Corporate Responsibility in the Digital Era

Subjects: Management

Contributor: Martin Wynn , Peter Jones

As the digital era advances, many industries continue to expand their use of digital technologies to support company operations, notably at the customer interface, bringing new commercial opportunities and increased efficiencies. New sets of responsibilities associated with the deployment of these technologies are emerging, encompassed within the concept of corporate digital responsibility (CDR). The scope of CDR is wide-ranging and overlaps with the other dimensions of corporate social responsibility (CSR), having social, economic, ethical, and environmental—as well as technological components.

corporate digital responsibility   CDR   digital technologies   corporate social responsibility

CSR

1. Introduction

In today's boardrooms, most senior executives would recognise four main dimensions of corporate responsibility—environmental, ethical, philanthropic and economic, usually grouped together under the umbrella term "corporate social responsibility" (CSR). In the digital era, however, as new technologies are ever more widely deployed, new sets of responsibilities are becoming increasingly evident. Bednarova and Serpeninova [1] (p. 1), for example, argued that "although digitalisation has led to a significant increase in efficiency, it raises certain concerns related to privacy, data protection and other human rights, which might be at stake when huge amounts of data are being collected and processed". The issue was highlighted by the recent call by The Future of Life Institute's open letter, signed by many business leaders, including Elon Musk, proposing a six-month precautionary pause on artificial intelligence (AI) development. "The signatories worry that AI labs are 'locked in an out-of-control race' to develop and deploy increasingly powerful systems that no one—including their creators—can understand, predict or control"[2] (p. 9). This is one—albeit much publicised—example of the need for, and value of, corporate digital responsibility (CDR), which can be defined as "the set of shared values and norms guiding an organization's operations with respect to the creation and operation of digital technology and data"[3] (p. 876). This exploratory paper looks to build on previously published work to propose a simple model encapsulating the main parameters of CDR that emerged from case studies of Walmart and Deutsche Telekom (two major enterprises in the service sector) and to broaden the discussion to include issues relating to the policy and practice of CDR.

2. Corporate Responsibility in the Digital Era

CDR can be seen as part of the wider concept of CSR, which has been recognised and reported upon in industry for several decades. Herden et al. [4] researched how CDR provides organisations with the opportunity to win the trust of their stakeholders, as well as to gain a competitive advantage in the marketplace. They concluded that there was not only a need but also a potential advantage for companies to implement a CDR strategy to address the threats and embrace the opportunities presented by digital technologies. They argued, nevertheless, that "as each company has unique goals, business strategies and CDR needs, an individual CDR strategy is essential" (p. 25) and that companies need to regularly revisit and revise their CDR policies and organisational structures, given the continual evolution of digital technologies.

Lobschat et al. [3] focused on the development of CDR compliant behaviour in company operations. The authors found that "for a business to be digitally responsible, its managers and employees must align their behaviours with specific norms established by the organization to achieve CDR" (p. 875). They concluded that this may lead to cross-company disruption, entailing organisational restructuring, new staff competencies and re-training, and the redesign of data management and communication processes. Mihale-Wilson et al. [5] (p. 130) highlighted two main complementary research directions that could profitably be pursued: "the conceptualisation and operationalisation of CDR" and an analysis of the "suitability and effectiveness of different CDR measures". As regards the second of these research initiatives, the authors recognised the need to investigate the suitability and the effectiveness of a range of CDR activities for different stakeholder groups across a variety of types of business. They argued that the scholarly conceptualisation of CDR was still in its infancy and that their work sought to contribute to CDR theory by providing a more in-depth assessment and understanding of the concept.

3. Findings

Many major enterprises have looked to access a seemingly ever wider range of business opportunities by harnessing digital technologies to transform all areas of their operations, but the vast majority of them have been much slower to publicly acknowledge, and address, the new set of responsibilities associated with the introduction of these technologies. This makes the case studies of Walmart and Deutsche Telekom of particular interest, because they confirm and build upon the vast majority of is-sues evidenced in the literature review and support the development of a framework comprising parameters of CDR as a subset within the broader CSR agenda (**Figure 1**).
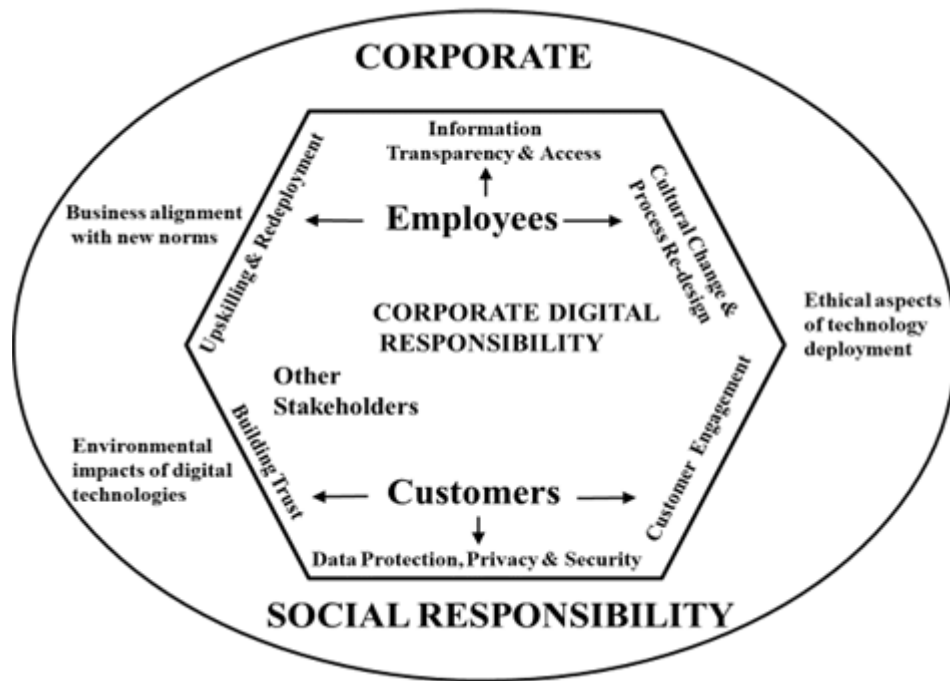
Figure 1. Main parameters of corporate digital responsibility.

There are a range of actors and stakeholders involved in CDR, but employees and customers are arguably those most affected. Whilst a number of stakeholders interact with most of these parameters, it is company employees who are at the forefront of CDR related upskilling and redeployment, cultural change and process re-design, and measures and policies aimed at greater data transparency and access. Customers are central to data protection, privacy and security issues, and to the end-to-end theme of building trust across the organisation's interface with the customer through a growing range of digital engagement technologies (social media, chatbots, analytics, big data, AI). Broader issues span the divide between CDR and CSR, notably the environmental impacts of digital technologies, ethical issues associated with technology deployment, and the need for business alignment with new norms and regulations regarding some of the parameters discussed above.

4. Conclusions

This research has provided some insights into how Walmart and Deutsche Telekom are accommodating CDR within their overall business strategies, and along with a review of the relevant literature, has provided a simple model of the main parameters of CDR, which practitioners may find useful in reviewing the case for, and practicalities of, developing their own CDR norms and policies, and possibly coordinating them within broader CSR strategies. More specifically, the paper has highlighted and discussed a wide range of themes that are informing what is a generally positive approach to CDR currently being adopted by Walmart and Deutsch Telekom.

These themes include data privacy and security, information access, customer engagement and the building of trust, and aspects relating to the personal and social well-being of employees. In the wider context of CSR, there are issues around the ethical implications of digital technology deployment, as evidenced in the current debate on

the future of AI, and the environmental impacts of digital technologies. While Deutsche Telekom look to include some environmental responsibilities as part of their approach to CDR, Walmart do not, and perhaps not surprisingly, neither company address the thorny issue about whose interests are best served by CDR. Many large companies address environmental and climate change concerns in their CSR report, and they may well gradually look to add such concerns to their commitment to CDR, but as companies increasingly embrace digital technologies, a balanced treatment of whose interests are best served by CDR seems likely to remain outside any future CDR reporting processes.

References

1. Bednarova, M.; Serpeninova, Y. Corporate digital responsibility: Bibliometric landscape–chronological literature review. *Int. J. Digit. Account. Res.* **2023**, *23*, 1-18.

2. Zizek, S. The Post-Human Desert. *Taipei Times* **11 April 2023**, *1*, 9.

3. Lobschat, L.; Mueller, B.; Eggers, F.; Brandmarte, L.; Diefenbach, S.; Kroschke, M.; Wirtz, J. Corporate Digital Responsibility. *J. Bus. Res.* **2012**, *122*, 876.

4. 4. Herden, C.J.; Alliu, E.; Cakici, A.; Cormier, T.; Deguelle, C.; Gambhir, S.; Griffiths, C.; Gupta, S.; Kamani, S.R.; Kiradi, Y.-S.; et al.et al. Corporate Digital Responsibility. *Sustain. Manag. Forum* **2021**, *29*, 25.

5. Mihale-Wilson, C.; Hinz, O.; van der Aalst, W.; Weinhardt, C. Corporate Digital Responsibility. *Bus. Syst. Inf. Eng.* **2022**, *64*, 128.