Social Responsibility of Innovation as a Strategy in Corporate Governance: A Possible Application for Technology Assessment

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Contents

- Tasks and rationale
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Tasks and Rationale

- Determining how social responsibility pertains to technological innovation:
  - building internal awareness of the range of a given innovation's impacts on social systems
  - apply (new) methods geared towards generation of new organisational knowledge about a product's use and diffusion
  - devise new complex strategies that integrate perspectives on innovation (competitiveness), social impacts (responsibility), and policy (legitimacy)

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Tasks and Rationale

- Understanding how global multinational companies (Fortune's Global 500) include the topics of technology and innovation in their sustainability frameworks;

- Identify strategies related to:
  - Social issues and concerns most likely to prompt innovation (demand-pull);
  - Significance of (technological) innovations as quasi-autonomous factors (technology push);

- Enhance the understanding of social responsibility by linking it to the context of innovation diffusion

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Data and sources

- Sustainability reports of Fortune's Global 500 companies – not all have such published reports

- Collected rankings, revenue and profit figures for both 2005 and 2011

- Used Fortune's categorisation of industries – about 60 industries

- Country of origin based on headquarters' location (per Fortune's information)

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Some features of sustainability reports

- Very detailed, rich in content, focused around issues of social relevance

- Most frequently published in addition to the annual performance report, indicating strategic intent

- Reflect the "framework" companies use to refer to and explain their social responsibilities

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A note on method

- Qualitative analysis of the sustainability reports of Global 500 companies – using Nvivo software tool:
  - *Inductive analysis* – use context to derive concepts, themes or models through interpretation by the researcher (Thomas, 2006)
  - *Grounded theory approach* – no preconceived theory; rather theory is developed by discovering significant themes inherent in the data (Strauss and Corbin, 1998)
- Only one report (latest available on website) was collected per company

Some major limitations

- No time-sensitive analysis is possible

- Very high probability for "positive bias" in sustainability reports

- Mostly a qualitative approach – no representativity

- No opportunity to provide empirical test for stated CSR commitments or relate commitments to performance measures

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Quick look at Global 500 Companies

- Total number of companies on the list in 2005 and in 2011 – **653 from 35 countries**
- Total number of companies on the list for both years – **347 from 29 countries**
- Total revenue in 2005 – **$16,8 trillion USD**; total revenue in 2011 – **$26+ trillion USD**

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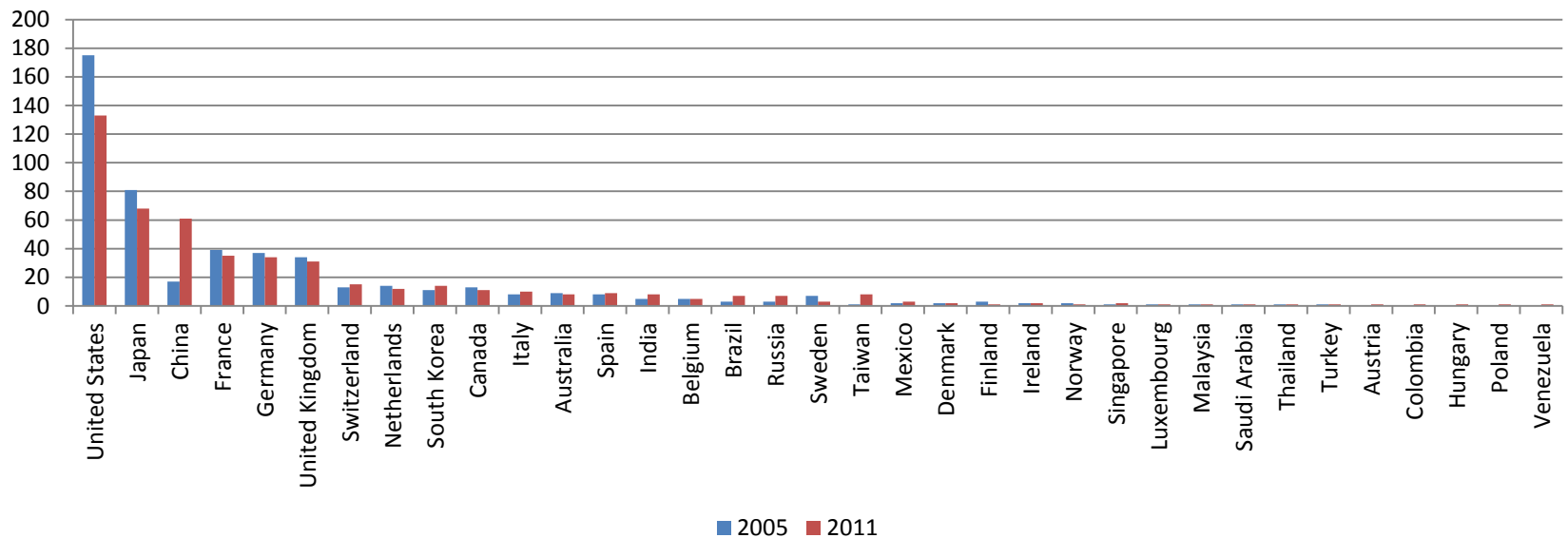
Key Assumptions

- Each innovative technological product presents an **enabling opportunity**;

- A key social responsibility lies with finding the balance between *knowing* **about a problem**, and *getting involved* **with a solution**;

- Innovation is a key driver of competitiveness; that is why it is a subject of **strategy**;

- Social responsiveness requires understanding of a **broad context**; it should also be a subject of strategy.

Key concepts

- Social responsibility as an **additional dimension to innovation** – building awareness of enabling factors, of possible dangers, and of the future as a social reality;
- Why focus on **technological innovation**?
  - Technology underlines much of contemporary life style
  - It accounts for significant changes in social systems due to impact on human relations, health, and the environment
- **Social impact**:
  - not static, strong (possibly irreversible) implications for the future, either positive or negative
  - refers to changes in how people "exist" within socio-economic systems

Important Preliminary Findings

- Social responsibility *of* innovation is a complex phenomenon, with implications for strategy development;

- Within a corporate context TA can be applied in order to integrate knowledge about (innovative) technology:
  - as a product,
  - as a social phenomenon, and
  - as a subject to policy regulation.
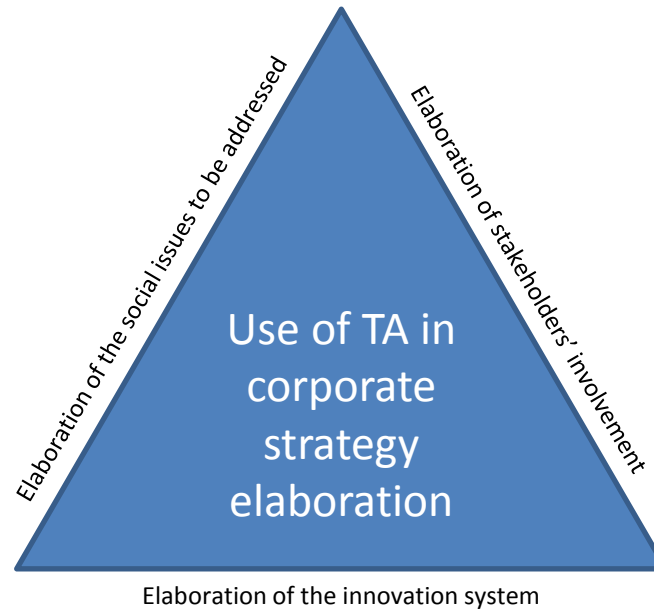
Role and Applications of Technology Assessment

- Determining which parts (areas) of a company's technology "portfolio" have the highest social impact, and what that impact is;

- Determining the need and scope of policy regulation over the use of new technologies, roles and opportunities for stakeholders;

- Application of scenarios and participative methods in determining likely paths in technology adoption and the possible resultant changes in social systems;

- Contribute to organisational learning and (social) knowledge generation.

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A holistic approach to responsibility in innovation

Implications for people and communities
(social responsiveness and responsibility)

Elaboration of the social issues to be addressed

Elaboration of stakeholders' involvement

Use of TA in corporate strategy elaboration

Elaboration of the innovation system

Implications for the company
(knowledge and business development)

Implications for public policy
(networking, partnerships, advocacy, legitimation)

Some examples

"Corporate responsibility is our daily commitment to **discovering innovative solutions** to the **world's biggest health challenges**. We see [it] as a **major business objective**, not solely a philanthropic initiative.

Through **innovative research**, groundbreaking partnerships and **smarter processes**, we are prepared to **lead in the future of healthcare**. As we do so, we will **remain competitive** and committed to the idea that corporate responsibility makes **good business sense**."

Merck, Corporate Responsibility Report 2011

"Now more than ever, the **sustainability of business** and the **sustainability of society** are **interconnected**. [An] innovative, responsible and sustainable business plays an important role in **building a healthy, thriving society**. This idea lies at the heart of our **global citizenship strategy**."

Abbott, Global Citizenship Report 2011

"We will **work transparently with stakeholders** to enable us continued freedom to **innovate in a responsible way**."

P&G, Sustainability Report 2012

"To meet the needs of our customers and contribute to addressing the **global sustainability issues of the future**, we are applying our **core competencies**, including **innovation** and **partnership-building**, to develop solutions for future mobility that reflect the realities of **a changing world**."

Ford, Sustainability 2012/2013

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Implications for future research

- Assess **corporate readiness** to "embrace" a social responsiveness-based view on innovation;

- Assess the **added value** of integrating social responsibilities of innovation within a corporate value-chain;

- Review **successful applications** of TA-methods and their effectiveness in strategic planning for innovation and social responsibility.

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Questions and Comments

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