# CORPORATE DIGITAL RESPONSIBILITY: BENEFITS AND NEW OPPORTUNITIES

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## Abtract

The paper attempts to define the concept of Corporate Digital Responsibility. Moreover, different benefits of CDR are discussed in the manuscript. At the same time, the issue of Corporate Social Responsibility is discussed in relation to Corporate Digital Responsibility. Both CDR and CSR are connected with each other and both are beneficial to the society in general. The paper connects both CDR and CSR and demonstrates all possible benefits of digitalization. CDR issue is promising and it provides different benefits for the society as well as for businesses. Digitization concerns the virtual world today. Nowadays, we live in a time, where it is important to merge sustainability with the virtual world, bringing these two concepts together is crucial. This merging is called Corporate Digital Responsibility (CDR). The importance of digitalization is discussed as well as benefits of digitalization. An obvious benefit of digitization of CSR is the scaling back on the use of paper. Cloud storage eliminates paper waste and makes it easier to access all documents from anywhere. Digitalization reduces the emissions produced for every ton of paper. Paper does not only create energy waste; it also creates water waste. The paper production endangers natural habitats: over thirty million acres of woods are being destroyed yearly. Therefore, a digital platform or an application can significantly lower the organization's environmental impact. Moreover, it can reduce the strain of internal sources. This pollution comes from storing information in data centers, which consume a lot of energy.

**Keywords**: CSR, CDR, digitalization, society, benefits, opportunities

**JEL Classification:** Q10, Q20, M10, M20

## Introduction

CSR activities are popularized in the world of business today. However, the world of business is changing rapidly due to such processes as innovations and digitalization. Digital transformation has changed the face of all business activities including CSR as well. Nowadays, CSR is different from what it was long before. Probably, there is no any other topic, which deserve our attention today. The aim of the article is to study corporate digital responsibility as a new concept and benefits of CDR are also discussed in this paper. The paper had followed a conceptual approach. A review of the literature on CDR had been done in the study. This paper is focused on theoretical aspects of both CDR and CSR. Significant advancements in technology and wide access to the internet has resulted in what is named the "Digital age". At the moment, we are living in the era of "digital age". According to Orbik (2019), CSR and digital transformation are becoming one of the most important factors of the company's competitiveness. Currently, digital transformation is the most important element, which changes the way of doing business. It requires the necessity of deep changes in the business sphere. Digital transformation seems to be an effective solution to main problems, which appear in the competitive business environment. Corporate Digital Responsibility (CDR) is standing out as the new direction changing the relationship between labor and technology as well as shaping the ethical use of new technologies. Nowadays, technology has become the norm in the society. We see that CDR have tried to accommodate digital technologies into CSR as well. Both CDR and CSR are strongly connected with each other. The emergence of the term "digital divide" denotes how the spread of technologies have changed completely the basic life style of the human being. The world has transformed so much that it is noticeable in all spheres of business life. We see that companies are now doing technology based corporate social responsibilities such as provision of free Wi-Fi and setting up of computer research labs in the remote villages in such countries as India, for example. Companies like Alphabet Inc.(Google), Apple and Microsoft are striving to bring net neutrality, as a part of CSR in this era. CDR has strong and significant impact on global business world today. In the past two decades, digital tools are evolving and becoming a basic need for all companies. In addition, digitization showed its importance when the world was gripped by the COVID-19 pandemic. Therefore, this article will discuss how digitization affects Corporate Social Responsibility (CSR), its benefits to the society, and its impact in general. Digital transformation is strongly supported by CSR. Companies, which have engaged in digital transformation have global orientation. In other words, they considered transformations outside of their organization, as they were not limited to specific problems in a certain process. As it was mentioned before, this

paper is focused on the review of literature on CDR and at the same time, it attempts to discuss all possible benefits of CDR.

## Literature Review

Despite the fact that CDR is a new phenomenon in the research sphere, there are some papers dedicated to this particular issue. For example, Borger (2006) discussed technological advancement and its effect on CSR activities. The study shows that the inclusion of technology advancement in the SER model has a strong positive influence on the enterprise dynamics of the organization. Chaudhri and Wang (2007) analyzed the extent of CSR communication in the websites of the companies. The source of data employed included hundred websites of companies both from India and abroad, which were analyzed in terms of:

1. Responsibilities to customers and other stakeholders

2. Responsibility to the community

3. Responsibility to the environment taken from the article of Basser (1998) to determine the extent of the CSR information available in the website.

In terms of the third item, it should be noted that only thirty companies had certain information of CSR on their websites. Those thirty companies selected were analyzed for placement of CSR on the corporate website, an indication of communication prominence, extent of information dedicated by number of pages available in the website, and CSR related documents available in the website, which were taken from the article of Chambers et al., (2003) and Pollach (2003). The study concludes by saying that, out of 30 companies, one third (36.6%) had promissory link to CSR. Chopra (2012) proposes three technological means of services that can be provided as the part of CSR. The study concludes by saying that technology has the potential to be a game changer in the societal problems and viewing CSR through the lens of the system allows companies to look at those problems through holistic perspective. Companies can intertwine technology in their CSR activities and get benefits from it.

Colleoni (2013) had discussed the extent of communication of CSR in the social media. The secondary data was employed and the study. The twitter was employed as a social media parameter. The time period studied included six-month period from June to December 2009. The companies were selected from the one hundred best corporate lists published in the year of 2009 by the "Corporate responsibility magazine". The twitter accounts of the seven companies such as Starbucks, Ford, Microsoft, Campbell, Smarter planet, Xcel energies and Green Mountain Coffee Roasters were taken and the social graphs were identified and the

first CSR community with 16000 users were employed. Only CSR related content were manually coded. The study had two research questions a) What are the characteristics of CSR communication in social media? b) Is there an alignment between companies' CSR agenda and stakeholders' social expectations in social media? Data mining logarithm was employed and it was based on the node percentage shared among those companies. The study investigates the shared audiences determining the friendliness of communication of the company with the public. The results showed that the highest being 11.45 percent between Microsoft and Campbell and the lowest being between Microsoft and Green Mountain. The study interprets that friendly company interacts more with the audience regarding CSR. The study also interprets that there is no convergence between the stakeholder expectations and the CSR communication.

Ahmad (2016) talks about CSR communication practices in the social media among the award winning companies. The recording of number of likes shares and comments of the stakeholders on the posts relating to CSR was performed. The data has been analyzed using thematic analysis. The data employed is between June 2015 and June 2016. All the posts of the company in these social media were studied carefully. Out of all posts, more than 52% were about CSR. The posts were primarily focused on the achievements made by CSR. Thus, the study concludes that an award winning company for social responsibility tends to be more dominant in the social media regarding its communication of CSR to the stakeholders.

Lee et al., (2013) talks about how the online communication of CSR in the social media and the online presence of the company affects its CSR rating. The data of the fortune 500 companies from the company's websites was taken and was further filtered out taking only the companies with CSR ratings, which made the total number of samples to be only 405. The research analyzed the significance between the firm's CSR rating and its online presence, social media communications, user driven communications. The independent variables are the number of followers, number of retweets and number of tweets by the company. The analysis took place in May of 2012. The analysis employed probit regression model. The study concluded that high online presence and the communication of the CSR activities is strongly correlated with the high CSR ratings, which is logically acceptable.

Illia et al., (2015) examined how a company engages in the CSR communication in the social media. The data collected is primary data, which was collected in three stages. The first stage with ten different stakeholder profiles was conducted and the stakeholders' profiles were divided into three categories of employees active in CSR projects: investors owning shares of companies in CSR indexes (or analysts evaluating CSR indexes), governmental agencies active in the

CSR area and educational actors as well. The second stage was to identify the online spaces, where CSR dialogues took place and this step was focused on the secondary data using 33 different CSR indices. The third stage was to analyze the actual dialogue taking place, which was a secondary data of in-depth analysis of 150 such dialogues. The analysis was done by qualitative theory building conducted in three stages. The findings indicate that stakeholders expect three ideal online CSR dialogue spaces: (1) space for co-learning, (2) space for co-innovating, and (3) space for co-deciding. The second main finding demonstrates that stakeholders expect companies to engage in dialogue spaces that allow all parties to be open to new ways of innovating in the implementation and promotion of CSR related matters. Innovations in CSR related matter play crucial role in this sense. Stakeholders feel that corporations have been setting the agenda for a long time, and they often question the way CSR-related matters have been managed. Another finding, which emerged, is that digital CSR is a game-changer and it will be able to tackle several problems in the future.

## Methodology

## Corporate digital responsibility

Digitization concerns the virtual world today. We need to merge sustainability with the virtual world, bringing these two concepts together, which is crucial for businesses. This merging is called Corporate Digital Responsibility (CDR). In the near future, CDR will become a standard to hold all organizations accountable all over the world. CDR will become increasingly important for organizational performance, risk management, and for consumers as well. This new phenomenon is forward looking. It should be mentioned that CSR managers are already engaging in digitizing the workplace, as they conduct most of their work online today. COVID 19 problem has already pushed them to work online. Therefore, their main responsibilities include researching, establishing relations between partner companies, policy developing, implementing activities and initiatives. The main goal is to create a positive impact on the environment, local communities, and recruiting staff. CSR managers are advised to establish partnerships online in order to reduce emissions and save energy. CDR can improve the overall well-being of society through digitization. As such, reaching full digitization for businesses requires ongoing education and re-designing institutions. Nowadays, digital advances have enabled a wide variety of benefits of automation, data analytics, artificial intelligence, and machine learning to the society, which are increasingly evident in our daily life. Applications range from fulfilling consumer requests, making lending decisions, providing health advice, taking on high-risk jobs, protecting endangered species to transporting people and goods. Wirtz et al (2018) mentioned this idea in his paper. It is the responsibility of system designers and organizations, which use these systems to recognize that their

technologies may possibly be employed in ways other than they had anticipated. And, consequences for different stakeholders and the society at large may be different from their expectations.

In this sense, digital technologies, which assist in human decision making or make decisions autonomously need to be subject to moral norms and ethical considerations similar to those, which apply to humans. It requires tech companies to be aware that the code they produce or deploy or the data they collect and process create an ethical responsibility for them. Thus, organizations must determine how to operate responsibly in the digital age, which also complies with legal requirements and considering economic impacts on the organization. Schwartz and Carroll (2003).

Technological developments exhibit exponential growth. Building on the accelerated technological progress to date, the coming decades appear likely to produce even more disruptive innovations. According to Brynjolfsson and McAfee (2014), it is particularly recombinant growth among such innovations which require corporations to face what the digital means. For example, big data and analytics are being combined with advances in machine learning and AI, allowing for the vast amounts of data already being collected to be put to even more efficient use.

Also, ethical and social concerns need to reflect the malleability of digital technologies. This idea was mentioned by Richter and Riemer (2013) and Soltani (2019). According to Vosoughi, Roy, and Aral (2018) social media were not created intentionally to spread fake news, but their algorithms, designed to maximize engagement, have contributed to this growing trend. From the business point of view, digital responsibility entails a wide, complex, and highly dynamic set of moral challenges, which will only unfold in the use over time.

Digitalization is an important aspect of our daily lives. Both businesses and individuals save their time and money because of advanced technologies. Many business processes are becoming easier and more efficient today. It has become nearly impossible to perform daily activities without the use of digital technologies, whether directly (applications) or indirectly (digital technology in the background). Both corporations and consumers increasingly lack realistic options to lead their daily lives without digital technologies or to avoid the potential effects of interrelated devices that track their behaviors. Combined, these three aspects— exponential growth in technological development, malleability of technologies and data in use, and pervasiveness of technology and data— propose that the digital is not just a linear development of previous technological advances. It represents a quantum leap in digital technology, which involves novel and specific challenges to corporations' ethical behavior, which go beyond CSR. This area requires further

research and investigation. Nevertheless, CDR and CSR will likely prove complementary and overlapping benefits. Further analysis of CDR and CSR are promising benefits for the society, which are presented in the next part.

## Benefits of digitization within CSR

An obvious benefit of digitization of CSR is the scaling back on the use of paper. Cloud storage eliminates paper waste and makes it easier to access all documents from anywhere. It saves our time as well as resources. Digitalization reduces the emissions produced for every ton of paper. Paper does not only create both energy and water waste. The paper production is costly: over thirty million acres of woods are being destroyed yearly. Therefore, a digital platform or an applications can significantly lower the organization's environmental impact. Moreover, it can reduce the strain of internal sources. This pollution comes from storing information in data centers, which consume a lot of energy.

Negru (2020) argue that those above mentioned data centers are sometimes as big as a football stadium. They require huge amounts of power and adequate cooling systems, as they are constantly storing and sending emails, videos, and documents. It is costly and time consuming. Therefore, new approaches and solutions in the sphere of business require digitalization. Nowadays, digitalization plays crucial role in business life. Many business processes are less costly and more efficient due to digitalization. Many business processes require less time due to innovations. CDR is needed as a new phenomenon, which brings new approaches, innovations, and automation. Using the Internet of Things technologies will help to guide the supply chain as it will help your company to track the quality of vendors, suppliers, and end products automatically. Besides monitoring the quality of the products, IoT can track the location of goods, track speed and movement of when the goods will arrive or if they are delayed.

Digitization helps to avoid wasting time, products, and resources. It motivates and promotes the efficient usage of resources. Moreover, Digitalization or CDR promotes the issue of CSR globally. Companies are becoming more socially responsible if they are adopting new tools of digitalization. CDR is needed for businesses as well as for the society as a whole. Also, it improves time management as well as transparency. It encourages your company to be more efficient to adopt digital tools. Corporate sustainability practices and reporting will be radically transformed in the era of rapid digital and technological change. Technological advances and increasing demand for real-time updates are going to bring a number of transformations in the way sustainability is monitored, implemented and reported.

## Conclusion

This paper presents some practical as well as theoretical implications. For example, companies may think about certain benefits of digitalization and save their costs by applying it. The manuscript is useful for all types of businesses. Digitalization reduces energy and emissions, saves our time and money. It promotes transparency and improves our time management. Overall, it makes all businesses more efficient and it reduces paper waste globally. In terms of theoretical implications, we should focus our attention on possible continuation of this research. The new research may employ such tools as questionnaires and interview in order to find out what people think about CSR and CDR. Benefits of digitalization may possibly be discussed by business people as well. The new study may possibly employ quantitative as well as qualitative techniques. This topic is a new one and serves as a base for new ideas. The paper is quite actual today and may serve as a promising avenue for further research. The paper connects CSR and CDR and it focuses on benefits of digitalization and CDR. This topic may possibly become broader in the future.

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