

## **THE NEED TO AVOID BLUEWASHING TO IMPROVE THE EFFICIENCY OF COMPANY MANAGEMENT**

The reputation of companies that position themselves as supporters of sustainable development and the principles of the UN Global Compact for businesses suffers from cases of inconsistency between signals about their «correct» views and their actual practice.

Types of deceptive marketing can be tangential to the spheres of environmental or social company activity. In particular, the broadcast of content in the public space regarding the company's environmentally responsible activities provided that the stated principles of environmental sustainability are not followed leads to greenwashing. At the same time, a similar practice regarding the declared social responsibility of business provided that human rights are not observed and adequate working conditions are not ensured leads to bluewashing.

The focus of our research is on the phenomenon of bluewashing. The use of blue for the name of the bluewashing is explained by the color of the United Nations (UN) flag, which is blue. According to T.J. McClimon, the term bluewashing was first used to refer to companies who signed the United Nations Global Compact and its principles but did not make any actual policy reforms. Bluewashing came to mean that some participating companies were using the Global Compact to improve the public perception of their values, social programs, and governance practices without introducing any real changes or reforms [6].

Unlike greenwashing, the problem of which is given more attention by eco-activists and researchers, the practice of bluewashing is discussed less but is still more widespread on English-language web resources.

To understand the specifics of the desired direction of the development of socially responsible business, it is necessary to learn the Sustainable Development Goals [9] and the ten principles of the UN Global Compact [10]. Also, a necessary step is to learn the practice of compiling reports in the ESG format that stands for:

- E (Environmental). A company that is environmentally friendly has a more favorable image, improved customer connections, and increased talent acquisition potential (reduced carbon emissions; improved resource efficiency; reduced water consumption);

- S (Social). Companies that integrate social goals into their business model engage their stakeholders and open themselves to innovative thinking that pays off (improved employee engagement/retention; enhanced customer satisfaction; reduced business risks);

- G (Governance). Governance is the processes, people, and systems whereby senior management is held accountable for establishing and maintaining sustainable practices (improved board effectiveness; reduced corruption risks; greater shareholder engagement) [8].

In the public space of the network, it appears to emerge news about violations or non-observance of the principles of ensuring human rights and proper working conditions by the world's leading companies. For example, Apple has been positioning

itself as the socially conscious alternative, because it claims to care deeply about privacy, and has been taking specific actions targeted at LGBTQ and racial justice movements [5]. This is confirmed by information from the company's website [7]. Although occasionally it appears to emerge news about facts that confirm the company has a not entirely transparent policy regarding its own socially responsible position towards employees [1, 2, 3].

Timely detection and prevention of bluewashing practices is necessary for the development of any business: both for one's own and for tracking similar practices among competitors, partners, suppliers, and other companies with which cooperation is ongoing or planned.

The process of avoiding bluewashing can be internal and checked by internal or external executors who will have access to the company's confidential information. For instance, for corporate lawyers, there's also an inevitable overlap here between newer ESG due diligence and more traditional due diligence, e.g. ahead of mergers and acquisitions, on internal corporate or investment portfolio social criteria. Such due diligence covers a range of areas, such as screening out child labour, the management of harassment complaints, human rights, social diversity, staff training, well-being, and a positive working atmosphere for employees [4].

The need to avoid bluewashing in order to improve the efficiency of the company management is a derivative prerequisite for the company's transparent adherence to the values it publishes and strives to adhere to. Based on having studied the peculiarities of the practice, mostly actualized for developed countries and, accordingly, a higher level of social responsibility, recommendations for the management of Ukrainian companies that seek to adopt positive management practices based on already existing experience have been summarized. The algorithm for recognizing companies that resort to bluewashing practices involves the following sequence of actions or answers to questions:

1. Are there signs of socially responsible company activity? For example, whether the company is involved in the UN Global Network. Currently, 114 Ukrainian companies have joined this network [12]. A similar proof can be a certificate from specialized organizations that assess the level of business in terms of its social responsibility. An analysis of the company's official website can provide information about its mission, vision, and values, among which postulates can be declared to respect people's rights and ensure decent working conditions for its employees. This, among other things, will be an official signal about the socially responsible position of the company.

2. If there are no such signals, then there is no point in the further process of recognizing bluewashing. Of course, this conclusion should be preceded by a thorough analysis of the digital space (business website, pages in social networks, specialized authoritative channels of information, etc.) and already conducted research or the presence of officially confirmed violations or lawsuits.

3. In the case of at least one signal, it is necessary to continue the study of initiatives.

4. Comparison of the number of signals about the socially responsible position of the company and the number of confirmed facts of violations related to issues of ensuring people's rights and maintaining proper working conditions. When detecting violations, certain filters should be turned on, because the presence of a lawsuit is not always recognized as a violation, here we are talking about its probability.

Sites that specialize in collecting, processing, systematizing, and presenting data about companies can be a valuable information base. On the website «YouControl» [11] you can familiarize yourself not only with the reporting of companies registered in Ukraine but also learn about such information about them as analysis of connections (analysis of information about connections between business entities that may affect the conditions or economic results); sanctions (checking sanctions lists); reputation in the media (specification of cases when the company is involved in the investigation, is negatively mentioned in the investigation or when it is simply mentioned in the investigation); inspections (planned and archival inspections by state services); official notices (e.g., about a change in share capital); executive implementations (both in the role of a debt collector and in the role of the debtor); courts (judgments scheduled for review).

The proposed algorithm for identifying practices of bluewashing to improve company management can be refined in view of the executor's ability to access larger sets of analytical information.

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