The Role of Information Technology in Fulfilling the Promise of Corporate Social Responsibility

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Abstract
Young people today want to work at a meaningful job and make a difference in the world. Information technology (IT) is an effective enabler for all sorts of business strategies, so it comes as no surprise that IT is useful for implementing a firm's corporate social responsibility (CSR) initiative as well. The computer professional of the twenty-first century has the tools, training, and talent to be involved in strategic decision making that will have a lasting impact on society. Computer technology can be used to increase profits; but it can also be used to enhance the workplace, create adaptations for disabled employees, create educational opportunities that bridge the digital divide, improve business ethics, and help society.

Keywords: Corporate social responsibility, Ethics, Digital divide, Employees with disabilities, Environment

The purpose of this paper is to investigate various ways that IT has and can be used to augment the workplace environment, create adaptations for disabled employees, generate educational opportunities that bridge the digital divide, improve business ethics and, in general, enhance society.

1. Introduction
Between 1986 and 1995, we experienced the Savings and Loan crisis in which 1,043 banks failed with a cost to U.S. taxpayers of about $124 billion (Curry and Shibut, 2000). In 1993, federal security regulators decided to do something about excessive compensation for executives. In 1976, the typical CEO was paid approximately 36 times more than the average employee; this ratio had risen to 131 by 1993. It was thought that making the total compensation of CEOs public, would reduce the super high salaries. Ironically, the above-mentioned ratio escalated from 131 to 369 (Ariely, 2008: 17). Executive pay continues to rise and often is not commensurate with performance (Bebchuk and Fried, 2004; Bebchuk and Grinstein, 2005). According to a Watson Wyatt
survey, approximately 90% of institutional investors believe that top executives are exorbitantly overpaid (Kirkland, 2006). Warren Buffet asserted that ensuring fair pay for executives is the “acid test of corporate reform.”

In the past decade, there were several corporate scandals including Enron, Tyco International, Adelphia, WorldCom, and many other firms. These companies were found to use dubious or fraudulent accounting practices to deceive the public and enrich the executives. The Sarbanes-Oxley Act of 2002 was enacted in order to eliminate financial wrongdoings such as Enron and WorldCom. The scandals, which involved backdating options, shows ever so clearly that the philosophy in many corporations of “maximizing shareholder wealth” is a sham and all that truly matters is enriching CEOs. Backdating of options is not an aberration; there is evidence that 29% of public corporations have engaged in this practice (Burrows, 2007). Currently, we are in the midst of another major crisis which started with the subprime mortgage debacle. This crisis seriously hurt the global financial system. Millions of jobs and trillions of dollars in assets have evaporated.

It is no wonder that only 2% of Americans feel that Fortune 500 CEOs are “very trustworthy” (Deutsch, 2005); the overwhelming majority (72%) believe that “wrongdoing” is widespread in the business world. Indeed, Robert S. Miller, CEO of Delphi, declares: “Society has come to believe that the term ‘crooked CEO’ is redundant” (Deutsch, 2005). Investors’ funds and pensions have disappeared because of unscrupulous CEOs, corporate officers, accountants, investment bankers, regulators, politicians, analysts, auditors, and attorneys (Mills, 2003). Politicians, CEOs, bankers, and auditors are seen as part of the problem, not the solution. It is not surprising that Americans have lost their faith in the business world and the people who run it.

Many scholars believe that the future of capitalism is bleak if it will continues to function in such a predatory manner. Greider (2003) feels that because greed has become the foundation of capitalism, capitalism has become dysfunctional. The corporation has lost its soul and destroyed the environment in the name of profit. Moreover, there is virtually no democracy in the corporate world - executives act like lords of the manor with employees as their serfs. Bogle (2005: 5) claims that capitalism needs a soul if it is to thrive: “…capitalism requires a structure and a value system that people believe in and can depend on. We do not need a Pollyannaish faith in the goodwill of mankind, but we do need the confidence that promises and commitments, once made, will be kept. We also need assurances that the system as a whole does not unduly benefit some at the expense of others.” Jeb Bush, Governor of Florida, notes that “…if the rewards for CEOs and their teams become extraordinarily high with no link to performance —and shareholders are left holding the bag— then it undermines people’s confidence in capitalism itself” (Kirkland, 2006).

One reason for optimism is the interest of a number of firms in corporate social responsibility.

Our definition of corporate social responsibility will be the one cited in Hollender and Fenichell (2004, p. 29):

… an ongoing commitment by business to behave ethically and to contribute to economic development when demonstrating respect for people, communities, society at large, and the environment. In short, CSR marries the concepts of global citizenship with environmental stewardship and sustainable development.

A number of firms are including it in their mission statements. Starbucks, for example, proudly declares on its website that (http://www.starbucks.com/aboutus/csr.asp):

Contributing positively to our communities and environment is so important to Starbucks that it’s one of the six guiding principles of our mission statement. We work together on a daily basis with partners (employees), suppliers, farmers and others to help create a more sustainable approach to high-quality coffee production, to help build stronger local communities, to minimize our environmental footprint, to create a great workplace, to promote diversity and to be responsive to our customers’ health and wellness needs.

The 2006 Cone Millennial Cause Study, discussed on the company website (http://www.coneinc.com/Pages/pr_45.html) indicates that 61% of young people born between 1979 – 2001 feel “personally responsible for making a difference in the world.” Also, 89% are likely to switch brands in order to support a cause; 83% of them will “trust a company more if it is socially/environmentally responsible.” Corporate social responsibility is not a fad and is here to stay. The firm that wishes to prosper in the twenty-first century will have to make it the mantra of the organization.

2. What Can the IT Professional Do?

We live in an information age and the major asset of today’s organization is the knowledge of its employees. The IT professional controls the most powerful information tool known to man -- the computer. This paper will
briefly describe just a few things that IT professionals can do to make their firms more committed to the needs of consumers, the environment, and society.

2.1 Using IT to Enhance Employee Satisfaction

Peter M. Senge popularized the concept of “learning organization” in his seminal 1990 book The Fifth Discipline (Senge 1990). This book sold more than one million copies and was identified as a seminal management book by Harvard Business Review; Senge earned the title of ‘Strategist of the Century’ and was acknowledged by the Journal of Business Strategy as one of 24 individuals who have ‘had the greatest impact on the way we conduct business today’ (Smith 2001).

Many firms understand that the major asset of an organization is the collective knowledge of its employees. Firms that wish to be innovative, inventive, and nimble are becoming learning organizations; in fact, “organizational learning” has become the mantra of many companies (Argyris and Schoen 1996; Senge 1990). Companies that are concerned about employee satisfaction have to understand what it takes to become a learning organization.

What does it take to become a learning organization? Pedler et al. (1991) state: “A learning company is an organization that facilitates the learning of all its members and continually transforms itself.” Garvin (1993) believes that a learning organization is “an organization skilled at creating, acquiring, and transferring knowledge, and at modifying its behavior to reflect new knowledge and insights.”

Friedman et al. (2005) summarize what one should expect to see in a learning organization. First and foremost is the belief in continuous and collective learning, knowledge sharing, and collaboration. Information has to flow in all directions – even from the bottom of the organizational pyramid to the top. Also, there has to be concern for people and respect (and empowerment) for employees. Diversity is seen as a plus since it allows for new ideas. The individuals that make up the organization have to learn from past experience and mistakes — experience is the best teacher — and learn from the experiences of others in the organization. There must be a willingness to experiment and take chances; this means that there has to be a tolerance for failure. There must be a commitment to lifelong learning. The organization must also develop the ability to adapt to changing conditions, i.e., an ability to renew, regenerate, and revitalize an organization.

The new media technologies may offer the perfect infrastructure for establishing a learning organization. The new media include such technologies as wikis, blogs, podcasting, RSS feeds, social networking, virtual environments, and more. What characterizes the new media and makes them special is what Friedman and Friedman (2008) refer to as the five C’s: communication, collaboration, community, creativity, and convergence.

Blogs are a powerful new media tool that can be used to help employees with problem solving by enabling them to acquire information from others in the company. Blogs enable employees to get needed feedback – this is crucial if a firm wants to be a learning organization (Jackson, Yates, and Orlikowski, 2007). A single blog may be shared among a group of individuals and sometimes a blog may be used for group work. Executives at companies such as Boeing now have two public blogs: an internal one to hear from employees and an external one to hear from the public (Holmes, 2006).

Worsley (2007) describes the social network called N-square by Nissan for its employees. The purpose of this network was to make it easier for employees to communicate with each other and to help reduce the time employees were spending at unproductive meetings (Worsley, 2007).

Wikis are also valuable tool for the business world since they make it easy for individuals to collaborate and share knowledge. Google Docs also enables groups of users to work on the same document. Skype is another tool that facilitates conference calls and chats. The social networking technologies such as Facebook have a collaborative aspect and virtual communities like SecondLife are used for virtual conferencing.

A firm that is serious about being a learning organization has to ensure that lifelong learning is made easy for employees. IBM is using Second Life, an online virtual world, for training and mentoring new employees (Frauenheim, 2006). The firm feels that a virtual world is less intimidating than the real one and individuals are more open to taking risks using their own avatars than when in the real corporate environment. Second Life is being used to teach new employees all types of working skills including how to sell. Many educators are already employing such features as blogs, wikis, podcasts and streaming video in training materials. Web-based learning will probably not replace the traditional face-to-face way of learning. However, it will become a tool to enhance the conventional approach to learning in the workplace (Ruiz, Mintzer, and Leipzig 2006). Adobe Acrobat Connect is one example of software that is designed for eLearning and web conferencing.
Clearly, IT has a major role in ensuring that there is communication and collaboration among employees so that they all feel part of a team. Without the assistance and active involvement of IT, it is almost impossible to become a learning organization, especially when a company has branches all over the world.

2.2 Encourage Diversity by Hiring the Disabled

True diversity is not possible unless firms make a serious commitment to hire the disabled. The disabled are the largest minority; approximately 20% of American adults have a disability (Rimmer et al., 2008). Many firms are reluctant to hire the disabled. They believe that the costs are too high relative to the benefits. The truth is that organizations that hire the disabled will generate a great deal of goodwill among a large part of the population and will be able to find loyal employees (Friedman, Lopez-Pumarejo, and Friedman, 2006). Some of the solutions described here to help the disabled also make it possible for the elderly to continue working well into their seventies and even eighties. The elderly have many of the same problems as the disabled (in fact, many of the disabled are elderly). These include such disabilities as vision and hearing problems, mobility impairments, and memory problems.

According to the Job Accommodation Network (JAN), a service from the U.S. Department of Labor’s Office of Disability Employment Policy, in approximately two thirds of cases, the cost of accommodating the disabled is less than $500 (Office of Disability Employment Policy, 2007). The IT area has the expertise to understand how inexpensive it really is to make accommodations for the disabled. At the very least, the IT area can make it easy for the disabled to telecommute and work from home. There are all kinds of software, e.g., Adobe Acrobat Connect, that make it very easy for employees working from home to communicate and collaborate.

There is a huge amount of available software – voice recognition software, screen magnifiers, speech synthesizers, etc. – to make computers accessible to the blind and the visually impaired. For individuals who are hard of hearing, being deaf today may not be much of a disadvantage in since most communication is via e-mail. Computer programs can be written to enable the deaf to work alongside those who are not hearing impaired. For some jobs, all that may be required to enable the hearing impaired to work is amplified headphones and/or a powerful speaker. There is also simple software that enables a computer to use a flashing signal in lieu of an audible beep.

Software that provides the user with a multisensory experience is very helpful for those with learning disabilities. The Kurzweil 3000, for example, was developed by Kurzweil Educational Systems to help students with learning disabilities such as dyslexia. The software displays scanned text on the computer. The words are read aloud and the reader can adjust the reading speed. As the words are read aloud, they are also highlighted to help the reader focus on each word. This kind of software can help people with learning disabilities work at many kinds of jobs.

There are many other ways that the IT area can help make the workplace more accessible to the disabled. In fact, one of the more fascinating emergent areas in which computer technology is used in the service of the disabled is in the study of virtual reality systems to treat phobias and anxiety disorders (see, e.g., Adler and Satari 2006). At the very least, computer software might be useful in helping employees to become aware of potential problems such as depression, and to go for treatment.

2.3 Using IT to Improve Customer Satisfaction

One of the buzzwords in customer satisfaction is “relationship marketing.” This means that a marketer strives to satisfy customers (and other stakeholders) with quality products while building a long-lasting, mutually beneficial, trusting relationship with them. There are many ways to do this but the Internet is one of the important tools of relationship marketing. Communicating with customers via snail mail is ineffective in this day and age, especially with younger people who are major users of the new media. At the very least, relationship marketing requires that email be used to keep customers informed as to the latest products. A company blog provides a place so that customers have somewhere to go to complain (or provide suggestions).

Public relations is an important part of marketing and now has new computer tools at its disposal. The old days where the public relations department depended mainly on press releases is long gone. Today, an organization that is concerned about its image has to communicate with its customers using blogs, video releases on YouTube, and via a web presence. Scott (2007: 21) feels that “online content in all of its forms is causing a convergence of marketing and PR that does not really exist offline.”

Many companies create online communities for their products and services in Facebook. American Express, for example, is experimenting with a beta version of a “travel community” for its membership. Berkley (2007: 56) observes “social networking sites are the key to reaching college-aged consumers, who are increasingly looking
outside of traditional media and for more ways to control the information (and marketing messages) they receive.” Social networking is used in relationship marketing in order to connect customers all over the world. It is a method that is being used to increase brand loyalty while at the same time getting feedback from customers and discovering what changes they want (Friedman and Friedman, 2008).

Customer support is very closely connected to relationship marketing. A good website will have live chat features enabling prospects to talk in real time to informed individuals and will also include customer reviews of products (Berkley 2007: 56-57). Berkley (2007: 55-56) observes that an easy way to build trust and loyalty among consumers is to provide a forum for honest customer reviews and a place for them to proffer advice to each other. Providing a social community for customers to have discussions about products and services can only enhance trust and loyalty.

If an organization is indeed marketing oriented then customer satisfaction comes first. Most firms believe that customer satisfaction is the single-most important measure of business performance; it is even more important than such measures as profit, employee productivity, and market share. Indeed, major business leaders who attended the World Economic Forum were asked in a survey what was the major measure of success. Only 20% mentioned profitability. The majority mentioned the reputation of the corporation, integrity, and high quality products (Hindery, 2005: 10).

One would expect an organization that understands the importance of customer satisfaction to constantly do research in order to determine whether or not their clients are satisfied. Note the importance of the J.D. Power and Associates customer satisfaction studies for the automobile industry. Defining and measuring customer satisfaction has been and continues to be extremely important in many industries. In general, high levels of satisfaction arise when a client’s experience with your firm exceeds expectations. A high level of satisfaction usually results in loyalty to your firm and positive recommendations to colleagues and associates. Surveys are one means of both measuring clients’ satisfaction and determining whether there is anything the firm can do to improve your performance and thereby increase client satisfaction. An inexpensive way to survey customers is via web surveys.

An important part of customer satisfaction is having a place where customers can go to complain. This allows management to attempt to correct the problem and mollify the customer. A customer with a complaint whose problem is solved by a firm is much more likely to become a loyal customer. The IT area has the ability to create a website where dissatisfied customers can go to seek redress. There should also be an information system in place that is used to study complaints and see what can be done to eliminate product problems.

2.4 Using IT to Help the Local Community

A firm that is socially responsible should hire employees from the local community in which it conducts business. It should also buy from the local community. This is the logical way of running a business. After all, many of a firm’s customers will come from the surrounding areas. Moreover, if the local community thrives as well as the schools there, it can only benefit all of the businesses that are based there. No one wants to run a business in a dying community on its last legs or in a neighborhood with failing schools. Some hotel chains and hospitals have developed a new workforce by offering training to the unemployed in local communities—a win for everyone.

Improving the schools in the local community is a practical way of ensuring that a firm will have an adequate supply of dedicated, competent, and literate employees. School reform is a win for society and for business. Kanter (2003) describes how a partnership between the corporate world and the public sector can benefit both. Companies such as IBM and Bell Atlantic have helped public schools while at the same time benefiting themselves.

IT departments can do a great deal to help both local businesses and schools. They can provide technical training to businesspeople, offer free computer courses in local schools, and offer internships to high school students. Providing free wireless for a community and making available old computer equipment to businesses and schools is another way to benefit everyone.

2.5 Using IT to Strengthen Business Ethics

Of course, ethics has to start at the top with CEOs. However, once top management makes it clear that ethics is important; the IT department has an important role in spreading the word. First, the mission statement, which should be on the company’s website, should discuss more than growth and profits. In its mission statement, a firm should show how the firm intends to consider the needs of the environment, society, employees, customers, suppliers, local community, and government. This is accomplished by selling high-quality products at a fair price;
providing employees with fair salaries and work that is fulfilling and meaningful; showing concern for the organization’s environmental footprint, caring about the local community as well as society; and cultivating positive, productive relationships with suppliers and customers. The mission statement of the firm should emphasize the firm’s moral and ethical values and it should make it clear that satisfying the needs of all the key stakeholders, not just stockholders, is essential.

Many firms are publishing an annual corporate social responsibility report and making it available online so that all stakeholders can see exactly what the firm is doing in order to conduct its business in a socially and environmentally responsible manner. This is one way to send a message to all stakeholders that social responsibility is as important as profits and must therefore be measured.

When it comes to spreading information, nothing beats the information and communication technology. The IT area has many tools at its disposal to ensure that everyone is aware of what is important to an organization. In addition, the IT area can help create blogs for management so that they anyone in the organization can provide suggestions or criticisms if something needs to be improved. Social networks can be set up facilitating communication among employees and management.

Within the old, pyramid-shaped organizations with tall hierarchical organizational structures, i.e., characterized by numerous layers of management, it is almost impossible for someone at the bottom of the hierarchy to contact someone at the top. The IT area can set up communications using blogs as well as other tools so that information can easily flow in all directions – even from the bottom of the organizational pyramid to the top. Whereas, most employees would be reluctant to use anonymous tip lines or suggestion boxes, even if they are available, with the new media technologies, a concerned CEO can easily set up an internal blog so that employees can contact him/her if something unethical is happening. An external blog can be set up so that customers can contact the CEO if they feel a firm is not behaving in an ethical manner. Many firms are using the latest software to search for negative comments about their organization in blogs throughout the world. The comments are studied and the blogger is contacted with the hope of correcting the problem that caused the negative remark.

Stelter (2008) describes how several companies monitor online discussion groups as well as blogs and social networks to see if anyone is mentioning their organization. Comcast, the largest cable company in the United States, has been rated poorly on customer satisfaction and is using this as a way to improve customer service by communicating with people complaining online about the company. Twitter.com is being used by companies such as Southwest Airlines and Whole Foods Market to answer questions and even offer information on price discounts (Stelter, 2008). The CEO of Zappos, the online shoe store, uses Twitter.com so that more than 7,000 followers know all kinds of information about his day-to-day life. Twitter.com is a tool to bring people closer to each other by knowing all the little things (e.g., books they read, hobbies, etc.) they are doing throughout the day.

2.6 Using IT to Improve The Environment

There are several reasons that Corporate America is going green. These include improving its image and competitive advantage (Wald, 2006). Companies recognize that environmental stewardship as a way of differentiating a product or service and attracting customers. A number of studies show that the public is very concerned about the environment and wants to do with business with companies that care, and shun those that do not. One study found that 75% of consumers claim that their purchasing decisions are affected by a firm’s reputation with respect to taking care of the environment (Kotler and Lee, 2005:12). This may help explain why a significant number of companies are promising that in the future they will be completely green, i.e., produce no waste and only use renewable sources of energy.

The IT professionals have the tools to demonstrate that firms can be profitable while behaving in an environmentally-conscious manner. Many firms can actually increase profits by going green. After all, the cost of non-renewable sources of energy is expected to increase dramatically in the future. How much longer can the United States with only 5% of the world’s population continue to use 25% of many critical resources (Markham, 2006)?

Many companies are looking for ways to become as energy efficient as possible and reduce their emissions. The first step is to monitor energy usage and all kinds of emissions. This kind of tracking is necessary if a firm is interested in reducing its environmental footprint and observing changes over time. Keeping track of this kind of data requires the use of computers. Computers are also used to automatically turn off equipment and lighting when they are not being used. Ironically, in many companies, computers themselves waste a great deal of energy since they are left on all of the time, even on weekends.
The United States Department of Energy has a website known as the Industrial Technologies Program (http://www1.eere.energy.gov/industry/) that describes many ways that industry can become more energy efficient. There are links at the above website to BestPractices Software Tools (http://www1.eere.energy.gov/industry/bestpractices/software.html) for firms to find ways to save energy in their plants. There are many computer programs that can help companies determine the best way to reduce their environmental footprint. Some of the tools used include process simulation models.

3. Conclusion

The twenty-first century IT professional is doing considerably more than writing code and maintaining computer programs. Certainly, technology can be used to increase profits; but it can also be used to enhance the workplace, create adaptations for disabled employees, create educational opportunities that bridge the digital divide, improve business ethics, and, improve the world. Indeed, IT professionals of today have the ability - and, thus, the obligation - to make changes that will have a lasting positive impact on society. Many have become disillusioned with capitalism thanks to the current financial meltdown, which was caused in large part by the unchecked greed of financial institutions large and small. Today’s information technologies are sufficiently mature, ubiquitous, and powerful to make the world a better place and help restore our faith in capitalism.

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