Governing Energy

Big Data: Ethics and Morals

Volume 2 Number 12—June 17, 2013

As noted in the news recently, in the era of Big Data society is becoming increasingly dependent on high ethical standards and controls by increasingly larger organizations. The root of the current debate over storage of phone records by the U.S. government is the "level" of an individual's right to privacy.

For years Customer Relationship Management (CRM) systems have provided marketing and sales with a vast array of information on individual consumers and their relationships.[i] Internet search engines have extended this capability dramatically.[ii] It is probably healthy that society is now having this debate and societal norms will most likely evolve as Big Data becomes more prevalent.[iii]

As societal norms on this subject advance, organizations will have to implement *principles of right conduct* or *ethics* consistent with the legal framework and the organization's cultural values.[iv] Perhaps more challenging in this diverse world will be managing the *moral compass* of individual employees and other third parties involved with collecting, analyzing and making decisions in the Big Data world.

We know from the news and life in general that individual morals vary greatly. While there is much value in a diverse workforce, governance models must now extend deep into the organization and its supply chain. The blog has posited a solution before—see **It's the Data, Stupid!**, September 17. 2012.

There are a number of examples where one individual or a small group has caused cataclysmic damage to an organization. A notable example is the Baring's Bank collapse in 1995 at the hands of single rogue currency trader.[v] The failure of a small engineering team led by BP (Deepwater Horizon) resulted in almost $40 billion in damages to that company, the death of 11 individuals and seemingly more to come.[vi]

<div align="center">

Big Data is not immune to human frailties!

</div>

One can surmise that as with other disruptive technology driven transformations there will be a period of uncertainty as people develop acceptable behaviors and differentiate from those that are nominally unacceptable. Recent examples include social media, smart phones as well as the now 50+ year old Internet.[vii]

Some readers may remember that as late as the early 1990s advertising and general use of the Internet was a culturally unacceptable norm—it was largely the domain of academia and government.[viii] Today, most suppliers of consumer driven online solutions see marketing as a significant revenue stream.

Regardless of one's perspective, Big Data has been here for a while and will continue to develop.[ix] Our society will adopt this resource and adapt accordingly.

With the advent of Cloud Computing, many if not all organizations will take advantage of Big Data to drive the revenue stream, reduce cost and even enhance security.[x] Managing big data sets will become part of every firm's performance metrics.

Organizations must extend their governance models to embrace Big Data. Risk for failure to act can include litigation, negative bottom line impact, damage to reputation and other detrimental issues including the demise of the firm and the destruction of shareholder value.

As Big Data ethical standards emerge, governance models must take into consideration individual behavior. Rogue IT personnel and analysts can impact organizations in ways their financial and engineering predecessors have. Why wait to re-learn those lessons?

How is your organization governing Big Data?

About the Author

Dr. Scott M. Shemwell has over 30 years technical and executive management experience primarily in the energy sector. He is the author of two books and has written extensively about the field of operations management. Shemwell is also the CEO of Knowledge Ops, Inc.; a firm that focuses on providing its customers with solutions enabling operations excellence and regulatory compliance management.

End Notes

[i] http://www.webopedia.com/TERM/C/CRM.html
[ii] http://siliconangle.com/blog/2013/01/31/big-data-search-engines-are-big-right-now-stremor-announces-heuristic-engine/
[iii] http://www.mckinsey.com/insights/business_technology/big_data_the_next_frontier_for_innovation
[iv] http://grammarist.com/usage/ethics-morals/
[v] http://www.time.com/time/specials/packages/article/0,28804,1937349_1937350_1937488,00.html
[vi] http://wallstcheatsheet.com/stocks/will-bp-soon-put-deepwater-horizon-disaster-to-rest.html/
[vii] http://walthowe.com/navnet/history.html
[viii] http://www.internetsociety.org/internet/what-internet/history-internet/brief-history-internet#Transition
[ix] http://www.dataminingblog.com/big-data-only-for-big-companies/
[x] Kuiper, Marcus A. and Shemwell, Scott M. (2013, February). Mitigating Operational Risk Using the Power of Social Media. Petroleum Africa Magazine. pp. 28-31.