COUNCIL on BUSINESS & SOCIETY

GLOBAL VOICE MAGAZINE

A lower-carbon global economy

AI tools cause a decline in freelance work and income

Solidarity fintech in action

The emotional and social value of organisations

Triple capital accounting: From outside in to inside out

COOL DOWN – THE HEAT IS ON

THE COUNCIL ON BUSINESS & SOCIETY

Recognising the enormous role business can and must play in helping solve large-scale, global issues facing the world, eleven business schools from around the world have formed a partnership: The Council on Business & Society. Through our individual and collective efforts, we strive to create and disseminate knowledge about those issues and train future business leaders capable of and committed to solving them.

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- ESSEC Business School, France, Singapore, Morocco
- FGV-EAESP, Brazil
- School of Management, Fudan University, China
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- Keio Business School, Japan
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- Olin Business School, USA
- Smith School of Business, Canada
- Stellenbosch Business School, South Africa
- Trinity Business School, Trinity College Dublin, Ireland
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The partner schools share a commitment to and belief in the power of academic excellence, collaboration, innovation, and transformative leadership. Each is a recognised leader in management education and offers a wide range of business-related degrees and executive programmes.

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"At ESSEC, we believe that training students and participants for responsible leadership is key for answering the challenges of a complex world. Together with the members of the Council on Business & Society, we strive to promote responsibility so as to impact today's economy and society, and shape tomorrow's world."

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"Located at the heart of a world-renowned university in the centre of Dublin, a European capital city and hub for global business, Trinity Business School is committed to "Transforming Business for Good" and ethical leadership. We enable our Faculty, students, and graduates to focus on their moral compass throughout their career and create a better planet, economy and society for future generations."

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"As a leading European business school at a world-class University, Warwick Business School is committed to developing ideas and people that shape how we do business. We believe in the power of education to create the leaders the world needs to tackle societies' great challenges, such as global warming, ageing populations and increasing inequality."

/EDITORIAL

WHILE THE HEAT IS ON, THERE IS A BREEZE OF HOPE

As the Northern Hemisphere gradually leaves the warm embrace of an unusually hot summer (and the Southern Hemisphere enters spring), the whole world remains in heat up mode. We do not need to remind the reader again of current global problems. To our dismay, the list of challenges for our time is a long one. However, inveterate optimists that we are, we shall instead propose a refreshing dive into some reasons for hope.

This summer has been a reminder of the need for climate action. Heatwaves have reached regions unaccustomed to such extremes, while wildfires have swept through forests in many countries. The climate crisis is not a distant threat; it is happening now, before our very eyes. At the same time, we see the determination of nations, communities, and individuals to step up with concrete actions. At an unprecedented scale, many large scale initiatives, both coming from public policy and from private organisations, all over the world, are attempting to address climate change. The heat may be on, but so is human willingness to cool the planet.

As students come back to their classrooms, lecture halls, and libraries, there is a renewed buzz of excitement and curiosity. Every academic year represents the hope of exploring, searching, and hopefully, finding new ways of addressing global challenges. Academy is at the forefront of the efforts to address the grand issues of our time, including biodiversity, climate change, and poverty.

Every generation, standing on the shoulder of giants, has always found transformative ideas, discoveries, and inventions for improving our world. In this sense, the CoBS contributes to this effort by disseminating, and making more accessible, the fabulous research ongoing in our member schools.

Furthermore, in this world full of intricacies and challenges, business leaders can make a difference. We all know that great business leaders can (and have) to bring out the best for their companies, their stakeholders, and society as large. In this sense, our partner schools also contribute to society, by educating the next generation of competent and conscious professional managers, while the CoBS accompanies those efforts by creating pedagogical materials and exploring teaching innovations.

Granted, the heat is on, and it is not only about rising temperatures. True, the problems are there, and they are possibly mounting. But it is precisely in such times when the value of an alliance for the common good becomes more evident.

Welcome to the 27th edition of the Global Voice Magazine.

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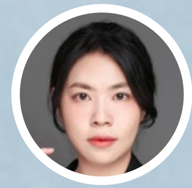
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REJECTION SENSITIVITY: THE PSYCHOLOGICAL COST FOR GAINING SOCIAL CAPITAL

> **Employees naturally experience a significantly higher sensitivity to rejection when seeking to form new relationships with a higher-ranking colleague.**

Does the fear of rejection stop people from networking? Professors **Jung Won Lee, ESSEC Business School, Xi Zou, Nanyang Business School,** and **Abigail Scholer, University of Waterloo,** explore the intricacies of rejection sensitivity in an organization and why people should overcome it.

Related research: ***Rejection Sensitivity and Forming New Professional Relationships,*** *Xi Zou, Jung Won Lee, Abigail Scholer, Academy of Management https://doi.org/10.5465/AMBPP.2018.21*

Networking, connections, and social capital are major buzzwords thrown around in the business and employment world in recent times. In fact, many firms hire a significant portion of their workforce through employee referrals. It is no longer about hiring the most qualified candidates, but about hiring candidates who fit into the culture of the company.

However, despite the numerous professional benefits, not everyone – especially the timid and sensitive among us – is equally motivated to engage in professional networking. Beyond the question of whether or not it is fair, Profs Lee, Zou, and Scholer explore what's behind this lack of motivation – and focus on a key factor: that of our fear of rejection.

REJECTION SENSITIVITY AND THE *WHAT IF?*

Rejection Sensitivity is a cognitive-affective processing dynamic whereby people anxiously expect, readily perceive, and intensely react to rejection signals in situations in which rejection is possible. Rejection Sensitivity is not limited to the professional setting and can extend to all areas of life.


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In close relationships, rejection sensitivity can predict the extent to which a person attributes harmful intent to a new romantic partner's insensitive behaviour. In the ethnicity arena, rejection sensitivity can predict the extent to which minority students have negative experiences when they transfer to a predominantly white university.

In the professional setting, where our interests lie, Prof. Jung Won Lee and her colleagues focus rejection sensitivity in the context of organizational hierarchy. They found that people experience rank-based rejection sensitivity and that perceived power (versus status) of a networking target drives fear of rejection.

HIERARCHY, POWER, AND STATUS

Even though hierarchy-less organizations are today increasing in number, the vast majority of organizations are still anchored to the traditional pyramid of Level 5 to Level 1. As such, employees naturally experience a significantly higher rejection sensitivity when seeking to form new relationships with a higher-ranking target than with a peer or a lower-ranking target. As a result, people with greater levels of rank-based rejection sensitivity develop a smaller number of higher-ranking contacts over time.

It's worth noting that while the terms power and status might be interchangeable to a certain extent, they are not the same. Power is about an individual's asymmetric control of resources, whereas status captures the extent to which an individual is respected and admired by others. As such, people experience a significantly greater fear of rejection when seeking to form new ties with high power versus high status targets.

Prof. Lee and her colleagues suggest that when people view the organizational rank difference through the lens of status, rather than power, they are likely to experience a lower level of rejection sensitivity. The subtle shift in attentional focus can lead to a more positive and productive interaction when networking up. When networking up, it may be beneficial to view the higher-ranking person as a source of expertise and wisdom, rather than focusing on the resources and control possessed by the person.

Moreover, rejection sensitivity is rooted in the prior experience of acceptance or rejection in a particular domain. For example, male-oriented preferential treatment in the workplace has led to higher levels of gender-based rejection sensitivity among females. In addition, rejection sensitivity has also been found to be associated with negative interpersonal outcomes across many fields and situations.

SKILL VS INCLUSION

In an economy where customers are critical of the values of the firms, companies are looking for a cultural fit over a qualification fit. Networking is certainly a skill – and a very beneficial one at that. Accordingly, people need to develop such soft and interpersonal skills from an early age and schools and universities would be wise to ensure educating these non-tangible skills along with hard skills.

However, a word of warning might be called for. These benefits gained from interpersonal communication skills should not be used to force people into a social setting or activity that they are not comfortable with. While gender, race, and recently sexuality inclusion has come a long way, the inclusion of the introverted and socially restricted among us still has a steep path to climb. All in all, the world until now has been constructed in such a way as benefit socially loud people. But, to offer a voice to those without the loudest shout, such a noisy world must also appreciate the power of silence. ///

KEY TAKEAWAYS

- Despite the numerous professional benefits, not everyone is equally motivated to engage in professional networking.
- Rejection Sensitivity is a cognitive-affective processing dynamic whereby people anxiously expect, readily perceive, and intensely react to rejection signals in situations in which rejection is possible.
- People experience a significantly higher rejection sensitivity when seeking to form new relationships with a higher-ranking target than with a peer or a lower-ranking target. As a result, people with higher levels of rank-based rejection sensitivity develop a smaller number of higher-ranking contacts over time.
- People experience a significantly higher level of rejection sensitivity when seeking to form new ties with high power versus high status targets.
- Networking is certainly a skill and a very beneficial one at that. People need to develop such soft and interpersonal skills from an early age and schools and universities must pay attention to educating these non-tangible skills along with the hard skills.
- These benefits, however, should not be used to force people into a social setting or activity that they are not comfortable with.

PEER PRESSURE: A WAY TO FURTHER CSR?

> **For CSR policy and implementation, what the neighbouring firm does matters.**

Professors **Xintong Zhan, School of Management Fudan University, Jie Cao, School of Accounting and Finance, Hong Kong Polytechnic University,** and **Hao Liang, Singapore Management University,** investigate how peer behaviour in firms influences Corporate Social Responsibility.

Related research: *Jie Cao, Hao Liang, Xintong Zhan (2019) Peer Effects of Corporate Social Responsibility. Management Science 65(12) :5487-5503.*

The people we surround ourselves with affect us in multiple ways – from the way we dress, to the way we speak, act, and even the values we hold dear. But is this a truth we can take advantage of in the workplace?

Might we leverage this phenomenon to further the corporate social responsibility (CSR) initiatives of firms? How does peer pressure in this regard stack up against other incentives to not have strong CSR policies? And can it negate the inertia within companies, or better yet, compete with the financial incentives against CSR policies?

Professors Zhan, Cao, and Liang explore and attempt to answer these questions by investigating the way in which firms pass or fail CSR proposals.

THE DIFFICULTY OF INVESTIGATING PEER EFFECTS

Effectively narrowing down the power of peer effects on human behaviour is notoriously difficult. Particularly in environments like the workplace wherein there are multiple factors that can encourage, discourage, or otherwise affect how decisions are made. Prof. Xintong Zahn of Fudan School of Management and

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her fellow researchers address this investigatory conundrum by using a quasi-randomized assignment and a regression discontinuity design approach.

Essentially, they evaluate the causal effect of a firm's influence on other firms by reviewing the small margin of votes at which CSR proposals pass or fail during shareholder meetings. And further looking into the reaction of peer firms in the same market, thereby testing the idea that a firm's CSR practices creates competitive pressure for other similar firms.

Moreover, they take into account the need to isolate factors such as legislation that would affect CSR adoption, as well as looking at close call CSR proposals which provide a random sample of variation to estimate the causal effect of peer's CSR policy adoptions. Lastly, Prof. Zhang et al assess the effect of CSR proposal adoption through the stock market reaction to the passing of a CSR proposal, along with the degree of implementation after a proposal passes..

REPERCUSSIONS OF PEER BEHAVIOURS ON CSR

While there are a myriad of factors that can affect a firm's decision and behaviour, for CSR policy and implementation: what the neighbouring firm does matters. So much so that a passing of a proposal can instigate interest, and an implementation can not only inspire another firm to start with a proposal, but also positively influence the company's stock performance in the market.

All this to say that influence does extend beyond the individual to organised firms – and that this is a relationship one can and should capitalise on. If enough firms with extensive reach and brand clout move towards more progressive CSR policies, then together, business can lift everyone's overall performance.

The question remains how to get the key players in various industries to throw the first shot. ///

KEY TAKEAWAYS

- Peers affect us in multiple ways – from the way we dress, to the way we speak, act, and even our values. The same applies to companies who are impacted by peer organizations in their sector.
- Such influence may be used to further or strengthen the corporate social responsibility (CSR) initiatives of firms.
- Several factors need to be taken into account when measuring if peer pressure can have an effect on CSR initiatives: legislation that would affect CSR adoption, CSR proposals which provide a sample of variation to estimate the causal effect of peer's CSR policy adoptions, and the effect of CSR proposal adoption through the stock market reaction and the degree of implementation after a proposal passes.
- Research shows that: i) the passing of a proposal can instigate interest ii) implementation can inspire another firm to start with a proposal iii) and positively influence the company's stock performance in the market.
- Peer influence thus extends to organised firms – and this relationship can be one to capitalise on to enhance the implementation of CSR in firms.

THE GLOBAL MINIMUM TAX: PAINFUL YET GAINFUL FOR BOTH COMPANIES AND SOCIETY

> **The Global Minimum Tax may effectively curb multinationals' 'race to the bottom' to relocate assets, jobs, and even profits.**

Professor **Antonio De Vito, Alma Mater University of Bologna** and **IE Business School,** is an accomplished researcher and a member of the Editorial Boards of the Journal of International Accounting, Auditing, and Taxation, and Accounting in Europe. His research into the Global Minimum Tax was the feature of an insight in the recently published Routledge-CoBS book **Responsible Finance & Accounting.** Here, Prof. De Vito states the case for the reform.

Related research: Barake, M., Neef, T., Chouc, P., Zucman, G. (2021) *Revenue effects of the global minimum tax*, Eutax Observatory, accessed online at: www.taxobservatory.eu, December 2022.

Companies, much like people, are always looking for a good deal. With globalisation and the increasing trend for enterprises to set up operations abroad and tap into uncharted markets, the opportunities to boost revenues through their products and services have never been more readily reachable. Opportunities too, have come in the form of tax avoidance – or put more euphemistically, tax optimisation."[1]

"Needless to say," says Prof. De Vito, "tax avoidance is a serious threat to governments' funding. And in this light, the global minimum tax could be a solution to end tax avoidance as long as it is properly implemented."

1. EXCERPT, PAGE 43, RESPONSIBLE FINANCE & ACCOUNTING: PERFORMANCE AND PROFIT FOR BETTER BUSINESS, SOCIETY AND PLANET, ANTONIO DE VITO.

TAX: GROANS BUT BENEFITS

Despite possible groans from the financial and accounting departments of corporations the world over – after all, their job is to ensure their organizations' profit maximization and financial health – this could spell benefits for companies. How? "Increased interest in tax policies and media scrutiny into whether companies are paying their fair share of taxes," states Antonio De Vito, "have led to firms' tax planning activities becoming an ESG (Environmental, Social, Governance) matter. Companies are adopting a multi-stakeholder approach by implementing tax strategies that are in line with ESG commitments to build public trust."

Moreover, this is important in terms of a firm's market value, for ESG criteria are used by investors to screen their investment decisions based on corporate policies and how responsibly companies act in their business dealings.

Prof. Antonio De Vito would like to see the Global Minimum Tax implemented by all countries that signed off the OECD plan in October 2021. Indeed, despite the challenges, government reticence, and corporate lobbying, in early 2023, the OECD issued fresh guidelines to help governments across the globe to implement the reform to the international tax system which will see a 15% minimum tax rate applied to multinational enterprises.

"As Oliver Wendell Holmes, Jr once famously said," concludes Prof. Antonio De Vito, *Taxes are what we pay for civilized society.* Hopefully, my insight included in the Routledge-CoBS book *Responsible Finance & Accounting* will spur the discussion about the importance of contributing with the fair share of taxes." ///

MEASURING THE EMOTIONAL AND SOCIAL VALUE OF YOUR ORGANISATION

> **It may well be that corporate emotional and social value brings economic value to the company and its stakeholders.**

Professors **Virginia Barba-Sánchez, Universidad de Castilla-La Mancha, José Luis Retolaza, Universidad de Deusto, Leire San-José, Universidad del País Vasco,** and **Adrián Zicari, ESSEC Business School,** are the editors for a special issue of **Frontiers about Emotional and Social Value of Organisations.** In this conversation with the authors, the CoBS explores this special issue.

Related research: Related research: Emotional and Social Value of Organisations, editorial in Frontiers in Psychology, https://www.frontiersin.org/research-topics/16812/emotional-and-social-value-of-organisations

At first glance, the issue of emotional and social value for an organisation may seem curious. Traditionally, we look for economic value in organisations – and as long as they are responsible. But looking further, going to emotional value may seem to many people to be far-fetched.

"The point is that in the business world, what cannot be measured by figures usually does not exist," says Virginia Barba-Sánchez. "Until now, traditional accounting – based on economic-financial ratios – has focused on the economic value created, but we know that this is only a simplified view, especially for companies in the Social Economy sector." Professor Barba-Sánchez adds: "I come from an eminently rural region of Spain, Castilla-La Mancha, where agricultural cooperatives contribute, for example, to preventing depopulation to big cities. These organisations create value, but it is not explicitly measured. Our objective is to systematize the measurement of this social value. No doubt it is an ambitious objective and not without difficulties, but I am convinced that it is the path we must follow."

THE VALUE OF RELATIONSHIPS AND EMOTIONS

"The point here," adds Leire San-José, "is that in an organisation there are different transactions happening. There are, of course, economic transactions that create economic value, and companies have long-since set up a system to record and measure them. This system is called Accounting and it's the conventional language of economic and financial accounts. However, there are many other different kinds of activities and relationships that are important in an organisation. And because of that," continues Prof. San-José, "it's important not only to focus on economic value, but also to show society the value that is created beyond this. Such a value isn't displayed in the financial accounts. It exists, but it hasn't been measured before. We want to show that it exists and that it matters."

Regarding emotional value, this matters because an organisation is based on people. And business isn't only about economic transactions. We need to look at which type of emotions we have in different organisations and try to measure the value of those emotions.

THE CHALLENGES IN MEASURING SOCIAL AND EMOTIONAL VALUE

"When we say measurement, sometimes our measurement is good or useful," reminds Prof. Zicari. "I always remember Kaplan and Nont saying 'what you measure is what you get'. But some issues are difficult to measure – and perhaps some issues shouldn't be measured at all."

"True – it's difficult to measure," chimes in Prof. Leire San-José, asserting that emotions created by an organisation can be measured. For her, this measurement doesn't have to be much more difficult than measuring economic values.

"For some years now," she explains, "José Luis Retolaza and myself have indeed been developing, improving and putting in practice a system and a method for measuring social and emotional values in organisations. This method works quite well and we've used it with many researchers in different companies with good results. Otherwise said, once we have a system and we agree on it, we can reasonably measure social and emotional values in companies."

However, such a measurement system requires a number of requisites: First is the need to have a method or a system that puts a value on things in a fair way. Second, and importantly, is the need to be prudent, selecting units that are necessary – not more, not less. Thirdly, others need to accept that approach. Indeed, it might not be the best one, but the overriding idea is that others could replicate the procedure. And lastly, if somebody else carries out the same measurement procedure, this person needs to come to the same, or similar result for it to be considered valid and operable.

"In addition," adds Prof. San José, "we have to bear in mind that by measuring social and emotional values when deploying this procedure, we'll learn about the organisation, what it does, and how it conducts its business. Otherwise said," she states, "the issue is not so much – or not only – to come up with a perfect calculation of social and emotional value. That's great, of course, but the same process of measurement should be aimed at making people and the organisation improve, become more efficient, be better. Because of that, I think that the whole process is more important than the final numbers or rating obtained."

"Perhaps the journey is just as important as the destination," adds Prof. Adrián Zicari. "Sometimes we focus on a given point, we focus on the result; but when we learn, it is the process that helps us achieve the result."

WHAT'S IN IT FOR COMPANIES AND EMPLOYEES?

"A common thread in the articles of this special issue," says Virginia Barba-Sánchez, "is that we should look not only at the economic benefit generated, but also to the social contribution to the business environment. This perspective enables people-centred accounting. For organisations, my recommendation is to listen to their stakeholders about they receive. Nowadays, generating economic value for investors cannot be the only area of focus. It's more about how organisations will become more sustainable. However, this new perspective won't succeed unless it is supported by public decision-makers – for example, through its inclusion as a criterion for public tenders."

Does it still seem odd to want to measure the emotional and social value of your company? Perhaps not. Perhaps, like the authors, you may well believe that organisations have more to offer than simply profit. Furthermore, it may well be that corporate emotional and social value brings economic value to the company and its stakeholders, for instance, by gaining customer loyalty, fostering client trust and investor commitment.

And nowadays, in the context of an employee's market, social and emotional value can also make the company more attractive to potential job seekers and talent. ///

KEY TAKEAWAYS

- Until now, traditional accounting – based on economic-financial ratios – has focused on the economic value created. This cannot take into account the specific dimensions of the Social Economy sector.
- Accounting is the conventional language of economic and financial accounts but there are many other different kinds of activities and relationships that are important in an organisation.
- Regarding emotional value, this matters because an organisation is based on people. It is possible to look at an organisation and try to measure the value of those emotions.
- Such a measurement system requires: A method or a system that puts a value on things in a fair way; the need to be prudent, selecting units that are necessary; others need to accept that approach and replicate the procedure; if somebody else carries out the same measurement procedure, the same or similar result has to be obtained.
- By measuring social and emotional values when deploying this procedure, we'll learn about the organisation, what it does, and how it conducts its business.
- Corporate emotional and social value brings economic value to the company and its stakeholders: customer loyalty, fostering client trust, investor commitment, and attractiveness to new talent.

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CEOS AND NEGATIVE PUBLICITY IN STIGMATIZED INDUSTRY: THE PARADOX

> **Paradoxically, CEOs responsible for negative publicity for their firms are often rewarded with more opportunities within the industry.**

Can negative publicity and a lower level of reputation paradoxically offer benefits for CEOs in stigmatized industries? Professors **Mohamad Sadri, ESSEC Business School,** and **Caterina Moschieri, IE Business School,** explain why the conventional rule that negative publicity is bad for business does not hold true in sin industries.

Related research: The Perverse Consequence of Firms' Negative Publicity in Stigmatized Industries: CEOs' Board Appointments, Mohamad Sadri, Caterina Moschieri, Journal of Management 1-36; DOI: 10.1177/01492063221133744

Stigmatized industries such as arms producers, tobacco companies, and steamy bathhouses are characterized more so by their social contestation and hostile audiences than their products and services. As the bad guys of business, the frequent negative publicity in the forms of media trials and social activism usually condemning the morally deviant nature of these industries is neither surprising nor personally affecting for those working in such firms.

From the outside, it also seems reasonable to assume that such consistent negative publicity would take a toll professionally on people involved in the industry and its companies. However, the world of stigmatized industries is more nuanced than that. Moreover, Profs Sadri and Moschieri explain how such negative publicity might actually be beneficial for the CEOs of companies in stigmatized industries.

THE POSITIVES OF NEGATIVE PUBLICITY

In today's economy, a firm's actions and behaviors are, at least partially, attributed to its CEO. With the hustle culture and social media booming, CEOs have become celebrities, and with more fame comes more scrutiny. Especially in a stigmatized industry like the global arms industry, CEOs are more often than not the focal point of negative publicity. However, is it bad for them? Apparently not.

Profs Sadri and Moschieri find that actors within stigmatized industries actually value such negative publicity and use it as a signal of belonging to the industry. While negative stigma is normally received by those in an industry distancing themselves from the sinner, in stigmatized industries people tend to embrace the person associated with the stigma.

In fact, according to the research carried out, CEOs responsible for negative publicity for their firms are often rewarded with more opportunities within the industry. Indeed, such CEOs are found to gain more opportunities to join the inner circle of the directors or board members of other firms in the as a direct result of the negative publicity their firm generated.

NEGATIVE PUBLICITY AS A SIGN OF BELONGING

In the usual context of business, there are positive traits for CEOs that may earn them brownie points when they want to join the board of another firm. Similarly, there are also traits for CEOs in sin industries that earn them brownie points when they join another firm within the stigmatized industry (as far as we can call them positive traits, remains questionable).

When CEOs have high reputational capital, it is beneficial for them to join the board of another firm in the same industry, this capital being seen as an indication of the valuable capabilities and expertise that the CEO can bring to the firm. Here again, we encounter the exception of stigmatized industries to the rule. Here, low levels of reputational capital open more opportunities for them.

In addition, Profs Sadri and Moschieri also observe an inverse relationship between a firm's negative publicity and the likelihood of its CEO joining the board of other firms within the stigmatized industry. As CEOs with higher visibility are already earmarked, the marginal benefits of negative publicity are more pronounced for CEOs with low visibility as this increases the ingroup members' attention on the targeted firm and its sinful CEO.

OF PARADOX AND THE NEED TO RETHINK STRATEGIES

All in all, the way things work in stigmatized industries is atypical of the general way in which things work. The rules and custom within such industries are generally against conventional wisdom, demonstrated by the benefits of garnering negative publicity. As there is a high incentive for CEOs to deliberately involve in controversial practices and behavior in an attempt to gain negative publicity, both internal and external control of CEOs becomes essential in such contexts.

Internally, board members can implement measures to constrain CEOs and prevent them from engaging in practices that invite negative publicity. For instance, tying and limiting their level of compensation to negative publicity received by the firm. Externally, the paradox extends to social and environmental activists. They might want to reconsider their strategies of boycotting and targeting firms in stigmatized industries as – more often than not – this proves positive for our sinful CEOs. ///

KEY TAKEAWAYS

- Stigmatized industries such as arms producers, tobacco companies, and men's bathhouses are characterized more so by their social contestation and hostile audiences than their products and services.
- The professors find that actors within the stigmatized industry actually value such negative publicity and use it as a signal of belonging to the industry.
- Such CEOs gain more opportunities to join the inner circle of the directors of other firms in the industry and to become board members of other firms within the industry as a direct result of the negative publicity their firm generated.
- When the CEO has low reputational capital, it is beneficial for them to join the board of another firm in the same industry. Reputational capital is an indication of the valuable capabilities and expertise that the CEO can bring to the firm.
- In addition, the professors also observe an inverse relationship between a firm's negative publicity and the likelihood of its CEO joining the board of other firms within the stigmatized industry.
- As there is a high incentive for CEOs to deliberately involve in controversial practices and behavior in an attempt to gain negative publicity, both internal and external control of CEOs becomes essential in such contexts.

PROFIT SHIFTING: HOW DO THE BIG AUDIT FIRMS FARE?

> **The Big 4 in accounting are some of the most powerful firms in the world. And with such power comes a great deal of freedom and responsibility.**

With the publication of **Responsible Finance and Accounting: Performance and profit for better business, society and planet,** a spotlight on the featured research of book contributor Professor **Anastasios Elemes, ESSEC Business School.**

Related research: : *Tax-motivated profit shifting in big 4 networks: Evidence from Europe, May 2021, Accounting Organizations and Society, DOI: 10.1016/j.aos.2021.101267*

Clients often call upon big auditing firms to find ways to optimize taxes and provide tax clearance solutions to cushion the impact of high tax rates in the countries in which they operate. But what about the auditing firms' approach to their own tax affairs?

We interviewed Prof. Anastasios Elemes, professor of Accounting at ESSEC Business School, whose research on this barely covered question appears in the recent book Responsible Finance and Accounting published by Routledge.

Audit firms present themselves as a series of member firms that are locally owned and independent, says Elemes. But despite disincentives to doing so, Big 4 networks shift income among their member firms, much in the same way as their clients practice.

"Income shifting in Big 4 networks," continues Prof. Elemes, "takes place through regional coordination centres that pool the income of local member firms and then redistribute it in forms of income that enjoys preferential tax treatment relative to ordinary income – e.g. dividends."

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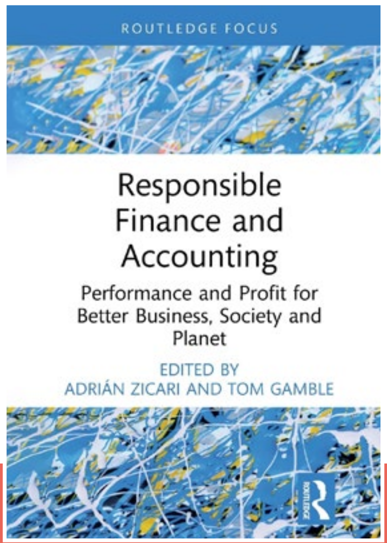
WHY IS THIS IMPORTANT IN THE CONTEXT OF RESPONSIBLE FINANCE & ACCOUNTING?

This could prove risky for big audit firms in terms of reputation, for being accorded professional status, public interest expectations are placed upon the activities of tax accountants and consultants. "These expectations are unlikely to be met if those who are hired to advise the former on tax matters themselves embody aggressive proclivities in this regard," states Elemes.

Moreover, Prof. Elemes hopes that his research will bring impact in the form of greater scrutiny of audit firms' tax affairs at both network and partner levels. "If I had to offer a message," states Prof. Elemes, "it would be for Big 4 firms practicing what they preach when it comes to international tax planning." ///



ROUTLEDGE

Discover Prof. Anastasios Elemes and his chapter Auditing the Auditors: How do audit firms manage their own tax affairs? included in the book: Responsible Finance and Accounting: Performance and profit for better business, society and planet

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SOLIDARITY FINTECH IN ACTION

> **Using local currencies in municipal cash transfer makes cities and territories stronger and better able to absorb the effects of crises.**

Published in the Routledge-CoBS book **Responsible Finance & Accounting,** Professor **Eduardo Diniz, FGV-EAESP,** provides a spotlight on his research into solidarity finance in Brazil and one of the country's flagbearers – Palmas e-Dinheiro, a Solidarity Fintech owned by Banco Palmas.

Related research: *Innovations in Social Finance, From Community Bank to Solidarity Fintech: The Case of Palmas e-Dinheiro in Brazil, 2021, Springer*

Eduardo H. Diniz is a professor at FGV-EAESP and an internationally recognised expert in solidarity and inclusive finance, having been invited to present his research at central banks and bank federations in Brazil, Mexico, India and Colombia. He has been a researcher at FGV's Microfinance and Financial Inclusion Center since 2007, and his research output has been published in leading research journals as well as being presented in international conferences including the Academy of Management.

Recently featured in the Routledge-CoBS book Responsible Finance & Accounting, Prof. Diniz points out that Brazil has been in the vanguard of solidarity finance and community banking services since the 1990s. Indeed, this came partly as an alternative solution to counter traditional banks' low-risk approach in targeting 'wealthier' client bases.

One of the innovations specific to Brazil has been the creation of digital solidarity currencies to cater for bottom-of-the-pyramid citizens. An outstanding example of this is the e-Dinheiro payment platform, adopted by the Brazilian network of community banks, including Banco Mumbuca, which added the platform to its plastic debit cards operations to deliver social benefits to the poor in the city of Maricá.

"Moreover," adds Diniz, "the COVID pandemic created

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conditions for the digital currency being offered as basic income for the poor and as a minimum salary to cover micro-entrepreneurs having lost their revenue streams." A direct result was that the currency helped to implement the lockdown measures in the city of Maricá to help curb the effects of the pandemic.

FINANCE *CAN* BE RESPONSIBLE

This combination of basic income and other city benefits in the form of digital local currency created an opportunity to consolidate a model for financial inclusion that act both as a powerful tool to fight poverty and also improve the local economy, severely damaged after the pandemic crisis. "Nearly two years on," adds Prof. Diniz, "this initiative is now being successfully replicated in a number of Brazilian municipalities.

"Cash transfer programs and local currencies were once two separate fields of research," states Prof. Diniz. "Now, combined, they are proving a very powerful strategy to be used by municipalities and other local governments to improve their local economies and fight poverty, producing social inclusion and promoting local businesses."

LOCAL CURRENCIES ARE GOOD FOR LOCAL ECONOMIES

A new generation of cash transfer programs operated at municipal-level have emerged as a response to the Covid-19 pandemic. "The need for 'staying local'," points out Prof. Diniz, "has fostered a particular and innovative aspect of design found in some of these municipal initiatives: the use of local currencies to disburse the benefits. All in all, using local currencies in municipal cash transfer can make cities and territories stronger, more resistant and better able to absorb the effects of crises.

"Municipal cash transfer programs using local currencies are just in their beginning and need more investigation," asserts Eduardo Diniz, "but recent experiences in Brazil seem to be very promising". ///

Discover insights from Prof. Eduardo Diniz' research The Journey from Community Bank to Solidarity Fintech through Digital Social Currency included in the book Responsible Finance and Accounting: Performance and profit for better business, society and planet.

A BAD BUY? I SHOULD HAVE KNOWN BETTER!

> **Certain products and services trigger self-blame more than others.**

Consumers' choice and relationship with the goods and services they purchase can be complex – and surprising. One such example is blame for when things go wrong. Prof. **Laurence Ashworth,** Associate Dean of Research at **Smith School of Business,** shares his research into how our fear of appearing incompetent makes us distort the truth on a bad buy. From an interview with Professor **Adrian Zicari, ESSEC Business School, Council on Business & Society.**

Related research: *I should have known better! When firm-caused failure leads to self-image concerns and reduces negative word-of-mouth; Matthew Philp, Laurence Ashworth; https://doi.org/10.1016/j.jbusres.2020.05.018*

Professor Adrian Zicari: Professor Laurence Ashworth from Smith School of Business, Queen's University, Canada – welcome.

Professor Laurence Ashworth: Thank you. I'm glad to be here.

Adrian Zicari: Today, I would like to talk about your recent paper I should have known better! It's a research paper published in the Journal of Business Research and with both a very curious and very promising title.

Laurence Ashworth: Well, thank you. The title I should have known better! is really capturing the essence of what we were studying. This idea is that people, even when they've had a negative product experience, or a dissatisfying experience, maybe won't always share information about the experience because they partly blame themselves. They feel like they should have known better.

The effect is that they believe that, if they share information about the negative experience, it might reflect poorly on them. In other words, it might create a negative impression in their audience, so they sometimes refrain from revealing anything about the situation.

BAD BUYS AND THE BLAME GAME

Adrian Zicari: So, imagine I go to a travel agency and buy a tour package to travel somewhere on holidays. I then have a bad experience and instead of criticizing the company, I refrain from doing so.

Laurence Ashworth: Well, sort of. It's not instead of criticizing the company. This is actually one of the points that we uncovered in the research. Certainly, that's the way we normally think about blame—you either blame the firm or you blame yourself, along a spectrum, I should say. The more you blame the firm, the less likely to blame yourself and vice versa.

What we were saying was a little bit different. We were saying that even when you blame the firm, even when you attribute the dissatisfying experience to the firm—for example, it was just a poorly run hotel with terrible service, a case where it's pretty clear you would indeed blame the firm—it may be possible that consumers sometimes also blame themselves somewhat.

We found evidence that they could, and what was driving that was these thoughts about alternative actions the consumer could have taken. Thoughts like, "maybe I didn't have to choose that hotel," for example. Because of such counterfactuals—thoughts that you could have done something different that would have avoided the outcome in some way—people felt some responsibility for the outcome, even while understanding that fault really lay with the firm.

That was part of what we thought was the interest value here—that even when you blame the firm, and where traditional research in marketing would suggest you're unlikely to blame yourself, we found people can indeed blame themselves – and it occurs when there's the possibility that you can see these alternative courses of action that you could have taken to avoid that outcome.

FINDING FAULT IN A FAULTY BUY

Adrian Zicari: I also like in your paper that you make a distinction between the fault that lies with the company and the fault that lies with the customer him or herself.

Laurence Ashworth: Yes, that's right. Exactly. There are two broad sources of fault: there's fault that in some sense is "direct" fault for the dissatisfying experience. Is it because, for example, I used this product incorrectly, or is it because the product's defective? There's a spectrum where you could blame it on the firm or you blame it on yourself. But then there's this second source of blame attribution, which relates to the things you could have done that led to that outcome. These sorts of indirect attributions.

They can work at the same time as the direct, immediate causes of blame. That's not really something that I think prior to this paper had been discussed much. They can cause a situation where consumers simultaneously blame the firm and themselves. Both are going on. It's bizarre, but it's because the sources of this blame are different.

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CERTAIN PRODUCTS AND SERVICES TRIGGER BLAME MORE THAN OTHERS

Adrian Zicari: You also say that there are some products or some industry services that are more prone to this situation.

Laurence Ashworth: Yes, the way we looked at it was that there are some situations where consumers are more likely to feel they could have avoided any bad outcome, but at the same time that means there are likely some product classes where that's typically the case as well. One of the examples we use in the paper is being given a gift card to make a purchase. Well, one of the things a gift card does is that it constrains your choice of actions. You no longer get to choose the store. That's determined by someone else. It actually makes it more difficult for you as a consumer to think in retrospect of alternative courses of action you could have taken and, therefore, what you could have done to avoid any bad outcome.

If something bad does happen, because you can't think of different things you could have done—I couldn't have gone to a different store, for example—you are unlikely to blame yourself. But if you choose to go to the store and the same bad thing happens, you can. It's easier to think of alternative courses of action in this case, so you're more likely to blame yourself. You don't blame the firm any less than you do with the gift card. That firm blame is the same.

In the latter case, when you made the choice to visit the store, there's just more degrees of freedom, as it were, that you can look back on in retrospect and say *I could have done something different,* and referring to the paper's title again, think *"I should have known better"*. Even though there's no way you could have known better ahead of time. You don't have that information. That's just life. In life, you make some choices that don't turn out well, but you couldn't necessarily have avoided that choice.

We identified this phenomenon by testing that, and by looking at these different situations. Almost certainly, though, there are some choices where people feel more constrained. Whether or not they're truly constrained is a different question, but there are choices where you feel constrained. In general, I think what we would say is that the more constrained you feel in taking those courses of actions, the less likely you are to see this phenomenon that we identified – this self-blame – and then this restriction in terms of the word-of-mouth that people share. ///

KEY TAKEAWAYS

- People, even when they've had a negative product experience, or a dissatisfying experience, maybe won't always share information about the experience because they partly blame themselves.
- People believe that, if they share information about the negative experience, it might reflect poorly on them.
- What drives this is thoughts about alternative actions the consumer could have taken. Because of such counterfactuals people feel some responsibility for the outcome, even while understanding that fault really lay with the firm.
- There are two broad sources of fault: there's fault that in some sense is "direct" fault for the dissatisfying experience (did I use this product incorrectly, or is it because the product's defective?). And the secondary source which relates to the things you could have done to avoid the outcome.
- Certain products and services trigger blame more than others. Products such as gift cards reduce freedom of action and choice of store, thereby reducing the possibility to find *'what if I had done...'* arguments and self-blame. But going to the store itself (your own choice), will increase the risk of self-blame if the product proves a bad buy.

SUSTAINABLE CLOTHING: WHY DO WE BUY IT — AND WHY NOT?

> **Sustainability knowledge and awareness are key factors that influence the consumer to buy green.**

What do we think when we go shopping? And what makes us tick when we decide to buy that sustainable tee-shirt? Prof. **Amandeep Dhir, University of Agder, Mohd Sadiq, University of Otago, Shalini Talwar, SP Jain Institute of Management and Research, Mototaka Sakashita, Keio Business School,** and **Puneet Kaur, University of Bergen,** explore the gap between consumers' environmental concerns and their actual green apparel purchasing behaviour.

Related research: Why do retail consumers buy green apparel? A knowledge-attitude-behaviour-context perspective, Amandeep Dhir, Mohd Sadiq, Shalini Talwar, Mototaka Sakashita, Puneet Kaur, *Journal of Retailing and Consumer Services.*

In Germany, there is a famous children's song that goes: *"Green, green, green are all my clothes. Green, green, green is everything I have."* While of course the lyrics refer to the colour green, you might be asking yourself now: How many of my clothes are actually green in the sustainable sense?

Having this song now stuck in your head, imagine that today you find yourself clothes shopping with a friend. You pick up a tee, feel the fabric, check the price, step back and take another look in the mirror at how nice the colour suits you. Almost convinced, you instinctively make a last move of glancing at the label inside. And smile. "100% recycled cotton and natural flax" reads the label. You pop the tee-shirt into your basket.

Step back a little. Why did you decide to buy it? What influences pushed you towards buying green clothing or what would prevent you? And why do the number of green clothing items you own maybe not represent your actual commitment

to sustainability? This is where new research from Profs. Amandeep Dhir, Mohd Sadiq, Shalini Talwar, Puneet Kaur and Mototaka Sakashita of Keio Business School proves useful – both for you – the consumer – and for the brands behind sustainable clothing.

WE LIKE SUSTAINABILITY – WHY DON'T WE BUY IT MORE?

There has been a general increase in consumer awareness of sustainability and environmental issues in recent years. However, this attitude is not mirrored by a similar increase in green apparel purchasing behaviour. This observation is referred to as the "knowledge-behaviour gap". For while consumers have knowledge of sustainability issues and what to look out for in their apparel purchase, they do not necessarily buy green.

Past research in Japan has shown that insufficient labelling influences lacklustre green buying behaviour among Japanese consumers. Building on this, the authors specifically decided to include green apparel buying behaviour in their new research, and as a result explore possible solutions to the *knowledge-behaviour gap* among consumers.

Moreover, by researching the drivers behind green purchasing behaviour together with labelling desire and satisfaction, these researchers sought to enable marketers, policymakers and researchers to bring about an increase in the consumption of green apparel.

ZOOMING IN ON JAPAN, ZOOMING OUT TO THE WORLD

A leader in terms of introducing green technologies and with a population boasting a high awareness of environmental issues, it makes sense to focus on Japan and its consumers. However, at the same time, Japanese purchasing behaviour regarding green products – including sustainable clothing – is still at a low-ish 33%.

This may be impacted by culturally-specific drivers that influence positive environmental behaviour. For example, while Japanese consumers put a high value on potential health benefits of the products they purchase, American and European consumers are explicitly influenced by environmental *concern* when it comes to purchasing green products.

The stakes involved – given the low green purchasing rate in Japan, and also taking into account the need to curb the garment sector's massive carbon footprint as a prime polluter (10% of the world's carbon emissions, with green apparel constituting a mere 10% of the global market) – naturally point towards encouraging the consumption of sustainable clothing in the country.

MIND THE GAP: WHAT MAKES US BUY GREEN – OR NOT?

Taking into account age and gender, and using models to analyse the process of knowledge, context, attitudes, and subsequent behaviour, as well as an online survey, the researchers came up with the following findings.

Environmental knowledge and its connection to environmental trust, concern and attitude are key elements that bridge the gap between awareness of sustainability and resulting behaviours.

The more knowledgeable a consumer is about environmental issues, the more it positively influences their environmental trust, concern and attitude. Moreover, thanks to their acquired knowledge, consumers can trust the arguments producers provide on the sustainability of their products. They become concerned about the rapid depletion of natural resources, and they believe that purchasing and using sustainable products actually can help save the environment.

At the same time, the research found that there was no significant connection between a *concern* for the environment and a *positive attitude* towards the environment. This suggests that even with awareness of severe pollution in the environment, its consequences for human life and the actions required to stop it, consumers do not believe that engaging in sustainable and environmentally friendly behaviour would make a difference. All in all, the research points to demonstrating that a concern for the environment does not automatically mean that consumers will start buying green apparel.

Moreover, green trust neither influences green concern nor green attitude. A possible explanation for this could be that firms share too many confusing messages about the sustainability characteristics of their product. Information overload of a green nature tends to make consumers mistrust the messages and ideas these companies try to project. And even if consumers were to trust these producers, this does not necessarily translate into a more pronounced environmental attitude.

The good news, however, is that the moment consumers do trust the producers and their products in terms of their sustainability claims, they are more likely to purchase green apparel.

Overall, the key to bridging the gap between environmental attitude and green apparel buying behaviour is having greater knowledge of the environment.

BETTER LABELLING = BETTER ENVIRONMENT?

Previous research has found that one of the reasons people avoided buying green apparel was their inability to clearly identify it. This holds true: The easier a consumer can recognise a sustainable product through its label, the more likely they are to buy it.

However, the paradox is that consumers tend not to desire sustainable clothing labels, most likely because this is connected to their lack of product-specific knowledge of green apparel in general. Again, knowledge and awareness are key ingredients that influence the consumer to buy green.

FINALLY, WHAT CAN BE DONE TO MAKE OUR WARDROBE GREENER?

As seen, environmental knowledge, environmental attitude and green trust influence green apparel buying behaviour, as does labelling satisfaction. Practically, this means that clothing firms can tweak those variables to increase green apparel purchases.

But firms are not the only players and influencers. Policymakers too. As environmental knowledge is a key factor influencing consumers to buy green apparel, policymakers are in a unique position to affect the green buying behaviour of consumers by increasing society's knowledge of environmental issues. By launching information and education initiatives – for example on social media – consumers will ultimately gain higher green trust and a more positive environmental attitude that will lead them to make that green purchase.

Returning to the producers of green apparel, this fresh research points to consumers' desire for clear information and transparency. Manufacturers can meet these expectations by getting endorsements from experts who confirm the manufacturer's environmentally-friendly production process. Even more so, they can employ transparency measures such as having consumers visit the production facilities to experience first-hand the sustainability measures employed.

However, not only manufacturers can benefit from the connection between green trust and environmental attitude in green apparel buying behaviour. Marketers can leverage these links by supporting environmental initiatives and employing communication strategies to enhance product knowledge. Not to mention that both manufacturers and retailers should make an effort to showcase a product's green characteristics, for example in the form of eco labels.

So what about the time you made that sustainable purchase? Was it trust in the label? The certification? Or simply the fact that you are indeed deeply concerned by what happens to the planet? Next time when in a store, you might like to pause, have a think about it – and make another wise and positively green buy. ///

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KEY TAKEAWAYS

- There has been a general increase in consumer awareness of sustainability and environmental issues in recent years. However, this attitude is not mirrored by a similar increase in green apparel purchasing behaviour.
- Insufficient labelling, age, gender and cultural differences also have an effect on green purchasing. For example, Japanese consumers put a high value on potential health benefits of the products they purchase. American and European consumers are explicitly influenced by environmental concern when it comes to purchasing green products.
- The more knowledgeable a consumer is about environmental issues, the more it positively influences their trust, concern and attitude regarding the arguments producers provide on the sustainability of their products.
- But there is no significant connection between a concern for the environment and a positive attitude towards the environment: a concern for the environment does not automatically mean that consumers will start buying green apparel.
- Green *trust* neither influences green *concern* nor green attitude and too much information on how green a product is, tends to make consumers mistrust the messages.
- The moment consumers do trust the producers and their products in terms of their sustainability claims, they are more likely to purchase green apparel.
- Manufacturers, marketers and policymakers can encourage green purchasing by: Informing consumers on environmental issues, obtaining endorsement for green production methods, using transparency and company visits, showcasing product characteristics in the form of eco-labels.

WORKPLACE APPROACHES AND WOMEN'S INEQUALITY: EMBRACING CHANGE IS THE FUTURE

> **Companies would be wise to understand that a first step is to acknowledge that there are inequalities and differences present.**

Professors **Anita Bosch, Stellenbosch Business School** and **Lize Booysen, Antioch University,** explore three approaches companies and organizations have implemented to reduce gender inequalities in the workplace, and contend that the gendered nature of work requires deep changes to workplace practices.

Related research: *Women in business in Africa: (Re)claiming our agency, Anita Bosch and Lize Booysen, South African Journal of Business Management, vol. 52, No. 1 (2021).*

WOMEN IN THE WORKFORCE

Paid work is considered to be an imperative aspect of life for everyone that we all need to participate in, especially given the capitalistic nature of our societies in which we live. Indeed, it is seen to be an important part of life that provides people with reputation, success and lessons. In this light, who is to say that any one person – regardless of gender – is not allowed to work and receive economic gain from it?

Women's participation in the workforce is not an unfamiliar idea in most parts of the world. Moreover, they have been fighting for a fair place in the workforce for years, but still research finds that women in traditional societies remain undervalued. For instance, women business owners in Africa are confirmed to be exceptionally low, except for micro- and nano-enterprises. With this in mind, in a 2021 editorial *Women in Business in Africa*, Profs. Anita Bosch and Lize Booysen decided to delve into the positive effect that women have on societies and propose how business can better understand women's contribution towards the workplace, entrepreneurial behaviour, and business outcomes.

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INTEGRATION OFTEN MISFIRES

Previous research has shown that especially in Africa there is a long way to go before reaching equality between women and men at work. Treating women and men in exactly the same way has also led to a false sense of meritocracy within workplaces, ignoring the societal expectations such as caregiving and emotional labour that is predominantly expected of women.

These challenges – and others – also occur on a global scale and, as Profs. Bosch and Booysen point out, companies and organizations tend to employ three common approaches to try and integrate women into their workforce. The downside is that there are major drawbacks that appear in each approach which more often than not have a heavy, negative impact on the benefit that business can reap through inclusive workplace environments.

The first approach – *"fix the woman"* – assumes that men and women are exactly the same and that providing identical treatment to both, whether this involves the structure of the organization, forms of communication, or societal support, will allow both women and men to equally prosper. However, research over the years shows that a *"fix the woman"* approach is unsound since societal expectations of women and men are different. Through this approach, workplaces are absolved from any formal change and instead, women are asked to change and adapt to what exists at the workplace. In fact, many women become the target of workplace change efforts. Indeed, Bosch and Booysen highlight the dysfunction of such an approach during the 2020 COVID-19 crisis. Companies were more prone to laying off women than men, and they took up a larger share of childcare than their partners. In a nutshell, women received unfair treatment as well as having to take on and deal with additional responsibilities. As such, the *"fix the woman"* approach essentially creates a false sense of meritocracy, ignoring differences that women and men experience societally while attempting to change women to fit into organizations.

The second approach that Profs. Bosch and Booysen highlight is that of *"valuing the feminine"*. Here, the approach offers an opposite to "fix the woman", celebrating the differences that men and women offer and valuing feminine ways of working. Women business owners may be good at building social networks and have fewer problems with unions and government regulations. The issue with this approach, however, is that it reaffirms gender stereotypes where women are said to naturally possess relational skills, implying that they do not work hard at it. This consequently manifests in women receiving lower performance ratings and fewer promotions and ultimately reinforces the gender pay gap that societies globally have been seeking to eradicate.

And lastly, goes a step further, in essence admitting that inequity at work is a product of socio-structural barriers that prevent equal access for women. This approach values policies that are women-friendly and that need to be implemented, as well as providing support for women in all workplace situations. For some, the changes occurring under such an approach would subtly indicate that women are difficult to manage and need special allowances in the workplace. It might also indicate that it deters men from hiring women in order not to have undergo these additional changes when bringing women into the workplace. Obviously, this isn't the desired goal when it comes to integrating people in the workplace. There needs to be another solution.

DRIVING CHANGE

As mentioned, feminine-inspired businesses tend to build more network business structures and are more inclusive and people-focused. They additionally value empowerment where leadership is co-created. Such an environment favors innovation and focuses on fostering relationships to generate healthy environments, as opposed to masculine businesses that thrive on competitive and independent environments. Profs. Anita Bosch and Lize Booysen emphasize that their aim isn't to explain that women-led organizations operate better and generate more production, but to stress that once you balance feminine and masculine approaches, the potential exists to build more productive environments that will subsequently cascade and positively impact both the economy and society.

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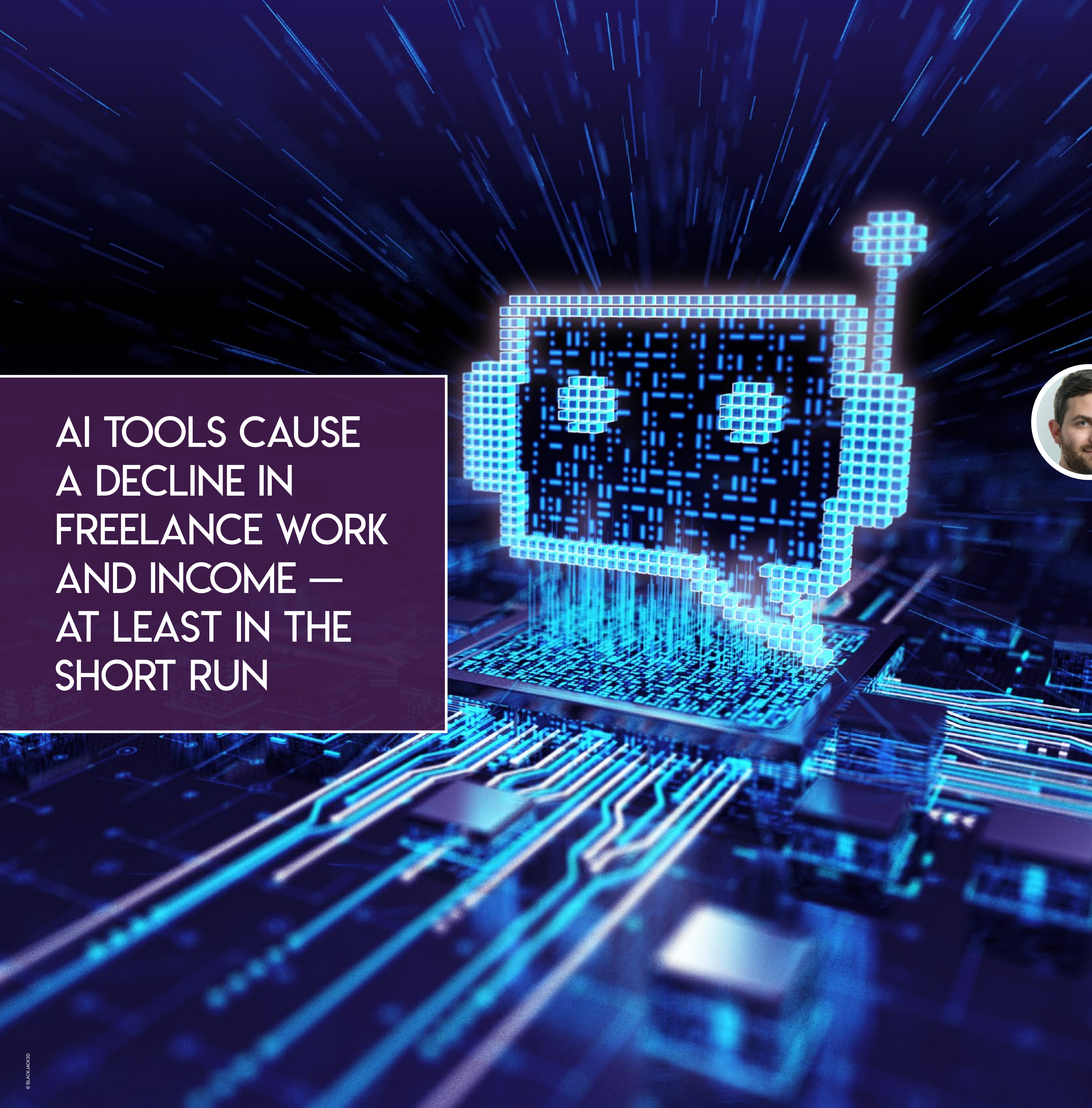
As such, companies would be wise to understand that a first step is to acknowledge that there are inequalities and differences present and to highlight the need for gender-aware policies which involve deep workplace changes. Moreover, Profs. Bosch and Booysen point out the role governments can also play by creating public and private partnerships to support the advancement of women entrepreneurs. Women themselves too can take an active part through participating in training initiatives on adaptive strategies to navigate hostile environments in highly gendered work environments – thereby improving their experiences in the workplace. And last but not least, researchers should contribute by shifting their focus to investigating the complexity inherent in the gendered nature of enterprises and performance.

Work, as mentioned at the beginning to this article, is indeed an important part of life that provides people with reputation, success, and many lessons. In this light, who is to say that any one person, regardless of gender, is not only allowed to work – but thrive? ///

Note: In this article, gender is reflected in the binary, i.e. woman and man.

KEY TAKEAWAYS

- Persistent gender inequality: Despite progress in many parts of the world, workplace gender inequality still persists. Women continue to face challenges in African businesses which sets the continent back.
- Women's impact on innovation and workplace culture: Women offer different perspectives and engage networked structures in businesses. This structure emphasizes the importance of relationships, communication and support.
- There needs to be an acknowledgement that certain workplace approaches to combat inequality has not worked: Three typical approaches are outlined. Acknowledging the gendered nature of workplaces and changing workplace practices will lead to progress.
- Call for further research: More research is necessary on the gendered nature of enterprises and performance.



AI TOOLS CAUSE A DECLINE IN FREELANCE WORK AND INCOME — AT LEAST IN THE SHORT RUN

> **After ChatGPT's release, the number of monthly jobs for writing-related freelancers on Upwork declined by 2%, while monthly earnings declined by 5.2%.**

Will new AI tools boost productivity, enhance quality, help, hinder or replace workers? Professors **Oren Reshef** and **Xiang Hui, Olin Business School,** use research to put the impact of new AI tools to test among freelancers working in the creative field.

Related research: The Short-Term Effects of Generative Artificial Intelligence on Employment: Evidence from an Online Labor Market; Xiang Hui, Oren Reshef, Luofeng Zhou, SSRN.
Written by Suzanne Koziatek and originally posted on the Olin Blog.
With kind acknowledgements.

Artificial intelligence tools such as ChatGPT and DALL-E are prompting uncertainty about the future employment landscape. Will they help workers by boosting productivity and enhancing the quality of their output? Or will the improved effectiveness of these tools replace workers instead? As it turns out, the early economic effects of generative AI are already noticeable, if you know where to look.

Olin researchers Oren Reshef and Xiang Hui (along with a colleague from New York University, Luofeng Zhou) set out to quantify how AI tools have affected specific subsets of the labor market—writing-related and image-related freelance workers.

"There's a lot of uncertainty trying to predict what the effects of AI will be in 10 years, but AI could be very different in 10 years," said Reshef, an assistant professor of strategy. "We were thinking, 'Let's try to see empirically what the direct effect is in the very short run.'"

In both subsets of workers, the effect was evident: In the months after the release of popular AI tools, freelance workers in affected fields saw decreases in both the number of jobs and total earnings recorded on a widely used freelance platform.

The results of this research are the subject of a working paper co-authored by Hui, Reshef and Zhou, "The Short-Term Effects of Generative Artificial Intelligence on Employment: Evidence from an Online Labor Market," which is currently under review for publication.

'A MORE IMMEDIATE EFFECT'

Reshef and Hui said the team chose freelancers to see the rapid effects of AI releases. Because freelance work is naturally short-term and flexible, employers could pivot that work more quickly to AI than they could with full-time employees.

"There is little friction in this marketplace," Hui said. "So, when you have technological advance, you would expect to see a more immediate effect."

The researchers studied this market by collecting data from Upwork, an online freelance marketplace for knowledge workers. They could view workers' employment histories, skills and qualifications, past earnings and reviews.

They started with workers in writing and related fields (proofreading and copy editing), because research has shown that they are among the most vulnerable to disruption by AI. Specifically, they looked at what happened to their jobs and income on Upwork shortly after the November 2022 release of ChatGPT, a powerful language-processing chatbot that creates higher-quality text than was previously available via AI. "AI is really getting better, and this year we have ChatGPT, which is like a bomb going off, making everybody aware of it," Hui said.

Hui, Reshef and Zhou's analysis showed that after ChatGPT's release, the number of monthly jobs for writing-related freelancers on Upwork declined by 2%, while monthly earnings declined by 5.2%.

A similar impact hit image-related workers (designers, image editors and artists) after the releases of two image-based AI tools, DALL-E, in April 2022, and Midjourney, in July 2022. Workers in those fields saw even steeper declines—a 3.7% drop in monthly jobs and a 9.4% loss of income.

While the team expected this outcome, they said it was important to be able to show it empirically. "This is concrete evidence based on real economic data, instead of intuition or hunches," Hui said.

DOCUMENTING THE AI TRANSITION

Reshef and Hui were struck by the fact that these negative effects didn't diminish for freelancers who were identified as more experienced and skilled. "One hypothesis is that the highest-quality people, those with the most experience, would be the ones most protected from this technology—that their skills would act as a moderating factor," Reshef said.

Instead, the evidence suggested that more highly skilled workers—as defined by such attributes as the number and skill level of past jobs, hourly rate, and Upwork's "top-rated" badges—actually saw a greater drop in new jobs and income. While it seems counterintuitive, he said this outcome is consistent with other research on the effects of AI in the workforce.

"In a [separate] experiment, researchers introduce the technology to various workers," he said. "They find that it helps the lower-quality workers the most, and, if you think about it, it makes sense. If you're doing lower-quality work, this new tool can help increase your productivity or quality. For higher-quality workers, instead of being protected, you're losing your competitive edge."

Reshef and Hui cautioned that the results regarding skill level are not definitive, but rather are suggestive of that outcome. They also noted that all these results only reflect the short-term impact of AI tools on freelance workers. As AI technology evolves and becomes more integrated into other tools, these effects might be increased or reduced, or provide benefits to workers or consumers to mitigate them.

"We only look at the short-run effect on these workers," Reshef said. "We're showing one potential 'danger' of this technology, but there are numerous benefits as well that are beyond the scope of this research. People could get a new job working with AI to do something we haven't even thought of yet." ///

KEY TAKEAWAYS

- Artificial intelligence tools raise questions: Will they boost productivity, enhance quality, help or replace workers?
- New, empirical research by Profs. Oren Reshef and Xiang Hui at Olin looks at the short term impact of AI on freelancers working in the creative field: In the months following the release of popular AI tools, both the number of jobs in the field and earnings decreased.
- After ChatGPT's release, the number of monthly jobs for writing-related freelancers on Upwork declined by 2%, while monthly earnings declined by 5.2%.
- A similar impact hit image-related workers (designers, image editors and artists) after the releases of DALL-E and Midjourney: A 3.7% drop in monthly jobs and a 9.4% loss of income.
- These negative effects didn't diminish for freelancers who were identified as more experienced and skilled.
- While the AI tools seem to help lower-quality workers increase productivity and quality, for higher-quality workers, instead of being protected, it means a loss in competitive edge.
- As AI technology evolves and becomes more integrated into other tools, these effects might be increased or reduced, or provide benefits to workers or consumers to mitigate them.

A BRAZILIAN ENRON? THE INCONSISTENCIES OF AMERICANAS

> **The ESG approach brings about a new kind of capitalism that is more sustainable, diverse, and inclusive.**

The accounting scandal at Americanas – a household retail name in Brazil – shows how ESG, when implemented correctly, can play a key role in helping businesses walk the talk of corporate responsibility. Professor **Ligia Maura Costa, FGV EAESP,** coordinator of **FGVethics** and lawyer, explores.

There is a mystery about the 43 billion of Brazilian Reals (R$) – almost €8 billion – "accounting inconsistency" of Americanas, a true icon of Brazilian retail. Whether the "accounting inconsistencies" in the balance sheet resulted from error or fraud, we will only know when the investigations are over. Accounting error or fraud, everything points to a "very serious mistake" in corporate governance.

The Americanas accounting scandal recalls the Enron case, where illicit accounting practices fraudulently inflated the company's revenues. And the question worth 43 billion: how come the board of directors did not see the "inconsistencies"?

Did the supervisory board see nothing in the company's balance sheet? And the external auditors, who signed off the balance sheet, could not glimpse anything? Not even investment funds were able to spot a red flag? Not to mention the regulatory agencies and Americanas own executive board, recently dismissed after the scandal.

FROM NOTHING OVER 2,000 REALS TO EVERYTHING OVER 32.2 BILLION

Founded in Rio de Janeiro in 1929, by four North-Americans and one Austrian, the first Americanas shop had the slogan "Nothing Over 2 Thousand Reals", inspired in the successful North-American model "Five and Ten Cents", which was unknown in the Brazilian market at the time. Around 1940, Americanas went public on the Stock Exchange, expanding its product offer.

In 1982, Jorge Paulo Lemann, Carlos Alberto Sicupira and Marcel Telles, today controllers of the largest brewery in the world, InBev, bought Americanas' stock control, being considered as the reference shareholder for the retail group. With 44,000 employees, with almost 1,800 physical shops spread throughout all 26 Brazilian states plus the Federal District, in 2022 Americanas had an annual turnover of R$ 32.2 billion – approximately €6 billion.

Moreover, Americanas is part of the Novo Mercado, a select list of benchmark companies on B3 that have a differentiated standard of corporate governance, as well as the Corporate Sustainability Index (ISE), a performance indicator of good ESG practices. The reference shareholders, Lemann, Sicupira and Telles, are on the top of the Forbes list of Brazilian Billionaires, Lemann being considered the richest man in Brazil.

The responsibility of enterprises to society goes beyond the production of goods, provision of services and the generation of dividends for shareholders. A strong culture of integrity is expected of companies to respond to the legitimate expectations of contemporary society. The acronym ESG has become fashionable in the business world, for the abbreviation in English of "environmental, social and governance". Corporate governance, the G in ESG, is how a company organises and provides transparency in its decision-making and administrative processes. Companies that represent good governance practices are those that ensure the correctness of their activities, guaranteeing the independence of their control bodies and the transparency of their accountability mechanisms.

The accounting inconsistencies revealed by Americanas did not diminish the credibility of the companies listed on the Novo Mercado, nor the ISE nor the ESG practices, as all of these play a fundamental role in encouraging good governance and sustainability practices in the private sector. Americanas apparently understood that being part of the Novo Mercado, the ISE and ESG practices were nothing more than a "nice to have" certificate on the wall. It is certain that the obsession for profit spoke much louder than good corporate governance practices, which should be seen as a "must have" and not as a "nice to have".

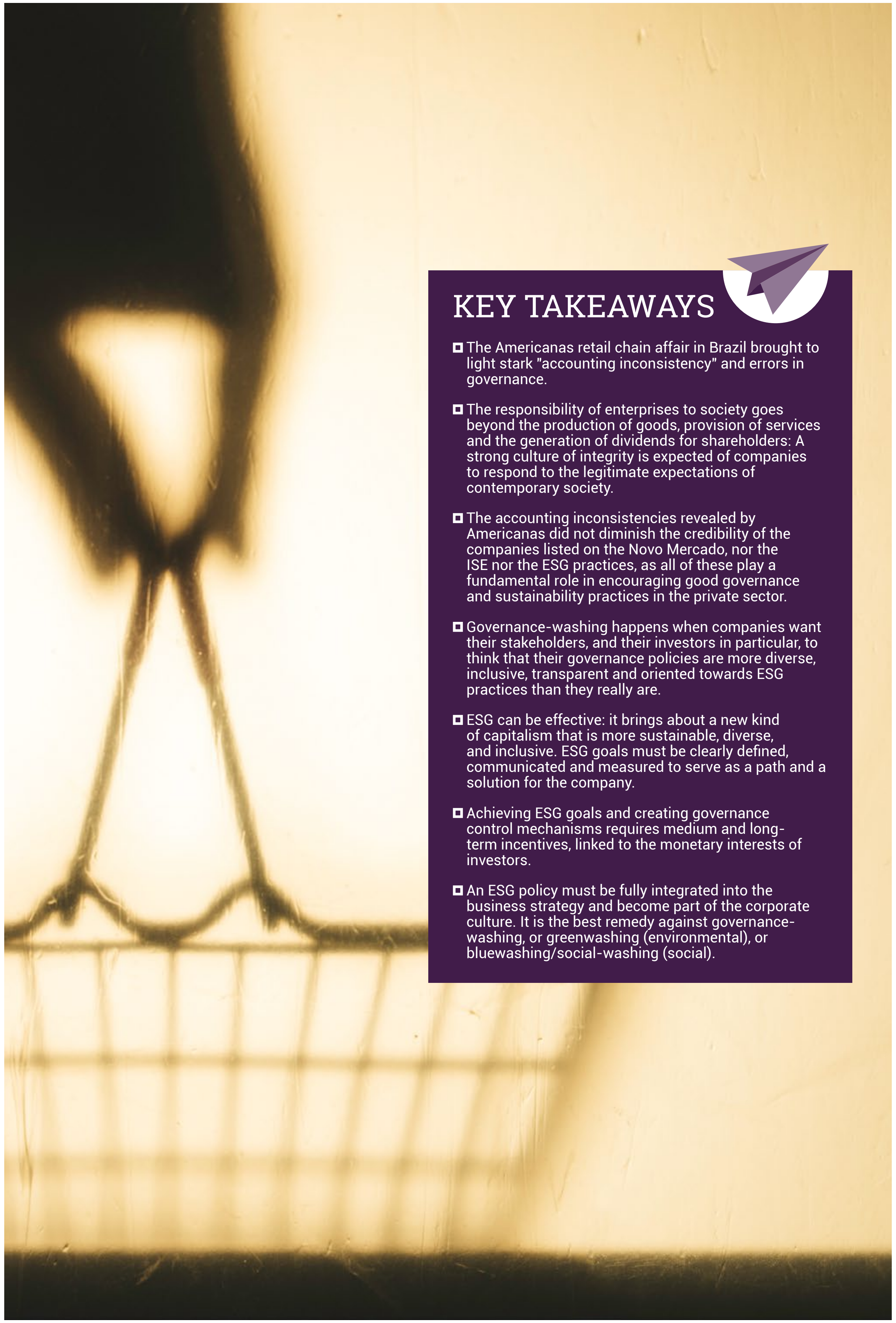
HOW TO REGAIN LEGITIMACY AFTER A SCANDAL? THE ROLE OF ESG

Governance-washing happens when companies want their stakeholders, and their investors in particular, to think that their governance policies are more diverse, inclusive, transparent and oriented towards ESG practices than they really are. Americanas used to buy products on credit from suppliers, the bank would advance payment to the suppliers and Americanas would pay the amount to the bank with interest. This operation is known as "drawn risk" (*"risco sacado"* in Portuguese).

The accounting entries of the "drawn risk" operation were made in the Americanas balance sheet in the suppliers account, when they should have been entered as debts with financial institutions. The result: with this accounting method, the profit is increased because the financial expense is not shown in the P&L while there is an artificial reduction in the supplier liability in the balance sheet. Thus, Americanas is the biggest case of governance-washing in Brazil. The billions revealed in "accounting inconsistencies" shocked clients, suppliers, employees, shareholders, financial institutions, market agents, in short, all the stakeholders. Society has become intolerant to scandals of non-compliance with ESG criteria. How to recover the legitimacy of a company after a governance-washing scandal?

ESG can be effective. The ESG approach brings about a new kind of capitalism that is more sustainable, diverse, and inclusive. ESG goals must be clearly defined, communicated and measured to serve as a path and a solution for the company. Achieving ESG goals is not a sprint, a 100-metre race, but a long marathon. Creating governance control mechanisms requires medium and long-term incentives, linked to the monetary interests of investors. The obsession for financial results, as one of the main values, will sooner or later lead the company to serious ethical and integrity problems, and this story of Americanas can tell you that.

An ESG policy must be fully integrated into the business strategy and become part of the corporate culture. It is the best remedy against governance-washing, or greenwashing (environmental), or bluewashing/social-washing (social). ESG does not need to be saved. It only needs to be fully implemented. What is important, however, is not necessarily easy to achieve. The Americanas scandal should be looked at from two different perspectives. One is to understand how Americanas was responsible for an unprecedented scandal that lasted for a decade and without anyone noticing what was happening. The other is to see Americanas as part of a much larger mechanism, of a systemic risk in the private sector. At this point, the role of regulators is fundamental. How are other companies accounting for the "drawn risk" operation? It is common practice for companies to use "drawn risk" to improve their cash flow management. The "inconsistencies" at Americanas were due to the concealment of interest and the incorrect classification of the loans. Is it high time for a Brazilian Sarbanes Oxley law (SOx) to protect stakeholders from accounting errors and fraudulent corporate practices? ///



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KEY TAKEAWAYS

- The Americanas retail chain affair in Brazil brought to light stark "accounting inconsistency" and errors in governance.
- The responsibility of enterprises to society goes beyond the production of goods, provision of services and the generation of dividends for shareholders: A strong culture of integrity is expected of companies to respond to the legitimate expectations of contemporary society.
- The accounting inconsistencies revealed by Americanas did not diminish the credibility of the companies listed on the Novo Mercado, nor the ISE nor the ESG practices, as all of these play a fundamental role in encouraging good governance and sustainability practices in the private sector.
- Governance-washing happens when companies want their stakeholders, and their investors in particular, to think that their governance policies are more diverse, inclusive, transparent and oriented towards ESG practices than they really are.
- ESG can be effective: it brings about a new kind of capitalism that is more sustainable, diverse, and inclusive. ESG goals must be clearly defined, communicated and measured to serve as a path and a solution for the company.
- Achieving ESG goals and creating governance control mechanisms requires medium and long-term incentives, linked to the monetary interests of investors.
- An ESG policy must be fully integrated into the business strategy and become part of the corporate culture. It is the best remedy against governance-washing, or greenwashing (environmental), or bluewashing/social-washing (social).

& SUSTAINABILITY

THE 3CS: A PIONEERING APPROACH TO CO-CREATING SUSTAINABILITY EDUCATION THROUGH DESIGN THINKING

> **Sustainability is a problematic term, which is by nature controversial.**

Sustainability is crucial in today's higher education teaching, but it remains elusive as a concept and often scattered among departments across institutions. Associate Professors **Dr. Lory Barile, University of Warwick,** and Dr. **Bo Kelestyn, Warwick Business School,** share their pioneering approach that brought students and stakeholders together to tackle sustainability on-the-ground.

Imagine a classroom. What does it look like? Who is in the room? What is being taught? Perhaps you are a student now, or a recent graduate. Or perhaps you are transported to a memory of a classroom from a decade or a few ago… Now conjure up and hold a thought of education for sustainability.

Go on, take a few minutes to really imagine and visualise what that looks or feels like for you. You might feel the urge to close your eyes. Perhaps you are studying sustainability, or a module related to it and a complex, yet clear definition or image comes to mind. Perhaps nothing other than a green field, hands holding a planet, or some [insert a source of renewable energy] come up. That's ok. Or perhaps nothing at all comes up. That's ok too.

Unless our education or work included elements of sustainability, we tend to have a one-dimensional definition of it, and certainly struggle to conceptualise what education for sustainability looks or feels like.

And those that were lucky enough to imagine a classroom and education where sustainability is a central notion, there might be more to reflect on, such as, for example, the 'unstructured' nature of sustainability issues. Why is that?

THE CHALLENGES FOR SUSTAINABILITY EDUCATION

Sustainability is a problematic term, which is by nature controversial. It addresses the tensions between economic, social and environmental development and combines them into a single concept.

An emergent concept in (Warwick) education, sustainability has a home in several academic and non-academic departments, at times lacking visibility and impact on the learning community, the campus itself and the local community it is a part of. This can lead to the creation of silos, missed interdisciplinary learning opportunities, and lack of well-articulated signature pedagogies.

As a collective across the institution, we need to engage in a critical discourse on the challenges of educating for sustainability and integrating it into the curriculum to create globally aware and responsible graduates and citizens. Student feedback at Warwick tells us there remains a lack of deep engagement with sustainability education, and a perceived disconnect between the various on and off campus communities that all have a stake in sustainability.

Dr Lory Barile, behavioural and environmental economics expert in charge of the WIHEA Education for Sustainable Development Learning Circle, developed a project aiming to bring down the silos, generate an authentic student-staff dialogue and promote education for sustainable development at Warwick. With support and funding from WIHEA, and input from a design thinking consultant Dr Bo Kelestyn, the Warwick Sustainability Challenge (WSUsC), a Curriculum-Campus-Community (3Cs) approach to sustainable teaching & learning, was born.

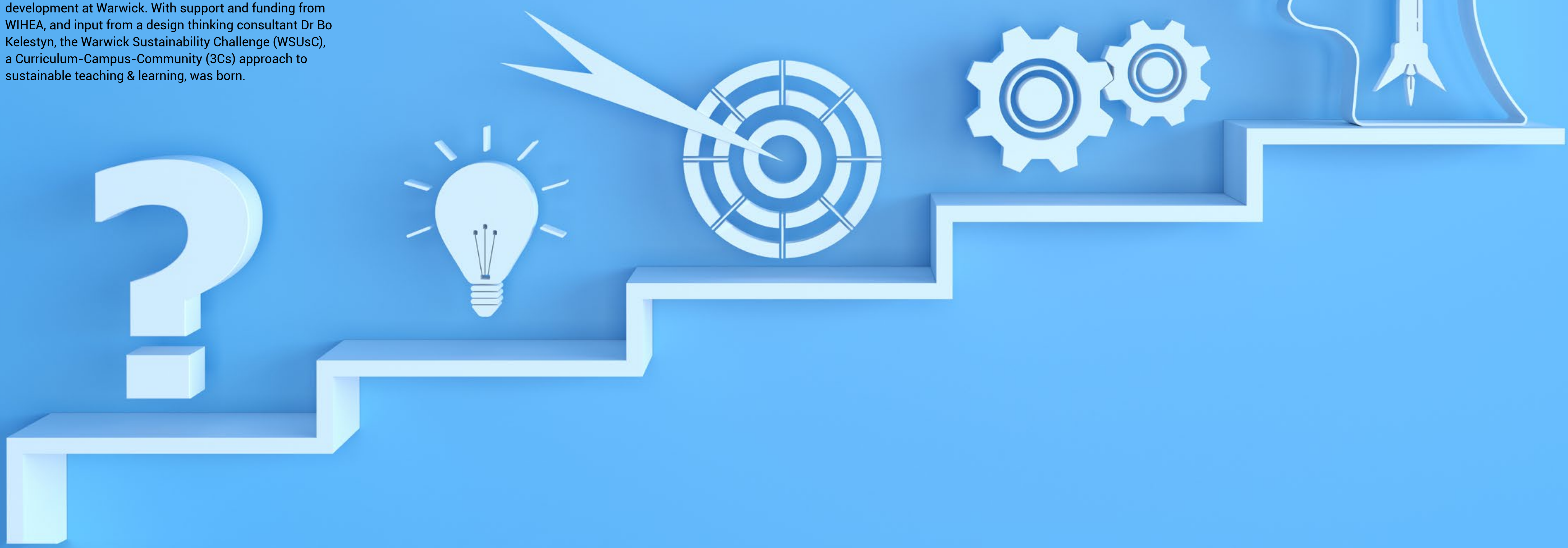
The project had two key objectives. Firstly, to provide a whole-higher education approach to sustainability, linking teaching and learning to values and ways of working and studying on campus – as well as with the local community by engaging with local people and partners. Moreover, Dr. Lory Barile conceptualised this as the 3Cs approach, a novel way of thinking about sustainability education that challenged the project team to look for tools and pedagogies that weren't traditionally associated with this area. A second objective was to raise the profile of the importance of education for sustainable development, and do so in interdisciplinary, student-centred and led ways.

TAKING THE SUSTAINABILITY CHALLENGE TO ON-THE-GROUND REALITY

The Warwick Sustainability Challenge saw students and staff working in interdisciplinary teams to co-create ideas that would tackle a real sustainability challenge in Coventry. Built on an experimental methodology with elements of design thinking, it was to prototype and test a more holistic approach to sustainability in higher education. The Challenge engaged participants in two 3-hour online workshops in June 2022, supplemented with support sessions, drop ins and nudges from a team of facilitators, coaches, and a panel of alumni sustainability experts. Also included in the initiative was thought leadership from the Coventry City Council, Warwick Estates, and the Global Sustainable Development Department.

The workshops, inspired by the Warwick Employability Challenge and built on the design thinking methodology, facilitated a collaborative approach to reframing a sustainability challenge, and coached participants to explore it in an innovative way. After the workshops, the Challenge lasted for an additional 10 days, with teams collaborating asynchronously. The Challenge culminated in the submission of teams' outputs and ideas either in the form of an e-poster or a presentation, and a video.

The project was expected to generate impact in several ways starting from prototyping and testing a learning experience that would support critical engagement with sustainability and deep collaboration between staff and students. A collaboration with the City Council and various departments at Warwick was to generate an authentic challenge with a focus on buses in Coventry, curate and showcase the work undertaken by the project teams, and raise the profile and the importance of sustainability and co-creation in (Warwick) education. The final Showcase and awards ceremony helped us share and disseminate the learning from the Challenge, formalising it as an approach for co-creation and sustainability education.



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So, our hope is that as education for sustainability grows in its maturity, so does our imagination and ability to define and redefine what sustainability is. Learning experiences such as the Warwick Sustainability Challenge, even whilst in its prototyping and testing stage, have the potential to turn every one of us into agents of change as sustainability becomes an integral part of our thinking, learning, and teaching. So that every learner at Warwick and beyond can tell what education for sustainability is and what it feels like without having to close their eyes. ///

KEY TAKEAWAYS

- Unless our education or work included elements of sustainability, we tend to have a one-dimensional definition of it, and certainly struggle to conceptualise what education for sustainability looks or feels like.
- Sustainability is a problematic term, which is by nature controversial. It addresses the tensions between economic, social and environmental development and combines them into a single concept.
- Educational institutions need to engage in a critical discourse on the challenges of educating for sustainability and integrating it into the curriculum to create globally aware and responsible graduates and citizens.
- The Warwick Sustainability Challenge inspired an innovative approach to this: students and staff working in interdisciplinary teams to co-create and prototype ideas through design-thinking that would tackle a real sustainability challenge in Coventry.
- The final Showcase and awards ceremony helped share and disseminate the learning from the Challenge, formalising it as an approach for co-creation and sustainability education.

WHEN ENVIRONMENTAL CONCERNS RHYME WITH CRYPTO PATTERNS: INTRODUCING THE ICEA INDEX

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> **Collaboration and Education were the most important factors that contributed to the success of Tetra Pak in China and Brazil.**

Prof. **Brian Lucey** and researcher Yizhi Wang, **Trinity Business School, Samuel Alexandre Vigne, LUISS Business School** and **Larisa Yarovaya, Southampton Business School,** have developed a new index to understand the impact of cryptocurrency environmental concerns on cryptocurrency prices, financial markets, and economic development.

Related research: An index of cryptocurrency environmental attention (ICEA), Yizhi Wang, Brian Lucey, Samuel Alexandre Vigne, Larisa Yarovaya, *China Finance Review International*.

Previous research shows how cryptocurrencies contribute to environmental issues, but what about the other way around? What if environmental concerns over cryptocurrencies had a measurable impact on cryptocurrencies in general?

Whether you are an investor eager to optimize your portfolio, a researcher or a policy-maker interested in solving the growth of carbon produced with the rise of new digital currencies, or simply curious about the power of public opinion on major economic and financial trends, the ICEA (Index of Cryptocurrency Environmental Attention) could shed a new light on your issues.

THE GREAT ABSENTEE

You may have heard about it via social networks or press articles, yet as soon as it comes to public policy, it seems to be the great absentee from the discussions: the environmental impact of cryptocurrencies.

El Salvador recently adopted a digital currency, Bitcoin, as the country's official legal tender, demonstrating the widespread use of them as a means of payment. However, despite the fact that we now observe that mining cryptocurrencies pollutes more than mining gold, Brian Lucey et al argue that there is no significant public policy that addresses the environmental issues associated with cryptos.

THE INDEX OF CRYPTOCURRENCY ENVIRONMENTAL ATTENTION (ICEA)

Given the very limited research on the growing energy consumption of cryptocurrencies and on how environmental attention could impact cryptocurrency markets, Prof. Lucey and his fellow researchers set out to develop the first index – the ICEA – precisely capturing public attention to the sustainability concerns of cryptocurrency's growth.

Constructed by analyzing over 778 million news items from 2014 to 2021, the ICEA makes it possible to consider cryptocurrency price shocks and other economic and financial factors in the light of the weight of public environmental concerns.

THE ICEA CAN PLAY THE LONG GAME

In addition to the necessity of the ICEA, Prof. Lucey and his colleagues observed that the numerous studies analyzing cryptocurrency environmental concerns were carried out at individual, organizational or government level – and very few at macro level.

Subsequently, the ICEA was also used to better understand its relationship with long-term macro-financial markets and economic developments variables. Such variables include: the UCRY indices (indices measuring uncertainty around cryptocurrencies' prices and policies), the VIX (volatility of the American market), the BCO (crude oil market), Bitcoin (the most widely used cryptocurrency), the GlobalEPU (global economic policy uncertainty), the GTU (global temperature uncertainty), and OECD's IP index (Industrial Production of cryptocurrencies).

CRYPTOCURRENCIES: A STORY OF IMPACT

Once developed, the ICEA demonstrated a significant increase in public attention paid to the environmental impacts of cryptocurrencies between 2014 and 2021. The index also presented particular relationships with the different variables mentioned above. The ICEA had a positive impact on certain measures of uncertainty (UCRY, VIX, GlobalEPU) and financial assets (BCO, Bitcoin), while it had a negative impact on various measures of uncertainty linked to the environment (GlobalEPU, GTU). Moreover, the ICEA had a positive impact on the IP in the short term while having a negative impact in the long term.

In essence, the researchers demonstrated that growing environmental attention directly increases cryptocurrency price fluctuations, but it also helps to reduce environmental uncertainty. As such, increased environmental awareness can lead governments to promulgate better environmental policies. In addition, IP (e.g., crypto mining) generally means pollution and consumption. Consequently, the findings justify that high IP activities can generate high environmental attention in the short-term, which in turn yields lower IP activities in the future when – as a reaction – new environmental protection policies are put in place.

TOWARDS A FUTURE OF GREEN INNOVATION

Today there is no real consensus on the sustainability of cryptocurrencies. Some researchers argue that the societal value of Bitcoin justifies the resources required to sustain it. However, the environmental impact of cryptocurrencies is real and growing, and – in that light – Brian Lucey et *al* argue that it is necessary to now look at the energy sources that power cryptocurrencies, as well as the public policies that could better address the issues posed by cryptocurrencies.

Policy-makers, investors and researchers, the question is now open: how can we make cryptocurrencies more sustainable? ///


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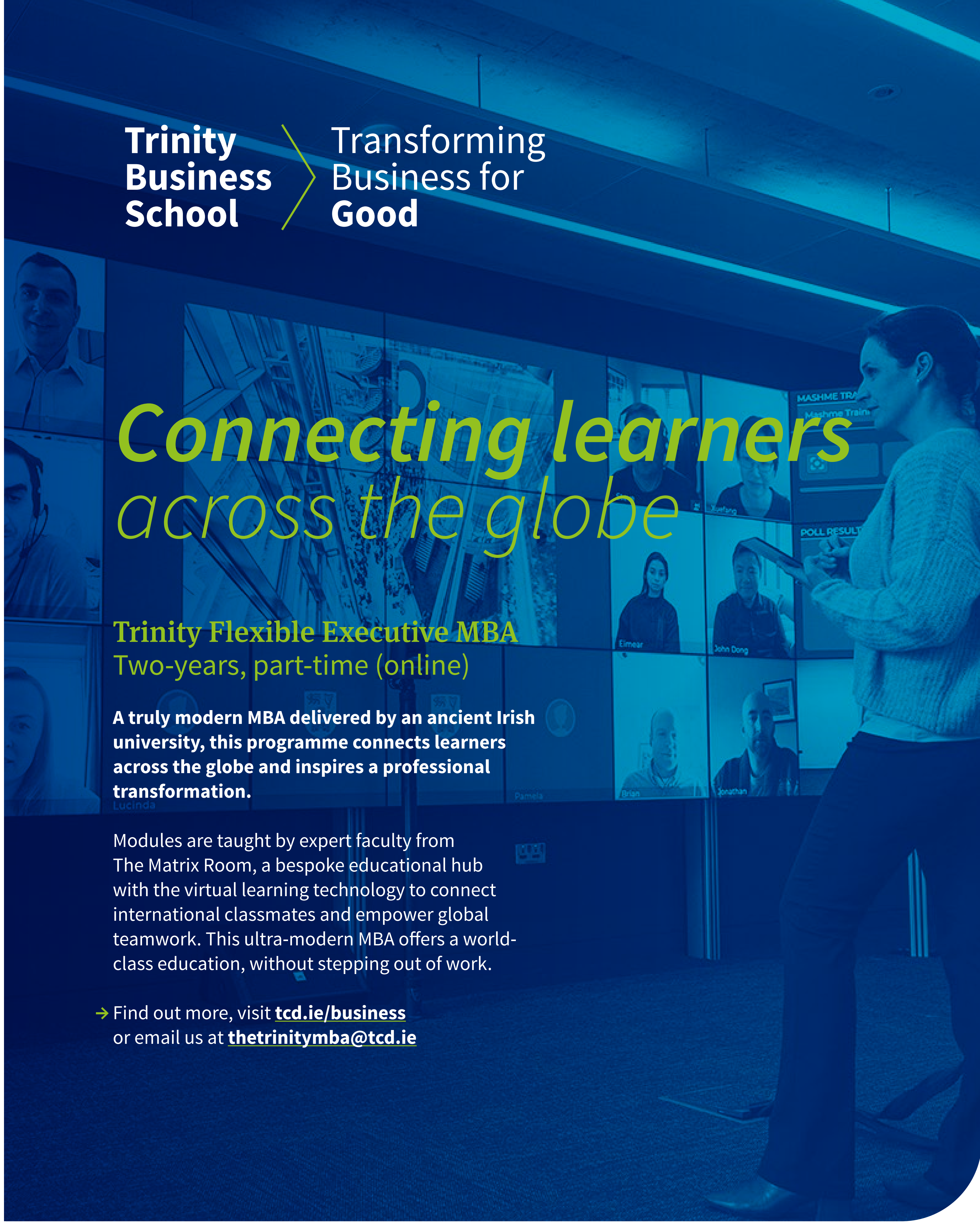
KEY TAKEAWAYS

- Past research shows how cryptocurrencies contribute to environmental issues, but environmental concerns over cryptocurrencies might have a measurable impact on cryptocurrencies in general.
- A new tool, the ICEA (Index of Cryptocurrency Environmental Attention), makes it possible to consider cryptocurrency price shocks and other economic and financial factors in regard to public concern over the environment.
- The ICEA was gives a better understanding of cryptocurrency's relationship with long-term macro-financial markets and economic developments variables.
- Growing environmental attention directly increases cryptocurrency price fluctuations, but it also helps to reduce environmental uncertainty.
- High IP activities can generate high environmental attention in the short-term, which in turn yields lower IP activities in the future when, as a reaction, new environmental protection policies are put in place.



TRIPLE CAPITAL ACCOUNTING: FROM OUTSIDE IN TO INSIDE OUT

> **In view of the transformative potential of triple capital accounting it is our role to push business leaders and decision-makers to take action and test the model.**

A spotlight on **Raphaël Hara,** Managing Director and co-founder of **Ksapa** Sustainability & ESG Consulting, and **Adrien Covo,** Ksapa Senior Program Officer, whose work on Triple Capital Accounting features in the recently published Routledge-CoBS book **Responsible Finance and Accounting: Performance and profit for better business, society and planet.**

Raphaël Hara and Adrien Covo are part of Ksapa, founded in 2019 and one of the fastest growing European consulting firms specialised in sustainability and ESG. We asked Ksapa to share their expertise and include an insight on triple capital accounting in the Routledge-CoBS book *Responsible Finance & Accounting*. Following on from the publication of the book, we interviewed Raphaël Hara and Adrien Covo on the key takeaways of their work.
But first of all, what is Triple Capital Accounting? In a nutshell, state Hara and Covo, Triple Capital Accounting is designed to reflect the impact of a company's activities both in terms of financial capital and also natural and human assets. These can include, among others, the environmental and psychological impacts of work, accidents, and corporate initiatives.

KEY TAKEAWAYS ON TRIPLE CAPITAL ACCOUNTING

According to Hara and Covo, new frameworks are needed to offer a larger and more comprehensive view of economic activities – and also to better account for a firm's socio-environmental externalities. "Accounting, as the prime reading and comprehension tool for all economic players," asserts Raphaël Hara, "holds the necessary potential to set up a transformative framework much needed to shift corporate and investment policies."

Indeed, pushing businesses to seek a sounder appreciation of the resources they use and on which they rely is the first step to valuating positive and negative socio-environmental impacts. "It's not only about P&L, but also about monitoring… and enhancing the natural & human capitals," adds Adrien Covo.

THE RELEVANCE OF TRIPLE CAPITAL ACCOUNTING

Both authors see TCA as being important. "Moreover," states Hara, "the purpose of the responsible finance & accounting movement is to push forward ideas and concepts that further the social and environmental causes and better represent double materiality approaches. That is, how a firm's business is affected by sustainability issues – *outside in* – and how their activities impact its stakeholders, society, and the environment – *inside out*. "As such," says Raphaël Hara, "any tools that might help to account for and better manage those considerations are key."

The authors also see providing concrete alternatives as also more impactful than any commitment or declaration on those topics. "In view of the transformative potential of triple capital accounting," states Hara, "it is our role to push business leaders and decision-makers to take action and test those models – and also to make them evolve using tangible case study examples."

TRIPLE CAPITAL ACCOUNTING: FUTURE HOPES

We asked Raphaël Hara and Adrien Covo what changes they would like to see happening as a result of their work. The immediate response was a call for large corporations – and/or investors on a test portfolio – to take action by testing out the different possibilities behind the concept of triple capital accounting through pilots.

For Adrien Covo, this represents a prime means to allow for further advances in the concept and the establishment of concrete operational guidelines that any business can adopt and implement. "Indeed," asserts Covo, "a robust methodological and conceptual approach is needed to guide these experiments, but these approaches must also be tested on various organizations, in various contexts and continents, to become more operational and focus on material issues."

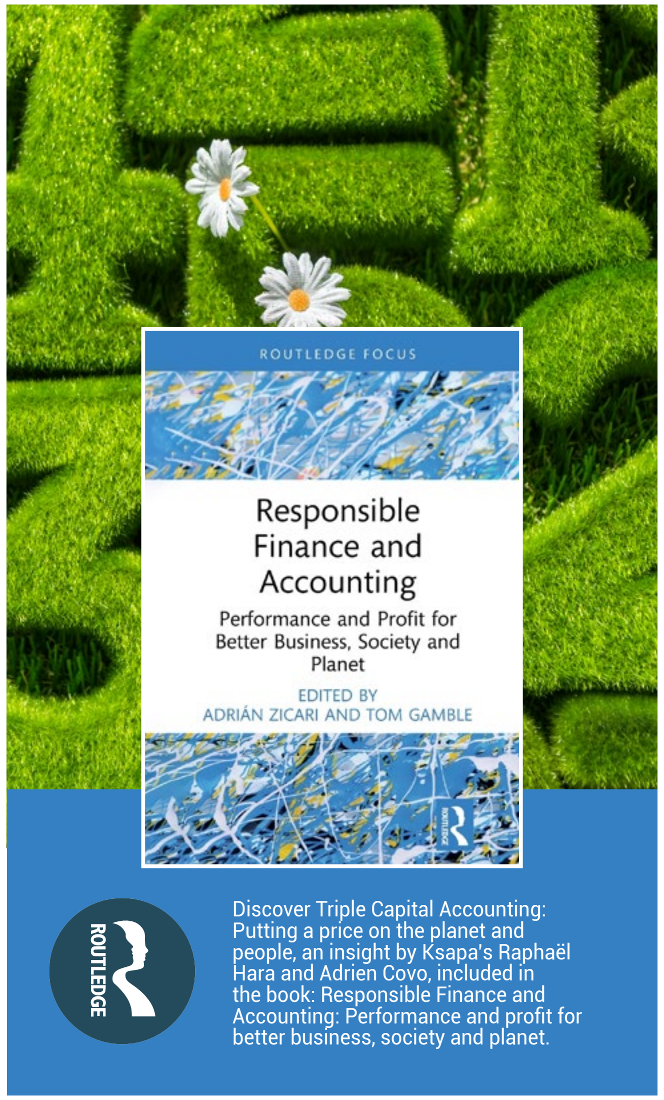
"In this respect," adds Raphaël Hara, "we think public authorities have a major role to play by setting an example and testing these new frameworks. It's also a new track to follow to guide regulatory & tax policies in the future."

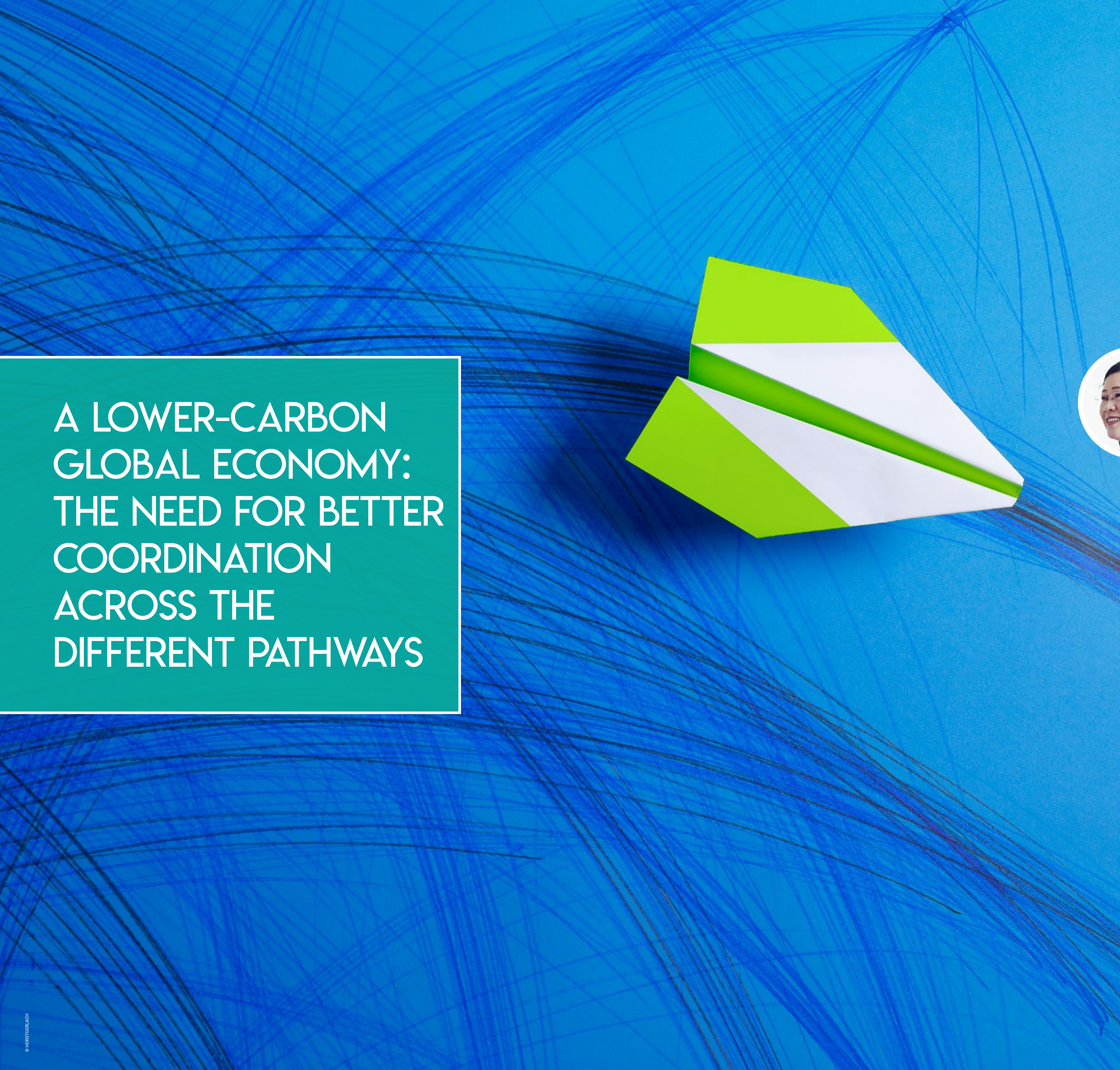
BUSINESS FOR PEOPLE AND PLANET

Tackling current social & environmental issues is complex in today's world. Not least because many stakeholders have different views and understandings of the same problems. "Ideological approaches must be avoided as much as possible," states Raphaël Hara, "in order to focus on the overriding issue that is positive impact on people and planet and not positions and standpoints." For him, the question of giving a value to nature and human capital is also an ethical question, remaining largely unsolved.

But the authors are upbeat, hoping "that positive impact on natural and human capital or regenerative approaches will be fully integrated in the future framework developments." Moreover, they affirm that providing a commonly agreed-upon framework – basically a new IFRS standard – will allow for alignment across businesses and industries – and thus enable concrete actions to take place, otherwise difficult to implement when you don't have the necessary visibility.

Ksapa is continuously providing insights into other ESG, finance, and impact topics, as well as others such as human rights and responsible sourcing. It might be wise to take a look at their blog, briefing papers & webinars on ksapa.org. ///





A LOWER-CARBON GLOBAL ECONOMY: THE NEED FOR BETTER COORDINATION ACROSS THE DIFFERENT PATHWAYS

> **Climate politics and climate business often go hand-in-hand – there's money to be made as well as spent in the transition to a low-carbon economy.**

Professor **Fang Lee Cooke, Monash Business School** explores the various national approaches to net-zero goals around the world and how they can be effectively coordinated.

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In October 2022, a United Nations report warned that only an "urgent system-wide transformation" to a global low-carbon economy will deliver the huge cuts to greenhouse gas emissions needed by 2030 if we're to avert the worst impacts of global warming.
But while there's agreement on the scale of cuts needed, there's no agreement on how to get there. Countries have different plans and priorities, reflecting the different pressures they're under, whether it's internal politics, energy dependencies, and uneven finances, resources and living standards.

Meeting this critical global challenge is going to depend on whether these disparate approaches and pressures can be coordinated to deliver the scale of cuts needed. So, what is driving the differing approaches around the world, and what scope is there to better-coordinate them?

IN-COUNTRY CLIMATE POLITICS

Internal "climate politics" is a driving force behind the different approaches being taken by national governments.

The rising electoral power of "Green"' parties in Europe is creating pressure on governments to adopt more proactive climate policies. In France, 25% of 18 to 24-year-olds voted for the Green Party in the 2019 European Parliament elections, while in Germany more than a third of young people voted Green. In June 2019, Finland's ruling coalition, which included the Green Party, announced plans to achieve "carbon neutrality" by 2035, 10 years earlier than Finland's original plan. Denmark makes full use of renewable energy, while Germany has been making serious efforts to develop renewable energy with the introduction of its "Climate Action Law" and Climate Action Programme 2030.

Further afield, Canada has been able to implement a carbon tax to encourage reductions in emissions, while Japan and South Korea have released detailed development roadmaps for hydrogen energy.

In the United States, while the "Green New Deal" is supported by 104 congressional members, and was backed by four contenders for the Democratic presidential nomination in 2020, the pressure on government to take decisive action to reduce emissions is weaker and diluted across different state governments.

In 2019, Australia's National Hydrogen Strategy was adopted, with hydrogen energy rising to the level of a national strategy. The strategy is expected to pave the way for Australia's hydrogen economy, thereby enhancing Australia's energy security, creating a large number of jobs, and establishing a multibillion-dollar export industry.

The Chinese government is increasingly determined to address the climate change issues, and is increasingly investing in clean technologies. But getting buy-in from businesses in this manufacturing-driven economy remains a formidable challenge.

THE POLITICS OF NORTH AND SOUTH

"Climate politics" in the international arena also operates between high and lower-income countries – the Global North and Global South, respectively. For a long time, people have been discussing the degree to which the north should be expected to carry a higher burden than the south when it comes to cutting emissions.

For lower-income nations it's critical they strike a balance between sustainability and affordability in their efforts to achieve low carbon, which means that a multi-step, incremental and transitional approach would be more effective than a one-step, radical and transformational approach.

CLIMATE BUSINESS

Climate politics and climate business often go hand-in-hand – there's money to be made as well as spent in the transition to a low-carbon economy, and this relationship between business and government varies around the world.

Financial groups such as BlackRock Capital have aligned with different governments to invest in carbon-reduction programs, while clean energy companies are seeking to expand and capitalise on renewable or low-carbon technologies, often facilitated by varying government financial incentives.

TECHNOLOGICAL ADVANCEMENT

Technological progress is profoundly changing the way energy is produced and consumed, and opening new avenues for achieving low-carbon economies that may be universal, but which also may suit some countries more than others.

For example, building on its manufacturing strength and backed by the government, China has developed a globally competitive solar panel industry, and is making fast progress in electric vehicle design and production.

Breakthroughs in oil and gas production technology, big data, artificial intelligence, virtual reality, the "Internet of Things", Blockchain, and other new technologies, as well as nano, graphene and other new materials, are driving the energy industry to transform to high-efficiency, green, low-carbon, digital, and intelligent energy production and supply.

CULTURAL TRADITIONS

One of the less obvious drivers behind the differing approaches to reducing emissions are cultural traditions. A 2020 study found that local culture had an important impact on energy consumption across 28 countries.

For example, a culture centred on individual car ownership will generate higher carbon dioxide emissions, whereas cultures that embrace public transport can be expected to generate less emissions.

Solar home systems can effectively replace fossil fuel, but it's difficult for some families in religious countries to accept it, because electric cookers lack the "natural" characteristics such as flame and smoke. While smoke in some locations also has the practical use of keeping the insects out of homes, flames bring light, which is of spiritual significance.

CLIMATE CHANGE AND LOW-CARBON TRANSITION – TOWARDS A COMMON GLOBAL AGENDA?

This backdrop of different and sometimes competing agendas and circumstances among countries is one of the reasons why significant reductions are proving difficult to achieve. The response of countries to the COVID-19 pandemic is emblematic of this.

The pandemic prompted governments around the world to make large investments in economic recovery. If there had been more international coordination on how to invest recovery funds, governments could have agreed to invest in low-carbon economic growth, such as technology, renewable energy, and the infrastructure and jobs of a low-carbon economy. Instead, countries have generally focused simply on driving a recovery as fast as possible, including a recovery in emission levels.

On the plus side, an important outcome at the recent COP27 meeting in Egypt was the commitment to create a loss and damage fund that is expected to provide funds to lower-income countries, especially those vulnerable to the impacts of climate change. While the details are yet to be worked out, it's this sort of coordination on policy that is badly needed.

Whether we achieve a fair and timely transition to a global low-carbon economy is ultimately contingent upon the ability of governments and citizens to navigate our differences. And key to that is acknowledging these differences in the first place. ///

KEY TAKEAWAYS

- Countries have different plans and priorities, reflecting the different pressures they are under: internal politics, energy dependencies, uneven finances, resources and living standards.
- Internal "climate politics" is a driving force behind the different approaches being taken by national governments.
- "Climate politics" in the international arena also operates between high and lower-income countries – the Global North and Global South
- Climate politics and climate business often go hand-in-hand – there's money to be made as well as spent in the transition to a low-carbon economy, and this relationship between business and government varies around the world.
- Technological progress is profoundly changing the way energy is produced and consumed, and opening new avenues for achieving low-carbon economies that may be universal
- The COVID-19 pandemic prompted governments around the world to make large investments in economic recovery to the detriment of sustainability goals.
- But the recent COP27 meeting in Egypt saw a commitment to create a loss and damage fund expected to provide funds to lower-income countries, especially those vulnerable to the impacts of climate change.
- Achieving a fair and timely transition to a global low-carbon economy ultimately lies in the ability of governments and citizens to acknowledge and navigate differences.

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The UN Sustainable Development Goals, an increasing interest in Environmental, Social and Governance factors, the climate crisis, stakeholder pressure, the lessons of corporate scandals and the COVID-19 pandemic have triggered a massive change in how companies approach finance and accounting practices. From being a ‘nice-to-have’ to becoming a ‘must-have’, *Responsible Finance and Accounting* positions itself as a key pillar in tomorrow’s better world for business, society, and planet.

In this book, leading researchers and practitioners in the field of CSR, from the schools and corporate partners of the Council on Business & Society, give you key insights into green finance and social and environmental reporting, national, international and corporate stakes in green taxonomy and carbon tax, and triple capital accounting. It also details how to model effective and low-cost social impact reporting, ethics in finance and accounting, and strategies for microfinance and finance-related social innovation. Each insight is accompanied by key takeaways, food for thought and micro-case study sections.

This accessible book will be a valuable resource for scholars, instructors and upper-level students across finance and accounting as well as corporate social responsibility and business ethics. It will also serve as a guide for professionals aiming to deepen their understanding of new finance and accounting practice.

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