Banking on Web 2.0 Approaches
to Build a Sustainable Enterprise

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Abstract
This paper approaches the issue of sustainability in business in a less traditional manner by considering more than just the competitive advantage a company has to build in the rivalry with its competitors. Building enterprise sustainability requires a broader understanding of the interdependencies between the company and its human and natural environments. Effective stakeholder engagement is key and online openness and cooperation bring about new conditions for corporate social responsibility.
The paper discusses the potential of the Web 2.0 tools for the interaction between the company and its stakeholders and the impact of those tools on the organizational culture in support of sustainability is analyzed. This is particularly relevant during the current economic crisis when most of the efforts go into cutting costs in order to survive.

Introduction

This paper focuses on the topic of the sustainable enterprise and looks at some of its organizational determining factors. We define the sustainable enterprise as a company that can prosper for an indefinitely long time. Although this view of sustainability is very general and offers no implementation leads, it underlines a parallel to the sustainable development concept, delineated in the Brundtland

Report of 1987, by referring to a future with no predictable time limit. That parallel is relevant to our discourse because it emphasizes the interdependency between business sustainability and society's sustainability. To be sustainable society needs businesses as long-lasting providers of goods and services and generators of income to individuals and communities, while businesses cannot be prosperous in a sustained way unless the social and natural environments in which they operate are stable and supportive limitlessly.

As we will show, the discussion on sustainable organizations cannot overlook the impact of the new Web tools on how companies run their operations, market their products or process information, on how business is done in general.

The new generation of Web 2.0 tools consists of a multitude of instruments of which we mention some that gained wide acceptance: Blogs (a type of website, usually maintained with regular entries by an individual, that can allow comments from readers); Forums (an online discussion site); Wikis (often used to create collaborative websites and to power community websites; in business wikis can provide intranet, extranet and knowledge management systems); Facebook and Hi5 (social networking websites); LinkedIn (social networking site used mainly by professionals and businessmen); Twitter (social networking facility which allows friends and co-workers to stay connected through the exchange of quick, frequent text-based updates as answers to the question: What are you doing?); RSS (service used to publish frequently updated works, such as news headlines, audio, video; subscribers are fed timely updates from selected websites); YouTube (video sharing website on which users can upload and share videos); Peer-to-peer networking (participants share a portion of their own resources, which may include network bandwidth, computing power, storage space; sharing content files, such as video, audio, data, is common).

What is remarkable about the new tools is the ease with which people can network on a large scale and the potential for creating a collective intelligence by transparent communication not hampered by barriers. The Web 2.0 tools melt away physical distances, barriers between countries, companies, departments and hierarchical levels. Customers able to use Web 2.0 tools can strongly influence the way organizations are perceived.

Those tools alter the ways communication, learning, cooperation, innovation, customer relations and, generally, the human interaction-based organizational activities take place.

A number of organizational areas undergo mutations as Web 2.0 tools become part of the workflow in organizations, such as: organizational communication, managerial decision making, organizational structures, human resource management, marketing and its connected activities, internal and external public relations, and stakeholder management.

A related concept, Enterprise 2.0, reflects the extent to which an organization's life is changed due to integrating Web 2.0 instruments in its workings (Bugin&Manyika&Miller, 2008).

New social and economic phenomena are emerging due to the new ways of sharing, learning and co-creating value and knowledge. Concurrently, new issues arise in adopting and using ethically the new tools as well as in inducing the needed mentality changes. There appear serious challenges related to abuse, confidentiality and intellectual property.

Corporations and their social mission

The current economic turmoil started serious debates about the causes of the crisis and the ways out of it. Our particular interest focuses on corporate behaviors, before and during the crisis, that threaten company sustainability. Businesses are one of the three pillars of sustainable development and whatever endangers their lasting prosperity puts at risk the continuing wellbeing of society. At the same time, companies have to treat the three pillars of society's sustainability in a balanced manner, to which end interaction with stakeholders is essential.

Articulating a vision and mission has long been regarded as a prerequisite to developing a business strategy. The minimum contents of a mission statement is to declare what the company sets out to do and for whom. Mission postings on companies' web sites or disseminated through company reports are most likely to contain the customer as the focal point. This is to be expected and required since serving the customer is the raison d'être of any business. Nevertheless, when business sustainability is at stake serving the customer is the necessary but not the sufficient condition.

Companies live or die by their relationship with the environment. Customers are very important for business sustainability, shareholders are equally significant, and competitors exercise an extraordinary influence. However, other stakeholders also affect the fate of companies. To take account of those stakeholders a company has to develop a *social mission* to complement its *business mission*. A *sustainability mission* will thus result and the traditional *business strategy* will evolve to become a *strategy for sustainability*. Integrating the new Web instruments in organizations should become a strategic objective, as they are essential for translating the social mission into action.

The basics of our reflections are not new rather the emphasis on company sustainability is. We think about sustainability as a process of becoming rather than a definite state to achieve; it is a journey rather than a destination. In an earlier paper (Cândea, 2007) we chose to talk about *prospects for sustainability* to underline this point. The company building and maintaining good relationships with its stakeholders favors the prospects for sustainability.

To succeed in business a business strategy is required and accountability to the law is a sine qua non. However, the law has always lagged behind moral principles. The law reflects the power game of economic and political interests, which explains why it changes over time. As people grow more aware of the public interest, society develops new expectations toward the political class and the

business world, and voices demands in line with moral principles. Under the pressure of such demands the law tends to become aligned with "what is right". While the law can change, ethical standards transcend time and grow more stringent as society evolves.

When pursuing better prospects for long lasting prosperity a sustainability strategy is called for, which asks for measuring up to ethical standards in making choices rather than just keeping within the legal bounds, i.e. "answering to a higher authority" (Weinstein, 2007). A strategy for sustainability demands an even longer-term vision than a business strategy because it requires insight into opportunities and risks deriving from social and environmental developments. Social trends and environmental changes can both affect markets and turn into new legal constraints. The earlier such trends are spotted the better the organization can adapt. Making use of the new Web tools can help this process.

While abiding by the law is mandatory and implies alignment to minimum socially acceptable standards, adopting ethical standards that go beyond the law is voluntary. Companies that voluntarily include ethically driven social and environmental considerations in their way of doing business exercise *corporate social responsibility* (CSR). A company's social mission shapes CSR initiatives, which become a part of the push towards sustainability. Similarly, using Web 2.0 tools shapes the interactions with stakeholders and impacts on CSR initiatives, implicitly on the organization's sustainability.

Organizational aspects in addressing sustainability

Long-term thinking is an essential element for improving the prospects for company sustainability. It goes hand in hand with another principle of business sustainability: profits should be the result rather than the purpose of doing business. Although both principles are acknowledged as good business practices, they seem so difficult to implement and are, therefore, rare.

Short-termism has already proven counterproductive to accomplishing both the business and social missions of corporations. We can find explanations why short-termism is prevalent. Short-termism is related to our being biologically conditioned to ignore gradual changes as if they were insignificant; we tend to adapt rather than react, unless change happens quickly. In an economic crisis, like the current one, a sense of urgency is induced that asks for immediate action to cut resource consumption in order to save on costs. We respond well to short-term threats but not to long-term risks. The way in which companies balance the short vs. long-term thinking brings the answer to which costs are slashed and how the challenges of the crisis are dealt with.

It is readily seen that unless companies are imbued with special competences related to long-term thinking and awareness of interconnectedness with those around them, sustainability may remain a distant ideal. Leadership and a learning organization are needed for such competences to develop.

It takes leadership to instill those competences in an ethics-based culture. We believe that business conduct infused with ethics founded on moral values derived from society, supports the drive towards sustainability. Those moral values refer to socially accepted fundamental standards of good and evil, they are long lasting and can thus guide companies in doing the "right thing". By referring to ethical standards companies can stay ahead of the wave of legal constraints because, although the law tends to become aligned with what is right, it lags behind it. Companies adopting ethical standards should be better prepared to take advantage of future opportunities and fend off risks coming from the social and natural environments. The Web 2.0 tools help companies, by means of timely feedback, not just prevent crises brought about by unsatisfied stakeholders but can also assist with finding solutions in case a crisis breaks.

Within organizations, there are many hurdles to addressing sustainability issues such as:

➢ People not being persuaded of sustainability as a business case
➢ Outdated mental models and perspectives on sustainability issues
➢ Inability to assess trade-offs between short-term and long-term
➢ Incapacity to prioritize and, therefore, inability to choose what to do first
➢ Lack of capability to take effective action for implementation.

A permanent dialogue with stakeholders can mitigate these shortcomings.

We have conjectured (Cândea, 2007) that a company that develops as a learning organization (Senge, 2006) is more likely to devise and implement a strategy for sustainability. This is so because the "systems thinking" and "mental models" disciplines directly raise awareness of the fact that the company is part of a wider system of interdependent and interacting stakeholders; the same disciplines lead the company to question the "traditional" strategic models limited to customers and marketplace, and to value approaches oriented towards the common good. Other two disciplines: "personal mastery", which helps with understanding what the important things in life are, and "shared vision", which nurtures a sense of commitment in a group by sharing the perception of the future the members seek to create, induce a broader perspective on the organization's purpose and, thus, inspire a longer-term thinking at the individual level. That thinking propagates to groups and all the way to the organizational level. The new Web instruments facilitate achieving those desiderata.

Advancing towards a learning organization with a Web 2.0 culture

An organization that has successfully integrated Web 2.0 tools in its activities develops a culture characterized mainly by:

▪ Open communication as a permanent dialogue based on professional, organizational and social concerns, which facilitates expressing opinions

- Relationships built on common interests, activities, problems and experience in resolving them, rather than on hierarchies, departmental or work unit affiliation
- Sharing knowledge, ideas, and getting feedback without restraint
- Collaborating in creating content, and in building and storing collective intelligence
- Freedom of thinking and manifesting creativity
- A system of values in which transparency, ethics, assertiveness, diversity and the contribution to the common good are held in high regard.

Such an organization favors:

- ✓ A process of personal development energized by the permanent exchange of useful information, by the ease with which that information, possibly located outside the organization, can be found, by self-comparison, by the quick feedback received from several sources, which increases objectivity. Moving towards self-mastery is stimulated by the multitude of interactions and their diversity.
- ✓ The creation of a way of thinking that is under permanent change and revision depending on how the collective thinking evolves, on the information that comes from many sources and reflects a variety of approaches, on the awareness of communities of practices.
- ✓ A collective learning that occurs naturally, by dialogue, in the absence of a stress inducing master-disciple setting, by permanently infusing knowledge that comes from a multitude of contributors, who themselves undergo a process of individual learning outside the interaction with the community of contributors.
- ✓ The shaping of a shared vision of the major problems of the organization, facilitated by the permanent and free exchange of points of view and arguments, and by removing obstructions caused by hierarchies.
- ✓ Looking at all aspects of a problem, issue or event, ranging from local, to organizational, national and up to global considerations, due to the ease with which links are created and physical distances turned irrelevant. The result is that a multi-angle view of a particular issue is gained which incorporates the interests of a wide group of stakeholders.

A parallel between the Web 2.0 culture and the premises supporting the development of the learning organization reveals similarities of contents and mutual reinforcement. Personal permanent development, under the impulse generated both internally and by the Web community, the continuous revising of thinking models and continuous learning in interaction with others, due to the permanent input of up to date information, the shared vision and the ability to think systemically, due to the collective intelligence, are common features. The esprit de corps, the spirit of cooperation and opening towards the new, the willingness to

contribute create similarities between the Web 2.0 culture and the culture of a learning organization. In the final analysis, those traits delineate a dynamic process of becoming which leads to increased prospect for organizational sustainability.

Interacting with the stakeholders under the Web 2.0 philosophy

Along with the changes brought about by the adoption of the Web 2.0 social tools in organizations, changes have to happen also in the relationships of the company with the stakeholders.

Stakeholders can join almost instantaneously in expressing a point of view about the company or disclose unethical behavior. Pressures from customers and investors, the global focus on sustainability, a more restrictive legislature and stronger governmental pressures, and an increased awareness of the stakeholders are additional factors that induce the need to change the nature of the relationships with stakeholders and the kind of CSR activities a company undertakes.

CSR should not limit itself to informing stakeholders about good intentions, to channeling philanthropic contribution or promoting company image. CSR has to integrate the dialogue with stakeholders and turn stakeholders into innovative partners. This can be done with Web 2.0 cooperative instruments, which leads to the emergence of CSR 2.0.

CSR 2.0 is about involving internal and external stakeholders, about going from a defensive risk management attitude of companies to a strategic business innovation attitude, from fending off risk to capitalizing on opportunities.

Internal stakeholders can be involved in developing company values and channeling values into concrete individual actions, in defining the social mission. Companies should align their strategies to the system of values and incorporate ethics in everything the company does. Ethics should be something a company lives, not something a company demonstrates through CSR projects (Sorensen&Peitersen, 2008).

Companies should involve stakeholders as partners and turn stakeholder pressures into market intelligence and stakeholder-led innovation.

Web 2.0-based corporate media for interacting with the stakeholders

Blogs are the best social corporate media that allow companies to engage in a permanent dialogue with relevant stakeholders. One or several employees, managers, including the CEO, can write blogs. Blogs can contain descriptions of events, commentaries, suggestions, points of view and can allow comments from stakeholders under the entries. The comments can refer to CSR initiatives, company products and services, etc. When using a conversational style blogs can project a human impression of the organization. They offer simple and inexpensive ways for organizations to engage in a permanent dialogue with stakeholders. Blogs can be used to improve stakeholders' perception of the company.

Wikis enable documents to be written collaboratively and allow users to edit all entries. A wiki is essentially a database for co-creating, browsing, and searching through information. Companies can create wikis for internal use, or for a specific group of external stakeholders, or for a combined internal-external group of users who are invited to tackle problems and share knowledge (e.g., identifying solutions to concrete CSR challenges). Wikis can thus turn into an invaluable tool for co-creating knowledge for the company.

Reputation management is a procedure of tracking an organization's activities and other entities' opinions about those actions, preparing a report on them and reacting to that report, thus creating a feedback loop. As an example, investors can use the process to get a feel of a company's intangible assets. Companies can equally well make use of the process with the purpose of obtaining feedback from stakeholders and act correspondingly in order to improve perceptions.

An online community is a particular type of virtual community in which people interact via a computer-supported platform rather than face-to-face, for social, educational or other purposes. A company can provide such a platform to create an organization-centered or topic-centered community based on shared interests, values, objectives. The company can use the on-line community for tapping knowledge, for creating innovative goods or services, for engaging stakeholders for marketing purposes. A neologism, crowdsourcing, designates a particular instance of utilizing an online community, in which a company outsources work usually done by employees or contractors to a large group of people, via the Internet, in the form of an open call. Stakeholders can thus become contributors to innovative CSR initiatives, may be invited to develop a new technology, carry out a product design task, etc.
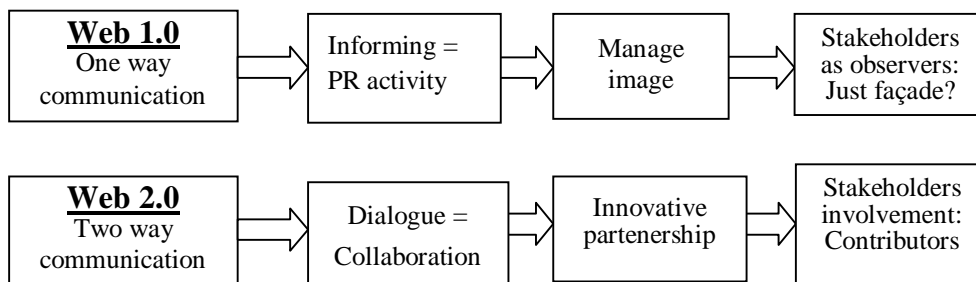

Figure 1 The impact of Web technology on the attitude towards stakeholders

As we are particularly interested in CSR actions we turn to the relationship between the available Web-based tools and the way CSR evolved (Visser, 2008). Fig.1 emphasizes the change in attitude induced by the Web 2.0 technology.

CSR 2.0 and corporate sustainability

The sustainable development concept is often rephrased as focus on the triple bottom line: profit, people, and planet. While making money corporations should also protect the human and natural environments. As Web 2.0 technologies are centered on people, allowing global connections and sharing of social and environmental concerns, they come naturally in support of sustainable development.

For better prospects for sustainability companies have to be genuinely concerned with relevant stakeholders' expectations over the social and environmental impacts of business activities. A certain attitude towards stakeholders stays behind effective and efficient corporate social actions (Cândea,D., 2007). That attitude finds support in Web 2.0 - based communication, which is, at its core, socially oriented. It materializes the spirit of collaboration with the stakeholders, springs from openness to the new and readiness to engage and commit.

The process of advancing towards the sustainable enterprise like the process of integrating the Web 2.0 tools in the organization share many traits, objectives and challenges related to pursuing significant opportunities. However, we should be aware that there are also important risks in bringing the Web 2.0 philosophy to the corporate world and in engaging in sustainable development.

Strategic CSR conducted in a CSR 2.0 manner, rather than a simple image building exercise (Porter, Kramer, 2006), is prone to generate better gains for both the company and society, through:

➡ Improved stakeholder relations by way of real-time feedback from diverse interest groups and by putting the acquired information at work
➡ Effective engagement of employees in corporate activities focused on priority social and environmental issues
➡ Increased capacity for producing a wider scale impact, possibly of global dimensions.

These features can reshape CSR by empowering individuals and making them part of the solution rather than keeping them as part of the problem. Online openness and cooperation build value through transparency and effective stakeholder management.

The Web 2.0 philosophy raises new conceptual challenges as it does away with business models based on ownership and control of information. When control is in the hands of financial stakeholders short-termism is difficult to avoid and business sustainability is in jeopardy, as the current economic crisis has demonstrated. Although we contend that there is no conflict between profit seeking and the social mission of the corporation, we maintain that profit should be pursued in the long-term for the sustainability goal to be served. New corporate ownership and governance designs that bring nonfinancial stakeholders at the company helm are an alternative (Kelly, 2009). Whether under new or traditional organizational designs, the Web 2.0 technologies are instrumental for implementing new business

conducts that bank on a wide base of information contributors and a participatory decision making process.

Conclusions

Our paper endorses the belief that the sustainable enterprise is the economic pillar of sustainable development, the two sustainability concepts being tied by mutual dependence. Building a sustainable company is the contribution shareholders and managers can make to sustainable development. This can be done by taking a long-term approach to business since such an orientation will bring the enterprise a tremendous staying power in the current rapidly changing environment. Incorporating relevant stakeholders' expectations in the portfolio of needs to be served turns out to also serve the economic self-interest of the company.

As we have argued, developing a learning organization brings better prospects for company sustainability. The Web 2.0 tools are a powerful engine in the drive to sustainability via building the learning organization. Effective stakeholder engagement is key in this process. The online openness and cooperation reshape the corporate social responsibility.

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