

Blockchain as a marketing tool for sustainability: a journey in decentralized trust

In the eye of the public, blockchain is closely associated with cryptocurrencies, high energy consumption, privacy concerns, scalability problem, and lack of regulation. From the strategic management perspective, most CEO view blockchain as the new technology of trust that serves to improve the efficiency and transparency of asset transfers. So, shall we care about blockchain? If so, how will blockchain change the way we trust in the current world?



Blockchain is not just another technology innovation or a general-purpose technology; it is a new form of institutional technology that could result in a radical change in organizations and subsequently drive them towards decentralized management. In this sense, blockchain offers a new model of economic coordination and governance in the pursuit of each stakeholder's in-



terests and well-being. For this reason, there is huge potential for applying blockchain to sustainability strategy, which will transform from a firm's transient competitive advantage to sustainable competitive advantages, as well as enables a firm's decentralized sustainable management. In this regard, a transparent and real-time form of blockchain governance could be orchestrated to attract multistakeholder to commit to decentralized management to gain more benefits from a sustainability strategy.

Blockchain as well fundamentally changes the mechanisms enabling trust in exchanges. Remarkably, blockchain itself represents a guardian of trust by changing how we trust in buyer-seller relationships as compared to a traditional exchange. While performing business transactions on the blockchain-enabled exchanges, we put our trust in blockchain by relying on mathematical and cryptography-driven governance and network, information transparency, immutable data, and digital escrow for verifying ownership of valuable goods.

Corporate sustainability strategy and blockchain

In a recent survey, more than 50% of investors have demanded public listed firms submit sustainability reports for improved transparency on firms' social and environmental impacts, rather than in demands for actions affecting sustainability decisions or operations. In the same vein, sustainability reports are a legitimized tool that corporates utilize to communicate sustainability efforts and their impact on the environmental, ethical, philanthropic, and economic. Thus, sustainability reporting is mainly relevant to supporting investors' risk management purposes.

Even worst, fraudsters are going to different types of sustainability fraud, including mislead the corporate's environmental impact and/or initiatives (i.e., greenwashing), advertise commitment to stakeholders without actually adhering to the UN Global Compact principles (i.e., bluewashing), misalign of internal practices with socially responsible values, such as labor rights, human rights, equality (i.e., social washing), and attempt to cover up corporates' scandals with investigations that are carried out with minimal effort and/or presenting biased data (i.e., whitewashing).

Thus, **can we utilize blockchain to authenticate corporate sustainability strategy? The answer is "Partially"**. Blockchain itself is hardly able to build the trust mechanisms for the environment, infrastructure, and behavioral layers in the economy. Critically, blockchain infrastructures are developed by human beings, where opportunities are given to bad actors to pervert blockchain and use it as a tool for fraudulent activities and profit maximization. Thus, apart




from relying on the trust characteristics of blockchain-enabled exchanges, the notion of decentralized trust should include impersonal trust in social movement organizations—a large group of people or organizations which focus on political or social issues with regard to corporate sustainability strategy. Examples of social movement organizations are Greenpeace; Sierra Club; and Nature Conservancy. The influence of social movements is important to sustainability as they enable efficient governance mechanisms across ethical marketing efforts that augment trust and cooperation while checking for collusion and capture.

Most important, I would argue that decentralized trust in sustainability strategy should be built on trust in persistent, non-transferable but revocable digital relationships. Although the concept of a corporation has been incorporated in the year 1600 by the East India Company, each of us still applies a very different and subjective way of trusting how a corporate perform its sustainability strategy. Some may rely on online information, some may emphasize sustainability reports, and some may just be based on what they see and hear. To provide a universal solution, each corporate could own an open access account (let's named as TrustWallet) that represents commitments and credentials to establish provenance and reputation of corporate sustainability strategy. Thus, the TrustWallet is a trust accumulation in a decentralized and public network.

Put together, the concept of decentralized trust in corporate sustainability strategy is a socially co-determined trust, where social movement organizations, environmentalists, corporations, and communities come together bottom-up, as emergent properties of each other to co-create decentralized and persistent networks for corporate sustainability actions and behaviors.

The true power of decentralized trust in sustainability strategy emerges when sustainable tokens (i.e., non-transferable non-fungible tokens) held by one Trustwallet can be issued – or attested – by other corporations and social movement organizations, including non-governmental organizations, intergovernmental organizations, and even environmental scientists. For example, a social movement organization (e.g., Extinction Rebellion in Helsinki) could be a TrustWallet that issues sustainable tokens to an eco-friendly contract manufacturer, whereas the contract manufacturer could be a TrustWallet that issues sustainable tokens to various brands that have outsourced contracts. TrustWallet is a natural way for the corporation to stake its reputation on sustainability strategy. When claiming a sustainable product, a corporation could authenticate the sustainable product from their TrustWallet. The more sustainable tokens a corporation's and brand's cryptographic TrustWallet carry, the easier it would be for business customers and consumers to identify the TrustWallet as belonging to that corporation/brand, and thereby also authenticate the sustainable tokens legitimacy. Via blockchain-enabled exchanges, TrustWallet would thus create a verifiable, on-chain way to

 ke and create a reputation on the provenance of a sustainable action or behavior.

In a nutshell, I foresee the concept of decentralized trust will open directions for future research and produce findings that can advance sustainability research in the pseudonymous economy, decentralized identity, and decentralized society.

Further readings:

Tan, T. M. & Salo, J. (2021). Ethical Marketing in the Blockchain-Based Sharing Economy: Theoretical Integration and Guiding Insights. *Journal of Business Ethics*.

<https://doi.org/10.1007/s10551-021-05015-8>

<https://link.springer.com/article/10.1007/s10551-021-05015-8>

Tan, T. M. & Saraniemi, S. (2022). Trust in Blockchain-Enabled Exchanges: Future Directions in Blockchain Marketing. *Journal of the Academy of Marketing Science*.

<https://doi.org/10.1007/s11747-022-00889-0>

<https://link.springer.com/article/10.1007/s11747-022-00889-0>

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