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SUPPLEMENT

Social Business

Social Media in the Workplace

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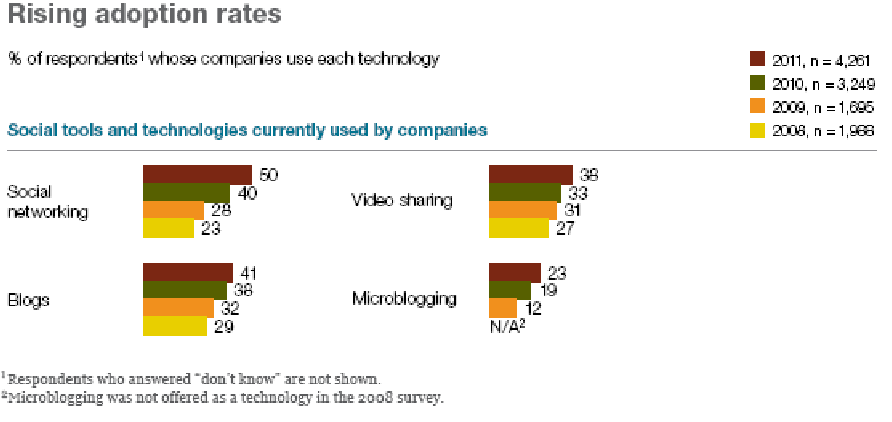
Editorial

Building the social enterprise

Carol Baker
Editor

Inside an enterprise, the ability to filter the internal information and extract what's essential is more significant than ever. Companies who improve their mastery of social technologies, by adopting them at scale across an enterprise and integrating them into the work processes of employees, can expect to see significant increases in company financial performance and market share.

Last year, the McKinsey Global Institute estimated that $900 billion to $1.3 trillion in annual value could be unlocked in just four sectors by products and services that enable social interaction in the digital workplace. The problem is that many companies view social technologies as yet another tool to be implemented rather than as an enabler of organizational transformation, and fail to identify the specific organizational problems social technologies can solve.



Source: McKinsey & Company

Given that social and collaborative tools are intended to support the day-to-day activities of enterprise workers, the tools need to be usable in ways that cause minimal disruption to the existing environment.

Traditionally, business leaders have disseminated information along a controlled, linear chain that begins after the development of a formal meaning-creation process – think of how your company creates and distributes emails explaining new initiatives. While traditional distribution pathways will not disappear, social media revolutionizes the standard information process by reversing it.

The focus of a social business is people, openness, creativity and collaboration, which brings numerous benefit and opportunities. While the latter may vary, the common denominator is the same: online collaboration, using a social platform which everyone has access to. This allows employees to relate to their work and one another in new and unexpected ways. Online collaboration is not only highly efficient but forms the fundamental basis of a social business. Today social collaboration tools allow employees to initiate communication and discuss issues and problems of mutual concern, ask for advice or help, give and receive feedback – instantly and openly. In short, the new social features allow employees to talk and to share in ways that were never before possible. Already, organizations are using various social media networks to allow staff to communicate and collaborate across departments and beyond the organizational walls. Opening up the communication flow to everyone means that anyone can create corporate value rather than this remaining the exclusive domain of a few.

All staff members have the opportunity to come up with ideas and opinions. Good, online collaboration and greater staff responsibility – features of a social business - give rise to increased involvement, and, in turn, higher productivity. The Global research and analytics organization Gallup made a study on organizations that optimized staff involvement that showed 26% higher profitability and 85% greater growth compared to competitors. The study also revealed that customers of these companies buy more, return more frequently, and remain loyal longer to the company.

Enterprises which aim for a more efficient virtual collaboration in cross-functional projects, using such elements as internal blogs, discussion boards, and YouTube channels, encourage global conversations and knowledge sharing. Inviting company audiences to co-create and contextualize content to create new meaning is driving social technologies. Messages are rebroadcast and repurposed at will by recipients who repost videos, retweet and comment on blogs, and use fragments of other people's content to create their own mash-ups. Companies can interact with customers via viral media campaigns to create brand loyalty, and using social technologies companies can create next-generation products which have been co-developed in open-innovation processes. All of this, ultimately, helps corporate leaders to shape corporate strategy and growth.

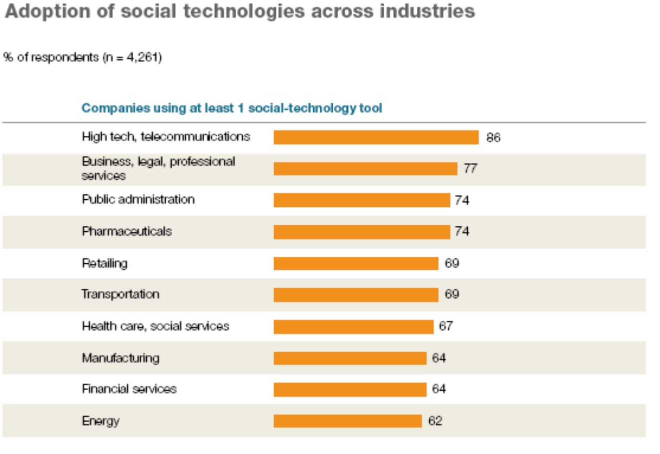
Therefore, social technologies add the most value when they become central to the organization and complement (or, ideally, substitute for) existing processes. They should not be distracting "extras", but rather, they should be embedded into the day-to-day work flow.

While social applications can improve communication and collaboration in an organization, a social business is not just about the implementation of a tool. It's also a cultural shift that requires a new type of leadership. Generation Y is entering the workforce having been brought up with social media and the internet. As a result, they are used to open communication and are comfortable voicing their opinions. They function better in flat organizations, with fewer layers of intervening management. At the other end of the spectrum are older generations, who are staying in their careers longer than ever. We are getting older and the retirement age is increasing. Leaders must straddle these two very different sets of expectations and encourage collaboration and experience exchange.

There is also the global aspect to consider. A new generation of global managers will be expected to achieve high performance wherever they go. To a greater extent teams are constituted of members from different cultures and with different backgrounds. Leaders of a social organization need to be social, open, flexible and transparent if a transformation to a social organization is to succeed.

In a recent McKinsey survey it showed that social technologies as a group have reached critical scale at the organizations. Over 70% of the respondents report that their companies are deploying at least one technology, and more than 40% say that social networking and blogs are now in use.

These technologies are being deployed across sectors, from the high level of 86% of the respondents' companies in high tech and telecommunications sectors, through to the 62% of companies (including the energy industry). Levels of reported benefits not only remain high when respondents' organizations use social tools for internal purposes but have also increased among those that use them for communicating with customers or for integration with partners and suppliers.



Source: McKinsey & Company

The survey also revealed statistically significant correlations between self-reported corporate performance metrics and certain business processes that networked enterprises use. The market share gains respondents report are correlated with two such processes. First, these organizations use social tools to scan external environments. Second, they use them to match employees to tasks: internal wikis and social networks help project leaders to identify employees with the most appropriate skills and to assign these employees to the projects for which they are best suited.

Social Business: Patterns in achieving social business success by leading and pioneering organizations

Change is the new constant. Organizations are being buffeted simultaneously by a number of macro-economic trends, such as compressed and highly volatile economic cycles, a shift of power in commercial relationships from sellers to buyers and the continued development of an increasingly global, distributed workforce.

Fortunately, there are new trends and capabilities in technology and business practices that can help organizations adapt to, even take advantage of, these macro-economic changes. Cloud, mobile and social computing, when deployed together, can enable organizations to innovate and execute faster, better understand and serve their customers, and build and empower a more-engaged workforce.

This paper will focus on how organizations can use social business practices and capabilities to transform themselves, and create competitive advantage and substantial new value.

The full whitepaper is available at:

https://www14.software.ibm.com/webapp/iwm/web/signup.do?source=swg-US_Lotus_WebMerch&S_PKG=ov14017&lang=en_GB&S_TACT=102RB20W

Social business patterns

A social business is an organization whose culture and systems encourage networks of people to create business value. Social businesses connect individuals, so they can rapidly share information, knowledge and ideas by having conversations and publishing informal content. They analyze social content from multiple channels and sources, in addition to structured data, to gain insights from both external and internal stakeholders.

When those things happen, innovation and business execution rates increase, better decisions are made, and customers and employees are more engaged and satisfied. Social businesses enjoy lower operating costs, faster speed-to-market, improved customer and employee engagement, and increased profitability.

Many organizations don't get it. They do not fully appreciate the magnitude of the value creation potential of social business. One study estimates that as much as $1.3 trillion of potential value could be created by social business – in just four industry sectors! In other words, social business is likely to spawn a level of business value creation similar to that of the adoption of online commerce capabilities (ebusiness) a decade ago. However, the same study found that, as of last year, just three percent of all organizations surveyed are deriving substantial benefit from social across all stakeholders.

There are leaders across specific industries who do understand that social business represents an enormous opportunity to transform their organization and fuel substantial value creation. Those companies are applying their own social capabilities – not just Facebook and other public social networks – to business processes that connect external and internal stakeholders, including customers, partners and employees. They are transforming key business processes by enabling the human interactions necessary to produce results when the effectiveness of automated process activities has been exhausted.

Which socially-enabled business processes are producing meaningful value now? By socially transforming Customer Service, organizations have reduced their customer defection rate by as much as five percent, increasing profits by up to 68%. Being social has helped businesses cut as much as two-thirds off their new Product Development times. Human Resources functions have reduced by two days New Hire On-Boarding time. Marketing departments have achieved a 100% increase in market exposure via social. And some organizations have jump-started their Sales processes, increasing sales manager revenue by 40% and improving sales efficiency by up to 50%, by better connecting sales people and customers.

Organizations that are relatively experienced with social business perspectives and techniques are seeing opportunities to improve specific business processes and their execution through the application of Social Business Patterns. These patterns are similar in concept to business process flows, in that each represents a repeatable, proven set of value-producing actions. Some organizations begin by applying just one pattern, but know they can realize compound benefits by implementing multiple patterns over time. Exactly how are organizations transforming these processes and becoming social businesses? What best practices have emerged? Those questions are addressed by the Social Business Patterns summarized in the table below.

Social Business Patterns	Value Producers
Finding Expertise *(see Page 5 of the whitepaper for details)*	• quickly locate the right people, or published content containing, the expertise needed to solve a problem • connect the best possible resources to effectively respond to customer needs • document and share reusable solutions to common issues • create highly-engaged and productive employees
Gaining External Customer Insights *(see Page 6 of the whitepaper for details)*	• quickly learn customers' opinions and preferences related to existing and potential products and services • identify and connect with key customer influencers to aid marketing efforts
Increasing Knowledge Sharing *(see Page 7 of the whitepaper for details)*	• more efficiently and effectively capture, share and access knowledge • increase innovation through wider reach of ideas • reduce excessive, unproductive time spent searching and exchanging information
Improving Recruiting and On-Boarding *(see Page 8 of the whitepaper for details)*	• collaboratively find and connect the right candidate to the right position • streamline assessment and hiring processes • better connect, engage and retain new hires • contextually recommend expertise to increase new hires' productivity
Managing Mergers and Acquisitions *(see Page 9 of the whitepaper for details)*	• increase overall success rate of merger and acquisition activities • raise effectiveness of vision setting and communication before, during and after merger or acquisition • accelerate creation of "one company" community and culture
Enabling and Improving Workplace Safety *(see Page 10 of the whitepaper for details)*	• speed communication of new or changed safety regulations, policies and procedures • minimize or eliminate project execution delays arising from actual or potential safety issues • improve innovation in safety procedures by increasing dialog between safety experts and workers

The full whitepaper is available at:

https://www14.software.ibm.com/webapp/iwm/web/signup.do?source=swg-US_Lotus_WebMerch&S_PKG=ov14017&lang=en_GB&S_TACT=102RB20W

Social Business Analytics – Gaining Business Value from Social Media

The ability to analyze and understand the impact of social media is fast becoming a business imperative. The insights embedded within social media can empower organizations to make intelligent business decisions that improve customer and employee loyalty, and maximize the value of their efforts in sales, marketing, customer service, employee relations and product development. By understanding what people think about their company, products and services they can act quickly and compete more effectively. In today's social media environment, an issue that might have once been confined to a single locality can now become common knowledge throughout the customer base literally overnight.

However, the massive volume and unrelenting continuity of social media content can be overwhelming. How does a business make sense of it? How do they act upon the trends and sentiment they find there? And how do they deliver the right social media intelligence to the right people at the right time to gain a competitive advantage? The answer for many forward-looking companies is social business analytics.

According to a joint MIT Sloan Management Review and IBM Institute of Business Value study, organizations that excel in analytics often outperform those who are just beginning to adopt analytics by a factor of three to one. And top performers are 5.4 times more likely to use an analytic approach over intuition and gut instinct when making decisions. In this white paper, we will examine the capabilities and functional scope of social business analytics that can help your organization gain new business value and achieve a competitive advantage.

The full whitepaper is available at:

https://www14.software.ibm.com/webapp/iwm/web/signup.do?source=swg-US_Lotus_WebMerch&S_PKG=ov8949&lang=en_GB&S_TACT=102RB20W

How does social business analytics transform business processes?

Marketing	• Easily see and measure the value of social media to justify a capital investment. • Integrate and implement an end-to-end social media strategy. • Provide insights into current campaigns and an input into future plans.
Sales	• Develop personalized offers that resonate with customers to increase sales.
Product management	• Understand consumers in new markets and their specific cultural attributes. • Develop and evolve products and solutions from direct social media analysis.
Customer Service	• Understand real customer issues and identify trends versus one-of-a-kind issues. • Respond to and resolve customer issues before they become major problems.
Human resources	• Develop a deep profile to understand your corporate culture and what motivates valuable human capital. • Understand what prospective employees think about the company and how to attract employees who would be a good fit.

Most social media data exists as unstructured text data found in myriad networks, communities, blogs, forums and online comments. The challenge for a business is to access and analyze that data and then fully integrate it into its own enterprise data and organizational processes. Social business analytics can help organizations achieve this capability. It transforms social media insights into action by connecting analytic results with the communities of employees who can distill the information to deliver real business results. It also provides the foundation from which organizations can link the measurement and the tactical execution of social media strategies to their bottom line revenue generation.

The full whitepaper is available at:

https://www14.software.ibm.com/webapp/iwm/web/signup.do?source=swg-US_Lotus_WebMerch&S_PKG=ov8949&lang=en_GB&S_TACT=102RB20W

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Markets Suffer a Brief Plunge Due to Hacked Twitter Account – Assessing the Impact of Social Media on Algorithms

Bart Bartolozzi

Bart Bartolozzi
Senior Product Marketing Manager
IPC

Biography

Bart Bartolozzi joined IPC in 2006 as a Senior Product Manager, where he is charged with driving and coordinating the company's business and product development, marketing, and partner strategy.

Prior to joining IPC, Bart lead product and corporate development for one of the first successful VoIP start-ups, Net2Phone, as well as managing marketing and product development for Toshiba and Nokia.

Bart has also been responsible for new business initiatives in several international markets, as country manager for the UK, Germany, Poland and UK for Nokia and Net2phone.

A graduate of New York University, Bart holds a Bachelors of Science degree in Marketing, as well as a Bachelors of Arts degree in English.

Keywords Social media trading, Associated press hoax, Trading floor, Trading technology
Paper type Opinion

Abstract

Technology rules everything these days, even financial markets. Stock markets momentarily plunged after a tweet sent by the Twitter account of the Associated Press, which was apparently hacked, erroneously reported that explosions at the White House had injured US president Barack Obama. The volume of dollars transacted daily is so significant that such trading platforms and exchanges have a huge incentive to fix things asap once things come to light.

When rumours start

On 23 April 2013, the Associated Press 'reported' on Twitter that President Obama had been injured in a bombing attack at the White House. Unknowing at the time that this account in fact had been hacked, the markets suffered a brief, sharp drop as algorithms reacted. Within a few minutes, the Dow Jones dropped 145 points, Standard & Poor's 500 Index lost $136 billion in value, and blue chip names like Exxon Mobil Corp., Apple Inc., Johnson & Johnson and Microsoft Corporation dropped 1% in their values. According to how things seemed, the market looked as if it were headed for a crash at least as steep as the flash crash in 2010.

In 2010, US stock markets opened down and trended down most of the day on 6 May 2010, due to worries about the debt crisis in Greece. With the Dow Jones down more than 300 points for the day, the equity market began to drop in haste. It continued to fall an additional 600 points in just five minutes for an almost 1,000 point loss on the day. However, the market managed to regain most of the 600 point drop in just 20 minutes.

Just like the flash crash of 2010, the April 2013 drop was ephemeral. This time, the damage quickly vanished when it was revealed minutes later to be a hacker hoax, and the markets even ended the day higher than they had opened. However, the incident was a dramatic reminder of a very uncomfortable fact: “dumb” algorithms can only handle things as they are programmed and can do incredible damage in a short period of time due to their lack of human common sense.

What some are calling the “Hash Crash”, this second flash crash demonstrates that there are still many dangers in the automation of the market that humans cannot predict. Firms mine every potential data source for information to try to get a miniscule advantage and social media is increasingly used as one of the tools in a traders’ information arsenal.

As the use of social media networks becomes more and more ubiquitous, it is clear that people are increasingly going to use social networks in their business, finance and trading activities. Social media has had a huge impact on our day to day lives and has changed the way information is disseminated. These changes are now flowing through into the trading environment with traders and algorithms alike using social media to gauge market trends that may influence share prices.

This presents a real challenge for trading firms, and for the regulators too. By its very nature social media is a two-way conversation and so firms are cautious about their staff using social media in the workplace, whether they are using it to influence trading decisions or to communicate information about the company. In April of this year the Securities and Exchange Commission (SEC) gave permission for companies to use social media platforms such as Twitter and Facebook to make company announcements.

But despite this the rules around the use of social media in a trading environment are not entirely clear, although it is obvious enough algorithms were tuned into the Associated Press twitter feed for it to have a significant and almost instant effect on global markets.

Algorithms react to the news they detect far quicker than humans, which causes other algorithms to react to the first algorithms’ movements, and the entire market is caught in a feedback loop of predetermined routines which are unable to react to the market reality. With 74% of firms expecting their trading volumes to increase over the next year, it is clear there will be even more chances for something to go wrong. In fact, one could say it is inevitable that something like this will happen again. So what can firms do to ride out that inevitable next time?

Automation and risks

As information moves through the markets at the speed of light 24/7, 365 days a year, more efficient and direct communication, particularly instant, trustworthy communication by voice, across the trading floor and between financial firms and their clients is imperative. Trading is a complex activity with a life cycle that moves from front office to back office. While algorithms blindly and near-instantaneously brought the market down, human traders used their voices and talked to each other. Through simple communication, they quickly examined the situation and discerned the likelihood of the news being a hoax due to the source of the news. They then worked out a strategy, with many exploiting the narrow window of opportunity to profit.

The markets recovered so quickly because the parties involved had the infrastructure in place to facilitate communication. An extensive array of tools, ranging from voice communication to integration with the PC applications traders use, such as CRM, OMS, and market data applications, enabled quick analysis and quicker communication. Systems that provide the middle- and back-office staff with access to the private lines used by traders, and line sharing, enabled traders to instantly access the appropriate team members. Secure lines to clients coupled with the role voice communication plays in creating, building, and enriching client relationships delivered critical information and enabled rapid decision making.

The 2013 flash crash was caused by rumours that humans would have approached with scepticism, but algorithms took at face value. Whilst you could argue that leaking rumours in an attempt to skew market trends is nothing new, the advent of social media means that the impact of one individual is dramatically amplified when compared to just a few years ago. The potential for criminals to exploit this in the future is huge, and trusting algorithms to discern what is real and what is fake is a risky strategy. It is up to humans to help their firms minimize the impact of fraudulent information, whilst maintaining and maximizing the potential for competitive advantage that receiving news from social media sites can offer.

To accomplish this, it is necessary to implement optimized voice communications technology and streamlined workflows to help enhance efficiency and collaboration within trading teams, systems that provide voice communications between the front, middle, and back office staff to allow greater transparency and information sharing, and strong relationships with clients built by communication. Keeping a man in the loop is essential, and what this “Hash Crash” has demonstrated is that voice communications play a vital role on the increasingly automated trading floor and can make all the difference between algorithms falling for a hoax and financial institutions dodging it.

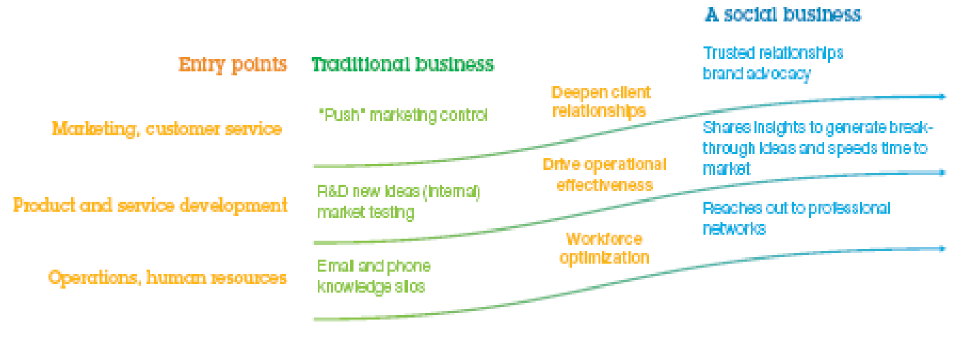
The Compelling Returns from IBM Connections in Support of Social Business

Business success depends on people – people making connections, people sharing ideas and people building trust. An employee thinks of a new way to streamline a process and tells his or her supervisor. A product developer gathers feedback from customers and passes it on to the design team. A consumer identifies with a brand and purchases the product. One by one, business relationships are established and nurtured, laying the foundation for continued growth and profitability.

Increasingly, organizations that are outperforming others have seized on the opportunity to adopt the next generation of enterprise communication and collaboration tools to help people build and maintain these relationships. They recognize that – in today's global, mobile business environment – now is the time to begin the transformation to social business. The business advantages to be gained include a more effective workforce, accelerated innovation and deeper customer relationships.

The rapid infusion of emerging social collaboration technologies into enterprise communications represents both the cause and the effect of fundamental shifts in how business is conducted. Employees, customers, partners and stakeholders expect workplace interactions and marketplace transactions to be meaningful, positive and engaging social experiences. What's more, they want them to be immediate. Telephone, email and other established tools of communication are overburdened and need to be extended to work side by side with the newer forms of collaborative experiences.

In addition, as workforces become more globally distributed and remote – and as barriers between work and personal time continue to dissolve – people do indeed need more-effective ways to exchange information and share ideas. They must be able to hold meetings, share insights, make deals and purchase goods at any time, from wherever they are, through the devices and interfaces of their choice.



The benefits of becoming a social business today

A social business transforms itself by activating networks of people. Whether through online communities and meetings, team spaces, blogs, wikis, profiles or other social tools, people can explore new ways to build and leverage their networks beyond those dictated by traditional organizational structures or means of communication. Information also becomes more transparent and accessible, opening up new wells of knowledge and expertise. As a result, people can be more efficient in their tasks and more responsive, authentic and familiar in their interactions. In turn, the organization as a whole becomes increasingly nimble, engaged and creative.

Many organizations, including IBM, that have already begun making the transformation to a social business are reaping the benefits and measuring the returns. As the five stories in this paper clearly demonstrate, strategically integrating new social software and tools into your processes – and shifting your culture to support these changes – can deliver rapid, impressive outcomes.

The full whitepaper is available at:

https://www14.software.ibm.com/webapp/iwm/web/signup.do?source=swg-US_Lotus_WebMerch&S_PKG=ov8015&lang=en_GB&S_TACT=102RB20W

Social Networking: innocent diversion, potential distraction, or outright misconduct?

Becoming social has created a dilemma for senior executives: while the potential of social media seems immense, the inherent risks create uncertainty and unease. By nature unbridled, these new communications media can let internal and privileged information suddenly go public virally.

The sheer frequency of social networking activity is a challenge. In a recent survey by the Ethic Resource Center, the *National Business Ethics Survey of Social Networkers: New Risks and Opportunities at Work* it was revealed that nearly three out of four social networkers (72%) say they spend at least some time on their social networks during every workday, and almost three in ten (28%) say such activity adds up to an hour or more of each day they spend at work.

Social Networking creates new risks. Most social networkers engage in mostly passive activity – looking at friends' photos, observing Twitter commentary, or seeking information. But a group, the survey calls "Creators" are actively posting commentary, writing blogs, and sharing ideas – often about work – for the world to see.

Clearly, social networkers are breaking old barriers and talking more freely than ever before about their jobs and their company. They say they think about the risks before posting online and consider how their employers would react to what they post. But social networkers, and "active social networkers" (ASNs) in particular, do air company linen in public. Six out of ten ASNs would comment on their personal sites about their company if it was in the news, 53% say they share information about work projects once a week or more, and more than a third say they often comment, on their personal sites, about managers, co-workers, and even clients. As a result, workplace "secrets" are no longer secret, and management must assume that anything that happens at work; any new policy, product, or problem, could become publicly known at almost any time.

In addition, active social networkers are unusually vulnerable to ethics risks – witnessing more misconduct and experiencing more retaliation when they report it than their work colleagues. A majority (56%) of ASNs who reported the misdeeds they witnessed experienced retaliation as a result, compared to fewer than one in five (18%) of other employee groups.

Where policies are in place, half of social networkers say it is unacceptable to publicly post comments about their company even when they do not identify it. Without policies, only 40% say such posts are unacceptable. In companies with social networking policies, 88% consider their employer's reaction before making work-related posts, compared to the 76% in companies without social networking policies.

In the Ethic Resource Center survey, the vast majority of companies cited that they use social networking to present a positive brand image and promote good things the company is doing in the community (71% and 65%, respectively).

Creative businesses can also use social networking to their advantage in terms of workplace ethics, using it internally to reinforce company values and build workforce loyalty and cohesion. More than five of ten ASNs believe that social networking tools can build trust in managers (55%) and inform and educate employees on ethics issues that may arise at work (54%). As it stands today, however, many of these opportunities are missed. Less than half of all companies use social networking to help senior leadership communicate company values (42%); to build trust in managers (36%); and to inform and educate employees on ethics issues that may come up in their work (36%).

In the following articles, our authors consider the implications of Social Media in the Workplace.

Social Media in the Workplace

Linky Trott

Linky Trott
Partner
Edwin Coe

Biography

Linky Trott is a Partner at law firm, Edwin Coe. She provides day to day advice on a comprehensive range of employment issues for established corporate clients including the negotiation and provision of strategic advice on severance arrangements, bullying and harassment claims, the management of ill health and capability dismissals, dealing with allegations of discrimination, collective redundancies and Board disputes.

Linky also undertakes High Court injunctive work to enforce or resist post termination restraints and the protection of confidential information. Working with Senior Executives and Board Directors, Linky regularly advises and helps to negotiate terms of Executive service agreements to include bonus schemes, guaranteed payments and share options in regulated and non regulated industries. She has provided strategic advice on a number of successful team moves within the communications and financial sector acting for both the poaching competitor and the individuals being approached. Linky also advises on data protection, commercial agents and the Conduct of Employment Businesses and Employment Agency issues.

Linky sits on the Employment Committee of the Law Society and is Chair on the In and Around Covent Garden Business Forum. She is also a member of the Employment Lawyers Association, and has appeared on ITV and Channel 4 commenting on Employment Law issues arising in the news and is a regular speaker at conferences on employment issues.

Keywords Risk, Rewards, Safeguards
Paper type Opinion

Abstract

There is no doubt that most businesses use social media and collaboration tools such as social business software of some kind or another and embrace the benefits that these can bring. In a 2009 a global Manpower survey, businesses identified the main benefits of using social media as; brand building, fostering collaboration and communication, as way of recruiting new talent, improving employee engagement and driving innovation.

But there are also risks. This article examines the main legal risks that can arise in the workplace as between a business and its workforce and considers how the Courts and Tribunals are responding to social media issues arising in the workplace.

Introduction

If a business has a concern about the use of social media, a blanket ban is clearly an option. Whilst that may feel like the most simple approach, it is unlikely to be practical. Even as far back as 2009, the Manpower survey observed that “the younger generation consider social media tools as a prerequisite for doing business" and with generation Y having been in the workplace for around ten years, it is unlikely that staff will tolerate a blanket ban.

Time wasters

Employers can of course monitor an employee's use of social media in the workplace (subject to telling them that will happen) and if there is excessive use, then they can be disciplined as long as the extent of any permitted use is clearly defined in a relevant policy. That is well illustrated by the case of *Grant & Ross v Mitie Property Services (UK) Limited*. In that case, two sisters were dismissed from their employment for accessing non work related internet sites during working hours. They brought proceedings for unfair dismissal and won. The factors the Tribunal considered relevant were:

1. The Company's internet use policy said that it could only be used for personal use outside "core working hours" but then didn't define what that was;

2. The employer was unable to demonstrate that the internet use had affected their work performance; and

3. The websites visited were of an innocent nature.

This case illustrates the importance of a business having an internet use policy that is well thought out and sensibly implemented and acts as a word of caution for employers who follow the letter rather than the substance of the policy.

Protecting confidential information

One of the greatest dangers with social networking sites in relation to the disclosure of confidential information is that employees forget how 'public' certain platforms are. In addition, the very nature of many sites is to encourage participation in the 'on line' conversation, where an exchange of views or information can feel like a private discussion but is in fact available for all to see. In the circumstances, there is great scope for the accidental disclosure of confidential information.

One hears of lawyers taking to twitter to comment on how exciting it is to work on the 'vodafone' deal (a clear breach of not only confidentiality but also possible regulatory requirements about announcements of deals to the market etc) or of employees getting drunk on a Friday night and at 2 am commenting on blogs confirming sensitive information relating to their employer. The only thing an employer can do to prevent these sorts of breaches is to educate its workforce.

There are however some breaches of confidentiality that employers have not even thought of but which are placing them at risk in a number of ways. Consider for example, a salesman who has his own personal 'LinkedIn' account who then 'links in' with most of the customers he meets through his work. These are customers of the business and the business may have agreed to keep the identity of its clients confidential for any number of good commercial reasons. Does the salesman know this? Does the business want other customers to know the identity of other customers of the business? Is this appropriate or desirable? The answer may be yes but the point is that any business should ask itself such questions as it develops its social media policy so that it is aware of the risks and has either discounted them or addressed them.

Protecting client relationships and the enforcement of post termination restrictive covenants

I have referred above to the circumstance where a salesman has his own LinkedIn account and links in with the clients of his employer's business over the course of his employment. But what impact does this have on any post employment restrictive covenants which might be in his contract?

If a particular salesman leaves to join a competitor and updates his 'status' on his LinkedIn account to say that he is now working for X company, it is usual (depending on settings) for all of those in his contacts list (including those clients of his former employer) to get a notification of his status update with the details of where he can now be contacted. Is that a breach of any post termination restrictions that prevent him from soliciting clients of his old employer?

There is a very strong argument that, yes it is. There is no case on this point to date, but it is hard to see how a status update could be distinguished from an old fashioned email to those clients of the former employer, which would be a breach of such a restriction.

In the case of *Hays Specialist Recruitment v Mark Ions and Exclusive Human Resources Limited*, Hays successfully applied to the court for the disclosure of all business contacts in Mr Ions' LinkedIn account. Mr Ions had worked for Hays as a recruitment consultant. He gave notice to Hays and started to compete with them within a matter of days of leaving. Hays said it maintained a confidential database of all of its clients and candidates and alleged that after Mr Ions had decided to leave in order to set up in competition, he began a campaign to migrate those client contacts to his LinkedIn account whilst he was still employed by Hays by inviting client and candidates to link in with him at his personal LinkedIn account.

The court accepted the evidence of Hays and found on an interim application for an injunction (so not after a full trial) that on the face of it, his conduct was a misuse of Hay's confidential information during employment and his use of those client contacts in his competing business was a breach of his restrictive covenants.

This case is good news for employers as it illustrates that the courts are likely to approach modern social networking mediums in the light of well established principles governing the protection of confidential information and the enforcement of post termination restrictive covenants but enforcement will become increasingly challenging.

Employers can increase their odds on being able to effectively protect their confidential information and ability to enforce restrictive covenants by having clear internal policies about what is and what is not confidential information and by including non dealing post termination restrictions with former clients so that solicitation does not need to be proved.

Protecting reputation

The cases that hit the headlines are the ones that usually involve a business trying to protect its reputation. Whilst the management of the reputation of the business is a concern for employers, the legal risks in addressing matters can be complex.

Where the comments on websites made by employees are directly related to work and/or colleagues, it is easy to see why a dismissal of the employee would clearly be within the "band of reasonable responses" which is the test a Tribunal would apply when deciding if a dismissal is fair or not. These cases also make you wonder what the employee was thinking at the time! An example of such a case is when a high street store dismissed one of its employees for posting onto a social networking site, "I work at [name of store] and can't wait to leave because it's s&*t". The result was dismissal for gross misconduct. It was clear that this was a publication of an offensive comment about the business itself and fundamentally undermined trust and confidence between the employer and the employee.

Another case in point is that of *Taylor v Somerfield* which is an unreported case from July 2007. The Claimant had been dismissed for bringing the company into disrepute when he posted video footage on YouTube which had been filmed on a mobile phone, showing two colleagues hitting each other with plastic bags and generally horsing around the Somerfield. The employer did not dismiss for horsing around in the warehouse (presumably because it was during a legitimate break and was of an innocent nature) but rather for posting the video of it on YouTube thereby bringing the business into disrepute. The Employee who was dismissed, issued proceedings for unfair dismissal and the Tribunal found in his favour.

The Tribunal noted that the only way in which Somerfield could have been identified from the video was from the colour of the uniforms and the plastic bags. Furthermore, the video was only on YouTube for three days and on closer analysis it seemed the video had only been viewed eight times, three of which were by Somerfield managers investigating the disciplinary offence!

This case makes it clear that the extent of the 'publication' will be relevant and consideration of the actual, rather than the speculative, reputational damage will need to be considered.

Where, however, a business is considering the conduct of its employees on social networking sites outside of work the position is rather more problematic. Where an employee has committed a criminal offence outside of work, which could impact on the employee's ability to undertake their job or where the conduct is inconsistent with their professional role, then a dismissal is likely to be fair. But where there is no criminal activity, the employer tends to seek to rely on 'damage to reputation' as a justification for dismissal or disciplinary action where the misconduct complained of arises as a result of a non work related activity because generally employers can't take action against employees for their private activities outside of work.

One case which gives an insight into the line that the Courts and Tribunals will take in these matters is the case of *Smith v Trafford Housing Trust [2012]*. Mr Smith was demoted because he had posted his views on his Facebook page about gay marriage. He brought a breach of contract claim and won. In finding in his favour, the Court specifically referred to the following: the fact that no reasonable reader of Mr Smith's Facebook page could think that his comments were made on behalf of the Trust (although the Trust was mentioned on his Facebook page as his employer); that his views were expressed moderately and were his personal views expressed on his personal Facebook page over a weekend; and fundamentally, the fact that Mr Smith's Facebook page was clearly for non work related purposes and it had not acquired a work related context.

Contrast that case with the case of *Gosden v Lifeline Project Limited [2009]*. The facts of the case were a little convoluted but in broad terms, Mr Gosden had sent an email to a friend of his who worked at a client of his employer. The email was sent from Mr Gosden's personal email account to the friend's personal email account but it was marked "It is your duty to pass this on!" It was an email that contained sexist and racist comments. The friend did pass it on which is how it came to be in the client's email system and eventually a complaint as to its contents were made and the email and its author came to be reported to Mr Gosden's employer. Mr Gosden was dismissed by his employer for having brought them into disrepute with their biggest client and for breach of their equal opportunities policy. He brought a claim for unfair dismissal and lost.

This case is a warning for individuals who circulate such emails in private with little thought for where they may then be sent, but it is interesting to note that the Tribunal was more concerned with the fact that Mr Gosden had no control over where it may be sent on, rather than the fact that the subject heading urged people to send it on. Whether or not it may have influenced the final decision or not is hard to assess but in the sorry state of affairs, Mr Gosden didn't help himself by firstly denying that he sent the email and then denying that it was in any way offensive.

The Gosden case seems to set the high water mark in terms of activities undertaken in private which impact on the employer's reputation but it serves as a warning to employees and it will be interesting to see if private emails sending jokes now have a standard heading ‘do not pass this on’!

Defamation

It is now well known following the Lord McAlpine litigation that defamation claims can and indeed will be made against individuals who make defamatory remarks on twitter or other networking sites.

But the question for employers is when and if they become vicariously liable for any defamatory remarks made by their employees. This brings into play the complicated area of whether or not the defamatory remarks were made during the course of employment or not. If so, the employer could be vicariously liable and it will not be enough to avoid liability simply by that we have instructed all employees not to make defamatory remarks on social networking sites (although this should of course be included in any social media policy). The point is whether the publication is incidental to an act that the employee was authorised to do as part of their employment.

This means for example that it might be prudent for an employer to require employees who want to tweet to have separate work and personal twitter accounts or expressly state that employees who wish to tweet have to tweet through the business’ account only in relation to work related matters and not through a ‘personal’ email account. Whether or not that is practical for any particular business will turn on its particular facts but it is something that employers should consider. Furthermore, employers should always require employees to add a disclaimer as to the liability of the business on any apparently personal social media site or profile but whether or not that would ‘save’ the business from vicarious liability is a different question.

Recruitment risks

A Microsoft survey recently found that 41% of employers said they had actually not hired someone as a result of their on line reputation, known as “netrep”. If however, employers do consider someone’s netrep before recruiting, there are legal risks. The most obvious is the potential for claims of discrimination.

All of those responsible for recruitment will have become aware of the increasingly ‘neutral’ content of CVs which do not contain details of someone’s age, nationality or marital status but this is not always the case when looking at someone’s profile on social net working sites. If such sites are considered, and information about protected characteristics (age, sexual orientation, marital status etc) is obtained, if that information is then given to the recruitment decision maker, there could be grounds to raise an inference of discrimination if the application is not successful. In the circumstances, if a job applicant’s netrep is to be considered as part of its recruitment process, care should be taken to ensure that any information relating to a protected characteristic that is not relevant to the role etc is not passed to the decision maker.

It is also likely that issues will arise under the Data Protection Act 1998 (DPA) which regulates the processing of personal data and prescribes when it is and when it is not lawful to process that data. There are onerous obligations in relation to the processing of sensitive personal data (such a sexual orientation and political beliefs) but even generally, the processing must be fair, lawful and proportionate and for one of the legitimate aims as prescribed in the DPA. Thus employers must be mindful of their DPA obligations when 'processing' such data (looing at netrep) as part of any recruitment exercise.

The management of employee relationships to prevent bullying, harassment and discrimination

As soon as the employer becomes aware (most often through a complaint made by an employee to the employer), that one employee is bullying or harassing another or subjecting them to discriminatory conduct through a social networking site, the employer should take action.

The fact that any such conduct is on a 'private' social networking site does not make a practical difference when those two individuals have to work together. It is conduct between two employees in the same way as if it happened at work and the employer must be seen to act once it is aware of what is happening.

Human Rights Act 1998

Increasingly, employees who are facing disciplinary action as a result of something posted on a social media site are raising their rights under the Human Rights Act 1998 by way of a defence. The most common issue raised is the right to 'respect for private and family life, home and correspondence' (article 8) and this extends to a reasonable expectation that employers will not intrude into their private life by looking at their personal social networking sites to monitor conduct for example. Additionally, employees raise article 10 which is the right to 'freedom of expression'.

The case law in the UK has tended to show that rights under the Human Rights Act 1998 will not 'save' an errant employee where it has disparaged its employer and damaged its reputation or where it has abused customers or colleagues. Additionally, the right to privacy has proved difficult as a defence because it is usually agreed that any right to privacy has been waived by the individual by 'posting' this information on a public forum like Facebook.

There was a case in 2009 of a 16 year old called Kimberley from Clacton who was dismissed from her marketing job of just three weeks after describing it as 'boring' on her Facebook page. She didn't name her employer but other members of staff were 'friends' of hers on Facebook and saw the comment.

It attracted media attention at the time and a comment from the TUC that employer's should get a 'thicker skin' in relation to such issues. Two quotes at the time, one from the company and one from the TUC sum up the differences of opinion that Tribunals are going to have to determine:

- **TUC:** “Most employer’s wouldn’t dream of following their staff down the pub to see if they were sounding off about work to their friends” and

- **Employer:** “Had Kimberley put up a poster on the staff notice board making the same comments and invited other staff to read it there would have been the same result.”

The best quote from the case however came from Kimberley’s mother who said, “This is a 16 year old girl we’re talking about. She says Clacton is boring but we’re not going to throw her out of the house for it”. Quite right.

What should be done?

There are, as with most things in life, risks and rewards in the use of social media in the workplace but one thing is clear, it is not going away and employers have little alternative but to address it. The case law, time and time again, demonstrates that those employers with well considered and comprehensive social media policies are best placed to protect the interests of the business when issues arise and as a minimum, suitable and proportionate policies should be put in place.

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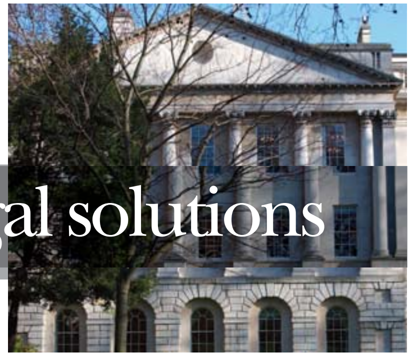

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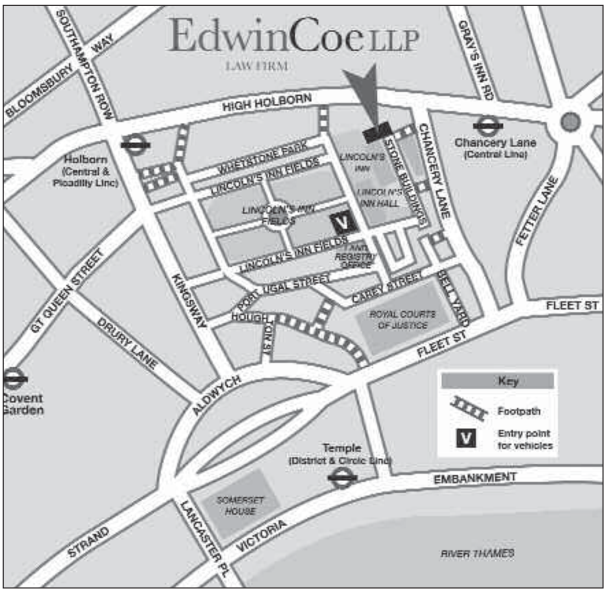

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Becoming a Social Business: The Power and Influence of Social Media in Trading

Bart Bartolozzi

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Senior Product Marketing Manager
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Biography

Bart Bartolozzi joined IPC in 2006 as a Senior Product Manager, where he is charged with driving and coordinating the company's business and product development, marketing, and partner strategy.

Prior to joining IPC, Bart lead product and corporate development for one of the first successful VoIP start-ups, Net2Phone, as well as managing marketing and product development for Toshiba and Nokia.

Bart has also been responsible for new business initiatives in several international markets, as country manager for the UK, Germany, Poland and UK for Nokia and Net2phone.

A graduate of New York University, Bart holds a Bachelors of Science degree in Marketing, as well as a Bachelors of Arts degree in English.

Keywords Social media trading, Associated press hoax, Trading floor, Trading technology
Paper type Opinion

Abstract

Through the development of new technologies over the years, from the invention of the trading turret in the early 1970s, to the development of algorithmic trading in the 1990's, the trading industry has been greatly impacted. IPC conducted a survey at Trade Tech Europe and the results of this showed that 100% of traders agreed that technological advances have had a positive impact on their job role, the benefits of such technology include increased speed and efficiency, helping them to gain crucial competitive advantage. Another obvious and major development in the technology space is social media, such as Twitter and Facebook.

The explosion of social media

Social Media changes the way people generate, share and consume information and this is now feeding into the trading environment. Traders are using social media to gauge market trends that have the potential to influence share prices.

Whether using it to influence trading decisions or to communicate company information, staff using social media in the workplace is problematic for employers. Social media presents a real challenge for trading firms and the communication of potentially price sensitive information could be construed as insider trading.

Despite this the rules around the use of social media in a trading environment are not entirely clear. As a result, currently the majority of major banks do not allow the use of social media within the workplace and most have entirely cut off access to such websites. However, the smaller firms such as hedge funds and proprietary traders, where there is more self-management, tend to be more flexible in their approach to the use of social media. This creates a huge gulf between those who have no access to social information and those that have access to it.

Analytics are needed to gain insight

As a result of the huge influx of information that social media creates, the use of analytics programmes to help monitor and analyze market trends has been growing. The vast amount of unstructured data generated on social media sites cannot possibly be processed by a human, so the use of analytics is the only real way to benefit from social information and gain valuable insight into macroeconomic trends in real-time. In trading, it is often not what you know but more importantly what the market knows; and the ability to be one step ahead of what your competitor knows is crucial to a traders' success.

Currently such analytics programmes are being developed by niche players in the technology industry. The bigger players have existing technology which can be adapted to analyze this type of information but it will be interesting to see if they begin to develop programmes designed for this specific use.

So what are the challenges and issues?

The recent Associated Press twitter hoax is a reminder of the issues that social media can cause. When the Associated Press's Twitter handle announced that President Obama had been injured in a bombing attack at the White House, the Dow Jones dropped 145 points and Standard & Poor's 500 Index lost $136 billion in value within minutes. It was quickly revealed to be a hacker hoax but the incident served as a reminder fact that algorithms can only handle things as they are programmed to and can do incredible damage in a short period of time due to their lack of human common sense. Incidents such as these are rare but they do highlight the issue of reliability of algorithms.

The use of social media in trading also opens up the potential for fraudulent activity. With the advent of social media, information can be shared with the entire trading industry, meaning that the impact any one individual can have is hugely magnified. Currently, posting fraudulent information on the internet is not explicitly outlawed and we don't currently see any reason that incidents like the Associated Press hoax won't happen more frequently.

A more commonplace issue is that social data, unlike market data, is unstructured. As a result one algorithm may interpret the data differently to another. Companies can pay to have social information analyzed and have the analysis sent to staff in the form of a newsfeed but the insights that traders receive will depend on the individual algorithm used. This creates the potential for traders to make decisions based on analysis which may therefore not be entirely accurate.

Is social the future for trading?

At the moment the playing field is uneven as some do not have access but in time all traders will be able to access and trade off social data in the same way that they can with market data. But the use of social data will need to be approached with more caution. We expect to see greater market swings resulting from the use of social media. Recently, many connected a drop in Treasury prices with a Twitter post by Pimco boss, Bill Gross, calling the top of the bond market.

Social media may also impact how institutions trade with each other. As firm's social networks grow, workflow could be shifted from exchanges to social platforms which match buyers and sellers. This has been happening in some form for a while with companies, like Liquidnet, and new players are emerging, such as Currensee. These networks allow traders to connect directly and work in a similar way to Facebook, allowing for real-time updates and notifications.

In the future, trading will continue to be automated as much as possible; however as the Associated Press Twitter hoax highlighted there will always be the need for human intervention. In terms of technology, traders will need to be armed with the right tools to be able to make use of social data and also to stop any potential problems which may arise from the use of algorithms and automation.

Does the use of social media need to be regulated?

The use of social media clearly has huge potential benefits for the trading industry, but also presents some challenges. One way to overcome these challenges is to look at existing regulation, such as disclosure regulations. There may be some ambiguity around how existing regulations apply to social media and in this case there must be clarification from regulators and industry bodies. The current situation is one of uncertainty which is resulting in a climate of fear, particularly among the big investment banks as they understandably do not want to run the risk of further reputational damage.

Historically the financial services industry has tried to self-regulate and an attempt to clarify any ambiguity may come from a consortium of the banks. However, this approach does not always work, in which case it seems clear that the regulators will need to step in.

The Future of Email and Applications is Social

It would be hard to imagine a workplace today that does not rely on email for critical business communications. Email and related traditional collaboration applications are some of the few truly ubiquitous and mission-critical communication tools for business today. Like the telephone, it is hard to image a workplace without them.

Email, designed as a simple one-to-one communication tool, is used today for everything from broadcast communications to project, information and business process management. The resulting information overload, coupled with the availability of newer social collaboration tools, has highlighted major challenges to the current use cases for email in business.

Despite these challenges, email use is expected to continue growing – but at a slower pace than some of the newer capabilities such as blogs, microblogging, wikis, social file sharing, social communications and video collaboration. Email will retain relevance as a key business collaboration tool by evolving toward a more integrated approach with these newer tools. This evolution into a social email experience takes users from a place where email is a "hammer that treats everything like a nail" to an integrated business collaboration environment in which users switch seamlessly between the right tools for the right tasks.

Users are increasingly frustrated with their collaboration tools in general and email in particular. On average, workers spend at least a quarter of their day managing email. Dozens of blogs and publications devoted to personal productivity have published hundreds, if not thousands, of articles on tips on how to better manage daily email.

And companies must contend with weakened productivity as well as significant IT management costs. Whether on premises or cloud-based, even the most basic, business-ready email service costs several dollars per user per month. And the costs increase when businesses add in supporting services, including IT sup-port, help desk, training, education, security and more.

Yet despite the costs and frustration, email is still seen as a critical tool for getting business done. In a recent survey:

- 83% of U.S. knowledge workers felt that email was critical to their success and productivity at work, even more than the telephone (81%). Only 33% felt that instant messaging was critical, with even fewer preferring Twitter (19%).

- 78% of U.S. knowledge workers reported an *increased* use of email, more than audio conferencing (69%), web conferencing (67%), instant messaging (64%) social media sites (61%), texting (58%) and videoconferencing (54%).

- 86% of email users surveyed rely on email as a search tool to find documents or information from within their inbox or archive.

- Email is preferred over social media for all forms of workplace collaboration, including exchanging documents (91%), arranging a meeting (89%), requesting information (88%), and sharing views and opinions (72%).

- 78% of email users say that social media has not reduced their reliance on email for dealing with customers, and 76% say that it has not reduced the need for email when communicating with colleagues.

- 74% of information workers believe that information shared in an email is taken more seriously than information shared through social media.

A social email and application experience takes advantage of the impact of social networking technologies on business processes and worker expectations. This will have a direct impact on how email and business applications should look, feel and behave. For more on this, see the full whitepaper at:

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How social tools can link silos and enable the "group brain"

Better decisions with silo linking

Peter and **Anne** are part of procurement and have been looking at information just in the data management silo. **Robert** has been limited to information in the content management silo, and **Fred** and **Sylvia** have been accustomed to looking at information just in the knowledge management silo. **William**, the CFO, is preparing remarks for a speech to analysts, part of an analysts' day session his company has scheduled.

With the right information architecture and more integrated social tools, the people who have struggled with siloed data and content can share information in ways couldn't before.

For more case studies and video examples see the IBM Social Business channel on YouTube
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