

Marketing Department Specific Ethical Risk

Business ethics impact the reputation and long-term performance of companies, institutions, or organizations. Each department faces unique ethical risks depending on its purpose. In this presentation, I will describe ethical issues experienced at H&M and Volkswagen. The examples of H&M and Volkswagen highlight ethical challenges in the production and marketing sectors.

1- H&M Greenwashing Allegations:

Firstly, I want to explain what greenwashing is. When a company or organization claims to be environmentally friendly but lies about its sustainability and products. It is basically fake environmentalism. Companies do this because they want to look good to consumers who care about the environment.

In 2024, H&M was found guilty of misleading customers with claims about sustainability. Investigations revealed that the company's claims about recycled materials and eco-friendly clothing lines were not entirely true. On July 22, the Chelsea Company, a New York State resident, filed a class-action lawsuit against H&M. They said that H&M is misleadingly taking advantage of the growing number of people who care about the environment by making a big deal out of how eco-friendly their products are when they aren't.

The lawsuit claims that H&M is deceiving consumers into believing that "old clothes are simply turned into new items." It also claims that "recycling solutions either do not exist or are not commercially available at scale for the massive majority of H&M's products. However the company claims, "It would take H&M more than ten years to recycle what it sells in only a few days.

This case shows how marketing teams can intentionally or unintentionally mislead consumers, resulting in both consumer trust and legal penalties.

2- Volkswagen's Transgression of Ethics

In 2015, the U.S. Environmental Protection Agency (EPA) revealed that Volkswagen had used proprietary software to falsify emissions tests for its diesel vehicles.

This software reduced engine performance during tests, giving the impression that the vehicles were emitting fewer pollutants; however, under normal driving conditions, emissions were significantly above legal limits.

For years, Volkswagen had cultivated an environmentally friendly image with "clean diesel" slogans. However, emerging findings revealed that the company was deliberately deceiving consumers and the environment.

The U.S. Department of Justice accused the company of illegal manipulation and fraud; Volkswagen agreed to pay approximately \$14.7 billion in fines. Sources such as the BBC and the New York Times stated that this incident significantly damaged not only the environment but also trust in the automotive industry.

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Academic studies (VW Diesel Scandal: The Corporate Commission Greenwashing Case, 2018) described the Volkswagen case as "planned deception" and a "corporate ethics violation." This incident is one of the most striking examples of how distorting the truth in the name of appearing environmentally friendly can drag a brand into a global crisis.

In conclusion companies shouldn't lie about their product and how they produced it. They need to be truthful. Being truthful and clear is important for both consumers and the company's brand name.

Sources

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