JELD-WEN Windows & Doors – A Looming Ethical Dilemma

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Abstract

Since the 1980s, replacement window companies have promoted upgrades of original single-pane windows to assembled, insulated multiple-pane windows as a way to increase energy efficiency in existing structures, and resulting in a decreased carbon footprint via energy savings. Two words: they're wrong. This is a prime example of unethical business strategy for profit, with exponential negative social and environmental consequences at stake.

The Stakeholders

JELD-WEN Windows & Doors ("JW") is an industry giant, employing more than 21,000 people, with distribution showrooms in 24 countries and achieving over $1 billion (USD) in sales according to Window + Door's 2019 Top 100 Manufacturers Report (2020, para. 12). Professing a commitment to environmental welfare, both their Canadian and US websites include sustainability sections. In a recent article, JW (2020) "promises to push the limits of performance and style… [with] new offerings that meet and exceed all energy standards" (para. 3). JW's websites highlight their belief in the importance of sustainability, defined on their *Sustainability in Your Home* page (2020) as "meeting the needs of the present generations without compromising the ability of future generations to meet their needs" (para. 2). This statement is where JW's commitment to sustainability descends into empty rhetoric.

The sheer size and expanse of JW's business results in many varied stakeholders. Clearly identifiable stakeholders are the corporation and shareholders, plus JW employees including production, transport, sales, administration, marketing, etc. National chains and small businesses carrying JW windows and their employees are also stakeholders. Further stakeholders are consumers of JW windows, including national and small business contractors, individual homeowners, and even architects who recommend JW windows.

Less obvious stakeholders include JW program affiliations, such as ENERGY STAR®, which could be impacted by JW press. Special interest groups involved in preservation and environmental issues are also stakeholders but most importantly, society is a general stakeholder. This broad category stakeholder is a necessary inclusion as the current JW business model causes significant negative and wide-spread consequences, resulting from deceptive promotion of a consumerist mentality and minimal regard for long-term environmental sustainability.

To support the argument that JW's approach is unethical, introduction of facts regarding energy use and replacement windows are necessary, included in Appendix A. Given this evidence, JW is responsible for "greenwashing", defined by Terrachoice as "the act of misleading consumers regarding the environmental practices of a company or the environmental benefits of a product or service" (as cited in Crane & Matten, 2016, p. 373). Whether intentional or unintentional cannot be determined, so the main concern for consumers and society alike is a violation of a consumer's right to Crane and Matten's (2016) definition of ethical consumption, being "the conscious and deliberate choice to base consumption choices on personal moral beliefs and values… [where] the decision is about considering others…[in] decisions beyond self-interest" (p. 367). Believing they have accurate information, consumers have been largely misinformed and society is unaware of the negative impacts that JW has on the environment and preservation.

Ranking Stakeholder Interest

With many different levels of interest, prioritization of stakeholder interests becomes a difficult task. Separating shareholders who hold legal interests in the corporation from stakeholders, defined by Crane and Matten (2016) as those "that, in a specific situation, [are] either harmed by, or benefit from, the corporation, or whose rights the corporation should respect" lends some clarity (p. 59). Applying Mendelow's Model (1991), legal shareholders rank first, having both high power and high interest; and are followed by any additional stakeholders who have generally lesser degrees of interest and power (Richmond, 2020, live lecture). In this ethical situation, the rights of the additional stakeholders are most important.

Crane and Matten (2016) identify three key attributes that define the "perceived importance or salience of stakeholders" being: power, legitimacy, and, urgency (p. 200). All

three of above criteria apply to the legal shareholders (shareholders, suppliers, consumers/supporters) however, the secondary group of stakeholders (affiliations, environment and society) may claim any, some or none of the three criteria. Respective claims will rely on future events, and will fluctuate, as the JW stakeholder most negatively impacted is the unaware consumer, who as Crane and Matten point out "rel[ies" on the marketer's paternalism for their protection" and who historically uses the information provided by the marketer to make consumption decisions, and drive the market, in turn affecting society generally (p. 367).

Consumer sovereignty is defined by Crane and Matten as "a key concept within neoclassical economics.. [where] under perfect competition, consumers drive the market" (p. 365). Three aspects comprise consumer sovereignty, being capability, information and choice; the Consumer Sovereignty test provides "a simple and practical framework with which to identify possible ethics violations" (p. 366). Applying the test, the JW consumers certainly have "choice" but "capability" and "information" are considerably challenged. The consumer is vulnerable and limited by preconceived notions, lacking the quality, relevant information required to make an informed decision.

Meeting Stakeholder Needs

Limited information is available to explain how the interests of legal shareholders are being met. Likely, these interests are addressed in accordance with US business law, but are confidential as JW is not publicly-held. The ethical issues most impact the consumers and in turn society, so these stakeholders remain the focus of the discussion.

As Crane and Matten (2016) surmise, "what constitutes *fair treatment*…[of consumers as stakeholders] is open to considerable debate" (p. 341). Under *caveat emptor*, the burden of protecting the consumer lies with the consumer themselves, as they have the freedom to choose

whether or not to purchase a product and thus, are responsible to complete their own due diligence (p. 341). *Caveat emptor* worked initially, with low technology and complete transparency, but as products became more complex and advertising more influential, these lines become increasingly blurred. This blurring is evident in window industry ethics, where aforementioned widespread false beliefs have significantly impacted consumer behaviour.

The main issue stems from a lack of reliable information. As set out by Crane and Matten, "some consumers are less capable than others of making an informed, reasonable decision… as they lack sufficient education or information to… fully understand the consequences of their actions" - these consumers are more vulnerable than others, as a lack of good information forces a consumer into a vulnerable state (p. 356). When a potential client visits JW's website to research window replacement, they receive a sales pitch 'in sheep's clothing'.

JW's *Sustainability in Your Home* (hereafter "Sustainability Statement") webpage lists a misleading 'things we can all do to ensure resources for the future'. Beginning with broad statements outside the realm of window supply (being building use and design), JW then immediately iterates the need to "install energy efficient windows and glass doors to … save on utility usage". The technical issue is that JW does not first call for an assessment of current energy use and the existing building envelope prior to recommending window replacement. Interestingly, no further information is included regarding sustainability benefits of replacement, which is not generally recommended by industry experts (see Appendix A).

Reference in the Sustainability Statement to the ENERGY STAR® label insinuates that containing this label means it is the most energy efficient option. According to the Government of Canada (2020), the ENERGY STAR® label means "the product is certified as energy

efficient". Again, there is no requirement or suggestion for comparison of current windows to replacement windows prior to replacement (para. 1). Without individual analysis, which is not recommended by JW, it cannot be confirmed which is more efficient.

The Sustainability Statement contains no reference to a product lifecycle for windows (JW only uses recycled materials in doors, a secondary product line) or attention to promoting development of a circular industry economy, so JW falls short of practically supporting or implementing any sustainability measures. It is clear that JW's business approach is based on product sales and profit, rather than on the environmental stewardship they claim is an essential component of their business mission (para. 4).

JW is a textbook example of the unethical use of marketing communications. Crane and Matten (2016) identify two types of ethical malpractice in marketing, namely individual and social, where the former "seek[s] to create false beliefs with the individual consumer" and the latter, has a negative "aggregate social and cultural impact… [as it] promot[es] materialism and rectif[ies] consumption" (p. 345). While perhaps it did not begin by creating false beliefs, JW is certainly reinforcing those false beliefs, resulting in misuse of resources, and unnecessary social and environmental damage.

Whether intentional or unintentional, certainly consumer deception has occurred, being "marketing communication [that] either creates, or takes advantage of, a false belief that substantially interferes with rational consumer decision-making" (Crane & Matten, 2016, p. 347). Recourse for consumers is limited, particularly because the prevalence of false information creates a sense of knowledge security that does not require challenge.

This accountability vacuum causes consideration of where the ethical duty of stakeholder information and education does lie? Crane and Matten (2016) acknowledge that where business

is capable of exploitation, “the seller has an inherent duty to act in such a way as to respect the interests of the consumer in addition to the interests of themselves and their company” (p. 357). However, to inform stakeholders of environmental repercussions may lead to a conflict of interest for JW, defined by Richmond (2020) as “to act in the interest of [stakeholders] is interfered with by a competing interest that may obstruct the fulfilment of that obligation (live lecture). Responsibility here is a slippery slope, only righted by considering the stakeholders’ interests and with unidentified interests, the route of discourse ethics for discovery is not recommended. Still Crane and Matten (2016) attest “if ‘good’ business ethics is about doing the ‘right’ thing, then it is essential that organizations consult with relevant stakeholders in order to determine what other constituencies regard as ‘right’ in the first place” (p. 187). So then, if JW ought to consult with stakeholders unaware of an ethical dilemma, where should JW start?

In a Perfect World

Crane and Matten (2016) identify shareholder democracy as “a community of people that have an important stake in the company and are therefore able to influence it” (p. 261). Unlike shareholders, the right of stakeholders to influence the company is not legally protected, and presents a grey area for JW. Initially an internal social accounting process should occur, defined by Crane and Matten (2016) as a “voluntary process concerned with assessing an communicating organizational activities and impacts on social, ethical, and environmental issues relevant to stakeholders” (p. 206). According to Richmond (2020), from social accounting JW will be able to clearly identify stakeholders’ expectations, address relevant risks and environmental impacts, all with improved stakeholder management and enhanced accountability and transparency (live lecture) .

With increased transparency due to technology and globalization, resistance will inevitably challenge JW and as an industry leader, JW will be particularly targeted for any criticism. Civil Society Organizations ("CSRs"), defined by Crane and Matten (2016) as "neither business nor government institution(s), and which are involved in the promotion of societal interests, causes and/or goals", have yet to form a strong resistance against the environmental and social concerns of this industry (p. 441). As the environmental and social issues identified are emerging issues without notable external backing, JW must proactively plan to address issues of future CSRs, rather waiting for them to arise, and resorting to a reactionary response.

As conflict will inevitably result, according to Crane and Matten the "most obvious way for [JW to proactively remediate negativity] is to develop and market products that impact less harmfully on the environment" (p. 371). Focusing on the development of an ethical niche and "offering specialist ethical products to a committed minority", JW should self-identify as the industry champion of ethical consumption (p. 368). Tactics can include further promotion of product research and development, re-education of consumers, and support for development in the preservation field.

While JW has indeed made steps towards promoting sustainable industry practices via the AuraLast® wood patent (prevents rot to increase life span), ethical wood sourcing, use of non-toxic products, and SmartWay Transport Partnership (reduces freight emissions), green efforts should be further augmented. As explained by Richmond (2020), by examining the concept of waste and attempting to eliminate it via product recapture, JW could lead an industry transition of supply chains to supply loops (live lecture). As Merlino (2018) sets out, "our current climate change challenges are a direct result of overconsumption of natural resources and energy use, so

solutions that produce more products and processes that lead to more consumption are not the solution" (p. 72). Product recapture would significantly offset negative environmental impacts.

To support development of a supply loop, JW must support not only public re-education, but also enhancement of the education of architects and carpenters. As Merlino (2018) points out, "most architecture schools do not typically teach renovation, adaptive reuse or preservation of building materials as part of a required curriculum" (p. 11). According to Leeke (2016), carpentry has become a trade of product installation, where journeymen "cannot build or repair a window because they do not have the experience with basic materials and tools… and it is cheaper (in the short term) to simply replace the entire window [unit]" (p. 2). JW is in a position to develop, create and donate products and materials to schools to help these professions round out their educations in a manner supportive of environmental sustainability and likely, this would generate JW brand loyalty amongst beneficiaries.

In addition to proactive planning, development and research, product recapture and re-education, JW should assess and update internal and external corporate policies concerning sustainability and energy efficiency. The development of an internal Environmental Management System (EMS) would provide a structure for JW to "implement environmental goals, policies and responsibilities and ensure regular auditing and reporting of these approaches beyond legal compliance" (live lecture). As Crane and Matten (2016) suggest, by promoting "consumer behaviour that enhances the quality of life and minimizes or eliminates social and environmental harms throughout a product's life cycle", JW can effectively and proactively support sustainable consumption, and address potential future environmental concerns and negative pressures (p. 370).

As JW's self-proclaimed goal is "to be the industry leader in socially responsible practices and to conduct [their] business in a manner that demonstrates sustainability", steps must reinforce the statement with action (para. 1). As Crane and Matten (2016) state, "businesses should not be seen isolated islands of economic activity, but as businesses operating within a web of other businesses, bound by mutual interests and interlinked flows of resources and rewards" (p. 392). If JW will capitalize on finding an ethical niche, gaining the support of preservation and sustainability movements, educating consumers and tradespersons alike, and generally improving the window industry, JW stands to gain not only economic profit, but social and environmental value, as the true industry leader, with others to follow the example.

It is the responsibility of industry leaders to not only consider their bottom line, but the lasting impact that their actions will cast locally and globally. As Crane and Matten (2016) say, "the culture of consumption is deeply embedded in the dominating framework of modern societies – a framework which is beneficial to, and sustained by powerful social, economic, and political actors (p. 371). While JW may not be responsible for the creation of a consumerist mentality in the window industry, it is certainly responsible to ensure future actions are ethically sound.

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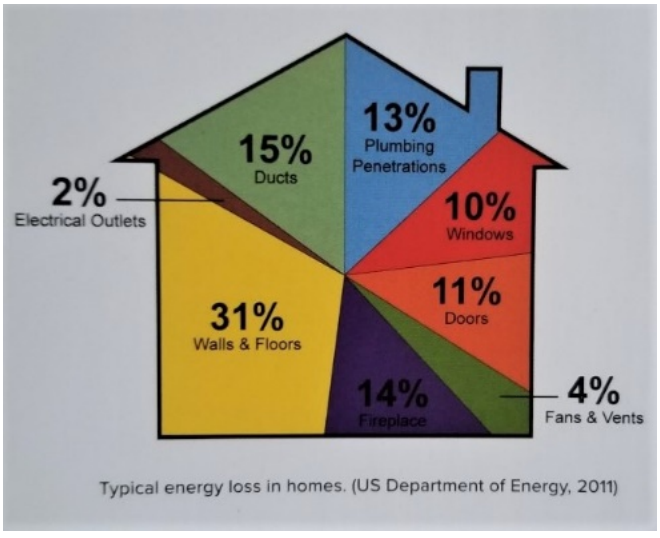
Appendix A

Replacement Windows and Energy Use Quick Facts

- According to Merlino (2018), “windows… in older buildings [actually] contribute to resilience and longevity, but are often a source of confusion [so] single-pane windows are often replaced with insulated units as a result of a misconception that the latter are more energy-efficient” (p. 38).
- According to the US Department of Energy (the “USDE”), “on average, only 10 percent of heat loss in a typical home occurs through the windows, and the majority of this is a result of infiltration around the seals and through gaps, not through the panes themselves” (as cited in Merlino, 2018, 38).
- While replacement windows appear slightly greener with “a slightly higher insulating effect and higher-efficiency glazing, they also have a very short lifespan” as the units cannot often be repaired in pieces and the glass is not recyclable (Merlino, 2018, p. 39).
- Replacement windows “begin their existence with a pre-existing energy debt” where the embodied, non-renewable energy used to manufacture the original windows is lost, while new energy is required to remove and dispose of the old windows, and manufacture replacement windows (Merlino, p. 40).
- Ultimately, higher-end replacement window units will end up in landfills within twenty to forty years (lower end units, within 3-5 years) while conversely, existing single pane windows can be repaired and “will last indefinitely if properly maintained” according to Merlino (2018, p. 39).
- As Tyler et al (2018) state, “it is a mystery why so many “high-performance” windows are designed without any consideration for future repairs” (p. 343).

- Older buildings were designed to enhance function, including use natural ventilation and sunlight to improve heating function and reduce firewood/coal consumption, so "diagnosis [of] the existing building envelope" is an essential first step to improving function (Merlino, p. 59).
- Also supporting an initial assessment, the United States Department of Energy then suggests installing weather stripping or using storm windows rather than installing new, double pane windows for "similar savings at a far lower initial cost" and additionally, also recommends assessing the existing windows as a first step, prior to considering replacement (USDE, 2020, n.p.).
- From Merlino's (2018) Figure below, it is clear that there should be much assessment done, prior to a recommendation to replace windows (p. 169):



Typical energy loss in homes. (US Department of Energy, 2011)