

Who is Accountable for Technology's Impact On Society?

Inaugural Report on Responsible Innovation in Tech

Responsible innovation is defined as a framework for building enduring companies that are engineered at the outset for both growth and societal good.

We are at a critical juncture in society where technology plays an outsized role in our lives. The decisions companies, founders, and investors make today will have broad, long-lasting implications on society – for better or for worse. The era of business focusing solely on growth at all costs is over. Successful, enduring companies of the future will create strong outcomes for all stakeholders – shareholders, employees, customers, and society – because stakeholders will demand it. That shift is already occurring.

Responsible Innovation Labs was set up to help companies tackle this challenge. It is a non-profit consortium of leaders dedicated to building innovative, enduring companies for positive financial and societal returns. We recently ratified our [charter](#), articulating five core pillars of Responsible Innovation: advancing inclusive prosperity, building sustainably, respecting people, championing diversity, and promoting healthy societies. Our hypothesis is that a clear set of standards for responsible company building with these five pillars at their core is required to ensure the consequences and outcomes of innovation are intentional, impactful, inclusive, and enduring.

To that end, we listened carefully to a broad set of people, and commissioned research to better understand stakeholder opinions and inform our work moving forward. This research is intended to measure the tech industry's progress toward creating widely accepted standards of Responsible Innovation and a framework for stakeholders' respective roles in creating a more responsible world.

We surveyed a group of nearly 1500 technology executives, employees at technology companies, and members of the public as defined below:

Tech executives

This group includes leaders at tech companies, including Director, VP, and C-suite level and board members

Tech employees

This group includes employees working at tech companies

Informed Public

This group includes highly engaged members of the general public

Our ambition is that this research engages key stakeholders in a conversation about how to build technology companies with intention, impact and inclusivity. We're excited to share our findings more broadly, and welcome feedback on the information we've captured, the groups we've surveyed, and any other ideas that might strengthen our process going forward.

The findings from the study are featured in three main sections:

Urgency, Accountability, and the Role of Investors

A Call to Action for Tech Executives

The Power of Employees to Influence Change

Methodology

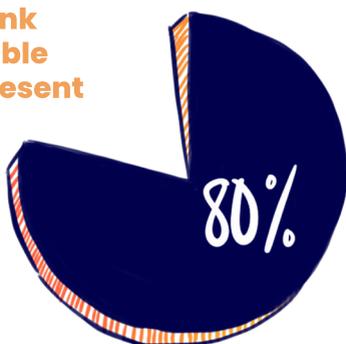
Responsible Innovation Labs worked with Qualtrics to survey a population of 1,440 people among tech executives (224), tech employees (404) and an informed general public group (810) during the month of March. The study used a 95% confidence interval and 3% margin of error. Each group surveyed was representative in terms of gender, race and age corresponding to their respective cohorts. Respondents were sourced from several different panel providers.

Urgency, Accountability and the Role of Investors

There is an urgent need to hold companies accountable on Responsible Innovation

Initially, we wanted to capture overall perceptions of Responsible Innovation in the technology industry. An assessment of industry attitudes will allow the tech community to chart the best course forward to advance technology as a force for good. We asked each of the respondent groups questions about their awareness of, and support for, the practice of Responsible Innovation. We did this to determine whether our understanding of Responsible Innovation was shared by the wider community.

80% of respondents think practices like Responsible Innovation should represent the future of the tech industry

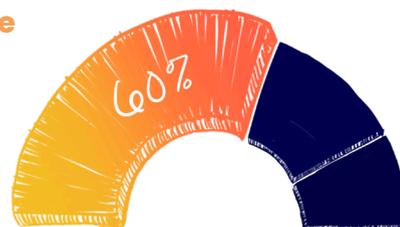


The findings from the survey indicate that there is growing interest in Responsible Innovation. Our data shows that 80% of respondents think practices like Responsible Innovation should represent the future of the tech industry. 91% of respondents said that the societal impact of their company motivates them in the workplace and over half (51%) said it motivates them a lot. 66% of respondents, especially Millennial and Gen Z respondents, said it's very important for their company to care about societal impact – a crucial consideration for founders and investors as they build and invest in new companies. Expectations are high: 84% of respondents

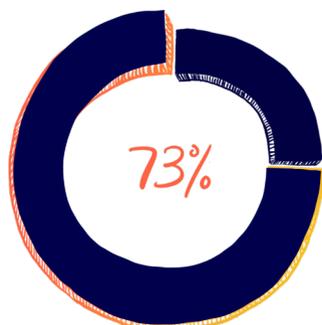
think founders can focus equally on building companies with positive financial and societal returns. This illustrates that successful founders should embed Responsible Innovation in company creation. And, this level of supportive data affirms the mission of the RI Labs to help transform the innovation economy with new standards for ethically deploying technology and building enduring companies.

We found a clear point of view on how businesses should set themselves up for success. Over three-quarters (75%+) of respondents believe businesses should be inclusive, sustainable, respect privacy and security, and build technologies that strengthen societies' core institutions. This sets a benchmark for effective corporate governance: 83% of respondents agree businesses should build their operations and governance to minimize the possible negative impacts their technologies will have on the world. Companies should also have processes set up to prevent unintended consequences before they occur. 85% of respondents believe businesses should take accountability for the impact of their innovations on people and society, provide transparency around those metrics, and communicate proactively and openly with all stakeholders.

60% of respondents believe that the tech industry has failed to meet the goals of Responsible Innovation so far



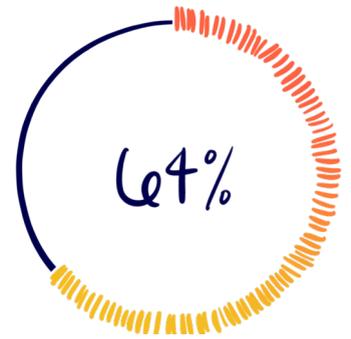
While there is strong support for Responsible Innovation, respondents also think more needs to be done, and urgently. 60% of respondents believe that the tech industry has failed to meet the goals of Responsible Innovation so far. 73% of respondents believe implementing this standard across the tech industry is either an immediate or big priority. Also, a majority of respondents think tech companies should be held responsible for the negative effects of their technologies.



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This sends a clear message to founders, investors and executives in the tech industry that the status quo is insufficient. 64% of respondents believe that, without intentional frameworks like Responsible Innovation, the tech industry of the future will deliver more negative societal impact than positive. The data is clear that tech companies cannot afford to be complacent or they will be held accountable for the unintended consequences of their innovations, which could have substantial reputational and financial costs.

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Investors are under growing scrutiny

Investors are key advisors to technology companies, nurturing and championing them as they grow. We wanted to explore their role, and gauge how our audiences understood their responsibility for the impact of innovation.

The data reveals that there is growing acknowledgement that investors have an obligation to generate returns beyond profits and to make technology a force for good in the world. Respondents think investors have an important role to play in corporate decision-making around societal impact. 63% of respondents agree that investors should be held accountable for the unintended negative consequences of their investments. This was especially true for younger generations: 71% of millennials agree with this sentiment.



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Investors are well placed to help instill the practices of Responsible Innovation in the company creation process. Conducting strong social diligence in addition to financial due diligence is imperative to ensuring companies are built to last and benefit society. In fact, 41% of executives say they would look to investors and board members for advice on improving their company's societal impact. 72% of respondents think investors have a strong ability to drive change within an organization. Since investors are a source of guidance as companies scale, there are calls for them to work with companies to achieve both financial and societal returns: 42% of respondents saw board members and investors (combined as a group) as the most able to drive change within organizations. Also, 1 in 4 say their companies have made changes to have more positive societal impact as a result of guidance from their investors.

A Call to Action for Tech Executives

Executives at technology companies are facing growing demands from stakeholders to ensure their companies are generating both positive financial and societal returns. Employees, investors, shareholders, and the public are calling for greater diversity, sustainability, and the prioritization of economic access and inclusion. This generation of technology executives is perceived as being at the frontline of tackling some of the most pressing issues facing society today. Intentionality, transparency and accountability have never been so critical to company building and operations.

To better understand these perceptions and expectations, it was important to the Responsible Innovation Labs to get the insights of leaders at tech companies including Board Members, Directors, VPs, and those sitting at the C-suite level – the key decision makers who are building the next generation of tech companies and products who will have the ability to influence their impact on society.

82% of surveyed executives believe founders can focus equally on building companies – and products – for both financial growth and societal returns

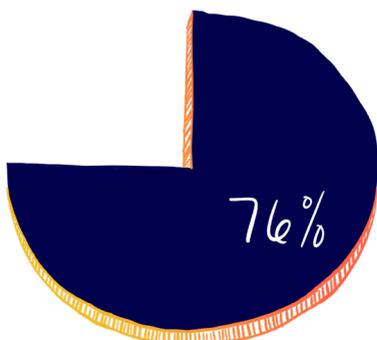
Encouragingly, our data shows that 82% of surveyed executives believe founders can focus equally on building companies – and products – for both financial growth and societal returns. The findings in this report address how executives are taking on that leadership challenge, and how they are increasingly factoring in the expectations of their most important stakeholders as they set out to build enduring companies to advance technology as a force for good.

Executives consider the creation of positive societal impact as a priority

A large majority (83%) of tech executive respondents believe practices like Responsible Innovation should represent the future of the technology industry. What's more, this is not a distant future: 72% of executive respondents see efforts to meet these standards as a big or immediate priority and 62% think they should work to instill these practices within 2-5 years.

The data shows that the executives of tech companies themselves are best positioned to act as agents of change and address stakeholder interests. Among all respondents, executives (74%) and board members (79%) were seen as having the greatest ability to drive change within organizations. That means executives have a prominent role to play in steering their companies towards Responsible Innovation. However, if they fail to act, executives will be held accountable by their peers and stakeholders. Executives themselves agree with this sense of responsibility: 76% of all respondents think that the societal impact of a company should be a key component in the evaluation of its executives, and notably, more than 3 out of 4 executives (77%) agree.

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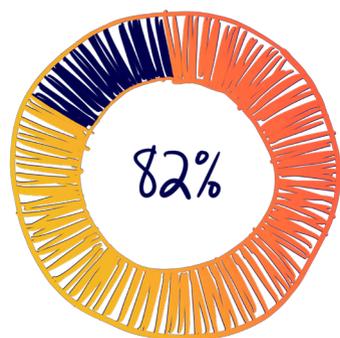
Additionally, executives feel this sense of responsibility extends to technology companies as a whole. Over 3 out of 4 executives (83%) believe businesses should take accountability for the impact of their innovations on society, provide transparency around the metrics by which they measure that impact, and communicate this framework openly with all stakeholders. Also, 71% of executives believe tech companies should actively be held accountable for the unintended consequences of their innovations.

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This support needs to be substantiated by action to prevent negative unintended consequences

When asked which measures they'd be willing to take to improve their company's societal impact, a majority of executives (74%) selected measures based on making a commitment to sustainability or diversity goals, and implementing annual reporting or philanthropic spending. These are positive steps, but less than 10% would be willing to make significant operational decisions to further Responsible Innovation such as exploring B-corp certification (4%), implementing salary cuts (4%) or scaling back growth (4%). That could be because 54% of executives think their companies already have mechanisms in place to assess the impact their technologies have on society. This suggests that there is more room for executives to pursue larger scale change.

In order to determine a course of action, executives tend to look beyond the corner office. Among all of the respondents, there was overwhelming agreement (84%) that customers of tech companies could do more to push companies to



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improve their societal impact, with the greatest level of agreement from tech executives. Our survey also found that executives are amenable to increased government regulation, with nearly two-thirds (65%) supporting more regulation of technology companies. Clearly, even though executives are seen as change-makers, they currently feel that external pressure is needed to implement Responsible Innovation practices.

Executives are increasingly seeking outside counsel when responding to external influence to improve their company's societal impact. They primarily get this guidance from consultants (44%), their expert networks (47%), or investors and board members (41%). Interestingly, a new executive

role to drive change was a popular solution for improving a company's societal impact: 82% of respondents think that companies should have a leadership role dedicated to measuring and monitoring their societal impact.

Overall, a majority of tech executives (59%) believe that the tech industry as a whole has failed to meet the goals of Responsible Innovation, which suggests a critical need for a framework of principles for companies to follow. Over two-thirds (67%) of executives agree that the tech industry of the future will fail to deliver positive change without intentional

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frameworks like Responsible Innovation, and this was the largest percentage of all respondent groups. This indicates that executives at tech companies need to act quickly to instill measures to address unintended consequences to ensure their companies meet the growing demands of stakeholders – including financial growth and societal returns – and withstand the test of time.

The Power of Employees To Influence Change

The power of employees at tech companies has scaled in line with the growth and influence of their respective organizations. Increasingly in headlines from Silicon Valley to the East Coast, tech employees have served as the catalyst for positive change by advocating for better labor conditions, more inclusive workplaces, and pushing their companies to consider their societal impact. As product developers, they are on the front lines of mitigating the unintended consequences of the technology that they help to create and share with the world on behalf of the companies for which they work.

With the influence of these technology employees in mind, we wanted to understand their relationship with the impact their respective companies have on society and the role these employees play. Four out of five (78%) employees think practices like Responsible Innovation are the future of the technology industry. This is especially true of younger generations. 66% of Millennial and 68% of Gen Z tech employees see societal impact as important for their companies versus 49% of baby boomer respondents.

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One of our most interesting findings is that tech employees vastly underestimate their influence on company leadership when it comes to change. A majority of tech leaders (56%) view employees as having a strong ability to drive change within an organization. However, only (14%) of employees rate themselves as being the most likely to drive change

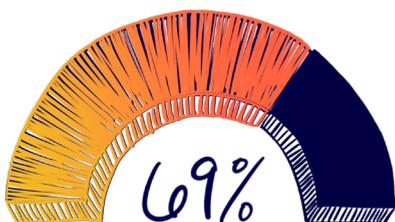
in organizations amongst various stakeholder groups (investors, customers, executives and board members). This is despite a large majority of tech employees (67%) indicating that they intend to hold business leaders accountable for unforeseen effects of their technology.

We wanted to further explore this difference in perception, and the impact it has on the future of company building. There is a gap to close between the views of employees and their collective impact – even with a lower view of their influence, it is clear from the data that employees have the power to create change and intend to do so; they simply need an impetus to exert their influence.

While compensation is still king, societal impact is a huge motivating factor for employees

In exploring employees' workplace motivations and values, our study revealed that when compared to other factors, societal impact did not feature at the top of their lists.

Employees are more than 3x more motivated by their personal financial earnings than the societal impact of their companies (41% v. 13%). In fact, nearly 4 out of 5 (78%) employee respondents indicate personal financial earnings motivate them significantly. In other findings, over half of employee respondents indicate that company growth (59%), company culture (54%) and their company's financial returns (54%) are also top of mind – above societal impact, but below their paycheck.



69% of tech employees said the societal impact of their companies motivates them to perform well in the workplace

However, asked in isolation from other measures, 69% of tech employees said the societal impact of their companies motivates them to perform well in the workplace, indicating that while employees prioritize compensation or stock options, they still value companies that make a positive impact on society.

Employees also want this change to happen now. 69% of employees see implementation of standards for responsible company building across the tech industry as an immediate priority and 51% would like to see change within the next five years. Further, 83% agree businesses should build their operations and governance to minimize the possible negative impacts their technologies will have on the world. 86% of employees also overwhelmingly believe that when things do go wrong, businesses should take accountability for the impact their innovations have on society.

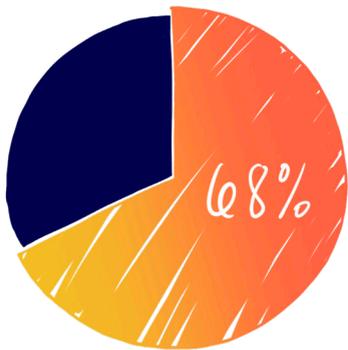
Overall, while financial incentives are the primary motivator for employees to perform well at their jobs, it's clear that tech industry leaders need to be deliberate about their companies' positive societal impact as it is an important factor in how employees choose their workplaces, and the data clearly shows that employees are looking to see near-term change with regards to companies aligning their work with the interest of greater society.



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Employees underestimate their influence, but can play a critical role in responsible company building



68% of tech executives believe employees could do more to pressure companies into improving their societal impact

While employees rate themselves as having the least influence (among investors, customers, board members and executives) the informed public and tech executive respondents state they have seen companies improve their societal impact as a result of pressure from employees. In fact, 68% of tech executives believe employees could do more to pressure companies into improving their societal impact. Since more than half of tech employees (54%) believe the industry as a whole has failed to meet the goals of Responsible Innovation so far, increased activism from the workforce has the potential to be an important and powerful lever to facilitate change.

Employee respondents also are clear that they want their voices to be more influential with regards to company actions. In fact, 53% of employee respondents think that companies should have employee approval before making major company-wide decisions. They are also comfortable being held accountable for influencing corporate moves that have societal impact – three quarters (74%) of employee respondents think that societal impact should be a key component in evaluation of executives' performance and 58% think it should be a key component in evaluation of a company's employees, as well.

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The majority (60%) of employees believe that without intentional frameworks like

responsible innovation, the tech industry of the future will deliver more negative societal impact than positive. As the technology industry continues to innovate at unprecedented speed and have increased influence on society overall, it is critical for founders to build in frameworks and systems of intentionality, inclusiveness and accountability to ensure the technology and innovations they are creating are built for financial and societal gain.

Tech employees have historically been strong advocates for Responsible Innovation. And now, there's a clear window of opportunity, and perhaps even an expectation, that they can turn their advocacy into action through a strong collaboration with their leadership teams.