

CORPORATE SOCIAL RESPONSIBILITY AND GREEN MARKETING: THE INFLUENCE OF ECO- LABELLING AND ETHICAL CERTIFICATIONS ON CONSUMER BEHAVIOR AND THEIR IMPACT ON SUSTAINABLE ECONOMICAL DEVELOPMENT

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Abstract

In an era where environmental consciousness is shaping consumer decisions, eco-labelling is emerging as a lighthouse to steer consumers towards more sustainable consumption. This paper analyzes the relationship between eco-labels and consumers, disclosing the far-reaching influence such eco-aware symbols play in sculpting purchasing decisions. As we sail into an era defined by sustainability and ethical choices, understanding how eco-labels are resonating with, educating and motivating consumers is not just an academic pursuit; it is a key to unlocking a greener future for the planet and businesses alike. Through an extensive literature review, data analysis and a survey, the study aims to identify the most important factors that shape consumer attitudes and purchasing decisions towards environmentally and socially responsible products. The findings suggest that there is a need for better alignment and synergy between product group criteria development processes, for synchronising eco-design and eco-labelling requirements so they can evolve together, and to enhance coherence between product policy instruments and help decision-making. The paper concludes with practical recommendations for companies, policymakers, and consumers on how to enhance sustainable economic development through CSR and green marketing practices.

Keywords: Corporate social responsibility, consumer behavior, eco-labeling, ethical certifications, green marketing, sustainable economic development.

INTRODUCTION

The production, consumption, and disposal of products have a significant impact on both people and the environment. Despite their desire to buy sustainable products, consumers typically struggle to identify them and assess their impact on the environment and society. Various techniques, such as green taxes, property rights, restrictions, and laws, have been used to encourage sustainability and ecologically beneficial activities. Eco-labeling is one method that is gaining popularity. Eco-labeling is intended to educate customers on the environmental effect of products and services throughout their lifespan, with the objective of encouraging ecologically friendly consumption habits and better environmental standards.

In today's culture, a growing number of customers are worried about the environmental effect of their shopping decisions. These environmentally sensitive customers want to make environmentally conscious decisions and learn about the green elements of items. Eco-labels play an important role in green marketing and promotion by informing customers about the environmental features of items. They are used to validate green claims and to assist customers in making educated decisions.

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To address this gap, this paper aims to explore the importance of ecolabeling and clear information in the context of green marketing. It will examine the role of research in establishing the credibility of ecolabels and the significance of transparent communication in empowering consumers. Furthermore, the paper will discuss the need for standardized frameworks and guidelines in ecolabeling practices and the importance of consumer awareness in making sustainable choices. In order to find this out, the paper will analyse the statistics available at the current time and will examine the results of a questionnaire addressed to Romanian consumers on how they perceive eco labels in relation to the social responsibility of companies.

Literature review

The link between corporate social responsibility (CSR), green marketing, eco labeling, and economic development has received substantial attention in academic study, reflecting the increased interest in sustainable company practices. The purpose of this literature review is to investigate the current body of research and shed light on the meanings and links between CSR, green marketing, eco labeling, and their influence on economic growth.

CSR refers to firms' voluntary initiatives that go beyond legal responsibilities to address social and environmental challenges. It includes charity, employee welfare, and environmental sustainability among other things. Scholars contend that CSR improves a company's reputation, brand equity, and financial success (Brammer, Jackson, & Matten, 2012). Organizations that embrace CSR may produce shared value and contribute to long-term economic development (Porter & Kramer, 2011).

Environmental factors are included into marketing plans and activities through green marketing. It includes the creation, marketing, and distribution of environmentally friendly products and services. Green marketing strategies can result in greater market share, enhanced client loyalty, and a competitive edge. Research suggests *that consumers are willing to pay a premium for green products and are more likely to support companies engaged in sustainable practices* (Gadenne, Mia, & Sands, 2009).

Eco labels, also known as environmental labels or certifications, are indications of the environmental features of a product. They educate customers about a product's compliance with particular environmental standards or requirements. Eco labels can impact customer behavior by enhancing trust in the environmental claims of the labeled items. They promote informed decision-making and the adoption of sustainable purchasing habits.

Sustainable business strategies encourage resource efficiency, decrease environmental impact, and foster innovation and technical improvements. They also open up new green markets, attract investment, and generate jobs in sustainable industries (Parris & Kates, 2003). As a result, connecting CSR, green marketing, and eco labeling with economic development goals can lead to a more wealthy and sustainable society.

Figure 1. Bibliometric Analysis of Eco-Labels Research, Source: VOSviewer

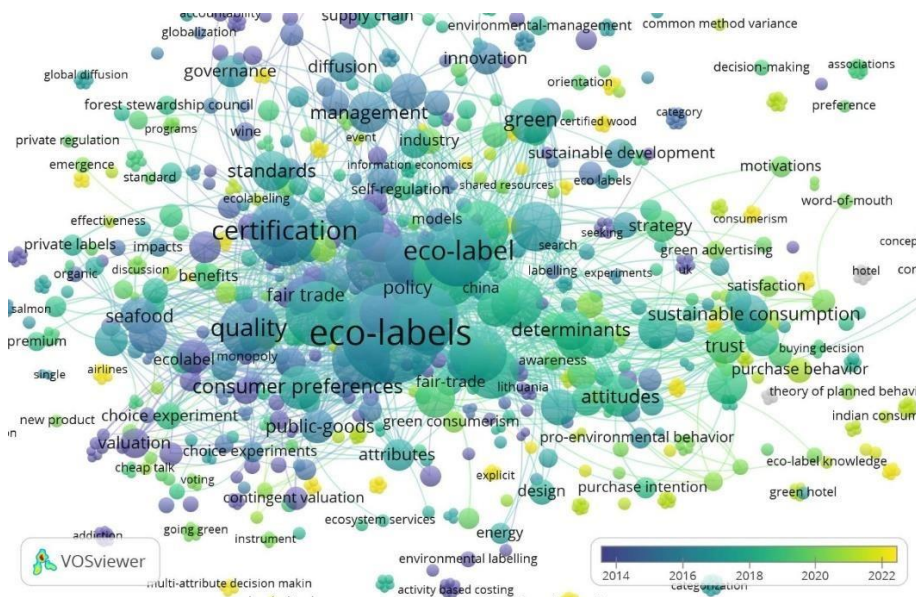


Figure 1 depicts the findings of a bibliometric study performed with VOSViewer, concentrating on the research landscape surrounding the core term "eco-labels" and its relationships to over 30 other keywords. The bibliometric study demonstrates the ongoing and rising interest in eco-label research, implying its importance as a research subject. The analysis spans the years 2014 through 2022. The graph depicts the temporal distribution of scientific articles linked to eco-labels and the keywords associated with them.

From 2016 to 2018, the graph shows a significant and continuous interest in the issue of eco-labels and their relationship to various keywords, with a large rise in research output. This tendency extends through 2018, demonstrating a continuing and persistent interest in the topic. The increase in research production reported from 2016 to 2018 might be attributed to a greater awareness and acknowledgement of eco-labeling as a key subject within the disciplines of sustainability, consumer behavior, and environmental management.

The findings emphasize the significance of eco-labeling in a variety of sectors, such as certification, quality, standards, management, green practices, consumer preferences, sustainable consumption, fair trade, policy, innovative governance, and design.

Environmental standards

Environmental claims, sometimes known as "green claims," are assertions made by businesses regarding the environmental benefits of their products and services. Environmental claims can appear on a product's (good or service's) label, packaging, associated literature or advertising material, promotional and point-of-sale material, and other kinds of marketing. Words, symbols, emblems, logos, images, colors, and product brand names are all examples of claims. They can be disseminated by written media such as newspapers and magazines, electronic media such as television and digital media. As part of the ISO 14000 series of environmental standards, the International Organization for Standardisation (ISO) has developed a set of guidelines controlling environmental labeling. (The Committee on Consumer Policy, 2010)

The ISO 14020 family covers three types of labelling and declaration schemes:

- Type I (ISO 14024) is a label developed by a third party, either a governmental (e.g. European Flower) or private organisation (e.g. Forest Stewardship Council). This type of label is supposed to be an easy aid for the consumers.

- Type II (ISO 14021) is a label developed by the producer or a self-declared environmental or “green claim”. In the case of this type of label, the risk of greenwashing is expected to be high.
- Type III (ISO 14025) declarations are based on quantified life cycle product information. A qualified third party creates reporting parameters, after which the data produced by firms employing the guidelines is independently validated. This sort of label is commonly used in business-to-business transactions or on long-lasting items. (The Committee on Consumer Policy, 2010)

The link between CSR, eco-labels and achieving the SDGs

The 2030 Agenda is a worldwide framework approved by the United Nations in 2015, consisting of 17 Sustainable Development Goals (SDGs) and 169 objectives aiming at tackling social, economic, and environmental concerns in order to achieve sustainable development by 2030. Several SDGs are closely related to the subjects discussed above:

8 DECENT WORK AND ECONOMIC GROWTH



1. Goal 8: Decent Work and Economic Growth: This goal emphasizes the promotion of sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. CSR practices, such as fair labor standards, employee welfare, and responsible business conduct, contribute to achieving this goal.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



2. Goal 12: Responsible Consumption and Production: This goal focuses on ensuring sustainable consumption and production patterns. Green marketing, ethical certifications and eco labels play a crucial role in promoting sustainable products, informing consumers about environmental attributes, and encouraging responsible consumption choices.

13 CLIMATE ACTION



3. Goal 13: Climate Action: This goal addresses the urgent need to combat climate change and its impacts. CSR practices that reduce greenhouse gas emissions, promote renewable energy, and adopt sustainable business operations align with this goal. Green marketing and eco labels also contribute by promoting environmentally friendly products and services that support climate mitigation and adaptation.

17 PARTNERSHIPS FOR THE GOALS



4. Goal 17: Partnerships for the Goals: This goal emphasizes the importance of collaborative efforts and multi-stakeholder partnerships to achieve sustainable development. CSR initiatives often involve partnerships between businesses, governments, civil society organizations, and other stakeholders to address social and environmental challenges and contribute to economic development.

Organizations may contribute to the attainment of different SDGs mentioned in the 2030 Agenda by incorporating CSR, green marketing, and eco labeling into their business processes. These practices support the wider concept of sustainable development by fostering ethical corporate practices, sustainable consumption and production, climate action, and stakeholder engagement. Companies and consumers both have a role to play in upholding and adhering to EU legislation on CSR and ecolabeling. In turn, consumers should understand the importance of ecolabels and actively support products and services that bear legitimate and recognized labels.

Figure 2. Romania's progress towards SDG targets 2020, Source: Eurostat

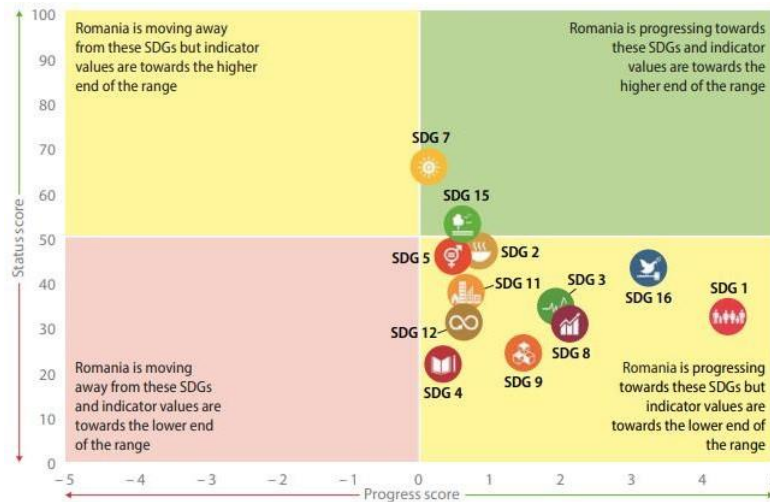
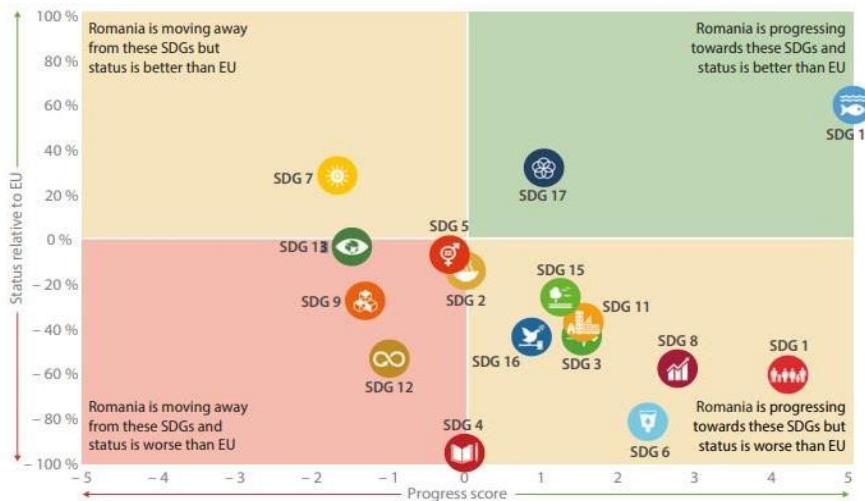


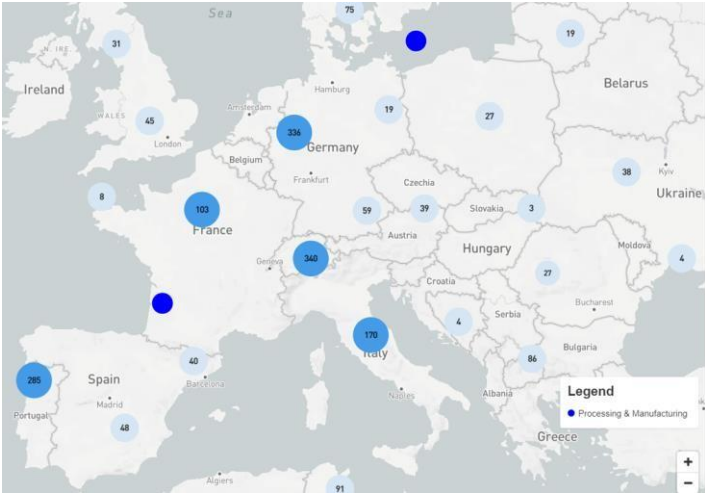
Figure 3. Romania's progress towards SDG targets 2023, Source: Eurostat



However, in the case of Romania, progress towards these SDGs is slow, at the current stage. Figures 1 and 2 show Romania's progress towards achieving the SDG targets. As can be seen, compared to 2020, in 2023 the data shows a regressive change in achieving the SDG targets, among which the most visibly affected are SDGs with numbers 7, 13 (climate action), 9, 12 (responsible consumption and production) and 4, which are in the area of „moving away from these SDGs and status is worse than EU”, followed by 5, 2, 15, 16, 8 (decent work and economic growth) and the rest, which are in the area of „progressing towards these SDGs, but status is worse than EU”. It can be noted that the only indicator that is in the area of progress and corresponds to one of those addressed in this paper is 17 - partnerships for the goals. As for the other three goals, all of them, which are intended to contribute to a sustainable economic growth through sustainable practices in the field of Romanian companies (eco-labelling, ethical certifications, CSR), are in the area "moving away from these SDGs and status is worse than EU", with the exception of 8, which is in progress, as shown in figure 2. Following this brief analysis and the visualization of Romania's path towards these objectives, it is clear that more rigorous regulation in the area of sustainability and the reduction of social, financial and environmental asymmetries is important. Government involvement is crucial in this whole process.

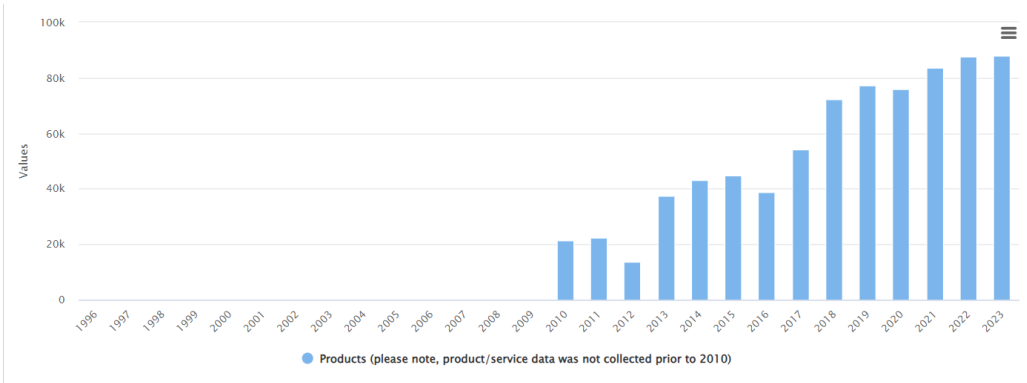
Starting from a narrow sense, in which we talked about green labels and their role in CSR and sustainable economic growth, we proceeded with the sustainable development goals up to 2030 to which implementation can contribute and we will continue with the mention of a useful source of research, the Sustainability Map. This tool is part of Standards Map free toolkit, where can be found trusted and neutral information about voluntary sustainability standards (VSS), codes of conduct, audit protocols, reporting frameworks and company programs on sustainability. According to this map (figure 4), there are 28 sustainably certified companies in Romania, and the most common certifications are ICS - Initiative for Compliance and Sustainability, World Fair Trade Organization (WFTO) and Global Organic Textile Standard - GOTS.

Figure 4. Sustainability Map, Source: Standards Map



According to the map, 27 sustainably certified companies are found in Romania, and the most common certifications are ICS - Initiative for Compliance and Sustainability, World Fair Trade Organization (WFTO) and Global Organic Textile Standard - GOTS. As can be seen, countries such as Germany and its surroundings (336), Portugal (285), Italy (170), France (103), lead in terms of sustainable certifications on the sustainability map.

Figure 5. Evolution of the number of EU products 2023, Source: European Commission



Since September 2022, the total number of given licences and goods has increased, with the great majority of EU Ecolabel product groupings seeing a growth in both the number of

awarded licences and items. This demonstrates that corporations, individuals, and merchants continue to be interested in green products.

In comparison to September 2022 data, there has been a:

- Increase in the total number of awarded products (**+560 products = +0.6%**)
- Increase in the total number of awarded licences (**+97 licences = +4%**)



As of March 2023, in Romania are awarded 99 EU Ecolabel licences, compared with 16.160 in Spain, 13.243 in Italy, 5.949 in Portugal or 4057 in Greece. This data emphasizes the significance of growing knowledge of and promoting the EU Ecolabel program in Romania in order to inspire more firms to embrace sustainable practices and get certification. It also emphasizes Romania's potential to learn from the experiences and tactics of nations with a larger number of EU Ecolabel licenses in order to strengthen its own sustainability efforts and market competitiveness.

DATA AND METHODOLOGY

A total of 61 Romanians took part in the survey aimed to collect demographic information and attitudes towards the significance of eco-labeling and ethical certifications in purchasing decisions, the impact of green marketing techniques, and the value of corporate social responsibility. The findings add to a better understanding of consumer choices and have implications for firms seeking to fulfill Romanian consumers' increasing expectations of environmental and social responsibility.

The questionnaire is divided into parts that address various areas of customer behavior and views. The sample included respondents of all ages, the bulk of whom were from Iasi, Romania, with 30% falling in the 25-35 age range. The gender breakdown was fairly equal, with 55% female and 45% male participants. 50% of the participants have at least a Bachelor's degree and they indicated a medium income level (around 600-800 EUR). Respondents' occupations varied, with a sizable number being students and office employees, 60% of them all being employed.

1. Attitudes Towards Eco-Labeling: more than 40% of respondents thought that eco-labeling is an essential component in purchasing decisions. Similarly, when asked if they were prepared to pay more for items with eco-labels, 35% agreed, 25% strongly agreed, 20% were neutral and a considerable percent, of 18% said they disagree. Nevertheless, participants also agreed that eco-labels make it easier to identify ecologically friendly items and help to reduce environmental effect. The respondents rated the trustworthiness and dependability of eco-labels favourably, with a percentage of 45%.
2. Attitudes Towards Ethical Certifications: According to the data, only 20% of Romanian customers strongly agreed that ethical certifications are important when making purchase decisions, 25% strongly agreed and an important percentage, of 35%, remained neutral. On the other side, 18% disagree and 2% strongly disagreed. Participants stated that ethical certificates assist in identifying socially responsible items and contribute to improve working conditions and human rights, with a large percentage of 49% believing that trustworthiness and dependability were also key elements.

3. **Green Marketing Strategies:** Half of the respondents reported not purchasing a product based only on its green marketing promises, indicating a lack of confidence in marketing tactics; which may also explain the result for "Attitude towards ethical certifications", where 35% were neutral on the importance of ethical certifications and 18% disagreed. Even so, the green marketing statements on product packaging were rated important (18%) by a large number of participants and extremely important (23%). Advertising and social media efforts promoting a company's environmental actions were also regarded significant, with approximately 30% of respondents finding it very important, 20% very important, and 24% preferred to remain neutral.
4. **Corporate Social Responsibility:** In their purchasing decisions, 40% of respondents rated corporate social responsibility as very important, while 45% rated it as important. So, in this regard, 85% of respondents agreed that CSR in a company is an important practice, an indicator for companies to maintain and develop the company's management plan in line with this objective. Transparency in processes (32%), employee treatment (30%), environmental effect (23%), ethical sourcing and community participation were highlighted as major elements when evaluating a company's social and environmental responsibilities, in descending order. While a significant number of 20% said they had boycotted a firm because of its social and environmental concerns, the vast majority of 80% said they had not.

RESULTS AND RECOMMENDATIONS:

1. The findings imply that there is a need to boost consumer awareness and knowledge regarding eco-labeling. Many respondents were unfamiliar with eco-labels, emphasizing the significance of education and information distribution to improve consumer comprehension. To address this situation, some proposals would be to develop informative websites that are promoted and tailored to the needs of each community or region, containing educational content, easy-to-understand explanations of the different types of eco-labels, what they mean and how they can help in decision-making. Promoting sustainability experts online and creating social media engagement, means visibility for the company, for the experts and for new sustainability terms and information. At the same time, all companies nowadays should consider adopting eco-friendly packaging that contributes as much as possible to consumer education.
2. The findings show that eco-labeling is a very important aspect to customers when making purchase decisions. This indicates an increasing demand for sustainable products as well as a desire to support enterprises that implement responsible environmental procedures, which will undoubtedly contribute to economic growth. On the other hand, the main reason why a considerable percent of the consumers have dismissed the idea of sustainable products or making a purchase based on marketing practices stems from a lack of trust in these practices.
Companies that have already addressed sustainable practices might consider how to strengthen their competitive advantage by: positioning informative displays in retail locations showcasing eco-labelled goods and their environmental and social impacts, or embedding QR codes on product packaging that provide a comprehensive reference to eco-label and sustainability information. These practices would help consumers become aware of the importance of green labels and build trust.
3. The study found that trust and credibility are important factors in customer views of eco-labels. To create customer trust in eco-labels, businesses should stress openness, adhere to clear and uniform standards, and give trustworthy information. When evaluating firms, consumers place a premium on CSR and ethical behaviors. The

findings highlight the need of businesses adopting and promoting responsible practices such as environmental initiatives, fair trade, and ethical sourcing. This has the potential to favorably impact consumer perceptions, loyalty, and purchase decisions. To this end, companies should consider creating loyalty programs for consumers who choose eco-labelled products, offering discounts, „early bird” access to eco-friendly products, or invitations to various sustainability related conferences or communities. Nevertheless, companies should seriously consider publishing annual reports outlining practices in terms of ethics and environmental impact, thus reinforcing their transparency.

4. Creating a sustainable future necessitates collaboration among consumers, businesses, and regulatory organizations - governments and organizations should collaborate to provide clear rules, enforce legislation, and fund programs that promote sustainability, transparency, and ethical behavior. This can be achieved by joining sustainable business alliances, public and private sector funding for research and development, offering tax benefits or grants for sustainable projects, working closely with the SDGs, verifying eco- labeling accuracy and ethical practices in businesses, ensuring that the sustainability certifications meet rigorous criteria and are recognized and trusted by consumers.

CONCLUSIONS

The study's findings underline the need of increasing consumer awareness and education about eco-labeling. Education and information dissemination are crucial in enhancing consumer understanding of eco-labels. The survey also found that eco-labeling had a substantial impact on customer purchasing decisions, indicating a growing demand for sustainable products and support for ecologically responsible enterprises.

An effective sustainability label should prioritize informing consumers about concrete sustainability benefits, clearly identify the responsible organization, involve relevant stakeholders and experts in developing clear criteria based on scientific methods and the product's life cycle, and ensure that the phrasing, assessment, and awarding of the label are checked by an independent organization. By adhering to these principles, sustainability labels can play a significant role in guiding consumers towards more sustainable choices while fostering transparency, credibility, and accountability within the industry.

There is a need for better alignment and synergy between criteria development processes for product groups. The future vision is to make the EU Ecolabel a benchmark with mandatory criteria for the entire market, following a staged approach. The goal is to synchronize ecodesign and ecolabel criteria so that they evolve together, with ecodesign reflecting past ecolabel criteria and the ecolabel criteria being strengthened to guide the market. This approach aims to enhance consistency between product policy instruments and streamline decision-making by updating all related policy instruments for a specific product category during investigation studies.

The incorporation of appropriate policy frameworks is a crucial driver of real sustainability and the creation of a more educated and environmentally conscientious marketplace. We can pave the road for a more sustainable future while protecting the interests of consumers and the environment via proactive policy measures.

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