

Greenwashing: How Companies are Adapting to Sustainability Pressures

This paper will be discussing categories, examples and implications of greenwashing, in order to establish its current day form. Defining the terminology that surrounds the subject, will allow a better understanding for conducting analysis. This will include, a brief look into the origin of the word greenwashing and, finding a succinct definition to form a foundation for the exploration. This paper will investigate the role that Corporate Social Responsibility and stakeholders have played in instigating greenwashing. The traditional two types of greenwashing surface throughout modern day examples and will serve as a basis from which to build upon, when exploring the developments of the advertising technique. The severity of a third type, as introduced by Siano et al, will be explained and contextualised by using the Volkswagen Scandal as a case study. Identifying the implications of greenwashing will be important, as it indicates that the subject is something consumers and companies need to be aware of. Developing this further; it will be questioned as to whether new classifications need to be established, in order to explain how one company can have two branches that strongly oppose each other's core environmental principles. The examples of British Petroleum (BP) and Royal Dutch Shell (Shell) will show how they are doing this when positioning themselves within the renewable energy market, while still conducting business as usual. Within this, there will be an attempt to produce an argument for greenwashing in order to create a balanced overlook, however, ultimately this paper will stick to a clear argument against it. Lastly, a way to retaliate against greenwashing will be introduced, as it is important to establish divesting as a practical solution to this very prominent and current problem. This paper will explore how companies are using greenwashing to adapt to sustainability pressures.

Firstly, it will be beneficial to define the language that surrounds this subject. Sustainability, and the derivatives of it, are used in conjunction with something that is 'able to be continued' (Soanes, C. et al, ed. 2005). In this context it is in reference to 'avoiding using up natural resources' (Soanes, C. et al, ed. 2005). The word encapsulates the importance of meeting 'the needs of the present without compromising the ability of future generations to meet their own needs' (Thatcher, 2013 citing Brundlandt, 1987). 'Sustainable development has come to be understood as a complex balancing of economic capital, social capital and natural capital' (Thatcher, 2013 citing Elkington 1998, Dyllick and Hockerts 2002). This has been coined 'the Triple Bottom Line (TBL) approach' (Thatcher, 2013 citing Elkington 1998, Dyllick and Hockerts 2002). The term is used in business to keep a track of a company's profit, public image and environmental effects, which combined, ultimately affect the bottom line.

The Oxford English Dictionary describes the term eco-friendly to mean 'not harmful to the environment'. However, it would be naive to assume that any product that is produced to earn capital, is not harmful to the planet in some way. More appropriately, the term refers to how, in comparison to other similar products, it is considerably less harmful to the planet. These terms need to be considered in the same way as non-quantitative phrases, such as 'a few', 'in a bit' and 'in a while', as they are descriptive, but aren't completely accurate. No two products will have exactly the same carbon footprint, or lack of one, yet each can be labelled as eco-friendly. The eco-friendliest products cannot exist, as it is more eco-friendly to not produce them, however this is not realistic. This is summed up well by Thatcher when he says, 'One of the greatest challenges now facing humankind involves understanding how to deal with the degradation of our natural environment while still providing opportunities for every human to aspire to a meaningful quality of life.' (Thatcher, 2013, p.389). The language and phrases that surround greenwashing can be open to a little interpretation, which may be a reason why companies can get away with using them.

In 1983, Jay Westerveld 'first got the idea for the term greenwashing' (Watson, 2016), when he noticed how hotels would encourage one to reuse their towel to save the planet, when in fact, their main incentive was to reduce the cost of washing them. Since then there has been an ever-growing demand from consumers for environmentally friendly products and services. Corporations have caught on that they can portray eco-friendly qualities of a product to help it sell, even if those highlighted qualities aren't telling the whole story. To put it succinctly, greenwashing is 'the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service' (Gallicano, 2011 citing Greenpeace, n.d.). According to Gatti et al, who conducted a study compiling academic articles about greenwashing, the Greenpeace definition 'is one of the most cited in literature' (Gatti et al, 2019).

A company's economic gain can have negative side effects such as, environmental impacts, employee neglect and consumer exploitation. Corporate Social Responsibility (CSR) acts as a prevention, by setting out goals and aims of the company that combat this from happening. CSR 'occurs when a business firm consciously and deliberately acts to enhance the social well-being of those whose lives are affected by the firm's economic operations.' (Weber, J. 2018). If a corporation can 'achieve a balance between the firm's economic operations and the society's aspirations' (Weber, J. 2018) then the company gains reputational capital that ultimately leads to more economic gain. This monetary incentive

has meant that companies want the status that comes with CSR, without having to invest much time or money into it. Unfortunately, greenwashing was born out of the pressure to look like they were giving back to the environment; pressure that was applied by stakeholders.

A stakeholder is invested in the well-being of a company and can be 'traditional market-based and nontraditional stakeholders—the shareholders, employees, consumers, suppliers (including lenders), local communities, and the natural environment' (Logsdon, 1974). They demand 'companies to provide transparent disclosure on multiple dimensions of economic, social, and environmental performance' (Herremans, et al, 2016 citing Logsdon and Lewellyn, 2000; Rasche and Esser, 2006). As climate change has become an increasingly pressing issue, the different groups, and, in particular the shareholders who are benefiting financially, want the companies to be seen to be doing their bit to contribute towards the one third of 'the Triple Bottom Line (TBL) approach' (Thatcher, 2013 citing Elkington 1998, Dyllick and Hockerts 2002). This has pushed companies to produce this kind of advertisement as it puts a tick in the box for their Corporate Social Responsibility and therefore satisfies the stakeholders. Even though the stakeholders expect complete transparency, companies partake in 'the selective disclosure of positive information without full disclosure of negative information, to create an overly positive corporate image' (Bowen, F. and Aragon-Correa, J. A. 2014, citing Lyon, T.P. & Maxwell, J.W. 2011). It is important to note that, Lyon and Maxwell highlight that this traditional form of greenwashing isn't falsification, but selective presenting of a fact that may be of minor effect to the bigger picture.



Coca Cola (2019) Clear Is The New Green [poster] Nationwide, 24 September.

Traditionally, the term greenwashing is used to describe a 'gap between symbolic and substantive actions' (Siano, A. et al 2017) and can be split into two types. 'Decoupling' (Siano, A. et al 2017) is the term used to describe when companies 'create "green talk" through statements aimed at satisfying stakeholder requirements' (Siano, A. et al, 2017). This can be in the form of goals and aims that seem attainable but are not given the appropriate funding or assignment of a team to actually achieve it. 'Attention Deflection' (Siano, A. et al 2017) is just that; when they 'deflect attention to minor issues' (Siano, A. et al, 2017) that they are addressing, away from the bigger impacts their product or services are creating. An example of 'Attention Deflection' (Siano, A. et al 2017) can be seen in the form of this 2019 Sprite advert. The green and yellow natural colours that are part of the brand's colour pallet, have been used boldly to convey the 'green' message. Coca Cola, who produce 'three million tonnes of plastic packaging in one year' (BBC News, 2019), announced in September 2019 that their green Sprite bottles would now be made using clear, more easily recyclable plastic. To help push this seemingly environmentally concerned campaign they coincided it with recycling week. Within their 'Clear is the New Green'(Coca Cola, 2019) campaign, it was also stated that they have 'aims to double the amount of recycled PET used in all its plastic bottles, across 20 brands' (Coca Cola, 2019), which doesn't seem much compared to the '500 brands of fizzy drink, juice and water' (BBC News, 2019) they own. By highlighting that they will be making an effort to produce a more easily recyclable bottle, they are diverting attention away from the fact that it's still a material that is created using fossil fuels and consequently detrimental to the environment.

The Volkswagen Scandal was another example of a company cheating the environment. In 2015, the Environmental Protection Agency (EPA) issued a 'Notice of Violation of the Clean Air Act'(United States Environmental Protection Agency, 2019) when they discovered many Volkswagen (VW) diesel cars were fitted with a technology coined a 'defeat device' (United States Environmental Protection Agency, 2019). The software was 'designed to detect when the vehicle is undergoing emissions testing and turns full emissions controls on only during the test' (United States Environmental Protection Agency, 2019). This resulted in cars that would meet 'emissions standards in the laboratory or testing station, but during normal operation, emit nitrogen oxides at levels up to 40 times the standard' (United States Environmental Protection Agency, 2019). This is an example of a company, that is at the heart of one of the major pollution problems,

that has gone beyond greenwashing advertisements and into falsification. Therefore, this case study doesn't fit into either category of greenwashing previously mentioned. 'This perspective enables us to conceptualize a new type of greenwashing which is better at explaining when companies implement parallel behaviours. On the one hand, companies take symbolic actions (related to CSR communication activities), on the other, they modify their organizational practices with substantial actions in contrast to the promoted idea of sustainability.' (Siano, A. et al, 2017). This has been coined 'Deceptive Manipulation' (Siano, A. et al, 2017). The VW Scandal is an example of this, as 'the content analysis of the Volkswagen reports sheds light on the company's sustainability commitment, above all in the promotion of environmental protection projects, in order to appear as a leader in the production of eco-friendly vehicles.' (Siano, A. et al, 2017) when in fact, they were breaking environmental regulations and the law. They partook 'in deceptive conduct, in which sustainability communication engenders a deliberate manipulation of business practices aimed at making tangible statements regarding corporate sustainability' (Siano, A. et al, 2017). This new classification of greenwashing similarly was done to gain reputability and to satisfy stakeholders, however the actions were law breaking falsifications, as opposed to selective disclosures.

In the journal article 'Grey Zone in – Greenwash out' Gatti et al (2019) collate qualitative and quantitative data from previous academic studies to produce an up to date overview of the effects and implications of greenwashing. They state that 'the practise of greenwashing is associated with several negative effects on consumers' attitudes, behaviours, and intentions' (Gatti et al, 2019). Greenwashing has caused increased scepticism from the consumer as to what is actually beneficial to the environment about a product or service and therefore, promotes the decreased reputability of a company. 'Greenwashing also seems to negatively affect the firm's financial performance.' (Gatti et al, 2019). Consequently, 'companies are now less motivated to become less environmentally harmful because it does not pay off.' (Gatti et al, 2019). Therefore, 'greenwashing will ultimately hurt not only consumers and companies, but also the environment.' (Gatti et al, 2019 citing Furlow, 2010). From this recent collating of studies that highlights neither the consumer, company or environment are benefiting from greenwashing, we can deduce that not only is it deceitful, but that greenwashing is damaging to the current climate crisis.

Arguably, the three existing taxonomies of greenwashing previously discussed, have recently been developed further. Greenwashing is taking the form of companies partaking in two environmentally contradictory branches of the businesses. In the summer of 2019, temperatures 'reached 38.1°C in southern England, setting a new record for the highest July temperature recorded in the UK.' (Met Office, 2019). Amidst this extreme weather event, that was induced by climate change, BP, a 'climate change criminal' (Evans, P. 2020), advertised their new renewable energy branch, called BP Bunge Bioenergia. At the time, an example of an advert for this could be found positioned in the Evening Standard, a free magazine that consequently makes it very accessible. The advert titled 'Our bioenergy is growing,' (British Petroleum, 2019) uses this double meaning technique to highlight how the fuel source is naturally growing, and how they are increasing the use of renewables. Along with the imagery used, it cleverly instigates one to think of something green and natural sprouting and flourishing. 'Attention Deflection' (Siano, A. et al 2017) is used twice within the advert; firstly, in the copy text they say 'bioethanol; a renewable alternative to ordinary fuels.' Here they are deflecting their new actions away from their existing contradictory actions of 'planning to spend \$71 billion digging up new fossil fuels over the next decade.' (Evans, P. 2020). And secondly when they state, 'At BP it's #NotBusinessAsUsual.' The hashtag is relating to a group of businesses who pledged 'to support worker participation in the climate strikes' (Not Business As Usual, 2019), that was due to happen in the September following the BP campaign, as they claim that 'the number one reason people won't strike is because of work.' (Not Business As Usual, 2019). It was easy for BP to seem like they were on board as it is a hashtag that anyone can use, however through close inspection, they did not actually pledge to Not Business As Usual that it would be okay for their staff to go on strike that day. The draw back for a company to allow this, would be if they couldn't support themselves financially after the loss of a days work. However, 'the revenues of British Petroleum easily compete with the federal budget of Mexico' (Bellucci, 2018 citing CIA, 2016; Fortune, 2016) thus deeming them perfectly capable of coping. This development of conflicting actions and not just words, calls for a new classification of greenwashing.



British Petroleum (2019) Our Bioenergy Is Growing. Evening Standard. 24 July.

Shell have similarly been culprits of conducting new contrasting environmentally concerned business actions to their existing ones. In 2017 they bought 'First Utility, one of the UK's leading independent household energy providers' Shell (2019). Recently, in 2019, they 'rebranded First Utility as Shell Energy, and are now supplying 100% renewable electricity, as standard, directly to British homes' Shell (2019). On the one hand, it is possible to justify their venture into the renewables sector, as they are following the changing demand. They validate it themselves by saying 'Central to our success for more than a century has been our ability to innovate and adapt to changing customer needs. This same spirit of innovation will be just as important over the course of the coming decades, as the UK seeks to make the move towards a lower carbon energy system. Our aim is to thrive through this energy transition by reshaping our company to provide the mix of lower carbon products that our customers will need in the future, while continuing to supply the oil and gas that society needs today and for years to come.'(Shell, 2019). However, convincing though it seems, it is a case of shallow efforts that appear as if they are concerned. They mention how 'Nature can help us curb CO2 emissions. That's why we're contributing to nature-based carbon offset programs on your behalf. These projects protect existing natural forest ecosystems, which absorb and store carbon dioxide.' (Shell, 2019). Frustratingly, they comment on how emissions need to be curbed, but don't disclose that they 'continue to invest in oil and gas production.' (Shell, 2019) that produces emissions in the first place. A metaphorically similar situation would be to purposefully spill milk, and then promote and sell a cloth that could wipe it up. The latter example being a lot less detrimental to the planet, but nevertheless, demonstrates how there would be less of a need for the solution if they stopped causing the problem. Shell are following the demand, for capital, not concern, which is in keeping with some of the aspects of greenwashing but also incorporates new ones.



Royal Dutch Shell. (2019), Shell Energy [logo]. At: Shell Energy Branding [online]. Available from: <https://www.shellenergy.co.uk/> [Accessed 17 November 2019].

Both the BP and Shell case studies are examples of greenwashing. According to the definition as laid out by Greenpeace, they both have performed 'the act of misleading consumers regarding the environmental practices of a company' (Gallicano, 2011 citing Greenpeace, n.d.). However, developing on from Siano et al's taxonomies, I believe there has been an increase in severity of contradiction on from 'Attention Deflection' (Siano, A. et al 2017) and 'Decoupling' (Siano, A. et al 2017), and in a different direction to 'Deceptive Manipulation' (Siano, A. et al 2017). Here there is a lack of classification for this new era of greenwashing. The identifiable features that would distinguish it from the other forms would be as follows;

- Producing the same service or product in different ways, that contradict each other in terms of environmental principals.
- The act of making a positive impact environmentally, but the activities only counteract a small or negligible fraction of the environmentally negative actions also being carried out.
- Showing a complete disregard that this is the case, by utilising other greenwashing techniques in advertisements.

I think it could be aptly named Contradictory Deflection. Identifying new forms of green washing allows preventative work to take place.

Greenwashing needs to be retaliated against. Divesting 'is a specific means of exerting influence outside of conventional political channels' (Richardson, 2017). With political leaders such as Donald Trump denying that climate change is real, and other governments not making big enough changes, we have come to a 'political gridlock on climate change action' (Richardson 2017). This means individuals need to make a difference by combating the power of the big companies, such as BP and Shell. 'Divestment is the opposite of investment. While investment means buying stocks, bonds or other investments in order to generate financial returns, divestment means getting rid of particular stocks, bonds or investment funds that are unethical or morally dubious' (Fossil Free UK, n.d). Organizations, such as 350.org, encourage divesting to take down big fossil fuel companies by convincing investors such as universities, religious groups and banks, to remove their financial ties with the '200 publicly-traded companies that hold the vast majority of listed coal, oil and gas reserves.'(Fossil Free UK, n.d). However, divestment can also be done on an individual level. Today, in the UK, it is an essential to have electricity and gas. Divesting doesn't mean not being able to have those

supplies, but instead you can purchase your energy from companies that are expanding renewables and not mining for oil and coal at the same time. Even here, it is important not to be greenwashed into buying supposedly clean electricity. For example, 'Good Energy supplies renewable electricity by sourcing enough power from renewable generators to match every unit our customers use over a year. Unfortunately, many other energy suppliers don't do it this way. They take advantage of a loophole that means they're able to say they sell 100% renewable electricity despite not buying any power from renewable generators. Instead, they buy dirty power from the open market, then buy cheap green certificates to 'greenwash' it.' (Good Energy, 2018). A few to note that do provide energy produced by renewable sources at competitive prices are; Good Energy, Bulb, and Ecotricity. Divesting from non-renewable suppliers of energy, is a practical solution that helps towards undermining the companies that deploy greenwashing techniques.

In conclusion, this paper has investigated the language and phrases that surround greenwashing and determined they can be open to a little interpretation, which may be a reason why companies can get away with using them. The definition of greenwashing, as outlined by Greenpeace, led to a core understanding of the subject. Discovering that stakeholders, including shareholders and consumers, have applied pressure to companies, explains why environmentally concerned Corporate Social Responsibility has surfaced. The increased monetary gain that can be achieved from CSR and falsification of such actions, seems appealing in order to get the results without the work, however, it has been a contributing factor to the prevalence of greenwashing. Siano et al defined the traditional existing types of greenwashing, which allowed for a more detailed grasp of the characteristics. The Sprite campaign illustrated the definition of 'Attention Deflection' (Siano, A. et al 2017), whilst contextualising it into a recent example of greenwashing. Encountering a third, more recent type, showed that greenwashing can progress into new forms. The VW example verified that a new type of greenwashing had been identified, as it showed how far companies are willing to go, not only to please stakeholders, but to appear to be keeping to regulations. The implications importantly outlined that, ultimately greenwashing is having a negative effect on the environment, meaning there is a cause for the classification of new forms, to be able to recognise it and combat it. To make the contextualisation of the subject current, both BP and Shell were critically analysed in relation to their recent ventures into the renewable sector. From this, it was established that greenwashing is changing. The outcome of which led to the suggestion of a new category, namely, Contradictory Deflection, with its distinguishing features representing a new form of greenwashing. Lastly, the suggestion of a practical solution to combating the companies that use greenwashing techniques, came in the form of divesting and how it can even be done on an individual level. This study could be progressed further, by exploring into different energy suppliers who are claiming to provide renewable energy, when in fact they are finding loopholes to be able to say this. This could lead to new categories of greenwashing. Overall, this paper discussed examples, implications and the progression of categorising greenwashing.

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