



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 motivated by demands for ethical organizational behavior.



Forecasts

- Growing torrents of released, sensed, hacked, or data will create an environment where organizations have declining control over their transparency. Dark data, drones, and millions of phone cameras and sensors will be pervasive, making organizational actions highly visible.
- Codes of conduct and organizational guidelines will become increasingly important to organizations as ethical decisions in a polarized environment require them to balance short-term considerations and longer-term implications.
- Automated ethics-ratings apps, tailored to users' personal ethical beliefs and interests, will guide where individuals buy, invest, or do business. The apps, linked to social media and news notifications, could provide real-time alerts of any corporate ethical missteps or concerns to enable immediate action.
- Increasingly, fundamental ethical concerns about the overall economic system are being taken seriously. New economic and corporate models could start to find traction. Already some alternatives—B-Corps, cooperatives—are emerging as potential antidotes.

Key Uncertainties

Overall societal status of trust

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

The nature of future and policy

Shifting corporate views on mission and purpose

Evolution of regulation

Level of active consumer interest in corporate and organizational ethics

Role of misleading news and information

Post-pandemic values shifts

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Supporting Trends

- **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.
- **Young people and government.** Asked if “government should do more to solve problems,” 70 percent of Gen Z and 64 percent of Millennials agreed in 2019.
- **Rising corruption.** Long-running studies of corruption around the world find that corruption is widespread and rising, despite extensive efforts to combat it.
- **Restructuring big tech.** Market-dominant tech companies like Google, Facebook, and Amazon are coming under increasing criticism for their seemingly unaccountable and unassailable power.
- **Youth activism.** Globally, youth are the driving force in a growing list of large social change movements which are beginning to influence policymakers and businesses.
- **Employees demand tech ethics.** U.S. technology companies are facing growing employee backlashes over concerns about government applications of their advanced AI services.
- **Growth of climate change labeling.** Consumers around the world are strongly supportive of labeling products with information about the products’ carbon footprints or climate change impacts.

Related Drivers of Change

- Reputation by the Numbers
- Algorithms and Rights
- Surveillance Economy
- Ethical Edge of Innovation
- Ethical Consumption (archived)

Notable Data Points

CEOS RETHINK PURPOSE

In August 2019, Business Roundtable released a statement, holding that instead of shareholder value, **companies should commit to benefiting all of society’s stakeholders**—employees, suppliers, and communities.

Source: Business Roundtable.

GOOD COMPANIES

There are more than 3,200 B Corps—companies that **have more transparency and accountability** on social, environmental, or economic justice issues—encompassing 100,000 workers globally.

Source: Quartz.

TRUST IN CAPITALISM FALLING

56% of respondents to the Edelman Trust Barometer said **capitalism does more harm than good in the world.**

Source: Edelman Trust Barometer 2020.

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Strategic Insights

- As organizations representing industry sectors or interests, associations are well positioned to act as developers and arbiters of ethical standards for their industries and membership.
- 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 being 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.
- More associations will be buffeted by consumer and member demands to develop and promote explicit organizational ethics.
- Organizations may face their own internal tensions as they undertake deeper consideration of their industries' ethics and when and how they should be involved or take stands.
- Associations should expect to face more pressure to police the ethical practices of their members and should proactively 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 obscures relevant truths or overwhelms most people's ability to pay attention, thus reducing 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.

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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 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 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 alone or in combination: ***ethics, transparency, organizational ethics, applied ethics, codes of conduct, trust, ethical regulations, issue management, valuesdriven decisions, organizational corruption, mistrust of institutions, Millennial values, Gen Z 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

ASAE ForesightWorks is a deliberate, evidence-based research program and line of products to provide association professionals with a continual stream of intelligence about the changes facing the association industry, including:

- Regularly updated action briefs;
- Tools for applying insights from the research in your association;
- Guidance in performing environmental scans;
- 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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