

## CORPORATE SOCIAL AND DIGITAL RESPONSIBILITY

Zbigniew ORBIK

*Silesian University of Technology*

Viera ZOZULÁKOVÁ

*Constantine the Philosopher University in Nitra*

### Abstract:

The aim of the article is to outline the relationship of the concept of CSR with the issue of digital transformation. Significant advancements in technology and wide access to the Internet has resulted in what is named the Digital age. In the Digital age, CSR and digital transformation are becoming one of the main factors of the company's competitiveness. Digital transformation is currently the most important element of the Fourth Industrial Revolution that changes the way of doing business. It requires the necessity of deep changes in the sphere of awareness of people working in the businesses. Digital transformation seems to be an effective solution to the main problems that appear in the competitive business environment. Corporate Digital Responsibility (CDR) is standing out as the new direction changing the relationship between labour and technology as well as shaping the ethical use of new technologies.

**Key words:** CSR, digital transformation, digital maturity, CDR

### INTRODUCTION

Corporate social responsibility and digital transformation are one of the most important factors of global competitiveness in the modern world. Modern business environment is continually changing. These changes are heavily influenced by technological advancement. Technology is currently one of the key factors in civilization and social change. Not only the economic but also the social consequences of these changes become the subject of advanced research projects of the European Commission or programs implemented under the auspices of the World Economic Forum in Davos.

Digital transformation is more and more often called the most important civilization megatrend of our time. The development of technology signals the arrival of the third wave of fundamental changes for our civilization. The first wave, agrarian, transformed humanity from pickers and hunters into farmers and growers. The second wave, quite near, is industrialization and the world of mass production, mass media, mass education, mass communication. In recent years, we are increasingly experiencing the third wave of civilization changes and the dawning of a new era. Toffler described it as post-industrial, nowadays the adjective "digital" is used more and more often, especially in reference to technologies that are the engine of change [10].

The general idea of knowledge as the foundation of the new economy and information as the most important resource is filled with content and gives birth to new concepts: smart devices and wearables, Big Data, mobility, computing cloud, social platforms, bio and nanotechnologies, Internet of Things, renewable energy or share economy. Klaus Schwab, founder and chairman of the World Economic Forum, called emerging challenges the fourth industrial revolution. The first and second industrial revolutions are the driving forces of industrialization. The fourth revolution is born on the foundations of the third industrial revolution and its effect will be the creation of new social and economic paradigms of the Tofflerian third post-industrial era. Organizational and technological changes characterizing the transition between these phases due to the dominant importance of digital technologies are referred to as digital transformation.

Digital transformation is revolutionizing all industries, changing not only business processes and models, but also the work environment and the way of communication. Therefore, it should be a central element of the strategy not only of leaders but of every company and organization willing to stay on the market. The key issue in this transformation is not solving individual business problems but the integration of digital technologies and business processes using digital technologies. Digital transformation cannot be identified with digitization. As a result of digital transformation, new types of organizations are

created that significantly exceed the results of their competitors thanks to the use of solutions that use modern technologies and information processing methods.

### CSR AND DIGITAL TRANSFORMATION

Corporate social responsibility (CSR) is a relatively new concept. Two main factors influenced the creation of the concept and its use in practice. The first was associated with the technological leap that took place at the turn of the 19<sup>th</sup> and 20<sup>th</sup> centuries. The second one with the Second World War.

The growing civilization progress at the end of the 19<sup>th</sup> century caused people to seek to expand their wealth. That is how private enterprises began to emerge, which after many years grew into multinational corporations operating efficiently until today. Companies accumulated more wealth and thus employed a large number of employees. Enterprises began striving to maximize profits, and it became the main motive of their activity. This approach was felt as unjust by lower-level employees who, depending on their subordinates, had to work hard for a minimum salary. This, in turn, reflected the quality of previously innovative products, as the employees lacked motivation to continue working. On the other hand, entrepreneurs completely forgot about the natural environment – the creation of new factories entailed pollution of air and nature on an unprecedented scale.

World War II greatly influenced the shape and concept of corporate social responsibility. The post-war crisis was used by the United States, which losses had not affected as much as the rest of the globe. It was American corporations that began to use monopoly practices on a large scale, while Europe, affected by losses, had to adapt to new conditions due to the economic downturn. As a result, mass critique of monopolistic practices began on the Old Continent, which led to the development of CSR.

Andrew Carnegie was the first who described CSR problem on a large scale in relation to the monopolistic practices of corporations and methods to protect the society against increasing exploitation. His definition was based on two principles. The first is the principle of charity – it orders the rich to help the poor. This solution, however, has not been adopted on a large scale. The second one is the stewardship principle. According to its assumptions, the richest should manage good on behalf of other people, so wealth should be managed in a socially accepted way. On the basis of such an approach, *inter alia*, banks or insurance companies were created to manage the property of other social groups to their explicit consent [1].

The problem of CSR was visible already in the 1980s. The world, and especially Europe long after World War II, could not shake off the crisis in which many corporations grew. They focused mainly on expanding the wealth and did not do anything to change the difficult living conditions of average citizens. The first serious activities in this matter on a global scale began with the emergence of the term "sustainable development": "a process of change in which the exploitation of resources, the direction of investments, the orientation of technological

development, and institutional change are made consistent with future as well as present needs" [11].

Digital transformation is currently the most important element of the Fourth Industrial Revolution that changes the way of doing business [12]. The modern world is changing at an unprecedented speed. The change process leads to fundamental transformations. We are witnesses of the revolution that shakes the foundations of our understanding of society and business. In the face of new challenges related to the dynamic development of digital technologies the way of doing business changes radically. Traditional business models based on physical goods are being replaced by digital tools. An important role in this process is played by the Internet. It is widely believed that the Internet is a tool for democratizing social relations and making elitist egalitarian. The high availability of this medium causes that it should become the basic tool for shaping the new social awareness [7].

Business is a part of society. As such business practices should be restricted not only by legal but also by ethical considerations [9]. The relationship between business and morality nowadays takes in practice the form of a company's activity based on CSR principles. The Internet has become a tool of CSR communication for organizations in digital age. Digital transformation has already significantly contributed to the reduction of pollutant emissions and increased environmental protection. Digital transformation allows people to solve their traditional problems in a modern – digital way. As such it is not just a series of activities based on digital tools. Digital transformation is a cultural change. It does not only require the use of digital technologies in running businesses, but also involves the necessity of deep changes in the sphere of awareness of people working in the business field.

### TRANSFORMATION TO DIGITAL MATURITY

Should we speak rather about digital transformation or digital maturity? Gerald C. Kane points out that although the need for fundamental change remains, the overuse and misuse of the term „digital transformation“ in recent years has weakened its potency. He argues that term „digital transformation“ originally means „fundamental shift in the way we think, work, and manage our organizations in response to digital trends in the competitive environment“ [5].

Daniel Newman writes that „digital transformation officially has a higher purpose: saving our planet. Yes, the technology movement we credit with improving customer experience and changing the face of the modern business landscape has an even bigger calling. And it's becoming increasingly clear that if companies don't actively seek to make sustainability an integral part of their digital strategy, not only will those companies die out – the whole planet will“ [8]. As there is an increasing demand for global growth and pressure on the world's resources, as well as urgent need to cut emissions, digital transformation seems to be an effective solution. The World Economic Forum launched the Digital Transformation Initia-

tive (DTI) in 2015 as part of the System Initiative on Shaping the Future of Digital Economy and Society. The World Economic Forum report from that year *How can digital enable the transition to a more sustainable world* on the sustainable development digital transformation of industries claims, that digital transformation can help decarbonize the global economy or at least fundamentally lower the amounts of carbon. The *Global e-Sustainability Initiative* (GeSI) focuses on the social and economic benefits of ICT [13]. However, growing demands for digital transformation causes lots of pressure on companies and not all can cope with it easily.

There are various definitions of digital transformation and not all provide proper understanding of what this process enhance, they are not accurate or they are incomplete. Kane explains that digital transformation is not only about the implementation of a new digital tool or platform. There are lots of companies which have done it but it remains unused by employees or unable to bring the intended transformative impact on the business. The digital transformation means adopting business process and practices to help the organization to respond and to adapt. Key question for managers is to find the most suitable ways how to develop working knowledge and respond to digital trends in the right way, to adapt to using them by customers, partners, employees and other companies [5]. Kane suggests to switch from the term transformation to maturity. Digital maturity expresses the gradual and natural process all companies have to undergo to stay up-to-date to be able successfully grow their business; it expresses the different stages of learning and gaining the skills, changing, adapting and responding ap

propriately, even learning on the own mistakes. It is never ending process. Findings from *Digital Business Global Executive Study* published in 2017, conducted by MIT Sloan in collaboration with Deloitte show that „a larger percentage of digital maturing companies are also planning to increase their digital investment compared to their less digitally mature counterparts, which threatens to widen an already large gap in the level of digital success“[6].

The main distinction between digitally mature companies and those which can be considered as less mature or in early stages of digital maturity is in a core business. There is necessity to act not only to talk about digital initiatives and integral part of business strategy is rethink how they do the business. Figure 1 shows a part of Deloitte survey which depicts the relation between using the digital initiatives as a part of core business strategies and the success of the company. The results are very clear, majority of companies which use digital as a part of core business strategies are successful or very successful in their digital efforts. It is supposed they achieve very high digital maturity level.

**CORPORATE DIGITAL RESPONSIBILITY**

Digital transformation “is reshaping the relationship between labour and technology, raising concerns over the future of employment relations, patterns as well as the ethical use of new technologies. Corporate Digital Responsibility (CDR) is standing out as the new direction, fusing ethical considerations at the company, individual and societal level, ensuring socially responsible transitions for an increasingly digitalised workforce” [2].



**Fig. 1 Survey in digital initiatives**  
 Source: MIT Sloan Management Review, 2017, p. 6.

Christopher Joynson, exploring the 2017 Global Digital Inclusion Survey, suggests important CDR factors that should be taken into account by any company as the basic principles. There is a necessity to find balance among time and value, trust, society and individuals as well as health and privacy. This includes such questions as data ownership, sustainable automation, digital inclusion, digital accessibility, unbiased artificial intelligence and digital convenience [4].

According to MIT Sloan study some important hints useful for companies can be formulated:

1. Long term strategy – planning with time horizon of five years or more.
2. Focusing on organizational changes and creating flexibility to be able to adapt more quickly to changing digital environment.
3. Improving the understanding of digital trends and strategic directions among company managers.
4. Tolerance to failures and the ability to learn.
5. Investment capital, finding the funding while tending the existing business.
6. Rethinking the traditional hierarchical structure of company. The cross-functional collaboration is a need. This allows people to think differently, overcome common barriers.
7. Cultivating the digital culture of company.
8. Developing staff digital skills, attract and keep digital talents.
9. Listening to staff, managers is crucially important.
10. Act, not only talk.

#### **PRACTICE AND TRAINING. CSR EUROPE'S PROJECT CORPORATE DIGITAL RESPONSIBILITY (CDR)**

The European Business Network for Corporate Social Responsibility provides information and place for various practical working group gatherings, workshops, webinars held in various countries. CSR Europe members met in October 2018 to investigate company practices and standards on Corporate Digital Responsibility and the future of work. Next webinar and workshop hold in December 2018 brought together practitioners from HR and CSR who investigate these topics: Digitalisation: ensuring work-life balance and health, Data: Increasing employee engagement & social good, Automation & AI: Keeping people at the centre. The aim of such webinars is to learn “how organisations are addressing Corporate Digital Responsibility (CDR) at workplace, how CDR can enhance your business productivity and about Recent trends and developments in digital responsibility” [2].

CSR Europe's project Corporate Digital Responsibility (CDR) under the Business Platform on the Future of Work creates platform for companies to learn, to discuss on emerging challenges and solutions with other companies, to be responsible on internal and external level, to be part in future working group actions (action research, pilots, peer learning meetings) [3].

#### **CONCLUSION**

“Effective digital strategies are not about implementing technologies for the sake of becoming more digital, but they involve identifying the opportunity for greatest business impact” [6]. Corporate social responsibility (CSR) is a business approach that helps a company to be socially accountable to the society but also to itself, and its stakeholders.

Applying CSR principles, companies become aware of the economic, social, and environmental impacts exerted on the surroundings. Digital transformation is currently the most important element of the Fourth Industrial Revolution that changes the way of doing business. In the modern world called the Digital age which is changing at an unprecedented speed Digital Transformation is the new way of doing business by leveraging different digital technologies. It impacts the sustainability aspects of doing business. Corporate digital responsibility becomes a new way for companies to achieve global competitiveness. On the other hand „it would be impossible to talk about science, without specific methods of specific inquiry, which can differ in character on the basis of the utilizing scientific discipline“ [14]. Such utilization of CSR and CDR can be seen in the process of production engineering.

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**Zbigniew Orbik, PhD.**

Silesian University of Technology  
Faculty of Organization and Management  
ul. Roosevelta 26-28, 41-800 Zabrze, Poland  
e-mail: [zbigniew.orbik@polsl.pl](mailto:zbigniew.orbik@polsl.pl)

**Viera Zozuľaková, PhD.**

Constantine the Philosopher University in Nitra  
Faculty of Arts  
B. Slančíkovej 1, 94901 Nitra, Slovak Republic  
e-mail: [vzozulakova@ukf.sk](mailto:vzozulakova@ukf.sk)