

“A METHOD TO DISCOVER A GREEN WASHING POLICY”

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Abstract - Actually the sustainable development is one of the most important problems debated in the economic field. The necessity to rewrite the relationship between economy and environment is a duty for every subjects involved in the economic activity. It is necessary to settle, in a new way, all productive cycles, about goods and services. A lot of companies have understood this fundamental process of reorganization. However it is possible to observe that, even if the idea is clear, often the application is very difficult. Green marketing is a big opportunity to change and to give a new and more differentiated image. It can be a good instrument but it is necessary that the green course could be tangible and effective. This consideration rises from a lot of evidences of green washing actions, only a green image without a real change in production system. The aim of this work is that to introduce a system to comprehend if a company, really or no, is going toward a green marketing management policy, with concrete and positive results.

Index Terms — Sustainable development, green washing, green marketing.

I. INTRODUCTION

In the field of economic disciplines, there has been an increasing consciousness of the sustainable growth theme and this has been the subject of analyses and intense research¹. In the marketing field, especially, the new policies have acknowledged and continue to acknowledge these social needs by elaborating “green marketing” and “sustainable marketing” strategies, that is to say strategies which take into consideration the limits imposed by environmental restrictions, without giving up the logic of profits, an essential component for the survival of any entrepreneurial reality. It is the intention of this paper to find a method for investigating the real correspondence, in a marketing key, between managerial strategies and practices and the respect of the restrictions regarding sustainability.

II. THE GREEN WASHING

To be real, a green marketing policy should reach tangible results. Consequently it is important to explore that virtuous course by means of which a company can create value, simultaneously and without opposition, in the economic, social and environmental context. It is not sufficient to draw up a beautiful sustainability report. Today, there is a large use of green marketing or green communication but often it is only a “green image” for products or practices without a real meaning.

¹ For example: Tietenberg T., *Environmental and Natural Resources Economics*, Harper Collins, 1994 or Turner R. K., Pearce D. W., Bateman I., *Environmental Economics. An Elementary Introduction*, Johns Hopkins University Press, 1993;

A renewed image which, however, does not correspond to an effective change in company efficiency. It is the instrument to introduce an environmental apparent worry. It can be defined *Green Washing*, a simple way to give a new “ecological packaging” with the total absence of concrete measures to respect the environmental bonds. It is very dangerous to state what is not true. Unfortunately there are a lot of cases that demonstrate how companies misused of green washing policies. One of these is about BP. The accident which happened in April 2010 to the drilling rig Deepwater Horizon in the Gulf of Mexico is a symbolic case which underlines the truth of what above mentioned. The hole caused by the BP off-shore structure produced irreparable and immeasurable damage to the sea ecosystem. The event catalyzed a general and highly negative attention towards the multinational for which no communication policy or otherwise has been sufficient to recuperate credibility. In particular BP previously prided itself of a company “attentive” to environmental problems. Therefore the accident had not to happen but it happened.

III. A METHOD

It is not so simple to understand if a company is using a green washing policy. In this way it is useful a method of analysis, with specific characteristics, in order to immediately test the real propensity to the new green economy. The need, it is important to specify, is not that of inventing a further green index. The green indexes are already published by those of institutions, such as “Dow Jones Sustainability Indexes”² or “FTSE4Good”, and even those compiled by important consultancy companies such as “Renewable Energy Country Attractiveness Indices” of Ernst and Young. It is possible to mention also the evaluations carried out by the press. An example is the “Green Rankings” of the American weekly periodical, Newsweek, which awards green scores to the companies. These tools are only a small example of the attention which today is paid to the world of production but at times they are not immediately comprehensible because it is presumed that the reader has a precise knowledge of the criteria with which they are made. Therefore, very often they are addressed to the “experts”. Moving in the same direction, it would be useful, on the contrary, to have a rapid reading and comprehension tool, in order to obtain an instantaneous focus. A tool which could be defined as anti “green washing”, or a way of understanding to what

² “Launched in 1999, the Dow Jones Sustainability Indexes are the first global indexes tracking the financial performance of the leading sustainability-driven companies worldwide. Based on the cooperation of Dow Jones Indexes and SAM they provide asset managers with reliable and objective benchmarks to manage sustainability portfolios.” Source: Dow Jones Indexes in collaboration with SAM;

extent the company under examination, independently from its proclamations, can be said, from the beginning and in the future, to be “sustainable oriented” from the environmental and economic point of view too. Certainly an ambitious course but extremely necessary for testing the validity of some actions, which are more and more publicized in the general company framework. With a few and clearly expressed elements, it is possible to obtain a highly exhaustive picture. In short, the need is felt for a model which, without many particularisms, is capable of furnishing a reliable result. Other essential characteristics of the model, to ensure its validity should be the following:

- 1) adaptability to all sectors;
- 2) immediacy in reading and interpretation;
- 3) the possibility of making a simultaneous comparison of different companies;
- 4) the possibility of confronting the activities of the company over a longer period of time.

The decision to respect these simple and essential parameters brings to mind the intention of providing a valid and adoptable support in more than one sector where, obviously, the difference is given exclusively by the output of the productive process. Another important point is that the information to fill the model should be made up from official documents published by company. The real difficulty has been to put, in only one model, different information, qualitative and quantitative about economic results, investments, marketing actions, etc. The only possible choice, to express what above mentioned, has been a graphic model. A graph allows for a more simplified reading of the data acquired which, if simply listed, would seem to be a mere description without giving it a systematic form. In this case the graph might be criticized for the presence in it of different typologies of data, from figures to a list of the actions carried out by the company, but it has turned out to be the only tool capable of obtaining the objectives set. Consequently, a graph has been planned and realized with four areas. These four areas are the various sectors examined. The first area, quoted in the top left hand quadrant, would be the area referring to the turnover and profits. This is an important starting point for understanding the size of the company, without going into details about indexes and/or economic-financial assessments which would divert attention away from the focus of the analysis. To this end, the values have been pinpointed in sales and profits made. The reason for choosing these two parameters is motivated by the fact that, even if not completely, they permit the immediate classification of several economic data. The size and the share of the market is linked to sales and, therefore, to the importance of the single companies in the sector under consideration. A large-sized firm has greater opportunities for change. It goes without saying that the large company can find within itself those factors which are useful for transformation since it can avail itself of a larger number of human resources, capital and, thus, alternatives capable of a greater understanding of the evolution in

progress. However, a prominent position is not always an advantage. If the structure is a rigid one, it finds difficulty in adapting to the new sustainable economy. Profits, on the other hand, are an indication of that positive performance which is the first thing shareholders look for by definition. The presence of a profit in operational management consents the forecasting of a more certain future since the value created is able to provide not only a fair payment to the shareholders, but it is the basis on which to organize future development projects and schedules in advance. The company which creates value is assured of a stable presence with greater prospects on the market, because it succeeds in continually satisfying its customers' expectations. Undoubtedly, a piece of data which shows a high turnover and a low or non-existent profit (a not completely remote eventuality) is a synonym of a non-optimal condition, except in the case that this is justified by the company's particular and momentary conditions (substantial investments which have just been made and whose return is not foreseen in the immediate future) or those of the market (a negative situation connected to the current economic one). The second area of the graph, in the top right hand quadrant, is a perspectival look where general and specific investments in sustainability can be observed. To examine the future planning of a company it is important to consider the investments but it is also necessary to underline how many of these refer to sustainability. This is also the centre of strategy imposed by the European Commission and called “Europe 2020”. A way of re-launching the economy of the Old Continent, which the Commission, itself, states thus: “In a changing world the EU intends becoming an intelligent economy, sustainable and united. These three priorities, which are mutually gaining strength, intend to help the EU and the Member States reach high employment, productivity and social cohesion levels. In practice, The Union has set itself five ambitious aims – in the employment, innovation, education, social integration and climate/energy fields to be attained within 2020³”. The innovation is a right way to cover a green marketing policy and a social responsibility too. This idea has been stated properly in an article of *Il Sole 24 Ore*⁴, where Maurizio Carini⁵ expressed that: “Companies' social responsibility

³ European Commission - Europe 2020. Source: http://ec.europa.eu/europe2020/index_it.htm;

⁴ *Il Sole 24 Ore* - Insert “nòva 24” of 4th December, 2011. Article: “La responsabilità sociale crea innovazione” (Social Responsibility Creates Innovation) by Luca De Biase;

⁵ Managing Director and Chairman of *Impronta Etica*. The Hera Group is the first Italian multi utility in the environmental, hydro-power, gas and energy sector with over 6.000 employees over a vast territory which goes from Ferrara and Bologna to Pesaro (www.gruppohera.it) while *Impronta Etica* is a non-profit association for the promotion and development of company social responsibility (CSR). It was born in 2001 as a result of the will of several Emilia- Romagna firms already involved on this front and witnesses of the attention of the world of the cooperatives sustainable growth and of the CSR (www.improntaetica.org);

is much more than restoring resources to society, carried out by companies which otherwise would only think of themselves as organizations and solely devoted to maximizing profits. The forms of responsibility – from environmental sustainability, for example to social inclusion – are an integral part of company activities, a component of the competition strategy and a generating challenge of technological and organizational innovation”. Therefore, in this second area of the model the attention is focused on the investments in a general sense and on the specific investments concerning sustainability, since these refer to a type of production, a practice, or even to a more integrated policy which the company has activated. This is a first check to understand if the resources are really destined to the improvements to be carried out. In this way a first comparison is obtained which, even looking to the future, confirms or does not confirm the declared intentions. Obviously, the investments, if planned correctly, should be proportional to the turnover and above all to the ability to make money. Consequently, it is possible to get to the heart of marketing actions. Marketing actions which must be directed towards both to inside and outside the company. Usually, the sustainability trend cannot be only referred to actions which link the companies to the consumers or to actions imposed by particular rules and regulations and/or norms. It is of fundamental importance that certain concepts are fully acquired by all those human resources which contribute to the results obtained by every company. It is utterly improbable that a manifest change of direction can take place if all the forces involved do not participate from the inside. A general re-appraisal of an entrepreneurial strategy cannot be successful, if it is not accepted from the bottom in an efficient integration process which implicates all the actors involved. A simple example may be that of logistics. In the “classical” company world, when the marketing function is compared with logistics, it takes the main factors, such as delivery times, punctuality and costs, into consideration. In a “sustainable” situation, in addition to these factors, the impact of transport on the environment, because of the polluting emissions arising from it, is also considered by assessing the means of transport and fuels to be used, distances to be covered and even what is the most eco-compatible packing, one which does not waste too many resources such as paper, plastic and so on. On its website IKEA, a furniture multinational company, ever alert to sustainability themes, states the following regarding transport: “Packaging in recyclable cardboard has been a great idea. The furniture packed in flat-packs allows for the loading of more packages on road vehicles, reducing haulage and therefore CO₂”⁶. What has just been stated, without any intent to advertize IKEA (similar cases are present in numerous other situations), is only an example of how to intervene, in a responsible manner, in certain processes. Following a careful analysis of those marketing actions which can come under the wide panorama of sustainability, ten internal and ten external marketing choices of action have been made. The presence of these actions, if verified, give a particular

value to the company’s operativity. Consequently, if a firm sets all these actions, it will demonstrate a true propensity towards sustainable management. If the opposite is true, it will be useful for understanding if this firm moves more towards the market or if, on the other hand, it pays greater attention to its human resources or, if again, it should initiate virtuous processes in both fields. In the event that only actions towards the market are evident it can be understood, for example, if the firm is simply carrying out a policy of green washing. The identification of these courses of action certainly does not indicate a thorough attempt to explore, in detail, an imposition which, at the moment, must be seen in a methodological sense and not as an urgent solution to a pressing problem. A valid support, for elaborating what will be said below, has been the monitoring and observation of the main actions undertaken by multinationals and companies from the sustainable marketing point of view, who are declaredly and really orientated towards sustainability. A study bent on tracing:

- those practices directed outside the company:
 1. the drawing up of a sustainability balance sheet;
 2. the drawing up of an environmental report;
 3. the presence of one or more environmental certifications besides those demanded by the rules governing the sector;
 4. programs for reducing polluting emissions in the production cycles in addition to the limits imposed by the rules in force;
 5. the presence of goods, in their product offer, with recyclable, regenerable and re-utilization characteristics;
 6. special advertizing to favor the sale of those goods, which are more eco-compatible, in the overall offer made to the market;
 7. advertising, awareness, introduction of practices regarding sustainability, directed towards consumers;
 8. sponsorship of events linked to sustainability by especially favouring contacts with the stakeholder;
 9. partnership actions with other firms in the chain of operations to draw attention, on more than one level, to the equilibrium of the ecosystem;
 10. promotion of research and experimental projects with companies in other sectors with the aim of creating new sustainable products.
- policies to be carried out inside the company:
 1. organization and implementation by the management of sustainable policies within its strategic planning, by identifying precise medium-long term objectives;
 2. upgrading of property and consumption from the savings and energy efficiency point of view;
 3. reduction of energy requirements through auto-production to be carried out with renewable sources and/or with the optimization of certain production processes (for example through heat retrieval and that of other energy sources);

⁶ Source: http://www.ikea.com/ms/it_IT/the_ikea_story/people_and_the_environment/life_cycle.html

4. substitution in the production cycles of raw materials coming from depletable sources with raw materials coming from regenerable sources or from other energy sources or from recycling processes;

5. initiation of HSE (health, safety and environment) policies, in addition to the obligations laid down by law;

6. the promotion of a sustainability culture towards the human resources employed through professional refresher courses and/or training courses and/ or special informative actions;

7. the promotion of sustainable practices by the employees both inside and outside the workplace (e.g. solely concerning mobility, these practices might be car sharing, special provisions for favouring the use of public transport, the presence of spaces and services for the use of eco-compatible means of transport such as bicycles/electric cars);

8. incentive programs for individual company operators in order to attain new and positive results in environmental impact terms (an incentive, even an economic one, could be conjectured for those operators who are the most successful in reducing CO2 emissions deriving from their activities or which save large amounts of resources used always guaranteeing the same performances);

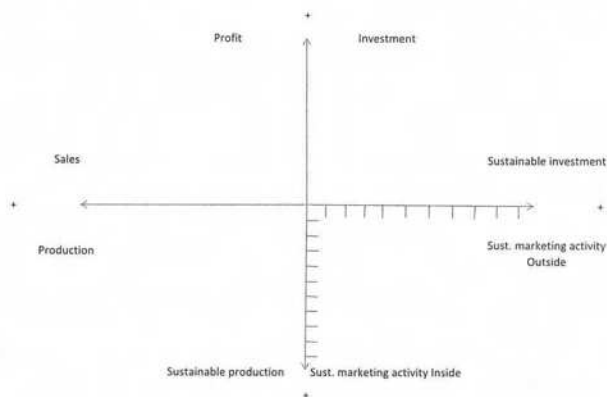
9. the insertion, in management assessment, of sustainability performance;

10. to favor, among the suppliers, those companies which provide a greater guarantee of green oriented activity.

The above mentioned items cannot be considered as complete for thoroughly representing a sustainable marketing policy. However, they bring to light in a lively and fascinating way, if certain questions are beginning to be faced in which the company becomes a promoter of the sustainability culture. The only difficulty for the representation of marketing actions comes from having to identify qualitative results graphically. Indeed, marketing action cannot be represented on its own by a quantitative method. Thus, it is necessary to introduce evaluation criteria in order to make a classification. Without going into too much detail, risking useless digressions, the final choice is that of giving a unit score for every one of the actions identified. In short, to every action corresponds a point to be represented on the graph. Naturally, if there exists the case of a company which has implemented all the actions envisaged, it will obtain the best results. Having concluded the observation on the activities mentioned above, there only remains the last but not the least important verification showed in the final area placed in the bottom left hand quadrant. Good intentions and good practices cannot help but lead, in an absolutely certain way, to tangible and verifiable results. A simple but effective reflection in order to ask the

person being analyzed for two pieces of data, the volume of the production and the part of the quota which it is possible to define as eco-compatible, that is to say the production which registers an impact which is close to zero on the environment. This last piece of information indicates the point of arrival of the polices set in motion, by becoming an incentive for continual improvement. A final and fundamental comparison which, in addition to the prospects, immediately shows the output that can be accepted and shared by the whole macro-environment.

The graphic output is the following (Graph 1):



Graph 1 – Sustainable marketing analysis model

Completing the various quadrants with the data, what can be defined as a first photograph of the company on its sustainability course can be obtained. An area which is uniformly developed towards the outside for each of the four quadrants represents a real direction in favor of a sustainable oriented management.

IV. CONCLUSIONS

This work presents a model whose intention is that to highlight a real propensity in applying good sustainability practices intended not only from the point of view of promotion and communication but with real results. The innovative contribution of this research is that to show, where it exists, a positive link between the need to create a profit and the protection of the natural habitat. To achieve a sustainable economic profit, a firm must invest in efficiency and competitiveness with the proper marketing policy. Although this seems a form of logic “a priori”, the result is not always positive. Indeed many companies prefer avoiding change because greater organizing and management capacity is required, which does not originate exclusively from the economic resources available. An entire culture must be reviewed and re-modified. Only in this way it will be possible to insert, in the best way possible, the development programs. The output model is, more than an instrument to accuse, a way to improve the engagements toward sustainability.

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