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Effects of Corporate Greenwashing on Society; Corporate Greenwashing and Sustainability

Shubham Singh

Presidency Business School, Bengaluru, Karnataka

Sendhilkumar Manoharan

Presidency Business School, Bengaluru, Karnataka

Abstract

Sustainability initiatives and societal well-being face significant challenges due to the pervasiveness of corporate greenwashing, which is defined by dishonest environmental marketing techniques. The numerous effects of "greenwashing" on modern society and sustainability projects are thoroughly examined in this paper. It reveals the complex ways in which greenwashing distorts the "truth gap" between claimed practices and actual ones, manipulates customer behavior, and impedes genuine sustainable advancement through painstaking investigation. This research highlights the critical role that technology plays in addressing this widespread problem by outlining the complex tactics used in greenwashing and drawing on empirical data and real-world examples. In addition, it puts up a series of strategic suggestions intended to promote increased consumer consciousness, support unbiased certification programs, push for legislative changes, encourage moral business practices, and promote cooperative partnerships among various stakeholders. Through the promotion of values such as openness, responsibility, and moral behavior, society may successfully combat the evil of greenwashing and create a road for real sustainability projects. This paper promotes coordinated group effort to counteract "greenwashing," supporting the admirable goal of sustainable development.

Keywords: Greenwashing, Sustainability, Consumer Behaviour, Transparency, Corporate Responsibility.

Introduction

Catch: In this day of increased environmental consciousness, a lot of customers want sustainable options. However, the dishonest practice of corporate greenwashing making false claims about a company's environmental practices - often casts a shadow on this endeavour.

Greenwashing: The act of misrepresenting a business or its products as environmentally friendly by deceptive or false marketing statements, when in fact the business's actual actions and results frequently run counter to this perception. This can take many different forms, such as making generalised, unsupported claims or using eco-friendly language and imagery in conjunction with procedures that produce or dispose of waste that harm the environment.

Prevalence of "greenwashing": It is alarming, according to statistics. For example, TerraChoice's 2022 Greenwashing Index

showed that more than 90% of the consumer goods it looked at included greenwashing components. According to a Nielsen Global Sustainability research from 2021, 48% of customers worldwide think businesses purposefully mislead them about their environmental initiatives.

Environmental and Societal Risks: Greenwashing has far more consequences than just what a single customer decides to buy. Drastic action is required to address the problems of climate change, resource depletion, and biodiversity loss facing our planet. Greenwashing serves as a barrier, taking resources and attention away from real solutions, and responsible corporate practices are essential to reducing these challenges.

Objectives of the Paper

This paper explores the negative consequences of corporate greenwashing. We'll look at how it works:

- Impacts consumer behavior and trust: Do misleading claims undermine purchasing decisions and erode trust in sustainable products?
- Hinders sustainability progress: Does greenwashing create complacency and divert resources from real sustainability efforts?
- Shapes society as a whole: How does this practice impact environmental awareness, policy discussions, and collective action toward sustainability?

Request for Action: This study seeks to educate consumers, promote responsible business practices, and advocate for policies that promote transparency and hold firms accountable for their environmental claims by examining these consequences and proposing viable remedies. In the end, our goal is to help create a future where real sustainability initiatives are prioritised and result in a healthier planet.

Effects on Trust and Consumer Behaviour

Greenwashing is a widespread practice that quietly sways customer decisions and undermines the credibility of environmental promises made by businesses. Greenwashing can deceive consumers with false information and deceptive practices, which can affect their purchase decisions and views of sustainability. Recent studies, including Wang et al.'s (2023) investigation, provide insight into the complexities of greenwashing and how it affects consumer behaviour.

Claims regarding a product's environmental qualities that are ambiguous or irrelevant are one method that "greenwashing" deceives consumers. A cleaning product, for instance, can claim to be "all-natural" without offering any hard data to support this claim. Without providing real advantages to sustainability, this strategy takes advantage of consumers' need for products that are ecologically conscious. According to Wang et al. (2023), this kind of unclear marketing can mislead and confuse customers.

Furthermore, using fictitious certificates or endorsements to support a product's environmental claims is a common practice known as "greenwashing." Businesses could identify their items as eco-friendly without going through a thorough inspection process or fulfilling regulations. This dishonest method avoids the need for real environmental improvements while giving the appearance of sustainability. Consumers may be prepared to pay more for products that are marketed as environmentally friendly, according to research by Mohr et al. (2012).

The "greenwashing premium" phenomenon refers to consumers' propensity to pay extra for things they believe to be environmentally friendly, even if those products only marginally improve the environment. The desire of consumers to match their purchase decisions with their sustainability-related attitudes and beliefs is what motivates this premium. Nevertheless, businesses who participate in "greenwashing" take advantage of this emotion to raise costs for goods that

might not live up to their environmental claims. In addition to misleading customers, this damages the reputation of real eco-friendly items on the market.

Moreover, greenwashing erodes consumer confidence by undermining trust in eco-friendly brands and products. Customers who come across examples of “greenwashing” may start to doubt all environmental claims made by businesses, even those made by genuinely sustainable enterprises. The deterioration of trust can lead to significant consequences, as it can reduce the efficacy of lawful sustainability initiatives and hinder the advancement of a more environmentally conscious economy.

Greenwashing has a significant psychological influence that should not be overlooked. Customers who are duped by greenwashing could feel anxious about the environment. A sense of betrayal may arise from the disparity between the perceived and actual environmental impact, which can breed mistrust and cynicism towards corporate sustainability measures. Continual exposure to greenwashing has the potential to weaken customers’ trust in the effectiveness of sustainable measures, impeding larger initiatives aimed at tackling environmental issues.

To sum up, greenwashing has a big impact on consumer behaviour and trust. It takes advantage of people’s desire for sustainable products and undermines their ability to make wise decisions. By using dishonest methods and fraudulent certifications, greenwashing deceives customers and undermines trust in environmental promises made by businesses. The “greenwashing premium” phenomena encourages businesses to use dishonest marketing techniques, which feeds into a vicious circle of disinformation and mistrust. In order to effectively counteract greenwashing, it is imperative that customers become more aware, hold companies accountable for misleading claims, and promote transparency and authenticity in corporate sustainability efforts.

Hindering Sustainability Progress

In addition to misleading customers, greenwashing impedes the advancement of true sustainability by endorsing flimsy fixes and exaggerating its meagre environmental advantages. By using misleading marketing strategies, businesses may give consumers the impression that they’ve accomplished something, which would lead to complacency and take funds and attention away from more worthwhile projects.

Promoting “easy fixes” that just provide surface-level enhancements rather than tackling the root causes of environmental problems is one way that greenwashing obstructs the advancement of sustainability. For example, H&M, a fast-fashion retailer may launch a clothing recycling programme as a symbolic move towards sustainability, but it would still manufacture clothes with materials that hurt the environment and under oppressive labour practices. This strategy maintains unsustainable practices while giving the impression of progress.

Volkswagen’s Dieselgate controversy is a well-known illustration of the disconnect between greenwashing and actual environmental damage. Volkswagen deliberately inserted software that modified emissions testing to falsely indicate conformity with regulatory norms, in an effort to present its diesel vehicles as ecologically friendly. In addition to intentionally misleading customers, this dishonesty led to emissions that were much greater than stated, worsening air pollution and impeding attempts to mitigate climate change. The incident exposed the perils of greenwashing by emphasising the sharp contrast between Volkswagen’s environmentally friendly image and its harmful effects on the environment.

Furthermore, by spending money on flimsy marketing campaigns rather than significant environmental advances, greenwashing takes funds away from real sustainability programmes. Studies have indicated that businesses involved in greenwashing could place more emphasis on enhancing their image than on investing in sustainable practices, resulting in an inefficient use of

resources. In addition to undermining the efficacy of sincere environmental projects, this feeds a vicious circle of disinformation and deceit.

Beyond specific businesses, greenwashing has an impact on larger systemic changes that are required to meet sustainability objectives. Greenwashing enterprises have the potential to impede progress towards the Sustainable Development Goals (SDGs) by postponing necessary legislative reforms and concealing the true environmental costs of their products and operations. For instance, industries with a stake in preserving the status quo may use lobbying to block the adoption of stronger environmental laws, which would prolong unsustainable activities and worsen environmental deterioration.

Greenwashing Tactics and the “Truth Gap”

Businesses that participate in “greenwashing” use a variety of strategies to take advantage of consumers’ desire for eco-friendly items while hiding the true environmental impact of those products. The “Sinwashing” categories created by TerraChoice, which highlight typical methods of misleading customers, provide a well-established foundation for classifying these techniques. Among these categories are:

Hidden trade-off: It occurs when a product’s overall environmental impact is minimised or ignored in favour of highlighting a single, more specific environmental benefit. For instance, a business can promote a product as “organic” yet fail to disclose the enormous packaging waste that comes with its creation and delivery.

Lack of Proof: Businesses may make imprecise or unsubstantial statements regarding the environmental qualities of a product without offering supporting data. Rather of using scientific proof to support the product’s claims, this strategy depends on customers’ faith in the company’s honesty. For instance, a cleaning product might be labelled as “environmentally friendly” without any substantiating data or certification.

Vagueness: Greenwashing can occur when words like “natural” or “eco-friendly” are used in an unclear or deceptive way. By using this strategy, businesses can give the impression of sustainability without actually committing to environmental stewardship, taking advantage of consumers’ ignorance of environmental issues.

The “truth gap” that exists between green marketing claims and reality is made worse by the difficulty in maintaining transparency. Customers may find it difficult to verify environmental claims made by corporations, as they may utilise spurious self-declared certifications or endorsements. A product’s environmental credentials can be confirmed by third-party certifications such as USDA Organic or the Forest Stewardship Council (FSC), but not all certifications are made equal. Some businesses might design their own certification programmes, which could result in conflicts of interest and even greenwashing. Furthermore, customers find it challenging to track the environmental impact of a product back to its source due to the intricacy of supply networks and production processes.

The use of deceptive advertising and marketing to promote greenwashing has serious ethical ramifications. Deceptive green marketing initiatives have the potential to mislead customers into choosing unsustainable options, so reducing their faith in environmental promises and weakening their trust in corporate social responsibility. Claims of “biodegradable” or “compostable” packaging that does not fulfil environmental sustainability standards are examples of recent deceptive green marketing tactics. These kinds of actions not only mislead customers but also fuel the growth of single-use plastics and pollution in the environment.

Rigid rules and enforcement are required to combat the widespread problem of greenwashing. Regulatory organisations such as the Federal Trade Commission (FTC) are essential in ensuring

that businesses that engage in misleading marketing techniques face consequences. The FTC's Green Guides offer recommendations for environmental marketing claims, laying down the fundamentals of avoiding deceit and supporting claims. To discourage businesses from engaging in greenwashing, more stringent regulatory measures are required as implementation of these requirements continues to pose a challenge.

Role of Technology in Combatting Greenwashing

Technology is becoming a potent weapon in the fight against greenwashing, providing creative ways to improve supply chains' accountability and transparency. Blockchain technology is one important technological development. The decentralized and unchangeable ledger that blockchain technology offers makes it possible to transparently record and monitor every step of a product's journey, from locating raw ingredients to manufacture and delivery. For example, the IBM Food Trust platform uses blockchain to track food product origins, allowing customers to confirm sustainability and ethical sourcing claims.

Data analytics is a vital technological tool that allows businesses to examine big datasets in order to spot patterns and trends associated with greenwashing. Businesses can uncover products that might be deceiving customers by using machine learning algorithms to find discrepancies in marketing claims. For instance, data analytics systems such as Tracer employ machine learning to examine supply chain information and identify fake products, guaranteeing genuineness and openness in the diamond sector.

Furthermore, online resources and mobile apps are crucial in enabling customers to make knowledgeable decisions. For example, the Good On You app lets users rate and learn about the sustainability policies of fashion brands, enabling them to support businesses who share their beliefs. Similarly, by offering details on fishing methods and environmental effects, the Monterey Bay Aquarium's Seafood Watch app assists users in choosing seafood that is sustainable.

Recommendations for Combatting Greenwashing

Enable Customers through Campaigns of Awareness and Education: Educating customers on misleading marketing strategies is a good strategy to counteract the practice of "greenwashing." Consumers can make better purchase decisions by using resources like the "Think Dirty" app, which informs users on the effects personal care products have on the environment and human health. Non-governmental organisations (NGOs) also provide educational programmes that educate the public about greenwashing and teach them how to recognise false environmental claims.

Promote Impartial Certification and Verification Processes: Systems of independent certification and verification are essential for confirming environmental statements and encouraging openness in business sustainability initiatives. Businesses that achieve strict criteria for social and environmental performance are certified as B Corps (Benefit Corporations) by organisations such as B Lab (Benefit corporations Lab). In a similar vein, towns and buildings that have earned LEED (Leadership in Energy and Environmental Design) accreditation are recognised for their sustainable efforts. By emphasising reliable certification bodies, customers can be sure that goods and companies that these organisations support have passed rigorous inspection and follow accepted sustainability guidelines.

Advocate for Legislative Measures that hold Companies Accountable: Enacting laws is necessary to ensure that businesses are held responsible for their greenwashing activities and to encourage truthful and open marketing. Proposals for new laws, like the Green Marketing Act, seek to control environmental marketing claims and outlaw dishonest business activities. Legal actions taken against businesses accused of greenwashing also have the power to establish precedents

and discourage other businesses from adopting similar tactics. Policymakers can shield consumers from deceptive marketing strategies and encourage fair competition in the market by supporting stricter laws and enforcement measures.

Encourage Ethical Business Conduct: In order to promote true sustainability and counteract greenwashing, it is imperative that businesses embrace ethical business practices. This entails being open and honest about the effects on the environment, really committing to sustainable development objectives, and providing transparent progress reports. Patagonia and Unilever are two companies that exemplify ethical approaches to sustainability by placing a high value on environmental stewardship, responsibility, and openness. Businesses can encourage others to adopt similar strategies and uphold higher standards of corporate responsibility by showcasing these best practices.

Encourage Collaboration between Stakeholders: To effectively tackle the multifaceted issues of greenwashing, cooperation between various stakeholders such as governments, corporations, non-governmental organizations, and customers is vital. Cross-sector efforts, such as the “Coalition for Climate Action” of the Consumer Goods Forum, unite business executives to address climate change and advance supply chain sustainability. Likewise, cooperative endeavors between non-governmental organizations and commercial enterprises can result in inventive resolutions and promote increased openness and responsibility in business operations. Together, stakeholders can effectively oppose greenwashing and promote good change in the direction of a more sustainable future by utilizing their combined knowledge and resources.

Conclusion

In conclusion, society and sustainability initiatives suffer greatly from the widespread practice of “greenwashing.” In this paper, we have examined how customers are duped by greenwashing, real sustainability advancement is impeded, and consumer confidence in environmental promises is damaged. Companies take advantage of customer worries about sustainability through misleading certifications and ambiguous marketing strategies, which ultimately undermines attempts to address urgent environmental crises.

It is obvious that businesses, consumers, and legislators must work together to combat greenwashing. Customers need to become knowledgeable about dishonest marketing strategies and insist on accountability and openness from businesses. Companies need to set high priorities for real sustainability goals, communicate openly, and follow strict guidelines for environmental stewardship. Enacting and enforcing legislation that ensure fair competition, shield consumers from deceptive marketing, and hold firms accountable for their greenwashing tactics are critical tasks for legislators.

Though greenwashing presents difficulties, there is cause for hope. Enhanced openness, responsibility, and sincere dedication to sustainability have the potential to positively influence business practices and customer choices. Genuine sustainability can be rewarded in a market by encouraging stakeholder collaboration, supporting ethical business practices, and pushing for stricter laws.

Finally, I urge readers to take an active role in exposing greenwashing and promoting a more accountable and sustainable future. Together, we can make a difference by endorsing legislation that uphold environmental integrity and transparency, holding corporations accountable for their deeds, and lending support to businesses that genuinely embrace sustainability. Let’s work together to create a society in which companies prioritize social responsibility and environmental stewardship for the benefit of present and future generations, and where greenwashing is no longer acceptable.

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