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RESEARCH

Social Impact in the Tech Sector

Three Opportunities for Technology Companies to Improve ESG Effectiveness

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Executive Summary ———

Technology companies are under increasing scrutiny from key stakeholders regarding their engagement on social and environmental issues. To understand perceptions of Environmental, Social, and Governance (ESG) practices and expectations for prominent global companies, Ballast conducts hundreds of conversations each year with several important audiences (including policymakers, think tanks, NGOs, business leaders, and the investor community) across ten different countries.

Global leaders believe technology companies sit at the forefront of societal shifts and trends, and therefore have heightened responsibility in terms of their social impact. While many differences exist across markets and stakeholder groups, a few common themes emerged in our conversations. Our research with these leaders reveals three opportunities for prominent companies (within and outside of tech) to improve the effectiveness of their ESG and corporate social responsibility (CSR), and philanthropy programs.

The Bar Is Higher For Tech Companies

Global leaders believe technology companies sit at the forefront of societal shifts and trends, and therefore have a heightened responsibility in terms of their social impact.

"Tech companies set the framework for psychological state of mind society-wide. We are not dealing with the marketplace of potatoes. We are dealing with the marketplace of ideas that shape society."

Policy Manager, NGO (DE)

"The best minds in technology have not come to [the] public sector, but to those private companies. There is a huge responsibility on those tech companies to use those skills."

Civil Servant (UK)

"Technology could be a solution to a lot of the problems we have. They could improve the way we work, they can come up with innovative solutions that can help. They definitely can help in solving issues."

Chief Financial Officer, Insurance Industry (BR)

"There is a role for technology to play when they think about society in accessibility, particularly digital accessibility, digital access from a socio-economic standpoint, for people with disabilities, etc."

Chief Equity Officer, Private Industry (UK)

Opportunity One: Driving Digital Access

Global stakeholders believe that the tech sector could, and should, play a meaningful role in **addressing accessibility gaps**, which are seen as priority issues across all four jurisdictions we studied, particularly in relation to the COVID-19 pandemic. Addressing these issues could have a positive impact on the larger global economy and communities across the world.

*"If the technology companies want to bring real contributions in Brazil, the number one priority is to have a coalition of companies that solve issues related to democratic access to the internet from the north to the south of the country. **Access to the internet would bring a series of educational benefits, income generation benefits too, and this will solve a series of information access questions.**"*

Sustainability Consultant, Academia (BR)

*"I think access to technology and information is a big one. **For the big technology companies of the world, programs that bring computers and internet access to underserved populations is a huge need.** If you look at the STEM education and underserved groups in large cities, for example, that is usually where the rates of school attrition are the worst, where there is the least amount of household internet access."*

Portfolio Manager, Private Industry (U.S.)

*"**On economic opportunity, one could talk about stakeholder inclusion in the technological revolution.** Where there are massive technological gaps that leave populations behind, the **tech companies could play a certain role in facilitating access and supporting initiatives, digital education.**"*

House of Lords (UK)

*"During the pandemic, there were **campaigns about providing computer equipment to people without very much money so they could participate in remote learning.** There could be people who could do remote school without having to pay for expensive phone contracts. People could get laptops that had been recycled by a provider. That was some source of economic access initiatives."*

Tech Policy Specialist,
House of Commons (UK)

*"Also on the economic inclusion side, **a responsible corporate citizen could have initiatives around closing the technology gap, about ensuring digital education, about digital literacy.**"*

Policy Manager, NGO (DE)

*"**Tech companies have a role [in addressing] the diversity and inequality.** There's a huge lack of technology that can **open up education to all.**"*

Civil Servant (UK)

Opportunity Two: Investing in Local Communities

Global leaders believe larger industry players should be engaging with **local communities** to help mitigate long-standing social issues where possible.

*"**I think the real heart of every community is reinvestment. We support our community by giving back to it.** If you are working in a community you have to reinvest in the people there."*

Academic Coordinator, Academia (U.S.)

*"Why are they [only focusing on] giving jobs to people in California or Germany [and not in their local communities]? Again, I am not saying they should not, but they could also **[create jobs] locally.**"*

Business Elite (BR)

*"[Companies should focus on changing] the composition of the organization and signal that they're trying to perhaps right historical injustice by **investing in projects in local communities that have some visibility, which would be another way to telegraph to at least the local client base that they're taking these issues seriously.**"*

Policy Elite (U.S.)

*"What are they doing above and beyond simply giving jobs? Do they sponsor a local health center? Do they set up a new library or [do other] **things that could be done at a very local level, but are so valuable for society?** And then I guess there is a question of what could they do using that particular skill at a larger level?"*

Policy Expert (UK)

Opportunity Three: Link CSR Programs to Business

However, global stakeholders also believe that companies should **not stray too far** from their competitive advantages when trying to foster their corporate social responsibility. Companies should identify their strengths and address the issues most aligned with their expertise.[4]

> *"The **expectations of technology companies depends on their purposes in the world** and what services or products they are providing. **Their social initiatives should be aligned to that.**"*
>
> Chief Equity Officer, Private Industry (UK)

> *"I feel **when a company goes too far away from their business model on social issues, that's really sponsorship,** not societal impact."*
>
> Director, NGO (UK)

> *"There's room to grow to promote CSR activities, but they would have to **work harder to show the connection between the CSR activities and their business.** So, building the causal linkage between their product and these socially responsible activities. For example, that they are using technology to power renewable energy, artificial intelligence, computer programs or something like that."*
>
> Director and Associate Professor, Academia (U.S.)

Conclusion ————————

With their widespread and wide-ranging reach, policymakers, ESG investors, and industry leaders believe technology companies have the potential to create best practices around ESG and set an example for other industries. Policymakers generally agree that such companies are uniquely placed to address numerous gaps in modern society, specifically when it comes to accessibility in employment and education. As such, policymakers would like to see technology companies taking steps to engage with local communities in regards to the relevant issues and target their investments to emphasize ESG in a productive and encompassing way.

About Ballast Research

Ballast Research gathers direct feedback from policymakers, investors, and other key stakeholders to help inform, direct, and correct the engagement they receive from companies.

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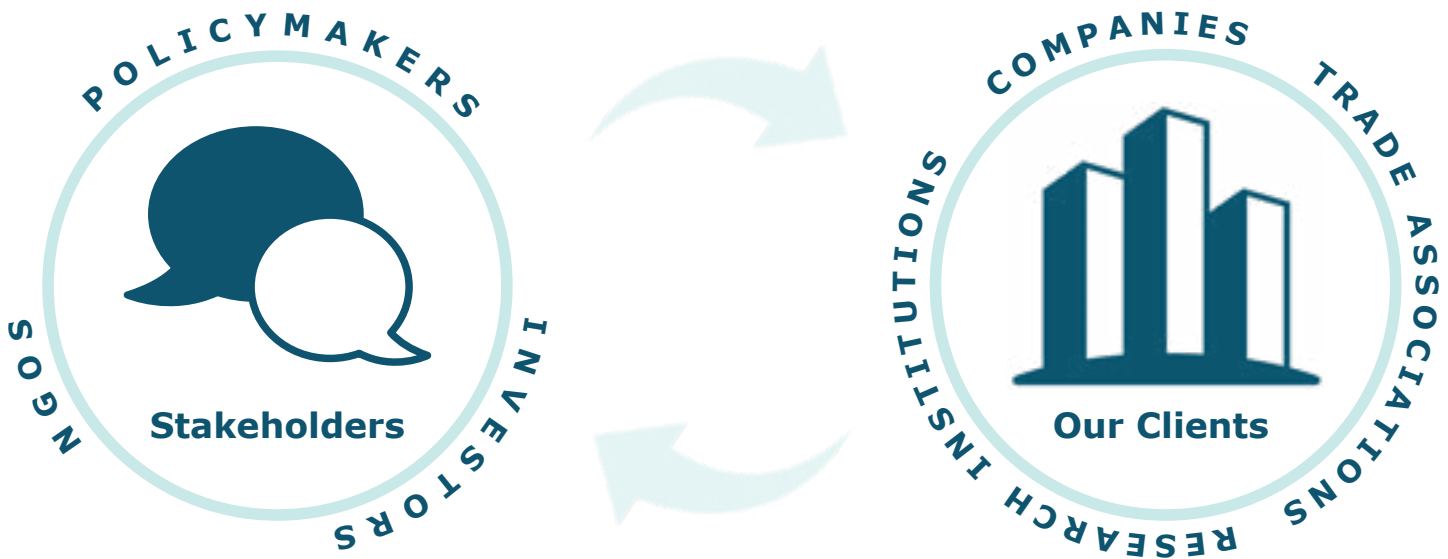
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Confidentiality: All participation in our research is confidential and not for attribution.

> " *This deep-dive, customized research is invaluable for understanding what policymakers think of us and need from us. The insights are another important tool we use to inform our thinking on how to engage, and the data illuminates where we can do better.*
>
> Head of US Communications, Fortune 10 Company "

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Citations

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