



COMMUNICATION

The communications revolution goes far beyond Facebook updates or satellite navigation systems: it means rural farmers in India can have up-to-the-minute data on crop prices and plan their harvests accordingly. It means it is possible to get a diagnosis from a doctor without a visit.

This revolution was driven by three broad developments: first, processing power got cheaper and faster (following Moore's Law); second, storage value got better (compared to 30 years ago, the cost per gigabyte has dropped from more than \$100,000 to a few cents); and third, bandwidth went huge (remember dial-up?). Now everything is going mobile – and global. A shopkeeper in remote Kenya can become a bank with just a basic handset. Information flows fluidly in this new world. Governments and companies find it harder to control the story, and transparency is the new norm. Across the world, people are getting unprecedented access to information, and they are using it to transform their lives.

Where's the heat?

- / Mobile technology
- / Access to information
- / Social networks
- / Citizen empowerment
- / Transparency
- / Power of the media

/ Mobile technology

Cisco, the worldwide leader in networking, has predicted that mobile devices will outnumber humans this year. In developing countries, mobile phones can bring real transformation; in developed countries, they're a part of everyday lives.

/ Access to information

We are generating data at a faster rate than ever – it is growing at a compound annual rate of 60 per cent. Some can feel overwhelmed, while others feel as though the world is at their fingertips and they can shape the future.


/ Social networks

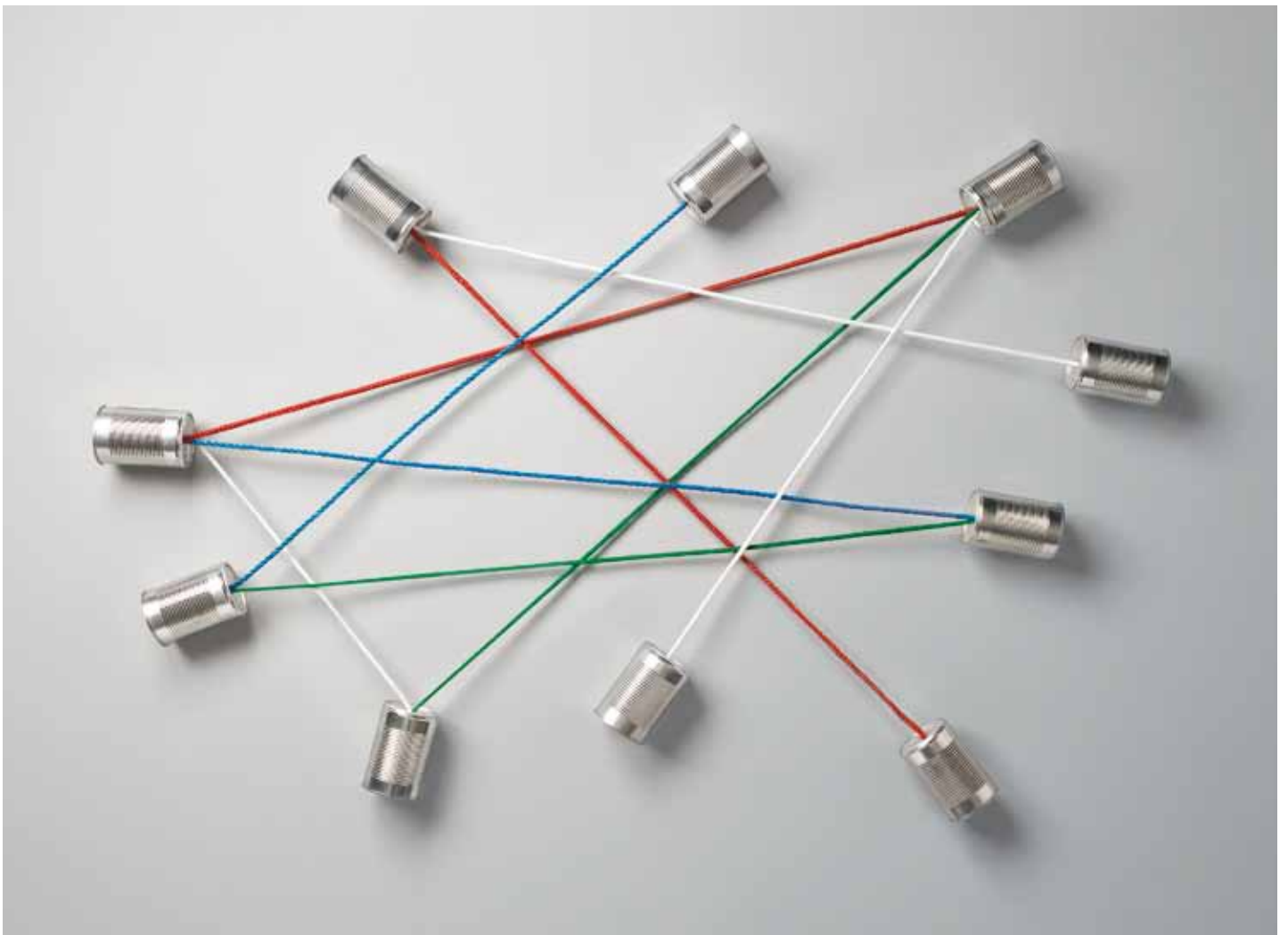
The way that we communicate with each other is changing profoundly, whether it is groups of friends, consumers, investors, activists, employees, journalists – social networking is changing forever the way we organize our lives.

/ Citizen empowerment

New ways of communicating are shifting power from the ruling elites towards networks of organized citizens. The role of social media, mobile and Al Jazeera during the Arab Spring shows the power of media in the hands of those hungry for change.

/ Transparency

Being open and transparent is now a cultural – and often legal – standard. More than 90 countries now have freedom of information laws. A succession of companies have been forced into the open by whistleblower websites such as WikiLeaks. 



90

Today, there are freedom of information laws in more than 90 countries. In 1990, just 13 countries had such laws

91%

According to Morgan Stanley, 91 per cent of US cell phone users keep their phone within arm's reach at all times

/ Power of the media

Control of the news media has consolidated into fewer companies. Today, just six big companies dominate the vast majority of US media output. Around the world, accountability and control of the media are issues of public debate.

What's the context?

The free flow of information is essential to the health of society – this is a deeply held democratic value. The growth of the internet has put this at center stage in recent years – but it's just the latest chapter in a long struggle for freedom of expression.

In 1792, speaking in a debate about the circulation of American newspapers, Senator Elbridge Gerry said, "However firmly liberty may be established in any country, it cannot long subsist if the channels of information be stopped."

The early days of the internet were fueled by the open source philosophy – which promoted sharing and collaboration. Today, the big conversation is around transparency. Advocacy groups such as Transparency International, an international NGO, are targeting corrupt and unethical behavior. Websites such as WikiLeaks and Cryptome promote a more activist approach, publishing leaked documents.

Social media has created a reputation economy – your digital profile becomes your real currency. As digital technology journalist Clive Thomson writes, "The reputation economy creates an incentive to be more open, not less. Since internet commentary is inescapable, the only way to influence it is to be part of it. Being transparent, opening up, posting interesting material frequently and often, is the only way to amass positive links to yourself and thus to directly influence your Googleable reputation."



DON TAPSCOTT

Author and speaker on the digital future

It used to be that companies could do well by acting badly. Just a few years ago, a new US mutual fund, the Vice Fund, was predicated on that very notion – that companies do better when they concentrate on profit rather than social responsibility, and that companies catering to some of humankind’s less noble tendencies (tobacco, gambling, guns and alcohol) did better than average. The investment case is arguable, but the trend is overwhelmingly clear: the Vice Fund (and its imitators) attracted relatively little investment but the socially responsible investment (SRI) industry has boomed. Don Tapscott is an authority on the influence of digital developments on society, and co-author of *Macrowikinomics*; *Grown Up Digital* and *The Naked Corporation*. Here he tells Brunswick’s Jon Miller that the trend toward greater transparency and integrity for companies is irreversible.

The past few years have seen companies moving towards more open and transparent ways of doing business. What’s driving this?

There are several powerful forces behind this – it’s like a perfect storm. The first is the technology push coming from the web, which is comparable to, and probably more important than, the printing press when it was invented. The printing press gave us access to the written word; the internet enables each of us to be a publisher. The printing press gave us access to recorded knowledge. The internet gives us access to the knowledge contained in the minds of other people on a global basis. So many people get this wrong – they think this is an information age. It’s not: it’s the age of major network intelligence and collaboration.

The second driver is a demographic one: the first generation to grow up in the digital age. They’re the net generation and these kids are different. They have no fear of

technology, because it is like the air to them. They are digital natives. I’m a digital immigrant, I had to learn. They think differently, learn differently, and they are the smartest generation ever.

The third one is a sort of social tsunami. Social media is now becoming a new means of production. In the private sector, it is changing the way that we orchestrate the capability to innovate, to create goods and services. In the public sector, it is changing the way we create public value – and the nature of democracy itself. Just as the internet lowers the cost of transacting and collaborating, it also lowers the cost of dissent, which is why we have these revolutions happening.

So you put all of that together and it is creating a pull for a new kind of enterprise, a new kind of institution. It’s creating a burning platform for change – and that analogy means that the cost of staying where you are is all of a sudden greater than the cost of going somewhere else or doing something radically different. So the industrial age is finally running out of gas and, on the other hand, we can see the contours of new institutions that are emerging.

How should companies go about developing a transparency strategy?

We need to look at the stakeholders – customers, employees, business partners, shareholders and communities – and we need to decide what information is pertinent to these stakeholders. Then we need to look at what information we are currently not disclosing that we could disclose, and what would be the benefits to us of disclosing this information, and what would be some of the dangers or unintended consequences. Then, how do we go about disclosing this information – through what media, through what process? Finally, how do we evaluate the effect of what we’ve done?

Some companies still treat transparency instinctively as a threat. Why do you think that is?

I always say if you are going to be naked, you had better be buff. If you’re not buff, then transparency is a threat. But I think companies are increasingly concluding that the transparency train has left the station, the cat is out of the bag ...

The toothpaste is out of the tube ... ?

Right. There is no going back, so you might as well get used to it, you might as well figure out how we need to change our behavior and make integrity part of our DNA and everything to do with our business model.

And so how is transparency a positive opportunity for business?

For each of the main classes of stakeholders, transparency creates value, so every one of them is a separate story. Take employees: we found that when you increase transparency with your employees you get better trust, you get lower internal transaction and collaboration costs, you get better loyalty, you get a decline in office politics and game-playing and you get a higher-performance organization. So it pays off. This is not about somehow being a good company for altruistic reasons. It’s about being an open company so you achieve higher performance and competitive advantage.

Some people think that transparency is changing the way that companies act in society – making them better citizens. What do you think?

There was the traditional notion of Corporate Social Responsibility – that you can do well by doing good. I don’t think it was true. Lots of companies did well by being really bad – by having terrible labor practices or exploiting the developing world, or by externalizing their costs on to society. But increasingly I think, because of transparency, that idea of social responsibility is becoming true. We know for sure that you can do badly by being bad – look at the banks on Wall Street. Increasingly, I think, companies are going to have to build integrity into their business models.

You use the word “integrity” a lot. What is integrity in business?

Integrity is about being honest, considerate of the interests of others, and accountable – abiding by your commitments. Together with transparency, integrity is the foundation of trust.

And what is trust, in business?

I’ll give it to you in a sentence. Trust in business is the expectation that the other party will have integrity and transparency. The expression, “What are they hiding?” shows the relationship between transparency and trust. It’s very important to have these clear definitions: what is trust, what is transparency, what is integrity?

So what exactly is transparency, anyway?

Well, it took us about two months to come up with this definition: transparency is the opportunity and obligation for institutions (not individuals) to communicate pertinent information to stakeholders – pertinent, meaning it can help them if they receive the information, or hurt them if they don’t. 🌐