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GREEN SPIN EVERYWHERE: HOW GREENWASHING REVEALS THE LIMITS OF THE CSR PARADIGM

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The article argues that the volunteer-led corporate social responsibility (CSR) paradigm of the last decade has both coddled and promoted the proliferation of "green spin." The paper proceeds from two assumptions: that we, humanity, wish to promote our survival; and that our socio-economic activities, particularly during the past two centuries, have endangered our future on this planet. It discusses the theory of natural capitalism, which is central to the ideals of CSR, and which seeks to "fix" capitalism by assigning measurable value to ecological resources, or "natural capital," many which have traditionally been treated as public goods, such as air, water, and forests.

KEYWORDS
Corporate Greenwashing, Natural Capitalism, Global Environmental Politics

Green marketing and advertising are ever popular strategies to reconcile business interests with ecological interests, and more precisely, with the increased concern for sustainability issues. Green marketing arises from the historical backdrop of "business as usual," where common business practices, and the ethos driving them, have been systematically damaging to vast segments of society and the environment. However, there is a new sense of earnestness in the "green" messaging. Scholars have increasingly argued that corporations need not be fundamentally deleterious to global health (Post, Preston and Sachs 2002). This optimism has been complemented by the growing belief that a company can and should align its profit-seeking self-interests with the general interests of society and the environment.[1] Yet, underneath the language of "sustainable business," the discourse and tools of evaluation remain eerily similar to neo-liberal capitalist thought. Proponents of this "new" theory of business advocate to the point where the greatest "return on investment" (ROI) occurs through the least amount of "green costs". Yet, the bottom line remains, as both ROI and green costs are measured quantitatively, like all other items on a profit and loss balance sheet. The conspicuous attention dedicated to greener corporate behaviors begs the question: what is meant by ROI – financial profits, social well-being or some new unit of value? I believe the answer, unfortunately, is the former.

This discussion proceeds from the position that sustainability is a serious challenge, that society has the power to effect political and economic decisions to impact the situation, and that failure to reverse course will endanger the majority of life on the planet. Corporations have embraced the corporate social responsibility (CSR) paradigm mostly for its branding, public relations, and legal value. Leading environmental groups, from the World Wildlife Fund to the Sierra Club, have largely backed the CSR approach in an effort to abandon their traditional oppositions against business-as-usual in favor of achieving incremental results by partnering with businesses. But businesses are guided by market decisions, and despite the growth in consumer activism, people remain overwhelmingly concerned with their economic interests above all else. To this point, a recent National Geographic report, *Greendex*, demonstrates that North Americans are much more concerned with economic rather than sustainability issues at a rate of 2 to 1.[2] And recent polls suggest that the media saturation of green marketing risks creating a backlash against the term *green* (See Appendix C).

The "business case" for corporate social responsibility (CSR) argues that companies that embrace the "triple bottom line" (TBL) approach will promote environmental and social interests, a. sustainability but will also be financially rewarded for doing so. Proponents argue that financial incentives will flow on the supply side from

[1] Grimm 2005
[2] Greendex 2008

energy and production savings and, on the demand side, from increased consumer loyalty. Green marketing is deployed to help achieve the second goal, and serves as the manifest expression of a company's CSR philosophy and/or commitment. It aims to link a company's brand, and its products, to the growing public concern for social and environmental issues, and to retain their consumer loyalty as a result.

Green marketing is the tactical instrument by which companies derive value from CSR: hyping their green credentials in a poorly regulated environment where most claims cannot be corroborated. Most companies engaging in green marketing face the challenge of convincing consumers that their products, services and/or activities represent improved practices, which minimize damage or even aid environmental, social and/or personal health. Yet these "green" messages regularly clash with the truth, producing "greenwashing," or what I call *green spin*. Even more concerning is that even if "greenwashing" diminishes in the future, the CSR framework will not adequately meet the challenge of unsustainability.

In this paper, I submit that the entrenched mantra of profit-maximization poses a systemic challenge to the ideals of sustainable consumption. During the past twenty years, "corporate social responsibility" (CSR) has emerged as the conflicted, paradigmatic compromise between the public demand for sustainable goods and services and investors' demands for business competitiveness (i.e. maximum profits). The former has gained prominence due to environmentalists' and scientists' dire warnings about our impact on the planet's health and the latter is propelled by the global dominance of neo-liberal capitalism. Green marketing, this paper's focus, is rooted and nurtured by CSR, which Harvard's "CSR Initiative" defines as:

encompass[ing] not only what companies do with their profits, but also how they make them. It goes beyond philanthropy and compliance and addresses how companies manage their economic, social, and environmental impacts, as well as their relationships in all key spheres of influence: the workplace, the marketplace, the supply chain, the community, and the public policy realm.

These "spheres of influence" include interest groups, formal and informal, which others have alternately referred to as *stakeholders*.[3] Post, Preston and Sachs, Redefining the Corporation, have advanced the s*takeholder view* as follows: "The stakeholders in a corporation [are] the individuals and constituencies that contribute, either voluntarily or involuntarily, to its wealth-creating capacity and activities, and that are therefore its potential beneficiaries and/or risk bearers."[4] Post et al redefine the corporation as "an organization engaged in mobilizing resources for productive uses in order to create wealth and other benefits (and not to intentionally destroy wealth, increase risk, or cause

[3] Elkington 1994; Willard 2002; Savitz and Weber 2006
[4] Post, Preston and Sachs, 19, 2002

harm) for its multiple constituents, or stakeholders."[5] Their view of the nature of the corporation clashes with Milton Friedman's well-heeded view, expressed in his famous 1970 *Times Magazine* article, that the "business of business is business" and executives should not spend shareholders' money on non-profit maximizing things. Friedman believed the free market was the most efficient way of allocating resources and distributing wealth across society. Any policy apart from this line of action amounted to socialism.

The definition of stakeholders has been widened since the late 1970s, in parallel with the rise of CSR. The stakeholder view expands the scope of firms' responsibility, extending accountability beyond the group heretofore perceived as singularly powerful, *shareholders.* Prominent advocates like Joseph Stiglitz have linked this wider view of the corporation's responsibilities with the need for public policies that advance a more equitable and/or sustainable agenda.[6] However, the greatest strength of stakeholders as a group, their massive volume, whose potential leverage could be expressed in the form of petitions, votes, protests, civil disobedience or protest dollars, ironically doubles as their weakest point. Stakeholders, numbering so many, have conflicting interests and political agendas, even if they are united by their relationship to a certain corporate activity. Thus, on a topic as widespread and non-discrete as climate change, one can argue that the stakeholders include every single man, woman and child on the planet. They may represent the most powerful collective human force imaginable, but the group's complexity and heterogeneity complicates acute, sustained political action of the kind needed to alter the status quo. Inevitably, any sustained collective challenge to the status quo will require redefining values and social norms to a significant extent. Indeed, "greener" language has arisen during the past few decades, even if it has not achieved the results originally envisioned by its environmentally sensitive founders.

Thus, it is no surprise that language, written and symbolic, is central to green marketing. In article titled "Let It Green: The Ecoization of the Lexicon," published in *American Speech*, Brad Benz argues that the "'greening' of the English lexicon began in 1969 when, according to the *Oxford English Dictionary,* two West German environmental groups formed two political parties."[7] Benz believes "'eco-' has moved away from its green connotation and into more commercial realms as *eco-*'s green activism has become a new marketing slogan."[8] I believe this mutation has afflicted other once 'green' words like fresh, natural, organic, and even *green* itself.

Indeed, the more mainstreamed the terms *eco-*, *green*, *natural*, *fresh* and ilk have become the more muddled their meanings became. Benz realizes that value judgments

[5] Post, Preston and Sachs, 17, 2002
[6] Stiglitz 2007
[7] 215. Benz
[8] 216. Benz

about the “ecoization” or “greening” of the lexicon are contested. Industrialists argue the resulting connotations improve upon the original value judgments, because they have expanded eco-consciousness. However, most environmentalists counter that “eco-everything” has produced a pejorative effect, where the value of the original term has been corroded.[9] While I concede that industrialist's adoption of “eco- language” has helped bring greater awareness of the sustainability issues to the mainstream public, and that has been a positive development, their manipulation of the terms have distracted society from pursuing tougher, necessary reforms.

As far as green marketers are concerned, these terms are less about sustainability and the environment, and more about evoking an aspirational lifestyle. Of course, *all* marketing aims to sell the product, or even the brand – by selling the desirable ideas, emotions, and/or experiences behind it. Green marketing goes further in the sense that it pitches an ethos, the belief that consumers are improving the world, and themselves, via their purchasing decisions. Indeed, the semantical evolution of these terms has not been entirely negative, because the high popularity of the terms, ipso facto, both reflects and stimulates further public interest in sustainability. Yet green marketers do not target all segments of the public equally, as any survey of advertisements is bound to reveal.

If a researcher were to review a few hundred of samples of green marketing / advertising, or even just a dozen examples, she would easily identify certain patterns and motifs. Practically all green advertisements display either one or a combination of the following: *animals*, *children*, *nature* imagery or landscapes, the color *green*, *soft* instrumentals and sounds. And these messages are particularly targeted at the relatively affluent segments of the population, though this is expanding. Hugh Hough, the president of a leading green marketing firm in New York, estimates there are about 49 million “awakening consumers” in the U.S., who wish to effect change in society through their purchasing habits.[10] He describes them demographically as “skew[ing] slightly female, hav[ing] a median household income of $60,000 and liv[ing] primarily in cities or major suburbs.”

Green Marketing and the Sins of Greenwashing

One of the seminal reports on deceptive green marketing practices was released by *TerraChoice Environmental Marketing* in December 2007. The headline finding revealed that all but one of the 1,018 self-proclaimed green products tested committed at least one of what they coined as the “Six Sins of Greenwashing:”

- Sin of the Hidden Trade-Off;
- Sin of No Proof;

[9] Benz 220.
[10] Hough 2007

- Sin of Vagueness;
- Sin of Irrelevance;
- Sin of Lesser of Two Evils;
- Sin of Fibbing.

More than half of all environmental claims committed the Sin of the Hidden Trade-Off, which is the practice of “suggesting a product is 'green' based on a single attribute (the recycled content of paper, for example)” without revealing the impact of other factors of production (like the toxic products of manufacturing). In other words, this marketing gimmick selectively omits negative facts while hyping the entire product as green because of a single purported green feature.

The second most common form of greenwashing involves making claims that are neither substantiated by a credible third-party certification nor by evidence. While the number of respected “green certifiers” is small, thousands of companies increasingly seek to boost their green claims by submitting their products for review. The leading broad-based or industry-specific “green certifiers” may either be public or private. The first group includes the U.S Environmental Protection Agency (EPA) and Department of Energy's “Energy Star” program, the U.S. Department of Agriculture's “National Organic Program”, the U.S. Green Building Council, as well as the UN-based International Organization for Standardization and Forest Stewardship Council. The U.S. Federal Trade Commission (FTC) also officially (allegedly) enforces its “Green Guides,” which empower it to apply Section 5 of the FTC Act, prohibiting unfair or deceptive acts or practices, to environmental marketing claims. Unfortunately, as the TerraChoice findings turn clear, the U.S. government agencies have: (a) failed to produce industry-changing regulations and (b) failed to enforce the standards they do have. In fact, the federal agencies have been so derelict in their duties that the State of Massachusetts, along with 16 other state attorneys general, have filed suit against the EPA so it complies with the federal Clean Air Act (NJ Dept. of Law and Public Safety 2008). The private group of green certifiers include “Eco-Logo” (managed by TerraChoice), “Green Seal”, the Chlorine Free Products Association, the “Green-e” renewable energy certification, the GreenGuard Environmental Institute, the Rainforest Alliance, Co-op America's life cycle certification, Green Advantage's environmental certification, and MBDC's “Cradle to Cradle”. These groups have built some measure of credibility in their certifications, but many other self-described “green certifiers” have seized the opportunity to aid and abet greenwashers' claims, such as an organization called “Stamped Green,” which promises to certify businesses as green in minutes.[11] Often, retailers seek to create a sort of self-

[11] Stampedgreen.com 2008

certification logo, which conspicuously echoes green certification labels, like *JC Penney*'s misleading 'Simply Green' program.

The third deception embedded in green marketing occurs in the form of obscure language, the “sin of vagueness.” For example, the label may state that the packaging is made from recycled materials, but this obscures the toxicity of the internal packaging. Also, the recycled label may not reveal what percentage of the packaging is recycled, as sometimes the number is 10 percent or less. This same scenario is perpetuated by shape-shifting buzzwords like “organic” and “all-natural,” as even products laced with arsenic could claim to be all-natural. Another deceptive type of eco-label hides certain information about the location(s) in which the product was produced; for example, the label reads “Made in the USA” but shows no mention of the product being packaged in China. Almost a decade ago, the FTC also published a guide to “Sorting Out Green Ad Claims,” which warns consumers to beware of unsubstantiated and/or “fuzzy” claims.[12]

The FTC guide presages TerraChoice's fourth admonition of greenwashing: the “Sin of Irrelevance.” The document warns against product marketing that touts attributes which are not significant improvements over conventional items or practices, like detergent and shampoo manufacturers claiming their products are biodegradable. These products are commonly degraded in waste water systems, and have never been particularly harmful to the environment. Irrelevance is also the case with official looking “seals” and logos that are not certified by a third party but are meant to suggest so, as has been mentioned. The TerraChoice study also found that products' claims of being free of ozone depleting chlorofluorocarbons (CFCs) products were the most common example of this form of greenwashing.[13] This is because *no* products are manufactured with CFCs, as they have been legally banned for 30 years.

The “Sin of Lesser of Two Evils” involves making the consumer feel “green” by offering him or her a product that is harmful to society or the environment, but is appears to be less so in comparison to earlier versions. Alternately, the purportedly “green” product is alleged to be so only in comparison to its product category, which “distracts the consumer from [recognizing] the broader environmental impacts of the category as a whole” (TerraChoice 2007). Tobacco companies are guilty of this practice when they peddle “organic cigarettes” or when car companies sell “hybrid” SUVs. On a personal health angle, this type of greenwash could also be observed in the sale of foods that claim to contain no “transfats” or “MSGs” but are generally bad for your health (ex. french fries). And the least common, yet most severe type of greenwash, is the “Sin of Fibbing.” This practice involves posting claims that are simply false, like claiming a product is “Energy Star” rated when it is not, or claiming to be certified organic when it is not.

[12] FTC Facts for Consumers 1999
[13] TerraChoice 2007

The "Six Sins of Greenwashing" framework is easy to comprehend and useful for consumers and researchers alike. This list is not a definitive, all encompassing classification of greenwashing. However, because other forms of green spin are evolving, occurring more subtly yet systemically, it helps to highlight green labeling, which is easier to evaluate. For example, the clothing retailer, *Mandees*, marketed an "eco-friendly" line of bags and shirts that displayed slogans like "Save Energy, Turn ME on" or "Green is the new Black." However, the items were produced in far away factories in Mexico, Bangladesh, India and China, and included dubious materials like recycled polypropylene (a possible carcinogenic plastic when heated to high temperatures). Moreover, the eco-friendly line, which was prominently displayed at the company's retail stores and website during the Spring season (around Earth Day) has been buried deep in the website by the end of the summer.[14] To be sure, the "Six Sins of Greenwashing" study also demonstrates that not all green marketing firms serve as enablers of corporate green spin. TerraChoice ~~demonstrates~~ that such firms could provide guidance and incentives for positive change.

Businesses' Embrace of CSR Versus the Public's Skepticism of Green Marketing

If one questions the academic and social value of critiquing the type of marketing companies engage in, it would behoove he or she to realize that this topic relates closely to stakes of the highest order: the sustainability of life on this planet. Leading sustainable development scholars, Ron Gray and Jan Bebbington from St. Andrew's University, "are entirely convinced that the un-sustainability we currently face is deep, systemic, and only barely, recoverable . . . we are unable to imagine substantial reductions in un-sustainability without profound structural and systemic changes--and soon" (2007).

The CSR paradigm, and corporate sustainability "reports," are forms of green marketing (see Appendix A) *in themselves*. More than seventy-five percent of S&P 100 companies now have special website sections disclosing their environmental and social policies and performance, and more than a third have adopted the better respected guidelines of the Global Reporting Initiative (GRI). CSR is so popular that even oil company executives are touting its virtues. For example, Chevron CEO Dave O'Reilly framed his company's CSR in the following way: "By operating in ways that reflect our values, we create partnerships based on ingenuity, collaboration and trust to develop energy that stimulates economic growth and social progress."[15] Indeed, overtures like these would seem to indicate a departure from traditional business values, but how much substance lies behind the words?

According to Conscientious Innovation's poll of 5,000 North American consumers, the "April 2008 Shift Report," 71% of North Americans want to know about

[14] Mandees.com 2008
[15] Chevron.com 2008

the socially responsible behavior of brands they buy, yet the majority does not associate most major brands with socially responsible behavior. Furthermore, brands that have spent significant marketing dollars communicating green initiatives, such as Wal-Mart and GE, are not connecting. Despite spending a combined $250 million in green advertising, only 19% of people identify both Wal-Mart and GE as socially responsible companies, and only 6.5% of people identify Bank of America as a socially responsible brand. In addition, solid "green" issues like global warming are not nearly as important (58%) of a sustainability issue for consumers as less marketed sustainability themes like connecting with friends, family and community (90%), fair trade (73%), employee treatment (85%). And breaking with marketers' focus on "organic" labels, it was the least cited issue for respondents, ranking much lower than the desire of "supporting locally based business" (See Appendix D for a graph of the survey results).

Despite the hype, Gray and Babbington conclude that CSR does not seek to reform the system. At best, it highlights how tweaks in business practices can result in relatively significant social and environmental improvements. Above all, CSR stresses the value of good public relations, because a growing percentage of consumers have begun to link their consumption habits to their ideological beliefs. Thus CSR is more a discursive tool than an implementation framework. And therein lies the fatal flaw of sustainability reporting, according to Bebbington and Gray: that it holds out false hope for companies to achieve true sustainability, when the best they can do within the CSR paradigm is to disclose their degree of un-sustainability. As the authors warn: "The danger, of course, is that . . . the very concept on which the future of the planet depends – sustainability – will be emasculated, appropriated and destroyed by (at best, well-meaning) assertion in the interests of corporations."[16] The systemic contradiction is evident: how do we reconcile business competitiveness, universally expressed as profit-making, with sustainability? Are competitiveness and sustainability mutually exclusive, despite the "triple bottom-line" narrative? And if so, toward which pole does green marketing point us?

Even if in a woefully inadequate manner, perhaps green marketing, may contribute positively to more sustainable social practices. Widespread green messaging may reinforce the public interest and belief in its ability to express social and ethical values through the power of consumption. However, consumers run the risk of convincing themselves that they have "done their part" by consuming greener products, despite continuing their unsustainable lifestyles. Still, the visibility of green, even if cop-opted by corporate messaging, elevates the public consciousness of sustainability. Recall the previously cited *Greendex* survey highlighting how North Americans are concerned with economic issues over sustainability issues 2 to 1. From a policy standpoint, this

[16] Gray and Bebbington 2007

finding underscores how the issue of sustainability must be remade (or re-branded) into an economic issue if its advocates wish to gain widespread political traction. Personally, I believe this discursive transformation must pivot toward the erection of a post-CSR paradigm that goes beyond public relations-led, niche-oriented and self-regulated strategies as has been the case. We must concern ourselves with the serious possibility that neo-liberal capitalism cannot accommodate the drastic changes required for meaningful sustainability, and green marketing might be the clue to this shortcoming.

This paper contends that the hypocrisies of green marketing / advertising reveal deeper flaws in the dominant CSR models, and perhaps of capitalism itself. Like others I support the intention and the efficiencies preached through the CSR viewpoint.[17] However, generally speaking, the CSR discourse as well as its implementation have been largely co-opted by business interests, in a process where green marketing and government passivity are significant culprits. Green marketing, adopting and shaping the language of CSR, seeks to assuage the public demand for reform by advancing the notion that corporations are reforming "business as usual" voluntarily. Meanwhile, CSR argues that market interests are aligned with social and environmental interests, and despite capitalism's history of resource exploitation, that market capitalism remains the best (and indeed only) practical framework from which to advance the sustainability agenda.

In evaluating the impact of green marketing / advertising, we must acknowledge the historic role of advertising and its effect on mass culture, and more precisely, the extent it socially manufactures consumption. John Berger, in his fascinating book Ways of Seeing, studies the purpose of advertising and the meanings embedded in advertising images, and how these images interact with different social values and norms. Berger summarizes the common purpose of advertising in the following way: "It proposes to each of us that we transform ourselves, or our lives, by buying something more [which] will make us in some way richer – even though we will be poorer by having spent our money."[18] Berger states, "Publicity is the culture of the consumer society. It propagates through images [consumer] society's belief in itself."[19] In effect, advertising is predicated on the long-standing principle that *you are what you have*. As such, one can derive an important latent function of advertising, which Berger ably decodes: "the [hidden] purpose of publicity is to make the spectator marginally dissatisfied with his present way of life."[20]

In "The Overspent American: Why We Want What We Don't Need," Harvard University's Juliet B. Schor analyzes why so many Americans feel materially dissatisfied and what and how one consumes defines who the person *is*. She calls the intensification

[17] Norman and Macdonald; Nakajima; Blowfield; Campbell
[18] 131. Berger
[19] 139 Berger
[20] 142 Berger

of consumption and the constant heightening of perceived living standards the "new consumerism." Schor's book suggests that, as a consequence of globalization processes, advertisers have contributed to the shifting of social notions of "the good life" and what are "necessities." A growing number of newspaper and magazine writers have echoed Schor's message, and notably, these authors' voices are increasingly amplified by mainstream channels. In the United States, for example, self-actualizing consumption practices combined with loose credit policies have resulted in "unsustainable" economic growth. The population has become constrained by low per capita savings levels, which makes them more vulnerable to price shocks (e.g. oil and grain) and economic crises, to say nothing of the sociological effects.

The sustainability movement represents the latest round in the long philosophical narrative on human progress. If we set aside the ecological aspects of this argument, we realize that sustainable development, in the long-run, aims to accomplish that most basic of human motivations: self-preservation. Its logic is anchored in the thought that our planet is reaching a critical stage whereupon our individual fates are indivisible from those of all other beings.

Nevertheless, three key differences distinguish today's perception of global crisis from prior analyses of human tragedy, poverty and sickness. One is that, given the trans-border quality of climate change, intercontinental pandemics, financial disruptions, human rights protests and terrorism the global wealthy cannot escape the consequences to the same extent. That is not to say that today's super wealthy cannot limit their personal exposure, by purchasing prime real estate, health care and protective technologies. However, the second factor complicates their refuge: distant populations have never been so aware of the lives of others (particularly the wealthy), and this poses a political threat to these elites. Thirdly, the lifestyles of the wealthy are increasingly interdependent on the labor and resources of the developing world.

One must proceed from the premise that, like all marketing in a capitalist system, green marketing is an investment. And like all business investments, green marketing, and the CSR paradigm that anchors it, are actualized in the expectation of future financial returns – hence "triple bottom line": "People [good for society], Planet [good for the environment], Profits [good for business]."[21] Retail companies benefit from being perceived as socially or environmentally friendly and can often command a significant premium in the marketplace (up to 100 percent more in some cases) as a result. Indeed, one cannot deny the profitability of *appearing to be green*, but the more fundamental question is whether it is profitable to *actually be green*.

Business executives recognize that their green marketing "investments" must be complimented by broader CSR "investments," if they wish to garner some measure of

[21] Elkington, 1994; Shell SustainAbility

credibility. However, an overwhelming percentage of companies' green marketing messages, whose medium ranges from "eco-labeling" to philanthropy initiatives to cultural sponsorships and even to "sustainability reports," exaggerate or misled the public into believing their products and/or behaviors are more sustainable than is actually the case.[22] Given the close link between green marketing and CSR, the dissonance between the marketing messages and reality reflects negatively on the utility of the CSR approach. Thus, it is not surprising that so many experts, activist groups (Friends of the Earth; Greenpeace) and 7 out of 10 survey respondents in North America (Ipsos Ideas Survey 2008), doubt the validity of green marketers' claims, despite the billions of dollars spent.[23]

Proponents of the business case for CSR commonly cite the above market average performance of companies that have "gone green" , but they may not have "gone green" to the degree they claim, and more importantly, to the degree that is necessary.[24] And perhaps the correlation with financial success is weaker than the best selling CSR books indicate. The lack of social responsibility standards allow companies that generate green spin to receive increased investments from socially aware investors and a more positive image in the marketplace. The economic viability of the business case for CSR / TBL approach must be judged by long run operational performance and not by near-term effects on market value and brand hype. And in the long-run, the results have been mixed, judging by Margolis and Walsh's comprehensive survey of published studies on the topic from 1972-2000 (2001). Other scholars also caution about the weak correlation between "stakeholder management" and financial performance: "The empirical studies do not prove that corporations can 'do well by doing good,' but neither do they disprove that view, and there is no substantial evidence that corporations can 'do well by doing harm'.[25]

CSR's brief history traces a path of co-optation and greenwashing, and it elicits one of the most fundamental questions facing societies today: can liberal capitalism's market efficiency, expressed most ostensibly in its drive toward profit-maximization, be reconciled with eco-efficiency and the values of sustainability? Sustainability and social progress will most likely require economic, political and cultural reforms much more radical than those attainable through the business-friendly CSR paradigm. The prospects of TBL are sobering when we consider the extent of institutional and political change necessary to buttress its practitioners against the cutthroat realities of market capitalism. Yet this challenge renders the goals no less vital to the public interest.

[22] TerraChoice 2008
[23] Nakajima 2001; Munshi and Kurian 2005
[24] Wheeler and Sillanpaa, qtd in Post et al 26
[25] Frooman, 1997, qtd in Post et al 28

More optimistic advocates of CSR/TBL predict that once companies discover they can achieve significant cost and energy savings through better design and innovation, companies will seek further ways to green themselves (e.g. Interface, Inc., discussed favorably in Hawkens and Lovins and Lovins 1999; Grimm 2005). This is the philosophy that propels TBL's promise of "eco-efficiency," which the World Business Council for Sustainable Development (WBCSD) assured businesses early on meant "doing [producing] more with less," instead of something like 'living better with less'. Critics like Gray and Bebbington point out that "whilst eco-efficiency may well capture the reduction in use of environmental resources per *unit* it fails to capture increases in *total* environmental resources through material growth in consumption and production" (2007). Furthermore, after securing eco-efficiency gains from initial reforms, sustainability managers will be hard-pressed to attract private investments for innovations or changes in operations that are neither easily scalable nor profitable in the intermediate term. The question is whether real sustainability requires achieving the latter, and if so, what policies should be pursued.. Most crucially, and even overlooking the corruption of the inaugural values of CSR / TBL, one must be cautious about its logic, and this means critiquing CSR / TBL *per se*. The synergies argued to exist between environmental and business productivity, the path advanced by Hawkens's and Lovins' *Natural Capitalism*, are less apparent on a macroeconomic level. Without improved governance regimes, including a mix of public and civil actors, which can force companies to internalize the costs of cheap labor, purely market-based mechanisms will likely fail to correct these deficiencies.

So what happens when the nature of the industry is intrinsically "dirty," like mining or oil exploration? How will companies behave in the absence of perceived eco-synergies? Will they abandon their field of competitive expertise and risk surrendering their competitive advantages by diverting their assets to cleaner, less profitable alternatives? History strongly indicates that pursuing the social good will usually take a backseat to financial performance. "Triple bottom line," when sincerely implemented, is better than "business as usual."[26] However, the business mentality and voluntary-driven CSR paradigm of the past two decades will not produce the needed results, socially and environmentally.[27] And one of the main reasons is green marketing, in its current incarnation, because it enables an overwhelming majority of firms to co-opt the values of sustainability without holding them adequately accountable for their claims.

Most commentators have praised the TBL approach, which is purposefully formulated to appeal to all parties, but critics have pointed to the "contradictory... and badly misleading rhetoric" that has accompanied TBL.[28] Green marketing and public

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[26] Elkington 1997; Hawkens 2004
[27] Blowfield 2007
[28] Norman and MacDonald 2004

relations have been central to this "rhetoric," or narrative.[29] One must recognize that CSR in theory is much different from CSR in practice, so different that the former has been fundamentally compromised by the latter.

One of the founders of the TBL approach, Amory Lovins, herself questions the wisdom of adopting the "metrics-mentality" that is so popular with corporations and their CSR efforts. She cites Tom Johnson, from the University of Oregon, in advocating for an increased focus on "optimal outcomes" instead of measurement. She joins Jay Ogilvy and other natural capitalists by embracing the field of "evolutionary development" (influenced by the work of Ervin Laszlo), which proposes new paradigms for systems design (620) in step with natural capitalism's goals. The highlights of this perspective include:

- Recognizing the harmful patterns of globalization, such as general taxation of labor combined with subsidizing the use of natural resources;
- Reducing the increasingly non-localized forms of financial and business ownership, which over-stretch the optimal feedback loops between the producer and consumer – instead globalization leaders should invoke "biomimicry" models that maximize efficiency and interdependence;
- Utilizing information technologies to localize decision making and gain more accurate user feedback;
- Promoting positive "tipping points," whereby a new economic model, like natural capitalism, could quickly be adopted on a system-wide level if it were "introduced successfully in key areas in the global systems," thus "tipping" the entire system toward sustainability (621);
- Designing "closed-loop systems" that achieve zero waste;
- Adopting "new planetary values," that include turning corporations from resource-exploiting "machines"into "engaged in evolutionary learning and values creation" (621). This last element reads as rather lofty, though it touches on the crucial need to shift cultural norms and behaviors, if we hope to ever reach sustainability.

This critique was also forcefully expressed by one of the original pioneers of CSR, Anita Roddick, founder and former CEO of the major British retailer *The Body Shop*, who lamented the "hijacking" of CSR principles by "big management houses, marketing houses, which have been taken over by the big groups. It's a huge money building operation now [for the cottage industry of sustainability reporting]... KPMG, PriceWaterhouseCoopers..." (Big Picture TV 2006). But was it not inevitable, that if

[29] Nakajima 2001; Todd 2004

regulated only by voluntary measures, CSR would become *anything but* a money building operation? As Bakan stresses in *The Corporation: the pathological pursuit of profit and power*, the nature of the corporation is "avaricious" and does not tend toward "compassion, consideration, care and restraint."[30] CSR skeptics Gray and Bebbington, of St. Andrew's University, agree and sum up the conundrum in unequivocal fashion:

It is in the nature of the corporation (as Friedman so eloquently argues) to maximise financial returns whilst playing within the rules of the game. The current rules of the game do not only not encourage those activities which we might think were essential for a more sustainable world but actually makes them impossible and often illegal. The corporation, unless society is able to substantially change the rules of the game cannot possibly deliver sustainability and we are somewhat crazy to think that it ever can.

In the absence of a compulsory system, corporations will continue to hold a strong incentive to appear socially responsible while avoiding the costs of actually doing so. The result, expectedly, is g*reenwashing*. The much hyped business case for social responsibility suffers from a legitimacy deficit, because what is good for the social good is often *not* what is good for business. CSR is a "paradox," as John Campbell has termed it, because its social values are often at odds with, and subsumed by, its business values.[31] Consequently, researchers and activists, as well as many earnest entrepreneurs and CSR networks themselves, have called on governments to develop "new governance and business models for creating social value," (as expressed by Harvard's CSR Initiative). This call for public-private CSR partnerships sounds fine, except that its accommodations distract society from questioning the limits of the current CSR paradigm and from pushing governments to assume a proactive role.

Alas, state governments have failed to lead society in mitigating the negative externalities of market capitalism, and initiatives like the Rio Earth Summit 1992 and the WBCSD gave proved to be little more than smokescreens. Instead, since the last decades of the 20th century, the most powerful governments have focused on increasing foreign direct investment, meeting aggressive economic growth targets, and on liberalizing trade regimes: policies that cradle corporate unaccountability and routinely subvert the values of sustainability. Moreover, most governments have lacked the vision and political will to hold businesses accountable to their own self-affirmed social responsibility commitments.

During the last decades of the 20th century, civil society itself, via the promulgation of non-profit organizations (NGOs) and the emergence of consumer and shareholder activism, occupied much of the governance space left vacant by governments. NGOs and social movements, namely the environmental and human rights

[30] 2004
[31] 2006

movements, managed to vastly increase public awareness of these issues and pressured governments and businesses to move toward altering business as usual (BAU) practices. Yet NGOs lack the institutional resources and enforcement powers to ensure widespread compliance with environmental and social standards. Thus, in the absence of government leadership, CSR has emerged as a compromise between the public demands for human and workers' rights, environmental protections, and corporate transparency and accountability, and deregulation and private business interests.

CSR must include a stronger role for government and/or third party regulations that are strictly and widely enforced. New approaches being tested, like "sustainable cost/gap analysis" promise more meaningful results, although they have yet to be embraced.[32] Until corporations are appropriately penalized, financially and legally, when they fail to live up to their social responsibility commitments or whenever they are found guilty of environmental or social abuses, their executives will not significantly alter their business practices. Instead, companies will hype relatively minor changes to their operations, and will defend themselves from increased regulations by promoting voluntary regimes of corporate conduct. Corporate compliance will increase if governments heighten standards and faithfully enforced environmental regulations, despite business claims that these actions would render them uncompetitive.

Conservatives argue that tougher regulations would drive companies to countries with weak labor and environmental standards. Acknowledging this point, it is important to ensure that regulations not only accompany the technological innovation of "eco-preneurs,"[33] but also stimulate the implementation of such technologies in sectors with less of a consumer market incentive to "go green" (e.g business-to-business industries). Governments have successfully adopted activist policies that incubate industries deemed vital to the "national interest," like those in East Asia during the 20th century and the United States in the 19th century. The current situation beckons a similar if not greater level of intervention, even in the face of the unparalleled power of globalized, and organized, corporate interests. And indeed, it is the latter that explains the lack of coordinated public action. There should be no question that *real* sustainable development is vital to the national, and global, interest and worthy of extra-market investments.

Despite deradicalizing reform, deliberately in the case of corporations, and practically in the case of environmentalists and academics, the CSR / TBL models may yet prove to be *cognitive* steps forward. After all the attention they have showered on the importance of "green" and sustainability, neo-liberal capitalists will be hard-pressed to convince the argument that laissez-faire economics provides the best path toward global development, wealth-building and sustainability. And whether on falsified grounds or not, one cannot deny the emergence of a cadre of businessmen and entrepreneurs who are

[32] Gray and Bebbington 2005
[33] Pastakia 2002

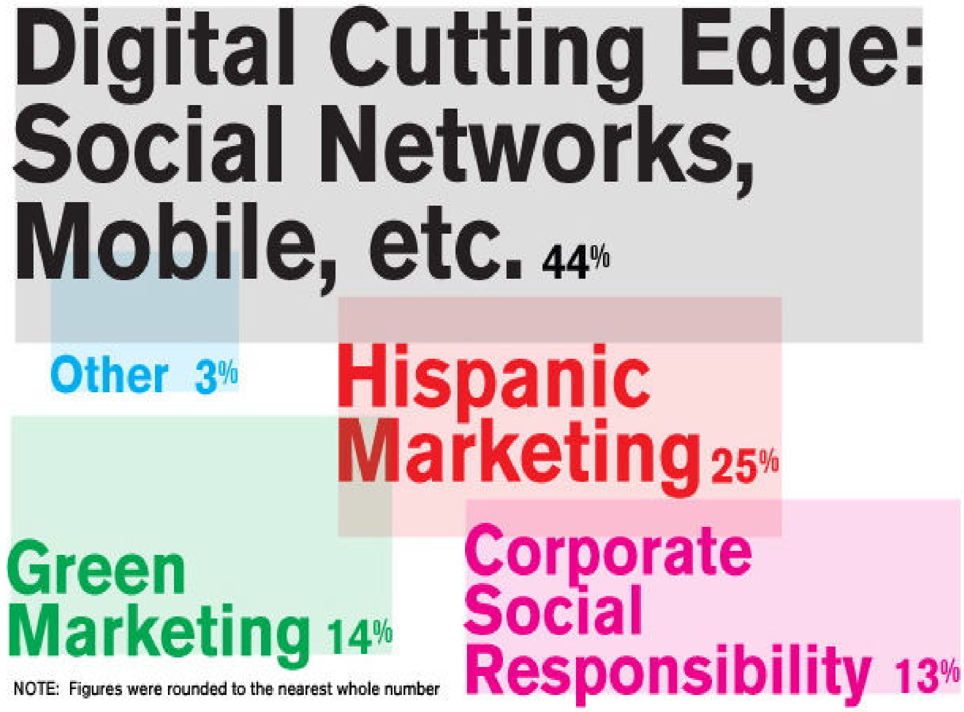
sincerely dedicated to finding ways to improve the relationship between business, society and the environment. If nothing else, CSR serves as a collective admission of businesses' responsibility to the wider community – and, even though prevalent industrialists may have shared this view way back in the nineteenth century, this change represents relative progress.

There can be no doubt that the "market" as a basis for social organization has proven to be one of the most efficient mechanisms for human development. However, its negative consequences are increasingly evident: i.e. depleted natural resources, poisoned habitats, social conflict and inequities. And despite the sustainability-driven innovations promised in green marketing, and accounted for in CSR/TBL models, so long as businesses are not penalized severely for egregious practices, and as long as they are allowed to summon green marketing to relieve the pressures for tougher standards, meaningful progress toward sustainability will not be achieved. Without more comprehensive private sector reforms, publicly and independently monitored regulatory regimes, a reconceptualization of what constitutes "economic growth" and a repositioning of businesses' role in society, we may be relying on *hope*... to an unsustainable degree.

Appendix A

Survey Question:

In the U.S., what emerging area of marketing does your (or your largest client's) brand need to address most immediately?



Note: CSR is considered an "area of marketing" and that it, together with green marketing, represents the most pressing marketing priority to more 25 percent of the industry respondents.

Source: **"Advertising: The Bottom Line" - Business Week**

The April 2008 survey was conducted in partnership with the New York American Marketing Association and polled 108 leading marketing and public relations specialists.

Available at: <http://www.businessweek.com/innovate/content/apr2008/>

Appendix B

Survey Question:

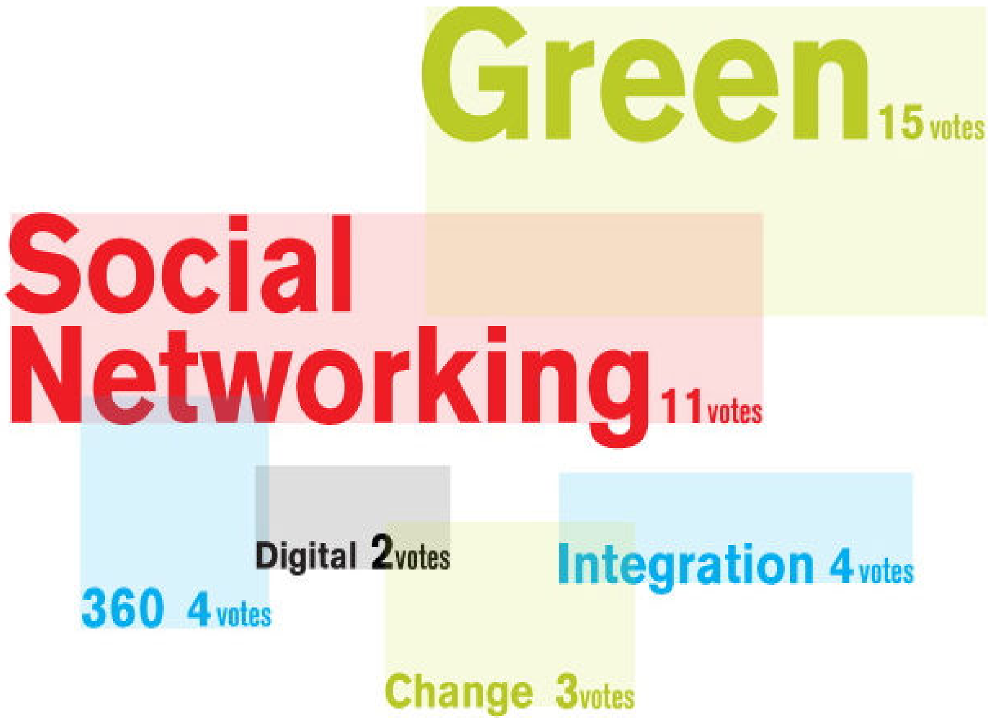
What's your opinion of the movement by some marketers to "green" their brands?

Source: **"Advertising: The Bottom Line" - Business Week**

Available at: <http://www.businessweek.com/innovate/content/apr2008/>

Appendix C

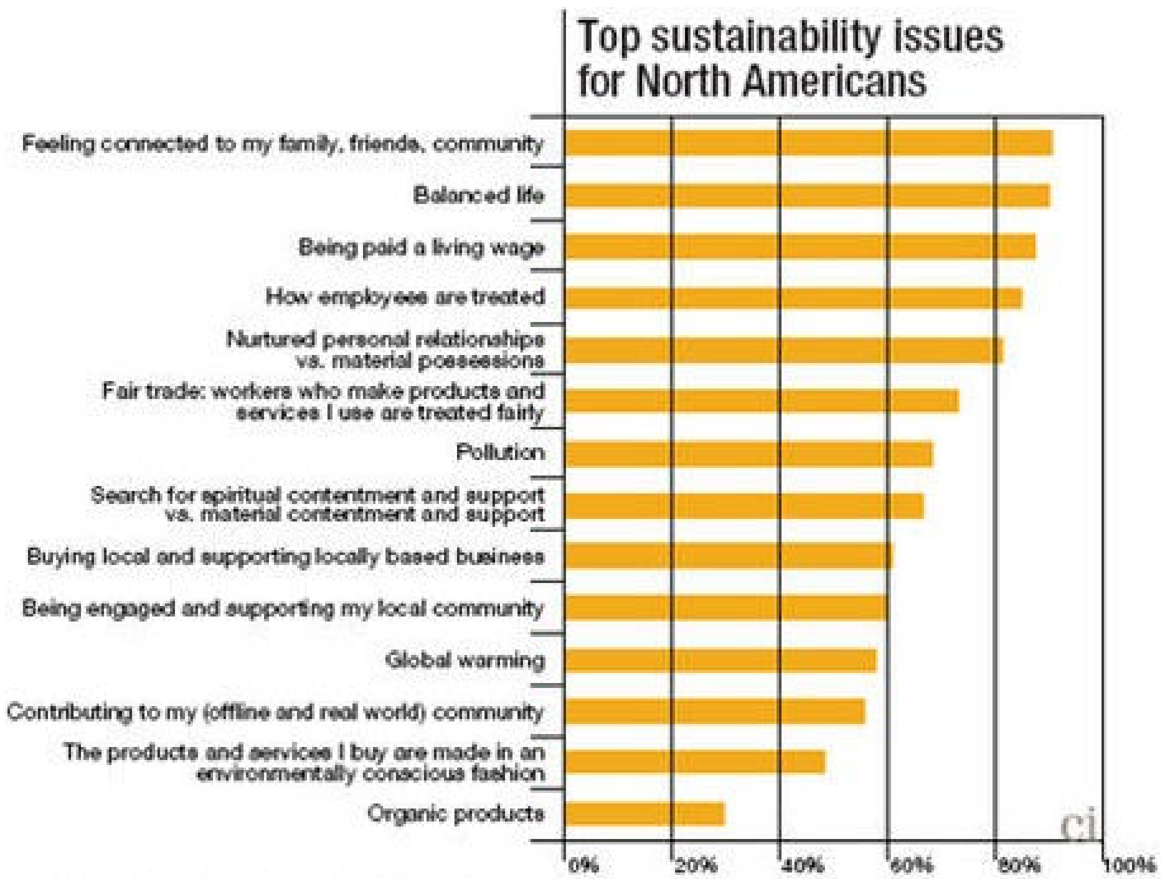
Survey Question:
Name the buzzword that we will all be sick of hearing next year.



Source: **"Advertising: The Bottom Line" - Business Week**

Available at: <http://www.businessweek.com/innovate/content/apr2008/>

Appendix D



Source: **CI-SHIFT Report, April 2008**

Conscientious Innovation *bills itself as a"sustainable" marketing research and consultancy*

Available at: <http://www.ci-shift.com>

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