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The Accountability Web: Weaving Corporate Accountability and Interactive Technology (2010)

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The Accountability Web: Weaving Corporate Accountability and Interactive Technology

This article is a synopsis of and set of recommendations emerging from a research project commissioned in 2009 and culminating in a working paper published in May 2010 by the Corporate Social Responsibility Initiative of the Mossavar–Rahmani Center for Business and Government at Harvard University's John F. Kennedy School of Government. The project was undertaken in the early days of social media and online interaction. Authors Bill Baue and Marcy Murninghan were designated as research fellows to take an in-depth look at implications produced by the interface between newly emerging interactive technology—at that time called "Web 2.0"—and corporate accountability. The report maps the landscape of these applications, which were being used to advance interactive corporate accountability (that is, forms of accountability that engage both companies and their stakeholders). From that emerged a typology of the degrees of stakeholder engagement, which they call the Accountability Web Matrix. The matrix maps the progression in corporate accountability on one axis and the progression of Web 2.0 tools on the other and provides examples within the resultant cells.

Corporate accountability and Web 2.0 share a common thread: both are rooted in interaction and thrive on engagement. This overlap creates opportunities for corporate accountability and Web 2.0 to join forces to create mutual benefits for firms and their stakeholders. However, this has yet to happen comprehensively—the use of interactive technologies for accountability purposes remains in its early stages, with current business use of Web 2.0 tools focused more on improving performance and increasing efficiencies inside the firm, and on brand management, customer relations, or crisis management outside it.

At a time when our economy is navigating a crisis, and public trust of business activity is in short supply, the intersection of concerns about corporate sustainability, accountability, transparency, and ethics with the proliferation of Web 2.0 communication tools offers an opportunity for new forms of collaborative leadership and participation, and for shaping a new agenda. In many ways we are witnessing the transformation of long-held notions about the boundary of the firm, and, with that, an evolution in the concept of who is "inside" and who is "outside" the organization. In this report, we call this creative and expanding network of intersections the *Accountability Web*.

The World Wide Web has interactivity embedded in its DNA; Web 2.0 simply activates the latent potential built into the Web's architecture, delayed from actualization by the lag in the technical development of interactive tools and the human rate of adaptation. And we are already witnessing the early emergence of Web 3.0 in various forms—most prominently the Semantic Web, where computers independently make connections and identify meaning buried in the

Portions of Bill Baue and Marcy Murninghan, "The Accountability Web: Weaving Corporate Accountability and Interactive Technology" (working paper, Corporate Social Responsibility Initiative, Mossavar–Rahmani Center for Business and Government, John F. Kennedy School of Government, Harvard University, 2010). Reprinted by permission of the Corporate Social Responsibility Initiative.

clouds of data now surrounding us. Other early trends starting to define Web 3.0 include the mobile Web, which gears the Web toward portable technologies such as iPhones; the ubiquitous Web, where connectivity blankets the world and reaches technologies previously not included in the Web, such as household appliances; universal accessibility, allowing seamless browsing between various password-protected environments; and the Web as a profitable business model.

Corporate accountability is undergoing similar progressive development. In this research paper, we posit a new label for this evolution, borrowing from computer semantics: *Accountability 1.0* leading to *Accountability 2.0*.

What is the difference among these concepts and categories? *Accountability 1.0* is marked by one-way proclamations, campaigns, and PR communications. Companies and stakeholders talk *at* each other more than *with* each other. Because it is more about speaking than listening, *Accountability 1.0* processes sometimes unintentionally fuel antagonism, confrontation, and mistrust between companies and stakeholders.

Accountability 2.0 rests on the assumption of two-way communication, cooperation, and mutual engagement. *Accountability 2.0* allows actors in the accountability ecosystem to disagree over substantive issues while engaging in respectful dialogue that seeks mutual understanding and more consensus-oriented solutions.

To help map the *Accountability Web*, the report presents a matrix, with the progression of corporate accountability on the horizontal axis and the progression of Web 2.0 on the vertical axis, graphically representing the broad spectrum of intersections. The specific steps in these progressions—where each step deepens engagement—follow:

Corporate Accountability Progression

- Proclaim in one-way pronouncements or accusations;
- React, often in defensive response;
- Interact in transactional mode;
- Dialogue to Adopt new practices and Adapt to new realities;
- Collaborate and Co-Create mutually beneficial solutions.

Web Progression

- Blogs use RSS Feeds to syndicate content, including audio Podcasts and Videos;
- Tagging content, for example through XBRL keywords, to enable user interaction;
- Webinars and Webchats connect participants in discussion;
- Microblogs such as Twitter and Social Networking such as Facebook interconnects participants across the social web, while Wikis use Crowdsourcing to generate understanding and meaning, and Games such as MUVEs (multi-user virtual environments) and Augmented Reality simulate scenarios;
- Web 2.0 Platforms empower users to collaborate and co-create

The Accountability Web Matrix

Progression of Accountability Engagement + Technological Tools

Accountability 1.0 ⟶ **Accountability 2.0**

Linear/One-way ⇨ ***T*** *wo-Way* ⇔ ***Multi-Directional*** ✥

Progression of Tech Tools	Progression of Accountability Engagement				
	Proclaim	React	Interact	Dialogue	Collaborate & Co-Create
Web 2.0 Collaborative Platforms			MoxyVote.com ProxyDemocracy.org TransparentDemocracy.org Shareowners.org GoodGuide.com	*JustMeans* Shell Dialogue Patagonia *Footprint Chronicles* SAP Sustainability Report / Collabroation Workspace Development Crossing IBM Global Jams *eDemocracia*	Timberland *Voices of Challenge* *NaturaConecta*
Microblogs / Wikis / Crowdsourcing / Social Networking Games	ColaLife		BASESwiki AtOrigin Chevron's Energyville Walmart Sustainable Products Index and Earthster Yammer Coca-Cola LivePositively.com		
Webinars / Webchats			ShellDialogues World Wide Views on Global Warming		Intel Blended Annual Meeting
Tagging / XBRL			Philips Sustainability Report.		
Blogs / Podcasts / Video	McDonald's Values In Practice Blog CSR@Intel	Nestlé Waters *Things to Know* Videos			

Color Key:

Interactive only | Interactive CSR | *Accountability Web:* Interactive Accountability

To illustrate these points of intersection, the report presents eight case studies located in various cells in the matrix. For example:

- Reporting tools such as video tags in the Phillips Sustainability Report, and XBRL more generally, exemplify interaction through tagging;
- Shareowner engagement on proxy issues through intermediaries such as MoxyVote.com, ProxyDemocracy.org, and Shareowners.org exemplify interaction through Web 2.0 platforms; and
- Stakeholder engagement, including the Shell Dialogue on *JustMeans*, *NaturaConecta*, and Timberland's *Voices of Challenge*, exemplify blended engagement to dialogue (and in some instances collaborate and co-create solutions) mixing interaction on Web 2.0 platforms with face- to-face engagement.

The final section of the report analyzes seven **trends** identified in the case studies, together with related **gaps** in the form of needs, challenges, barriers, and opportunities that exist. It then makes **recommendations** for companies and stakeholders to consider, as well as a set of broader recommendations for further research and development.

TRENDS, GAPS, AND RECOMMENDATIONS

ADAPT, DON'T JUST ADOPT. Companies—and stakeholders—are **adopting** Web 2.0 technologies primarily in ways that extend their existing modes and styles of communication, instead of **adapting** to new media environments. Companies are using Web 2.0 for marketing, brand enhancement, and customer engagement has proliferated, while stakeholders often use online tools for campaigns.

Recommendation: **Utilize Web 2.0 for stakeholder engagement,** using online interactive tools for dialogue between companies and stakeholders to enhance accountability.

CULTIVATE PARTICIPATION. In many instances, companies and stakeholders build Web 2.0 platforms, but fall short on building communities to populate them, or adapting the technology to community needs. In other words, **if you build it, will they come?**

Recommendation: **Build community and technology in parallel**. Determine the goals for social interaction and choose the best technological tools to achieve them.

TERMS OF ENGAGEMENT. Some companies and stakeholders have launched into Web 2.0 engagement without clear agreement on guidelines or expectations for respectful and productive communication. Electronic mediums are particularly susceptible to miscommunication and misunderstanding.

Recommendation: **Set terms of engagement that encourage respect for diverse perspectives**. For example, create guidelines or agreements for critiquing *practices* and *policies*, not *people*.

Recommendation: **Monitor what works and what does not**. Put in place assessment and

feedback mechanisms to identify keys to success and flag problems.

MATURE AND BALANCED RESPONSIBILITY. Instead of focusing solely on the other party's accountability, the two-way interactivity of Web 2.0 can promote **mutual accountability**, where companies and stakeholders alike recognize their responsibilities toward each other.

Recommendation: **Model self-accountability when asking other parties to hold themselves accountable** to create a culture of mutual accountability.

BLENDED ENGAGEMENT. Online and offline engagement styles can differ significantly, creating opportunities to diversify interactions through "blended engagement" that augment Web-based communication with face-to-face meetings.

Recommendation: **Design strategies with Web-based and in-person engagement built into the plan.** Determine which medium (online and face-to-face) best serves objectives in particular circumstances, and mix them accordingly to benefit from diverse environments.

BROADEN THE MEDIA PALETTE. Using new communication tools such as social networking and wikis for stakeholder engagement is already pushing the envelope for many companies and stakeholders, so trying out even more innovative tools seems risky.

- ***Recommendation***: **Experiment internally with other Web 2.0 tools** such as augmented reality (AR) and multi-user virtual environments (MUVE) to assess their usefulness in external engagement. Professionals in other fields find them to be effective mechanisms for unfreezing thinking and promoting fresh approaches to stubborn problems.

Build Cultures of Exploration and Implementation.

The most advanced initiatives are at the very early stages of cultivating communities of inquiry and practice, where members develop a shared set of skills and approaches that broaden understanding, enhance performance, and even create new knowledge.

- ***Recommendation*:** Utilize experts with experience in building communities of inquiry and practice to convene, facilitate, moderate, and/or curate online engagement.

Recommendations for Further Research and Development

In addition to these pragmatic steps, there are many areas worth continued examination, model-building, testing, and development. They include:

- Explore the feasibility of developing executive education programs for corporate executives and stakeholders hosted by universities or think tanks to develop and enhance online engagement skills and knowledge.
- Pursue sector- and issue-specific stakeholder engagement to address systemic sustainability and ethical issues that affect numbers of companies and impact multiple stakeholders.

- Analyze the implications of connecting integrated financial and sustainability reporting to online interaction and blended engagement, which represents a departure from the traditional practice of printed annual reports and annual general meetings.
- Develop methods and metrics to calculate the return on investment for stakeholder engagement in Web 2.0 environments.
- Create generally accepted standards of best practice for Web-based stakeholder engagement.

The report ends by proposing a number of horizon issues: scenarios and possibilities that warrant further attention. To gain a broader perspective, we step beyond the boundaries of corporate accountability to consider initiatives and trends occurring in other fields, such as corporate social responsibility more generally and even broader social and political arenas, which carry implications for the *Accountability Web*. For example:

- *AtOrigin*, a fledgling Web 2.0 platform, seeks to connect coffee growers *directly* with coffee consumers to augment and potentially transcend limits of the Fair Trade model of certification by intermediaries. This example illustrates the potential of using Web 2.0 as a technological intermediary that more directly connects actors in the *Accountability Web* to build communities of inquiry and practice;
- The Brazilian House of Representatives recently launched the *eDemocracia* Web 2.0 platform to connect directly with citizens to identify pressing issues and crowdsource solutions. The *Accountability Web* similarly has the potential to foster participatory democracy with regard to corporate activity, as changes in the legislative and regulatory environments globally (such as the Walker Report in the UK and proxy access in the US) are shifting the landscape of corporate governance and shareholder engagement.

If current trends continue, interactive technology and corporate accountability will evolve independently toward deeper engagement and customization. Greater promise, however, resides in weaving the two together to mutually reinforce their common roots in engagement and interaction. The *Accountability Web* holds the potential to transform traditional relationships, with companies and stakeholders now collaborating to solve problems and generate constructive new ideas and solutions that neither easily could imagine on their own.

More broadly, the convergence of concerns regarding corporate sustainability, accountability, and ethics with the rapid growth and use of interactive technologies can help to bolster existing checks and balances on companies. It can help to bind the immediate concerns of shareowners and other stakeholders whose assets or welfare are at risk to the broader claims of the public interest, thereby contributing towards a rebuilding of trust in capital markets. By fostering an ethic of transparency, accountable performance, adaptation, and renewal, the *Accountability Web* also can play a role in connecting economic enterprise more directly with social, environmental, and moral needs in the twenty-first century.

Appendix A

Interviewees

David Bollier | *Author, Viral Spiral* | *Editor, OntheCommons.org* | *Senior Fellow, USC Annenberg School for Communication, The Norman Lear Center*

Beth Holzman | *CSR Strategy & Reporting Manager* | *The Timberland Company*

Don Carli | *Senior Research Fellow* | *Institute for Sustainable Communication*

Richard Kirby & Christina O'Connell | *Technical Director & Business Development Director, North America* | *credit360*

Felipe Arango | *Partner, BSD Group* | *Director, BSD Colombia*

Chris Landry | *Co-Founder* | *AtOrigin*

Daniel Goleman | *Author, Ecological Intelligence*

Dick Sclove | *Senior Advisor, World Wide Views on Global Warming*

Chris Dede | *Timothy E. Wirth Professor in Learning Technologies Education* | *Harvard School of Education*

Sarah Milstein | CoChair, Web 2.0 Expo, TechWeb | *Co-Author, The Twitter Book*

Sanford Lewis | *Strategic Counsel for Corporate Accountability* | *Investor Environmental Health Network*

Cristiano Faria | *Research Associate, Harvard Kennedy School's Ash Institute for Democratic Governance & Innovation*
Legislative Project Manager of Brazilian House of Representatives | *eDemocracia*

Christine Arena | *Author, The High Purpose Company* |*Facilitator, Stakeholder Dialogue with Shell on JustMeans*

Jeffrey Ballinger | *Stakeholder, Timberland Voices of Challenge Dialogue*

Michael Buetler | *Director of Sustainability Performance* | *SAP*

Estelita Thiele and Camila Fornazari | *Ombudsman, Stakeholders Relationship Coordinator* | *Natura*

Bob Dolan | *Senior Research Scientist* | *Pearson*

Appendix B

Consultation Participants

Kermit “KC” Burton | *Deputy Director* | *Interfaith Center on Corporate Responsibility*