



## ***The ethics of greenwashing***

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**Winner: Undergraduate Category  
Institute of Business Ethics Student Essay Competition 2021**



Public concerns regarding the environment are greater than ever before. These sentiments have seen a significant increase in recent years (Smith, 2019). Thus, consumers are increasingly receptive to businesses doing their part in the climate crisis. Most are willing to switch to purchasing from these businesses and also pay more for their products if they believe it will benefit the environment (Knight, 2020).

In order to meet this rising demand for environmentally beneficial goods, businesses are rapidly pledging to environmental causes (Deloitte, 2020). This is an act of corporate social responsibility, which is associated with the reputation and consumer loyalty towards a business (de Jong, Huluba and Beldad, 2019).

There is a clear incentive for businesses to adopt more environmentally sustainable practices. However, many businesses attempt to capitalise on the benefits of going green without matching their actions to the high environmental performance they present. This phenomenon is called greenwashing (Acaroglu, 2019).

Whilst businesses lying to or misleading consumers is not new, greenwashing is a unique case due to the permanent damage it causes the environment. This is especially concerning given the planet is in danger of crossing several climate 'tipping points' (Marshall, 2020), after which damage will be difficult to recover. Thus, it is imperative greenwashing is brought under control to reduce the devastating impacts of climate change.

First, the concept of greenwashing and its impact on business ethics will be explored. Next, practices that exist to limit greenwashing will be identified and further suggestions will be given.

### **What is greenwashing?**

Greenwashing covers a broad definition, so practices fall into a wide spectrum. This can be as simple as making environmental claims without supporting evidence. For example, whilst many plastic products claim to be BPA free there is often no evidence given. If this proof is intentionally not given to hide the fact the plastic is actually not BPA free, this is greenwashing (Herbes, Beuthner and Ramme, 2020).

Greenwashing also includes advertising with misleading buzzwords (de Jong, Huluba and Beldad, 2019). Phrases such as 'green' or 'sustainable' have certain environmental connotations. Consumers will buy these products from business expecting them to have some positive impact on the environment. However, these words have no official legal definitions, so these attributes cannot be measured or verified. Thus, this marketing deceives consumers.

Similarly, businesses may publicly appear to take environmental action, whilst privately taking actions that damage the environment. For instance, packaging that is said to be easily recyclable can cause vast amount of pollution to produce (Dahl, 2010). This trade-off can disguise the environmental damage of a business and present it as more sustainable than it is in reality.

Businesses can commit greenwashing both intentionally and unintentionally (Acaroglu, 2019). For example, whilst they may sell products with recyclable packaging, the recycling process may be so complex that very little is actually recycled. Whilst the business did not lie about their environmental performance, they are presenting as if the recyclability of their product has a positive environmental impact. Thus, this can be considered greenwashing, as what the business presents about their environmental impact and reality differ. Some businesses are more blatant in their greenwashing, and blatantly lie about their environmental performance (de Jong, Huluba and Beldad, 2019).



The disparity between what a business presents and the reality about its environmental action becomes unethical when it compromises values of honesty, transparency, openness and corporate social responsibility towards the environment.

### **The ethics of greenwashing**

Some aspects of greenwashing can promote the ethical values of a business. A business exaggerating its environmental benefits can still be advantageous. A common occurrence is to advertise a product or its packaging as if it is totally recycled even if only a small part of it is (Bukšnys, 2021). Regardless of whether the product or packaging is as environmentally sustainable as advertised or not, having some aspect environmentally beneficial is better than having none at all. Whilst misleading consumers with overexaggerated claims compromises a business' commitment to transparency, openness and honesty, it does at least allow a business to show some degree of corporate social responsibility towards the environment.

However, it is important to note this only occurs if claims are exaggerated. If the claims are totally fabricated this becomes even more unethical. There will be no environmental benefit and thus corporate social responsibility, so consumers will be misled further.

An increasing number of businesses are centring marketing campaigns around their environmental commitments (Deloitte, 2020). Even if the business does not actually follow through with what they are presenting, the extensive marketing can raise public awareness towards the environmental cause. In turn, this should encourage consumers to make sustainable choices in their purchases, benefitting the environment. This allows businesses to partly fulfil corporate social responsibility towards the environment, regardless of whether they are being honest or transparent.

However, this heightened awareness can also have unintended consequences. Consumers may be encouraged to make environmentally beneficial choices because of extensive advertising. However, businesses may present themselves as environmentally sustainable, although it could be privately actively damaging the environment. If consumers buy from these brands when trying to make a conscious choice to benefit the environment, increasing demand for these products will lead to further damage of the environment (Tsui, 2020). Thus, the deception and manipulation of greenwashing can worsen environmental conditions, meaning corporate social responsibility is not fulfilled.

The rise in sustainable and environmentally friendly procedures, greenwashed or not, also begins to normalize these practices. For instance, many consumers have switched to using reusable bags advertised by businesses rather than single use plastics bags (Goldsberry, 2019). This allows a firm to show some responsibility towards the environment and thus fulfil this value.

However, normalizing environmentally beneficial practices through greenwashing can limit environmental success. Although paper straws are increasing in popularity (Goldsberry 2019), they still can damage the environment. Despite paper straws being recyclable, difficulties in recycling mean many end up in landfills regardless (BBC News, 2019). A more sustainable alternative would be reusable metal straws. However, as many businesses focus on pushing paper straws due to plastic being banned, many consumers view it as a satisfactory substitute. This limits a business' commitment to corporate social responsibility.



As education regarding greenwashing increases, an increasing number of businesses are being exposed by the public or institutions for false or misleading environmental claims. This discourages consumers, who would rather transact with trustworthy businesses where they can be confident in their purchases. The breakdown in trust this creates could decrease the reputation of the whole industry and thus have a major impact across the sectors both directly and indirectly (Chen and Chang, 2012). For example, when it was publicly revealed that many car manufacturers manipulated their emission scores to appear much lower, demand for diesel cars dropped as consumers trusted these manufacturers less. Ultimately, this led to some car manufacturers facing bankruptcy due to a lack of customers. Likewise, the drop in demand for diesel cars meant that many manufacturers had to majorly cut costs in order to afford to stay in business, leading to an increase in unemployment (Amelang and Wehrmann, 2020).

As greenwashing can impact a business' success (de Jong, Huluba and Beldad, 2019), the fear of being accused of greenwashing has become an obstacle in achieving environmental sustainability. Rather than pursue sustainable practices, a business may avoid it in fear it will not live up to expectations and thus be deemed dishonest or misleading (Tsui, 2020). This bad reputation can affect profitability. Thus, greenwashing can limit the extent to which a firm commits to the ethical value of corporate social responsibility towards the environment.

### **How is greenwashing controlled?**

There are some practices in place to limit greenwashing, but their effectiveness is limited. Many countries, including the UK, prohibit businesses from lying to, or misleading, consumers. However, to satisfy this condition, it must be proven consumers would not have bought the product without the false or misleading claims (Unsworth, 2021). This has proven to be near impossible for the everyday consumer, although a recent breakthrough case provides hope in the future. Car manufacturers who manipulated car emission test results to be lower than reality were made to pay refunds and compensation to misled customers (Amelang and Wehrmann, 2020). This should act as a disincentive to other businesses who will be wary of facing similar consequences.

Phrases such as 'green' or 'sustainable' have no set legal definition, so are open to interpretation. This makes it difficult to hold greenwashing firms accountable, as they can claim to interpret the word in a different manner. It is 'loopholes' (McGee, 2018) such as this that enable businesses to continue greenwashing.

On an international level, there is great inconsistency in how greenwashing is regulated. This is particularly concerning when businesses take advantage of consumers in countries that lack the infrastructure, increasing ethical concerns. There are also regulation inconsistencies within countries. An airline was forced to withdraw its advertising after the Advertising Standards Agency ruled it to be greenwashing. However, the airline stressed this was not the case and that they had simply measured their data in a different way (Dean, 2020). Inconsistencies like this may enable some businesses to greenwash under the guise of using different techniques.

The EU has passed legislation supporting environmentally sustainable investments. Whilst this is still in development, it is a sign of progress (Amaro, 2021).

Whilst certification exists to ensure brands that are not greenwashing receive recognition, this has its own limits. Many institutions operate under different guidelines. For example, Benefit Corporation provides environmental certification, but it requires businesses to report their own activity. This gives businesses potential to greenwash by reporting false information that exaggerates their environmental performance. However, the Forest Stewardship



Council requires site audits and independent accreditation (Christian, n.d.). These inconsistencies mean businesses may be able to get away with some forms of greenwashing even if they are certified. In addition, if a business has one kind of certification and not another, this could confuse consumers further over whether or not the business is greenwashing.

Furthermore, even if a business has no environmental certification at all, this does not mean it is greenwashing. There are many reasons a business would not be incentivised to become certified. For example, there are costs involved with gaining certification, which the business may not wish to incur. The certification process could also be time consuming. These factors are particularly difficult for smaller businesses. Firms may also fear failing to be certified and being dubbed a greenwasher, which could harm the success of their business.

There is also a lack of public education regarding greenwashing, as the general public is often unaware of what greenwashing is and how to identify it (de Jong, Huluba and Beldad, 2019). With some education on the matter, they would be able to avoid greenwashing businesses. In practice, this would force business to stop greenwashing or shut down due to insufficient demand.

### **Further suggestions**

In order to limit the disadvantages of greenwashing, it would be ideal to create consistent international regulation. Implementing a strict global standard in this manner should avoid businesses misleading consumers by greenwashing due to legislative loopholes. The legal system should also be updated to ensure greenwashing business are held accountable, regardless of whether consumers would have bought the product without false claims. The successful case against greenwashing car manufacturers provides hope for this (Amelang and Wehrmann, 2020). However, an important factor in the success of this case was the fact it also broke air pollution laws, which increased concerns around the case. Without this, the case may not have gained the same traction. This highlights the importance of implementing laws specifically to tackling greenwashing.

As major car manufacturers have recently been held accountable for their greenwashing, this is a deterrent for any business considering similar actions. Larger corporations may fear similar treatment, and smaller businesses may be put off by the expensive legal fees.

Encouragingly, consumers appear to react to the assessment of regulatory bodies and chose to stop supporting businesses caught greenwashing, and to pass this information on to other consumers (de Jong, Huluba and Beldad, 2019). A single certification and regulatory system will limit confusion over any differences in criteria. This in turn will incentivise businesses who were previously afraid to seek certification or afraid of being wrongly accused of greenwashing.

The certification process is especially important for smaller businesses, particularly if it is major businesses who are committing greenwashing. If more businesses exist in the market, consumers have the choice not to transact with greenwashing businesses. The lack of demand for greenwashing businesses should force greenwashing businesses to change or shut down. Hence, the certification process should be particularly affordable and easy for smaller businesses.



Likewise, public education is needed so consumers are able to identify greenwashing. This will allow consumers to make more genuinely environmentally sustainable purchases, and force greenwashing businesses to change their ways or shut down.

Similarly, businesses also need to be educated so they can give accurate information to consumers and avoid unintentionally greenwashing. For example, a business may be unaware of the complexity in recycling its packaging. With more knowledge, businesses may produce more genuinely environmentally sustainable products, limiting greenwashing.

Enforcing a level of transparency may limit intentional greenwashing by businesses. For instance, businesses may be made to publicly publish information and data regarding their environmental performance. This will incentivise businesses to pursue genuinely environmentally beneficial practices due to fears of being caught lying or not considering the environment.

### Conclusion

Greenwashing has an overall negative impact on consumers, business and the environment and compromises a range of ethical values of a business. As climate change reaches a critical point, creating effective practices in controlling greenwashing is more important than ever.

In order to combat intentional and unintentional greenwashing, both consumers and businesses must be educated on how to identify and avoid greenwashing. To aid this process, an easy certification system should be implemented so environmentally sustainable businesses can be recognised. Likewise, international legislation should be updated to be consistent, tighter and specific to greenwashing.

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