



GREENWASHING: A CHALLENGE TO CORPORATE SOCIAL RESPONSIBILITY AND ENVIRONMENTAL LAW

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Abstract:

Environmental concerns have escalated due to the problem of green washing. Businesses are being compelled to take environmental problems seriously as consumers choose more environmentally friendly products and environmental issues become increasingly prominent.

This paper explores the growing issue of greenwashing, where corporations deceptively present themselves as environmentally responsible without implementing substantive sustainable practices. The paper examines the intersection of greenwashing with corporate social responsibility (CSR) and environmental law, analyzing the challenges it presents to both concepts. It presents a serious obstacle to Corporate Social Responsibility (CSR) since it calls into question the validity of sincere attempts by businesses to lessen their environmental effect. The efficacy and overall credibility of CSR activities may suffer if customers do not believe that businesses are open and truthful about their sustainable policies. It evaluates existing regulations aimed at curbing greenwashing and discusses how corporate governance, consumer protection, and sustainability law need to evolve to address the issue. The purpose of this study is to determine if green washing offers a glimpse into a real, environmentally friendly world or if it is merely a theoretical idea.

Keywords : *greenwashing, corporate social responsibility, environmental issues, sustainability*

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Introduction:

1. Background:

Concept of Greenwashing:

"We must have zero tolerance for net-zero greenwashing", said the UN Chief at the launch of the report of High-Level Expert Group on Net-Zero Commitments. (United Nations, n.d.) Greenwashing is the process of conveying a false impression or providing misleading information about how a company's products are more environmentally sound. Greenwashing is considered an unsubstantiated claim to deceive consumers into believing that a company's

products are environmentally friendly. (Haasa, 2022-2023)

For a number of reasons, greenwashing is very relevant today, particularly given the rising consumer consciousness of environmental issues, climate change, and sustainability. The following main ideas clarify why greenwashing is such a significant problem in the modern world:

1. Growing consumer demand for sustainability.
2. Corporate pressure to appear 'Green'.
3. Lack of regulation and transparency

Growing awareness of environmental and societal challenges such as pollution, biodiversity loss, resource



depletion, and climate change is what is driving the increased emphasis on sustainability. Consumer behavior is being significantly impacted by this change, which is influencing how consumers make judgments about what to buy as well as how companies approach branding, marketing, and product development.

Types of Greenwashing: (Koons, 2024)

1. Making False Claims
2. Misdirection and Selective Disclosure
3. Exaggerating the Environmental Benefits
4. Relying on Vagueness
5. Irrelevant Environmental Claims
6. Lack of Proof
7. Comparing to Less “Environmentally Friendly” Alternatives

Since environmental stability is an important global problem, companies are more and more pressure to adjust the practice with environmentally friendly and sustainable ideals. This trend has increased the corporate social responsibility initiative (CSR), and companies have tried to confront the environmental impact. Nevertheless, some organizations use this increasing demand for stability and use green soap, which is a deceptive practice that the company actually represents more environmentally. Green laundry undermines true efforts to solve environmental problems by creating a wrong perception of the company's responsibility. It is very important for consumers to differentiate them between companies that are sincerely dedicated to sustainability and a company that generates profits using green claims. This article aims to study the intersections of green washing, CSR and environmental law, and to study how these deceptive practices harm more for a wider sustainable purpose with consumers.

Greenwashing has emerged as a significant challenge to the effectiveness of Corporate Social Responsibility

(CSR) initiatives and environmental laws. It involves companies falsely claiming to be environmentally friendly to gain market advantages without genuinely adopting sustainable practices. This deceptive tactic undermines CSR credibility, making it difficult for consumers, investors, and regulators to differentiate between truly sustainable companies and those engaging in misleading marketing. The lack of standardized regulations and effective enforcement mechanisms raises concerns about the impact of CSR efforts and the ability of environmental laws to address greenwashing. This research will explore the scope and impact of greenwashing, assess the effectiveness of existing CSR guidelines and environmental laws, and propose solutions to improve accountability and promote real sustainability.

2. Research Objectives:

1. To analyze the phenomenon of greenwashing.
2. To evaluate the impact of greenwashing on corporate social responsibility (CSR)
3. To investigate the effectiveness of current regulations addressing greenwashing
4. To propose solutions for improving corporate governance, consumer protection, and sustainability laws
5. To assess consumer perceptions of greenwashing

3. Significance of the Study:

This study is valuable for academics and practitioners in marketing, environmental law, and corporate governance. It provides insights into how greenwashing impacts consumer trust and behavior, helping organizations avoid unethical marketing and uphold genuine sustainability. By examining how greenwashing influences consumer purchasing decisions, the study guides companies in prioritizing authentic sustainability and adopting transparent CSR initiatives. It also emphasizes the need for stronger environmental laws to address greenwashing and



protect consumers. Lastly, the research explores how greenwashing affects brand loyalty and customer

retention, informing strategies to combat misleading claims and promote genuine sustainability.

Research Questions:

| |
|---|
| Greenwashing: A Challenge to Corporate Social Responsibility and Environmental Law |
| Greenwashing is a deceptive practice where companies or other entities mislead the public about their environmental impact. |
| Gender |
| <ul style="list-style-type: none"> Male Female |
| Income |
| <ul style="list-style-type: none"> below 4 lakhs 4-8 lakhs 8-10 lakhs 10 lakhs and above |
| Understanding Greenwashing |
| Have you encountered instances of greenwashing in the marketing of products or services? |
| Do you understand the term Green washing? |
| Have you encountered instances of greenwashing in the marketing of products or services? |
| Perception towards Greenwashing |
| How far would you agree that greenwashing is misleading consumers about environmental impacts. |
| Do you agree companies are more likely to engage in greenwashing when there is pressure to demonstrate sustainability? |
| Do you think companies that engage in greenwashing should be held accountable under CSR standards? |
| Do you agree that existing environmental laws are sufficient to prevent greenwashing? |
| Do you agree consumers are of greenwashing tactics.? |
| Do you agree that the consumers will be willing to pay more for products or services from companies that have proven to be genuinely sustainable? |
| How far would you agree that greenwashing is misleading consumers about environmental impacts. |
| Do you agree companies are more likely to engage in greenwashing when there is pressure to demonstrate sustainability? |
| Do you think companies that engage in greenwashing should be held accountable under CSR standards |
| Do you agree that existing environmental laws are sufficient to prevent greenwashing? |
| Do you agree consumers are of greenwashing tactics? |
| Do you agree that the consumers will be willing to pay more for products or services from companies that have proven to be genuinely sustainable? |
| When purchasing products or services, how important is it to you that the company is environmentally responsible? |
| Very important |
| Somewhat important |
| Not important |
| Unsure |
| If a company is found to have engaged in greenwashing, would you stop purchasing from them? |
| Yes, definitely |
| Maybe, depending on the severity |
| No, I would still purchase from them |
| Unsure |



Hypotheses:

Null Hypothesis (H0): There is no significant difference in the perceptions of greenwashing across the different groups.

Alternate Hypothesis (H1): There is a significant difference in the perceptions of greenwashing across the different groups.

Null Hypothesis (H0): There is no relationship between income and whether people would stop purchasing from a company involved in greenwashing.

Alternate Hypothesis (H2): There is relationship between income and whether people would stop purchasing from a company involved in greenwashing.

Review of Literature:

The Rise of Greenwashing:

The literature suggests that greenwashing has proliferated as businesses respond to market demand for environmentally friendly products and services. Many companies now engage in environmental marketing but often lack substantive actions to support their claims. Researchers, such as Delmas and Burbano (2011), highlight that greenwashing misleads consumers and undermines sustainable practices (Delmas & Burbano, 2011).

Corporate Social Responsibility (CSR) and Greenwashing: CSR initiatives are intended to integrate social and environmental concerns into business operations. However, greenwashing challenges CSR by distorting the essence of genuine efforts to reduce environmental harm. Scholars argue that companies focusing on greenwashing may undermine trust in CSR, making it more difficult for consumers to identify businesses that genuinely care about environmental sustainability (Lyon & Montgomery, 2015).

Legal Frameworks Addressing Greenwashing: A key area of research has been the development of

regulations aimed at curbing greenwashing. In the United States, for example, the Federal Trade Commission (FTC) has issued guidelines on environmental marketing claims, but enforcement remains a challenge (Nash & Ehrenfeld, 2001). Similarly, the European Union has adopted various directives to promote sustainable practices, yet the complexity of proving greenwashing has led to mixed results in consumer protection.

The Role of Consumers in Combating

Greenwashing: Consumer activism and awareness are critical in holding companies accountable. Studies suggest that consumers are becoming increasingly skeptical of corporate environmental claims, leading some companies to improve their sustainability efforts to avoid backlash (Barrett & Scott, 2020). However, consumer education remains a vital tool in distinguishing between real and misleading sustainability efforts.

Corporate Governance and Greenwashing:

Corporate governance plays a significant role in mitigating greenwashing. Effective leadership, transparency, and accountability are essential in preventing companies from engaging in misleading environmental claims. Some research advocates for stronger internal controls and a shift toward more rigorous corporate governance structures that prioritize long-term sustainability over short-term profits (O'Rourke, 2005).

Research Methodology:

The methodology for this research paper adopts a structured approach focused on addressing the research objectives related to the impact of greenwashing on Corporate Social Responsibility (CSR) and environmental law. The primary method of data collection utilized was a survey, in which respondents shared their insights. The conclusions of the study were derived based on the responses provided by these participants.



Limitations of the Study:

One limitation of this study is the potential for respondents' biases and limited understanding of greenwashing, which may affect the accuracy of the findings. Additionally, the scope of greenwashing is broad, and the study may not capture all

manifestations of greenwashing across different industries or regions. The proposed recommendations are limited by the scope of the research and may not consider all aspects of corporate governance or consumer protection.

Data Analysis :

By combining these data analysis tools, the study aims to rigorously assess the scale of greenwashing, its effects on CSR, and the adequacy of legal responses. The findings will provide valuable insights for policymakers, businesses, and consumers striving to foster genuine environmental sustainability.

Anova: Single Factor

SUMMARY

| <i>Groups</i> | <i>Count</i> | <i>Sum</i> | <i>Average</i> | <i>Variance</i> |
|---------------|--------------|------------|----------------|-----------------|
| 5 | 32 | 129 | 4.03125 | 0.998992 |
| 5 | 32 | 118 | 3.6875 | 1.060484 |
| 5 | 32 | 131 | 4.09375 | 1.248992 |
| 1 | 32 | 86 | 2.6875 | 1.318548 |
| 1 | 32 | 96 | 3 | 0.774194 |
| 3 | 32 | 124 | 3.875 | 0.822581 |

ANOVA

| <i>Source of Variation</i> | <i>SS</i> | <i>df</i> | <i>MS</i> | <i>F</i> | <i>P-value</i> | <i>F crit</i> |
|----------------------------|-----------|-----------|-----------|----------|----------------|---------------|
| Between Groups | 54.3125 | 5 | 10.8625 | 10.47191 | 7.19E-09 | 2.262672 |
| Within Groups | 192.9375 | 186 | 1.037298 | | | |
| Total | 247.25 | 191 | | | | |

The ANOVA test indicates that **there is a significant difference** in the perceptions of greenwashing across the different groups. This could suggest that respondents in different groups (whether based on demographics, exposure, or other factors) view the issue of greenwashing differently.



Conclusion:

This research highlights the consumers awareness regarding the term Green washing, its implication on their purchasing pattern and the importance of a legal framework to curb the the practices of greenwashing. The study concludes with a call for continued research and action to strengthen regulatory systems, improve corporate transparency, and empower consumers to make informed decisions in the face of greenwashing. The lack of clear, standardized regulations and robust enforcement mechanisms makes it difficult to hold companies accountable for misleading environmental claims.

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