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# The Changing Tide of Corporate Social Responsibility

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The Changing Tide of Corporate Social Responsibility

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### **Abstract**

In a world that is plagued by the crises of climate change, the practice of Corporate Social Responsibility has never been so essential. While looking out towards the future, we must visualize the methods, practices, and mentality that will allow our society to overcome the obstacles of practicing ethical and sustainable business. This paper describes the perception and mentality associated with CSR today, and how ethical minds and innovative technologies can change CSR for the future.

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## INTRODUCTION

Corporate Social Responsibility, or CSR, is a means of corporate self-regulation that is to be implemented in a business model for the promotion of healthy and sustainable means of conducting business. CSR is to align with both the legal and ethical standards of society. (Kumar, S., 2017 (a), p. 118). CSR matters because it encourages companies to use sustainability in a means that is beneficial for the company, community, and environment. As a responsible company, the practices of your business should minimize the amount of total waste, especially in regards to energy. By integrating this into practice, not only is the company helping conserve limited resources of energy, but it can also create long lasting assets, reducing costs in the long run. While it is generally accepted that CSR should be implemented in most, if not all, business models, there is still some debate on how it should be introduced. With the abundance of international issues, specifically on the front of climate change, it's clear that a change needs to be made in the way corporations deal with waste. Traditionally, people turn to international organizations or their government to solve these issues, hoping they can convince corporations to turn towards more sustainable practices. This general mindset is the "old way" of approaching CSR. In truth, there is a lack of real incentive in the "old" approach towards CSR, and there is a far more effective way of making change with a newer, more economic-oriented approach with CSR. An immeasurable degree of success for CSR is dependent on its perception by major stakeholders, including businesses, consumers, and entrepreneurs (Kumar, S., 2017 (a), p.118). CSR must be viewed as more than just a "moral cause" and instead be seen as an opportunity for financial reward through logical business practice (Kumar, S., 2017 (b), p.126) . To fully understand the newer model of approaching CSR, we need to take a look at more traditional CSR

practices and see why they have yet to make the necessary impact. I will then discuss the ideology behind the newer approach and why governments shouldn't be the driving force in solving the sustainability crises. Lastly, I will do a case by case study on how economically incentivised CSR works, specifically looking at blockchain technology.

### **LITERATURE REVIEW**

I used a variety of academic sources to inform my insights and ideas on CSR, environmental sustainability, and blockchain technology. Articles such as “Corporate Social Responsibility (Triple Bottom line): A Technology serves the company and Society” by Santosh Kumar, an Assistant Professor and Faculty of Law at the University of Delhi, helped define and explain how CSR should be understood and its relationship to third-party stakeholders. This source allowed me to search further into the topic of CSR to find the two approaches to CSR, which I have coined as the “Old Wave” and the “New Wave”.

Other articles such as “The More I Care, The Less I Will Listen to You: How Information, Environmental Concern and Ethical Production Influence Consumers' Attitudes and the Purchasing of Sustainable Products” by Jacopo Cerri, Francesco Testa, and Francesco Rizzi informed me about consumers' behaviors when it comes to environmentally sustainable products and the potential financial losses and/or gains a company could endure from being environmentally-friendly.

Finally, articles on blockchain technology, most notably Kate Harrison's “Blockchain May Be The Key To A Sustainable Energy Future”, helped shape the idea that blockchain has a lot to offer when it comes to sustainability and other ethical causes.

## **RESEARCH METHODOLOGY**

Throughout this paper you will find primary and secondary sources. The primary sources stem from interviews I conducted and a conference on blockchain technology that I attended. There are two different secondary sources that are in this analysis. There are articles and academic sources.

I conducted two interviews. The first was with Lourdes Sanchez, a professional working in the field of sustainability. I was connected with her by my advisor Dejan Dincic. We met in person and discussed the given topics that will be introduced in my analysis. My second interview was with Martin Patel, the Chair for Energy Efficiency at University of Geneva. I was connected to him by my fellow colleague Kennedy Muise. We met at his office to discuss the larger scale ideas associated with CSR. I decided to have these interviews be an open discussion on the changing methods of practicing CSR and ways in which sustainable technology is growing.

The blockchain conference was held at Impact Hub on Tuesday, May 1st, 2018. There were several blockchain technology companies that presented, however, I chose to analyze the first as they were a company that helped several blockchain companies get off the ground. The company is called Startup Token and their mentor Sébastien Rouxel-An was the individual that presented.

## **POSITIONALITY**

It's always important to take into account the positionality of the researcher of any given analytical work, as this positionality can lead to influence on opinion, outlook, and given conclusions. Recognizing that there is a lens that all researchers look through allows the

researcher to have a period of self-reflection. I have engaged in this period of reflection and hopefully it allows me to better understand my own biases, and I hope those biases are not presented in the finality of this research.

As an American student conducting research in Europe there were various, unexpected, challenges that came up at times. Most notably these challenges have affected the process of recruiting interviewees, and perhaps even conducting the research itself. Due to my inability to speak French, I was, at times, turned away from reaching potential interviewees. When even seeking directions to potential locations of interest, I was stirred away. While this was discouraging, I have tried to ensure that this had no effect on the interviews I did conduct and how I received any given information.

Another note that I think is important to acknowledge about my cultural background is on the topic of climate change perception. I will take the opportunity to make an opinionated statement, yet one that derives from common knowledge. The American government is not the leader on climate change and sustainable regulation. As a citizen of America, I came to Europe with climate change on my mind, but not to the extent of many Swiss professionals that I met. This experience has changed my outlook, and I hope to do my part in improving the world around me.

As a student studying business and finance, it is important to recognize that I do analyze things through a lens of profitability. This can be perceived as a negative attribute, but in regards to the research conducted here, I would argue that it is in fact positive. With every discussion I had or article that I read, I was quite hesitant to count anything as New CSR. That is because the given innovation needed to lead to sustainability and profitability. With this kept in mind, the

companies that I have chosen to classify in this New Wave category needed to hit marks. At times I was even unsure whether I would find an example of New Wave CSR.

### **DEFINITIONS AND ANALYTICAL FRAMEWORK**

Over the past, it could be argued that a major question in the minds of executives is, will CSR in fact increase our profit margin, either by long term savings through maintaining sustainable resources? Is that truly believable? What business leaders can recognize is there is a “market trend” for consumers, looking to put their hard-earned dollars towards sustainable products and businesses (Jin, Y.J., Park, S.C., & Yoo, J.W., 2017, p. 797). Impact investing may be another idea that comes to mind, as investors could be more prone to put their dollar towards the companies or organizations that better local, national, or even international communities with promotion of good business practices. Through this lens, CSR is viewed as a competitive advantage through the “appeal” it offers; however, it’s not a competitive advantage in the sense it’s literally more profitable or beneficial to long term revenue. Companies with such an interpretation on CSR as a marketing ploy, putting the real effectiveness of sustainable practices into question. In 2008, Forbes published an intriguing article titled, “CSR Doesn’t Pay”. In the article, the belief or profitability with CSR is challenged, “The belief that corporate responsibility ‘pays’ is a seductive one: Who would not want to live in a world in which corporate virtue is rewarded and corporate irresponsibility punished? Unfortunately, the evidence for these rewards and punishment is rather weak. There is a ‘market for virtue,’ but it is a very limited one. Nor is it growing” (Vogel, D., 2012). The article claims that while there are certainly some companies that have found benefits through CSR practices, the vast majority have failed to improve in profitability. Vogel writes that the companies with the best CSR have yet to

perform any worse than competitors with poor business practices. Vogel continues to say that there simply isn't enough consumer or investor recognition to truly make a difference when it comes to CSR. He concludes by noting that while managers and corporate leaders should promote an ethical and sustainable business model, they shouldn't expect any increase in their return. While arguments could be raised on several points made in this article, I don't believe that Vogel is entirely wrong. The expectations of executives and of the corporate role towards CSR is outlined accurately. His notes regarding profitability of CSR could hold true as the changes implemented may not offer substantial return on investment. It's also important to keep in mind that this article is now almost ten years old; at the time it was written, the ethical consumer had yet to make as notable of a difference in markets (Vogel, D., 2012). The truth of the matter is though "old" school CSR simply lacked the necessary effectiveness, and the reasoning lies in the driving factors and philosophy behind why businesses should be ethical and sustainable.

For many corporations, there is a mindset that CSR should be implemented because it is the morally right thing to do, or that the market will recognize these good deeds and offer reward with their dollar (Karim, K., 2015). Perhaps some think CSR should be implemented because there are legal obligations, or punishment if good practices aren't in place (Saygili, E. E., & Özturkoglu, Y. E., 2017, p. 380). While these perceptions may be correct, none of them will bring about the change that is needed. The world is in environmental crises, derived from mass complications with sustainability on the front of depleting resources. Businesses are not driven to make change simply because it's the moral thing to do, and certainly not because the government pushes further mandates. To approach CSR from this manner is both naive and unrealistic. If

CSR is to be successful, it must be profitable. Companies need new ideas, policies, or technology, that can allow their business to be sustainable, so there is long term savings and less environmental harm. I believe that there is the opportunity for more 3rd party companies or consulting agencies to help assist business in their sustainable practices. Wherever there is financial incentive, competitors can be found. Competition for reward has been, and will be, the driving force for success. While many have correlated success in the economy with a negative stigma, we must recognize that success for this market is improving sustainability.

### **ANALYSIS**

#### **Old Wave CSR:**

One of the best methods for gaining a full understanding of the New Wave of CSR, is to contrast it with the more conventional means of CSR business practices. We will examine the company Tesla, Inc., and discuss the manner in which it practices CSR, then show why it falls into the category of Old Wave CSR, specifically examining their vehicle products. I discussed Tesla during my interview with Dr. Martin K. Patel. He is a full-time professor at the University of Geneva where he has been holding the Chair for Energy Efficiency since 2013. We spoke for about an hour, discussing various companies and sectors, then forming the proper classification based upon the exhibited attributes of each subject.

It may be surprising to some to hear that Tesla cars are not a good example of the strong CSR mentality we have mentioned, but sometimes we need to look beneath the surface to get a better sense of a company's intentions. Tesla specializes in the production of electric cars that have photovoltaic panels and lithium-ion batteries. The company was founded in 2003, and over the past two decades has made major strides into mainstream culture, perhaps most notably in

2015 with the release of the Model S car, which is the best selling electric car model to date.

Tesla has gained worldwide attention for building what are perceived-to-be sustainable cars sold for a fairly affordable price. While the intentions of Tesla may be well received by many, it does not mean their mission will bring about the most benefit on the front of sustainability for daily transportation.

Let's examine Tesla car's and see how their functionality effects sustainability. One of the major reasons people believe that electric cars are greener is that they don't require gas, however, that does not mean that the vehicles are not attributing to carbon emissions. When charging your vehicle, energy can come from multiple sources, depending on how the local grid generates electricity, "if you use coal-fired power plants to produce the electricity, then all-electrics don't even look that much better than a traditional vehicle in terms of greenhouse gases" (Wade, L., 2016). However, there is the chance that your local grid operates on renewable energy sources, which in that case electric cars can prove the better option. When researching more in depth, I found there are less direct correlations between electric cars and environmental harm. In order to function properly, electric cars can't weigh the same as gas-powered vehicles. This requires the cars to be built from "high-performing metals". A prime example of this with Tesla cars are their lithium batteries. Often times, these rare metals are taken in the form of mining that is harmful to the environment. "In the Jiangxi rare earth mine in China...workers dig eight-foot holes and pour ammonium sulfate into them to dissolve the sandy clay. Then they haul out bags of muck and pass it through several acid baths; what's left is baked in a kiln, leaving behind the rare earths...those rare earths amounted to 0.2 percent of what gets pulled out of the ground. The other 99.8 percent—now contaminated with toxic chemicals... as

in every stage of the process, mining has hidden emissions” (Wade, L., 2016). This information leads to the conclusion that there are more severe environmental impacts on the front end of electric car production than many take into account. (Wade, L., 2016). I would not take the liberty to accuse Tesla, Inc. of greenwashing, however, I would note that their products are not as sustainable as they lead many to believe.

Dr. Patel also discussed an encounter with a salesman from Tesla who came to speak for one of his courses. The salesman had talked about targeting top tier management officials with Tesla cars. The concept behind this would be that Tesla would gain recognition as being a luxury product (Jin, Y.J., Park, S.C., & Yoo, J.W., 2017, p. 796). Not only would the Tesla models be attractive cars, but they would also be sustainable, bridging a link between sustainability and attractiveness with the product. It would appear that Tesla is not only interested in masking the actual eco-friendliness of their product, but they also wish to draw the perception that it’s a luxury product for a wealthier class. This mentality does not fit the New Wave of CSR. For Tesla to fall into the New Wave category they would need to firmly believe that this product is in fact the most feasible and profitable long term approach to improving sustainability among transportation. The CEO of Tesla, Elon Musk, does hope to one day have these electric cars affordable to the general public, but I still don’t understand how this is a realistic solution to the dangers of climate change. The technology behind electric cars certainly is innovative, but is this innovation directly solving the sustainability problem at hand. When looking at the grand scheme of things, we have another car with modifications to make it a little less harmful to the environment.

The question I expect to be raised is “what’s the better alternative?”. I am not knowledgeable enough in technology to offer a concise innovation to resolve the problem of sustainability with human transportation systems, but there are questions to be posed. Wouldn’t time be best served improving the technology of buses and trains, forms of transport that can be shared for maximized functionality? Couldn’t we invest greater resources into public transportation systems to have better quality transports that could be affordable to the public, therefore reducing the number of cars polluting the environment? The New Wave of CSR promotes a mentality that doesn’t require companies to mask the actual eco-friendliness of their products. The New Wave is implementing practices that can solve the sustainability crises through innovative platforms.

### **The Grey Area of CSR:**

During my meeting with Dr. Patel, we discussed the different paths businesses can take to New Wave CSR. He suggested that the jump would be easier for companies whose products were more directly integrated with households. My interpretation of what he meant by this were the more day-to-day household products that people consume, perhaps the best example being food. Dr. Patel mentioned that there were various “Bio Shops” emerging across Switzerland that seemed to be performing quite well selling sustainable products and practicing CSR. The discussion about Bio Shops lead me into the difficult task of classifying businesses in a niche market, something I will draw a conclusion to shortly. Bio shops can be found throughout Switzerland. I located shops set up in locations such as Bex, Sion, and Luzern. I have chosen to gather most of my information from the web page of B!O Shop Viktoria, a bio shop located in Luzern. I found that these type of shops will provide organic food, minerals, vitamins, and

cosmetics that are derived from natural sources, appealing to the sustainable, conscientious consumer (“About Us”, *B!O Shop Viktoria*). There are various reasons for consumers to practice sustainable shopping, but perhaps the biggest reasons are the health benefits (Cerri, J., Testa, F., & Rizzi, F., 2018, p. 344). Organic produce is grown with natural fertilizers such as manure and compost in the place of chemical fertilizers. Farmers that grow organic will control insects through natural means like natural pesticides and insect traps. For organic meat and dairy, consumers can trust that the livestock are given fed organic, meaning what they eat is hormone and GMO free. These animals must also have access to the outdoors, a privilege that is not often given at other farms. Another perk is that prevention methods for disease are natural vs. the conventional method of using antibiotics and medications. (Chat, J., 2018).

When classifying these markets under the new or old wave of CSR, one could make a convincing argument that Bio Shops fall into the old. This argument would stem from the idea that Bio Shops are simply targeting a niche market of consumers who are looking to for these “specialty products”. To take this a step further, the very basis for profit attraction with these shops is the marketability they have with “organic products”. While this could in fact be the case, I will make a clear distinction here, which will paint a clearer image for the New Wave of CSR. Simply because a company exhibits traits of the Old Wave of CSR, does not mean they are functioning in the New Wave mentality. I would raise the point that it’s nearly impossible for any company not to exhibit qualities of the old and new wave of CSR. It is entirely possible for there to be coexistence. The reason behind pushing the New Wave CSR mentality, is to promote that CSR does lead to long term, if not short term, profitability and that there is real financial opportunity in the field of CSR. It’s my belief that the New Wave mentality will lead to a more

sustainable society and greater innovation, leading back to our original question: how do we classify niche markets for sustainability? I would say that if the company firmly believes their practices will lead to greater profitability in either the short or long term, and the incremental cost trade off will benefit society, they are practicing New Wave CSR. If a company in the given niche market believes CSR is a marketing tool to take hold of the “sustainability trend” for short term profitability, they are practicing the old method of CSR. Whether Bio Shops lean more towards New or Old wave CSR, well, it could vary from business to business. I will use this example to coin a term I call the “grey area” of New vs. Old wave CSR, where varying circumstances, such as niche markets, make it difficult to determine the functionality exhibited by the given business and what mentality the company’s leaders are adopting.

#### **New Wave But Old Mentality:**

The next industry we will examine is a perfect reflection of a major point regarding the New Wave of CSR. The point being that the ideology behind the New Wave isn’t in fact new, using sustainable means of practice for greater profitability is a practice that has occurred for decades if not centuries in small traces, simply not in the same volume that will be exhibited in coming years. One of the largest industries in the world is steel and there are indications that utilization of secondary steel has been, and still is, growing at an increasing rate.

Steelmaking is the process building steel from iron ore and scrap. Steel began to be massively commercialized in the 19th century when inexpensive production methods were invented, known as the Bessemer Process and Siemens-Martin Process. There are two major practices used for steelmaking. Primary steelmaking, also known as basic oxygen steelmaking, and secondary steelmaking. Primary steelmaking is done carbon-rich molten pig iron, blowing

oxygen through it to lower the carbon content of the alloy, resulting in steel. Secondary steelmaking refers to the process of creating steel by using ladles with steel scrap. The ladles undergo a process of deoxygenization, alloy addition, or vacuum degassing. Now, it's most common to use gas stirred ladles in which an electric furnace provides electric arc heating through the lid. While I am not an expert on the process of steel making, what I have learned is that these two different processes have different effects on the climate by the different chemicals and toxins outputted. (World Steel Association).

The production of steel is harmful to the environment for several different reasons. Steel production results in carbon dioxide emissions that lead to greenhouse gas emissions, which are extremely harmful to earth's climate. The production of coke, an essential resource to steelmaking, is major pollution source for steel making and results in the release of "coke oven gas, naphthalene, ammonium compounds, crude light oil, sulfur and coke dust". When further examined, these emissions can lead to water contamination. (World Steel Association).

Dr. Patel informed me that secondary steel production can be less harmful to the environment, while also resulting less cost. As there isn't as extensive of a production process, not having to mine is in itself a major cut back on production costs. The recycling of steel is something that is common practice. 42% of crude steel produced is actually recycled steel. In fact, iron and steel are currently the world's most recycled materials. There are limitations on this form of production, as steel scrap must be available for use. (World Steel Association).

To check the hypothesis provided from Dr. Patel, I found annual statistics on steel production, having to do with the varying methods for steel production that given year, amount of steel produced by each nations, the type of steel produced, etc... The statistics date from 1978

to 2017. The 1978 statistic pdf provided information dating back to 1974, when steel using electric furnaces, or secondary steelmaking, accounted for 20.3% of the total steel production. Compare that to the 2007 where secondary steel made up for 32% of the world steel production. While this date does indicate long term growth, I will note in the last ten years, there has actually been a decline in secondary steel usage to 25.7% in 2016. This is most likely due to the depleting availability of steel scrap. Despite the recent decline, the usage of secondary steel still stands as a testament to the logical usage of sustainability. (World Steel Association). If society solely depended on primary steel, there would be an abundance of greenhouse emissions, waste, and profit loss from steel manufacturing.

#### **New Wave CSR:**

Lourdes Sanchez Aparicio is an energy professional who has worked for ten years internationally on developing and implementing innovative energy solutions. Currently, she works as an energy consultant for the Institute for Sustainable Development. When I met Lourdes in Geneva for a discussion on “New Wave CSR,” I was beyond satisfied with how well a past professional experience of hers fit the narrative of this analysis on CSR practices and sustainability. Not only was she able to provide decisive information on the sort of third party initiatives that we have discussed, she was actually part of one. We will now analyze the story of a New Wave CSR company. Looking at what inspired their involvement with the sustainable energy movement, their various challenges, and whether they succeeded or failed in the competitive corporate environment.

Around a decade ago, Sanchez worked for the award winning company MySollar; in-fact, she was one of the co-founders. She stated the mission of the start-up was to combat climate

change through promoting the use of solar energy in the place of CO<sub>2</sub>. Sanchez said that there was a lot of momentum for various organizations to help make a difference on climate change following the 2009 UN Climate Change Conference in Copenhagen, also known as the Copenhagen Summit. The conference was held from the 7th to the 18th of December, including various countries and other entities in a joint effort to combat climate change. Nations had the opportunity to present not only their stance on climate change, but more specifically their willingness to address it through various policy changes. Perhaps most notably, the countries of the European Union united to form a cohesive stance on diminishing growing carbon emissions, in an attempt to lead by example for the rest of the world. The conference also brought about significant activism across the globe. On the 12th of December, a march was held in Copenhagen with approximately 40,000-100,000 people in attendance. In London, there was a march of about 20,000, demanding a 40% cut in carbon emission, while in Australia there was a march of about 40,000. Despite the growing danger of climate change and international activism from citizens, conversations in Copenhagen were not going smoothly. Towards the end of the conference, media began reporting that the dialogue was unsuccessful, and it became apparent that the conference was resulting in a weak political statement. The resultant was the Copenhagen Accord, an agreement that sought to keep annual temperature increases below 2 degrees celsius. This Accord did not receive unanimous support and didn't have any legally binding expectations. (Bone,G., 2010, p. 314). It's my opinion that although the Summit was widely considered a failure, it did manage to open up meaningful dialogue regarding climate change on the international level. It could be argued that the dialogue in return sparked various entities to persist in their efforts to combat climate change with even greater momentum.

One of the innovative startups to emerge shortly after the Copenhagen Accord was MySollar. The private company conceived the innovative concept of reducing carbon emissions through a trade off system that involved a user friendly app. MySollars describes their business model as the following: “MySollars provides a clean web and mobile app for B2Cs to meaningfully engage with consumers by sponsoring them with real carbon credits (Sollars); for consumers (aka users). It is an engaging and fun way to reduce and offset their carbon footprint, by competing against friends, gaining social recognition and unlocking rewards from companies” (“About Us”, *MySollars*). This app is great in the way that it allows users to track their own carbon footprint, or the amount of carbon dioxide released into the atmosphere as a result of the activities of a particular individual. The means of offsetting this given carbon output can be done by investing into healthy energy initiatives or technologies. (“About Us”, *MySollars*).

Sanchez described a more intensive means in which this technology could be implemented with larger scale/mainstream corporations. She specifically used Starbucks as an example. She said that Starbucks could start an initiative program for reducing their CO<sub>2</sub> footprint while offsetting that of their customers. A consumer would track their given carbon output, logging in their Starbucks coffee. However, for every cup of Starbucks coffee purchased, a given percentage of that revenue would be reinvested into sustainable energy to counter the CO<sub>2</sub> output. This would be logged as points or credits on the app, functioning almost like an air mileage program. There could also be a discount program included, where significant points or credits could lead to reduced prices on coffee or other various products. When implemented on a large scale as described here, there could be a significant impact. Starbucks would gain

recognition for being a clean, energy-friendly company, while consumers would in return be making a difference on climate change. (Sanchez, L., personal communication, April 26, 2018).

While the concept of MySollars is well intentioned and original, the startup had a difficult time getting off the ground. Still to this day, they haven't draw in a substantial consumer following or been able to strike large promotional deals with corporations. As a company that possesses the inherent qualities of "New Wave CSR", I proceeded to ask Sanchez why there wasn't the desired level of success. She claimed that the company solely relied on the value of their technology, specifically referencing the user interface or app module. Sanchez believed that they needed to find more backers so they could invest greater finances into sales and development, a sector of the company she felt they had vastly underestimated when starting off. From my perspective, it would appear that MySollars needed to have individuals that could speak the same language as the large corporations. They seemed to need a more concise method of portraying how their interface could serve to make companies profitable. She continued, saying that they should've tried to build from the ground up with specific companies so that their technology would fit the given company's market strategy and have better integration into their consumer platform. Sanchez said one of the most difficult parts of presenting CSR-friendly initiatives to companies as a third part is "making companies see CSR has value and not just through image" (Sanchez, L., personal communication, April 26, 2018). This quote leads us back to the basic problem that plagued "Old School" CSR and manages to limit the potential of the "New Wave". Companies truly believe that practicing CSR and sustainability will solely enhance their image, in this case thinking that the initiative would only gain them a tool for marketing. It would appear that companies are fearful of taking a leap on their consumers. If

their consumers are conscientious of climate change, they will take advantage of the point systems by buying more coffees for greater rewards, like many other reward systems. But, if consumers fail to be conscientious, there is potential profit loss by investing revenue into sustainable technology.

### **Blockchain Technology:**

When referring to growing technology that has the potential to improve CSR and sustainability we should also consider the influence blockchain technology could have on the future. Blockchain is a distributed database that information is continually reconciled and shared. The data is hosted by millions of computers simultaneously, unable to be controlled by a singular entity. The data of blockchain is totally transparent and public in its very nature. Due to the vast scale of the system, it cannot be corrupted. To alter any of the existing information would require overriding the entire system, which would require an unprecedented amount of computing power. Due to the functionality of blockchain technology, the design is decentralized. The concept of decentralization in this scale of implementation would result in traditional commerce systems to be viewed as obsolete means of transaction. (Fyrigou-Koulouri, M., 2018, p. 2-3). Blockchain technology could not only change how we approach CSR and sustainability, but could in fact change the very nature and functionality of entrepreneurship. One could argue that blockchain stretches beyond the concepts of the New Wave of CSR. This is because the New Wave is a mentality for “conventional businesses” or the corporate structure that is considered a normality today.

On February 14th of 2018, Forbes magazine published an article titled “Blockchain May Be The Key To A Sustainable Energy Future”. The article details the current perception of

blockchain, which can oftentimes be negative because of its correlation to the controversial cryptocurrency Bitcoin. Some have also accused Bitcoin of contributing to unprecedented numbers of energy consumption, with certain estimates comparing to the entire country of Denmark. However, what many fail to recognize is the potential improvements blockchain technology could bring to solar energy and other areas of CSR.

In countries such as the United States, fossil fuels burned through producing energy are the largest contributor to greenhouse gas emissions, while still around a billion people in the world are still living without access to energy.

“New blockchain solutions are making clean, decentralized energy, such as rooftop solar power, much more accessible, affordable and easier to adopt. Blockchain can also enable neighbors to trade clean energy with each other, without needing to go through a utility. It can even power systems that encourage people and businesses to conserve energy. There are already perks for eco-conscious individuals and their (digital) wallets, with new blockchain systems that reward those who take action against climate change.” (Harrison, K., 2018).

One of the innovative companies mentioned in the article is Energi Mine. The company functions on a blockchain rewards system, where tokens are given for people who reduce their energy usage. Specific actions such as taking public transportation or using clean energy utilities can lead to rewarded tokens. Because Energi Mine uses ETK tokens, which have market value, the tokens can be redeemed for energy bills and other expenses. (Harrison, K., 2018).

In order to better understand blockchain technology and the impact the positive, ethical impact it’s having on the world, I attended a blockchain technology conference in Geneva on

May 1st. The first company to present was a called Start-Up Token. Start-Up Token is a blockchain startup accelerator, meaning that their mission is to help develop emerging and innovative blockchain technology companies by providing them with greater direction while also connecting the start-ups to the proper networks to lift them off the ground. Start-Up Token is a humanitarian organization, searching for greater funding and support. Their goal is to “bring people from various backgrounds (development, finance, environment) to solve a problem, using blockchain technology” (Rouxel-An, S., 2018). Their focus includes gold, child labor, and micro-financing systems. While Start-Up Token works with a cap of six start-ups simultaneously, they presented on only two: Neo Place and Tutellus.

Neo Place is a company that aims on providing support for lower wealth class individuals by using an innovative financing system, that could draw comparisons with micro-financing. The company defines its mission as:

“An open protocol for decentralized marketplaces powered by NeoPlace engine and Platform. Neo Place is disrupting centralized monopolies like Amazon, Ebay or Upwork and will enable anyone to create its own decentralized e-shop on the Blockchain.” (NeoPlace).

While this concept can sound confusing, it’s in fact simpler than one might think. For many individuals looking to sell online, through the platforms mentioned, such as Ebay, they will often need to have the acceptable funds or accounts in order to gain the privilege to sell. By using Neo Place technology, users would have the opportunity to create their own decentralized, digital marketplace. This marketplace can be customized in the manner that the seller/user sees fit. There also would not be the same restrictions in place that individuals often find with the more

central and larger digital selling markets mentioned above. The way in which this technology platform will help society is by providing individuals, without the strong finances, a starting point to earn some money through selling given possessions or crafts for reward. Neo Place leverages the power of blockchain technology to lower the cost of infrastructure costs of the digital marketplace.

Tutellus is a new blockchain platform that is hoping to solve the current education costs for college level students. It has become extremely popular in the Spanish-speaking world over 1,000,000 users total. They also provide over 150 education video courses. With many students taking on loans that can range from 20,000-60,000 dollars, there is certainly a marketplace for an application that can reduce those cost. The platform also hopes to have greater justice for teachers' pay. Lastly, they want to have a greater correlation between employment and student academic standing/work ethic, connecting the top tier companies with the best students. They began by designing an awards/token system. First they created the 100% utility token. The TUT is a purely transactional token. They also wanted to have a token that could manage the user relevance, so they designed the Smart TUT or STUT. Tutellus is target at users from underprivileged countries or communities, and is meant to be used as a tool to earn a greater standard of life from work through education. (Rouxel-An, S., 2018).

The app functions in the following manner. The video content is not created by the company, is in fact generated by the users, connecting educational professionals with students. The platform will track the amount that a student studies. The studying results in the students being awarded through TUTs, while they also gain relevance points to increase their standing among the community. Teachers, on the other hand, will earn more points based upon the

performance of their students, creating a greater correlation between their ability to teach and the salaries that they receive. Companies will then pay to have access to the most knowledgeable and hard working students, there payments being the main source of income for the students and teachers. The platform is decentralized, relying on the trust and reputation of the users. Like most blockchain technology, there are smart contracts in place to keep track of the actions taken by the users across the platform. (Hassell, J., 2016).

### **CONCLUSION**

When I began my research, I had hoped that my conclusion would in fact show that the New Wave of CSR is fast approaching, and that society can expect innovative changes soon to resolve the sustainability crises. However, this is not the case. While it's clear that there is a change occurring in the business world, it seems that the extensive changes that we need won't occur for decades to come. An immeasurable degree of success for CSR is dependent on its perception by major stakeholders, including businesses, consumers, and entrepreneurs. CSR must be viewed as more than just a "moral cause" and instead be seen as an opportunity for financial reward through logical business practice.

When analyzing CSR, we must keep in mind generationality and the influence that has on how business is conducted. It is common knowledge that most generations prior to the millenials were not exposed to sustainable practices and environmental conscientious teachings from a young age. The children of today have an opportunity to bring about significant change in the future. While we can see signs of the New Wave, I believe that major changes are still ahead.

Some may think that the emerging blockchain companies are also a sign that changes are near, however, I would argue against the way of thinking. While it's evident that there are many

innovative blockchain companies emerging with focuses on ethical practices, the rest of society isn't quite there. I personally do not use cryptocurrencies or conduct e-commerce, and when I asked those around me none of them do either. While this is by no means an accurate survey, there is a general indication that blockchain hasn't reached the popularity that it potentially will or can.

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