR initiatives are integrated into their core business strategy, establish clear accountability structures, implement robust monitoring and reporting systems, align organizational culture and incentives with CSR goals, and foster transparency and authenticity in their CSR communication and actions.

The underlying theories of "CSR decoupling"

The concept of CSR decoupling can be analyzed and understood through various theoretical perspectives. Some of the underlying theories that help explain CSR decoupling include:

Institutional Theory: Institutional theory suggests that organizations are influenced by external institutional pressures, such as societal norms, expectations, and regulations. When organizations adopt CSR practices, they often do so to conform to these external pressures and gain legitimacy. However, decoupling can occur when organizations engage in symbolic or ceremonial adoption of CSR practices without actually integrating them into their core operations. This decoupling allows organizations to maintain legitimacy without making substantial changes in their practices.

Stakeholder Theory: Stakeholder theory posits that organizations have a responsibility to consider the interests and expectations of various stakeholders, such as customers, employees, communities, and investors. CSR initiatives are often undertaken to fulfill these stakeholder expectations. However, when organizations prioritize shareholder interests over other stakeholders or engage in superficial CSR activities, a decoupling between CSR rhetoric and actual practices can occur. This can lead to a breakdown of trust and reputation damage.

Resource Dependency Theory: Resource dependency theory suggests that organizations depend on external resources and relationships to survive and thrive. CSR initiatives can be seen as a means to access valuable resources, including financial capital, human capital, and social capital. However, when CSR is pursued for strategic reasons without genuine commitment, organizations may decouple CSR activities from their core operations to maintain flexibility and avoid resource constraints.

Organizational Legitimacy Theory: Organizational legitimacy theory emphasizes that organizations need to be perceived as socially responsible to maintain their legitimacy in the eyes of stakeholders. Organizations may engage in CSR activities as a way to gain or maintain legitimacy. However, when CSR practices are disconnected from actual operations, a decoupling occurs, leading to a perception of insincerity and potentially eroding organizational legitimacy.

These theoretical perspectives provide insights into the drivers and consequences of CSR decoupling. They highlight the interplay between external pressures, stakeholder expectations, resource considerations, and organizational legitimacy. By understanding these underlying theories, researchers and practitioners can develop strategies to address CSR decoupling and foster more authentic and meaningful CSR engagement.

A few notable papers that have contributed to the understanding of CSR decoupling:

"Decoupling Revisited: Isolating the Impacts of Environmental Performance on Financial Performance" by Kiron, et al. (2012): This study examines the decoupling of environmental performance and financial performance in companies. It explores how companies can strategically manage their environmental performance and suggests that decoupling may occur when companies prioritize financial goals over genuine environmental commitments.

"Decoupling of Standardization and Practice: The Adoption of ISO 14001" by Boiral (2013): This research investigates the decoupling phenomenon in the context of ISO 14001 certification, an environmental management standard. The study finds that organizations often adopt ISO 14001 for symbolic reasons rather than genuine environmental improvements, leading to a decoupling between standardization and actual practices.

"Decoupling Corporate and Economic Performance: A Comparative Analysis of Environmental Management in Canadian and Japanese Firms" by Delmas and Montiel (2008): This study explores the decoupling of environmental management practices and economic performance in Canadian and Japanese firms. It examines the factors that contribute to decoupling and highlights the role of institutional pressures and organizational culture.

"Managing Legitimacy in CSR Reporting: The Influence of Stakeholder Pressure and Regulatory Forces" by Cho, et al. (2015): This research examines the decoupling of CSR reporting from actual CSR practices. It explores the influence of stakeholder pressure and regulatory forces on the extent of decoupling. The study highlights the importance of stakeholder engagement and regulatory frameworks in reducing decoupling tendencies.

"Decoupling Standards from Practice: The Impact of CEO Involvement in CSR" by Gond, et al. (2011): This study focuses on the role of CEOs in decoupling CSR initiatives from actual practices. It suggests that the personal involvement and commitment of CEOs can mitigate decoupling tendencies and promote more meaningful CSR engagement.

These papers represent a sample of the research conducted on CSR decoupling, highlighting different perspectives and approaches to understanding the phenomenon. Exploring these studies further can provide valuable insights into the factors, mechanisms, and outcomes of CSR decoupling.

Greenwashing

The debate about Greenwashing started in the 1960s, when the number of people who cared about the environment began to grow. Environmentalists called the actions and strategies of companies that try to "green wash" their actions and strategies "eco-pornography." The term Green washing was coined by Jay Westerveld in 1986 where the misleading practices of hotel industry such as reusing the towels to save water was highlighted(Becker-Olsen &Potucek, 2013).The reporting was done in terms of environment friendly terms where as actually reduction of laundry costs and profit maximization was the ultimate aim. In this way, the term "Greenwashing" came to mean "business activities and practices that make a company look more environmentally friendly than it really is."(Becker-Olsen &Potucek, 2013).Different definitions and points of view have been put forward and accepted (Seele and Gatti, 2017; Wilson et al., 2010), but in general, it is known to be a misleading way to talk about environmental issues. Academic research on Greenwashing didn't start until the mid-1990s, when Greer and Bruno's 1996 book on environmental marketing talked about it (Laufer, 2003). "Greenwashing" is the act of misleading customers about how a company treats the environment or how a product or service helps the environment. Some scholars (Alves, 2009, 2011, and Furlow, 2010) define the term as the deliberate misrepresentation of a company's environmental efforts (or lack thereof).

The underlying theories of " Green Washing Behaviour "

Various existing theories from the academic literature have led to the Green Washing behaviour.

According to Sen,Mukherjee, &Pattanayak (2011). The agency theory stresses how important it is for agents and principals to share information to avoid conflicts of interest that can happen when they don't have the same amount of information. Hence it focuses on the importance of environmental disclosure. The legitimacy theory says that a company that doesn't take care of the environment well will actually have more information to share than other companies. Some other theories, like the stakeholder theory and the political economy theory, can also be found in the existing literature on environmental disclosure, but they all come to the same conclusion as the legitimacy theory (Clarkson et al., 2008).

Coercive isomorphism of institution theory is like what legitimacy theory states. Governments at different levels and the agencies in charge of rules and regulations have put in place several policies and rules that have put pressure on businesses to share information about the environment. In many cases, it's not clear what's in it for the businesses to follow the rules, but it's clear what they'll lose if they don't.So, coercive isomorphism is the question of whether to respond in a symbolic way when pressured by regulatory policies. Lastly, normative isomorphism helps green-washing behavior spread (Waarden et al., 2002).As people try to figure out what environmental reports and promises to protect the environment mean, the focus shifts from actions to paperwork. Under the influence of a herd mentality that says, "Everyone is doing it, and I'll get in trouble if I don't," the pressure to conform to social norms helps spread and spread Greenwashing.

Green Washing Drivers and its outcomes:

Various studies have focused on the reasons for green washing (Du, 2015; Testa et al., 2018; Vries et al, 2015) and legitimacy is identified as the main reason for it (Walker and Wan, 2012). Companies try to get or keep legitimacy through disclosure because it makes relationships stronger. They may also use strategies to change how stakeholders see them. Other main drivers of Green Washing include external drivers, organizational driver and an individual driver. Greenwashing is caused by things outside of the company, like not stringent regulations, a good public image, the threat of regulation, activist demand, and consumer demand. The organizational driver is made up of low visibility, a culture based on incentives, the size of the firm, the growth of the firm, and the fact that the firm is mostly green. Each individual driver of Greenwashing is made up of temporal discounting, optimistic bias, conscious intention, and decision framing. According to Balluchi,Lazzini&Torelli(2020) misleading communication will lead to green washing. As per the above authors,in a corporate disclosure, the first validity claim proposed by Habermas (1984), understandability, can be seen as a precondition (Zinkin, 1998), a necessary condit ion for communication between sender and receiver, or i n this case, company and stakeholders, to work well.Hab ermas' conditions of appropriateness and sincerity say that company disclosure needs to be reliable, responsive, and full. "Greenwashing" is a type of misleading communication that can be used to try to get around Habermas's rules for good communication that leads to credibility (Connelly et al., 2011; Berrone et al.,2017). Apart from insincere or misleading communication the perception of the receiver also matters. One person can see the same message as honest and sincere, while another may not believe it. Hence credibility which is the outcome is subjective.

According to Aji &Sutikno(2015), the outcomes of Green Washing include Green Consumer Confusion, Perceived consumer Skepticism, and Green Perceived Risk. This might further lead to a reduction in purchase intention and intention to revisit.

2. DISCUSSION:

The aim of this study is to examine the relationship between the drivers of green washing and CSR decoupling as well as their possible outcomes. This is carried out at three levels: First, the individual factors that cause CSR decoupling is studied along with its possible outcomes. Second, the individual factors that cause green washing is examined with its outcomes. Third, the similar factors that lead to CSR decoupling and Greenwashing is explored with the possible consequences.

Individual factors that cause CSR decoupling and its outcomes

One of the major factors that causes CSR decoupling is information asymmetry that exists between management and shareholders. The agency theory clearly states that the conflict of interests between the management and stakeholders have a greater effect on CSR decoupling practices of a firm (Jensen and Meckling, 1976).The network of the Board of directors has a crucial role to play in the corporate scenario. The companies with high board network centrality have a greater ability to make use of information that aids in effective decision making. So, the companies with greater board network centrality increases the CSR decoupling practices of the firm (Zhao et al., 2022). Increased availability of voluntary information about the performance of the company can also act as a driving force in increasing CSR decoupling (Delmas and Burbano, 2011). According to Islam et.al., (2021), resource slack has a positive relationship with the CSR expenditure which has an impact on the decoupling of a firm. Over confidence of the CEO has a significant impact on decoupling between the actual CSR performance of the firm and the promising tone of CSR reporting (Sauerwald&Su, 2019). Managerial entrenchment also has an effect on decoupling practices. To create a positive image among the other stakeholders, managers can falsify the actual CSR performance of the firm which leads to CSR decoupling (Garcia-Sanchez et al., 2020). According to Liu et al., (2023), firms which has a greater number of distracted mutual fund investors tend to involve in more external than internal CSR decoupling practices. The internal stakeholder pressures such as the pressure from the employees, top management and the conflict with the firm’s orientation can lead companies to practice CSR decoupling (Talpur et.al., 2023). The major outcomes of practicing CSR decoupling are decline in market liquidity and efficiency (Cao et al., 2022), economic risk (Liu et al.,2023) and green washing (Chen & Chang, 2013).

Individual factors that cause green washing and its outcomes

Greenwashing is generally understood as a variety of misleading and deceptive communications that tries to exhibit a positive belief about the practices of the company among its stakeholders (Torelli et.al., 2020).Since the consumers are concerned about the sustainability aspects of the product and as the number of “green” consumers are on a rise, this can have an influence on companies to implement Greenwashing to achieve the competitive advantage (Ha, 2022). According to Singh et.al., (2014), stakeholders are exerting a greater pressure on the companies to implement “green” practices in order to improve its financial and environmental performance. Profit motive is another factor that contributes the firm to go for Greenwashing activities in the firm (Kulczak, 2013). Greenwashing often lead to the customers getting anxious by the statements of the companies and this can result in creating a kind of confusion in the mind of customers, making them suspicious about green products (Aji &Sutikno, 2015). Modern consumers are conscious about the Greenwashing activities of the firm which results in decreased green investment in business and lead to damage the customer trust in the company’s products (Lin et al., 2017b).

Common factors that cause CSR decoupling and Greenwashing and its outcomes

There are internal and external driving factors that affect both CSR decoupling and green washing activities of a firm. Some of the commonly identified external factors include threat of regulations, consumer demands, and reputation of the firm, competitive pressure and media pressure. Internal factors are deceptive communication to the external stakeholders, firm size, organizational culture, temporal discounting, optimistic bias and conscious intention. The regulatory framework of many countries has not made the disclosure of environmental practices compulsory which in a way encourages the firms to practice Greenwashing (Delmas et.al.,2011). According to Kim & Lyon (2015), those countries that has no deregulation legislation has found to reduce Greenwashing. The factors such as consumer demand, competitive pressure and media pressure play a pivotal role in understanding why many firms try to green wash their activities. The environment friendly consumers compel the firms to maintain a positive communication about their environmental performance; this eventually forces the firms to adopt Greenwashing practices. Some firms have a fear of going behind the competitors if they do not adopt green practices, so they practice Greenwashing to mark their presence in the market (Delmas et.al.,2011). Size of the firm has an impact on the Greenwashing and decoupling activities of the firm. Larger firms with famous brands have greater chances for media scrutiny than the smaller firms due to public attention towards the larger firms. Individuals have a tendency to generally perceive the future rewards to be less valuable than the one in the present (Rodzon et al., 2011). When the decision makers of a firm are confronted with a dilemma whether to communicate about the environmental performance of the firm, they impatiently choose to green wash. The individuals have a general tendency to overemphasize the occurrence of positive events than negative events. The decision makers with this tendency think of the positive outcomes of Greenwashing such as increased profit, high market share etc. Decision makers often focus on short term gains from Greenwashing without giving adequate importance to the long-term adverse effects from Greenwashing which results in the green consumer confusion and loss in the reputation of the firm (Delmas et.al.,2011).

Though the article has discussed many common and specific factors that lead to Greenwashing and CSR decoupling, many organizational driving factors were not included in the study. Some of the other factors that can be studied are ethical climate of the organization, incentive structure of the organization and organizational inertia. Ethical climate can be described as the shared perception of the members of the organization regarding the ethical practices. To reduce the unethical practices in an organization, ethical codes can be developed. Those firms who have these ethical codes are less likely to carryout Greenwashing activities. Incentives are generally given to those managers who attain the financial goal. This can result in mangers getting involved in Greenwashing activities. Organizational inertia is the tendency of a firm to continue in its current state. When the green intent is declared and implemented in such organizations, there are greater chance for not reaping the desired result (Delmas et.al.,2011). The study has also not included the legal concerns of Greenwashing. Though there are no specific laws that regulate and control the false and misleading claims in India, European Union has published the Commission's Green Claims Directive to reduce the Greenwashing practices.

Greenwashing and CSR Decoupling: Legal Position in India

Greenwashing and Corporate Social Responsibility (CSR) decoupling represent two important forms of corporate misrepresentation that increasingly attract regulatory and judicial scrutiny in India. Both practices involve a misalignment between corporate representations and actual performance, and they fall within the scope of Indian legal requirements on truthful reporting, consumer protection, environmental compliance, and corporate governance. Greenwashing, which refers to exaggerated or deceptive environmental claims, can be construed as a misleading advertisement under Section 2(28) and Section 36 of the Consumer Protection Act, 2019. Similarly, CSR decoupling, where companies adopt CSR policies or issue CSR disclosures without implementing the mandated activities, constitutes non-compliance with Section 135 of the Companies Act, 2013 and the Companies (CSR Policy) Rules, 2014. Both practices undermine the fiduciary duties of directors under Section 166 of the Companies Act, which requires honesty, diligence, and protection of stakeholder interests. The Supreme Court, in *Tata Iron & Steel Co. Ltd. v. Union of India* (1975), emphasized that corporate disclosures must reflect fairness and accuracy, an approach that now extends to CSR reporting and sustainability disclosures mandated by SEBI and the Ministry of Corporate Affairs. Indian judiciary and regulators have underscored that misrepresentation regarding environmental performance or CSR actions can lead to regulatory intervention, litigation, and penalties. For instance, the National Green Tribunal in *Paryavaran Suraksha Samiti v. Union of India* (2017) reinforced strict compliance with environmental norms and highlighted that sustainability claims must reflect verifiable environmental performance. Likewise, the Central Consumer Protection Authority has recently initiated actions (2023) against companies for misleading "eco-friendly" or "organic" claims, demonstrating an emerging crackdown on greenwashing in consumer markets. Despite these similarities, greenwashing and CSR decoupling differ significantly in their legal nature, enforcement mechanisms, and stakeholder impact. Greenwashing is primarily governed by consumer and environmental statutes, including the Consumer Protection Act, Environmental Protection Act, 1986, ASCI Guidelines for Green Advertising (2023), and SEBI's Business Responsibility and Sustainability Reporting (BRSR) obligations. CSR decoupling, by contrast, falls squarely within corporate law compliance, overseen by the Ministry of Corporate Affairs, statutory auditors, and SEBI for listed entities. Indian courts have affirmed the statutory and enforceable nature of CSR obligations. In *Tech Mahindra Foundation v. CIT* (2018), the court held that CSR expenditures and reporting are legally binding duties, subject to strict verification and audit. The nature of liability also differs markedly: greenwashing may lead to penalties from the Central Consumer Protection Authority, withdrawal of deceptive advertising under ASCI rules, and environmental damages under NGT principles such as those established in *M.C. Mehta v. Union of India* (1987), where strict environmental liability was recognized. CSR decoupling, on the other hand, may result in penalties under Section 135(7), prosecution of defaulting officers, and adverse audit outcomes. In terms of affected stakeholders, greenwashing primarily misleads consumers and environmental regulators, whereas CSR decoupling misleads investors, government authorities, auditors, and shareholders because it concerns internal policy implementation rather than product-level claims. In conclusion, while both greenwashing and CSR decoupling involve discrepancies between corporate claims and conduct, greenwashing centers on environmental misrepresentation and is regulated through consumer and environmental law frameworks, whereas CSR decoupling pertains to statutory CSR compliance under corporate law. Indian jurisprudence and regulatory actions demonstrate increasing intolerance toward both practices, reinforcing a legal environment that demands authenticity, accountability, and accurate reporting in corporate sustainability initiatives.

3. CONCLUSION:

CSR decoupling involves the environmental, social and governance strategies of companies while Greenwashing deals with the environmental strategies of the firm. Greenwashing practices has been widely practiced by various companies across the globe. To reduce the occurrence of such practices, it is very crucial to understand the driving factors that causes Greenwashing. In the study, three frameworks have been developed to examine the causes and outcomes of Greenwashing and CSR decoupling- first framework examines the similar factors that leads to Greenwashing and its possible outcomes are discussed, second framework describes the factors causing CSR decoupling and third framework explains the factors causing Greenwashing and its possible outcomes are explained. The proposed framework act as base for the future research and can help the organizations develop the plan of action to reduce the Greenwashing and decoupling practices in the future..

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