Chapter 3
Digitization as a Stimulus for Corporate Social Responsibility

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ABSTRACT
It has already been proven that digitization creates economic growth. But a key factor for the future of society is its perception from the social point of view. Digitization leads to changes that will inevitably affect aggregate demand, employment, and labor costs. Therefore, the purpose of this chapter is to investigate how the digitization interacts with the corporate social responsibility to increase the positive effects over the society. Corporate social responsibility is the sphere that implements the non-economic aspects of the digitization. But before its full deployment, there are still a number of obstacles. Numerous studies have shown that digitization can provide tools to facilitate the socially responsible activities. At the same time, it can also serve as a push for corporate social responsibility, as the formation of a socially conscious market leads to socially committed employees and to increasing their demands on the social responsibility of the business.

INTRODUCTION
On 24 November 2012, a fire broke out in Tazreen Fashion Factory on the outskirts of Dhaka, Bangladesh. There were 117 dead and 200 injured (Ahmed, 2012). Tazreen factory had been producing clothing items for some of the biggest companies in the USA and Europe (Bergman & Rashid, 2012) among which Walmart, Dutch chain C&A and the Hong Kong-based Li & Fung company (Khan, 2012). Following investigation revealed that factory workers were forced to endure extremely bad working conditions, with negligible pay and that the building had outdated electrical installation and insufficient exits. (Bajaj, 2012). Five months later, on April 24th 2013, the eight-story building Rana Plaza in Savar Upazila in Bangladesh collapsed. The building was designed for offices and shops only but it also housed some clothing factories although that its construction wasn’t robust enough to withstand machine vibrations (Blair & Bergman, 2013). The clothing factories work for some of the top fashion brands such as
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Benetton, Bonmarché, The Children’s Place, El Corte Ingles, Joe Fresh, Monsoon Accessorize, Mango, Matalan, Primark and Walmart (Palidda, 2016, p. 47) A day earlier, a TV channel showed cracks in the building and the people were evacuated. However, on the next day, factory workers were made to return to work with Ether Tex managers even threatening to withhold monthly staff payments if they refused to go back to work (Devnath & Srivastava, 2013). The reckoning - 1134 dead (Hopkins, 2015), and 2 500 injured (Smithers, 2013).

Longhua Science and Technology Park, a branch of the Taiwan Foxconn Technology Group has been notorious for the many suicide incidents among their workers. For the period 2009 – 2017 more than 21 workers committed suicide, unable to bear the physical and psychological burden they were forced to endure in the factory. (Fullerton, 2018). The Group was involved in assembling iPhone, iPad and iPod for Apple Company and electronic components for Hewlett-Packard, Dell, Sony, Nokia and Nintendo (Guo, Hsu, Holton & Jeong, 2012).

It is only a small part of the many examples that can be given for the illegal exploitation of human labor, especially in developing countries. After the collapse of the building in Savar, all fashion brands were quick to claim they had no relationships with the clothing factories in question but documents and clothes, found with their logos, seem to prove the opposite (Palidda, 2016, p. 47). Benetton Group even stated publicly, that none of the participating companies served as a supplier for the Benetton Group or its brands (Allchin & Kazmin, 2013). In response to public criticism, Walmart initiated an investigation of its global supply chain to find out whether some of the factories in the building had been making clothing items for Walmart. It turned out that the items produced there were subcontracted (Allchin & Kazmin, 2013). Of course, Walmart immediately ends its relationship with this subcontractor.

However the question of whether large companies claiming to be socially responsible can afford to outsource part of their production to companies that exploit human life in this way remains on the agenda. This question is also raised by the considerable criticism that society makes of large companies after each tragedy.

This chapter is a case-study. It aims to present how the entry of digital technologies may to some extent encourage the business to implement a broader range of corporate social responsibility (CSR) initiatives. In the 21 century we live in a digital world, saturated with considerable computing power and fast communication. The civil society places more demands on the business towards higher social responsibility and ethical policies. The main objective includes several sub-goals:

1. To look into the discussions on the need to implement CSR and substantiate its benefits to the society and the business;
2. Review specific definitions of CSR and justify the need for a single framework;
3. To study the impact digitization has on the business today and its possible side effects;
4. Explain the positive impact of digitization and its role in expanding the socially responsible initiatives/activities of the business.

The approach chosen is to research the scientific literature and the real-life events related to the topic under consideration. The author wants to show the digital technologies create preconditions for socially responsible employers to provide better working conditions and quality employment for their workers.

The material is organized as follows: section 2 provides a literary overview of the concepts of corporate social responsibility and the attempts to define it. Examples are also provided to prove that the informed workforce is demanding that its future employer be socially responsible. Section 3 presents
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