Transparent Organizational Ethics

SUMMARY: Organizations will face new kinds of scrutiny as drivers of transparency proliferate. Ubiquitous connectivity and information-capture, new sensing capabilities, and pervasive social media all enable hyper-transparency of organizations' actions, necessitating actively managing reputation in a world increasingly concerned about ethical behavior.

Forecasts

- Growing amounts of deliberately released and emergent data will create an environment where organizations have declining control over their transparency.
- Ethical decisions in a very dynamic and polarized environment will require difficult balancing of considerations and an understanding of longer-term implications.
- Automated ethics-ratings apps, tailored to users' personal ethical beliefs and interests, will inform where individuals buy, invest, or do business.
- Consumers will show a wide range of interest in punishing and rewarding organizations for their behavior; new tools may help boost the percentage of people who engage in this behavior.

Key Uncertainties

Overall societal status of trust

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Effects of competing and contradictory views of "ethical" in a polarized political climate

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The nature of future activism

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Evolution of regulation

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Level of active consumer interest in corporate and organizational ethics

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Role of fake and misleading news and information

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Supporting Trends

- **Ethics and transparency.** Ubiquitous connectivity and information-capture, new sensing capabilities, and pervasive social media are boosting corporate transparency—raising significant challenges to corporations' reputation and risk management. This hyper-transparency will boost the degree of ethical scrutiny of organizational practices.
- **The ethical economy.** Younger U.S. consumers are pushing a trend toward more ethical and values-driven spending.
- **Impact investing.** Investing to promote social or environmental benefits as well as financial returns—also known as impact investing—has been growing substantially, reaching $36 billion globally in 2015, up from around $26 billion in 2013.
- **Rising corruption.** Long-running studies of corruption around the world find that corruption is widespread and rising, despite extensive efforts to combat it.
- **Power of online reviews.** Online consumer reviews are shifting power from businesses to consumers—but improved review systems are needed.
- **The push for facts.** In the face of a perceived flood of propaganda and "fake news," there is a pro-truth counter-push.
- **Millennial doubt.** Millennials mistrust large institutions—transparency and compelling stories are more important than organizational reputation in their decision making.

Related Drivers of Change

- Declining Trust
- Ethical Consumption
- Reputation by the Numbers

Notable Data Points

VALUE-BASED DECISIONS

70% of American millennials say their **personal values are the driving force** behind their decision-making.

Source: Deloitte

REPUTATION COUNTS

92% of North American consumers **regularly read online reviews** to learn about a business.

Source: BrightLocal

REPUTATION COUNTS

Americans' trust in business was at 52% as of 2017, down slightly from 2016 and barely in the "trusted" category.

Source: Edelman, trustbarometer 2017 Annual Global Study

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Strategic Insights

- Association boards should consider the positions or responses they will take (or are taking) on current cultural issues so that their responses are well thought out and accurately represent the association and its interests.
- Associations may face greater pressure to disclose any benefits and perks that accrue to board members, staff, or volunteers as a gesture toward transparency.
- Understanding the apps and websites that will be used to evaluate the ethical standing of associations and their members is of rising importance. Associations may want to consider providing this kind of information as a service.
- All associations should have a code of ethics that provides guidance on what the association considers appropriate. Training and education on the code of ethics are also necessary.
- Associations should not be afraid to promote positive messages about their ethical behavior on social media and other news outlets, but these messages will need to be based on real and meaningful activities.
- A member survey on what positions the members support on ethical questions and what positions they want the association to take might be useful.
- Associations should expect to face more pressure to police the ethical practices of their members and should develop appropriate disciplinary policies, such as withdrawing credentialing and licensing endorsements when necessary.

Timing

- **Stage:** Growth stage, in a period of expansion
- **Speed:** Uneven and likely to be influenced by headline events

Potential Alternative Futures

- **Obscured transparency:** The quantity of data available about the ethics of organizations and companies overwhelms most people's ability to pay attention, and thus their ability to care or act.
- **Defensive crouch:** Ethical issues become so contentious and polarized that organizations try to avoid taking any detectable stances—which fails to satisfy culture warriors of various stripes.
- **Automated activism:** With bots increasingly used to manage people's affairs, including shopping, more are equipped with ethical filters that drive consumers' choices.
- **Lost in the data storm:** Massive volumes of data effectively obscure relevant truths about organizations.

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Take Action

- **Keep the board above-board.** Board members have a duty of loyalty that requires them to avoid conflicts of interest, protect confidential information, and act in ways that advance the association. New board member orientation and board evaluation are both critical opportunities to address ethical risks and reputation management in today's environment.
- **Spend the association's credibility and money carefully.** Have transparent and open processes for selecting board members, appointing influential volunteer leaders, and choosing speakers. Have clear criteria and fair processes for awards and grants. Follow good contracting and purchasing practices when deciding with whom to do business.
- **Live by your code of ethics.** Chances are good your volunteer leaders and members give your code of ethics little thought. In this environment, associations need to take these codes seriously. Do the words speak to the right issues and clearly delineate expectations? Is the association ready to discipline violations? Do the disciplinary procedures pass due process and legal muster? Does the association follow the spirit of the code it expects of its members?
- **Know your flashpoints and have positions and communications plans for rapid response.** Work with members to identify ethical issues inherent in your field. Establish policies to guide you through the trouble and plan in advance how you will respond.
- **Give members a spoonful of ethics with every education course.** Even when members acknowledge they need ethics education, they rarely attend sessions devoted to this topic. Instead, address the ethical dimension of any and all educational experiences they do choose. Use case studies based on common ethical dilemmas.

Keyword Search

To continue researching this change driver, use these search terms, combining one "virtuality" term with one "meeting term": ***ethics, transparency, organizational ethics, applied ethics, codes of conduct, trust, ethical regulations, issue management, values-driven decisions, organizational corruption, mistrust of institutions, millennial values***

Who Will Be Affected

Ethics are foundational and should be infused throughout all types of organizations. Leaders give ethics little thought until there's a serious problem, and then it is a priority. Organizations need to anticipate risks to their reputations and act consistently in ethical ways to prevent them. Organizations in trouble and struggling to survive are particularly vulnerable.

About ASAE ForesightWorks

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- regularly updated action briefs;
- tools for applying insights from the research in your association;
- guidance in performing environmental scans; and
- opportunities to engage with peers around the research.

Ultimately, the program's mission is to empower association leaders to create a culture of foresight in their associations and to lead their organizations confidently into the future.

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