The Greenwashing Effect on Investor Trust and Investment Decision: A Case Study of Generation Z

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ABSTRACT

The literature on greenwashing is diverse and evolving, with scholars proposing various definitions but not universally accepted one due to its multidisciplinary nature, extends its impact beyond financial sector to include products and services (Birindelli et al., 2024; de Freitas Netto et al., 2020; Yang et al., 2020). Consequenlty, this phenomenon influences investors' trust and the allocation of private investments toward sustainable activities (Birindelli et al., 2024). Greenwashing literature delves into interconnected concepts such as selective disclosure, misleading actions, poor environmental performance, and symbolic messaging (Birindelli et al., 2024). Within this framework, greenwashing, as suggested by Yang et al. (2020) is defined as the deceptive practice of selectively disclosing positive information to create an artificially positive corporate image and mislead consumers about environmental or social performance. This definition serves as a benchmark for this research and resonates within the Asian emerging market, characterized by distinct market opportunities and relatively low competitive pressure in its early stages of industrialization. Furthermore, within the greenwashing phenomenon, as developed by Urbański & ul Haque (2020): false, vague, and irrelevant environmental claims serve as pivotal key attributes that can significantly effects investor perceptions and decision-making processes.

Keywords: greenwashing, green trust, green investment intentions