



Social networking and reputational risk in the workplace
Deloitte LLP 2009 Ethics & Workplace Survey results

While the decision to post videos, pictures, thoughts, experiences, and observations to social networking sites is personal, a single act can create far-reaching ethical consequences for individuals as well as organizations.

Therefore it is important for executives to be mindful of the implications and to elevate the discussion about the risks associated with it to the highest levels of leadership.

Sharon L. Allen
Chairman of the Board
Deloitte LLP

Contents

Executive summary 2

Key findings 3

Additional survey data 10

Survey methodology..... 15

Executive summary

The phenomenal growth of online social networks is altering the way people communicate, share ideas, and disseminate information. This enhanced world of connectivity is also rapidly blurring the lines between professional and private lives. And while the openness of these new communications tools creates great opportunities, they can cause ethical dilemmas for individuals and present many challenges for businesses that can leave brands exposed and vulnerable.

Deloitte LLP's 2009 Ethics & Workplace Survey shows that there is great reputational risk associated with social networking as 74% of employed Americans believe it is easy to damage a brand's reputation via sites such as Facebook, Twitter, and YouTube.

Organizations grapple with the notion of reputational risk within the context of employee self-expression. Meanwhile, news of major global brands being impacted by the online activities of their people suggests that discussions around this topic need to be elevated to the highest levels of leadership. That said, surprisingly only 15% of executives surveyed are addressing these risks in the board room, though 58% agree it is important enough to do so.

Moreover, a mere 17% have programs in place to monitor and mitigate the potential reputational risks related to the use of social networks.

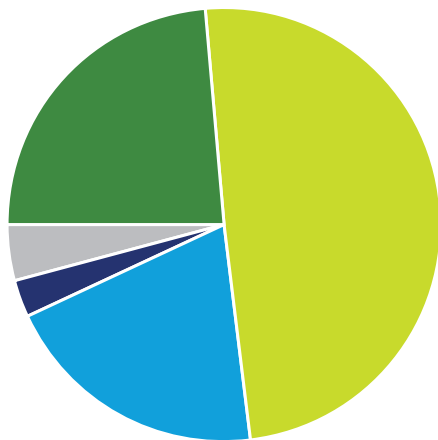
As this medium is evolving, there are different opinions about use and access. Sixty percent of business executives say they have the "right to know" how employees portray themselves and their organizations online, while 53% of the employees contend that "social networking pages are none of an employer's business." In fact, nearly one third of employed respondents say they never consider what the boss would think before posting materials online.

So what should business leaders do? The easy answer is to establish policies and protocols. However, the survey also finds that clearly defined company guidelines will not change how nearly half of respondents behave in cyberspace. Therefore, attempts to mitigate reputational risk in these online communities should include an emphasis on culture, values, and ethics within an organization. By reinforcing these fundamental elements, business leaders will have the opportunity to encourage good decision-making in virtual social networking environments. ●

Key findings



74% of employees surveyed say it's easy to damage a company's reputation on social media.



Employee respondents...

- Strongly agree: 24%
 - Agree: 50%
 - Disagree: 20%
 - Strongly disagree: 3%
 - Don't know/refused: 4%
- } 74%



Fifty-eight percent of executives agree that reputational risk and social networking should be a board room issue, but only 15% say it actually is.

How are executives working to mitigate the risks of social networking media?

"Our executive team regularly discusses how we can best leverage social networks to our advantage while mitigating risks."

27%

"My company has formal policies that dictate how employees can use social networking tools."

22%

"Our senior leadership team addresses issues related to company-wide social networking."

22%

"My company has a program dedicated to monitoring and mitigating risks related to social networks."

17%

It's none of my boss' business.

Fifty-three percent of employee respondents said their social networking pages are none of their employers' business.

We're watching you anyway.

Forty percent of business executive respondents disagree, and 30% admit to informally monitoring social networking sites.

It doesn't matter.

Sixty-one percent of employees say that even if employers are monitoring their social networking profiles or activities, they won't change what they're doing online — they know it's not private, and have already made significant adjustments to their online profiles.

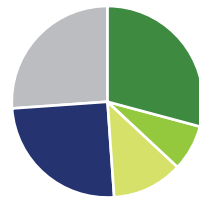
Would a company policy change how you behave online? 49% of employees say “no.”



Does your company have a policy about using social networking channels? **24% of employees don't know.**

If your employer did something that you didn't agree with, would you comment about it online? **15% said yes.**

What is your company's official policy when it comes to employee use of social networking channels?



Employee respondents...

- There are very specific guidelines as to what you can and cannot say online in relation to the company and/or client matters: 26%
- The policy is to use your discretion when it comes to posting comments and opinions on the world wide web and social networking sites: 7%
- There is a policy, but I don't know what it is: 11%
- There is no policy: 23%
- Don't know if there's a policy: 24%



What were you thinking?

Twenty-seven percent of employees surveyed **don't consider the ethical consequences** of posting comments, photos, or videos online — and more than one-third don't consider their boss, their colleagues, or their clients.

Do you consider what your boss would think?

37% said rarely/never

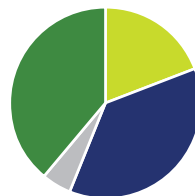


Employee respondents...

- Always: 40%
- Sometimes: 17%
- Rarely/never: 37%
- Don't know/refused: 7%

Do you consider what your colleagues would think?

37% said rarely/never

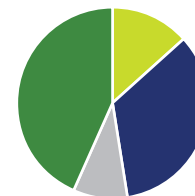


Employee respondents...

- Always: 39%
- Sometimes: 19%
- Rarely/never: 37%
- Don't know/refused: 5%

Do you consider what your clients would think?

34% said rarely/never



Employee respondents...

- Always: 43%
- Sometimes: 13%
- Rarely/never: 34%
- Don't know/refused: 9%

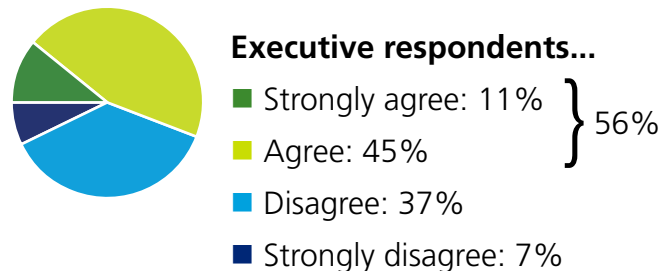


Finding balance in social media... or not?

Fifty-six percent of business executive respondents say that **using social networking sites helps their employees achieve better work-life balance**, but only 31% of the employee respondents agree.

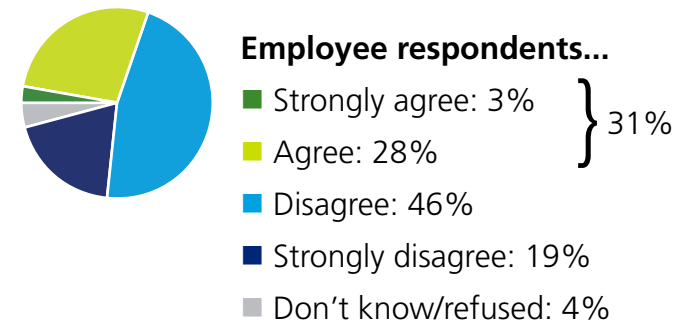
“Using social networking sites helps employees achieve a better work-life balance.”

56% of executives agree



“Using social networking sites helps me achieve better work-life balance.”

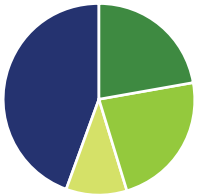
31% of employees agree



Additional survey data

Employees: policies and practices

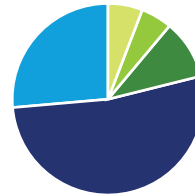
How often do you visit social networking sites such as Facebook, MySpace, LinkedIn, Plaxo, Twitter, YouTube, Flickr, etc?



Employee respondents...

- Five or more times per week: 22%
- One to four times per week: 23%
- Once a week: 10%
- Never: 44%

If you use social networking sites, do you access them during work hours?



Employee respondents...

- Yes, you access social networking sites during work hours ONLY for business reasons: 6%
- Yes, you access social networking sites during work hours ONLY for personal reasons: 5%
- Yes, you access social networking sites during work hours for BOTH business and personal reasons: 10%
- No, you choose not to use social networking sites during work hours: 52%
- No, your company's network prevents you from accessing these sites: 26%

Employees: consequences

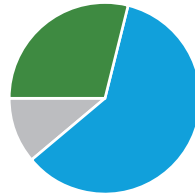
“In the past six months, at least one of your colleagues was let go because of inappropriate behavior online.”



Employee respondents...

- True: 7%
- False: 73%
- Don't know/refused: 20%

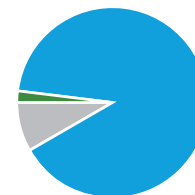
“The economy is forcing you to be much more conservative online, as you fear that your employer can use anything and everything as an excuse to fire you.”



Employee respondents...

- True: 29%
- False: 60%
- Don't know/refused: 11%

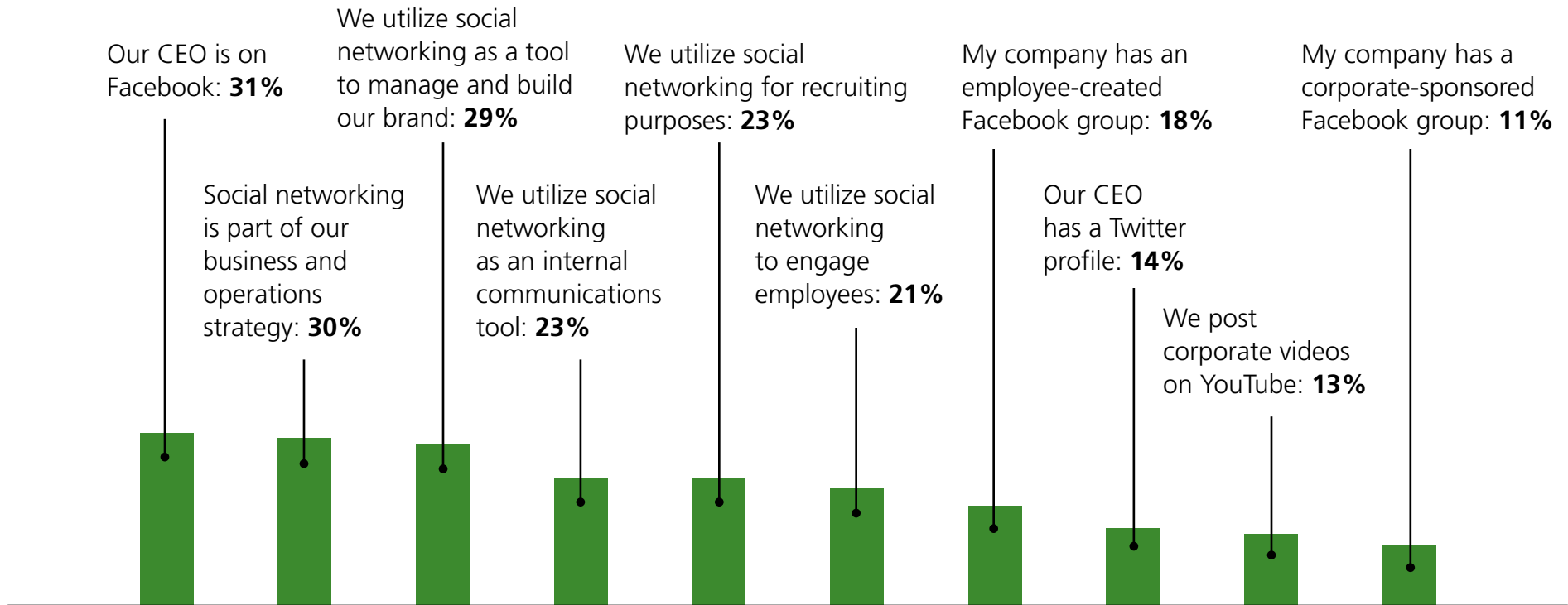
“The content on your Facebook, MySpace or Twitter pages prevented you from getting a job.”



Employee respondents...

- True: 2%
- False: 89%
- Don't know/refused: 8%

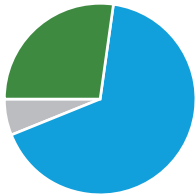
Executives: how connected are you?



There is still more to learn. Fifty-five percent of executives say their companies don't have an official use of social networks, and 22% said their companies would like to use social networking tools, but haven't yet figured out how.

Executives: risk mitigation

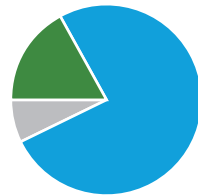
“Our executive team regularly discusses how we can best leverage social networks to our advantage while mitigating risks.”



Executive respondents...

- True: 27%
- False: 67%
- Don't know/refused: 6%

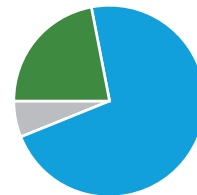
“My company has a program dedicated to monitoring and mitigating risks related to the use of social networks.”



Executive respondents...

- True: 17%
- False: 76%
- Don't know/refused: 7%

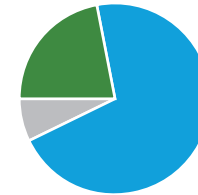
“My company has formal policies that dictate how employees can use social networking tools.”



Executive respondents...

- True: 22%
- False: 72%
- Don't know/refused: 6%

“Our senior leadership team addresses issues related to company-wide social networking.”



Executive respondents...

- True: 22%
- False: 71%
- Don't know/refused: 7%

Survey methodology

Opinion Research conducted a telephone survey on behalf of Deloitte LLP among a national probability sample of 2,008 employed adults comprising 1,000 men and 1,008 women 18 years of age and older, living in private households in the continental United States. Interviewing for these CARAVAN® Surveys was completed during the period April 9-13 and 16-19, 2009. Sampling error is +/- 2.5%.

Opinion Research also conducted an online survey of 500 business executives. The sample for the study came from a panel of executives across the United States, including company owners, directors, CEOs, controllers, EVPs, CIOs, VPs, and board members. Invitations to participate in the study were sent beginning on April 10, 2009 and data collection continued through April 17, 2009.