THE IMPACT OF SOCIAL MEDIA ON ESG THROUGH THE LENS OF GREENWASHING

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Abstract:
Modern organizations use keywords that describe sustainable and environmentally friendly behavior to meet promises made to green consumers and gain an advantage over competitors. Organizations may face reputational damage due to issues such as complaints from customers, legal cases, or actions that harm the environment. It is not rare that public statements of organizations toward their green behavior are not supported with their credible actions, so phrases "climate neutrality", "net zero commitment" and others are just claims that follow the trend to be eco-friendly and acceptable in ESG standards. If organizations only follow the trend and use marketing campaigns to show that they are committed to sustainability, there is a high likelihood that we will engage in the greenwashing practice of those organizations. In the paper, authors make a breakdown regarding notable global greenwashing examples focusing on litigation cases which take origin from social media ads.

Keywords:
greenwashing, social media, ESG, organization, litigation risk.

1. INTRODUCTION

In the digital age, brand reliability and clients' purchase expectations are largely influenced by web-based marketing campaigns (Balakrishnan et al., 2014). The primary direct impact on purchasing goals was found in the subcomponents of web-based entertainment showcasing exercises, amusement, and informality. Additionally, web-based entertainment promoting efforts indirectly influence clients' purchasing intentions through brand trust and brand image effects. The prominence of online entertainment has turned into a business system in light of its extreme focus on purpose and high showcasing adequacy. Showcasing items and administrations via web-based entertainment are minimal, expensive and effective, and are a brilliant channel to increment item purchase conduct (Hu et al., 2024).

Modern organizations use keywords that describe sustainable and environmentally friendly behavior to meet promises made to green consumers and gain an advantage over competitors. It is not rare that public statements of organizations toward their green behavior are not supported with their credible actions, so phrases like: "climate neutrality", "net zero commitment" and others are just claims made for the purpose of the following trend to be eco-friendly and acceptable in Environmental, Social and Governance (hereinafter: ESG) terms. In the contemporary environment, social media, media ads and consumer initiatives can affect how people see and trust organizations that frequently use green practices (Wibowo et al., 2020). People who are more environmentally conscious lessen or stay away from environmentally harmful items by picking options harmless to the ecosystem; driving less and using products for as long as possible before replacing them; and are more mindful of the physical and mental advantages of green products (Khare, 2019).

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Great corporate ESG execution mirrors the organization's proactive responsibility, earning support from the public authority and acknowledgment from society (Quintiliani, 2022). Simultaneously, when organizations attempt ESG exercises, they receive cultural praise and get media inclusion. Media consideration applies popular assessment strain on corporate chiefs, driving them to lift corporate social obligation (CSR) data revelation to an essential improvement level, expecting to keep a positive corporate picture in clients' eyes (Benjamin & Biswas, 2022). Great corporate ESG execution frequently draws in media consideration, and the media's administrative intercession and directing impact of popular assessment pressure impact corporate way of behaving, convincing organizations to answer proactively. This interaction cultivates an upright administration cycle, advancing great ESG (Chang et al., 2023).

In addition to positive business practices, there is also the well-recognized phenomenon of greenwashing, the term that describes a deceptive organizational sustainability claim that can happen and spread deliberately or accidentally. Economic goals may encourage wrongdoing on the part of organizations and using greenwashing techniques to manipulate the public's perception of "green labeling" (Treen et al., 2020). Organizations profit from the widespread use of green marketing these days and the rising demand from consumers for eco-friendly goods and services by engaging in greenwashing. To stay true to their promise to eco-mindful buyers and outperform contenders, organizations use claims that address manageable and harmless ecosystem conduct. In the digital age, media campaigns that directly impact the public's view and reputation of companies engaging in greenwashing are the primary sources of reputational risk (Mirković et al., 2023).

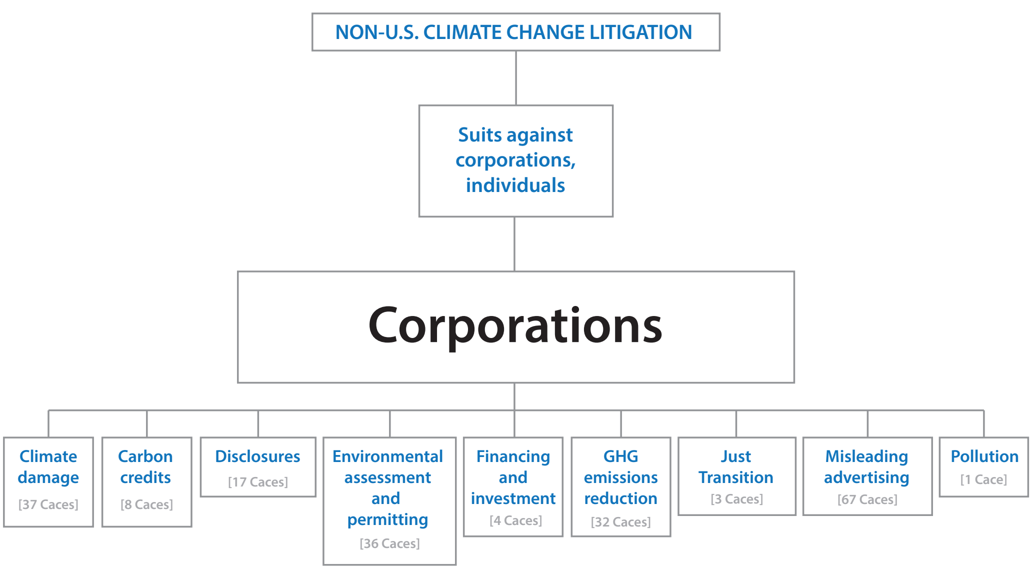
This article is structured in the following manner. The introduction part is dedicated to the role of social media and the phenomenon of greenwashing whereas the second title is related to research methodology and case studies of greenwashing in the aviation industry. The third title emphasizes the examples of greenwashing that take origins from Climate Change Litigation Database for non-US entities in industries different from those already elaborated on in the aviation industry. In the end, the authors pinpoint the key findings and potential benefits of this paper.

2. RESEARCH METHODOLOGY

For desk research in this paper, the authors used "Climate Change Litigation Databases" which is publicly available at the following link: https://climatecasechart.com/ (Climate Change Litigation Databases, 2024a). It consists of two databases that cover legislation on climate change where all cases are included in the Global database except for the US instances. These databases are searchable and arranged according to the type of claim. In this paper, authors focused on the Global database (non-US Database) and filtered "Suits against corporations and individuals" among three available filters. Upon choosing the filter, authors select filter "Corporation" which has nine different options, i.e. type of claims, presented in Figure 1:

The central part of the paper encompasses cases related to misleading advertising, more precisely within the topic of advertising using social media (Facebook, Youtube, X or formerly known as Twitter, Instagram, Google, etc.). The authors have chosen four cases to briefly analyze the conduct of companies which could be evaluated as greenwashing.

Figure 1. The structure of Non-US Climate Change Litigation cases among Corporates.



Source: https://climatecasechart.com/

3. RESULTS AND DISCUSSION

3.1. GREENWASHING CASES IN THE AVIATION INDUSTRY

The first two cases are directly related to the companies which are involved in the aviation industry and airplane business, namely Etihad Airways and 4Air LLC.

Etihad Airways is the national airline operator of United Arab of Emirates and a well-known operator worldwide. In October 2022, two Facebook ads were run and their content was challenged by The Advertising Standards Authority (hereinafter: ASA). The objective of ASA was to determine whether this advertising led to the wrong impression regarding the environmental impact of the flying service. On 12 April 2023, the decision regarding this case was made. The CAP Code (The UK Code of Non-Broadcast Advertising and Direct & Promotional) considers that absolute environmental statements should be supported by a substantial amount of evidence. According to Etihad advertisement, the phrase "sustainable aviation" would be seen as a long-term, complex goal focused on the airline industry (Climate Change Litigation Databases, 2024b). One aspect of this objective is achieving net zero carbon emissions by the year 2050. However, to appeal to a larger audience, the advertisment did not mention Etihad's objective of being net-zero till 2050; instead, they discussed "sustainable aviation" as a long-term objective.

Etihad had made assertions regarding lowering emissions with the usage of contemporary aircraft and flying techniques. However, high levels of CO2 and non-CO2 emissions from air travel persisted, significantly contributing to climate change. Many of the projects Etihad claimed to be committed to implementing were only expected to provide benefits several years or even decades from now. Due to this multidimensional approach, Etihad was forced to make bolder decisions than ever before, implementing new programs and technology as a part of a cohesive sustainability plan. They cited instances of the bolder approach, such as reorganizing their fleet to use contemporary, fuel-efficient aircraft. Sustainable aviation fuel generation in the UAE was developed as part of an energy and food security project. Etihad additionally stated that they were awarded several honors that demonstrated their "louder, bolder approach to sustainable aviation". Moreover, efforts in utilizing more efficient airplanes and minimizing single-use plastics did not provide sufficient support for a "sustainable aviation" claim. The claim overstated the environmental effect of traveling with Etihad, and the advertisements violated the Code. Etihad had been told to take steps to make sure that adequate evidence was set up to support their advertisements and that they did not provide a false image of the impact of flying with the airline. Generally, Etihad Airways broke the rules on misleading advertising and environmental claims, as it is stated in final decision (Climate Change Litigation Databases, 2024b).

4Air LLC, self-described as a "sustainability solutions program dedicated to aviation", is the second case study of litigation and greenwashing by using social media elaborated in the paper. Namely, In November 2022, a Google ad for 4AIR was introduced which misled customers regarding environmental claims of the company. The ASA expected to see a high degree of evidence supporting the claims, taking into account the entire lifespan of the products and services related to 4AIR's services. Because those services were closely related to aviation, they encompassed every phase of aviation activities, yet 4AIR did not operate any aircraft. Aviation created significant amounts of CO2 and non-CO2 emissions that contributed to climate change, even while using Sustainable Aviation Fuel. Furthermore, the results of research into future aircraft technologies would not be available until decades later. Support of such an activity via 4AIR was not sufficient substantiation to demonstrate the claim "Turn Flying into a Force for Good" as it was perceived. Also, there were no efforts or economically feasible innovations in the aviation industry that fully verified the absolute statements such as "eco-friendly aviation" and "sustainable aviation" as businesses would perceive them in context.

The ASA concluded that the advertisement could not be shown again in the format it was originally presented in. The ASA warned 4AIR to avoid misleading businesses by understating the environmental impact of their service, particularly when making unequivocal claims such as "eco-friendly aviation", "sustainable aviation" and "Turn Flying into a Force for Good". This decision was part of a bigger initiative addressing climate change and the environment (Climate Change Litigation Databases, 2024c). The ad was identified for evaluation as a consequence of intelligence obtained by the ASA's Active Ad Monitoring system, which uses artificial intelligence to actively search out internet ads that may violate the regulations.

3.2. OTHER GREENWASHING CASES LINKED TO SOCIAL MEDIA

Besides cases in the airplane industry previously expounded upon, the authors also analyzed some cases in other industries, such as pet vegan food and the petroleum and oil industry. Among other examples, the first is a supplier of vegetarian dog food the **Pack Pet Ltd**, which was a subject of greenwashing claims related to the post on its Facebook page starting around 12 June 2022, trailed by video. The content of the video featured several images of bowls filled with dog food, and the message at the end emphasized a strong connection between healthier dog food and a cleaner planet. Likewise subtitle in the video with the citation “better for the planet" was the subject of protest made by ASA to decide whether articulations in that video were bad behavior. ASA assessed proof given by Pack Pet Ltd in three separate examinations (Climate Change Litigation Databases, 2024d).

The main review included three gatherings of canines that were taken care of in one of three weight control plans: regular meat-based, crude meat, or veggie lover. The review’s reliability was debilitated by the way that 82% of respondents needed veterinary ability or abilities while surveying their pet’s well-being. The review verified that a greater, long-haul study was required. The subsequent paper, which had not been peer-inspected, demonstrated that the information it contained might have contained arbitrary happenstance connections, and that planned, randomized, controlled clinical examinations were expected to demonstrate the remedial significance of the discoveries. The third review utilized a web-based structure to gather diet data from 1,189 canines: 56% were taken care of a meat-based diet, 30% a plant-based diet, 5% a mix of the two, and 9% an indeterminable eating regimen (Climate Change Litigation Databases, 2024d).

In any case, it likewise resolved that no causation could be obtained from the outcomes, and there was a high opportunity of review predisposition for respondents. Aside from the way that the Pack Pet Ltd transmits nearly multiple times less CO_2 than meat-based elective items, the ASA figured out that Pack’s commercials were not satisfactory and straightforward enough especially regarding the consideration of the full life cycle assessment of the products. (Climate Change Litigation Databases, 2024d).

Shell UK Ltd., a recognized multinational petroleum and oil company, wanted to make its low-emission energy products and services more accessible by increasing consumer awareness and demand. They thought that the advertisements accurately portrayed those goods and services and did not omit any information regarding their energy products, (such as gasoline) that were less friendly to the environment. Customers would primarily associate their brand with gasoline purchases because they would already be educated about that aspect of their business. Independent market research reveals that 83% of customers prefer Shell’s products and services that use less carbon, like renewable electricity and electric car charging (Climate Change Litigation Databases, 2024d). By providing concise and precise information about its most recent products, Shell aimed to close the knowledge gap among customers. This would be a significant step toward the company's larger objective of assisting clients in switching to energy sources with lower emissions.

Since the ads’ motivation was to advance low-carbon energy and introduce its “Powering Progress Strategy”, they accepted that any notice of high-carbon Shell items would have been counterproductive. Data about those Shell items would have simply served to feature their reality and accessibility and subsequently weaken the effect of the promotions’ positive natural message. Through its proclaimed Strategy, Shell intended to become a leader in its industry among companies that are truly committed to net-zero objectives achievement. Shell neither accepted that the promotions distorted the overall ecological effect of their business exercises, nor that the promotions precluded significant data about that effect. They likewise expressed that buyers would almost certainly comprehend that the promotion just went such a long way as to situate Shell’s sustainable power deals as a component of a system to help clients progress away from items with high CO_2 emissions (Climate Change Litigation Databases, 2024d).

The ASA recognized that clients were probably going to grasp that energy items gotten from petroleum derivatives were earth-hindering. Also, they found that numerous purchasers would intently connect Shell with petroleum deals, and that the organization was associated with oil and gas speculation and extraction as their primary business. The ASA noticed that clients were progressively concerned about the ecological effect of exercises connected with higher-carbon items. Nonetheless, they were probably not going to know about the subtleties of this corresponding to specific organizations, and advertisements were along these lines liable to misdirect purchasers if they distorted the commitment that lower-carbon drives played, or would play in the close future, as a component of the general equilibrium of an organization's exercises. The ASA considers that buyers would draw a qualification between “Shell” and “Shell Energy”, especially because Shell was a brand notable for its energy items in a broader sense.

The general impression of the promotion was that low-carbon energy items included a huge extent of the energy items Shell put resources into and sold in the UK in 2022 or were probably going to do as such in the prospective period. Finally, the ASA considered that, despite the Shell’s arguments regarding “Powering Progress Strategy”, clients were not in a position to fully understand their commitment to net-zero objectives and lowering CO_2 emissions as it could be concluded from the ads on YouTube. They found out that by avoiding the transparent usage of keywords on YouTube ad that directly pinpoint sustainable goals achievement, Shell’s intentions were more likely to mislead clients by the absence of material significant information.

4. CONCLUSION

Modern organizations are concerned with the topic of sustainable behavior and as a result of that focus the term ESG is more than up-to-date. A lot of research showed that a good corporate ESG segment increases the value of the company through better positioning on the market. One of the often used means for market positioning is the usage of different marketing campaigns which could have offensive impact on potential clients. Apart from positive marketing campaigns, it is not a rare situation that organizations make some eco-friendly and acceptable claims in public using social media just for the reason of following the global trend of sustainability worldwide. These misleading claims which are blatant examples of greenwashing should not be justified from any perspective.

Certainly, an adequate ESG embedded into an organization profile brings obvious benefits to them, such as an increase in corporate value, better adjustment on behavior of competitors, realization of long-term objectives in terms of sustainability, building a trust and credibility on the market, diminishing potential threats from the environment and strengthening the organization's brand value and reputation. When ESG component is well integrated into organization it means that there exist prerequisites for expanded media attention. Responsible behavior of organizations imposes that marketing campaigns and usage of social media for sustainable goals realization should be careful, measured, not too offensive and most important, accurate, meaning that reflects their substantial actions. Otherwise, the organization's actions are likely to be classified as greenwashing which will be the subject of monitoring and sanctioning by relevant bodies authorized to prevent such behavior.

In the paper, authors have analyzed four cases of misleading claims made on social media by organizations that are involved in the airplane industry, the industry of pet vegan food and the petroleum and oil industry. All observed cases were sanctioned by the ASA due to breaching the rules on advertising and misleading consumers by announcing claims that were primarily intended for reaching green and sustainable objectives. There was no visible evidence that the organization's behavior was confirmed with marketing campaigns via social media that included exclusively eco-friendly and acceptable statements. The objective of this paper was to pinpoint certain behaviors of organizations that result in litigation cases and reputational damage and it could be beneficial for practitioners that are mainly involved in the area of sustainable development and green economy.

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