

New Responsibilities in the Digital Economy

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The purpose of this white paper is to:

1. Engage organisations in the process of understanding their new responsibilities as they engage with the digital economy.
2. Support organisations in developing policies and practices that ensure a responsible engagement with the digital economy.
3. Establish a set of empirically derived principles for responsible organisational engagement with digital technologies that may have potentially negative impacts on external stakeholders.

Methodology: 39 interviews (52 hours)

were conducted with managers who have experience of establishing and implementing responsible business practices. We present an overview of their understandings about new responsibilities in the digital economy.

Position titles include global vice-president or director of corporate sustainability and responsibility, strategy head for the environment, environmental stakeholder manager, director of social investment, group director, or global vice-president for integrated social sustainability. As **digital technology has pervaded all industries**, we spoke to managers across a range of different businesses, including utilities, heavy industry, banking, consulting, telecommunications, IT, digital media, real estate, architecture, commodities, pharmaceuticals, construction, automotive, fast-moving consumer goods, energy and entertainment.

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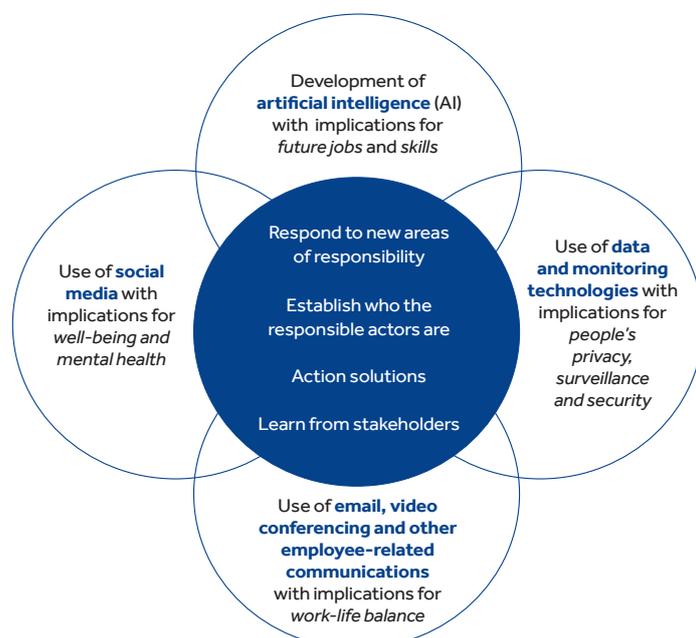
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What do managers say about digital technologies and new responsibilities?

Economic success depends on the adoption of digital technologies by businesses. Yet, there are growing concerns about the unintended consequences of these technologies for individuals and society that should now be considered to ensure that everyone benefits from the digital economy.

Although other areas of business responsibility are well-established (such as sustainability, responsible employment practices and stakeholder engagement), such that organisations have integrated these principles into their business strategies, for emerging issues related to digital technology this is often not the case. Organisations might now also ask themselves how they can ensure they are responsible actors in the digital revolution.

When asked about technology in the workplace, managers present a positive view, based on efficiency, cost saving and potential for increased profits. Outside work, however, they also recognise risks to jobs relating to artificial intelligence (AI) risks to privacy from data capture and use, concerns about work-home imbalance caused by communications technologies, and implications for well-being from social media use. By reconciling these quite different experiences of technology in work and out, managers can develop responsible business use of technology. However, there are barriers to this happening, including pressure from key performance indicators (KPIs) at work, a fragmentation of organisational responsibility and a fatigue over new technological initiatives. Managers describe technology as happening to them, and happening fast, with the result being that it feels beyond their control.



Engaging with digital technology responsibly

'I think the workplace will look very, very different... there will, I imagine, be a whole load of different industries that we barely know about now that will have come about. I also wonder whether the talk of some large numbers of people not being in work or working part-time will mean that somehow wealth can be more equally spread.'

Kate, a 54-years-old manager who leads engagement with stakeholders in heavy industry

'[Work] is always bombarding you because everyone knows you have access to those applications [shared online workspace, email, and Skype], and those devices are with you all the time, and they expect an immediate response. So, you never can escape it.'

Tyrion, a 48-years-old director at a consultancy firm

'All the health and wellbeing agenda will probably require a lot of sensors, so companies are giving Fitbits to their employees to track how good they are and how they move. I think they're probably also checking how proactive they are being, if they are being by their desks all the time.'

Hunter, a 36-years-old sustainability director who works in a real estate company

'I think there is emerging research around the impact of social media and technology on mental health in young people. I would love to see technology providers come and play a leading role to tackle this.'

Harry, a 42-years-old director of a financial institution

Development of AI and planning for future jobs and skills. Managers are both excited and concerned about the implications of AI. Optimism comes from recognition of both efficiency gains and the potential for improvements in customer service. However, managers are also aware of the implications for work. Key to avoiding redundancy is retraining to acquire new skills that won't be replaced by AI, but that are augmented by it. We are already starting to see AI augmenting the humans role; AI can deal with routine tasks and complex data processing, leaving human employees to spend more time with customers, to handle complex human relationships and to employ empathy and understanding. Separately, managers also raised concerns about how the algorithms in AI software may produce bias when humans come to rely on them. In recruitment, for example, software might lead to hidden and unintentional selection processes. Similarly, in service encounters, AI might inadvertently alienate customers. Outcomes such as these are clearly the opposite of the original intention; this highlights the need for reflection on just where AI is best deployed. Large structural change in work requires complex agreements across society. Here, businesses should take responsibility for training staff and working with education providers and government to ensure new, well-paid jobs are created.

Use of employee-related communications with implications for work-life

balance. The use of email, video conferencing and other employee-related communications are understood to aid efficient organisation and liaison, especially with global teams. They further reduce internal and external communication costs and provide flexibility of work. But participants also talked at length about a loss of work-life balance, a loss of boundaries between work and family spaces and times, and 'technostain' or the compulsion to engage with work communication at all times. The business responsibility, then, is to ensure work-life balance, protecting employees' well-being by avoiding excessive email and allowing employees to disconnect from electronic communication. Failure here may invite legislative solutions – in 2017 there was French legislation on the right to disconnect; in 2013 the German Labour Ministry restricted out-of-hours working.

Use of data and monitoring technologies with implications for people's privacy, surveillance and security.

The use of (big) data and monitoring technologies is seen as beneficial as it offers real-time analytics that improve management decisions and helps businesses save overall cost of gaining business insight. Monitoring people and places can also increase productivity and sustainability. At the same time, data capture and use raised concerns around data privacy, surveillance and security, and lack of individual autonomy. The business responsibilities presented by participants include the need to consider collection, storage and use of data, not just in compliance with the General Data Protection Regulations, but in ways that respect the personal autonomy of employees and consumers.

Use of social media with implications for well-being and mental health. The use of social media is understood as an efficient marketing and communication tool, but it is one with implications for well-being, especially of younger generations; managers are aware of a growth in mental health issues and loneliness. Managers also raised concerns about the content of social media platforms and related suitability for marketing. Managers' reflection on their own families sharpened their concerns. Some noted that the organisations they work for have already withdrawn from using certain social media platforms on the grounds of brand safety, but also in the interest of customers. The business responsibility, then, is to consider whether engagement with social media is harmful to society, and if the business is supporting platforms or practices that are harmful.

Central to the recognition of new responsibilities in the digital economy is the need to recognise the significance of managers' out-of-work experiences. It is as consumers, parents and citizens that managers are most likely to recognise concerns, and these are perspectives that may otherwise be absent in business practice and performance measurement. Consciously encouraging managers to reflect and act on their concerns in their management role can improve the responsible use of technology.

'We have a problem with loneliness, bizarrely, even though we can connect. That's the dichotomy... If you connect communities together, that's a good thing if they start working as communities, the problem is at the moment we can be alone in the crowd.'

Rebecca, a 50-years-old corporate responsibility manager in a telecommunications company

'People don't stop to think, unfortunately people focus on their targets... this conversation should happen at all levels, but first at the board level... if it doesn't happen at board level, it doesn't matter whether I talk to my colleagues.'

'If technology is generating new challenges... it is the responsibility of the business to help their employees through training or coaching to understand and adapt. Also, suppliers... And it's your responsibility to help other stakeholders to manage the change and to explain to the shareholders through your reporting what you are doing towards adapting to meeting challenges, or why you are adopting new technologies. Working with government to understand how technologies are creating new risks... I feel it's creating new responsibilities through this multi-stakeholder dialogue which I think is key for a sustainability professional to seize the opportunities and address the effects of technology.'

Kevin, a 42-years-old corporate responsibility executive at an assurance company

Compliance with ethical standards:

All procedures performed in studies involving human participants were in accordance with the ethical standards of the institutional and/or national research committee and with the 1964 Declaration of Helsinki and its later amendments, or comparable ethical standards. Research received ethical approval from Henley Business School. The quotes reflect participants' own views on responsibilities around new technology and we only present anonymised names.

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Overcoming barriers to responsible technology use

Managers also indicate further barriers to developing responsible business use of digital technology. Below are key ways to best overcome these, as indicated by managers.

Recognise that there are organisational responsibilities and decide who is best

placed to deal with them. Managers often express uncertainty over who is responsible for the negative consequences of digital technology. As a result, some are keen to externalise these beyond the organisation, but this risks reputational damage. Others note that internally there are also complexities around who might best take responsibility, noting that engineers may focus too much on innovation and problem-solving, and general managers may focus too much on efficiencies and return on investment. Those in corporate social responsibility and sustainability, who represent the 'ethical heart' of organisations, may be best placed to recognise and support policies to ensure responsible use of technology.

Reflect on the broader system and longer timescale.

Key to accepting and acting on new responsibilities is the ability to reflect on broader societal issues, and managers note that this is not easy. Time for reflection needs to be built into adoption of technology. Early indications of negative consequences also require timely action rather than waiting for external solutions.

Consider the impact of KPIs. Managers note a need to avoid introducing technology to support short-term business gains at the expense of broader societal interests. Specifically, they reflected on how the use of KPIs presents priorities and responsibilities too narrowly. As with other established areas of responsibility, they suggest that KPIs need to be designed to specifically incorporate responsible use of technology.

Embed stakeholder engagement and education in innovation. Managers noted that a key aspect of ensuring responsible use of technology was to engage with stakeholders. This would necessitate the education of stakeholders about what technology is, what it can do and how best to use it responsibly. While this is a challenge when technological change happens quickly, it was recognised as being vital to ensure an alignment of business use of technology with societal benefits.

Core principles for responsibility in the digital economy

We recommend four core principles that business should adopt.

1. Respond to new areas of responsibility by acknowledging the key risks and vulnerabilities, including from managers' experience outside of work. Seek to understand and deal with potentially negative consequences of the use of digital technology as they emerge.
2. Establish the ways in which the organisation can be more responsible. Organisations might ensure that there are specific staff who are able to develop policy relating to the responsible use of digital technology and empower them to do so. Organisations should avoid routinely externalising responsibility to government, consumers or other organisations.
3. Action should be taken to reduce the negative impact of digital technology on internal or external stakeholders. Where use of digital technology is known to have negative societal consequences, organisations can aim to prevent these, including by modifying the use of digital technology, discontinuing its use or mitigating consequences with other activities. They should have policies in place to achieve these goals, and managers able to enforce them if necessary.
4. Learn about negative impacts of technology from stakeholders and provide education about digital technology. Have in place a transparent system for recording, reflecting on and reporting – both internally and externally – the responsible use of digital technology such that there is ongoing improvement.

About the Authors



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