Better Performance, Lower Trust: The Paradox of Company Size in Sustainability Perceptions

Jing Niu
University of Liverpool
Xiaoyu Xu
strathclyde university

Cite as:
Niu Jing, Xu Xiaoyu (2026), Better Performance, Lower Trust: The Paradox of Company Size in Sustainability Perceptions. *Proceedings of the European Marketing Academy*, 55th, (132973)

Paper from the 55th Annual EMAC Conference, Bath, United Kingdom, June 2-5, 2026

Better Performance, Lower Trust: The Paradox of Company Size in Sustainability Perceptions

Abstract

This paper examines a paradox in sustainable marketing: large companies often achieve better sustainable performance yet are judged as more likely to greenwash than smaller firms. Using Bloomberg ESG ratings for S&P 500 and Russell 2000 firms (4,448 firm–year observations) and five experiments, we show that firm size positively predicts ESG scores, but identical sustainability initiatives are evaluated as more deceptive and less virtuous when undertaken by large versus small companies. This size-based credibility gap is mediated by lower benevolence-based trust and is amplified under high perceived economic inequality. The findings highlight a systematic misalignment between actual ESG performance and perceived authenticity and suggest that large firms must emphasize genuine motives and adapt sustainable communication to local inequality climates to avoid being discounted as greenwashers.

Track: Advertising & Marketing Communications