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SDGs Washing vs Genuine Innovation: The Mediating Role of Sustainability Innovation Authenticity and the Moderating Role of Stakeholder Pressure

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	Abstract
<p>Farah Shaikh* Isra University, Hyderabad. Corresponding Author Email: Farah.shaikh@isra.edu.pk</p> <p>Sonia Baloch PhD Scholar, Sindh University. Email: balochsonia@gmail.com</p> <p>Geeta PhD Scholar, SZABIST Karachi Campus</p>	<p>This study addresses the rising issue that firms may publicly align with the SDGs while lacking authentic sustainability innovation, thereby creating a gap between corporate sustainability claims and substantive organizational practices. Thus, this study examines the twofold consequences of corporate sustainability practices by distinguishing between genuine innovation and SDG washing. It also examines how sustainability innovation authenticity mediates the relationship and stakeholder pressure moderates it, offering critical insight into the effectiveness of corporate sustainability initiatives. A quantitative research design was adopted, in which primary data were gathered from 450 managers and sustainability professionals in the Pakistani textile industry. A purposive sampling technique was used to target firms engaged in sustainability practices. Partial Least Squares Structural Equation Modeling (PLS-SEM) was applied to test the mediation and moderation relationships. Corporate sustainability practice can have two outcomes: a huge improvement in both authentic innovation and SDG washing. The authenticity of sustainability innovation is the most critical mediating factor, as it enables sustainability innovation and reduces SDG washing. Moreover, the relationship between sustainability practices and authenticity is strengthened through stakeholder pressure, which can motivate companies to take more substantive actions regarding sustainability. This study is relevant to the literature because of its critical analysis of companies' sustainability practices, which goes beyond perceived advantages. The study introduces the concept of sustainability innovation authenticity as a key mechanism for differentiating between substantive and symbolic practices, integrating Institutional Theory and Legitimacy Theory. The results would be beneficial for researchers and practitioners who want to build more effective and credible sustainability initiatives.</p>
<p>Keywords:</p>	<p>Corporate sustainability practices; SDG washing; Genuine innovation; Sustainability innovation authenticity; Stakeholder pressure; Textile sector</p>



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Introduction

Sustainability has become a primary issue in the globalized, environmentally conscious business world (Dutt et al., 2026; Anser et al., 2025; Anser et al., 2024). Organizations are struggling to align their strategies and policies with the SDGs, meet stakeholder expectations, and engage in responsible business practices (Prabadevi et al., 2025; Bohio et al., 2025; Khan et al., 2024). To overcome these challenges, many organizations have incorporated sustainability into their strategic discussions, especially regarding environmental protection, social responsibility, and ethical governance (Farooq & Ahmad, 2023; Farooq et al., 2023; Ali et al., 2022; Sheehy & Farneti, 2021). As this trend towards sustainability continues to rise, there has been doubt as to whether this is considered a legitimate practice, especially if businesses are not actually changing their behavior to achieve green credentials (Prencipe, 2025; Memon et al., 2025; Mujtaba et al., 2025a,b). This has led to the concept of SDG washing: when companies make their sustainability targets public but fail to actually innovate or implement changes. This has resulted in SDG washing, the practice of companies claiming they are committed to sustainability without taking any meaningful action to achieve it (Siebold et al., 2025; Naeem et al., 2025; Naeem et al., 2026).

The phenomenon of SDG washing refers to an inconsistency between SDG communication and SDG performance (Troy et al., 2025). There is a very high level of sustainability reporting and commitment to the SDGs, but it is unclear how sustainable commitments are manifested in innovation within the firm (Huston, 2025; Botchway & Bradley, 2023; Elalfy et al., 2021). Sustainability practices are often perceived as measures that can enhance the corporation's reputation and corporate legitimacy (Xiang et al., 2025; Naeem et al., 2024). Textile companies, which are at the center of global focus, are particularly challenged by the increasing importance of sustainability certification, ethical sourcing, and environmental compliance as competitive advantages (Walter & Pethile, 2025). Thus, a challenge for all those engaged in research and practice is to identify what truly is an innovation, and what is merely a symbolic practice of sustainability.

While corporate sustainability has attracted attention, research findings largely center on its positive impacts, such as improved firm performance, innovation capabilities, and competitive edge (Le et al., 2024; Bari et al., 2022; Le & Ikram, 2022). Lissillour (2025) points out that sustainable actions can be implemented superficially as a form of legitimization and not as a transformation. Moreover, although the concept of greenwashing has been investigated in previous research (Xu et al., 2025; Costa et al., 2025), there is a gap in empirical studies on SDG washing, particularly at the firm level. Moreover, previous research has focused on SDG washing alone, without considering other factors such as performance, value, and competitive advantages, or on exploring the mechanisms by which the concept of sustainability leads to actual or symbolic innovation (Paea et al., 2025; Febrina & Kuraesin, 2025). The disparity highlights the need to examine the corporation's sustainability practices more closely and thoughtfully.

The current research study aimed to address this gap by introducing the mediating role of the authenticity of sustainability innovation to distinguish between substantive and symbolic sustainability practices. Authenticity can be measured by the extent to which sustainability is embedded in practice and results in high levels of innovation (Qalati et al., 2025; Naeem et al., 2023). This idea is important, but it has been under-researched in prior studies, particularly regarding the promotion of SDG-oriented practices (Espín & Zabaleta, 2026). Moreover, the context of sustainability practice has not been well researched. Stakeholder pressure is likely to be a key determinant of how companies will respond to sustainability needs, whether through real innovation or SDG washing. This study utilizes the Institutional Theory and the Legitimacy Theory as strong theoretical underpinnings for assessing corporate reactions to sustainability pressures. Theories about institutions proposed that sustainability practices emerge within the institutions under substantive and symbolic compliance pressures, such as regulatory, normative, and mimetic pressures (Ruiz-Blanco et al., 2026). The legitimacy theory also stresses the importance of gaining social acceptance, which can be symbolic (Ali et al., 2026; Shahab et al., 2025; Shaikh et al., 2025a,b), by aligning their activities with societal expectations. Whether or not the practice is done in its true sense and the pressure from stakeholders is high or low, either theory provides a complete picture of the potential for true innovation and/or SDG washing.

The current study is relevant to the textile industry, one of the most important industries in Pakistan, which is highly sensitive to international guidelines on sustainable principles. The textile companies are increasingly under pressure to prove their adherence to environmental and social standards established by international consumers, certification agencies, and governmental bodies (Okay et al., 2026). While many companies express their sustainability commitments forcefully, doubts remain about the legitimacy of their sustainability activities and their impact on innovation (Laaksonen & Frig, 2026). Therefore, this sector is a suitable context for discussing the distinction between real innovation and "SDG washing," and how sustainability approaches are used to build economies.

The study is based on a quantitative research design and relies on primary data obtained through a survey from sustainability managers, CSR managers, compliance officers, innovation managers, and senior executives at the textile firms. The purposive sampling technique is used to select firms currently engaged in sustainability practices. A total of



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620 questionnaires were distributed (physically and online), of which 450 were valid and examined using PLS-SEM. This approach allows examination of complex mediation and moderation effects and provides empirical support for the proposed framework.

This research adds to the literature in several ways. Firstly, it has added to the body of knowledge on sustainability and innovation by shifting the focus from the benefits of sustainability practices to the unintended consequences of SDG washing. Second, it presents the issue of sustainability innovation authenticity as an important tool for differentiating between real and symbolic practices, thereby filling an important gap in the theory. Thirdly, it brings together two theories – Institutional Theory and Legitimacy Theory to provide a better understanding of corporate behavior in the face of sustainability pressures. Finally, the research can be used in practice by informing managers and policymakers on how to design and implement sustainability strategies that truly enable innovation, not just compliance. This study reveals the necessity of a more critical and balanced outlook on corporate sustainability to achieve long-term environmental and social impact.

Theoretical Framework

Corporate sustainability practices and their impact on innovation outcomes have been explored using different theoretical approaches (i.e., stakeholder theory, the resource-based view, and the signaling theory). These approaches have mainly focused on the strategic and performance-related advantages of sustainability and have often assumed that firms engage in sustainability practices to achieve efficiency, competitiveness, and long-term value generation. But these views tend to ignore that sustainability practices can also be adopted symbolically, without resulting in any substantive organizational change, as a means of reputational or legitimacy benefits. Given the growing interest in SDG washing and the legitimacy of corporate sustainability reporting, it is necessary to develop theoretical frameworks to explain both substantive and symbolic organizational reactions. The Institutional Theory and Legitimacy Theory offer useful and complementary insights into the processes of adoption and communication of sustainability practices within firms under external pressure.

The Institutional Theory argues that firms exist within a larger institutional context of regulatory, normative, and mimetic pressures, in which organizational behavior and decision-making are shaped (Ebrahimi & Koh, 2021). Some of the practices adopted by firms are undertaken not only to be efficient but also to meet the institution's expectations and be accepted within the sphere (Chowdhury, 2026). Within the sustainability framework, mounting pressure on governments, industrial practices, cross-border consumers, and certification agencies motivates companies to conform to sustainability standards and engage in SDGs-aligned activities. However, the institutional theory also suggests that this adoption is substantive or symbolic. Although certain firms absorb these pressures and become sustainable in their business, resulting in authentic innovation, there are companies that, sustainability-wise, can be superficial and only pretend to be compliant without making real changes. This distinction is important for the current investigation, since it highlights the role of the authenticity of sustainability innovations in the actual innovation outcomes companies achieve, as well as in symbolic innovations.

Legitimacy Theory posits that companies seek to align their activities with societal expectations to gain social recognition and legitimacy (Krasodomska et al., 2026). This theory encourages firms that demonstrate responsibility and sustainability, especially in industries vulnerable to public scrutiny and stakeholder pressure (L'Abate et al., 2026). In this context, the instruments of impression management may be sustainability disclosure, SDG alignment, and corporate social responsibility (CSR) initiatives, which enable the firms to enhance their reputation and legitimacy (Awuah et al., 2026). However, this theory emphasizes that this can be symbolic and may lead to practices such as SDG washing, where companies claim to be taking action on sustainability but do not take real steps. The theory also suggests that the more stakeholders examine them, the more likely they are to succeed in their symbolic strategies. (Farag, 2026) The more pressure a firm feels from stakeholders, the more 'real' action it will take on sustainability, rather than token action. Institutional Theory and Legitimacy Theory provide detailed explanations of the twofold outcomes of corporate sustainability practices. Institutional theory explains why firms undertake sustainability practices when they must do so due to external pressures, while legitimacy theory explains how firms inform stakeholders of these practices and how stakeholders perceive them. The combination of these theories supports the main aim of this research, noting that sustainability practices may result in both genuine innovation and SDG washing, depending on the degree of authenticity and stakeholder pressure. This theoretical framework enables a more critical and sophisticated analysis of corporate sustainability and moves beyond the expectation that sustainability practices will yield positive results.

Literature Review and Hypotheses Development

Corporate Sustainability Practices and Genuine Innovation

Corporate sustainability practices are a source of innovation, and firms have been able to create products, processes, and business models that are environmentally and socially responsible (Naeem et al., 2025). Rasheed et al. (2025) and Onwuzulike et al. (2024) indicate that the ability to be innovative and competitive in the long term can be improved by incorporating sustainability into organizational strategies. Nevertheless, this prevailing view is prone to believing that sustainability practices are bound to produce positive

results without considering the fact that the practices might be carried out in a superficial manner. According to an institutional theory, firms engage in sustainability practices due to coercive, normative, and mimetic pressures, especially in the textile sector, which is facing global attention (Islam et al., 2026). Although these pressures can push firms to go out and the real innovation, they do not ensure real implementation. The legitimacy theory also implies that firms can engage in the practice of sustainability with the aim of improving their social image and gaining legitimacy, instead of producing any significant effect (Crossley et al., 2021). This creates a significant gap in the literature on whether corporate sustainability practices are indeed driving actual innovation or are just symbolic activities. Based on the above literature, the following hypothesis is formulated:

H1: Corporate sustainability practices have significant effects on genuine innovation.

Corporate Sustainability Practices and SDG Washing

Although the importance of sustainability has increased, del Río et al. (2024) indicate concern about SDG washing, in which firms publicly pledge to align with sustainability objectives without taking material action. The importance of SDG-related disclosures, sustainability reporting, and CSR activities is becoming a priority in many businesses, although the level of these activities remains uncertain (Erin & Olojede, 2024). Janik and Ryszko (2025) discussed greenwashing, but SDG washing is still under-researched, especially at the firm level. The legitimacy theory suggests that firms practice symbolic sustainability to ensure social acceptance and deal with stakeholder perceptions (Crossley et al., 2021). Sustainability communication can be employed to advantage the reputation through strategy in businesses that are under pressure due to international buyers and certification bodies. Institutional theory indicates that firms can comply with sustainability requirements in a nominal way, where formal structures are adopted, but no actual practices are applied. However, there is still a gap in empirical studies on the direct relationship between sustainability practices and SDG washing. This gap highlights the need to critically examine whether corporate sustainability practices contribute to symbolic behavior rather than genuine change. The hypothesis is formulated based on the above literature:

H2: Corporate sustainability practices have significant effects on SDG washing.

Corporate Sustainability Practices and Sustainability Innovation Authenticity

Although the sustainability practices can have both real and symbolic consequences, the degree to which the practices are expressions of actual commitments is ambiguous. The term sustainability innovation authenticity is used to describe the extent to which sustainability initiatives are substantively integrated into organizational operations and lead to actual changes in operations (Qalati et al., 2026). This concept has not been given much empirical consideration in previous studies, though it is important. According to the institutional theory, the more firms internalize institutional pressures, the greater the chance that they will adopt genuine sustainability practices, which are integrated into the core operations, as opposed to being merely symbolic (Can and Turker, 2025). On the other hand, firms that react shallowly to the demands of institutions might have low authenticity (Kencebay & Ertugan, 2025). Legitimacy theory claims that authenticity is the difference between substantive and symbolic legitimacy (substantive based on genuine actions and symbolic based on impression management) (Chen et al., 2026). However, there is a gap in the current literature to explore the impact of sustainability practices on the sustainability innovation authenticity in firms. This is a critical deficiency in the literature. To fill this gap, the hypothesis is formulated based on the above literature:

H3: Corporate sustainability practices have significant effects on sustainability innovation authenticity.

Sustainability Innovation Authenticity and Outcomes

The genuineness of sustainability practices is an important factor in evaluating whether firms attain actual innovation or SDG washing (Costa et al., 2025). Real sustainability efforts are more prone to achieve substantive innovation results as they imply actual modifications in products, processes, and business models (Huy & Phuc, 2025). Conversely, the lack of authenticity can lead to symbolic behavioral patterns that lead to SDG washing (Anis & French, 2025). The institutional theory argues that authentic practices are more deeply institutionalized in organizations, which contributes to meaningful outcomes (Galleli & Amaral, 2026). On the other hand, weak institutionalization is exhibited in symbolic practices with little impact. According to the legitimacy theory, authenticity defines the kind of legitimacy firms attain based on real performance or impression management (Lim & Zhang, 2025). Nevertheless, previous studies have mainly investigated positive and negative effects independently, without considering both authentic innovation and SDG washing concurrently. This disjunction underscores the necessity to study the role of authenticity in each of these two kinds of results in a coherent system. The following hypotheses are developed based on the above literature:

H4: Sustainability innovation authenticity has significant effects on genuine innovation.

H5: Sustainability innovation authenticity has significant effects on SDG washing.

Mediating Role of Sustainability Innovation Authenticity

Although prior studies (Rasheed et al., 2025; Naeem et al., 2025; Onwuzulike et al., 2024) have explored the relationship between sustainability practices and innovation, without involving the concept of authenticity as an intermediate factor. However, both institutional theory and legitimacy theory suggest that the impact of sustainability practices depends on whether these practices are substantively internalized or symbolically adopted (Bhuiyan et al., 2023). Earlier studies fail to investigate the mediating role of sustainability innovation authenticity, especially on the differentiation between real innovation and SDG washing. This is a significant gap in the literature, as it constrains knowledge of the mechanisms by which sustainability practices result in various outcomes. Based on the above literature, the following hypotheses are formulated:

H6: Sustainability innovation authenticity mediates the relationship between corporate sustainability practices and genuine innovation.

H7: Sustainability innovation authenticity mediates the relationship between corporate sustainability practices and SDG washing.

Moderating Role of Stakeholder Pressure

The stakeholder pressure is significant in influencing the way firms conduct sustainability practices (Sun et al., 2025). The stakeholders, such as international buyers, regulatory agencies, NGOs, and customers, are demanding transparency and accountability in sustainability efforts, especially in export-driven industries like textiles (Siraj et al., 2025). These pressures may affect the adoption of sustainability practices by firms in a substantive or symbolic manner. Stakeholder pressure is one of the major institutional forces, as viewed through an institutional theory, that may push organizations to greater levels of internalization of sustainability practices (Ding & Wang, 2025). The increased pressure makes the firm more likely to engage in genuine practices as opposed to formality (Biru et al., 2025). The legitimacy theory also claims that the more stakeholders scrutinize the organization, the less effective an impression management strategy will be, thus deterring SDG washing (Awuah et al., 2026). However, earlier studies have ignored investigating the moderating role of stakeholder pressure on the relationship between sustainability practices and authenticity, while it is important to investigate. So, based on the above literature, the following hypothesis is formulated;

H8: Stakeholder pressure moderates the relationship between corporate sustainability practices, sustainability innovation, and authenticity.

Conceptual Framework

The conceptual framework of this study is given below in Figure I.



Figure I

Methodology

Research Design and Approach

This study adopts a positivist research paradigm and employs a quantitative research design to examine the relationships among variables. The hypotheses are tested based on the Institutional Theory and Legitimacy Theory through a deductive approach. Since the aim of the analysis is to examine complex relationships with mediation and moderation effects, a cross-sectional survey approach is deemed suitable. This method allows for the gathering of standardized data and statistical generalization.

Unit of Analysis and Unit of Observation

A unit of analysis of this study is textile firms because the constructs of interest, corporate sustainability practices, sustainable innovation authenticity, SDG washing, and genuine innovation, are organizational-level phenomena. The unit of observation consists of key informants, including sustainability managers, CSR managers, compliance officers, innovation managers, and senior executives. These respondents are selected because they are directly engaged in sustainability practices and conversant with organizational strategies and results.

Target Population and Sampling

The target population includes Pakistani textile companies that are proactively taking action to become more sustainable. The textile industry is an excellent example of this because it is subject to a number of sustainability standards, stakeholder reviews, and reporting standards related to the SDGs. The selection of firms for sampling is purposive, as it includes firms with evident sustainability initiatives, such as CSR initiatives, ESG reporting, and SDG alignment. 620 questionnaires were sent to the target population, and 450 questionnaires were obtained and analyzed using the PLS-SEM technique.

Measurement of Constructs

Multi-item scales are used to measure all constructs, as recommended by previous research, thereby ensuring content validity and reliability. Table I shows the measurement scales. The responses are measured on a five-point Likert scale (1= strongly disagree, 5 = strongly agree). Each construct has five items, which are modified and localized to the textile sector.

Table I: *Measurement Scales of Constructs*

Construct	Code	Measurement Item	Source
Corporate Sustainability Practices (CSP)	CSP1	Our firm integrates sustainability into its core business strategy	Bansal (2005); Zhu et al. (2008); Marshall et al. (2015)
	CSP2	Environmental and social considerations guide our operational decisions.	
	CSP3	Our organization actively invests in sustainability initiatives.	
	CSP4	Sustainability goals are embedded across different departments.	
	CSP5	The firm aligns its practices with global sustainability standards.	
Sustainability Innovation Authenticity (SIA)	SIA1	Sustainability initiatives in our firm involve real operational changes	Ashforth and Gibbs (1990); Testa et al. (2018); Delmas and Burbano (2011)
	SIA2	Our sustainability practices go beyond symbolic or superficial actions.	
	SIA3	Sustainability efforts are genuinely integrated into innovation processes.	
	SIA4	The firm's sustainability claims are supported by measurable actions.	
	SIA5	Sustainability initiatives reflect a true organizational commitment.	
Genuine Innovation (GI)	GI1	Our firm develops environmentally friendly products or services	Chen (2008); Dangelico and Pujari (2010)
	GI2	Sustainability initiatives lead to real process improvements.	
	GI3	The firm introduces innovative solutions that reduce environmental impact.	
	GI4	Sustainability drives meaningful changes in business models.	
	GI5	Innovation activities result in measurable social or environmental benefits.	

	SDGW1	There is a gap between sustainability communication and actual implementation.	
	SDGW2	The firm emphasizes SDG-related messaging more than real action.	
SDG Washing (SDGW)	SDGW3	Sustainability disclosures exceed actual performance improvements.	Laufer (2003); Delmas and Burbano (2011); Lyon and Montgomery (2015)
	SDGW4	SDG alignment is used primarily to enhance the business image	
	SDGW5	Some sustainability claims are not fully supported by operational changes.	
	SP1	Stakeholders closely monitor our sustainability practices	
	SP2	Customers demand responsible and sustainable products.	
Stakeholder Pressure (SP)	SP3	Regulatory bodies impose strict sustainability requirements.	Henriques & Sadowsky (1999); Delmas & Toffel (2008)
	SP4	Investors expect credible sustainability performance.	
	SP5	External stakeholders influence our sustainability decisions.	

Data Analysis Technique

The data are analyzed using PLS-SEM and SmartPLS software. This method is appropriate because it applies to complex models with numerous constructs, as well as mediation and moderation effects. The analysis is done in two phases: i. measurement model assessment, and ii. structural model assessment.

Results

Demographic Result

The demographic results are provided in Table II, which shows that the sample consists mostly of males, master's degree holders, and managers and sustainability professionals. Many of the respondents have higher education, so there are a number of responses to the question about sustainability practices. The variety of these experiences and positions has helped to add precision and representativeness to the data gathered in the textile sector.

Table II: Demographic Profile

Variable	Category	Frequency	Percentage
Gender	Male	302	67.10%
	Female	148	32.90%
Age	25–34 years	128	28.40%
	35–44 years	192	42.70%
	45–54 years	92	20.40%
	55+	38	8.50%
Education	Bachelor	200	44.45%
	Master	248	55.11%
	PhD	2	0.44%
Position	Manager	196	43.60%
	Sustainability/CSR Expert	154	34.20%
Experience	Senior Executive	100	22.20%
	<5 years	88	19.60%



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	5–10 years	176	39.10%
	11–15 years	112	24.90%
	>15 years	74	16.40%
Total		450	100.0%

Measurement Model

Reliability & Convergent Validity

The reliability and validity results are presented in Table III. The factor loadings for all factors exceed the critical value of 0.70, indicating that the indicators are highly reliable. The values of Cronbach's alpha and composite reliability exceed 0.70, indicating internal consistency. AVE values are above 0.50, exhibiting convergent validity. The measurement model is robust and suitable for further structural analysis.

Table III: Reliability & Convergent Validity

Construct	Item	Loading	Alpha	CR	AVE
CSP	CSP1	0.821	0.902	0.927	0.717
	CSP2	0.846			
	CSP3	0.854			
	CSP4	0.832			
	CSP5	0.839			
SIA	SIA1	0.828	0.895	0.923	0.706
	SIA2	0.847			
	SIA3	0.833			
	SIA4	0.841			
	SIA5	0.829			
GI	GI1	0.835	0.898	0.925	0.712
	GI2	0.842			
	GI3	0.851			
	GI4	0.838			
	GI5	0.829			
SDGW	SDGW1	0.812	0.887	0.918	0.69
	SDGW2	0.831			
	SDGW3	0.845			
	SDGW4	0.824			
	SDGW5	0.817			
SP	SP1	0.826	0.892	0.921	0.7
	SP2	0.841			
	SP3	0.832			
	SP4	0.845			
	SP5	0.834			

Discriminant Validity

Table IV indicates the discriminant validity of the model. The HTMT values are all less than 0.85, which supports discriminant validity. This implies that constructs are all empirically different and quantify different conceptual domains.

Table IV: HTMT

Construct	CSP	SIA	GI	SDGW	SP
CSP					
SIA	0.624				
GI	0.582	0.671			
SDGW	0.603	0.712	0.645		
SP	0.556	0.598	0.573	0.61	

Common Method Variance

Table V shows that common method bias is not the main issue. The values of both VIF and the Harman test confirm that the data is not significantly influenced by method bias.

Table V: Common Method Variance

Test	Value	Threshold	Result
Full Collinearity VIF	2.45	< 3.3	No CMV issue
Harman's Single Factor	38.70%	< 50%	Acceptable

Structural Model

Table VI results suggest that positive (genuine innovation) and negative (SDG washing) outcomes are strongly determined by the corporate sustainability practices. The authenticity of sustainability innovation indicates that it has a strong positive impact on real innovation and a strong negative impact on SDG washing, which proves its criticality. According to the mediation findings, the effect of corporate sustainability practices is indeed transmitted to both outcomes by sustainability innovation authenticity. This means that sustainability practices lead to genuine innovation and reduce SDG washing, mainly through practice. The moderation analysis reveals that the stakeholder pressure enhances the relationship between sustainability practices and authenticity.

Table VI: Hypothesis Testing

Hypothesis	Path	Beta	t-value	p-value	Decision
H1	CSP → GI	0.298	5.212	0	Supported
H2	CSP → SDGW	0.241	4.108	0	Supported
H3	CSP → SIA	0.612	13.224	0	Supported
H4	SIA → GI	0.427	7.654	0	Supported
H5	SIA → SDGW	-0.389	6.982	0	Supported
H6	CSP → SIA → GI	0.261	6.118	0	Supported
H7	CSP → SIA → SDGW	-0.238	5.504	0	Supported
H8	CSP × SP → SIA	0.183	3.421	0.001	Supported

Table VII shows that the model has moderate explanatory power, with significant variance explained for all endogenous constructs. Q² values indicate high predictive relevance, demonstrating that the model has strong statistical and practical significance.

Table VII: Effect Size

Construct	R ²	Q ²	Interpretation
SIA	0.412	0.261	Moderate
GI	0.498	0.312	Moderate–High

SDGW	0.436	0.278	Moderate
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Discussion

This study's results add to the emerging evidence base about the dualism of the CS practices, which can either foster real innovation or SDG washing. While sustainability has always been thought of as a lever to desired organizational performance, the results indicate that it is not always an effect. Instead, corporate sustainability practices can also give rise to both substantive and symbolic compliance, as a complex interplay between business intentions and external pressures. The findings contrast with the current literature, as it has always been linked to the idea of a big change, and this research suggests that sustainability actions in companies are not necessarily linked to a big change.

The results of the study are also supported by the findings of the Institutional Theory. This theory has been used to strengthen the notion of positive linkages between corporate sustainability practices and real innovation, which is why corporate sustainability practices can be more likely to be internalized in more institutionalized settings and then acted on as real innovation or sustainability practices. Sustainability is not compulsory, but it is becoming a part of the business in the textiles sector, where businesses are believed to be regulated and comply with international standards. Based on the findings, it can be concluded that it is feasible to produce real innovation output (including green production processes and socially responsible behaviors) among the firms under these pressures. This supports the study's results that an institution's pressure can cause meaningful changes, changes that can be internalized within the institution but not superficially adopted.

The results, however, show a positive relationship between companies' sustainability practices and SDG washing, suggesting that companies can undertake both symbolic and substantive actions. This observation is highly consistent with Legitimacy Theory, which posits that organizations are highly sensitive to their social acceptability, aligning their social image with societal expectations. In addition, in industries with high competitiveness and exposure to international markets (e.g., textiles), companies may wish to consider integrating SDGs and sustainability reporting as a strategy for reputation management, although this is not widely adopted. The two-fold conclusion reflects an important paradox: while firms respond to institutional pressures, they can do so in ways that may emphasize the importance of legitimacy to performance. Therefore, sustainability practices may serve as instruments of innovation and impression management.

The findings indicate that overall corporate sustainability practices significantly enhance authenticity, which in turn leads to authentic innovation and minimizes SDG washing. The finding extends the Institutional and Legitimacy theories by providing a process-based account of how sustainability practices translate into outcomes. Institutionally speaking, authenticity refers to the in-depth internalization of sustainability practices within organizational practices. From a legitimacy perspective, authenticity can be used to draw the line between substantive and symbolic legitimacy, which are attained through real performance and communication strategy, respectively. The strong mediating effect confirms that the results of sustainability practices depend not only on their adoption but also on their genuineness. The significance of authenticity in efforts to curtail symbolic behavior is further enforced by the negative correlation between sustainability innovation authenticity and SDG washing. Companies that truly incorporate sustainability in their operations are less prone to making false or overblown statements. This observation questions the belief that sustainability communication is a panacea for attaining legitimacy and proposes that stakeholders are increasingly placing demands for believable, provable actions. In this respect, authenticity is a critical boundary condition that defines whether sustainability practice can provide real effects or is superficial. The mediating effect of stakeholder pressure gives further understanding of the circumstances when sustainability practices turn out to be genuine. The results show that the relationship between corporate sustainability practices and authenticity is enhanced by increased stakeholder pressure, which implies that external scrutiny is a critical factor in promoting substantive execution. Based on the Institutional Theory, the stakeholder pressure is a coercive and normative pressure that necessitates firms to transcend symbolic compliance. Similarly, Legitimacy Theory suggests that increased scrutiny reduces the effectiveness of impression management strategies, thereby discouraging SDG washing. It means that the stakeholders become a disciplining force, which drives the firms into more plausible and authentic sustainability practices.

These results are particularly significant in the context of the textile industry in Pakistan. The industry is highly exposed internationally, with companies forced to meet sustainability requirements based on international purchasers and their certification bodies, as well as the government. Although these pressures help in the implementation of the sustainability practice, the outcomes of the practice indicate that the pressures do not necessarily ensure authenticity. Instead, it is the extent of these pressures internalized within the firms that will determine whether sustainability practices will create real innovation or SDG washing. This brings out the need to be more institutional and stakeholder involved to make sure that sustainability initiatives have significant outcomes.



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Conclusion

This study aimed to critically analyze the results of corporate sustainability practices by differentiating between actual innovation and SDG washing and by determining the mechanisms and contextual factors that influence the results. The results show that the impact of corporate sustainability practices is dual and contradictory, as they both enhance substantive innovation and symbolic compliance. Although sustainability practices contribute to actual innovation, they also make SDG washing more possible in the case of shallow implementation. Notably, the research shows that the authenticity of sustainability innovation is a crucial factor when it comes to the achievement of meaningful sustainability practices or the symbolic ones. Moreover, the findings lead to the conclusion that the pressure of stakeholders enhances the authenticity of sustainability practices, thus prompting firms to shift toward substantive implementation.

This research provides a number of significant theoretical contributions to sustainability and innovation literature. First, it builds on the current literature by transcending the prevailing presumption that sustainability practices are always positive, but rather offers a critical approach that takes into account both the positive and negative impacts. The study provides a more balanced and nuanced picture of corporate sustainability practices by studying both real innovation and SDG washing simultaneously. Second, the research is valuable in that it brings the concept of sustainability innovation authenticity as a mediating variable that clarifies the manner in which sustainability practices are converted into various results. This process approach to the study represents a significant gap in the previous study, which largely focused on direct relationships without investigating the mechanisms that underlie the relationships. Thirdly, the study has a combination of the Institutional Theory and the Legitimacy Theory, providing an overall framework to explain the sustainability practices taken up, as well as the communication of these practices. Institutional theory is used to understand how external forces force firms to practice sustainability, whilst the legitimacy theory is used to understand why firms may be engaged in symbolic action to make them socially acceptable. This mix of the theories provides greater explanatory power and improved understanding of corporate conduct within sustainable contexts.

Practical Implications

The results of this research have significant implications for managers and practitioners, especially within the textile industry. Firms should know that the adoption of sustainability practices is not sufficient, but it matters to the real practice of the practices, so that they can document significant innovation results. The managers are encouraged to ensure that sustainability programs are incorporated into the operations of the organization, rather than viewing them as a meaningless or marketing gimmick exercise. Firms need to emphasize the internal capacity development, such as sustained production technologies, innovation processes, and employee involvement, in order to enhance the credibility of their sustainability efforts. Moreover, organizations are encouraged to align sustainability reporting to actual performance in order to reduce sustainability SDG laundry and gain credibility among the stakeholders. Incorporating sustainability into the main business strategies and not considering it as a fringe activity can assist firms to gain a competitive advantage and sustainability in the long run.

Social Implications

Socially, the study results indicate that there is a necessity to transform corporate sustainability into a source of real impact on the environment and society rather than mere adoption. The pressure of proving sustainability is rapidly increasing in emerging economies like Pakistan, where industries are becoming more and more intertwined in the global value chains. However, unless such pressures are applied genuinely, they will only lead to empty practices that may negatively affect the sustainability practices. The results highlight the importance of stakeholders such as regulators, international buyers, NGOs, and consumers in ensuring accountability and transparency. Successful stakeholder engagement can encourage businesses to move beyond the symbolic and get involved in more viable and practical sustainability programs. Lastly, encouraging authenticity in the sustainability activities can also contribute to creating more inclusive and sustainable development to the advantage of organizations and society.

Limitations and Future Research Directions

Despite its contributions, this study has several limitations that provide potential research opportunities in the future. First, the research adopts a cross-sectional research design, a limitation that confines the dynamic sustainability practices and results over time. Corporate sustainability and innovation processes are dynamic, and longitudinal designs can be applied in future studies to understand how authenticity and SDG washing change and transform at the different levels of organizational change. Second, it is analyzed using self-reported data of managers and professionals, which may lead to bias in responses or social desirability, particularly because of the sensitivity of SDG washing. Although the procedural and statistical remedies to the prevalent method bias are applied, additional research can be conducted to increase the validity by implementing objective sources of data, possibly sustainability reports, third-party certification, or archival performance measures.



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Third, the research is carried out in the textile industry of Pakistan, which, although extremely relevant, can restrict the applicability of the results to other economies and industries. Future research is recommended to focus on other sectors such as energy, manufacturing, and financial services, and to compare these across countries to better understand how institutional context and regulation affect sustainability, authenticity, and symbolic practices. Fourth, although the focus of the present study is on the authenticity of sustainability innovation as one of the underlying mechanisms, other potential mechanisms may also relate to the correlation between sustainability practices and outcomes. Other components that can be added to the study in the future are organizational culture, leadership commitment, governance mechanism, or the transparency of the ESG component, to provide a wider understanding of the behavior of companies in attaining sustainability. Lastly, the research relies on a quantitative methodology, which, although giving generalizable results, might not be able to capture the nature and complexity of SDG washing practices. Future research should be qualitative (or mixed), such as a case study or content analysis, and consider a greater understanding of how firms build and convey sustainability stories and how these sustainability stories relate to reality.

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