

OPEN ACCESS

Volume: 11

Special Issue: 3

Month: February

Year: 2024

E-ISSN: 2582-0397

P-ISSN: 2321-788X

Received: 20.12.2023

Accepted: 04.02.2024

Published: 28.02.2024

Citation:

Monika Devi, P.,
et al. "Corporate
Greenwashing and its
Deleterious Impact on
Environmental Society
and Ethical Business
Decision – in India."
*Shanlax International
Journal of Arts, Science
and Humanities*,
vol. 11, no. S3, 2024,
pp. 40–49.

DOI:

[https://doi.org/10.34293/
sijash.v11iS3-Feb.7240](https://doi.org/10.34293/sijash.v11iS3-Feb.7240)

Corporate Greenwashing and its Deleterious Impact on Environmental Society and Ethical Business Decision – in India

P. Monika Devi

*Research Scholar (FT), Department of Management Studies
Kongu Engineering College, Perundurai*

P. Vidhya Priya

*Professor, Department of Management Studies
Kongu Engineering College, Perundurai*

S. Surender

*Research Scholar (FT), Department of Management Studies
Kongu Engineering College, Perundurai*

Abstract

Current research finds that, in the context of the Sustainable Development Goals (SDGs), consumers, governments, and other commercial organizations are embracing CSR to enhance their corporate image with environmental components that are not truly implemented through greenwashing. India is confronted with environmental challenges such as escalating air pollution, declining food security and pollution from e-waste disposal. The WHO's 24-Hour Air Quality Guidelines' suggested limit for PM2.5 concentration is now being exceeded by 2.8 times in India. This report discusses the findings of an empirical investigation on the relationship between environmental sustainability and the degree of business relationships, the impact of green washing on climate change and the connection between CSR and ethical decision-making. Based on the data gathered from 200 respondents to a used questionnaire a quantitative, causal, cross-sectional study was carried out, using SPSS24.0. This paper enriches the study with further scope of analyses over employee's perception over the SDG.

Keywords: Environmental Sustainability, Corporate Greenwashing, Ethical Decision Making, Corporate Social Responsibility, Climatic changes.

Introduction

Folks in ancient times started with rainbow nature, when mortal forms begin to live, initially humankind breathed wondering about the nature and its presence. Humanity started making out the gift given by the nature for the existence of mortal life in a comfortable and healthy life. Ancient days man started streaming beyond the nature to appreciate and acquire the wealth for their life actuality, as the population started growing abundance nature started misplacing it colors and sluggishly go toxin, pouring of mortal beyond nature transposed in to booting nature for the so phisticated life there contaminating them and their product day by day. All living and non-

living entities that arises spontaneously, that is, without the use of artificial means, are considered to be apart of the natural world. In comparison to the entire cosmos, the blue planet where we currently reside may only appear to be as a small pale blue dot. The environment is growing darker as the world becomes more industrialized. Modern corporations have a significant part in environmental contamination, which currently trends synthetic products as natural products under the roof of organic labels via greenwashing technique. Dirt transforms its shape depending on the level of civilization and technical advancement. An unwholesome trend because of its lack of perspective, strategy disregards the viability of economic growth. Green marketing has expanded significantly over the past 10 years, and firms increasingly frequently tout their environmental performance to boost their brand's reputation and take advantage of green marketing opportunities. More and more businesses are discovering that good corporate governance transparency and quality management are necessary for strong business growth. On the one hand, it's significant to recognize the psychological shifts in each consumer's perception of greenwashing, which can assist businesses in limiting the adverse effects done by the attitude and safeguarding their financial performance and brand equity; on the other hand, it's valuable for the relevant government departments to put forth targeted measures to address consumers' lack of faith in green consumption and moral crisis. Based on the traditional pattern this paper broadens the study of green washing and CSR of business entity in ethical decision making and adds the notion of perceived betrayal into the analysis of how consumers' perceptions of greenwashing affect their intentions to make green purchases and actual green products. This study develops a new framework for the relationship between consumers' perceptions of greenwashing and their intentions to buy environment sustainability. It also confirms the negative correlation between consumers' perceptions of greenwashing and their intentions to buy environmentally friendly products which is indirectly proportional to decision making and CSR of a firm.

New contributions to this paper include the following: To begin with, this paper develops the identification of enhancement of corporate image with respect to corporate greenwashing which elucidate the customer perception over green marketing. The secondly paper addresses the percentage of greenwashing implemented under the roof of organic label in Indian market, study also enriches the deleterious impact of greenwashing over the environmental sustainability and impact of social media over corporate greenwashing and its ethical business decision making. Interlocking between the CSR of the business entity and ethical decision making is also verified. Next session

Review of Literature and Hypothesis Formulation

Background Work

In 2016, China organically incorporated the Sustainable Development Agenda with its medium- and long-time period improvement plan, and included the SDGs into its 14th Five-Year Plan in 2021. Companies are key stakeholders in attaining the SDGs. "Consumer perceptions of green marketing claims: an examination of the relationships with type of claim and corporate credibility [1] With the improvement of the social duty notion and the growing interest of the capital market place to company sustainability, the significance of sustainability reporting has become an increasing number of prominent. According to KPMG's 2020 Sustainability Report Survey, 80% of the world's a hundred biggest corporations file their sustainability [2] and the "duty" of file has begun to alternate to the "sustainability" side, which has brought about a transition of social duty reporting to sustainability reporting Jay Westerveld originally used the phrase "greenwashing" in 1986 in an article he wrote that looked at hotel industry exercises. Greenwashing is defined as the "act of misleading consumers regarding the environment-friendly practices of a company [3].

Indian consumers are becoming aware of greenwashing activities, which have a negative impact on green brand trust and under mines green brand image and green brand loyalty [4]. Some companies mislead their stakeholders through a phenomenon called greenwashing [5]. The term Greenwashing has been recognized as a deliberate communicative behavior with the purpose of misleading/deceiving stakeholders [6]. the perspective of corporate differentiated environmental practices, divide corporate environmental protection behavior into substantive behavior and symbolic behavior [7]. This unethical practice negatively influences firm's credibility [8]. Greenwashing as a corporate unethical behavior can reduce organizational reputation [9]. In summary, we attempt to systematically analyse the deleterious impact of corporate greenwashing on environmental sustainability and the decision making made by the corporate [9].

Hypothesis Formulation

Consumer Perception of Green Washing and Consumption of Green Products

Greenwashing is a false marketing practice that causes consumers to form a false impression of a company's environmental practices in the process of advertising and communication to consumers [10]. From a marketing perspective, greenwashing is a marketing practice in which companies do not do anything substantial but actively promote their environmental image [11]: from an information management perspective, greenwashing is an information management strategy in which companies selectively disclose positive green information [12]: Simply put, when a company claims to be environmentally friendly but does not match its words with its actions, we assume that it is practising a false form of green marketing, or 'greenwashing'. Greenwashing Perception (GP) is consumer response to the extent to which green advertising messages are consistent with actual corporate environmental responsibility [13]. Consumption of green products is becoming a trending one in the present times. The synthetic products are marketed under the label of Organic and eco-friendly products. Modernization is also one of important fact for the greenwashing happening today and people prefer green products to turn healthy. The loyalty of the consumers develops in three stages: first, cognitive sense, then effective sense, and finally behavioural sense [14]. The degree of customer trust is directly dependent upon the customer's loyalty [15] which increase the intention to consume green product. In order to increase purchase intention, companies must raise their customer loyalty [16] which can be made possible by emphasizing trust associated with the Consumer.

Hypothesis (H1) – Consumer Perception of Greenwashing has Positive Impact on Consumption of Green Products.

Corporate Imaging and Greenwashing Technique

Corporate reputation represents a net affective/emotional reaction and involves the general valuation in which a company is held by its constituents, when compared with other leading competitors [17] [18]. Corporate reputation is an evaluation of the firm formed by subjective impressions [19]. These impressions are created through the integration of the firm's available information [20] cues or signals sent by them to build future expectations [21], Thus corporate's reputational perceptions are often a combination of both public and private information [22]. When greenwashing occurs, the company is dishonest [23]. and lies in order to achieve corporate benefits [24] thus violating consumer's expectations regarding the firm's ethical and environmental conduct.

Hypothesis(H2)–Greenwashing has a Positive Impact on Corporate Imaging Social Media and Its Impact of Corporate Greenwashing

Visual and print media primarily involve one-way conversation from, notably in the context of corporate promotion. Some social media platforms, such as websites and the blogosphere, embody two-way communication with an asymmetric response, allowing visitors remark vessel leave the ground but without overthrow the host’s voice specialty However, ‘s sociable platforms such as Facebook and Twitter enable communication that is much closer to ‘s two-way symmetrical communication model. After the medical crises of COVID-19 social media pay the huge cause for the transformation of promotion of a product, the vast and rapid of spread corporate information, which makes the people educated in the particular concept or Product. The awareness about the product and benefits, cost of consumption almost the smart phone with social media tempts the people touse it atleast once the product and then the product convert them to the regular user of the product which the corporate turns them into loyal customer. Recent times under the label of organic green products the synthetic products are marketed. More than the traditional practise of Television, Radio and print media social media capture almost every eye of the valuable costumer. On the other hand, influence of social media makes the decision makers to takes omeethical decision under the roof of CSR which improves the corporate image. The government, marketers, and educators can increase awareness of environmental deterioration and enhance green purchase behavior through environmental concern, social influence, and self-image with the presence of green advertisement. The above can increase green purchase behavior, making people greener and environmentally conscious in their daily life [25]. four social media marketing strategies—word of mouth, interaction, entertainment, and customization—have an impact on consumer attitudes toward green products. Additionally, trendiness is found to have little bearing on predicting customer attitudes, whereas a favourable attitude influences consumers’ willingness to pay a premium for environmentally friendly goods [26]. Regarding the usage of Facebook and Twitter suggested that involvement motives only influence anti-materialistic beliefs and organic food purchases in the USA, Germany, and South Korea. Other countries donot recycle or adopt green transportation practices. Apart from recycling, where Germany leads,

Collectivist nations such as South Korea have the highest levels of social media use and sustainable practices. [27]. In India, the recycling is not happening actually but the products are traded under green transportation practise.

Hypothesis (H3)–Social Media have Huge Impact of Corporate Greenwashing and Its Ethical Decision Making under the CSR Greenwashing and Environmental Sustainability

Environmental sustainability is becoming a serious issue over the present times, now-a-days consumer have become educated about the sustainability of environment. Greenwashing is spreading false information to make a company’s products environmentally friendly. It is used to make people believe that the organization is doing more to protect the environment than it is. In many cases, greenwashing can include false advertising claims or green marketing that has no positive environmental impact. The environmental sustain ability studied in this paper refers to the sense of responsibility and obligation that individuals are willing to make efforts in the face of ecological and environmental problems [28] Firm’s environmental performance involves a variety of factors that change depending on the situation or the observer, which makes it so complex to define [29]. Macro level research have evidence of negative impact of greenwashing on environment which affects the ESG of the nature and nurture. The studies under goes the research and finds that there is a negative relationship between the corporate greenwashing and environmental sustainability.

Hypothesis (H4)– Greenwashing has Negative Relationship with the Environmental Sustain Ability

Theoretical Framework

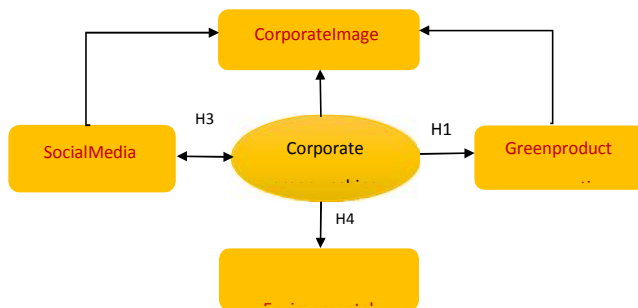
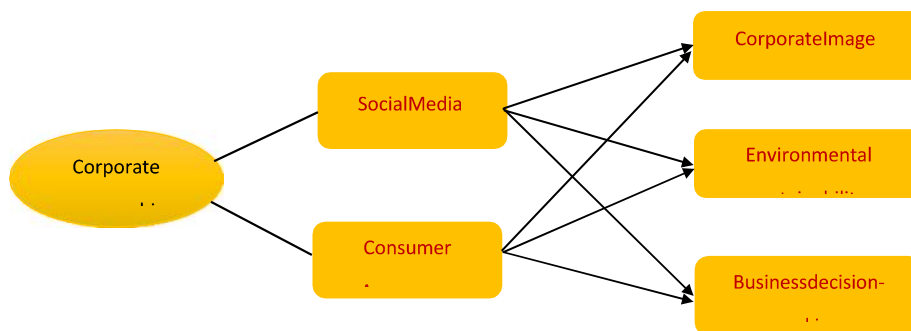


Figure 1 Research Framework

Conceptual Framework



Methodology

Data Collection and Sample

This paper collects data through a structured questionnaire from ordinary adult consumers who have had the experience of green consumption. The consumer is the one who can exactly get to know about the difference in the pure green products and the synthetic products. The paper has chosen non probability sampling technique for the analysis purpose.

Thus, the sample was selected by using the non-probabilistic technique for convenience. Even if convenient sampling means that the conclusions are solely legitimate for the sample, we are dealing with confirm atory evaluationin a subject where the groundwork are well established. Therefore, pattern measurement ought to meet the statistical Modeling necessities. The data for this research were collected from March 2023 to April 2023, and the minimum valid sample size is 213, questionnaires were collected during this survey period. The sample did not display missing values or any complete information. Before the questionnaire distribution to assess the feasibility of the research instrument. First, several professors and experts from business ethics and marketing fields reviewed the formulation and conceptual adequacy of the questions Based on their feedback, minimal adaptability were made, and the final version of questionnaire was used to obtain confined data. The questionnaire was divided into three parts: in the first part we provided a greenwashing definition and asked participants to identify a product that they consumed and considered practiced greenwashing. We used questions to measure the proposed constructs in the second part, and the

third part involved demographic questions. Most responses were obtained from (55%) people from metro cities and (39%) people from non-metro cities have experienced the greenwashing in the products they consumed. Based on the literacy rate nearly (96%) of lite rate people experience the greenwashing.

Measure of Reliability

The measure of reliability proves the $\alpha > 0.919$ which tells the excellent internal consistency.

The data collected is holds good with its Cronbach alpha value.

Table1 Reliability Statistics

Cronbach’s Alpha	Cronbach’s Alpha Based on Standardized Items	No of Items
.918	.919	39

Descriptive Statistics

Consumer Perception of Greenwashing and Consumption of Greenproducts

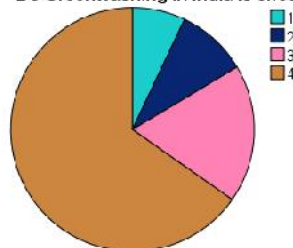
Table 2

Correlations		I prefer green products comparatively	Do Green washing in India is effective?
I prefer green products comparatively	Pearson Correlation	1	.065
	Sig. (2-tailed)		.344
	N	213	213
Do Green washing in India is effective?	Pearson Correlation	.065	1
	Sig. (2-tailed)	.344	

The significant level 0.344 which is considerably moderate level of correlation, which indicates there is positive sign of correlation coefficient exist between the variables. From the analysis, inter pretation that there is moderately significant impact over the consumer perception of green washing and consumption of green products. The corporate green washing and consumer awareness have been improved by means of social media and other media sources. (H1) have been proved there, consumer perception on greenwashing has positive impact on consumption of greenwashing.

Green Washing has a Positive Impact over the Corporate Image

Do Greenwashing in India is effective?



The percentage of green washing in India, the highest point (4) represents there is huge happening of greenwashing is happening in India, which obviously affect the corporate brand image. There is positive impact of green washing and corporate image which keep simpacted, once the brand image has been improved which reflects positive impact over the share of the particular brand there come the profitability of the organization keeps increasing due to the improved CSR and consumer started believing the product goes green but actually not, due to the technique of Greenwashing which improves the brand name and image consumer starts promoting to the in friends and family. pie chart shows the highest level of green washing happening in India. Based on the collected date from the consumer its proved that there is significant impact of greenwashing. Correlation analysis under gone between the variables of corporate greenwashing and corporate image.

Table3
Correlations

		Corporate greenwashing affect the corporate brand image.	Do Greenwashing in India is effective?
Corporate greenwashing affect the corporate brand image	Pearson Correlation	1	.020
	Sig. (2-tailed)		.775
	N	213	213
Do Greenwashing in India is effective?	Pearson Correlation	.020	1
	Sig. (2-tailed)	.775	
	N	213	213

(H2) corporate green washing has a positive impact over the corporate image which directly create a good impact over the profitability of the organisation. The (H2) have been proved with positive correlation value which interprets that there is good correlation prevails between the two variables, i.e., due the effectiveness of green washing in India which creates a positive platform for the building the corporate brand image by means of CSR. The significant value 0.775 tells there is positive significant exist.

The positive relationship between the corporate green washing and corporate image exists. Asper the conceptual frame work, the presence of social media and the consumer awareness plays a vital role in the positivity over the brand corporate image, green washing which is highly correlated with the green washing technique.

Social Media has a Huge Impact over the Corporate Green Washing and its Ethical Decision making under CSR

Table 4

ANOVA						
Sum of Squares		df	Mean Square	F	Sig.	
Does social media create huge impact on green products	Between Groups	4.280	4	1.070	.902	.464
	Within Groups	246.771	208	1.186		
	Total	251.052	212			

Does social media create huge impact on green products .. Instagram	Between Groups	3.937	4	.984	.623	.646
	Within Groups	328.551	208	1.580		
	Total	332.488	212			
Youtube	Between Groups	3.309	4	.827	.733	.570
	Within Groups	234.673	208	1.128		
	Total	237.981	212			
Others	Between Groups	.933	4	.233	.500	.736
	Within Groups	97.020	208	.466		
	Total	97.953	212			

The one-way Anova have given the significant value which proves the (H3) the social media have a significant positive impact over the CSR of the firm under ethical business decision making. CSR plays a vital role in business decision making with respect to the social media which is highly responsible for the positive factor in improving the corporate image which in turn increase the share value and thus in return organisation play the green washing technique for exposing that firm works on the eco-friendly products which make the environment sustainable, thereby CSR also plays a efficient role in the business decision making. A platform where the industrial ist market their product under the positive roof of the organic and green concept of manufacturing. Social media which has huge impact over the sales and profit of the product directly involves in the ethical decision making. The social media like Instagram which has the good significant rate of 0.646 tells there exist a positive relationship, similarly youtube have significant rate of 0.570 make the (H3)proved to be strong. Finally other social media site also proven that there is strongly positive impact which has the significant value of0.736.

Green Washing has Negative Relationship with the Environmental Sustainability

Table 5
Correlations

		Corporate greenwashing is happening 100% in present day	Do Greenwashing in India is effective?	Is greenwashing make environment sustainable
Corporate greenwashing is happening 100% in present day	Pearson Correlaton	1	.020	-.019
	Sig. (2-tailed)		.775	.787
	N	213	213	213
Do Greenwashing in India is effective?	Pearson Correlaton	.020	1	-.111
	Sig. (2-tailed)	.775		.108
	N	213	213	213
Is greenwashing make environment sustainable	Pearson Correlaton	.013	.111	1
	Sig. (2-tailed)	.787	.108	
	N	213	213	213

Using SPSS 24.0, this paper presents an analysis of the variables and Table 4, tells significantly greenwashing has low negatively related with environmental sustainability hence the hypothesis (h4) is proved. Percentage of greenwashing and sustainability is non-linear and the effectiveness of greenwashing is also had a negative impact over the environmental sustainability.

Discussion and Recommendation

From the analysis and interpretation of results clearly tells that the green washing has deleterious impact on Environmental Society, due to the green washing technique which purely gives a positive scale of share to the organization and the CSR plays a vital role in the ethical decision making, because of the greenwashing the decision making done in the organisation if mostly favouring the profit of the organisation. Sometime organisation takes the decision favouring the environment in order to show the corporate image which is not actually up to the exact point. From the analysis its clear that the corporate do greenwashing had its impact over the environment is huge, social media plays a vital role in the decisionmaking of corporate as well as the consumer perception and awareness about the greenwashing. In the digitalized India, combination of social media and smart phones play a vital role for the corporate people who make the marketing very easierone. Impact om the green environment is deleterious which increase the global warming and affect the nature, which is the Direct thre at to the society and the future lifestyle of human on the green planet.

Limitation, Future Direction and Conclusion

This study is limited to the impact of consumer perceptions of green washing on their future research could expand the scope of the study to include the impact of consumer perceptions of “green recycling” on green purchasing intentions of other companies or products in the industry, and even on consumers’ overall desire to consume green. Second, the survey in this paper was distributed to consumer sandal variables were measured over the same period, which has some limitation sin testing the causal and moderating relationship of each variable, and future research may consider some form of experimental measurement methodology. Finally, future research can broaden the research perspective to compare different cultures indifferent countries and categorize people into different groups as sensitive type and tonal type, different effects of perceived faded green on willingness to buy green and perceived betrayal to investigate. The hypothesis stated and the conceptual frame work also gives a new direction to the future scope of paper in the consumer perception over the brand avoidance as well.

References

1. C.C.C.a.C.C.K. musgrove, “Service marketing,”2018.
2. “The KPMG survey of sustainability Re-orting 2020,”2020.
3. B. B.-M. F. a. C. A. Parguel, “Can evoking nature in advertising mislead consumer?,” International journal of Advertising,vol.1,no.34,pp.107-34, 2015.
4. P. V. More, “Impact of Greenwashing on green brand Trust from Indian Prespective,” Asian Journal of Innovation and policy, vol. 8, no. 1, pp. 162-179, 2019.
5. M. F. F. S. R. B. R. G. R. d. L. S. Sebastião Vieira de Freitas Netto1, “Concepts and forms of greenwashing: asystematic review,”Environmental science Europe, 2020.
6. M. H. K. a. B. S. De Jong, ““Making green stuff? Effects of corporate greenwashing on consumers”,” Journal of Business and Technical commnuication, vol. 32, no. 1, pp. 77-112, 2018.
7. J.H.Y. P. Bingshang Du*, “An Empirical Study on the Impact of Corporate Greenwashing Behaviourson Financial Performance,” BCP Business & Management, vol. 20, pp. 508-518, 2022.
8. G. G. H. a. P. A. Nyilasy, ““Perceived greenwashing: the interactive effects of green advertising and corporate environmental performance on consumer reactions”,” Journal of Business Ethics, vol. 125, no. 4, pp. 693-707.,2014.

9. R. DeCooman, S. Mol, J. Billsberry, C. Boon and D.E. Den Hartog, "Frontiers in person–environment fit research.," *European journal of work and organizational psychology*, vol. 28, no. 5, pp. 646-652, 2019.
10. D. Li, X. Jia and L. Xin, "A Literature Review of Corporate Greenwashing and Prospects," *Foreign Econ. Manag*, vol.37, pp.86-96, 2015.
11. T. Lyon and J. G. Maxwell, "Corporate Environmental Disclosure under Threat of Audit," *J. Econ. Manag.*, vol. 20, pp.3-41, 2011.
12. G. Nyilasy, H. Gangadharbatla and A. Paladino, "Perceived Greenwashing: The Interactive Effects of Green Advertising and Corporate Environmental Performance on Consumer Reactions," *J. Bus. Ethics*, vol. 125, pp. 693-707, 2015.
13. J. Ward and A. Ostrom, "Complaining to the Masses: The Role of Protest Framing in Customer – Created Complaint Web Sites," *J. Consum. Res*, vol. 33, pp. 220-230, 2006.
14. R. Oliver, "Whence consumer loyalty?," *The Journal of Marketing*, vol. 20, pp. 33-44, 1999.
15. C. G. M. a. T. E. Flavián, "The influence of corporate image on consumer trust: a comparative analysis in traditional versus inter net banking," *Internet research*, vol. 15, no. 4, pp. 447-470, 2005.
16. H. Y. R. a. Y. Y. Chi, "The impact of brand awareness on consumer purchase intention: the mediating effect of perceived quality and brand loyalty.," *Journal of International Management Studies.*, vol. 4, no. 1, pp. 135-144, 2009.
17. C. a. S. M. Fombrun, "'What's in a name? Reputation building and corporate strategy'"., *Academy of Management Journal*, vol. 33, no. 2, pp. 233-258., 1990.
18. C. G. N. a. S. J. Fombrun, "The Reputation Quotient SM: a multis take holder measure of corporate reputation," *Journal of Brand Management*, vol. 7, no. 4, pp. 241-255, 2000.
19. C. Fombrun, "Reputation: Realizing Value from the Corporate Image.," *Harvard Business School Press, Boston.*, 2018.
20. N. a. B. I. Lin-Hi, "'The link between (not) practicing CSR and corporate reputation: psychological foundations and managerial implications'"., *Journal of Business Ethics*, vol. 150, no. 1, pp. 185-198, 2018.
21. "Reporting as a booster of the corporate social performance effect on corporate reputation", *Corporate Social Responsibility and Environmental Management*, vol. 27, no. 3, pp. 1252-1263, 2020.
22. C. a. S. M. Fombrun, "'What's in a name? Reputation building and corporate strategy'"., *Academy of Management Journal.*, vol. 33, no. 2, pp. 233-258, 1990.
23. B. B.-M. F. a. L. F. Parguel, "'How sustainability ratings might deter 'greenwashing': a closer look at ethical corporate communication'"., *Journal of Business Ethics*, vol. 102, no. 1, pp. 15-28., 2011.
24. L. P. M. a. S. P. Gatti, "'Green lies and their effect on intention to invest'"., *Journal of Business Research*, vol. 127, pp. 228-240., 2021.
25. A. Ghouri, M. Amin, U. Haq and M. Haq, "Green Purchase Behavior and Social Practices," *Manag. Res*, vol. 8, p. 278–289., 2018.
26. M. Gupta and A. Syed, "Impact of Online Social Media Activities on Marketing of Green Products," *Int. J. Organ. Anal*, vol. 30, p. 679–698., 2020.
27. E. Minton, C. Lee, U. Orth, C. Kim and L. Kahle, "Sustainable Marketing and Social Media," *J. Advert*, vol. 41, p. 69–84, 2012.
28. G. Wang, J. Li and S. Liao, ". An empirical analysis of the relationship between personal values, environmental Attitude and consumer's green purchasing behavior.," *Soft Sci*, vol. 4, pp. 135-140, 2010.
29. Salo, "Corporate governance and environmental performance: industry and country effects", *Competition and Change*, vol. 12, no. 4, pp. 328-354., 2008.