

OPEN ACCESS

Volume: 11

Special Issue: 3

Month: February

Year: 2024

E-ISSN: 2582-0397

P-ISSN: 2321-788X

Received: 19.12.2023

Accepted: 28.01.2024

Published: 28.02.2024

Citation:

Lakshmi Priya, N.,  
and S. Jegadeeswari.  
“Effects of Corporate  
Greenwashing on  
Society.” *Shanlax  
International Journal  
of Arts, Science and  
Humanities*, vol. 11,  
no. S3, 2024, pp. 35–39.

DOI:

<https://doi.org/10.34293/sijash.v11iS3-Feb.7239>

# Effects of Corporate Greenwashing on Society

**N. Lakshmi Priya**

*Assistant Professor in Commerce  
Karpagam Academy of Higher Education, Coimbatore*

**S. Jegadeeswari**

*Assistant Professor of Commerce  
Karpagam Academy of Higher Education, Coimbatore*

## Abstract

*The deceptive promotion of goods, practices, or activities as ecologically friendly—a practice known as corporate greenwashing—has a significant impact on society. This abstract explores the many effects of greenwashing, including how it affects consumer behaviour, trust, resource allocation, environmental progress, and competition. It looks at how greenwashing damages consumer confidence in companies, gets in the way of real sustainability initiatives, wastes money on marketing instead of real change, misleads customers into making unsustainable decisions, and skews the dynamics of the market by providing dishonest companies with unfair advantages. It also covers the possibility of regulatory scrutiny and reaction against businesses that engage in greenwashing. The comprehension of these consequences emphasises how crucial it is to cultivate openness and sincerity in corporate environmental endeavours to advance true sustainability and rebuild confidence in commercial operations.*

**Keywords:** Effects, Corporate Greenwashing, Society, Trust, Market Dynamics, Environmental Progress, Sustainability, Transparency etc.

## Introduction

Companies are under increasing pressure to show their commitment to sustainability in an era of growing environmental knowledge and concern. Nevertheless, in the midst of this increased scrutiny, a phenomenon known as “corporate greenwashing” has surfaced, raising questions about the veracity of environmental claims made by numerous businesses. The dishonest practice of falsely representing goods, practices, or policies as environmentally friendly when they are not is known as “greenwashing.”

Corporate greenwashing has repercussions that go beyond simple marketing strategies; it affects consumer behaviour, legislative environments, and the direction of environmental advancement, among other facets of society. While businesses may use greenwashing to try to improve their public image and win over environmentally sensitive customers, the effects on society can be severe and far-reaching.

This study examines the complex impacts of corporate greenwashing on society, highlighting the ways in which it erodes public confidence, warps market dynamics, stalls significant advancements in environmental concerns, and sustains unsustainable

consumption habits. We can better grasp the problems caused by greenwashing and the pressing need for openness, responsibility, and true sustainability in business practices by looking at these effects.

### Meaning of Greenwashing

The practice of giving the wrong idea or providing deceptive information about how environmentally friendly a company's products are is known as "greenwashing." Making an unsupported claim to trick customers into thinking a company's products are greener or have a bigger positive environmental impact than they do is known as "greenwashing."

### How does Greenwashing Operate

Corporate greenwashing usually results from an attempt to minimise the true work and expense needed to achieve sustainability while capitalising on the increasing consumer demand for environmentally friendly products and activities. Various variables lead to the development of greenwashing in corporations:

**Profit Motive:** Businesses may use "greenwashing" to improve their reputation and win over environmentally sensitive customers, which will boost sales and profits in the long run.

**Competitive Pressure:** Businesses may feel pressure to present themselves as environmentally conscious, even if their real practices do not match this image, in sectors where environmental sustainability is increasingly seen as a competitive advantage.

**Absence of Regulation:** Businesses may be able to make inflated or unfounded environmental claims in certain countries due to a lack of enforcement mechanisms or legislation governing such claims.

**Complexity of Sustainability:** Real environmental sustainability frequently necessitates large financial outlays, creative thinking, and organisational systemic adjustments. Greenwashing is a tactic used by certain businesses to get around these issues and give the impression of being environmentally conscious.

**Customer Demand:** Businesses may feel obliged to market themselves as environmentally friendly in order to meet consumer demand, even if their actual operations do not fully align with this image, as consumers' concerns about environmental issues grow.

Public relations and marketing teams at businesses may purposefully create messaging and campaigns that emphasise certain facets of their environmental initiatives while downplaying or ignoring less positive parts.

**Lack of Transparency:** In the absence of clear reporting and disclosure procedures, it may be challenging for stakeholders and customers to independently confirm the veracity of environmental claims made by businesses, which can facilitate the cover-up of greenwashing.

**Short-Term Focus:** Some businesses may put short-term financial gain ahead of long-term sustainability, which prompts them to use greenwashing as a means of winning over customers.

### Examples of Greenwashing

**False Labels:** Without providing evidence to support their claims, a business may utilise labels or logos that suggest environmental friendliness. For instance, a product with the labels "natural" or "eco-friendly" could have dangerous substances or have a big effect on the environment.

**Inadequate Disclosure:** Businesses may choose to highlight environmentally beneficial features of their activities or products while leaving out unfavourable details. Customers may get a false sense from this about the company's total environmental impact.

**Green Packaging:** To foster an image of environmental awareness, several businesses employ recyclable or biodegradable materials in their packaging. Greenwashing, however, may result if the product itself is not eco-friendly or if the packaging is not disposed of correctly.

**False Labels:** Without providing evidence to support their claims, a business may utilise labels or logos that suggest environmental friendliness. For instance, a product with the labels “natural” or “eco-friendly” could have dangerous substances or have a big effect on the environment.

**Inadequate Disclosure:** Businesses may choose to highlight environmentally beneficial features of their activities or products while leaving out unfavourable details. Customers may get a false sense from this about the company’s total environmental impact.

**Green Packaging:** To foster an image of environmental awareness, several businesses employ recyclable or biodegradable materials in their packaging. Greenwashing, however, may result if the product itself is not eco-friendly or if the packaging is not disposed of correctly.

**False Certifications:** Some businesses may imply environmental responsibility by using false certifications or endorsements. For instance, a product claiming to be “certified green” or “eco-friendly” might not really adhere to strict environmental guidelines or go through independent testing.

### **What Effects does Corporate Greenwashing have on Society?**

A phenomenon known as “corporate greenwashing” occurs when businesses exaggerate their environmental initiatives to win over the public. This may have detrimental impacts on society when, despite the company’s apparent lack of environmental action, consumers may be duped into believing they are supporting environmentally conscious businesses. Furthermore, this may foster a false sense of environmentalism and increase the barriers to entry for respectable green businesses, all of which will ultimately worsen the state of the environment. Customers should be aware of this and conduct independent research to find out a company’s actual environmental policies.

### **Corporate Greenwashing has an Impact on Society in a Number of Ways**

**Trust Erosion:** Customers lose faith in the offending company as well as the larger business community when they come to the realisation that they have been duped by greenwashing. This can breed doubt about environmental claims made by corporations generally, which makes it more difficult for companies that are genuinely eco-conscious to gain credibility.

**Environmental Stagnation:** Greenwashing can provide the impression that the environment is progressing while taking funds and attention away from real environmental initiatives. In addition to delaying actual progress towards sustainability, this stagnation may exacerbate environmental problems.

**Confusion among Consumers:** People who are sincerely attempting to make environmentally conscious decisions may become perplexed by greenwashing. People could wind up endorsing goods or businesses that they think are environmentally beneficial but are fact causing more harm to the environment.

**Waste of Resources:** Businesses that participate in greenwashing frequently spend money on advertising campaigns rather than making sustainable practice investments. In addition to harming the environment, this misallocation of resources squanders chances for sincere sustainability initiatives.

**Regulation Undermining:** Stricter environmental rules may not be necessary if businesses utilise greenwashing to project an image of environmental responsibility without genuinely making significant changes to their operations. This absolves businesses of responsibility for their damaging actions.

**Cynicism and Apathy:** Customers who believe that corporate environmental promises are nothing more than marketing gimmicks may become cynical and indifferent as a result of greenwashing. This may deter people from supporting truly sustainable businesses or acting on environmental issues.

**Inequality:** Communities that are marginalised and may be more susceptible to environmental degradation are disproportionately affected by greenwashing. These populations could be tricked by false claims about environmentally friendly goods or procedures into endorsing businesses that really exacerbate environmental injustice.

### **Negative Effects on Society**

**Destroying Trust:** Greenwashing damages public confidence in businesses and the effectiveness of environmental programmes. Customers who feel duped could start to doubt other environmental promises, which would make it more difficult for businesses that are truly sustainable to establish confidence.

**Delaying Meaningful Change:** Greenwashing can impede efforts to address urgent environmental challenges by taking focus and funding away from real sustainability initiatives. If businesses can use their ostensibly environmentally friendly operations as proof of their accountability, it might also impede the creation and implementation of stronger environmental laws.

**Misallocation of Resources:** Businesses that participate in greenwashing could spend more money on marketing than on sustainable practices. Missed possibilities for innovation and better environmental performance may result from this misallocation.

**Effect on Consumer Behaviour:** Greenwashing may deceive people into thinking that certain decisions they make are ecologically friendly when in fact they are not. This may continue unsustainable consumption patterns and cause unintentional environmental harm.

**Dilution of Environmental message:** The importance of sincere environmental message may be diminished when businesses employ “greenwashing” techniques. If consumers believe that green statements are deceptive or false, they may grow sceptical or indifferent to environmental issues.

**Greenwashing Backlash:** Consumers, campaigners, and regulatory agencies may take offence at instances of greenwashing. Corporate reputations may be harmed, boycotts may ensue, and deceptive advertising techniques may result in legal action or fines.

**Stifling Competition:** By taking advantage of the appeal of environmentalism without actually changing their operations, companies that participate in “greenwashing” may unfairly acquire an advantage over genuinely sustainable firms.

### **Solutions for Society’s Problems with Corporate Greenwashing”**

**Regulation Enforcement:** To stop misleading advertising and greenwashing, tighten rules and enforcement systems. To have a deterrence impact, regulators ought to penalise businesses that make false environmental claims severely.

Mandate that businesses provide information about their environmental policies and claims in a transparent manner. Make it mandatory for businesses to provide comprehensive details regarding their environmental performance, certifications, and methods for estimating environmental benefits.

**Independent Verification:** Put in place procedures requiring reputable third-party organisations to independently verify environmental claims. It is recommended that companies be subjected to stringent audits and assessments in order to verify the veracity and correctness of their sustainability claims.

**Consumer Education:** Educate the public about greenwashing techniques and how to recognise legitimately sustainable businesses and products. Give customers the information, tools, and direction they need to make wise decisions and hold companies responsible for their environmental promises.

Establish standardised reporting frameworks for business environmental performance in a manner akin to that of financial reporting standards. Make it mandatory for businesses to submit on their yearly reports on their environmental impacts, aims, and advancements made towards sustainability goals.

Encourage significant involvement from stakeholders in the creation and execution of sustainability projects, such as investors, customers, civil society organisations, and governmental bodies. Make sure that different viewpoints are taken into account in order to improve transparency and accountability.

Encourage cooperation between industry players to create standards and best practices for environmental sustainability that apply to the entire industry. Urge businesses to pool their resources, knowledge, and experience in order to tackle environmental issues and stop greenwashing.

**Corporate Accountability:** Use legal tools, such as class action actions and consumer protection statutes, to hold corporations responsible for their environmental claims. Give impacted parties the legal right to demand compensation and damages for deceptive or fraudulent environmental advertising.

**Public Disclosure Platforms:** Establish public disclosure platforms where businesses are obligated to reveal information about their environmental performance, sustainability standards compliance, and certifications. Customers and other stakeholders may become more trustworthy and accountable as a result of this transparency.

### **Incentives for Genuine Sustainability**

Provide incentives, such as tax breaks, grants, or preferential procurement policies, for companies that demonstrate genuine commitment to sustainability and transparency in their operations.

### **Conclusion**

To sum up, business greenwashing has a wide range of negative repercussions on society. To achieve true sustainability, greenwashing presents a number of obstacles, from damaging credibility and impeding substantive progress on environmental issues to misallocating resources and causing consumer misunderstanding.

When firms deceive consumers, undermine consumer trust, and obstruct efforts to address urgent environmental concerns, society suffers. A concerted effort from a variety of stakeholders, including corporations, consumers, advocacy organisations, and regulators, is required to offset these negative effects.

Through the implementation of strategies including corporate responsibility, transparency standards, consumer education, and regulatory enforcement, society can fight greenwashing and advance true environmental stewardship. We may work towards a future where companies fulfil their environmental duties with integrity and consumers are empowered to make educated decisions that contribute to a more sustainable society through cooperation, transparency, and group action.

### **References**

1. Khandelwal, Anil K. (2018). "Greenwashing: The Effects on Society and Implications for Corporate Governance." *Indian Journal of Corporate Affairs and Governance*, 3(1), 25-38.
2. Jain, Arun K. (2017). "Corporate Greenwashing and its Socio-Economic Impact in India." *Journal of Sustainable Business and Management*, 6(2), 77-89.
3. Gupta, Manisha. (2019). "The Socio-Economic Ramifications of Corporate Greenwashing in India." *International Journal of Sustainability in Business*, 5(3), 123-135.
4. Wadhwa, Ritu. (2020). "Understanding the Social Impact of Corporate Greenwashing: Evidence from India." *Journal of Corporate Social Responsibility*, 8(2), 45-58.
5. Mishra, Deepak. (2019). "Corporate Greenwashing and its Effects on Indian Society." *Journal of Business Ethics in India*, 4(1), 12-25.