CORPORATE REPUTATION RISK IN RELATION TO THE SOCIAL MEDIA LANDSCAPE

by

ANNė LEONARD

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PROMOTER: PROF RS RENSBURG

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Dedicated to my parents

ACKNOWLEDGEMENTS

- **All glory to Jesus Christ**

"*I know Who goes before me*
I know Who stands behind
The God of angel armies
is always by my side
The One who reigns forever
He is a friend of mine"

Chris Tomlin, "Whom shall I fear"

- **Professor Ronél Rensburg (promoter)**

Thank you for your wisdom, patience and encouragement. Your career personifies true scholarship - something most of us can only admire.

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All organisations and individuals who participated in the study.

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"*A great teacher has little external history to record. His life goes over into other lives. These men are pillars in the intimate structure of our schools. They are more essential than its stones or beams. And they will continue to be a kindling force and a revealing power in our lives*."

From the film "The Emperor's Club"

A number of people who I had the privilege of meeting certainly fit the aforementioned description. Their contributions in terms of wisdom and subject expertise have shaped my thinking.

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- **My family**

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My brothers and sister-in-law: Your support and patience meant a lot. I hope this project may inspire my young nieces to love learning and pursuing all their dreams.

The support of every other family member and friend also deserves appreciation. It seems so appropriate that most of you sent regular messages via social media. I really look forward to spending time with everybody.

DECLARATION

I hereby declare that this doctoral thesis, which I hereby submit for the degree Ph.D. (Communication Management) at the University of Pretoria, is my own work and had not previously been submitted by me for a degree at another university.

Anné Leonard
March 2018

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ABSTRACT

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PROMOTER: Prof RS Rensburg
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Organisations are vulnerable in terms of the potential reputation damage social media can cause. Social media provide a voice to all, whether it be based on fact or fiction. A low tolerance for corporate wrongdoing (however minor), deep-rooted anti-corporate sentiments and the demand for compliance with the triple context philosophy fuel social media conversations about brands. Potentially damaging reputation incidents often grow to full-blown crises due to the intensity, reach and immediacy of social media. Thus the ultimate question organisations face is how they should manage this specific management dilemma.

This study followed the interpretive qualitative approach in a comparative case study. Four South African organisations from the tertiary (services) sector participated in the study. Three executives in each organisation (communication/marketing, risk management and social media specialists) participated in interviews. A number of secondary sources (organisational and archival documents) were also included in each case study. The empirical results and literature suggest that organisations need a multi-pronged approach to navigate this management dilemma.

The first leg is Enterprise Risk Management (ERM), which should be grounded in corporate strategy and encompass the entire organisation. The interconnectedness of risks and organisational dynamics confirm that linear thinking would not address problems adequately. Establishing a risk culture in organisations is pivotal and would enable the implementation of ERM. All employees, not just the board or executive managers, ought to feel compelled to report and manage risks according to specific policies and procedures. They need to understand their potential contribution to shielding their organisation from damaging factors.

The second leg is purposeful corporate reputation management. This approach is deliberate and ought to guide the corporate communication strategy. While a chief executive officer or board carry the ultimate symbolic responsibility for corporate reputation, all employees ought to understand their roles in a reputation culture, with the emphasis on avoiding reputation damage. Training employees regarding corporate reputation and appropriate social media behaviour are valued within most organisations.

The final leg pertains to understanding crisis management in the broadest sense and social media crises in particular. Preventing issues from escalating into crises is the ideal. Managing an organisation’s reactions to such incidents One participating organisation illustrated the need for carefully weighed responses when it incurred a boycott campaign when a specific population segment.

This thesis further considers the notion of a management framework to deal with reputation risk in relation to the social media landscape. Organisations agree that the fluidity of social media and society make such a notion futile. However, they agree on a number of key principles such as executive level knowledge of and involvement, well-established response procedures and adequately equipped teams of specialists.

The original contribution of this thesis lie in both the propositions in relation to each of the objectives and the suggested framework for the management of corporate reputation risk in relation to the social media landscape.

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Chapter 1
Background and orientation

1.1 INTRODUCTION

When United Airlines had a passenger forcibly removed from an overbooked plane, a number of elements contributed to a reputation and social media nightmare. If fellow passengers had not posted video clips of the event (Zdanowicz and Grinberg, 2017), the incident would likely have been a mere blip from the perspective of the airline. Instead, it became a top trending Twitter and Facebook hashtag for several days – an eternity in social media terms. The tone-deaf first reaction of the airline's CEO caused an even bigger furore, thus eroding public trust even further. The company's share price fell sharply ($1.4 billion) and thousands of regular customers switched to other airlines (Shen, 2017).

Social media scandals and crises appear to be nearly as certain as death and taxes. "In principle, every individual can have a message going viral and anybody can trigger a […]storm. Social media have become triggers and accelerators of organisational crises" (Frandsen and Johansen, 2017:169).

A critical contextual reality in social media crises is the fact that social media users are not limited to commenting only on corporate actions, but related social issues. "Therefore, companies' communication, including crisis communication, on social media with consumers and citizens as co-communicators can be said to be about risk, relationship and network management" (Frandsen and Johansen, 2017:169).

This was illustrated by the global social media outcry and the involvement of politicians from both the USA and UK regarding the baby Charlie Gard saga in England. Medical and judicial experts lamented the inaccurate information on social media regarding the decision to terminate the life support for this child. This case further illustrated the lack of geographical limitations and the impact of emotion on an issue gaining traction on social media. These realities became quite serious when threats were made against the hospital where this baby was treated (Sawer and Sabur, 2017).

In addition, The Conference Board (2007:6) emphasised the fact that it may take longer than three years for an organisation to recover from a reputation failure. The decade since the publication of aforementioned research report, calls for swift action to replace corporate leadership teams and to act according to the social contract of the triple context have become louder and more intense than ever before. Depending on the strategies organisations employ, reputation damage after a crisis may be contained, repaired or beyond repair.

Against this background, the overarching research question of this study is: "How do organisations manage corporate reputation risk in relation to the social media landscape?"

1.2 THE COMPLEXITY OF THE RESEARCH QUESTION

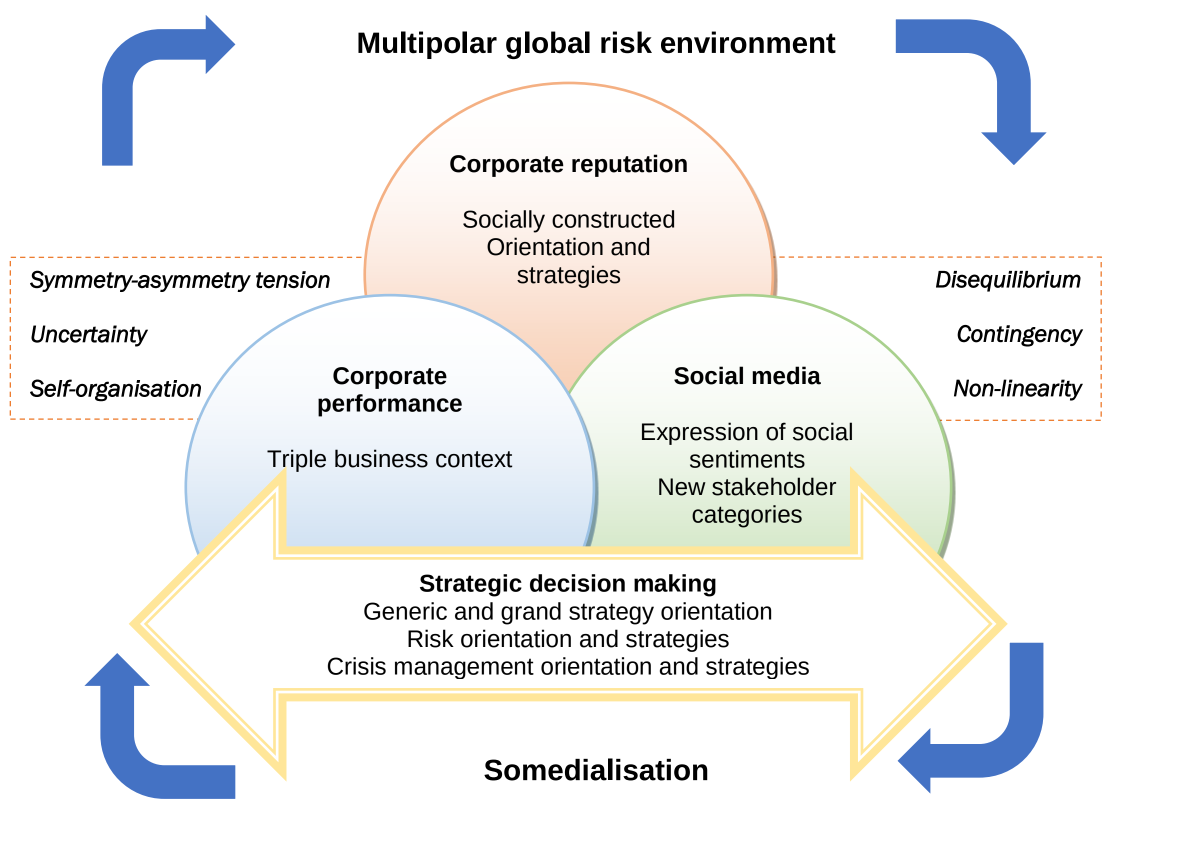
The multi-faceted nature of this research question is best illustrated by a visual representation and a brief overview of each of its constituent parts.

1.2.1 A visual summary of the research phenomenon

This research question led to the conceptualisation of the research phenomenon as depicted in figure 1.1. All elements of the phenomenon are related in a dynamic manner. First, the multipolar business environment is characterised by the (i) tension between symmetry-asymmetry in organisation-stakeholder relationships, (ii) uncertainty as the only constant in organisational decision-making (Cleary and Malleret, 2007), (iii) the self-organising ability of systems in terms of issues and constituencies, (iv) disequilibrium, (v) contingency and (vi) non-linearity that reflect the brevity of periods of seemingly calm conditions (cf. Murphy, 1996 and 2000).

Second, somedialisation is the pivotal outcome of the digitalisation of communication in all forms (Aula and Heinonen, 2016:202-204). It signals the divide between social and legacy media in terms of their respective power over people's minds and interdependence. Legacy (traditional) media now feed off social media.

Figure 1.1
Corporate reputation risk in relation to the social media landscape



Source: Own conceptualisation

The triple business context a fundamental reality of the global and local risk environment and represent complex expectations about corporate behaviour. External forces like voluntary or regulatory frameworks are pivotal in shaping stakeholder expectations regarding the dimensions of corporate social performance (Carroll and Buchholtz, 2006; IoD, 2016), while internal dynamics like leadership philosophies and corporate cultures determine whether self-reflection and organisational learning occurs (Holmström and Kjaerbeck, 2007).

Corporate reputation is the aggregate result of the perceptions of internal and external stakeholders and fluctuate between positive and negative. Specific corporate convictions regarding the value of reputation, the presence or absence of a deliberate reputation culture, the allocation of resources to reputation efforts and whether it is managed pro- or reactively, determine not only the strategic and tactical choices, but reputation outcomes (Aula and Heinonen, 2016; Backhaus, 2011; Diermeier, 2011;

Doorley and Garcia, 2015; Honey, 2009; Thiessen and Ingenhoff, 2011; Van Riel and Fombrun, 2007).

Within the era of somedialisation the nature of reputation efforts have also changed from analogical to digital, from vertical to horizontal and from monophonic to dialogic (Aula and Heinonen, 2016:203; Frandsen and Johansen, 2017). Furthermore, social media provide almost unlimited opportunities for the expression of discontent regarding corporate actions (individuals, spontaneous or well-orchestrated campaigns), i.e. it is a 24/7 source of corporate reputation risk (Aula and Heinonen, 2016).

These platforms also serve as strange attractors for individuals/groups who can no longer be categorised in terms of power, urgency, legitimacy or geographical boundaries alone. People are often driven by the volatile variable of emotional involvement in issues (Frandsen and Johansen, 2017; Laaksonen, 2017; Sedereviciute and Valentini, 2011; Tampere, 2016).

How organisations navigate the aforementioned depends on decisions regarding the type and direction generic and grand corporate strategies (Ehlers and Lazenby, 2007). These strategies and the convictions of corporate leadership influence the approach organisations follow in relation to Enterprise Risk Management (ERM) (Cleary and Malleret, 2007; Kmec, 2011; WEF GRR, 2014 and 2017), corporate reputation risk (Aula and Heinonen, 2016; Bickford, 2017; Reputation Institute, 2016) and crisis management (Coombs 2007 and 2015; Coombs, Frandsen, Holladay and Johansen. 2010; Frandsen and Johansen, 2017; Garcia, 2017; Mei, Bansal and Pang, 2010; Thiessen and Ingenhoff, 2011).

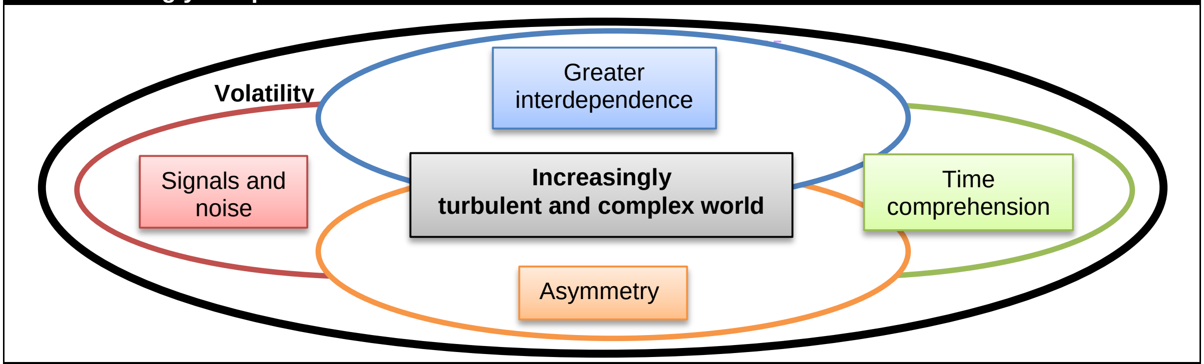
The research phenomenon further consists of three sub-problems which are investigated in this study which do not appear in figure 1.1. The nature of risk management, corporate reputation risk and social media crisis management all pose complex management challenges and even more so when they converge. An overview of these three sub-problems provides some of the most recent views on these matters.

1.2.2 The complexity of Enterprise Risk Management

Describing the current societal and business environments as “exceedingly turbulent” and the “risk society” has become almost clichéd. Yet, these realities continue to challenge organisations. The approaches organisations employ in navigating this environment may vary, but are rooted in risk management thinking.

Clearly and Malleret (2007:11-20) already identified volatility, signals and noise, interdependence, asymmetry and time compression as significant contributing factors to the increased turbulence and risks organisations face already a decade ago (figure 1.2). Understanding these characteristics is still relevant, as proven by the 2018 BledCom conference’s focus on a volatile, uncertain, complex and ambiguous (VUCA) global state of affairs, a.k.a. the VUCA economy.

Figure 1.2
An increasingly complex and turbulent world



Source: Cleary and Malleret (2007:11)

Whereas volatility was traditionally feared and best avoided, it has become the norm. It is a characteristic of unstable systems and requires exceptionally flexible business responses. Volatility makes the process of predicting the future and future scenarios extremely difficult (Cleary and Malleret, 2007:13-14).

The volume of information available today is often overwhelming and all too often irrelevant. Cleary and Malleret (2007:15-16) argue that information has lost its high market value and has become a pure commodity like sugar or sand: “Both are in global oversupply, serve economic purposes, don’t command a premium price in their natural states, while causing irritation in one’s shoe.” While there is so much information, corporate leaders increasingly rely on their ability to search for useful signals and ignore useless noise. Without a well-developed ability or systems, corporate leaders get stuck in either the “do nothing” or “fly blind” modes. Neither mode is conducive to organisational sustainability.

Greater asymmetry in society challenges traditional power relations and their effects. Small terrorist groups topple dictatorial governments, while social media users co-create news and narratives, i.e. prove the shift in power balance (Cleary and Malleret, 2007:12-14).

Time comprehension refers to the pace at which the world is changing. Communication and information technology are critical in this transformation of the world. Technology affects production systems, labour markets and the media revolution. The shortened product lifecycle (development-improvement-redundancy) is tied to continuous change in market forces and echoes Moore’s Law of doubling capacity every 18 months (Cleary and Malleret, 2007:14-15).

Finally, interdependence takes on the form of reciprocity in responsiveness and dependence, while communication technology that connects the world, is central to these concepts. As such, risks are no longer exclusive to one firm or even one market, but extend to most role players in the entire value chain and a whole industry (Cleary and Malleret, 2007:11).

ERM is a comprehensive approach through which organisations identify and respond to risks. ERM depends on systems and processes that enable organisations to estimate the likelihood, scale and potential impact of risk factors. Organisations base adjust their strategies to absorb and/or counter these risks. ERM may appear linear, but relies on cyclical and constant revision (Cleary and Malleret, 2007:143). To this effect Kmec (2011:1504) refers to ERM as a comprehensive and strategic approach through which corporate entities can absorb and make sense of uncertainty, clustering and complexity.

Since crises often develop from poorly managed issues and risks (including responsiveness), preparations a crisis plan ought to be incorporated into the broader

ERM strategy. Like the ERM strategy, a crisis plan also stipulates procedures and responsibilities. One part of the crisis plan ought to focus on the continuation of business, while the other ought to focus on the crisis (Regester and Larkin, 2008: WEF GRR, 2014).

Bankers Online (www.bankersonline.com), Bromiley, McShane, Nair and Rustambekov (2015), Burnaby and Hass (2009), Carrel (2010), Cleary and Malleret (2007), D'Arcy and Brogan (2001), Hoyt and Liebenberg (2015) and Moeller (2007) describe ERM as consisting of four broad steps, i.e. (i) assessing, (ii) assuming, (iii) mitigating and (iv) managing risk.

The specific systems organisations implement for ERM vary based on the regulatory requirements for specific countries and/or industries, as well as the orientation of corporate boards. The ISO 31000:2009 Enterprise Risk Management framework (www.iso.org) represents the compliance perspective and the King IV Report on Corporate Governance (IoD, 2016) represents the corporate governance stream. The Committee of Sponsoring Organisations of the Treadway Commission (COSO) frameworks of 2004 and 2017 are widely cited in literature as the normative ideal. These two frameworks emphasise the integration of all organisational efforts, tying these to the corporate strategy and corporate governance.

1.2.3 The complexity of corporate reputation management and corporate reputation risk

Understanding corporate reputation risk requires a broad review of corporate reputation. First, Van Riel and Fombrun (2007:49-59) chronicle the fact that corporate reputation was informed by accounting, organisational science, sociology, strategic management, economics and psychology, as summarised below (table 1.1).

Second, a number of authors have dissected corporate reputation to identify different schools of thought and classify a range of reputation strategies (Aula and Mantere, 2008). Other authors described reputation as a competitive capability which relies on a reputation chain (Davies, Chun, Da Silva and Roper, 2003), a reputation platform (Van Riel and Fombrun, 2007) and a reputation formula (Doorley and Garcia, 2015).

Table 1.1
Multiple points of view on corporate reputation

Psychology/ marketing	Economics	Strategic management	Sociology	Organisational science	Accounting
Reputations are cognitive associations about companies that predict stakeholder attachments and supportive behaviour.	Reputations are signals that are used by firms to convey the company's key strengths and build competitive advantage.	Reputations are mobility barriers or mobility catalysts.	Reputations are social constructions that are used or misused by companies to carry out impression management.	Reputations are cognitive interpretations used by observers for sense-making and used by top managers to carry out sense-giving.	Reputation as an intangible asset that measures the difference between a company's book value and its market value.

Source: Van Riel and Fombrun (2007:50)

The central theme in the aforementioned works is that organisations should manage corporate reputation as a strategic priority "which requires the right mind-set integrated with the organisation's strategy, guided by culture, values and supported by carefully designed governance and intelligence processes" (Diermeier, 2011:252). Aula and Heinonen (2016:viii) support this view by claiming that "reputation is at the heart of business and organisational life and deeply connected to the culture and leadership of the organisation."

In addition, scholars like De Beer (2014), Malmelin (2007), Matos and Nobre (2009) have placed reputation at the centre of how communication adds value to organisations. Therefore corporate reputation is no longer regarded as an intangible asset, but a tangible one – a view supported by Aula and Heinonen (2016), Diermeier (2011), Doorley and Garcia (2015) and Honey (2009). Research results also confirm the direct correlation between reputation behaviour and market value.

The Reputation Institute further propelled the measurement and conceptualisation of corporate reputation through tools like the RepTrak® scorecard (figure 1.3), which highlights seven dimensions. The contribution of this scorecard, which is based on the reputation quotient, is the clarification of criteria within each of the seven main dimensions – these also serve as broad implicit guidelines for the quality of corporate management, ideal corporate values and improved corporate structures. The tool is aimed at providing an aggregate score, while weak areas are also identified (Van Riel and Fombrun, 2007:255). The areas in which an organisation achieves relatively low scores within the RepTrak® scorecard can be viewed as areas of risk.

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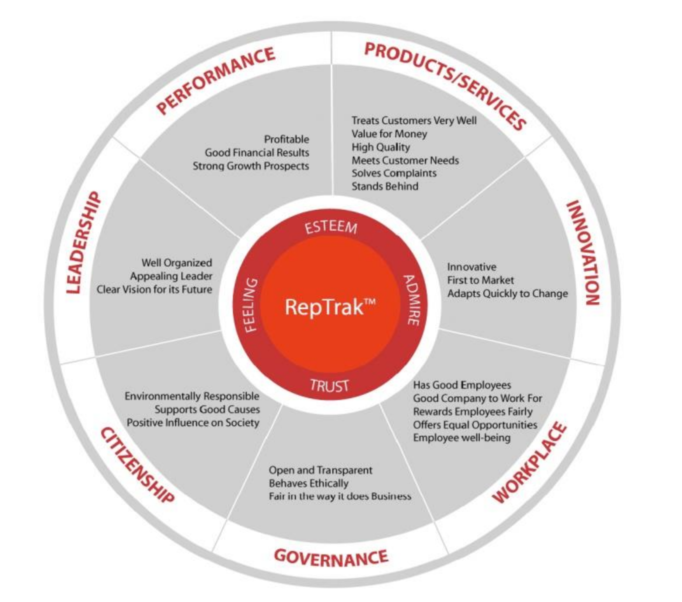
Figure 1.3
The Reputation Institute's RepTrak® scorecard



Source: www.reputationinstitute.com

The concept corporate reputation risk evolved from the aforementioned logic and gained a lot of attention over the last decade. The Economist Intelligence Unit (2005) labelled it as the "risk of all risks" based on their research project. Participating organisations reported that a positive reputation was their top competitive advantage. One organisation pointed to the crux of the matter by claiming that "reputation risk is the starting point for all risk. If you have no reputation, you have no business."

The same research report also warned against a superficial understanding of the phenomenon. Corporate reputation risk generally refers to "the experience of an organisation falling short of expectations." Questions about where the reputation of organisations resides, the arbitrary nature of stakeholder expectations and experiences illustrate the often abstract nature of corporate reputation risk and the complexity of managing it (The Economist Intelligence Unit, 2005:4-5).

This research report further shines a light on three pertinent issues. First, risk managers were identified as having to play an active role in the management of corporate reputation risk. This would require a greater awareness of how events may damage reputation, how many other risks also carry an element of reputation risk and the inclusion of corporate reputation in risk matrices and annual risk reports (The Economist Intelligence Unit, 2005:5-7 & 9).

The issue of crisis management or prevention is the second aspect. 64% of the risk managers reported that they were involved in planning for crises. At the same time, almost half of the respondents were involved in the constant monitoring of reputation among stakeholders (The Economist Intelligence Unit, 2005:11-13).

The final issue is the responsibility for the management of corporate reputation risk. The vast majority of respondents (84%) viewed the CEO as the leader of the reputation risk team with the communication team serving as a backup. CEOs were specifically viewed as critical in “setting the correct tone and standards of conduct and enhance the company’s reputation” (The Economist Intelligence Unit, 2005:13-14).

Other role players like the Chief Risk Officer (CRO) and heads of business units were also regarded as quite important, but having more technical responsibilities, including “quantifying threats and implementing systems to achieve risk management goals.” The communication manager (CM) was ranked as the fifth most important role player in this context (The Economist Intelligence Unit, 2005:15-16).

More than a decade later the Reputation Institute (2016:6) conducted an extensive corporate reputation risk study across more than 150 organisations in five major markets. Key findings include the following:

(i) Different risks affect reputation differently. Financial malpractice, fraud and transparency risks are rated as the most dangerous.

(ii) Different risks affect different reputational dimensions but governance is always greatly affected. Predicting impact can help to craft effective statements.

(iii) Different countries react differently to risks, while cultures play a big role.

(iv) The sector an organisation belongs to can have an impact since people tend to stereotype. Understanding the risk exposure of a particular sector is key to successful mitigation.

(v) It is necessary to merge business and reputation strategy since people from different age groups react differently to risks.

(vi) Being authentic and genuine is fundamental to protect an organisation from risk exposure. Companies that are well-known to the outside world are less affected by risks.

(vii) Building awareness needs to be part of any reputation risk strategy.

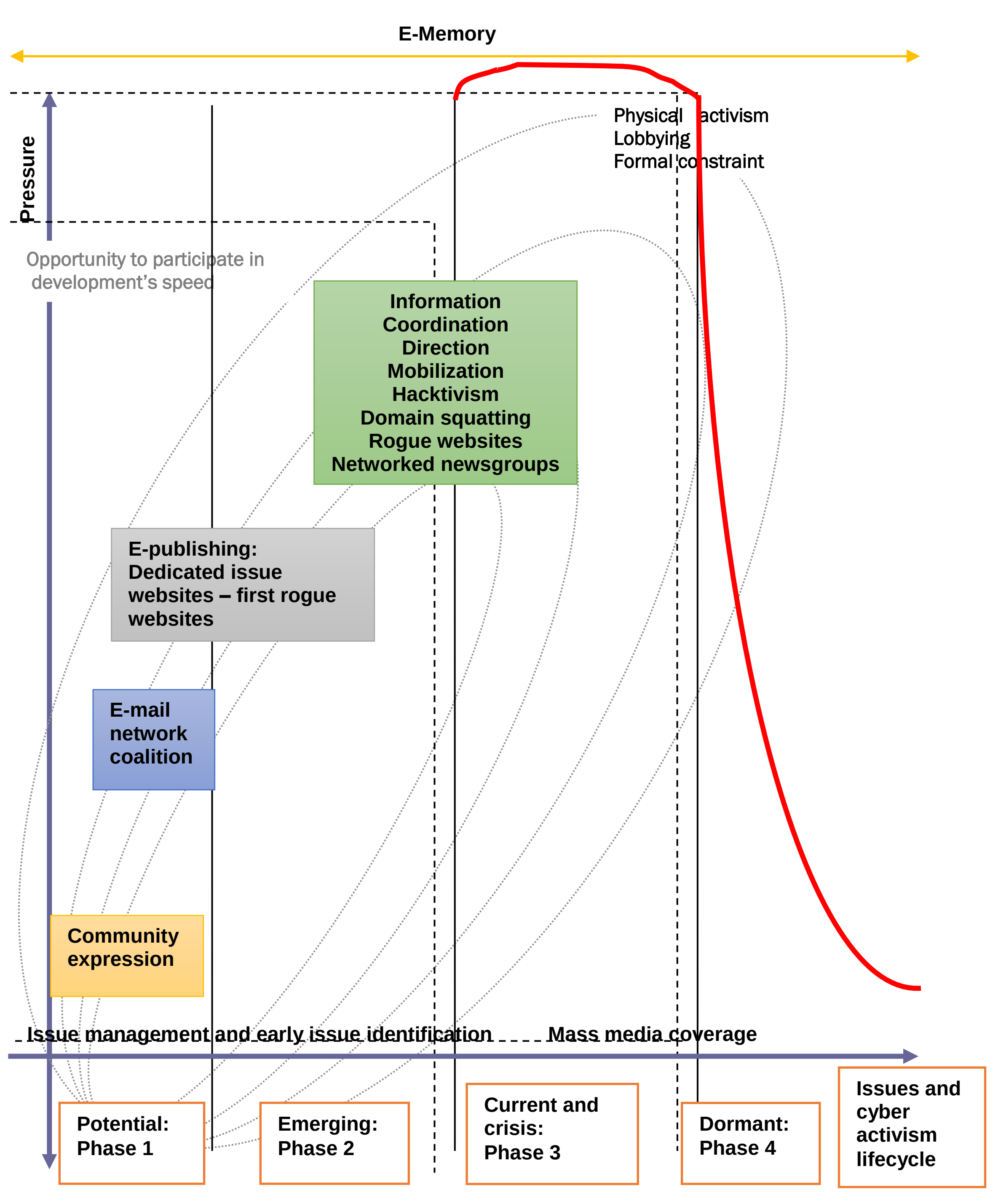
Understanding corporate reputation risk only in abstract terms is of little value to organisations in the current business environment. The proverbial Holy Grail seems to be a definitive framework for managing it. Therefore, the models/frameworks by Kucuk Yilmaz and Kucuk (2010), Aula and Heinonen (2016) and the Reputation Institute (2016) are considered.

1.2.4 The complexity of social media crisis management

A historic overview highlights the evolution of current research, debates and suggestions in the field of crisis management and social media. A decade ago models and theories depicted the manner in which crises unfolded on new media of the time.

Internet-based issues and crisis management (including cyber activism) was a major concern in the early 2000's (cf. Wernli and Illia, 2000). To this effect Illia (2002) adapted Hainsworth and Meng's issues lifecycle model to plead for a new understanding of internet-based crises (figure 1.4).

Figure 1.4
Online conception of issues lifecycle



Source: Illia (2002:333)

This model highlights three elements, i.e. (i) increased speed associated with events, (ii) the permanent nature of 'e-memory' and (iii) recognition of the fact that the issues lifecycle may continue without end. The model depicts a sequence for the rapid escalation of an issue into a crisis by means of community expression through email networks (potential issue phase), the use of rogue issue-related websites (emerging issue phase), the intensified activist efforts through tactics like mobilisation, hacktivism, domain squatting, rogue websites and networked newsgroups and eventually physical activism at the height of the crisis (Illia, 2002).

More than a decade later, the complexity of social media crisis management has become a major focal point in both academic and industry research. In 2016 Cerebra (a South African social media consulting firm) probed organisations regarding their preparedness for and actions in relation to such incidents. Table 1.2 contains a summary of the results.

The lack of preparation in some cases and the steep learning curve experienced in others are apparent, while the need for social media policies is also clear. The Cerebra (2016:2) report also emphasises the following fundamental principles:

(i) The power shift in society as a result of social media and "the 'mob effect' when something goes wrong".
(ii) Although crisis management has a much longer history than social media, but is increasingly important in the new world.
(iii) Organisations face more channels, wider audiences and tougher nuances in the way people think about the world – economically, socially and politically.
(iv) Crisis communication is no longer the responsibility of communication experts alone and the need for a strong strategy is not limited to huge, well-known companies.
(v) Most companies are simply not adequately prepared for crises and are failing to put the right systems in place to prevent, manage and recover from them.

On a theoretical-conceptual level authors like Aula and Heinonen (2016), Frandsen and Johansen (2017), Jin, Austin and Liu (2014), Luamo-aho (2012) and Tampere (2016) explore stakeholder categories which range from "hate-holders" to "faith-holders" and argue that the power of emotions in social media interactions and crises should not be underestimated. The dynamics of emotional stakeholders drive stakeholder expectations about organisational behaviour during and after a crisis, while it also influences the manner in which social media participants disseminate information in relation to these crises (Roshan, Warren and Carr, 2016; Sedereviciute and Valentini, 2011).

<table>
<tr><th colspan="11">Table 1.2
Key findings regarding social media crisis management practices</th></tr>
<tr><th>Questions</th><th colspan="10">Results</th></tr>
<tr><td>Do you have a social media strategy?</td><td colspan="10">80% Yes (overall)
20% No strategy (Including 15% of largest organisations)</td></tr>
<tr><td>Do you have a social media partner?</td><td colspan="10">Yes:
21% Small organisations; 44% Medium organisation; 56% Large organisations</td></tr>
<tr><td rowspan="2">Do you have a crisis communication strategy?</td><td colspan="10">42% Yes (overall)</td></tr>
<tr><td colspan="10">No:
61% Small organisations; 31% Medium organisations; 15% Large organisations</td></tr>
<tr><td>Do you have a social media crisis strategy?</td><td colspan="10">31% Yes (overall)</td></tr>
<tr><td rowspan="2">Do you have a social media policy for employees?</td><td colspan="10">42% Yes (Across the board)</td></tr>
<tr><td colspan="10">38% No:
49% Small organisations; 29% Medium organisations; 26% Large organisations</td></tr>
<tr><td rowspan="2">Have you ever faced a crisis on social media?</td><td colspan="10">49% Yes (Across the board)</td></tr>
<tr><td colspan="10">51% No:
27% Small organisations; 75% Medium organisations; 70% Large organisations</td></tr>
<tr><td>Identify the type of social media crisis you faced. (What is the worst kind of crisis?)</td><td colspan="10">Business-related crises: Highest incidence (64%) and most severe impact (77%).
Marketing related crises: Second highest incidence (30%) and less severe impact (63%).
Employee-borne crises: Third highest incidence (6%) and less severe impact (62%).
The higher impact of business crises reveals a concerning disparity between what businesses promise to deliver and what consumers perceive.</td></tr>
<tr><td rowspan="3">What caused the crisis?</td><td colspan="10">43% Lack of guidelines
A remarkable number of companies lacking the tools, strategies and policies needed to prevent and manage crises.</td></tr>
<tr><td colspan="10">26% Lack of compliance
Compliance issues accounted for the final quarter of crises, suggesting a lack of social media understanding among legal and risk officers.</td></tr>
<tr><td colspan="10">31% Inexperienced staff
A third of the respondents noted inexperienced staff as being a weakness, revealing a lack of training and effective social media policies.</td></tr>
<tr><td rowspan="3">How well did you handle the crisis?</td><td colspan="10">Overall rating:</td></tr>
<tr><td colspan="2">★
37%</td><td colspan="2">★★
4%</td><td colspan="2">★★★
28%</td><td colspan="2">★★★★
20%</td><td colspan="2">★★★★★
11%</td></tr>
<tr><td colspan="10">70% Rate their performance not better than mediocre
77% Small organisations only 3 stars of fewer
60% Medium organisations only 3 stars of fewer
64% Large organisations only 3 stars of fewer
The lack of contingency plans among businesses of all sizes is evident in the difficulty most experienced when handling a crisis.</td></tr>
<tr><td rowspan="6">What are you doing to prevent such crises?</td><td colspan="5">Have never faced a social media crisis</td><td colspan="5">Have faced a social media crisis</td></tr>
<tr><td colspan="5">35% Do not have a social media strategy.</td><td colspan="5">93% Now have a social media strategy.</td></tr>
<tr><td colspan="5">69% Have no crisis communication strategy.</td><td colspan="5">84% Now have a crisis communication strategy</td></tr>
<tr><td colspan="5">29% Failed to consider social in their crisis communication.</td><td colspan="5">12% Failed to consider social in their crisis communication.</td></tr>
<tr><td colspan="5">77% Have never done a social media audit.</td><td colspan="5">33% Have now completed a social media audit.</td></tr>
<tr><td colspan="5">49% Have no social media policy.</td><td colspan="5">79% Now have a social media policy</td></tr>
<tr><td colspan="11">Source: Adapted from Cerebra (2016:3-9)</td></tr>
</table>

It is important to note that issues and crisis management cannot be separated, while social media crises could include any incident which has the potential to affect the reputation of an organisation negatively and may range from para-crises to real crises as defined by Coombs (2015).

When considering reputation management in relation to social media a different set of models and frameworks deserve consideration. These models have evolved to focus on integrative communication. As such, models/frameworks by Mei *et al.* (2010) and Thiessen and Ingenhoff (2011) are further explored.

1.2 PROBLEM STATEMENT

Various groups of communication scholars have contributed to what can be described as a growing body of knowledge on the juncture of (i) corporate reputation (e.g. Aula and Heinonen, 2016; Aula and Mantere, 2008; Doorley and Garcia, 2015; Garcia, 2017; Van Riel and Fombrun, 2007); (ii) digital communication/public relations and/or social media (e.g. Solis and Breakenridge, 2009; Flynn, 2017; Freberg, 2013; Luo, Jiang and Kulemeka, 2015; Macnamara and Zerfass, 2012; Solis, 2010); (iii) social media and corporate reputation management (e.g. Aula and Heinonen, 2016 and Sarniola, 2011); (iv) crisis communication (e.g. Coombs, 2015; Garcia, 2017, Regester and Larkin, 2008) and (v) social media crisis communication (e.g. Eriksson, 2012; Frandsen and Johansen, 2017; Mei *et al.* 2010).

A gap exists in academic literature that reports on the manner in which various organisational functions cooperate for the purpose of managing corporate reputation risk in relation to the social media landscape. Therefore, the study aims to formulate propositions about and develop a framework for this specific management dilemma. A secondary aim of this study is to address the gap in South African literature on this topic.

The study further attempts to incorporate some of the most recent less formal (industry-led) research into the formal research arena, i.e. the Reputation Institute’s (2016) research report on reputation risk and Cerebra’s (2016) report on social media crisis management.

1.3 GOAL AND OBJECTIVES

The underlying goal of this study is to investigate how organisations manage corporate reputation risk in relation to social media.

The following objectives articulate the aforementioned goal:

Objective 1: To compare the approaches multiple organisations follow for the management of corporate reputation.

Objective 2: To compare the approaches multiple organisations follow for Enterprise Risk Management.

Objective 3: To compare the approaches multiple organisations follow for the management of corporate reputation risk in relation to social media.

Objective 4: To explore elements of an ideal management framework for corporate reputation risk in relation to social media.

Objective 5: To formulate propositions for the management of corporate reputation risk in relation to social media.

Objective 6: To suggest a framework for the management of corporate reputation risk in relation to the social media landscape.

1.4 SYNOPSIS OF THE RESEARCH METHODOLOGY AND DESIGN

This study was completed by means of the interpretive qualitative research approach because of its focus on the lived experiences of participants. This approach afforded organisational representatives an opportunity to articulate their lived experiences in their assigned organisational roles.

A multiple (comparative) case study design was employed to facilitate the comparison of findings from three South African organisations. The industries represented in the study are tourism (pilot study), retail, financial services and higher education. Empirical evidence for each case study was collected by means of (i) interviews with three key role players (the most senior communication, social media and risk managements specialists), (ii) websites (information about risk management practices), (iii) social media policies, (iv) a recent social media crisis and (v) archival documents related to the said crisis. Yin's (2014) logic for cross-case synthesis was followed to arrive at findings from the multiple sources of evidence per case study – this was the basis for triangulation of evidence. Case studies were compared along the objectives of the study.

Qualitative criteria for ensuring the scientific rigour were applied, i.e. credibility, transferability, dependability and confirmability. Complete records of raw evidence were kept, an audit trail regarding the entire research project exists and a senior academic regularly reviewed the study.

Propositions were formulated in relation to the first four objectives, while the synthesis of empirical results and theoretical principles led to the development of propositions about and a framework for the management of corporate reputation risk in relation to the social media landscape.

1.5 THE IMPORTANCE OF THE STUDY

First, multiple professional/discipline-specific associations and consultants emphasise the need for research related to reputation, social media and risk management, as highlighted by recent publications, ongoing research projects and conferences. The annual WEF GRR documents highlight the complex nature of global risk factors. The 2014 report called for "conceptual models [that] are needed to define, characterize and measure the potential negative impacts of interconnected global risks." The 2017 report primarily emphasises the increasingly complex interconnectedness of risk factors and a sense of urgency for regional and global role players to address these.

The Reputation Institute developed the RepRisk® tool to be used in the digital arena and proves the importance of measuring this element of business.

Solis (2010) developed the Conversation Prism which both categorises social media for business applications environment and calls for stakeholder engagement. Solis (2014) further highlights the notion of digital organisational transformation and also emphasises the disruptive nature and potential of communication technologies and platforms.

Kent (2014) pleaded for research about social media in communication management and public relations that is grounded in proper theory. In addition, the 2014-17 BledCom research symposium for Communication Management and Public Relations and the 2016 International Public Relations Summit (IPRS) focused on practices within the digital arena. The 2018 World Public Relations Forum (to be hosted by EUPRERA) further offers a conference track to focus on such matters. The Public Relations Society of America (PRSA) announced an online short course on reputation risk management for 2018, thus emphasising the need for related knowledge amongst communication professionals and academics.

This study aims to make three contributions, i.e. in terms of practice, methodology and theory. First, communication, risk and social media professionals could gain insight regarding the practices of peers and other organisations.

Furthermore, other researchers and various organisational specialists may garner insights from replicating the research design and/or investigating the aforementioned propositions empirically. The integration of communication management and risk management thinking, as well as elements from models in each field, forms the theoretical contribution of the study. Suggestions for a management framework for corporate reputation risk in relation to the social media landscape are closely related to the propositions.

Finally, this study represents a focus area within the Communication Management Division (within the Faculty of Economic and Management Sciences) at the University of Pretoria. Erasmus (2012) focused on social media in the public relations environment and Steenkamp (2014) on social networking sites as new tools for communicating corporate social responsibility.

Thereafter Mpofu (in press) investigated the impact of reputation on financial performance, while Van den Heever (in press) focused on the social media as reputation mechanism for non-profit organisations. By virtue of being part of the aforementioned group of studies, this study aims to contribute to the overall South African body of knowledge on reputation management.

1.6 DELIMITATION OF STUDY

Although corporate reputation risk is an interdisciplinary phenomenon, this study focuses on the communication management vantage point in order to make a specific theoretical and practical contribution.

While recent literature calls for the conceptualisation of a multi-vocal perspective on social media crisis communication, this study deliberately poses the overarching research question from a communicator-oriented vantage point. Questions regarding the behaviour and motivations of well-organised campaigns and programmes by social media groups or other social media users fall outside the scope of the overarching research question.

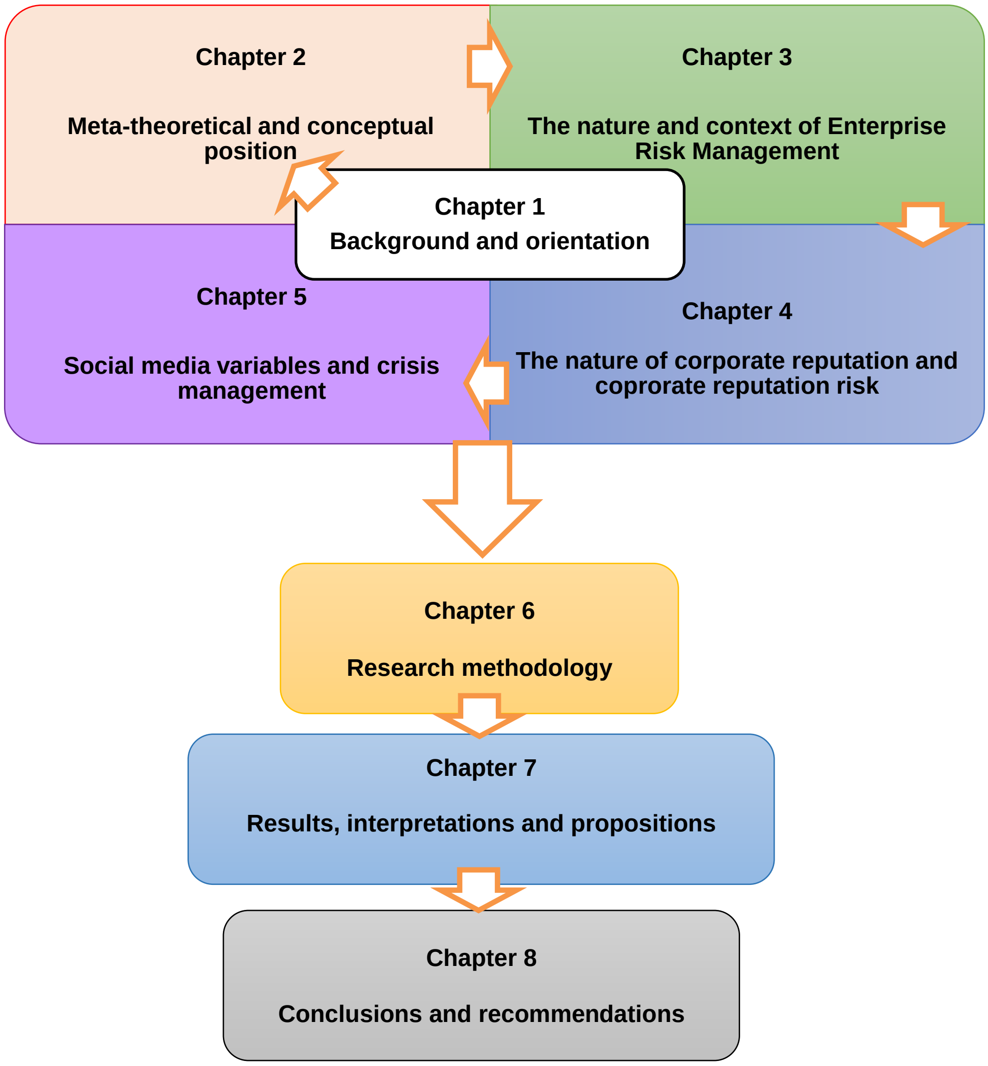
Whereas it may appear as if the study should also include the investigation of (i) risk communication (risk and disaster management), (ii) media studies and (iii) social media users, these areas are purposely excluded. Risk and disaster management, media studies, sociology and consumer psychology are wholly independent areas of study and not central to the specific research question of this study.

Finally, the study excludes discourse/narrative analysis, which would have emphasised the actual content of interactions between organisations and social media participants in relation to reputation risk incidents.

1.7 DEMARCATION OF CHAPTERS

The chronological order of the different chapters of the study are highlighted by means of figure 1.5.

Figure 1.5
Overall structure of study



- **Chapter 2: Meta-theoretical and conceptual position**

This chapter provides and explanation regarding underlying meta-theoretical and conceptual ideas of the study. Elements are plotted along a framework that ranges from meta-theoretical assumptions to specific frameworks/models pertaining to the three focus areas of the study.

- **Chapter 3: The nature and context of Enterprise Risk Management**

The focus of this chapter is the underlying logic and complexities of risk and processes associated with ERM. Frameworks by Burnaby and Hass (2009) and COSO (2017) are considered as normative because of their focus on corporate strategy.

- **Chapter 4: The nature of corporate reputation and corporate reputation risk**

This chapter focuses on the nature of corporate reputation risk against the backdrop of different corporate reputation paradigms. The chapter further explores a number of factors that contribute to the complexity of reputation risk. Frameworks and models for reputation risk management by Yilmaz Kucuk and Kucuk (2010), Aula and Heinonen (2016) and the Reputation Institute (2016) feature prominently in the chapter.

- **Chapter 5: Social media variables and crisis management**

The focus of this chapter is the context of social media against the backdrop of crisis management. The impact of social media on reputation efforts on crisis management practices are explored. Thereafter frameworks/models by Mei *et al.* (2010) and Thiessen and Ingenhoff (2011) suggest principles organisations could apply when navigating this terrain.

- **Chapter 6: Research methodology**

The chapter contains explanations for adopting the interpretive qualitative research orientation to this study, as well as the details regarding the research design. The chapter further focuses on the advantages and disadvantages of all methodological steps.

- **Chapter 7: Results and interpretations**

This chapter focuses on reporting and the interpretation of empirical evidence. Case studies are first presented as individual units of analysis, where after they are compared along the objectives of the study and prominent theoretical principles, theories, models and/or frameworks in Chapters 3, 4 and 5. The chapter concludes with propositions in relation to the objectives of the study and a framework for the management of corporate reputation risk in relation to the social media landscape.

- **Chapter 8: Conclusions and recommendations**

Conclusions and recommendations are presented along the objectives of the study. Thereafter recommendations focus on further research related to reputation risk in relation to the social media landscape.

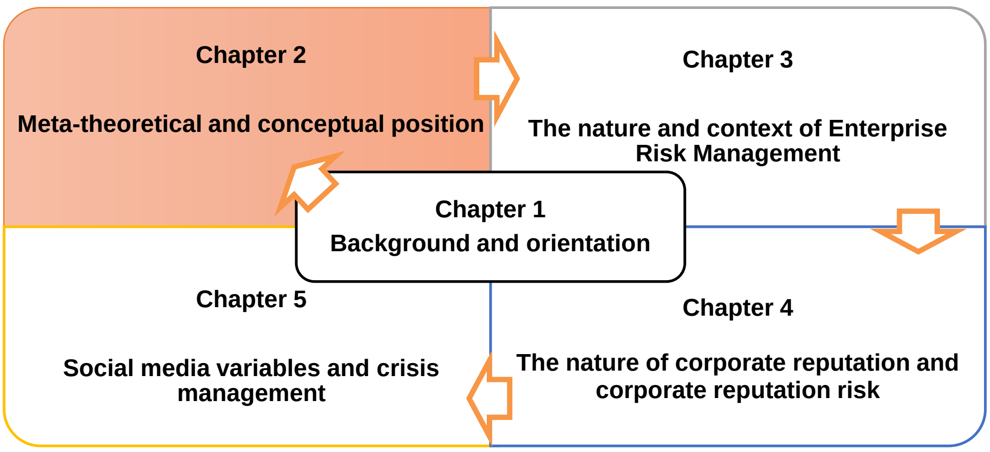
Chapter 2
Meta-theoretical and conceptual position

2.1 INTRODUCTION

This chapter highlights the research question and its constituent parts in terms of the underlying meta-theoretical perspectives, i.e. ontology, epistemology and axiology. The dialogic theory of public relations serves as the grand theory and the normative ideal for managing reputation risk in relation to social media. Several models pertaining to ERM, reputation risk management and social media crisis management complete the description of the research question.

As depicted in figure 2.1, this chapter both precedes the literature chapters and sets the tone for understanding the tension between normative and positive theory.

Figure 2.1
Chapter 2 in relation to the first half of the study



2.2 META-THEORETICAL AND CONCEPTUAL FRAMEWORK

The hierarchy of scientific reasoning that guides this chapter is meta-theory, worldview, paradigm and grand theory, followed by both specific theories and models, as suggested by Baldwin, Perry and Moffitt (2004), Du Plooy (2001), Littlejohn (1999) and Saunders, Lewis and Thornhill (2012). This hierarchy of scientific ideas is used as the meta-theoretical framework (table 2.1).

Table 2.1
Meta-theoretical and conceptual framework

<table>
<tr><td>Meta-theoretical assumptions</td><td colspan="6">Ontology:
Epistemology:
Objectivity-subjectivity:
Axiology:
Typological classification:</td><td colspan="6">Idealist
Interpretivist
Subjective
Value-laden
(i) Two-way, (ii) Systematic interaction, (iii) Interpretive-symbolic</td></tr>
<tr><td>Worldview</td><td colspan="12">Interpretive qualitative world view</td></tr>
<tr><td>Paradigms</td><td colspan="12">Affirmative postmodernism
Reflective paradigm</td></tr>
<tr><td>Grand theory</td><td colspan="12">Dialogic communication management</td></tr>
<tr><td>Inter-disciplinary focus</td><td colspan="12">Corporate reputation risk</td></tr>
<tr><td rowspan="4">Academic disciplines and related focus areas</td><td colspan="6">Marketing Management</td><td colspan="6">Media Studies</td></tr>
<tr><td colspan="6">Brand management</td><td colspan="6">Social media studies</td></tr>
<tr><td colspan="4">Communication Management</td><td colspan="4">Business Management</td><td colspan="4">Internal Auditing</td></tr>
<tr><td colspan="4">Strategic communication management

Integrated communication

Crisis communication</td><td colspan="4">Strategic management

Business-society relationship</td><td colspan="4">Risk Management</td></tr>
<tr><td>Theories</td><td colspan="12">Dialogic theory of public relations (Kent and Taylor, 2002)</td></tr>
<tr><td rowspan="2">Models/ Frameworks</td><td colspan="6">Communication Management</td><td colspan="6">Internal Auditing</td></tr>
<tr><td colspan="6">▪ New corporate reputation risk management process (Kucuk Yilmaz and Kucuk, 2010)

▪ New media crisis communication model (Mei, Bansal and Pang, 2010)

▪ Integrative model of crisis communication (Thiessen and Ingenhoff, 2011)

▪ Reputation risk management framework (Reputation Institute, 2016)

▪ Corporate reputation risk preparation framework (Aula and Heinonen, 2016)</td><td colspan="6">▪ Ten principles of Enterprise Risk Management (Burnaby and Hass, 2009)

▪ Framework for integrating strategy and performance (COSO, 2017)</td></tr>
<tr><td>Key concept</td><td colspan="12">Corporate reputation risk</td></tr>
<tr><td colspan="13">Source: Own conceptualisation</td></tr>
</table>

2.2.1 Meta-theoretical assumptions

First, a couple of definitions describe the nature of meta-theory (table 2.2). A meta-theory provides a philosophical position which articulates a researcher's assumptions about reality, a research question and practical considerations for the completion of a research project (Saunders *et al.*, 2012:127-9).

Table 2.2 **Definitions of meta-theory**	
Baldwin *et al.* (2004:23)	Meta-theory, as the prefix meta- suggests, is a body of speculation on the nature of inquiry that is done over and above the specific content of theories. [It is] a way of talking about or analysing individual theories. It is a sort of "theory" about how we theorise.
Littlejohn (1999:31)	Specifically, meta-theory provides a set of terms for understanding the various types of assumptions a theory makes about the world.

Saunders *et al.* (2012:128-9) further contend that different meta-theoretical positions were previously presented as competitive ideas, e.g. positivism vs. pragmatism. This had changed in recent years and such positions should rather be thought of a points on a set of continua, as set out in table 2.3.

Table 2.3
Research philosophy as a multidimensional set of continua

Question (dimension)	Continua		
What is the nature of reality?	External	⇔	Socially constructed
	Objective	⇔	Subjective
What is regarded as acceptable knowledge?	Observable phenomena	⇔	Subjective meanings
	Law-like generalisations	⇔	Details of specifics
What is the role of values?	Value free	⇔	Value bound

Source: Adapted from Saunders *et al.* (2012:129-139)

In addition, Baldwin *et al.* (2004:23-4), Du Plooy (2001:20-21), Littlejohn (1999:31), Saunders *et al.* (2012:128-9) and Van Ruler and Verčič (2003) differentiate between five types of meta-theoretical assumptions relevant to the positioning any scientific study: (i) epistemology (the science of knowledge), (ii) ontology (the nature of reality or human existence), (iii) objectivity-subjectivity orientation to research, (iv) axiology (the role of values in research) and (v) a typological classification.

2.2.1.1 Ontological position

The term ontology stems from the Greek words *ontos* (being) and *logos* (knowledge or account) and "raises questions regarding whether or not a phenomenon we are interested in actually exists independently from our knowing and perceiving it" (McAuley, Duberley and Johnson, 2007:31; Saunders *et al.*, 2012:130-131).

The role of a researcher is not accidental since "social reality is a creation or projection of our consciousness and cognition. In knowing the social world, we create it" (McAuley *et al.*, 2007:32). The human experience is based on both universal rules (predictors) and situational (individual) choices, the meaning of which becomes clear to a researcher based on own subjective inclinations. When applied to this study, the propositions (Chapter 7) are the result of the synthesis of the empirical findings and interpretations in relation to the research question.

2.2.1.2 Epistemological position

McAuley *et al.* (2007:28-29) clarify the concept as “ha[ving] to do with how we know when some claim about the world is justified”. *Episteme* (knowledge or science) and *logos* (knowledge or account) form the concept.

The epistemological position of this study is that a certain meta-theoretical approach, a certain paradigm, a specific grand theory, certain theories and models from specific academic disciplines are fundamental to the conceptualisation of the research phenomenon.

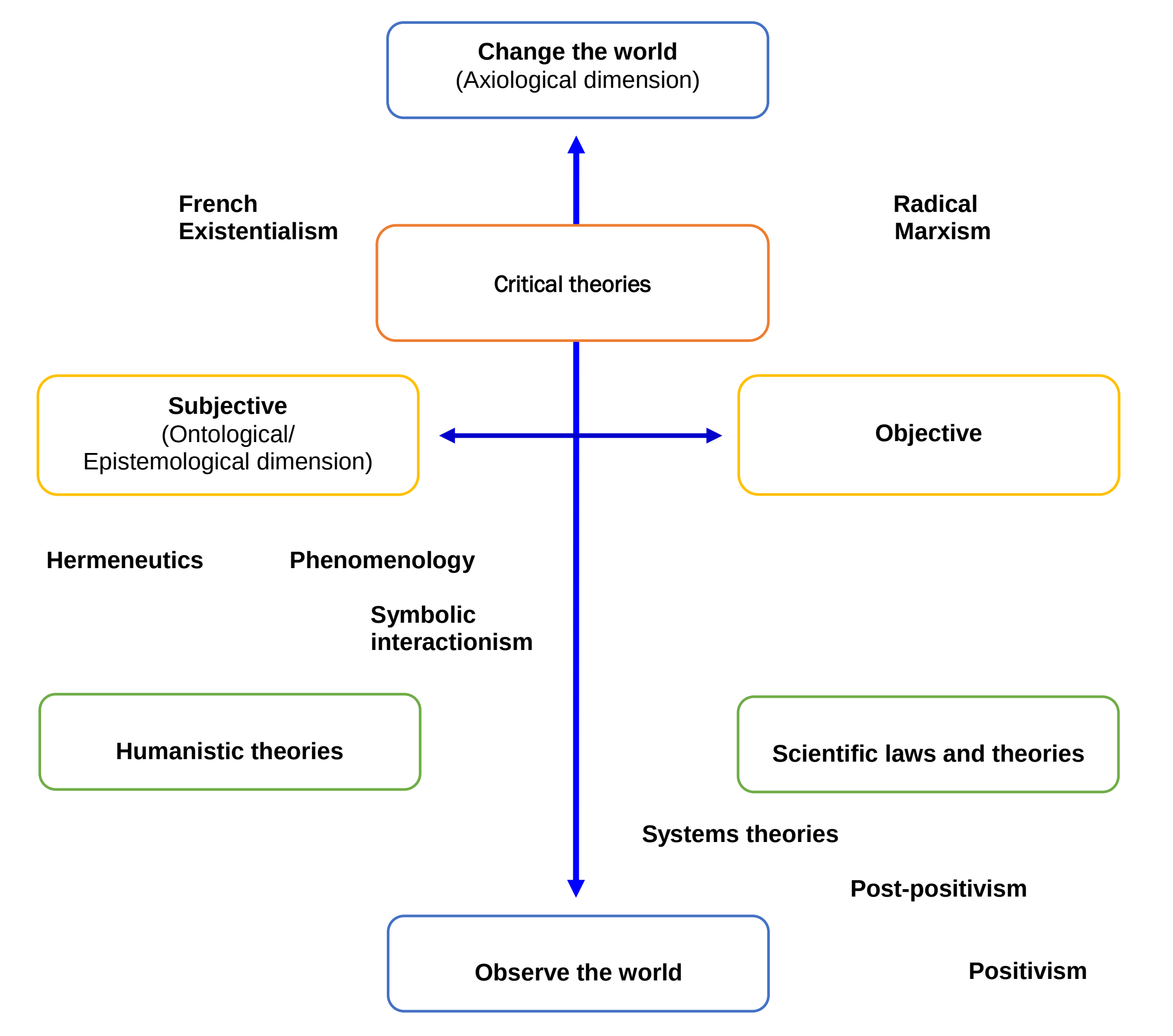
The propositions at the end of Chapter 7 are not presented as the only universal Truth, but one of many possible truths (interpretations). This position stems from the fact that contradictory theoretical views (conceptual-theoretical world) about the research question may exist, while management practices (the real world) are in flux.

2.2.1.3 Objectivity-subjectivity position

This study rejects the notion of absolute objectivity, as understood within positivism. Conversely, a degree of subjectivity regarding the interpretation of the research question of the study, is accepted. To this effect, Baldwin *et al*. (2004:26) posit that “reality and meaning are always personal and channelled through the society that contains them.”

The same authors add questions about objectivity-subjectivity and social-change/status quo to the previous two meta-theoretical dimensions. Thus they provide an illustration where the positioning of any communication study could be plotted along two axes (figure 2.2).

Figure 2.2
Theoretical dimensions and paradigms



Source: Baldwin *et al.*(2004:32)

This study can be placed under the left hand side of the vertical blue line (in the middle), under the subjective block and slightly above symbolic interactionism.

First, a degree of subjectivity guided the conceptualisation of the study. Second, all interactions that lead to perceptions of reputation and the incidents that constitute reputation risk are the result of the constant “making of meaning” between various parties – one party projecting meaning and another interpreting these messages.

Second, the study can also be classified as being related to critical theory which “address social power and power inequalities in society” (Baldwin *et al.*, 2004:28). Social media provide an opportunity to all, including the previously marginalised, to challenge power structures and the old order or social contract.

2.2.1.4 Axiological position

The axiological position of this study is that research (from the conceptualisation of the parameters of the research question, the review for relevant literature, the empirical phase, as well as the interpretation of evidence and formulation of conclusions) is not objective. However, all attempts were made to apply the appropriate measures for scientific soundness, as required within rigorous research.

According to Baldwin *et al.* (2004:24-25) almost all theories attempt to change the world somehow and is particularly relevant in understanding the position of this thesis. This study argues in favour of constant efforts to engage stakeholder through dialogue, as opposed to communicating to stakeholders from a position of power.

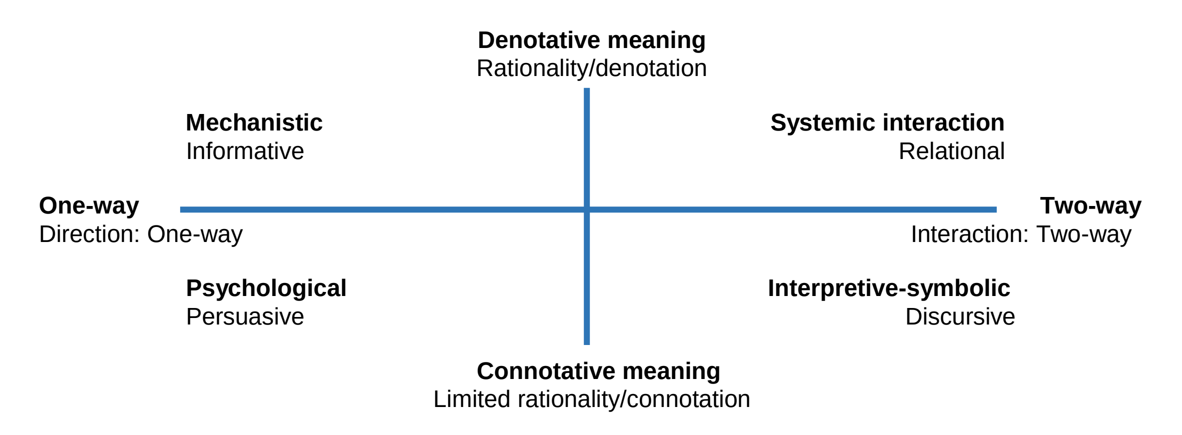
2.2.1.5 Typological classification

Van Ruler and Verčič's (2003:10) grouping of types of communication theories and communication management models (figure 2.3) further classifies this study. This study prefers an interactive approach as the ideal for organisations when engaging stakeholders. The quality of relationships between organisations and stakeholders is critical since relationship experiences and trust have an impact on reputation.

The purpose of interaction between corporate organisations and social media participants is both discursive and relational - the nature of the interaction often determines the quality and nature of the relationship. The quality of the relationship then influences the meaning parties attach to all interactions, which either quell or fuel social media incidents.

The study further draws on both denotative and connotative meaning in understanding the reputation strategy options of organisations and the interpretations by stakeholders. Statements by organisations may be interpreted in a variety of ways, while stakeholder reactions may vary between rational to purely emotional. The latter contribute to the complexity of social media reputation risk incidents.

Figure 2.3
Typologies of organisational communication theories and communication management models



Source: Van Ruler and Verčič (2003:6 and 7)

Finally, the nature of the interactions between these two parties may have outcomes that range between cooperation to persuasion. While meaning is created through dialogue, perceived power also shifts during and as a result of the dialogic process. The interpretation of the meaning of during and after social media incidents has a short-/long-term impact on the corporate reputation in the minds of stakeholders.

2.2.2 Worldview

The nature of the underlying research question forced the researcher to adopt the interpretive (qualitative) research approach. Qualitative research, which stems from Worldview II, rejects absolute objectivity. Instead, it relies on the interpretation of the contexts which individuals bring to the equation.

Grunig (1992) and Littlejohn (1999) describe the nature of worldviews and highlight the difference between the positivist and interpretive worldviews (table 2.4).

Table 2.4 **Definitions: Worldview**	
Grunig (1992:35)	Philosophers of science have generally agreed that worldview functions as a type of theory at a level more abstract than the levels of theory and observation recognized by logical positivists. In their current thinking, philosophers describe worldview as a gestalt or mind-set that focuses the attention of a scientist primarily upon theories or observations that fit within that mind-set.
Littlejohn (1999:32-33)	**Worldview I:** Is based on empiricist and rationalist ideas. It treats reality as distinct from the human being, something that people discover outside themselves. It assumes a physical, knowable reality that is self-evident to the trained observer. Discovery is important in this position: the world is waiting for scientists to find it. Because knowledge is viewed as something acquired from outside oneself. Worldview I is often called the “received view”. Objectivity is all important, with investigators being required to define the exact operations to be used in observing events. Most mainstream physical science is Worldview I, and much behavioural and social science follow suit. **Worldview II:** Attempts not to uncover universal laws but to describe the rich context in which individuals operate. It is humanistic in that it stresses the individual subjective response. Knowing is interpreting – an activity in which everybody is believed to be engaged. Many theories of communication take a Worldview II stance, which is based on the assumption that communication is a vital vehicle in the social construction of reality.

Saunders *et al.* (2012:378) also refer to the interpretivist epistemology as “trying to understand the meaning that participants ascribe to various phenomena.” Furthermore, Nieuwenhuis and Smit (2012:127) provide a list of assumptions about the approach, which further clarify the meta-theoretical positioning of this study:

(i) Human life can be understood from within.
(ii) Social life is a distinctly human product.
(iii) The human mind is the source or origin of meaning.
(iv) Human behaviour is affected by knowledge of the social world.
(v) The social world does not exist independently of human knowledge.

This worldview guided the methodological decisions as set out in Chapter 6.

2.2.3 Paradigms

Two paradigms are combined to form a composite lens through which the research question can be understood, i.e. affirmative postmodernism and the reflective paradigm. (Table 2.5 describes the nature of paradigms.)

Table 2.5 **Definitions: Paradigm**	
Baldwin *et al.* (2004:25)	A paradigm is a general approach – a view of the world … a way of seeing the social and natural world, with a set of assumptions or beliefs about what that world is like.
Du Plooy (2001:19)	A set of shared basic beliefs about how researchers view that which they study.

2.2.1.1 Affirmative postmodernism

To understand the reasons for using affirmative postmodernism as one paradigm, an overview of postmodernism must be provided. Wood (2004:286) contends that postmodernism "cannot be viewed as a single theory, but should rather be regarded as a broad perspective on, or way of thinking about, both social life and research."

Littlejohn and Foss (2005:324) argue that "postmodernism is based on the idea that social realities are constantly produced, reproduced and changed through the use of language and other symbolic forms. Postmodernists believe that reality cannot be known or understood in a single, absolute way."

McAuley *et al.* (2007:43) then differentiate between two postmodern philosophies, i.e. an anti-positivist philosophy and a periodical view. The anti-positivist philosophy (epistemological and ontological considerations) of the current study led to its qualitative methodological orientation. The periodical perspective points the volatile and turbulent business environment of this historical era.

The nature of the postmodern paradigm becomes clear when it is contrasted with modernism as set out in table 2.6 (Wood, 2004:287-306). In essence modernism relied on consistency, predictability and control (determinism), while postmodernism questions this orderly perspective on life, often in reaction to the perceived flaws of modernism.

Table 2.6 also emphasises three ideas from Holtzhausen's (2000 and 2012) conceptualisation of a postmodern approach to communication management, i.e. (i) the changing balance of power in the public sphere, (ii) greater recognition and appreciation of diversity and (iii) the disappearance of grand meta-narratives. The implications for this study are twofold.

Table 2.6
A comparison of modernism and postmodernism

	Modernism	**Postmodernism**
Society at large	Consensus: suppression of difference Objective (scientific) reality exists. Positivist research is promoted. Stability: Reality is stable, continuous and logical. Objectivity is greatly valued and pursued in research. Universality (generalisability): Theorising relies on prediction (determinism) and durable patterns. Elitism: Clear distinction between high (elitist) and low (popular) culture – the latter is viewed as a lesser sphere of expression.	Dissensus: pursuit of difference Reality is socially constructed. Interpretivist research is promoted. Impermanence: A tendency to question efforts to study "society as a whole". Social life is viewed as fragmented and fluid – a collage of many communities, in dynamic flux. Subjectivity is recognised and appreciated in research. Multiplicity (localisation and contextuality): Theories aim to understand the specific truths that structure life in particular communities and contexts. Social life and subjects are ever changing and ever changeable. Popular art (for the masses) matter. What average people enjoy is important. Rejection of the idea that any person can determine what is "good art, music etc."
Social relations	Determinism: consistency in social life. Power relations determine who communicates with whom and often with what consequences.	Indeterminism: Social relations, like subjects and meaning, are constructed by social institutions and practices, including language. Discursive structures are fluid.
Individuals in society	Individuals are rational and coherent whose reason to arrive at truth and knowledge, and make choices accordingly. Each person is viewed as the "individual". The human mind is more valued than feelings and the soul. Knowledge gained through the mind is considered valuable.	Individuals are fragmented and changing continuously – each has multiple selves which are shaped by the complex conditions of each life. Commodification emerges around fragments of people rather than "whole" ones, e.g. elements of folk culture. The term "subject" is preferred rather than individual – subjects change roles (subject positions) constantly, e.g. child, parent, employee etc. Contradictions (paradoxes) do occur in the multitude of subject positions. The relational self emerges in every relationship, varying cultural conditions in general and power relations in particular. Knowledge gained through intuition, divine insight or other means is valued.
Localised action	Centralised power structures Macro politics: Power relations are fixed and superimposed on all societal spheres.	Marginality: Power is not centralised in one location. Resistance to power is also decentralised, resulting in micro politics at local level. Micro politics: Power can be studied in relation to local narratives – what counts as power and/or resistance to power becomes clear in particular contexts.

Meta-narratives	They guide society and uphold cultural values. These narratives unify a society to share a coherent view of society. Discipline must be exerted to uphold a particular order.	Society is always in flux – open to change. Scepticism about grand narratives cultivated scepticism toward universalising claims about society.
Technology	-	Technology contributes to fragmentation of the experience of space and time: interaction is no longer continuous and sequential. New modes of experience emerge: virtual communities replace traditional communities.
Language and meaning	The self is relatively stable and fixed – this self was expected to endure throughout life and account for coherence in the individual's behaviours and values etc. Language is rational and descriptive of the "real" world – objective and free of values Meaning is limited to specific interpretations.	Relying on post-structuralism, the "self" arises in language. The language used reflects and reproduces the values, social relations and subject positions endorsed by a specific culture. Meaning is created by the interaction of the subject and language in various contexts, thus it is fluid and open to multiple interpretations.

Source: Adapted from McAuley *et al*. (2007:246-251) and Wood (2004:289-307)

The role of communication management in supporting organisations' economic bottom line, is questioned. Stakeholder relationship management is criticised by some as a means of retaining corporate control over society, but under the guise of "relationships" (cf. Antonacopoulo and Méric, 2005). Critique of corporate actions has become much more prominent and functions as a means through which existing notions of communication management as an ideological instrument (which helps to maintain organisational power structures) is questioned (cf. Holtzhausen, 2012).

Second, societal debates centre on issues of diversity, including ethnicity and language, while the postmodern emphasis on relationship building implies that organisations should deal with these realities in new ways.

Finally, postmodernism has two sub-perspectives pertaining to research as set out in table 2.7).

Table 2.7
Affirmative versus sceptical postmodernism

Differences	Affirmative	Sceptical
View of social science	Approach toward social science is descriptive and not prescriptive. Research from this perspective concentrates on unusual aspects of organisation and is underpinned by novelty and reflexivity; researchers are encouraged to consider their influence upon the research process.	Argues that the universe is impossible to understand, so attempts to build a postmodern social science are futile. There is no hope of developing a universalistic organisation theory. The world is seen as fragmented and disrupted.
Role of author	Reduces the power of the author, without completely undermining him/her. The author continues to have a small role as interpreter. The author should attempt to reflect on his/her role in the construction of the text.	Author has little clout and no authority. Readers will have different interpretations of what is written and these are as valid as the author's interpretation. Consciously strives to cultivate an "indefinite unsettled text" – there is ambiguity regarding the meaning of the text.
Method of epistemology	Criticises and seeks to revise modernist epistemology and methodology. Rejects absolute relativism; focuses on the margins and the excluded within organisations and society.	Anti-representational. Impossible to map social world. At the most extreme form of this perspective, ethnography, anthropology and sociology are merely literary endeavours – they cannot generate theory and should be judged on their literary appeal. Renounces efforts instead to construct new knowledge; focuses instead on deconstruction and critique.
Similarities	**Role of the reader** Postmodern texts are more open and less definitive. Readers would be expected to sort out the meaning of texts themselves and to accept that whatever conclusions they reach may be of very little value to anyone else. There is recognition that meaning is context specific. **Political orientation** Internally heterogeneous and diverse, postmodern writings do not prescribe particular political views. Inherently they are neither left no right wing.	

Source: McAuley *et al.* (2007:249)

The following statements about this study confirm its affirmative postmodern orientation:

(i) The view of social science is not that the universe is impossible to understand or that no universalistic organisation theories can be developed, as suggested by sceptical postmodernism.

(ii) It is indeed possible to propose management solutions (e.g. functional management frameworks).

(iii) The researcher is aware of and reflects on her possible influence on the research process.

(iv) The role of the author in this study is limited to that of interpreter who is constantly aware of her role in the construction of the text.

(v) The chosen method of epistemology - insights gained from this study may not be unique, but they might contribute to the growing body of knowledge dealing with the impact of communication technology on Communication Management practices, as well as providing ideas for further research.

(vi) The text of this study will be open to some interpretation by readers, while the researcher does not impose any specific political views on the study.

2.2.1.2 Reflective paradigm

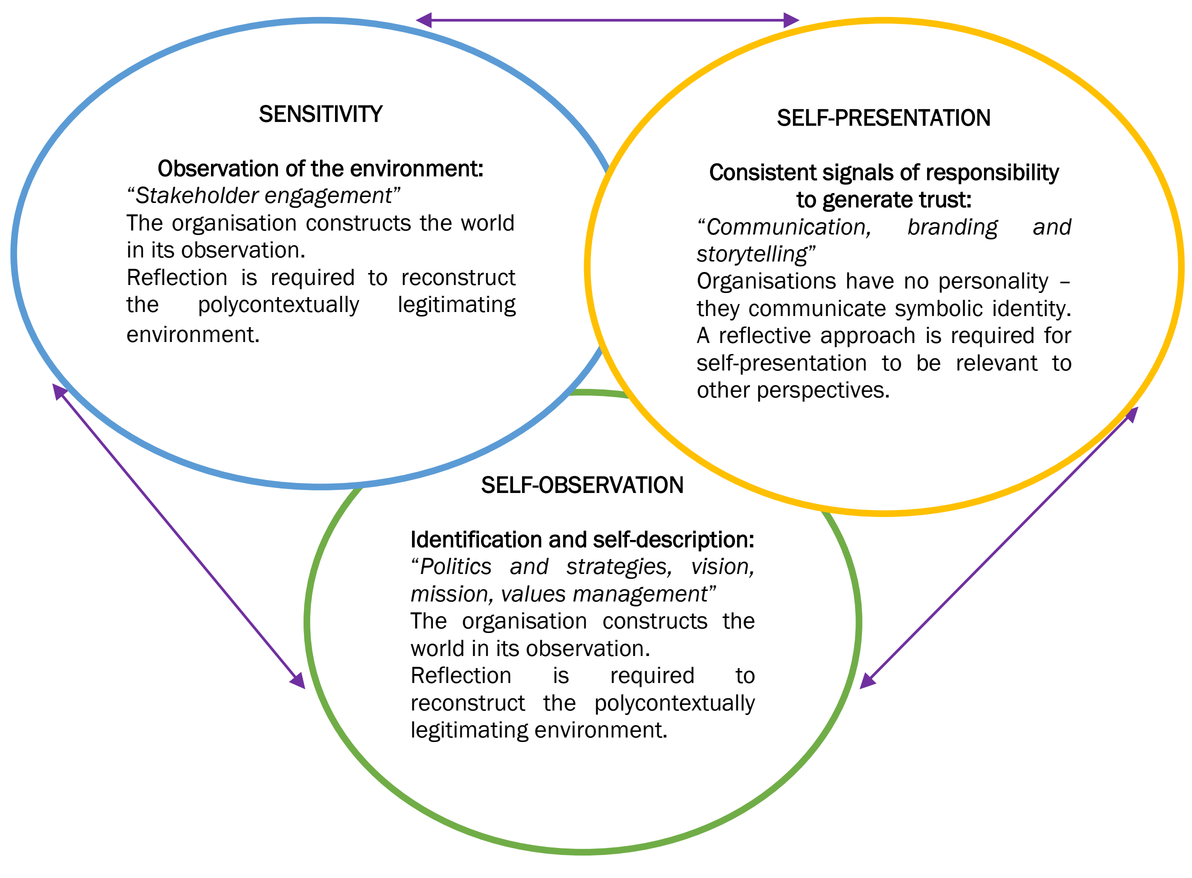
The second paradigmatic position of this study requires a process of reflection by organisations. Holmström and Kjaerbeck (2007:1-2) (figure 2.4) contend that the reflective paradigm relies on a critical consideration of how meaning is produced and the "social filters through which our perceptions of reality are constructed".

The same authors contend that such filters are clear during communication and that meaning is actually only derived from the "own horizons" of communicators, which are limiting. When defining them from this perspective, social systems can be regarded as "closed systems". Based on the view of Luhmann (quoted in Holmström and Kjaerbeck, 2007:2-3) that systems theory cannot refer to linear causality or the adjustment of an environment, but only of a social system, the interdependent relationship between an organisation and environments is the focal point.

In addition, Holmström and Kjaerbeck (2007:3-4) explain that organisations can only be regarded as reflective when all three related functions (sensitivity, self-observation and self-presentation) are pursued. Such a "reflective perspective" focuses on integrating the three reflecting functions within organisations so as to help organisations legitimise their status within the social system(s) within which they operate.

Reflection ought to be a strategic process, embedded in organisational values and processes. This philosophical and pragmatic requirement is incorporated into the Stockholm Accords (2010), the Barcelona Declaration of Measurement Principles (2010) and Melbourne Mandate (2012), which all sought to refine the scope and nature of communication management.

Figure 2.4
The reflective organisations - the synthesis of three reflective functions



Source: Holmström and Kjaerbeck (2007:4)

The question of whether organisations steer their communication management efforts to engage society from an integrated perspective of sensitivity, self-observation or self-presentation, is central to this study. What society at large or specific stakeholders think about an organisation (its reputation) in the postmodern era, is increasingly expressed through social media (unprecedented speed, reach and a dynamic socially constructed reality) and adds multiple layers to the already complex nature of corporate reputation.

Against this background, the study suggests both propositions and a framework for the management of corporate reputation risk associated with the social media landscape.

2.2.2 Grand theory

Table 2.8 provides a description of the nature of grand theories.

Table 2.8
Definitions: Grand theory

Llewellyn (2003:676)	Grand theorising is done in the world of ideas rather than the world of practice. It is concerned with structural, impersonal, large-scale and enduring aspects of the social realm, e.g. social institutions, culture, class hierarchies and the distribution of power and resources. These meta-narratives are formulated at a high level of generality and reflects ideas arrived at by thinking through issues and relationships in an abstract way – rather than being derived from empirical research.
Morse and Field (2002:5)	Grand theory attempts to explain a broad generalised phenomenon. As a result the constructs tend to be abstract but the power of explanation is increased.

The grand theory selected for the purpose of this research is the dialogic theory of communication management, as conceptualised by Kent and Taylor (cf. 2002). Dialogue is central to both the critical theory and postmodern paradigms in the field of communication management and has been described by Botan (quoted in Kent and Taylor, 2002:24) as "elevat[ing] publics to the status of equal to the organisation".

The inherent risks of one-way communication are well known: (i) the intense coordination and management efforts required and (ii) the illusion that the organisation can control a message among and within stakeholder group (Crane and Livesey, 2003:40).

According to Kent and Taylor (2002:21) much confusion had existed about dialogue in communication management since scholars used "dialectic", "discourse" and "process" inconsistently. The essence of the dialogic approach is "building, nurturing and maintaining relationships with all stakeholders" (Ledingham and Bruning, 2000). This signals yet another departure from the modernist notion of merely "managing [manipulating] publics and public opinion" (Kent and Taylor, 2002:23). The same authors do not claim that dialogue guarantees ethical behaviour or outcomes.

Bendell (2003:56-58) further differentiates between the following motives for dialogue, i.e. (i) manipulation, (ii) therapy. (iii) information, (iv) consultation, (v) placation. (vi) partnership, (vii) delegation and (viii) democracy.

A better understanding of dialogic stakeholder engagement further requires differentiation between two types of dialogue. Monologic dialogue refers to situations in which stakeholders have no other stake than airing their views – a superficial application of dialogue. Self-interest and the alignment of stakeholders to the corporate position drive monologic dialogue. Therefore, this type of dialogue puts the sincerity of organisational efforts at risk (Crane and Livesey, 2003:47-48).

Genuine dialogue, on the other hand, refers to a dialogue in which "questions of interest and representation are constantly negotiated" (Crane and Livesey, 2003:47). Such dialogue further (i) serves as a means to stakeholder independence and collaborative problem solving; (ii) considers the high degrees of power/influence of stakeholders; (iii) can occur once relationships have morphed into alliances; (iv) requires parties to be open to the transformative effects of the communication; and (v) relies on the co-creation of meaning vs. a superficial exchange of ideas (Crane and Livesey, 2003:48-49).

The value of genuine dialogue thus lies in the fact that tensions between parties can be diffused. However, Crane and Livesey 2003:50-51) also explain inherent risks of genuine dialogue: (i) the potential for cacophony vs. clarity, (ii) identity fragmentation and (iii) decision making paralysis.

Macro level dialogue may seem to run counter to micro level dialogue and complicate decision making, while it may also affect the manner in which internal stakeholders identify with the organisation. Internal and external stakeholders may further be confronted by fragmented components of a corporate identity through the increased number and level of conversations. Finally, modern organisations may not cope with the open-ended nature of genuine dialogue since their dominant orientation depends on certainty and control.

The reasons for a two-way dialogue cited by Crane and Livesey (2003:46-47) echo the position of the study: (i) symmetrical forms of communication are more ethical and achieve organisational goals more effectively; (ii) it offers the best possible solution for managing complex issues in the contemporary society; and (iii) it represents the shift in paradigm from confrontational to collaborative modes of relationship management.

This grand theory is regarded as appropriate for this study since it emphasises relationship building efforts and the co-creation (symbiotic) of meaning – central concepts associated with social media within communication management efforts, as illustrated through the research by authors like Matthee (2011). A dialogic orientation does not refer to the literal interpretation of only two parties involved in the creation of meaning. This orientation emphasises the fact that one-sided communication and reputation efforts in the era of social media does not exist.

2.2.5 Interdisciplinary focus

The research phenomenon, reputation risk in relation to the social media landscape, can be investigated from a multitude of academic disciplines:

(i) Media studies provides insights regarding the evolution of social media technology and the psychology of social media behaviour

(ii) Marketing emphasises brand management and the risk to brand value.

(iii) Business management provides the context of (a) business-society relationships and corporate philosophies to enhance corporate social performance through governance practices, as well as (b) principles of strategic management.

(iv) Auditing explains the context of measuring and developing systems to deal with a wide range of risk factors through enterprise risk management.

(v) Communication management highlights the strategic management of reputation as an asset and conversely the potential impact of reputation damage. Strategic integrated communication and crisis communication are related areas which have a direct bearing on managing reputation risks.

By virtue of the disciplinary focus of this thesis, the focus narrows to communication management and auditing for specific theories and models/frameworks through which the research question can be understood and which could lead to principles organisations can use for developing management frameworks to navigate reputation risk related to social media.

2.2.6 Specific theories

Table 2.9 provides a description of the nature of theory.

Table 2.9 Definitions: Theory	
Llewelyn (2003:664)	An ordered set of assertions about generic behaviour or structure assumed to hold throughout a significantly broad range of specific instances. As the range of specific instances becomes broader, the resulting ideas are more deserving of the label theory.
Wood (2004:259)	Theories share the goals of describing, explaining and understanding or predicting phenomena.

Kent and Taylor's (2002:20-24) conceptualisation of a dialogic theory of public relations emphasised the ethical ideal of two-way interaction between organisations and stakeholders. This approach signalled a move away from the monologist approach of corporate dominance in which 'strategic communication' is often utilised. Competing interests, trust, risk and vulnerability characterise interactions between participants (organisations and stakeholders) and any party can potentially be manipulated. Greater symmetry in such interactions and an emphasis on the quality of relationships between these participants would be more ethical.

The dialogic approach is based on by five tenets, each with a sub-set of inherent characteristics and/or requirements. First, mutuality consists of, (i) collaboration and (ii) a spirit of mutual equality. Second, propinquity consists of (i) immediacy of presence, (ii) temporal flow and (iii) engagement.

Third, empathy consists of (i) supportiveness, (ii) communal orientation and (iii) confirmation. Fourth, risk consists of (i) vulnerability, (ii) unanticipated consequences and (iii) recognition of strange otherness. Finally, commitment consists of (i) genuineness, (ii) commitment to conversation and (iii) commitment to interpretation (Kent and Taylor, 2002:25-29).

These principles are also found in Aula and Heinonen's (2016) dialogic approach to corporate reputation management, which serves as a normative framework.

2.2.7 Specific models

Various models and frameworks, which focus on (i) ERM, ((ii) reputation risk and (ii) social media crises both help to clarify elements of the research phenomenon and provide guidelines for best practice. Since these models and frameworks are discussed in great detail in Chapters 3, 4 and 5, they are only listed in the meta-theoretical framework (table 2.10). The table below contains a description regarding the nature of models.

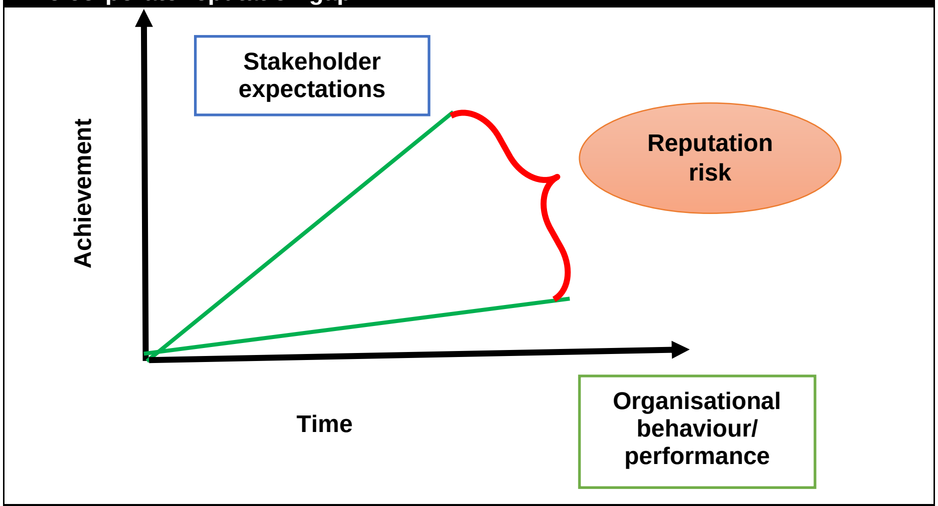
Table 2.10
Definitions: Model

Cooper and Schindler (2008:48)	A model is not an explanation; it is only the structure and/or function of a second object or process. A model is the result of taking the structure or function of one object or process and using that as a model for the second. When the substance, either physical or conceptual, of the second object or process has been projected onto the first, a model has been constructed.

2.2.8 Key concept

Corporate reputation risk refers to a gap between stakeholder expectations and corporate performance (actions) (figure 2.5).

Figure 2.5
The corporate reputation gap



Sources: The Conference Board (2007), Honey (2009:76) and Martin, Gollan and Crigg (2011:165)

Honey (2009:5-7) posits that reputation risk (damage) is most often the result of unintended consequences and that organisations seem to ignore the volatility of reputation at their peril: “Stakeholders ultimately judge organisations by their behaviour and not their claims or promises.”

However, it is important to understand that stakeholder expectations are not static, are subject to influences such as media, market knowledge and competitor claims and are likely to increase over time (Honey, 2009:23; Martin *et al*., 2011:165-6).

In addition, Honey (2009:19) emphasises the fact that reputation damage cannot be priced in strictly financial terms. It is much rather “an emotional expression of value reduction which impacts over time” and involves the loss of trust (Honey, 2009:19).

Aula (2010:44) further describes reputation damage as “the loss of competitiveness, positioning, trust and loyalty of stakeholders, complex media relations, the legitimacy of operations and sometimes the license to operate”. Most recently Aula and Heinonen (2016:144) cautioned organisations regarding the potential impact of reputation damage in terms of an organisation’s ability to pursue strategic goals – it should be a priority and thus managed at the highest organisational levels.

Aula and Heinonen (2016:1159) and Honey (2009:17 & 23-28) further emphasise the cost of corrective actions to address any of the other aforementioned consequences. Similarly to all reputation risk incidents not all being equally severe, the corrective actions also vary in terms of time, effort and cost. For the most part these recovery costs are viewed in financial terms.

The operational definition of reputation risk developed for this study:

Corporate reputation risk refers to any gap between the expected and eventual corporate performance in to societal norms and regulations that may have short, medium or long term negative financial and/or non-financial consequence(s) for the organisation.

2.3 CONCLUSION

Understanding the meta-theoretical positioning of the study provides greater clarity to the researcher regarding the nature of the research question and operational definitions. A better appreciation of the underlying philosophies related to organisational realities related to the research question also helps the researcher discern between theoretical solutions proposed in the relevant literature.

The guiding paradigm of this study is multi-layered, but the reflective perspective is regarded as a normative ideal for all organisations which intend to manage their reputations properly. This approach also guides the next three chapters in exploring various pertinent issues and frameworks pertaining to ERM, corporate reputation and social media crisis management respectively.

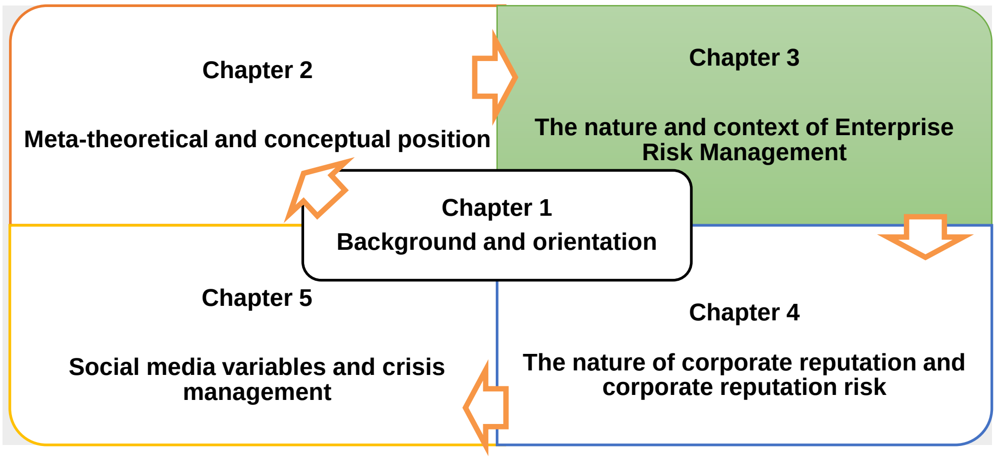
Chapter 3
The nature and context of Enterprise Risk Management

3.1 INTRODUCTION

Organisational efforts pertaining to risk management have changed dramatically over the previous six decades since it became a recognised field of study. The underlying premise of risk management is to protect an organisation against incidents that can have catastrophic consequences. Ensuring that an organisation can pursue its strategy is the most critical consideration. The specific approach organisations follow for ERM depends on their orientation towards governance, the prioritisation of risk, risk auditing and reporting, compliance, as well as board expectations.

Figure 1.3 illustrates the fact that Chapters 3, 4 and 5 form the theoretical foundation of this study. Chapter 3 further establishes a pattern for Chapters 4 and 5 in terms of focal points and level of analysis. Since all three theoretical chapters are required for a firm grasp of the phenomenon of corporate reputation risk in relation to the social media landscape, reading each can be compared to adjusting the end of a kaleidoscope.

Figure 3.1
Chapter 3 in relation to the first half of the study



3.2 A SNAPSHOT OF THE CURRENT GLOBAL RISK ENVIRONMENT

The WEF GRR (2017) describes the world as becoming increasingly volatile, complex and ambiguous. Organisations thus need to be future oriented in anticipating the global, local and industry risks that may affect them.

In this spirit Taleb (2010:xxiii) questions the practice of considering the known past to try and predict an unknown future. Individuals who function accordingly will most likely rely on certainty (what can be computed and the known) and thus ignore the unexpected. Ignoring unknown risks can have devastating consequences, but too many experts often simply "do not know what they do not know".

Catastrophic events then occur seemingly "out of the blue" and are likened to that of the black swan phenomenon (Taleb, 2010:xxi-xxix). Conventional wisdom held that all swans are white until black swans were observed for the first very time. Using this analogy, he thus pleads for the inclusion of the black swan category of risk to current thinking. Such events are tied to both (i) low predictability and large impacts and (ii) high probability and non-occurrence.

3.2.1 Dynamics of the global risk arena

The omnipresence of risks led to different streams of thought. Several assessments and predictions regarding the current and future global risk landscape articulate a "doom and gloom" perspective. Cleary and Malleret (2007:6-9) questioned whether the world of the early 2000's was riskier than before, while Taleb (2010:225) observed that "we have never before lived under the threat of a global collapse".

In addition, Kantabutra and Avery (2011:32) contend that "business leaders are facing a new world in many ways, with problems ahead that affect the very viability of the planet – food and water shortages and scarcity of vital energy and resources needed in production and distribution. Other challenges affect the viability of organisations: a global talent shortage, customers and communities expecting more ethical behavior and care from business and increasingly risk-averse lenders and investors."

Furthermore, the pendulum seems to swing between two extremes in the global risk arena, i.e. economic growth, trade liberalisation and globalisation vs. protectionism and "a renewed focus on what is better for most of us vs. a few of us, as well as for the long term vs. the short term" (Champniss and Rodé Vilà, 2011). Recent political rhetoric and elections results in Europa and the United States have proven this pendulum swing.

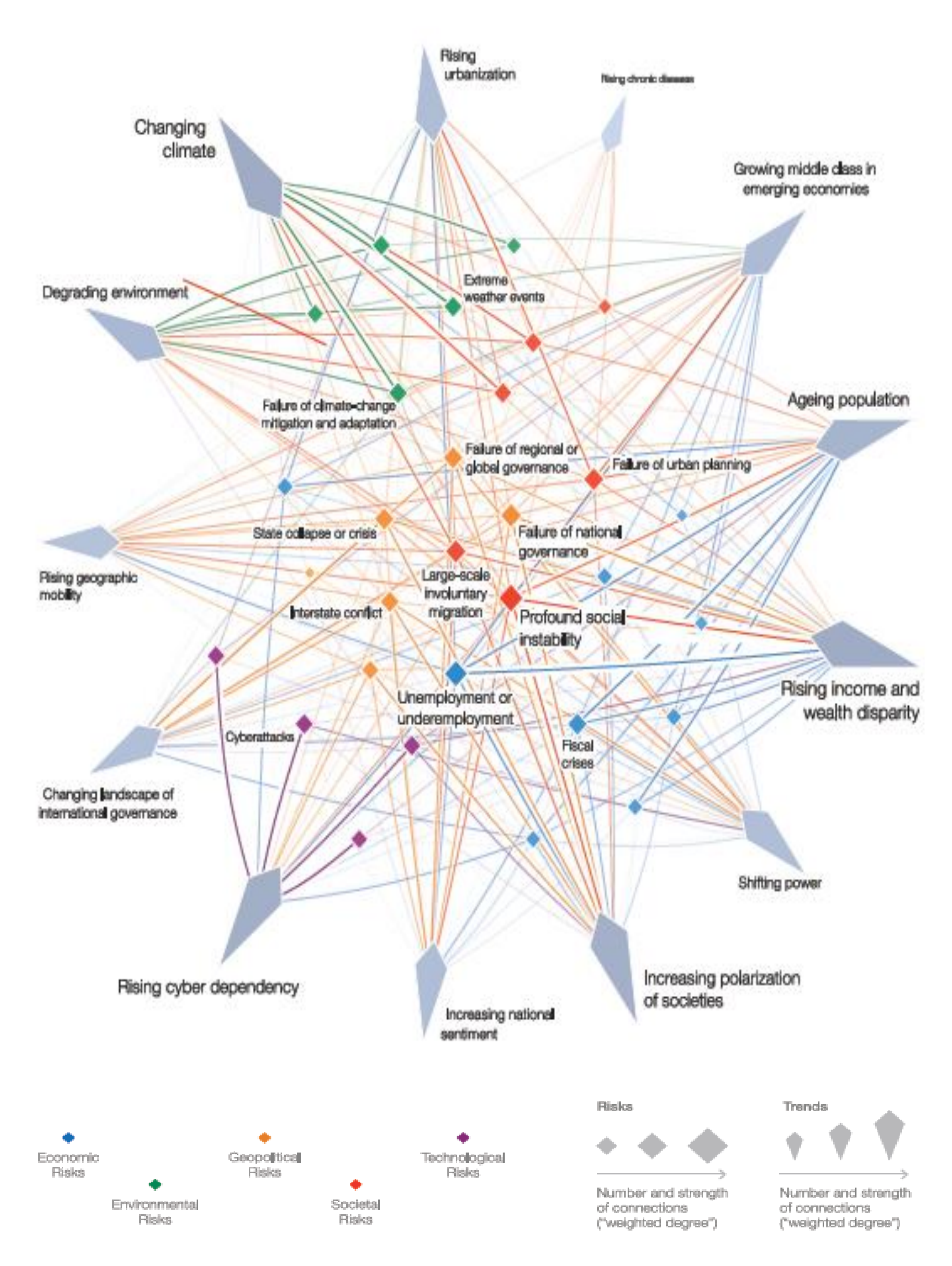
While the aforementioned descriptions may induce overwhelming panic, systematic analysis of the different risk arenas is possible. The WEF GRR (2017) offers insights into how risks are connected globally and the likelihood of those risks turning into major crises. The most important risk interconnections identified by the WEF GRR (2017), as depicted in figure 3.2, are listed below:

- (i) Unemployment and underemployment - Profound social instability
- (ii) Large-scale involuntary migration - State collapse or crisis
- (iii) Failure of climate-change mitigation and adaptation - Water crises
- (iv) Failure of national governance - Profound social instability
- (v) Interstate conflict with regional consequences - Large-scale involuntary migration

Four examples illustrate the interconnectedness and impact of the aforementioned risks in real terms. First, the ongoing migrant crisis from the Middle East (mainly Syria) and Africa to Europe is well documented (The Prisma, 2017). Tolerance for newcomers to parts of Europe is decreasing, which sparks racial tensions and social unrest (United Nations Regional Information Centre for Western Europe, 2017). Racism and fear of religious extremism and related terrorism drive such intolerance. Some governments are trying to stem the tide by returning boat loads of people to countries of origin (Reuters, 2017).

A recent international news headline highlighted the plight of migrants and sparked international outrage as it underscored the desperate conditions of people in limbo. African migrants (mostly Nigerian and Moroccan) who chose Libya as an escape route, were filmed as they were auctioned off at a slave market run by Libyan Arabs (Quackenbush, 2017).

Figure 3.2
The 2017 risk-trends interconnections map



Source: WEF GRR (2017)

Second, migration tied to state failure often occurs without major news headlines, as is the case with millions of Zimbabweans having migrated to bordering countries like South Africa. Although widely applauded as a step in the right direction, the recent change in political leadership will not lead to the immediate reversal of economic circumstances or migration patterns (Montsho and Nkosi, 2017).

Third, youth unemployment plagues emerging economies like South Africa and contributes to prevailing social unrest (Peyper, 2017). The South African economy is growing at a pace of around 2% per financial quarter in 2017 (Omarjee, 2017), while pessimism about the value of post-school education is growing. Increasingly unemployed graduates complain about the lack of job prospects (Mngoma, 2016).

The country also carries a natural burden of being water scarce. The recent drought (2015 - 2017) hampered the growth of the agriculture and related sectors (Latham, 2017; Saal and Cowan, 2017).

The drought has reached a critical stage in the Western Cape Province. Dams serving Cape Town (provincial capital and one of the biggest tourist attractions) are at critically low levels and severe water restrictions apply to all residents of the region. Speculation is rife about the city's "Day Zero" water crisis plans (De Klerk, 2017).

The failure of multiple South African state-owned enterprises (SEO's), the loss of credibility of the previous president (criminal and corruption charges, as well as accusations about his role in State Capture), weak economic growth prospects for the immediate future and social unrest as a result of slow service delivery contribute to perceptions of failure in terms of governance principles. Rating agencies (e.g. Standard and Poor, Moody's) play an important part in the reputation of the country in terms of investor confidence, which in turn, affects the employment prospects for millions. Their outlook on investment is rather pessimistic and led to recent downgrades. Conversely, optimism is linked to the prospects of changes following the transition to a new president and the 2019 national elections (Donnelley, 2017).

Finally, other regions like Somalia, Libya, Syria, where governments have been labelled as “failed states” and where regional or interstate conflicts are rife, the outlook is far more pessimistic and leads to involuntary migration (Forced Migration Review, 2017; Forced Migration, 2017).

Since this study requires a deeper understanding of both the economic and technological risk arenas, the next two sections focus on these aspects in relative detail.

3.2.2 Economic risks as a focus area

The anti-corporate narrative of the last fifty years is arguably one of most complex issues organisations have to deal with in the economic cluster of risks. A brief historic view is necessary to understand the economic risk factors highlighted by the WEF GRR 2014 and 2017.

Whereas the nation state held political power prior to World War II, the growth of transnational trade, privatisation and deregulation afterwards, created the conditions in which “capital moved freely around the world, as traders sought to maximise the value of their investments” (Roper, 2002:114). Neo-liberalism emerged and served as the driver of globalisation of industry and the “ascendance of capital to the point of dominance in most Western democracies, as well as many developing countries” (Roper, 2002:115). These conditions brought about the imbalance of power between governments, business and civil society (Van Tulder and Van der Zwart, 2006).

A key element of the neo-liberal ideology is the way in which individuals were viewed as consumers who are “dependent on business for products, jobs and welfare”. Critics of this ideology distrust the idea of stakeholders and governance – these terms take away the focus and power from citizens “to collectively confer or deny legitimation to governing bodies”. The list of corporate transgressions that fuel anti-trust sentiments include the disregard for human and labour rights, public health and environmental issues in relation to food production, negative environmental consequences and regulations pertaining to employment and work conditions (Roper, 2002:115-116).

In addition, Karagianni and Cornelissen (2006:169-170) argue that anti-corporate movements had become increasingly sophisticated. The scope of ideology and goals, as well as the type of corporate targets determine the classification of movements:

(i) Corporate watchdogs (reform oriented, radical/anti-corporate)
(ii) Reformers (reform oriented/issue-specific)
(iii) Visionaries (radically oriented/issue-specific)
(iv) Small boxers (in favour of retaining of old norms/anti-corporate)
(v) Reservers (in favour of retaining of old norms/issue-specific)

This typology confirms the argument that "activists are rarely sandal-wearing extremists… [ ] … they have money and are well connected, often with sophisticated cross-border links" (Regester and Larkin, 2008:10).

Globalisation has been equally unpopular. According to O'Callaghan (2007:96) "with globalisation, once beneficial corporations and financial institutions have been transformed into instruments of market tyranny that is extending their reach across the planet like a cancer, colonising ever more of the planet's living spaces, destroying livelihoods, displacing people, rendering democratic institutions impotent, and feeding on life in an insatiable quest for money."

The "Occupy" movement which emerged in 2011 in reaction to the most recent global financial crisis articulated all of the aforementioned sentiments. It also pleaded for social justice in terms of how organisations conduct themselves. Social unrest (in which anti-corporate and anti-government sentiments are central to rhetoric) of recent years and include voices of the Occupy movement, reflect the anger of people who feel the impact of economic, geopolitical and social risk factors, as predicted by the WEF GRR (2014). (These factors appear in table 3.1.)

It would be relatively easy to argue that populations from emerging economies are the only ones deeply affected by the aforementioned risk factors. However, the discontent of millions of UK and American citizens, the prominence of anti-globalisation, anti-government and anti-corporate rhetoric in the Brexit vote and 2016 presidential elections, disprove this notion. Since the publication of the WEF GRR (2017), warnings about the aforementioned have come to fruition.

Table 3.1
Social, economic and geopolitical risks and trends

Economic	Geopolitical	Social
Fiscal crises in key economies Failure of a major financial mechanism or institution Liquidity crises Structurally high unemployment/under-employment Oil-price shock to the global economy Failure/shortfall of critical infrastructure Decline of importance of the US dollar as a major currency	Global governance failure Political collapse of a nation of geopolitical importance Increasing corruption Major escalation in organized crime and illicit trade Large-scale terrorist attacks Deployment of weapons of mass destruction Violent inter-state conflict with regional consequences Escalation of economic and resource nationalization	Food crises Pandemic outbreak Unmanageable burden of chronic disease Severe income disparity Antibiotic-resistant bacteria Mismanaged urbanization (e.g. planning failures, inadequate infrastructure and supply chains) Profound political and social instability

Source: WEF GRR (2014:13)

At the same time emerging economies flex their muscles through groupings that can present their agendas to the rest of the world. Such groupings include BRICS (Brazil, Russia, India, China and South Africa) and regional free trade zones. The WEF GRR (2014:28) claims that four BRICS members now rank among the top 10 economies in the world. China is expected to hold the top position in terms of purchasing power within the next decade. Elsewhere in the world, economists predict a dramatic slowing down of growth in China in the immediate future. On the African continent Nigeria's economy has surpassed that of South Africa's in terms of size, as was predicted in 2014.

The WEF GRR (2017:11-13) further describes the most recent global economic risks in relation to prospects for growth and reform. The top five trends that determine global development are (i) rising income and wealth disparity; (ii) changing climate; (iii) increasing polarisation of societies; (iv) rising cyber dependency; and (v) an ageing population.

Addressing these risks would require complex and nuanced solutions. The WEF GRR (2017:11) suggests that global efforts would need to focus on (i) greater solidarity in long-term thinking about market capitalism; (ii) revitalising global economic growth; (iii) recognising the importance of identity and inclusiveness in healthy political communities; (iv) mitigation of the risks and pursuing the opportunities of the Fourth Industrial Revolution (4ID); and (v) strengthening systems of global cooperation.

3.2.3 Technological risks as a focus area

Pundits often refer to social media as a 22nd century risk. Social media rose to prominence over the last decade and represent just one area of possible risk within the landscape of technology.

Already in 2006 the erstwhile Cyveillance warned against the negative potential of cyberspace applications. These included (i) phishing, pharming, identity theft; (ii) information leaks and insider threats; (iii) executive threats; (iv) corporate brand abuse; (v) online credit card fraud, (vi) grey market distribution and counterfeiting; (vii) partner policy violations; (viii) corporate policy non-compliance and (ix) operations security.

The WEF GRR (2014:13) also warned against (i) massive incident of data fraud/theft; (ii) breakdown of critical information infrastructure and networks, as well as (iii) escalation in large-scale cyber-attacks. Between 2015 and 2017 many financial and institutions and retailers have fallen victim to these problems.

The WEF GRR (2014:10 & 39) refers to digital disintegration when listing three factors. First, it is far easier to launch any form of cyber-attack (e.g. hacking, data wars, fraud and adversarial campaigns via social media) than it is for organisations to defend themselves or to retaliate since “an attacker needs only to find a single way through defences at a single point in time, while the defender must defend all vulnerable points forever – increasingly threatens to undermine that resilience.”

Second, experts speculate about what disruptive technology may come along to give attackers a massive advantage in what is referred to as “Cybergeddon” – the battle between the defenders and attackers. The Internet could become mostly hostile and of little value for future generations. Cyber attackers have the advantage and “the world will not be able simply to secure, risk-manage or information-share its way out of this situation to tip the balance of advantage towards defenders” (WEF GRR, 2014:40).

The same report calls for global stakeholders to urgently think far beyond “bigger budgets, more information-sharing or regulations” to tip the scale in favour of the defenders.

Third, questions about the governance of the Internet and the consequences thereof on a global scale persist (WEF GRR, 2014:10 & 39). Incidents of national security agencies being invasive have portrayed some governments as cyber aggressors against citizens and "outpaced the adaptive ability of the world's governance response." Governance approaches will have to change, which could have a profound effect on the value that society could and should expect from the Internet in a more hyper-connected world.

Large scale incidents of hacking occur despite preventative measures by governments and corporate entities. Privacy and security concerns are most often cited when preventative measures are implemented. "However, although online espionage and crime remain daily issues, cyberspace has so far been resilient to truly disruptive infrastructure attacks, those that could break systems or societies and not just pilfer information" (WEF GRR, 2014:38).

A rather unorthodox approach to the cyber risks emerged in the form of insurance companies that focus exclusively on these matters. Since insurance companies underwrite events with a high degree of uncertainty "they could very well expand their services once standardised methods to capture and account for risks at the enterprise level are available" (WEF GRR, 2014:41). Governments that either banned prominent social media platforms or created state-owned alternatives to avoid large scale anti-establishment campaigns, are not new. But protectionist government interference could affect global trade relations adversely (WEF GRR, 2014:41).

Conversely, the WEF GRR (2014:41) is one of the first to suggest that the gap between viewing the world as a digitally connected place (a positive perspective) and the level of fear of any cyber risks (a negative perspective), should perhaps be closed. Suggestions for how this could happen include:

(i) The documentation of the full range of potential vulnerabilities associated with cyber risks.

(ii) Increased research about the impact of cyber risks on both country and corporate levels, e.g. national competitiveness, GDP and growth at country level vs. stock price and reputation at corporate level.

(iii) The development and refinement of methodologies to measure and calculate the financial cost of these risks.

(iv) Dealing with such risks at an enterprise level as a part of ERM practices.

In addition, Downes and Nunes (2014) describe the current technological environment as the springboard for the disruption of nearly every previous business convention. The WEF GRR (2017:43-47) described the Fourth Industrial Revolution (4IR) technology risk landscape as posing challenges to governments and requiring proper governance measures.

While emerging technologies (such as those listed in table 3.2) have the potential to disrupt established business models, people often think of such disruption in terms of dramatic moments and this miss the “quiet and gradual revolution” (WEF GRR, 2017:43). The list of key emerging technologies represent the scope of this revolution.

A critical consideration in terms of understanding the technological risk landscape is the need for or absence of human control, as suggested in table 3.2. According to the WEF GRR (2017:48-51) levels of concern regarding governance in relation to Artificial Intelligence (AI) development are very high. In this context, governance refers to the “rules, norms, standards and/or institutions that allow stakeholders to take effective decisions that maximize the benefits and minimize the negative consequences of a technology” (WEF GRR, 2017:67).

AI is rapidly advancing from standard applications (e.g. processing Big Data) to decision-making which require cognitive services (e.g. TextRunner that searches documents and draws its own conclusions) and the ability of a system to teach itself (turning into superintelligence) (WEF GRR, 2017:46). Unlike the field of biotechnology (which is highly regulated), the AI field has no clear policies for the governance of research and development. If the rapid development of technology continues without at least moral regulations, AI could pose serious threats (WEF GRR, 2017: 46 & 51).

Table 3.2 Key emerging technologies 2017	
3-D printing	Innovations in printing using various types of materials to move beyond prototyping and towards increasingly distributed manufacturing and medical applications that range from a greater use of technologies such as contour crafting in construction to the opportunity to develop printed biological materials, such as organ tissues, bone and muscle.
Advanced and nanomaterials	Innovation in chemistry and physics resulting in the creation of new material substances, smart materials, 2D materials and other breakthroughs in properties and fabrication ranging from thermoelectric properties and shape retention to magnetic and mechanical functionalities.
Artificial intelligence and robotics	Advances in automated processes ranging from manufacturing to driverless vehicles and automated knowledge work, enabled by highly competent cyber-physical systems and machines that can substitute for human beings to complete various tasks most often associated with thinking, multitasking and fine motor skills.
Biotechnologies	Innovations in genome editing, gene therapies, and other forms of genetic manipulation and synthetic biology resulting in additions to the registry of sequenced species of animals as well as human DNA, the creation of previously non-existent organisms and modifications to microbes and organisms for medical, agricultural and industrial applications, including integrating them with electronic and computing advancements.
Energy capture, storage and transmission	Breakthroughs in energy technologies, including advanced batteries and fuel cells orbiting solar arrays, tidal energy capture, wind and bioenergy, as well as advances in nuclear fusion containment, smart grid systems, wireless energy transfer and increased fuel cell fabrication efficiencies.
Blockchain and distributed ledger	Developments in cryptographic systems that manage and verify distributed transaction data on a public ledger, increasing transparency and securing an immutable record for application to cryptocurrencies such as bitcoin as well as for verification of varieties of transactions across industries, especially in financial technologies (FinTech).
Geoengineering	Creation and development of technological processes that intercede in the Earth’s geological and climatic systems, ranging from land reclamation to atmospheric seeding in order to influence weather patterns or remove carbon dioxide.
Ubiquitous linked sensors	Proliferation and ubiquitous presence of linked sensors, also known as the “Internet of Things”, combined with sophisticated large-scale data analytics that will connect, track and manage physical products, logistics systems, energy grids and more by sending and receiving data over widespread digital infrastructures.
Neurotechnologies	Creation of new methods for insight into and control of, the functionality and processing dimensions of the human brain, allowing for the ability to read, influence and communicate brain activity through various secondary technological dimensions such as smart drugs, neuroimaging, bio-electronic interfaces, machine-brain interfaces and brainwave decoding and manipulation.
New computing technologies	Innovations in materials and assemblages used to process or store digital information, such as centralized cloud computing, quantum computing, neural network processing, biological data storage and optical computing, including new software development, cryptography and the cybersecurity processes associated with each.
Space technologies	Technologies that can be used in space that will increase the ability of both public and private entities to access, explore, and create new forms of value such as microsatellites, reusable rockets, integrated rocket-jet engines, optical and imaging technologies, sensor developments, resource exploitation, laser and communications technologies, space exploration and habitat developments and techno-scientific breakthroughs that are transferable to the marketplace.
Virtual and augmented realities	Development of sophisticated immersive virtual environments that can range from heads-up displays and holographic readouts to fully mixed digital and physical environments and complete virtual worlds and interfaces.
Source: WEF GRR (2017:43 & 64)	

3.3 KEY COMPLEXITIES OF THE ENTERPRISE RISK MANAGEMENT LANDSCAPE

ERM has become much more sophisticated because of the global emphasis on corporate governance and auditing/reporting. Stakeholders insist on transparency and want assurances that corporate leaders pursue and achieve sustainable corporate strategies by means of, amongst other options, effective risk management practices. The discussion of four related dimensions illustrate the complex nature of the ERM landscape.

3.3.1 The concept of risk

Risk a multi-dimensional concept and grew in complexity with time. The first notions of risk management pertained to "hazard risk" (D'Arcy and Brogan, 2001:3). Western thinking about risk emphasises danger, hazard and uncertainly about possible future outcomes. Risk has a different meaning for each individual or organisational role player (irrespective of context), but most feel uncomfortable with a potential loss or negative impact and regarding risk as something which should be avoided at all cost (Cleary and Malleret, 2007:xiii).

Therefore Chicken and Posner (1998:11), D'Arcy and Brogan (2001:2), ISO 31 000 (2009) and Kmec (2011:1504) describe risk as hazards or "actions/issues/situations that can cause harm and which is characterised by uncertainty, dependence, clustering and complexity." Van Daelen and Van der Elst (2010:4) label risk as "a threat to an organisation that reduces the likelihood of that the organisation will achieve one or more of its objectives (positive)."

However, risk also emphasises opportunity. The Chinese ideogram for risk contains two symbols and relies on a symbiotic relationship between threat and opportunity (Cleary and Malleret, 2007:xiii; D'Arcy and Brogan, 2001). This notion finds articulation in risk appetite and related opportunities in the advancement of wealth, reputation and human welfare. "Assuming a calculated risk often translates into a substantial reward for the person who accurately assesses the scale of the risk and see how to shape the future outcome to advantage" (Cleary and Malleret, 2007: xiii).

The King IV Report on Corporate Governance in South Africa (IoD, 2016:16 & 30) also recognises the tension between viewing of risk as purely negative vs. recognising its positive potential. Opportunities may not always arise from current risks, e.g. strategic opportunities which present themselves as the organisation embarks on a strategic journey.

The second characteristic of risk is its future-oriented nature. The future deals with the unknown or "a source of fascination – uncertainty tinged with hope and fear alike" (Cleary and Malleret, 2007:xii).

Finally, risk must be understood in terms of management implications. Risk cannot only be analysed, but must be managed. Risk will thus be transformed into an organisational process with "a standard set of performance activities for risk management, i.e. control frameworks." This perspective on risk counters earlier notions of a risk being "an act of providence" (Van Daelen and Van der Elst, 2010:2-3).

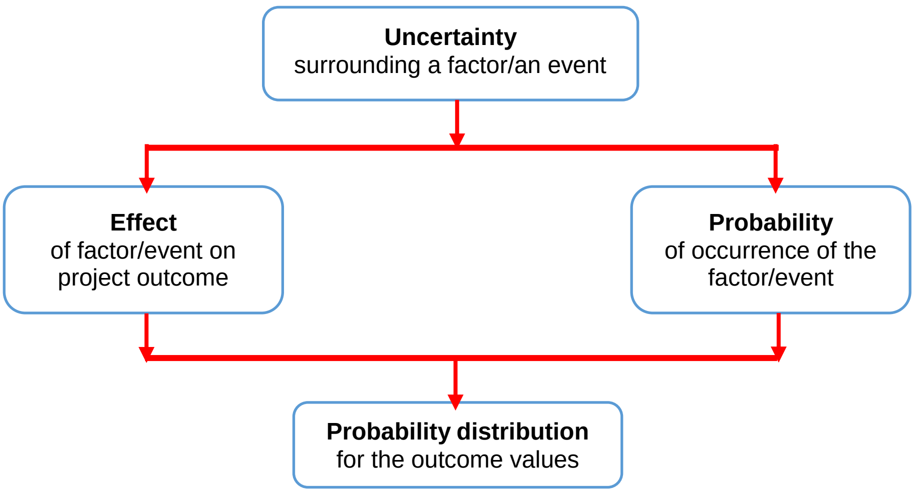
3.3.2 A brief history of risk management

The evolution in risk management thinking led to current ERM thinking. Merna and Al-Thani (2005:31-32) trace the history of risk management back to the first game of chance and fortune (dice) to about 2010 years ago. The first insurance policy against loss was borne out of the shipping industry, while the 18th century brought about insurance companies as people know them today. The 20th century saw probability enter the management sciences and thus the start of formal risk management.

Although 1970-1980's brought financial risk into focus and led to the development of standardised risk management tools, while risk managers could not break away from their pure risk thinking (D'Arcy and Brogan, 2001:7-8). Traditional risk management focused only on financial matters and thus the classification of "pure risks" of loss or no loss. "Speculative risk", related to stock market movements, was not yet a priority. According to Merna and Al-Thani (2005:32) the 1970's saw project risk management rise to prominence, while risk was not widely discussed or applied. However, academics and other experts started to think about the need for a risk management function within organisations.

The 1980's emphasised quantitative analysis and concentrated on the cost-time objectives and project feasibility. Software became an important tool for modelling risk quantification and distribution (both objective and subjective) (Merna and Al-Thani, 2005:33). Figure 3.3 illustrates this conceptualisation.

Figure 3.3
The concept of risk



Source: Merna and Al-Thani (2005:8)

Carrel (2010:3-4), as well as Merna and Al-Thani (2005:33), further observe that as software became more sophisticated, experts insisted that organisations should consider the likely effects of risk responses in quantitative terms. This had to be done for the following reasons:

(i) Estimation of the remaining risk is normally different in different risk scenarios.

(ii) Responses need time and money, thus readjustments to the corresponding schedule require additional cost estimates.

(iii) A correct quantitative risk analysis model needs to include both risks and responses, because without these elements the view of the situation may be distorted.

(iv) A specific response to a risk may bring secondary risks that will not exist in other cases.

Carrell (2010:3-4) argues that the era of the 1990's and beyond was marked by dependence on quantitative models and software to calculate risk likelihood and impact. Value at risk (VaR), which refers to the "statistical assessment of potential losses in the future based on the volatility and covariance of assets in a portfolio" (Carrel, 2010:3), became a prominent concept in this era. It gave most organisations a false sense of confidence "because it provided a modelled prediction of risk exposure" (Carrel, 2010:4).

Against this background Carrel (2010:3) contends that the finance industry became obsessed with numbers during the 1990's, which reduced them to managing data and not risk. Merna and Al-Thani (2005:33) further differentiate between two prescriptive approaches of this era:

(i) A simple generic risk management process of (a) identification, (b) assessment, (c) response and (d) documentation.

(ii) The five-phase generic process of (a) process scope, (b) team, (c) analysis and quantification, (d) successive breakdown and quantification, as well as (e) results.

Carrell (2010:5) further argues that the US financial crisis of 2008-2009 resulted, at least in part, from the fact that statistical analyses replaced human judgment - "financial institutions lost sight of their internal balance of risk and value generation in respect of corporate policies desired by shareholders". Taleb (2010:262) refers to this as "iatrogenics" – harm caused by the need to use quantitative models.

The early 2000's saw the evolution of a fragmented approach to risk management to a more holistic approach. Nocco and Stulz (2006:8) emphasise the fact that organisations increasingly considered enterprise, strategic and operational risks and had the choice between managing risks one at a time or within a strategic framework. At the same time risk committees (chaired by a board member), which have an overall responsibility for risk across an entire organisation, rose to prominence. Risk thus moved onto the board's agenda (Merna and Al-Thani, 2005:33; Nocco and Stulz, 2006:20).

The ERM approach emerged in the 1960's and signalled the move away from the silo's within organisations which would report their risk hazards to a treasurer or CFO, as well as the vastly different approaches to such risks within different parts of an organisation (Perrot, 2011).

Under ERM decision-making also changed from involving role players like insurance risk managers (who always tried to control risk) to the CEO and board of directors "who would be willing to embrace profitable risk opportunities" (D'Arcy and Brogan, 2001:3-4). In addition, ERM offers organisations the opportunity of reviewing and dealing with all risks in coordinated and strategic manner as opposed to dealing with risks one at a time (Nocco and Stulz, 2006:8).

3.3.3 Defining Enterprise Risk Management

In similar fashion to the focus areas of Chapters 4 and 5, definitions about ERM provide a summary of the key philosophies and assumptions (table 3.3).

Table 3.3
Definitions for Enterprise Risk Management

Burnaby and Hass (2009:540)	The objectives of enterprise-wide risk management are (i) to develop strategic corporate objectives that are measurable, (ii) to identify risks that would prevent accomplishing the corporate objectives and (iii) to identify controls that would mitigate those risks. Closely linking risk management to strategy is the hallmark of true ERM programmes.
COSO (2017:1)	Every choice we make in the pursuit of objectives has its risks. From day-to-day operational decisions to the fundamental trade-offs in the boardroom, dealing with risk in these choices is a part of decision-making. As we seek to optimize a range of possible outcomes, decisions are rarely binary, with a right and wrong answer. That is why ERM may be called both an art and a science. When risk is considered in the formulation of an organization's strategy and business objectives, ERM helps to optimise outcomes.
Van Daelen and Van der Elst (2010:2)	ERM has evolved into a sophisticated field, with a wide range of roles and responsibilities assigned within organisations to manage systems that require constant monitoring.

These definitions suggest that ERM (i) should be rooted in an organisation's efforts to pursue strategic goals; (ii) is dependent on systematic internal controls; (iii) should involve the board, managerial staff and the rest of the organisation; and (iv) could create a risk culture across the organisation.

While it would be easy to think of ERM in terms of checklists, COSO (2017:3) explicitly warns against this and other of misunderstandings by means of five key statements:

(i) ERM is not a function or department. It is the culture, capabilities, and practices that organisations “integrate with strategy-setting and apply when they carry out that strategy, with a purpose of managing risk in creating, preserving and realising value.”

(ii) ERM is more than a risk listing. It requires more than taking an inventory of all the risks within the organisation. “It is broader and includes practices that management puts in place to actively manage risk.”

(iii) ERM addresses more than internal control. Its principles apply at all levels of the organisation and across all functions, i.e. in encompasses “strategy-setting, governance, communicating with stakeholders and measuring performance.”

(iv) ERM is not a checklist. It is a set of principles on which processes can be built or integrated for a particular organisation. Furthermore, it is a system of monitoring, learning and improving performance.

(v) ERM can be used by organisations of any size. “If an organisation has a mission, a strategy, and objectives—and the need to make decisions that fully consider risk—then enterprise risk management can be applied.” It can and should be used by all kinds of organisations, from small businesses to community-based social enterprises to government agencies to Fortune 500 companies.

3.3.4 Benefits of Enterprise Risk Management

More than a decade ago, Nocco and Stulz (2006:8) already contended that ERM strengthen organisations’ competitiveness and ability to carry out strategic plans because it helps business managers “optimise the trade-off between risk and return.” Cleary and Malleret (2007:75-81) further insist that risk management in the broadest sense help organisations become resilient. Resilience refers to “the ability and capacity of a firm to withstand systemic discontinuities and adapt to new risk environments." Resilience presupposes that an organisation has learnt lessons and adapted in order to avoid future shocks (Cleary and Malleret, 2007:74-75).

Corporate resilience is a prerequisite for the current and future volatile environment. In similar fashion to the WEF GRR (2017), Cleary and Malleret (2007:54) specifically highlight the fact that risk causes and effects are often non-linear, multi-dimensional and calculable. COSO (2017:3-4) further describes six additional benefits of ERM. First, ERM increases an organisation's range of risk opportunities. When an organisation considers both positive and negative aspects of risk it can identify new opportunities and unique challenges, i.e. have a more nuanced interpretation of reality (COSO, 2017:3).

ERM enables an organisation to identity and manage the potential risks throughout the organisation *vis-à-vis* a singular risk factor at a time. When done this way, corporate performance is sustained and improved (COSO, 2017:3). ERM also improves an organisation's ability to identify risks and establish appropriate responses systematically, thus reducing the surprise factor and related costs (COSO, 2017:3).

Thereafter, ERM helps organisations anticipate the risks that would affect performance and prepare for actions needed to minimise disruption and maximise opportunity. This reduces performance variability. Performing either ahead of schedule or beyond expectations "may cause as much concern as performing short of scheduling and expectations" (COSO, 2017:3).

Organisations have finite resources, which are not utilised effectively in the face of uncertainty. ERM helps organisations find the best possible information on the overall resource needs, the prioritisation of resource deployment and resource allocation in relation to risks.

The final advantage of ERM lies in the critical role it plays in interpreting the increasingly complex world on behalf of an organisation. "An entity's medium- and long-term viability depends on its ability to anticipate and respond to change, not only to survive but also to evolve and thrive" (COSO, 2017:4).

The benefits and key concepts highlight the fact that ERM is multi-dimensional - focusing only on a negative or positive perspective on risk will hamper an organisation's ability to contribute effectively to its corporate strategy. An organisation's choice of responses to risks is critical in the process.

3.3.5 The future of Enterprise Risk Management

While this chapter offered some historical insights about risk as a phenomenon and the evolution of ERM, the future is even more important. As such, COSO (2017:7-8) offers some perspectives on future trends. These trends are closely linked to the increasingly complex and volatile world as described by the WEF GRR (2017).

First, the proliferation of data will challenge organisations' ability to analyse the environment speedily. Complex data will emerge at a greater speed from both outside and within an organisation. ERM has to adapt to the new ways in which data will be structured. Analytics and data visualisation tools will evolve and be important in articulating the meaning of risk and potential impact (both positive and negative) (COSO, 2017:7).

AI and automation could be utilised to a far greater extent. ERM should embrace the capabilities of these new technologies to analyse previously unrecognisable relationships, trends and patterns – a critical sources of relevant information regarding the risk environment (COSO, 2017:7).

A third future development is the management of the cost of risk management: According to COSO (2017:7) this may represent one of the best opportunities for ERM to redefine its importance to the organisation. Executives are always concerned about the cost of risk management, related compliance processes and control activities in relation to the value they gained for an organisation. As such, proving how governance and all previously mentioned components of risk management benefit an organisation will become increasingly important.

Finally, organisations should strive to be excellent at integrating ERM with strategy and performance, thus improving their resilience. ERM should help all organisations act early in relation to risks (COSO, 2017: 8).

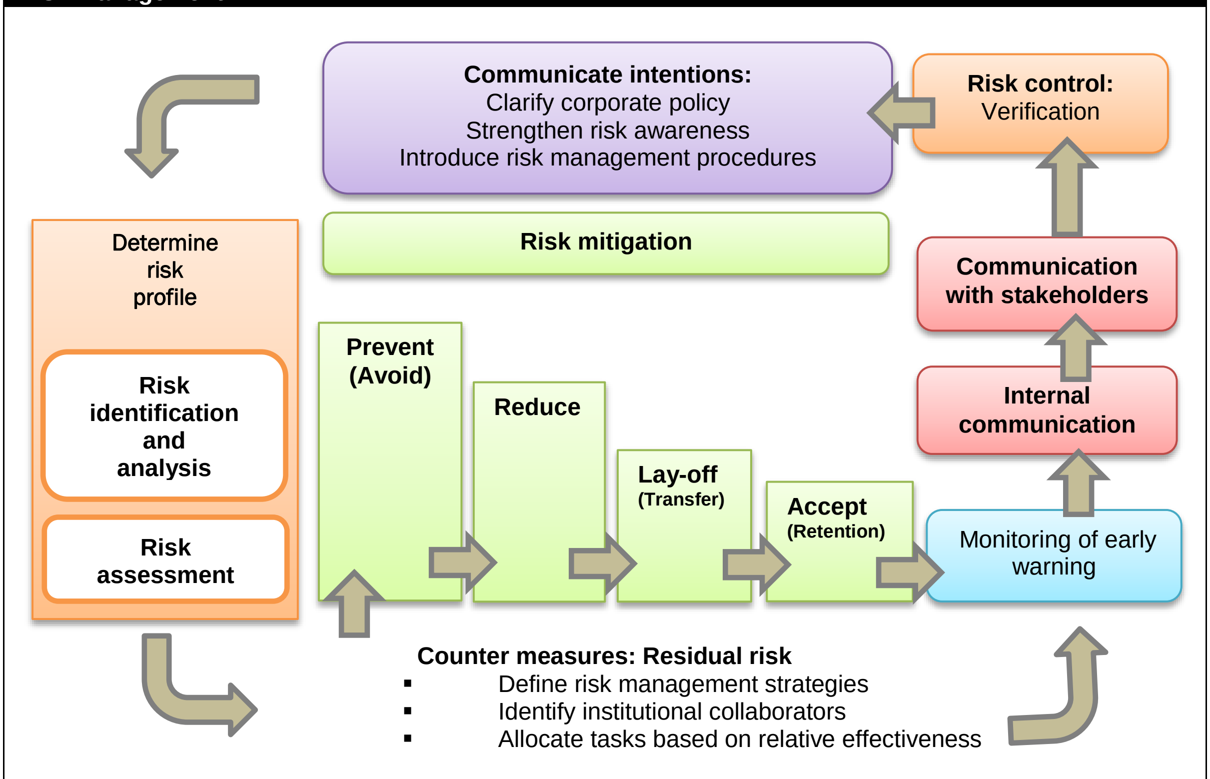
3.4 KEY DIMENSIONS OF IMPLEMENTING ENTERPRISE RISK MANAGEMENT

Earlier sections in this chapter alluded to the scope of ERM. Different authors describe key dimensions of and/or requirements for successful implementation. However, this section serves as precursor to the frameworks/models at the end of the chapter.

3.4.1 A template for Enterprise Risk Management

Cleary and Malleret (2007:41) argue that a coherent ERM system (figure 3.4) serves organisations better than the weak cognitive apparatus of a handful of or a single individual(s). However, they also contend that no fail-safe system exists.

Figure 3.4
Risk management



Source: Adapted from Cleary and Malleret (2007:39 & 143) and Merna and Al-Thani (2005:72-75)

Cleary and Malleret (2007:39-40) describe “a good ERM system” as one in which the board defines the risk appetite, culture and policy of an organisation. This responsibility further includes the heightening of risk awareness of all employees and reviewing of the risk management procedures, which the managerial level had developed.

Determining the organisation’s risk profile is the second step. Estimations about the organisation’s exposure to different types of risks and their potential impact are critical (Cleary and Malleret, 2007:39).

According to Cleary and Malleret (2007:39) the next step is dealing appropriately with the risks organisations are exposed to. The rigour of risk assessment will determine if and how quickly the board and senior management will be informed of risks, which will enable them to decide on whether specific risks (and related risk exposure) are unacceptable. Figure 3.4 thus suggests the ideal hierarchical order of risk responses.

First, an organisation can prevent (avoid) risks, i.e. stay clear of potentially negative situations as a matter of principle, e.g. withdrawing from a contract. Second, it can reduce risk by lowering the probability of the risk occurring or lowering the potential impact thereof, e.g. reconfiguring a contract (Cleary and Malleret, 2007:39; Merna and Al-Thani, 2005:73-74).

Risk lay-off is the third response and typically entails transferring risk to another participant in a project (Cleary and Malleret, 2007:39). This follows the principle that multiple stakeholders are usually involved in projects. This may place an unfair burden on a participant the risk is being transferred to when they are unable to absorb such a risk (Merna and Al-Thani, 2005:75). The contractual relationship between clients (developers) and contractors in building projects illustrate this principle. Clients risk losing revenue if a facility is not completed on time, while contractors are the only ones who actually have the final control over whether deadlines are met. Contractors will include possible compensation to clients in the event of then failing to meet deadlines as part of contractual agreements.

Merna and Al-Thani (2005:74) further explain that insurance is often used in cases such as the aforementioned to transfer potential financial consequences and not the responsibility for managing the financial risk.

In addition, financial markets use a variety of instruments to transfer risk by means of hedging, including options, futures, future options, swaps, caps, collars and floors (Merna and Al-Thani, 2005:74). An example is the fluctuation in a price of an input, which may be hedged by means of future options. Hedging should soften the effect of a future price rise or decrease.

Accepting the risk on its own books is the fourth response to risk. With the latter option an organisation then needs to manage it "in the ordinary course of business, with the option of assistance from consultants with expertise in a certain area" (Cleary and Malleret, 2007:40).

Monitoring the events that cause the risks an organisation has accepted and communicating any related changes ("connecting the dots" in terms of increased risk) to the relevant decision makers would be critical (Cleary and Malleret, 2007:40).

The last step in the process involves the verification of the effectiveness of an organisation's risk assessment, management, monitoring and communication procedures (Cleary and Malleret, 2007:39-41).

This model emphasises the legal requirement for corporate board of "ensuring that ERM processes are not only well conceived, but that they also work in practice" (Cleary and Malleret, 2007:39). The model further emphasises the place of communication between the organisation and relevant stakeholders, in tandem with the consideration of a corporate risk orientation and policies.

Corporate management plays a significant role in terms of monitoring the risk arenas of accepted risk for any changes, as well as communication between the relevant organisational role players who need to make further decisions on further developments (Cleary and Malleret, 2007:39-40).

While Cleary and Malleret's (2007) refer to crisis management outside the ERM implementation strategy, the WEF GRR (2014:41) highlights it as an important step. The WEF GRR (2014:44) supports the notion that a crisis management strategy compliments an organisation's risk management strategy through the definition of related roles and procedures. These affect business continuity and aim to reduce the impact of economic, social and reputation risks in the event of an emergency – in similar fashion to normal risk management practices.

3.4.2 Levels of risk

A critical step in risk management is the identification of risks from a multitude of sources. Merna and Al-Thani (2005:36) describe this step as having four objectives:

(i) To identity and capture the most significant participants (stakeholders) and provide the basis for subsequent management.
(ii) To stabilised the groundwork for providing all the necessary information to conduct risk analysis.
(iii) To identify the project or service components.
(iv) To identify the inherent risks in the project and service.

The scope of corporate risk management expanded at the start of the 2000's to include a variety of other kinds of risks (operational, reputational and strategic) (Aven and Cox, 2016; Nocco and Stulz, 2006).

Previous sections of this chapter have already pointed to by the interconnected nature of global risk factors which organisations draw on to understand the global and national contexts in which they operate, i.e. geopolitical, societal, economic, environmental and technological (WEF GRR, 2017).

Macro level global risks includes catastrophic risks or "existential risks that could either annihilate intelligent life or permanently and drastically curtail its potential". The scope of such risks is enormous and includes the near destruction of global stability (WEF GRR, 2014:24). Such risks are also referred to as strategic or systemic risks and can lead to the "breakdowns in an entire system, as opposed to breakdowns in individual parts and components" (Cleary and Malleret, 2007:44; WEF GRR, 2014:12). These risks further share three characteristics: (i) modest tipping points combining indirectly to produce large failures; (ii) risk-sharing or contagion, as one loss triggers a chain of others; and (iii) "hysteresis", or systems being unable to recover equilibrium after a shock.

Meso level (operational) risks include financial and operational risks, which are also termed root-factor risks and emanate from specific organisational business units or divisions and the way they operate (Carrel, 2010:20; Cleary and Malleret, 2007:44-45). Examples include the energy concerns of the airline industry or the losses a mortgage companies and banks may suffer because of reckless lending.

Micro level (project level) risks "typically comprise technology, human behaviour, unfamiliar processes and external threats" (Cleary and Malleret, 2007:45; Merna and Al-Thani, 2005).

Crouhy, Galai and Mark (2005:35) further contend that specific sectors have unique risks. Banks (financial institutions) face market, credit and liquidity risks on top of operational, legal and regulatory, as well as human factor risks. In addition, Cleary and Malleret (2007:44) argue that financial risk should be categorised separately from strategic risk and stems from threats to solvency, liquidity and profitability.

3.4.3 Risk assessment

Apart from the identifying risks (through their likely sources), the assessment of such risks is arguably the most pivotal step with risk management. Risk assessment frameworks appear in most ERM implementation frameworks (also at the end of the chapter). The underlying logic of such risk estimation focuses on exposure to the risk (the extent to which potential recipients of harm can be affected by the harm), which was further broken down to frequency and probability. This logic led to the risk matrix of "Risk = Hazard x Exposure" (figure 3.5) (Aven and Cox, 2016; Burnaby and Hass, 2009; Chicken and Posner, 1998:7; Cleary and Malleret, 2007:60).

Figure 3.5
Risk assessment matrix

		Severity of harm (Impact)		
		Low (L)	**Medium (M)**	**High (H)**
Likelihood	**High (H)**	**3**	**4**	**5**
	Medium (M)	**2**	**3**	**4**
	Low (L)	**1**	**2**	**3**

Source: Aven and Cox (2016)

In addition, estimating the likelihood of a risk occurrence and the severity of its impact is also possible, with the highest likelihood and most severe potential impact receiving the highest score (table 3.4).

Table 3.4
Risk likelihood matrix

Rating	Description	Likelihood of occurrence
1	Rare	Highly unlikely, but it may occur in exceptional circumstances. It could happen, but probably never will.
2	Unlikely	Not expected, but there's a slight possibility it may occur at some time.
3	Possible	The event might occur at some time as there is a history of casual occurrence at the University and/or similar institutions.
4	Likely	There is a strong possibility the event will occur as there is a history of frequent occurrence at the University &/or similar institutions.
5	Almost certain	Very likely. The event is expected to occur in most circumstances as there is a history of regular occurrence at the University &/or similar institutions

Source: http://scu.edu.au/risk_management/index.php/4

These matrices are a core idea in risk management literature. The level of sophistication of such matrices will arguably contribute to more accurate risk impact estimations and could be applied to relatively abstract risks. Honey (2009) proves the value of the risk likelihood x impact logic in relation to corporate reputation, as set out in Chapter 4.

3.4.4 Communication

Communication serves a critical role in relation to both creating awareness of risk factors (the risk society) and in the context of organisations dealing with risk assessment and reporting. The focus of this thesis necessitates consideration of the latter as it applies to internal and external stakeholders.

Clearly and Malleret (2007:86-87) argue that effective risk communication in this context rests on four principles. The first is the integration of communication within all risk management efforts. Organisations that pay attention to the strategic value of communication in relation to risk management will most likely to be far more successful in engaging the entire workforce and thus implement ERM processes more effectively.

Organisations further ought to prioritise listening to the concerns of those affected by risks and explaining the organisation's response to such risks. This includes given recognition to the emotions people have and patiently clarifying what options the organisation are considering. Stakeholder concerns regarding these issues ought to be absorbed into an organisation's risk management strategy (Cleary and Malleret, 2007:86-87).

Finally, communication should further clarify the goals, responsibilities, planning, implementation, monitoring and evaluation related to risk management (Cleary and Malleret, 2007:87). Figure 3.4, section 3.4.5 and the pertinent frameworks/models at the end of the chapter confirm the centrality of communication in this context.

3.4.5 Organisational role players and responsibilities

Risk management was first the responsibility of a relatively low-level staff member from the finance department who would typically be responsible for buying insurance, while treasurers oversaw matters related to hedging interest rates and foreign exchange exposure (D'Arcy and Brogan, 2001). This is no longer the case, as is evident from the three-tier approach suggested by a number of authors.

First, Cleary and Malleret (2007:40-41) cite the British Office of Government Commerce (OGC) regarding requirements for other organisational role players like corporate boards and CEO's:

(i) The identification of the senior managers who own, lead and support risk management is critical.

(ii) Ensuring the following is equally important:

  (a) Risk management must be understood as part of organisational culture and as supporting "prudent risk-taking and innovation".

(b) All staff should be familiar with the advantages of risk management and corporate risk management policies.

(c) The risk management process that had been established, must be implemented effectively and should be replicable.

(d) Risk management must be tied to an organisation's pursuit of objectives.

(e) Risks must be actively monitored and reviewed regularly on a "no fault" basis.

The board is responsible for determining an organisation's (i) risk tolerance, (ii) risk strategy (and related policies), (iii) identification of key risk areas, as well as (iv) risk performance indicators and internal control systems. This should be the result of consultation with executive and senior management (Cleary and Malleret, 2007:42).

The board is ultimately responsible for providing reasonable assurances that the organisation (i) will be able to achieve its business goals (in both normal and adverse conditions); (ii) will be safeguarding its assets; (iii) will abide by all relevant laws; (iv) will report accurately on these matters and (v) will behave responsibly toward all stakeholders (Cleary and Malleret, 2007:42).

The board is dependent on regular formal risk reports to the board are accurate in terms of the exposure to physical, operational, human resources, technological, credit and market, compliance risks, as well as plans for business continuity and disaster recovery (Cleary and Malleret, 2007:42). Within this context, a board often considers the need for confidential risk reporting mechanisms for whistle-blowers for matters like fraud or other sensitive topics.

Transparency is non-negotiable for boards, thus the emphasis on their annual reporting of the risk management activities. The outcome of key risks and a summary of risk processes should accompany the public statement on risk management (Cleary and Malleret, 2007:42).

The second level of management held accountable for risk management is an organisation's management team to (Cleary and Malleret, 2007:43). Such managers should also embody the ethical values of the board. Lower ranking employees are dependent on the management team for information on all system-wide risk management activities and appropriate behaviour in relation to these (Cleary and Malleret, 2007:43).

Management is further responsible for (i) the dynamic identification of risks; (ii) the creation of a register of key risks; (iii) effective risk mitigation in accordance with the organisation's risk profile; (iv) properly documenting internal controls and management (including the risk communication process) and (v) documenting the cost of non-compliance (Cleary and Malleret, 2007:43).

The management team's reports to the board on the matter of risk should be honest and balanced, i.e. explaining any significant control failures or weaknesses, the impact of these problems, as well as the corrective measures taken/planned (Cleary and Malleret, 2007:43).

The Chief Risk Officer (CRO) role was already defined a decade ago, as confirmed by Carrel (2010), Moeller (2007), Nocco and Stulz (2006), and Protiviti (2006). Whether such a role player would assume a consultative (assess and recommend) or authoritarian (signing off) or a combined stance, or have the required support and authority in order to be effective, is a key concern (Protiviti, 2006:30).

Moeller (2007:116) and Protiviti (2006:30) conceptualise the role of CRO as encompassing the following responsibilities:

(i) Identifying potential areas of enterprise risk, developing action plans for the resolution of issues and providing general guidelines for dealing with similar situations in future.

(ii) Ensuring regular ERM reporting and keeping structures like the board, risk committee and senior management informed about operational issues.

(iii) Providing direction to the rest of the organisation regarding platforms, e.g. an ERM hotline.

(iv) Instituting effective communication across an organisation about ERM, including the promotion of an ERM hotline, heightened awareness of ERM and creating an understanding about how new enterprise risk issues are related to new policies and procedures.

(v) Cooperating with other departments (including human resources) to develop ERM training programmes

(vi) Monitoring of the ERM programme and taking corrective steps to improve related efforts.

ERM would not be the responsibility of a single specialist, but specialists throughout the organisation reporting to the CRO. In addition, an ERM function would function as an advisory capacity with the authority to implement recommendations (Moeller, 2007:117-119).

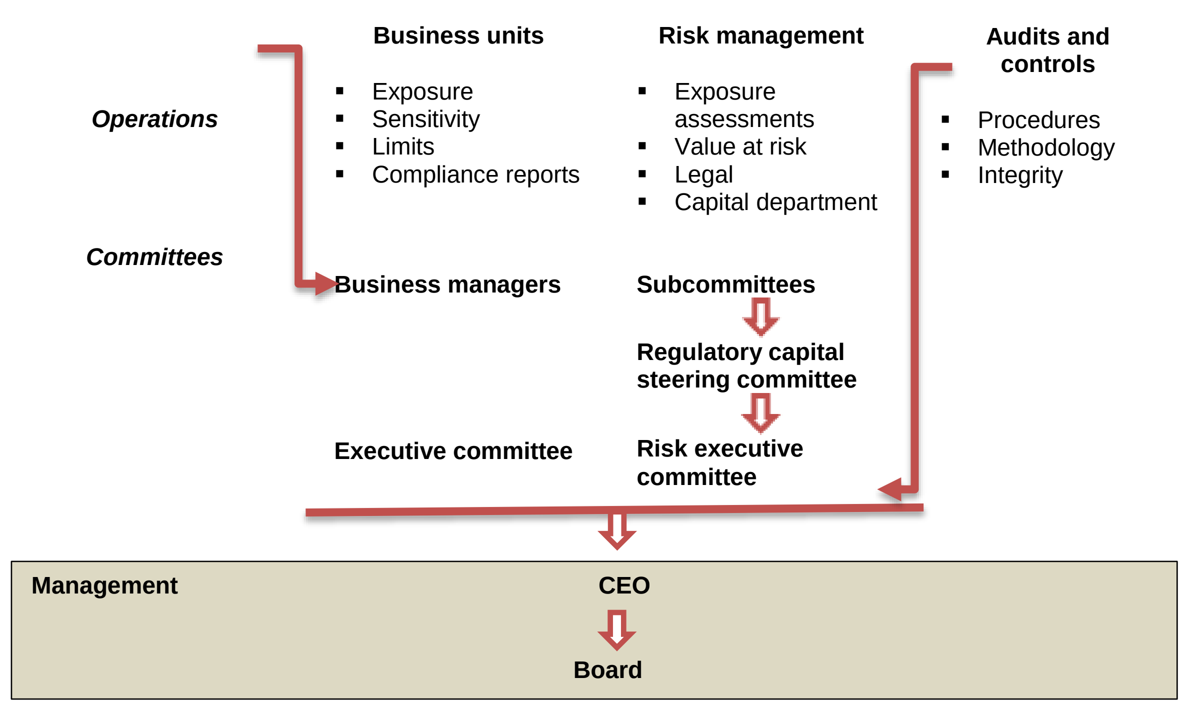
Burnaby and Hass (2009), Carrel (2010) and COSO (2017) confirm that a senior executive with the CRO title or something similar (Chief Financial Officer) acts as the coordinator, while the board of directors usually oversee the risk management function (monitor risk measures and set limits for such measures).

Carrel (2010:67-68) warns against the slow pace at which risk event information is sometimes shared along traditional hierarchical structures. This runs counter to the general sense of urgency associated with risk. Therefore Carrel (2010:70) suggests that organisations amend their conventional risk reporting and escalation processes (figure 3.6) in order to rather reflect the more complex “new age” risk control and reporting framework (figure 3.7).

Furthermore, each business manager should assume the role of risk manager, i.e. not only the front-line operation units, but also the back-office, senior management, legal and administrative departments, production units, IT and even contractors (Carrel (2010:69). The coordination between different business managers in risk assessment is critical – this will help prevent any relevant risk perspective accidentally being ignored (Carrel, 2010:70).

Business managers should have the authority to mitigate and control their risks themselves. Ideally, the risk management division would drive the methodology and transparency rather than the results. An auditing division would act as a referee, while coaching business managers and their risk teams in terms of ethics, procedures and corporate governance issues. Finally, the legal division would be essential in producing assessments as part of every step (Carrel, 2010:70).

Figure 3.6
Conventional risk reporting and escalation procedures



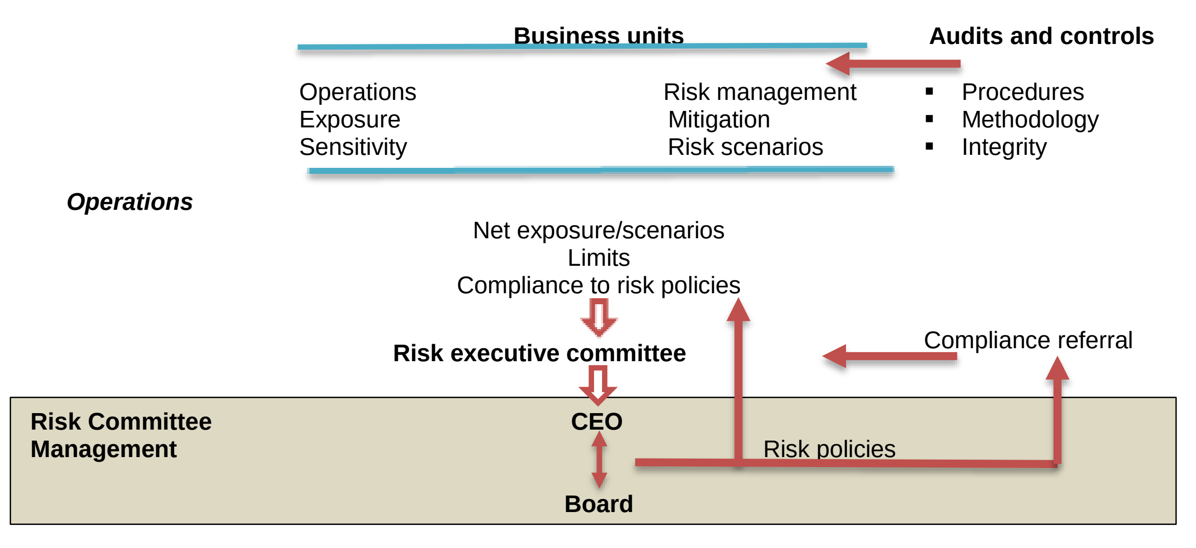
Source: Carrel (2010:70)

The integrity of the risk calculation process is vital to the overall risk management process. Risk managers, risk divisions and CRO's, as well as executive risk committees ought to focus on ensuring that an organisation is agile, responsive and precise in handling risk factors vs. focusing on the calculation of risk (however sophisticated the IT systems may become) (Carrel, 2010:71). This is the core lesson from the 2008-2009 financial crisis.

Carrel (2010:71-72) further warns against business managers being detached from risk analysis. Organisations evolve and it seems rather obvious that risk management frameworks would do the same. Such frameworks should support the evolution of the risk management culture so as to counter the inherent risks of both staff turnover and rigidity of risk management systems (e.g. controls, regulations). Some of the most famous financial scandals, Nick Leeson (Barings Bank) and Berny Maddoff's Ponzi scheme, occurred because individuals knew how to escape the scrutiny of internal and external parties

In the new approach described by Carrel (2010:72) (figure 3.7), a rogue manager would never be certain of the controls carried out independently and would not be able to reproduce the results. Systems would alert others regarding an unusual number of transactions. This system would further help develop the skills of business managers. Executive risk committees and risk managers would also be more independent.

Figure 3.7
New age risk control and reporting framework



Source: Carrel (2010:70)

The work of audit and control divisions ought to be supported by the legal division (Carrel, 2010:73). Corporate risk policies should further be reflected by the integrity, consistency and compatibility of risk management methods.

The process of auditing risk methodologies "is not about deciding what is good and bad", but translating such policies into more easily digestible components, i.e. targets, hedging tactics, reporting methodologies and compliance strategies to reflect the real risk appetite shareholders are comfortable with (Carrel, 2010:73).

Most of the principles Cleary and Malleret (2007) and Carrel (2010) describe still hold true. The plethora of ERM frameworks (e.g. the 2017 Protiviti Consulting framework) can be overwhelming, thus the chapter concludes by focusing on only two.

3.5 PERTINENT FRAMEWORKS/MODELS FOR ENTERPRISE RISK MANAGEMENT

The “how to?” nature of the research question of this study necessitates the consideration of pertinent frameworks/models organisations could consider in relation to each of the respective focus areas of Chapters 3, 4 and 5. These frameworks/models pertain to the first four objectives of the study and serve as the baseline for comparison of the empirical evidence in Chapter 7, the formulation of propositions (objective 5) and the development of a framework (objective 6).

The inherent qualities of models (i.e. also frameworks), as described by Merna and Al-Thani (2005:8), serve as the strongest motivation for the inclusion of the frameworks/models in these three chapters: (i) they replace unreliable intuition, (ii) the produce answers and (iii) they act as vehicles for highlighting factors which might otherwise not have been considered.

The frameworks/models by Burnaby and Hass (2009) and COSO (2017) are deemed as the normative ideal within the context of Chapter 3. Both highlight the link between corporate strategy and ERM.

3.5.1 Burnaby and Hass (2009)

Burnaby and Hass’s (2009) framework “Ten steps to enterprise-wide risk management” focuses on integrating risk management into the overall business strategy. It also draws on the COSO (2004) framework, which is the precursor to the 2017 framework and arguably one of the most cited suggested normative frameworks, as confirmed by Cleary and Malleret (2007), Fraser and Henry, (2007), Moeller (2007), Protiviti (2006) and Van Daelen and Van der Elst (2005).

- **Step 1: Mandate from the top**

Risk management is central to an organisation’s ability to execute its strategy. Thus there is a need for a clear linkage between the strategic plan and understanding all risks across an organisation in relation to the strategy. Risk assessment and strategy development should be coordinated and ensure that all stakeholders (internal and external) are involved. At the same time “a mandate from the top is needed to assure the risk management team’s success in establishing the ERM programme to aid the achievement of organisational goals” (Burnaby and Hass, 2009:541-542).

- **Step 2: Enterprise Risk Management department and buy-in**

ERM implementation requires the involvement of several “layers of ownership” (Burnaby and Hass, 2009:542). First, senior level manager should take responsibility for developing an ERM division through determining the required appropriate resources and time commitment. Second, a team of senior managers should take responsibility for assessment, evaluation and developing an action plan (including a timetable for implementation, training programmes, hold meetings with each are to develop risk report requirements and create a procedure manual for all participants.

Third, ERM implementation would require the involvement of a management team at all organisational levels, with a formal process and timeline. The entire organisation should be given the opportunity to help identify and report risks, thus contributing to the master plans of their respective divisions. It is unrealistic to expect internal auditing division to develop and monitor the risk management plan.

Concentrated risk ownership translates to accountability, i.e. individual representatives are held accountable for the quality of the risk reports from their respective divisions/departments. Organisations may tie compensation/promotion to the success of risk management initiatives. Training responsibilities regarding ERM would fall on the shoulders of existing risk managers.

Organisations in which everyone does not understand the importance of risk management may be at risk of significant loss due to risk blind spots (little known, not unknown risks). A failure in the periodic risk reporting system may lead to a failure in leadership and a lack appropriate contingency plans following a risk situation/failure. An organisation in which ERM awareness is part of the culture, the relevant role players would have had alternative plans in place (Burnaby and Hass, 2009:542).

- **Step 3: Decide on control framework**

Organisations must commit to an internal control framework in order to implement ERM effectively and could comprise the elements listed in table 3.5.

Table 3.5
COSO 2004 components of internal control

Components	Description of component	Key elements
Internal environment	Actions, policies and procedures that reflect the overall attitude of top management, directors and owners of an entity about control and its importance.	Risk management philosophy Risk culture Board of directors Integrity and ethical values Commitment and competence Management's philosophy and operating style Risk appetite Organisational structure Assignment of authority and responsibility Human resource policies and practices
Objective setting	Precondition to event identification, risk assessment and risk response.	Strategic objectives Related objectives Selected objectives Risk appetite Risk tolerance
Event identification	Managerial identification of interrelationships between potential events and categorisation of events.	Events Factors influencing strategy and objectives Methodologies and techniques Event interdependencies Event categories Risks and opportunities
Risk assessment	Management's consideration of the extent to which potential events might have an impact on achievement of objectives.	Inherent and residual risk Likelihood and impact Methodologies and techniques Correlation of events
Risk response	Management's determination on how to respond to assessed relevant risks.	Identify risk responses Evaluate possible risk responses Select responses Portfolio view
Control activities	Policies and procedures that help ensure that management's risk responses are carried out.	Integration with risk responses Types of control activities General controls Application controls Entity specific
Information and communication	Information to be identified, captured, communicated in a form that enable personnel to carry out their responsibilities.	Information Strategic and integrated systems
Monitoring	A process that assesses both the presence and functioning of its components and the quality of their performance over time.	Communication Separate evaluations Ongoing evaluations

Source: Burnaby and Hass (2009:543)

Such frameworks should reduce the occurrence of errors and irregularities. Country-specific requirements apply (e.g. the SOX Act of 2002) which could require the inclusion of internal ERM control reports in annual reports and the signing off on these public reports by the CEO and COO.

The internal auditing function's consulting and assurance services also play an important role in improving the overall effectiveness of risk management, control and governance. Burnaby and Hass (2009:542-543) further cite the COSO (2004) ERM framework's suggestion for an expanded ERM control framework.

- **Step 4: Determine all risks**

An entire organisation (all employees) should be involved in collecting information about all known and anticipated risks. The assessment (ranking in terms of likelihood and possible financial impact) of these risks is the next step.

Risks included in this step go beyond compliance, legal and financial risks, i.e. internal (IT, business processes, support and documentation) and external (political, social, environmental, governmental and economic) risks. This should be done to prevent an organisation spending a disproportionate amount of time and money on compliance risk.

The list of accumulated risk should also be extensive. Business units which first identified risks from one of the categories below cannot evaluate the risk exposure across the organisation – further investigation may indicate that the risk exposure is higher than initially anticipated.

Developing a Risk Dictionary would be helpful for all ERM training and roll-out across organisational divisions. The following risk groups ought to be included in the Risk Dictionary: (i) strategic, (ii) reputation, (iii) business operations, (iv) regulatory compliance, (v) contractual obligations, (vi) market and (vii) human resources (Burnaby and Hass, 2009:543-544).

- **Step 5: Assess risks**

After risks had been identified, they need to be prioritised by means of a risk mapping technique. This is done by categorising each risk in terms of potential loss or consequence (i.e. minor, damaging or catastrophic) for the organisation. The likelihood categorisation (i.e. unlikely, possible, probable) follows the same logic.

Each organisation determines what the matrix for combining these two dimensions look like, as well as the scoring system, i.e. a risk classified as a "1" is considered the lowest priority. A low score does not imply that such a risk should not be evaluated in detail. This matrix format helps an organisation differentiate between minor, damaging and catastrophic risk types, as well as unlikely, possible and probable likelihood.

In addition, an organisation decides on its risk appetite – its methods for reducing or accepting risk will determine this. Mapping risks also involves the consideration of the existing environment of corporate strategy and those risks that could affect the organisation's ability to achieve it:

(i) Retain the risk and monitor it regularly: For risks an organisation accepts, it can (a) increase the product price to absorb the potential cost of the risk, (b) self-insure or (c) plan for the risk by setting up reserves.
(ii) Reduce the risk: Dispersing or developing controls
(iii) Avoid the risk: Divesting/eliminating the process that causes the risk
(iv) Transfer the risk: Partnering through insurance, hedging, sharing and/or outsourcing
(v) Exploit the risk: Diversifying, expanding, creating, redesigning, reorganising or renegotiating

The ERM implementation team has an important role in monitoring the link between an organisation's strategies, different divisions' objectives and turning that into performance measures for reporting to the risk division. Such monitoring should highlight areas of improvement (Burnaby and Hass, 2009:544-545).

- **Step 6: Business units objectives and performance measures**

"The implementation team need to review organisational strategy with each business unit to determine how the unit's deliverables result in the achievement of the corporate objectives" (Burnaby and Hass, 2009:546). SMART (specific, measurable, achievable, results-oriented and timely) departmental objectives should contribute to efforts related to the organisation's strategy. All employees should understand the targets, performance management system and their required behaviour. Performance indicators critical to organisational success should drive the process (Burnaby and Hass, 2009:546).

- **Step 7: Objectives and control summary**

Summaries of strategy objectives and control measures may take various forms. It is critical to specify (i) objectives and performance measures; (ii) performance measure details; (iii) critical success factors; (iv) risks (i.e. what can be lost if performance is inadequate); (v) control strengths in the process and (vi) suggestions for improvements (may increase/decrease) (Burnaby and Hass, 2009:546).

- **Step 8: Monthly Enterprise Risk Management report format**

Completing the feedback loop, which includes the ERM department, upper-level management and the board, is critical if an organisation intends to control its risks. A monthly report should cover the following and can take on various formats:

(i) Defining the specific process within the department.
(ii) Defining the specific risks of not reaching the targets identified in the departmental objectives' that tied into the overall corporate objectives.
(iii) A summary of the results of the department's risk assessment.
(iv) A summary of the performance measurement – "this is critical when results are in the danger zone."
(v) An explanation and evaluation of the reported results (of the previous point) and illustration of how corrective actions were taken/required.
(vi) Issues identification for management action plans in areas of opportunity for improved risk management.

(vii) An action plan for addressing the problems identified as a result of the reporting process. This might include the improvement of controls or the need to review likelihood/probability assessments (Burnaby and Hass, 2009:546-547).

- **Step 9: Analysis by Enterprise Risk Management**

A generic monthly ERM report can be used for monthly analyses in different departments/divisions. Results from such reports should ideally be used to measure and monitor key targets for each division's contribution to achieving the organisational strategy. Reports would also indicate what corrective actions are required. The Risk Department would ensure that reports are collated and summarised, as well as presented to the board. High-risk issues would be flagged in the process as a core component of corporate governance efforts. All major risk and control weaknesses are discussed at board level, "while management assumes accountability for making all the required control upgrades" (Burnaby and Hass, 2009:547-548).

- **Step 10: Continuously monitor the process**

Continuous monitoring of internal and external events would likely be critical in revisions of the overall strategic plan. Each unit ought to be measuring their performance against their targets and risks. This review process is dependent on questions that focus on the following:

(i) The commitment and involvement of senior management.
(ii) The nature of monitoring efforts across all levels of an organisation.
(iii) The revision of risk management budgets and timelines.
(iv) Ownership and accountability of risk management effort.
(v) Changes to internal risk factors (including strategy, business objectives, people, product/services, systems or processes).
(vi) Changes to external risks (including environment, competition, social, political, economic, etc.) (Burnaby and Hass, 2009:548)

3.5.2 Committee of Sponsoring Organisations of the Treadway Commission (2017)

The COSO (2017) framework (figure 3.8) is entitled "Enterprise Risk Management – Integrating with Strategy and Performance". It (i) builds on the current level of risk management that exists in the normal course of business and (ii) demonstrates how integrating ERM practices throughout an organisation accelerates growth and enhance performance (COSO, 2017:6). When compared to the 2004 framework, it also reflects the evolution in thinking about ERM.

Figure 3.8
Enterprise Risk Management - integrating strategy and performance

Source: COSO (2017:6)

According to COSO (2017:6) "the five principles of this framework are applicable from strategic decision-making through to performance." These five principles are:

(i) Governance and culture: Governance sets an organisation's tone and thus emphasises the importance of oversight responsibilities for ERM. Understanding the ethical values, desired behaviours and risk related to an organisation constitutes the desired corporate culture.

(ii) Strategy and objective-setting: The strategic planning process is dependent on ERM, strategy and objective-setting working in tandem. An organisation first establishes its risk appetite and aligns it with strategy. "Then business objectives put strategy into practice, while serving as a basis for identifying, assessing and responding to risk."

(iii) Performance: Risks that may affect the organisation's pursuit of corporate strategy and business objectives require systematic identification and assessment. The context of risk appetite leads to the prioritisation of risks in terms of severity. The organisation then selects risk responses and takes a portfolio view of the amount of risk it has assumed. The results of this process are reported to key risk stakeholders.

(iv) Review (revision): By reviewing entity performance, an organisation can consider how well the ERM components are functioning over time. Revisions are made based on the need for substantial changes.

(v) Information, communication and reporting: Obtaining and sharing information (from both internal and external sources) is critical for ERM. This information must flow through the entire organisation (in all directions).

The framework further delineates the role of constituent parts of the framework (figure 3.9). “Each of the five framework principles is (i) manageable in size and (ii) describes practices that can be applied in different ways for different organisations regardless of size, type, or sector” (COSO, 2017:6).

Figure 3.9
Principles of COSO (2017) integrated ERM framework

Source: COSO (2017:7)

COSO (2017:4-5) explicitly states the relationship between ERM and corporate strategy. Applying ERM thinking to strategy selection seems appropriate since the latter constitutes a series of choices and trade-offs. Management develops various strategies and work through those with the board based on the risk profile of each strategy.

The board and management must decide which strategy (i) reflects the organisation’s risk appetite and (ii) how it will help the organisation achieve its goals (by implication also the efficient allocation of resources). This type of thinking is systematic and valuable in making well-informed choices (COSO, 2017:4-5). Any strategy choice carries implicit risks, but organisations often err in applying risk thinking (potential effect) on current strategies, i.e. “We have a strategy in place, what could affect the relevance and viability of our strategy?” (COSO, 2017:4).

Such questions are pivotal for executives, but ERM reminds organisations of two additional dangers that may have far reaching implications in terms of an organisation’s value, i.e. (i) the possibility of the strategy not aligning and (ii) the implications from its chosen strategy (COSO, 2017:5).

According to COSO (2010:5) corporate mission, vision and core values have been proven to “matter most when it comes to managing risk and remaining resilient during periods of change”. Adhering to the latest ERM framework “can provide management and the board with a reasonable expectation that the organisation understands and strives to manage the risks associated with its strategy and business objectives” (COSO, 2017:7).

COSO (2017:7) further insists that ERM will be an important part of how an organisation manages and prospers through these times. Regardless of the type and organisational size, strategies need to stay true to their mission. “All entities need to exhibit traits that drive an effective response to change, including agile decision-making, the ability to respond in a cohesive manner and the adaptive capacity to pivot and reposition while maintaining high levels of trust among stakeholders.”

3.8 CONCLUSION

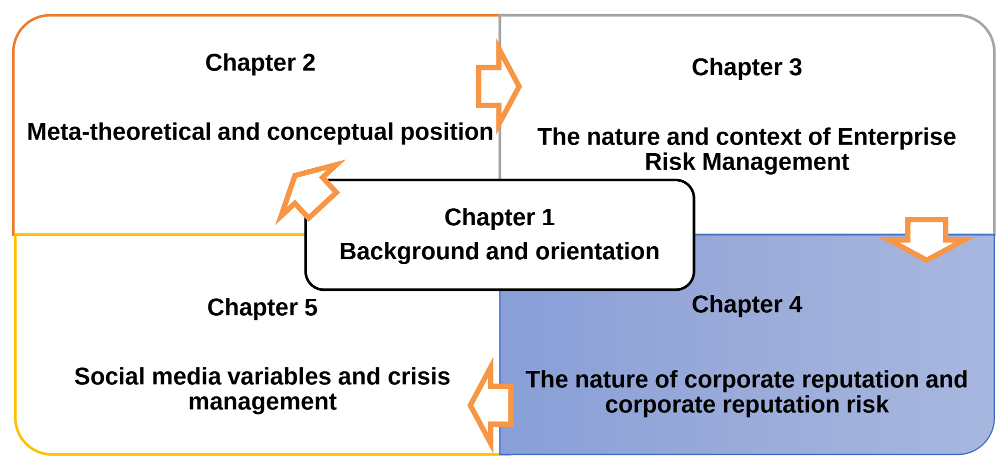
A wide range of ERM frameworks exists to guide organisations’ efforts. An organisation’s risk orientation will determine its risk culture, whether decision makers view risk as having only negative potential and whether the organisation will be able to future proof itself. Unless corporate strategy drives ERM, it does not serve the organisation effectively. Against this background, Chapter 4 argues for similar principles in order for organisations to manage corporate reputation as a strategic concern.

Chapter 4
The nature of corporate reputation and corporate reputation risk

4.1 INTRODUCTION

The complex nature of corporate reputation and corporate reputation risk cannot be overstated. Neither are static because of the ever evolving nature of stakeholder expectations. Both concepts are strategic priorities and successful organisational efforts depend on an increasingly sophisticated understanding. Multiple factors influence the way organisations approach these realities. Organisations can choose from a number of existing corporate reputation and corporate reputation risk strategies or develop their own. As with other chapters, a figure illustrates who this one related to the first half of the study.

Figure 4.1
Chapter 4 in relation to the first half of the study



4.2 FOUR REPUTATION PARADIGMS

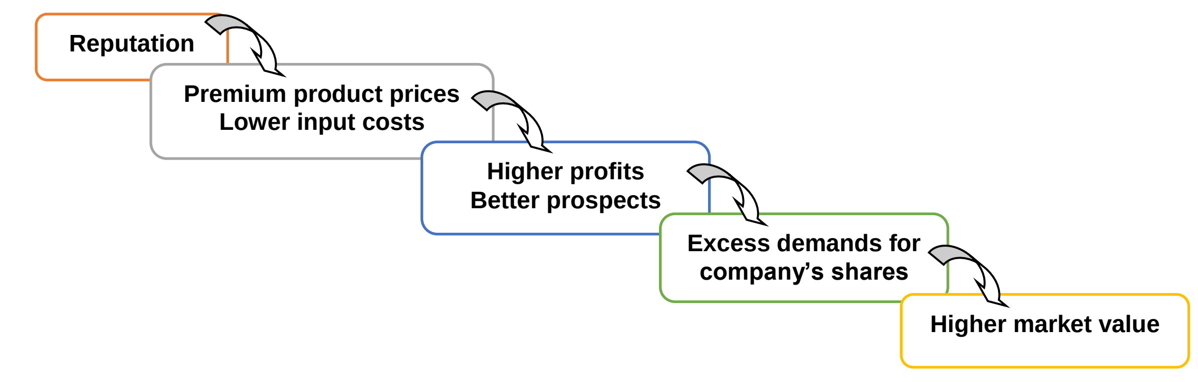
Seeking an understanding of corporate reputation risk without also understanding different corporate reputation paradigms seems foolish. While each of the four paradigms in this section is unique, problems arise when corporate boards or senior management favour one particular paradigm exclusively. Aula and Mantere (2008:77-8) thus favour an integrated perspective.

4.2.1 Paradigm 1: Reputation as capital

The roots of this perspective are found in Fombrun's (1996:81) statement that corporate reputations have bottom line effects. The underlying philosophy is that a superior corporate reputation helps the organisation excel, while it restricts the movements of competitors.

Figure 4.2 illustrates how reputation can produce wealth and is based on a competitiveness concept of Michael Porter, namely the value chain (Fombrun and Van Riel, 2004:27).

Figure 4.2
An example of a corporate reputation value chain



Source: Fombrun and Van Riel (2004:27)

Aula and Mantere (2008:45), Davies *et al.* (2003:69-70) and Honey (2009) cite various authors from the early 1990's when highlighting the arenas in which reputation capital contributes favourably to the organisation: (i) sales, (ii) perceived product quality, (iii) investor confidence, (iv) lower cost of capital, (v) competitive ability, (vi) strong identification with the entity by employees, (vii) better business-society relations and (viii) differentiator in corporate performance.

Aula and Mantere (2008:45) and Van Riel and Fombrun (2007) explain the importance of competitive advantage through corporate strategies by highlighting the potential locked up in the inimitable and intangible assets like reputation. In addition Porter (cited in Aula and Mantere, 2008:46) contends that a pioneer reputation could be derived from being first in a market – something which cannot be copied.

How reputation has come to be valued in recent decades is expressed in Aula and Heinonen's (2016) formula of "Net worth + Reputation = Market Value". From this perspective reputation is an asset, like other intangible assets and thus regarded as "reputation capital". Davies *et al.* (2003:65-66) also suggest that too few organisations view their own reputations seriously in terms of estimating the value thereof and insuring this intangible asset – something unlikely to happen if tangible assets were to be involved.

Davies *et al.* (2003:71-72) further argue that relative reputation, achieved through rankings, is a key driver of financial performance. Previously, such rankings were viewed as somewhat "skewed towards financial dimensions" at the cost of others. Despite shortcomings, the important management insight is that rankings are still used as a means to measure and increasingly promote an organisation's reputation.

Finally, the notion of ROR (return on reputation) also emphasises how much profit reputation could contribute to an organisation. Aula and Mantere (2008:45 & 49) explain that the investments made into corporate reputation are tied to enterprise culture, communication and social responsibility. The same authors also warn that corporate reputation can be invested in, but "good companies should include reputational management in their business strategies and draw up plans for minimising reputational risks."

4.2.2 Paradigm 2: Reputation as interpretation

Aula and Mantere (2008:49) argue that the flawed assumptions of the capital paradigm are (i) the false sense of control being projected and (ii) the underestimation of the complexity of reputation relationships between stakeholders and organisations. The basic premise of this paradigm that reputation is a socially constructed reality - stakeholders judge organisational actions and share sentiments about their own experiences with others. Storytelling (narrative) is at the heart of the process.

The stories told and retold by different stakeholders (individuals/groups) reflect their own worldviews and experiences and their experiences of how organisations either met or did not meet these expectations. These stories form the basis of reputation and thus make the latter “a narrative and communicative construct” (Aula and Mantere, 2008:50 & 54).

The formation of stories is also closely related to the realities of (i) multiple stakeholders that need to be considered as participants in the social construction of meaning and (ii) the fact that multiple types of interactions (emotional or rational, tangible and intangible) between the organisation and stakeholders influence the reputation (Davies *et al.,* 2003:58-59,62-65). According to Aula and Mantere (2008:49 & 51) the dynamic process of storytelling “does not reside within the management of the organisation, but among the organisation’s stakeholders.” Organisations’ actions determine the tone of storytelling to follow.

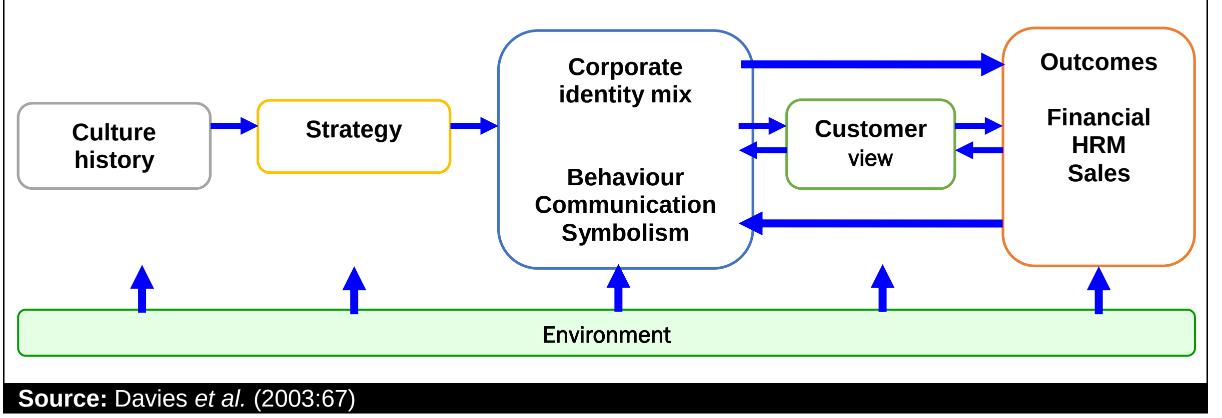
While corporate stories are the corporate version of reality regarding products, heroes, the people, the past, the future, turning points or any combination of these framework stories focus on the vision, missions and public goals. Both types of stories can focus on the past, the present or the future; usually have a start, middle and end, while the plot represents cause-and-effect relationships (Aula and Mantere, 2008).

These stories are told inside organisations (to explain their existence and place within a community, i.e. identity) and outside (as previously explained). The question about control over reputation stories, the fact that no absolute (objective) truth about an organisation exists without a narrative and the fact that any small incident may be blown up into big stories (leading to crises) illustrate the power of stories within the arena of reputation (Aula and Mantere, 2008:51-53).

Van Riel and Fombrun (2007:67-69) describe the nature of identity as being the result of storytelling, but for both internal and external stakeholders. Following the same line of thinking, Davies *et al.* (2003:61) postulate that the concepts of image, identity and reputation are closely related: image refers to the view of the organisation by external stakeholders, identity refers to the internal view of matters (by employees) and reputation encompasses all stakeholder view. Such an identity is the result of the symbiosis of corporate symbols, behaviour and communication, which results in the corporate personality.

Furthermore, Champniss and Rodé Vilà (2011) describe identity as relatively stable over time, while image is more dynamic. Corporate identity is projected onto stakeholders to form the corporate image they form in their heads. The disparity between the projected and received message has led to the term “identity- image gap.”

Figure 4.3
Identity, reputation and outcome



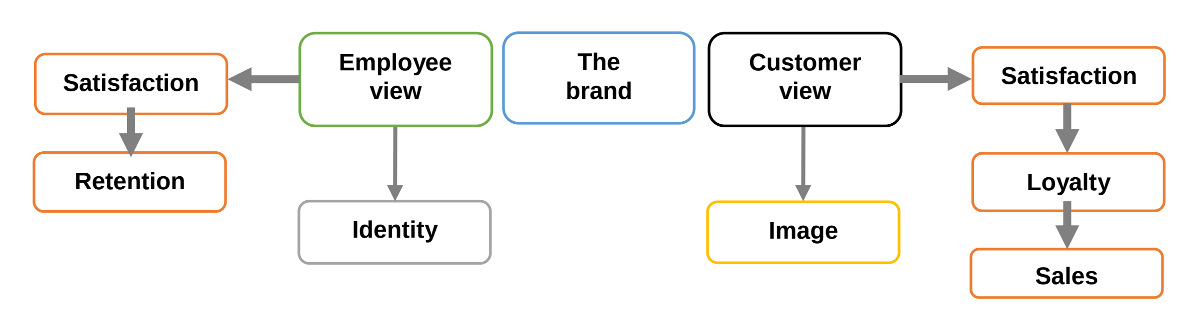
Source: Davies *et al.* (2003:67)

Davies *et al.* (2003:75-6) use figure 4.4 as a normative framework to encompass all reputation elements. The brand (corporate) is the central concern and its success is dependent on the alignment between internal and external parties’ satisfaction in order to retain their services or loyalty as consumers/clients.

Doorley and Garcia (2015) also describe the relatedness of different elements of reputation in the form of an equation: “Reputation = Sum of images = (Performance + Behaviour) + Communication”. This perspective emphasises the need for conscious management of reputation elements so as to actively influence what stakeholders think about.

Reputation stories often contain universally accepted narrative norms and elements from genres like fairy tales, i.e. protagonists, antagonists and myths (Aula and Mantere, 2008: 50-1; Ihlen and Thorbjørnsrud, 2014:45-60). Thus actions are typified as “good” or “bad” in the minds of both the teller and listener of such stories. This view underscores Davies *et al.'s* (2003:73) opinion that corporate reputation is fragile and can be destroyed by one action.

Figure 4.4
The corporate reputation chain



Source: Davies *et al.* (2003:76)

This fact also emphasises the fact that most reputation stories are subjective because they are socially constructed realities (and cannot be controlled by the organisation): "Reputational stories cannot be controlled or managed. Organisations can never be sure of the story world created by people about companies, confirms to the story intend by the companies themselves" (Aula and Mantere, 2008:55).

However, according to Aula and Mantere (2008:55), truly good organisations succeed in telling their stories and stakeholders perceiving these as true and reliable: "A good company has a story, but is aware of the mosaic-like story world of its audience. Its own story is so strong that, even when the world of meanings among people disintegrate, it influences people's views of the company and creates and agreeable sense – a story that conceptualises for the benefit of the organisation."

Aaker and Aaker (2016) confirm that corporate and brand stories are complex and should not be thought of as merely supporting tactical or short-term objectives. Instead, organisations ought to use signature stories "that represent some form of strategic statement about an organisation's mission, values, brand, customer relationship, or strategic intent".

Signature stories can further help organisations break through the message clutter and media dynamics (including the complexity social media) and to gain visibility. Aaker and Aaker (2016) differentiate between the customer as hero, the employee as hero and business revitalisation as types of signature stories. These echo the view of Aula and Mantere (2008).

4.2.3 Paradigm 3: Reputation as social capital

The final paradigm for viewing reputation, social capital, spans both the notions of capital (assets) and interpretation, but also emphasises the relationship between actors (in the social sphere) as conduit for the creation of meaning. The social capital that emerges serves both internal and external communication (specifically corporate and product brands). Organisations should also keep in mind that conversations about them and their brands will take place, irrespective of whether they engage stakeholders actively or not (Champniss and Rodé Vilà, 2011:123).

The notion of “capital” stems from the view that “the account balance of available social capital is directly related to the communication among individuals, groups and organisations that allows them to form, maintain and utilise relationships” (Kennan and Hazleton, 2006:322). The same authors also contend that the aforementioned definition points to four broad guiding principles related to the concept: (i) relationships and related concerns are central in all forms of organisational activity; (ii) organisational outcomes are affected by social capital relationships; (iii) social capital is facilitated through communication behaviour; and (iv) social capital activity does not have to be restricted to one place to affect organisational outcomes.

In the context of brands (viewed as a sub-part of corporate reputation) social capital is further defined as: “The quality, depth, breadth and frequency of brand-inspired dialogue exchange and interaction that occurs within a community. It is the benefits, both private (to the brand) and public (to the community), that are generated as a result. And it is the resultant collective ability to maintain and enhance these processes and benefits” (Champniss and Rodé Vilà, 2011:112).

The aforementioned sections confirm that social capital is not a one-dimensional concept or only applicable to one context. Champniss and Rodé Vilà (2011:120), as well as Kennan and Hazleton (2006:324-338), also cite Nahapiet and Ghosal’s seminal research that differentiates between three interdependent elements, namely structure, communication and relationships.

Structure refers to organisational (or group) configuration characteristics, i.e. network density, hierarchy and connectivity that affect the ability to create social capital. Structure further refers to network structures (between actors) which influence relational outcomes. Issues like access to the process (the opportunity to send or receive messages or knowledge about the important role players in a network), timing of communication (correct strategic response to conditions) and referral (from one network to others) are pivotal to the creation of social capital (Champniss and Rodé Vilà, 2011:120; Kennan and Hazleton, 2006:324-325).

Communication (and choices regarding related strategies) is the vehicle through which social capital is created. Champniss and Rodé Vilà (2011:120) contend that too many brands are stuck in the mode of focusing on the sheer volume of messages and not enough emphasis on how messages are formulated in order to stimulate thinking.

However, Kennan and Hazleton (2006: 327-8) describe seven types of communication actions (strategy options) that exist in relation to the creation of social capital for instrumental or relational organisational goals: (i) facilitation (enabling actors in overcoming constraints); (ii) information; (iii) persuasion; (iv) promise and reward (more likely used when trust is fragile, when resilient trust is in demand); (v) threat and punishment; (vi) bargaining (more likely used when trust is fragile, when resilient trust is in demand); and (vii) cooperative problem solving. These strategy options reflect the well-known four models or public relations (corporate communication which are central to the Excellence Theory of Public Relations/Communication Management.

Relationships are also characterised by expectations and obligations. Trust is an outcome of the quality of relationships. Fragile trust depends on immediate rewards and “is not likely to survive where benefits and costs are not perceived as equal”. Resilient trust is not dependent on written contracts and stronger and more dependent on “stable, principled and ethical interactions.” It is most often destroyed by thoughtless acts that destroy relationships. The degree to which actors identify themselves as part of networks is also central to relationships. The first form thereof is “bounded solidarity” (awareness of a common fate) and the second is alliances (contextual factors drive groups together) (Kennan and Hazleton, 2006: 326-7).

Trust and identification are clearly seen when “there is an adequate degree of social system closure” or finality regarding an issue. Such system closure sanctions adds “normative force to trust and identification” and is crucial in helping social capital minimising transgressions related to these concepts (Kennan and Hazleton, 2006:327). However, Champniss and Rodé Vilà (2011:120-121) argue that trust, which usually enhances the quality of social capital, does not necessarily increase if brands are more transparent. They argue that absolute transparency could lead to disappointment and remove the need for trust.

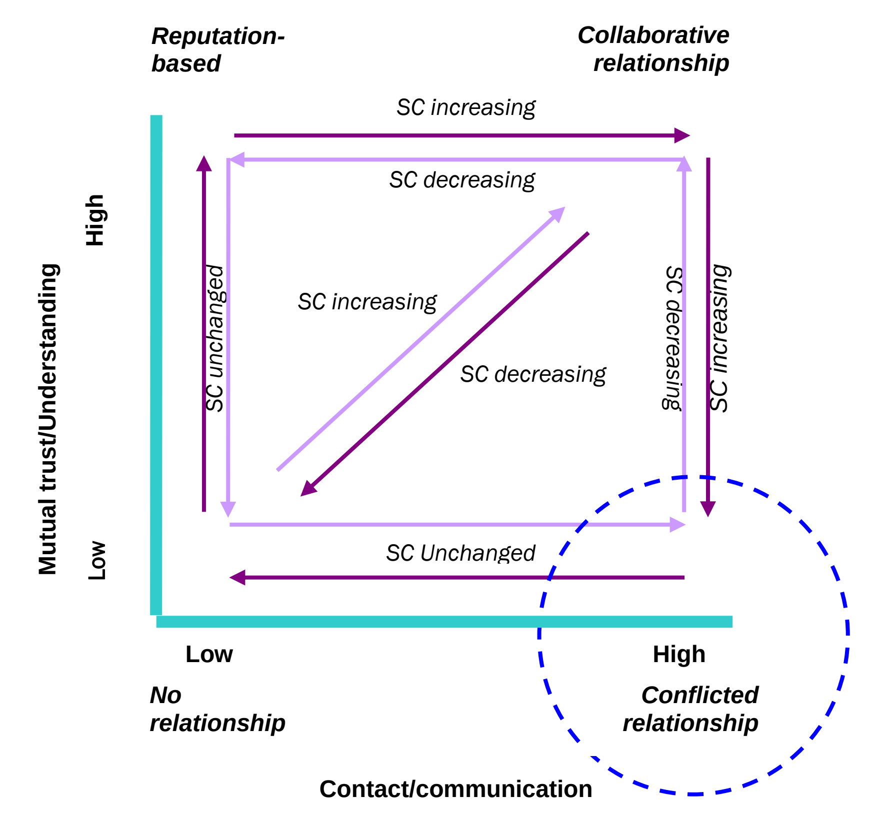
Thereafter, Champniss and Rodé Vilà (2011:109 & 113-117) focus on the role of external stakeholders in social capital. They distinguish between three types of social capital: (i) bonding (the tightest form, often found in homogenous groups like families, team oriented work environments or even criminal gangs); (ii) bridging (used to build bridges between distinct groups); and (iii) linking (used to link horizontally equivalent, yet very different types of groups).

Champniss and Rodé Vilà (2011:119-123) are also critical of how brands have traditionally approached social capital. The dynamics of the components of social capital appear in the form of a relationship matrix (figure 4.5). The conflicted relationship zone is the result of high contact and communication (talking to existing customers) but low mutual trust and understanding, i.e. “not a relationship you’d value” and “a gaping hole in brands’ communication and engagement strategies”.

The solution lies in the pursuit of high social capital relationships, which can unlock value, i.e. collaborative relationships. The matrix further suggests that two other directions do not increase or decrease social capital: (i) from a conflicted relationship (high contact) to a collapsed (low) relationship and (ii) from no/low relationship to a reputation-based relationship (Champniss & Rodé Vilà, 2011:122). According to these authors, this proves the shortcomings of the “conflicted position”.

Champniss and Rodé Vilà (2011:122) also argue that social capital increases when relationships progress from a reputation basis to collaboration. Social capital increases when conversations occur and actors are intellectually involved in brand conversations. The essence of their argumentation is that conversations about brands and their virtues will continue, but social capital can increase if the brand is actively involved in stimulating the conversation.

Figure 4.5
Relationship matrix

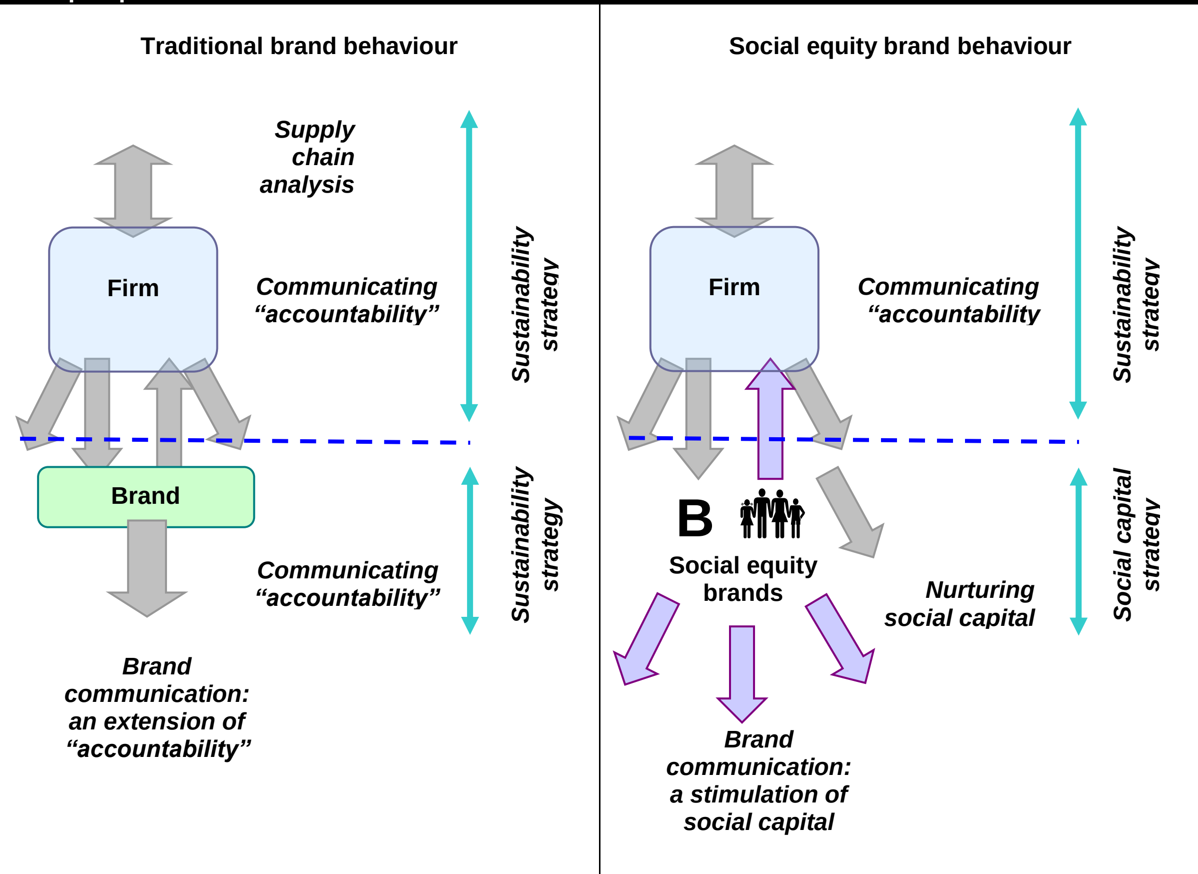


Source: Champniss and Rodé Vilà (2011:122)

These authors plead for greater focus by brands on social capital formation in relation to sustainability issues. They illustrate the comparison between traditional brand communication and social equity brands (figure 4.6). The traditional brand approach emphasises the identity-image gap and is reliant on reactive strategies. In addition, research results from projects like the Sustainable Futures survey of 2009 point to confusion among consumers when they are asked to name brands (corporate) associated with good sustainability track records.

These results should be critically evaluated in light of the claims made in a 2009 report by a US environmental marketing agency. The latter claims that 98% of the "green" brand messages related to 2200 products were false, misleading or exaggerated. The magnitude of "greenwashing" is even worse than previous estimations (Champniss & Rodé Vilà (2011). These results also confirm the reputation risk effect of "reputation sharing" across an industry as conceptualised by Aula and Mantere (2008:121-9).

Figure 4.6
Two perspectives on brand



Source: Champniss and Rodé Vilà (2011:51-52)

Champniss and Rodé Vilà (2011:57) call for a different approach to brand communication. Instead of consumers being talked to, they should be involved in co-creating the narrative about the brand, i.e. emotional, rational and intellectual involvement in social capital formation. These authors cite the Pepsi Refresh project, which relied on online discussions by consumers to highlight sustainability issues. Pepsi subsequently funded the issues and suggested projects emerging from this engagement.

4.2.4 Paradigm 4: Reputation as legitimisation

Any notion of a company pursuing good deeds with the sole intention of reputation gains (or that the latter is a simplistic process) are refuted through the five considerations presented. These considerations also highlight the omnipresence of reputation risk.

The first consideration is the fact that when organisations falter in legitimacy efforts the risk to corporate reputation, is enormous. Corporate behaviour, what is reported to stakeholders and the perceived reputation should be aligned. Although this seems simplistic, the reputation gap (however small) may lay the foundations for future fall-outs, which might hurt an organisation financially.

The second consideration is the set of social criteria according to which organisations are judged in the postmodern context. McMillan (2011:163-164) highlights five of these. Morality might be interpreted differently by very specific stakeholders on in relation to very specific issues in different nations, but the global community generally agrees that slave or child labour is no acceptable. Second, the fact that views on certain illegal activities change over time is very relevant for corporate behaviour and how the world interprets it. Whereas pollution, a high carbon footprint or the use of asbestos were not previously frowned upon, these issues now have serious legal and moral implications.

Consistency is the third value highlighted by McMillan (2011:163-164). Corporate efforts should strive towards the elimination of products/services in a portfolio which may harm the corporate brand, e.g. association with the tobacco industry. The complex interplay between strategic, tactical and even country-specific dimensions in influencing corporate reputation points to the fourth value, coherence. If such coherence is not pursued, corporate reputations may suffer significantly.

Inclusiveness is the final value and it refers to the appeal (“sense of inclusion”) and the equal treatment of all in the complex network of corporate stakeholders (McMillan, 2011:164). A topical example of lack of coherence can be found in the disparity between executive salaries vs. that of lower levels employees. It has reached the

470:1 ratio, which is not only perceived in a very negative light, but has significant implications for corporate legitimacy, especially in the form of multiple voices calling for the end to neo-liberalism, capitalism and "big business."

The third consideration is the close relationship between corporate reputation and legitimating mechanisms. The interchangeable use of "reputation" and "legitimacy" is misleading (Babbington, Larrinaga and Moneva, 2008:344). Legitimacy refers to being reliant/meeting specific criteria (standards) from the social system within which it operates, while reputation is a dimension of comparison of the standing of the organisation.

In this context O'Callaghan (2007:104) provides a simple description of reputation: "Those with good reputations are well respected, trusted, and have an ethos which identifies them as exceptional, if not unique. Reputation is also a measure of the confidence that the public has in a particular company."

The fourth consideration pertains to what drives legitimating efforts. Corporate entities often still use such mechanisms to whitewash (greenwash) corporate image (in order to deceive stakeholders and eventually increase profits), as suggested by Illia, Zyglidopoulos, Romenti, Rodriígues-Cánovas and Del Valle Brena (cf. 2013) and Regester and Larkin (2008:77).

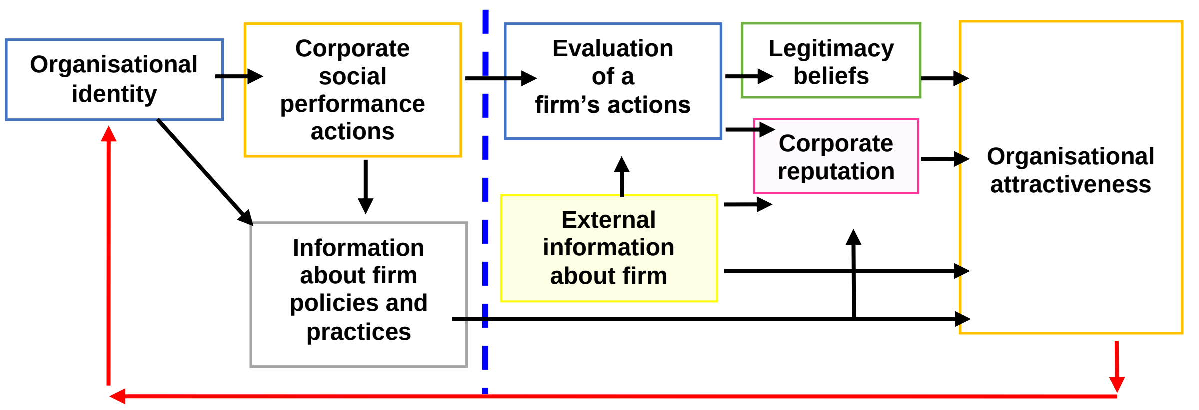
Critical theorists argue that organisations only want to maintain the dominance of business over society (cf. Antonacopoulou and Méric, 2005). Other authors argue that reputation is the end result of legitimating endeavours.

Carroll and Buchholtz (2006:55-57) describe three types of relationships between CSP, financial performance and reputation which have emerged from various research projects.

The first perspective states that CSP drives the relationship and amounts to "good CSP leads to good CFP, which then leads to good corporate reputation". The second perspective relies on the argument that "good CFP leads to good CSP, which then leads to good corporate reputation". The final perspective emphasises the interrelatedness of the three: “good CSP leads to good CFP and good CFP leads to good CSP, which then leads to good corporate reputation” (Carroll and Buchholtz, 2006:55-57).

Backhaus (2011:113) also explains the interdependence of these elements by means of a model (figure 4.7). The result of all efforts culminates in the overall attractiveness of the organisation, with reputation being a contributing factor.

Figure 4.7
Model of organisational identity, corporate social performance, corporate reputation and organisational attractiveness



Source: Backhaus (2011:113)

The model further suggests that the driving force is corporate identity (values), which leads to corporate actions that evaluated by the myriad stakeholders and judged as desirable and noble (or the opposite thereof). The advantages of a having a good corporate reputation are plentiful and include the attractiveness of the organisation as an employer.

The fifth consideration is the fact that organisations can incorporate a triple bottom line perspective (or any specific area within it) into communication elements like corporate logos and slogans, but without any genuine corporate policy/strategy changes or substantial actions. It is also possible to commit fraud in any form of CSR/integrated reporting (O’Callaghan, 2007:96).

These considerations suggest that the debates about the abuse of corporate reputation and CSP dimensions are far from over, yet prove the complexity of expectations society holds created regarding ideal corporate behaviour.

Six values manifest in various mechanisms through which organisations legitimise their place in/contribution to society. Legitimacy, however, is not a one-dimensional phenomenon, while it has a symbiotic relationship with corporate reputation. Subsequently, this relationship and the mechanisms for legitimacy are explored.

"Legitimacy is a generalised perception or assumption that the actions of an institute are desirable, proper, or appropriate within some social constructed system of norms, values, beliefs and definitions" (Suchman quoted in Grahovar and Rimmel, 2010:11). In addition, legitimacy is achieved when there is congruence between "patterns of organisational practice and the wider social system" (Andriof and Waddock, 2002:31).

These definitions also confirm that legitimacy emerges from the consent of stakeholders, driven by societal sentiments: "a dynamic process by which business seeks to perpetuate its acceptance" (Backhaus, 20011:117; Beaulieu and Pasquero, 2002:102; Carroll and Buchholtz, 2006:608).

In terms of the origins of internal considerations of corporate actions Holmström and Kjaerbeck (2007:7-10) contend that organisations ought to question their own identities, roles and responsibilities continuously in order to overcome their limited or self-centred perspectives. The reflective paradigm on organisations demands the three reflective functions of sensitivity, self-observation and self-presentation (as was pointed out in Chapter 2).

Finally, legitimacy takes on many forms. Carroll and Buchholtz (2006:608) differentiate between micro (organisational) and macro (business institution) levels. Micro level legitimacy refers to individual businesses respecting societal norms and acting within those boundaries. Businesses have three options in pursuing this: (i) changing operating standards to comply with societal expectations; (ii) changing the public's views on practices; and (iii) latching onto already powerful and legitimate entities.

Thereafter Sachs and Rühli (2007) differentiate between three types of licenses (forms of legitimacy) granted by society/stakeholders. These forms of licensing are tied to the market-based, resource-based and stakeholder perspective on the business-society relationship and indirectly grant a licence to manage.

Stakeholders grant the license to operate in relation to the sensitivity of the organisation regarding socio-political issues and its contribution(s) to society. (This reflects the notions of "social organisation" which was mentioned previously.) This type of legitimacy helps reduce risk and benefits an organisation (Sachs and Rühli, 2007).

Sachs and Rühli (2007) also argue that the license to compete permits the market-based priorities of sustaining and defending a market position, while both exerting influence over and cooperating with stakeholders and reducing related risks for the organisation. The license to innovate is dependent on stakeholders granting an organisation access to intangible resources (unique stakeholders). It is also dependent on creative stakeholder relationship strategies.

This study supports the notion of corporate reputation as a tangible asset, while reputation finds articulation through various means like storytelling and with a strong emphasis on the quality of relationships between the organisation and stakeholders.

4.3 KEY COMPLEXITIES OF CORPORATE REPUTATION

The complexity of corporate reputation cannot be over stated. Understanding it requires looking through multiple lenses. As such this section focuses on three factors which are pertinent to this study.

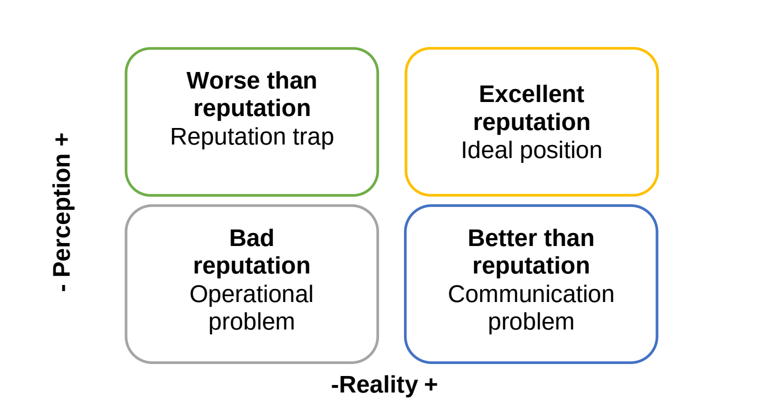
4.3.1 Corporate reputation = reality and perception

Corporate reputations are based on both first-hand experiences (interpretations based on reality) and a projected corporate reality (Aula and Heinonen, 2016:25; Diermeier, 2011; Doorley and Garcia, 2015; Honey, 2009; Van Riel and Fombrun, 2007). Furthermore, corporate reputation as a "game between reality and perceptions" – a constant dialogue between audience members and the corporate entity (Aula and Heinonen, 2016:25).

To this effect, Honey (2009:14) warns against overlooking internal stakeholders when trying to align reality, experiences and perceptions. Having a predominantly external focus would erode employee relations (corporate identity).

Furthermore, Aula and Heinonen (2016:25-26) argue that a corporate reputation is not absolute, but rather degrees thereof as suggested by the model depicted below (figure 4.8). An excellent reputation represents a space in which stakeholders have positive perceptions of the organisation, while their first-hand experiences are good. This is an ideal situation in which stories about the organisation is congruent with actual operations (Aula and Heinonen, 2016:25).

Figure 4.8
Reality-perception model of reputation construction



Source: Aula and Heinonen (2016:25)

A better than reputation points to a worrying reputation, but which can be easily fixed. When stakeholders have good experiences, but some unfavourable perceptions about the organisation exist, i.e. a communication problem and often such organisations do not communicate their good deeds adequately (Aula and Heinonen, 2016:25).

A bad reputation points to an organisation in crisis – both experiences and perceptions are bad. A reputation crisis emerges when experiences and perceptions do not correspond with reality. It is not a reputation crisis, but something completely different if the organisation is rotten in all aspects. Minimising marketing communication and focusing on improving operations would be the way out of this quadrant (Aula and Heinonen, 2016:26).

A worse than reputation is somewhat of a surprise – an organisation might be bad in terms of actions, while its image is still positive due to positive media attention to "impressive talk". Advertising and marketing can also contribute to the reputation trap when promises cannot be kept or when false hope about the future was given (Aula and Heinonen, 2016:26).

Once again, the varying degrees of reputation situations should give organisations cause for both hope and concern. All the quadrants, except the excellent reputation position pose an inherent reputation risk. These quadrants are not stable and can vary between different business units, thus emphasising the need to continuous reputation efforts by communication divisions and multiple other organisational role players (Honey, 2009:14-15).

4.3.2 Archetypes of corporate reputation

While conventional wisdom often holds that reputations cannot change, Aula and Heinonen (2016:24) argue against this viewpoint. Instead, change is possible and the deciding factor is whether an organisation's reputation is stable (solid) or unstable (fluid).

Aula and Heinonen (2016:24) further differentiate between six reputation archetypes communication divisions can use to assess and direct their strategic reputation efforts:

(i) Solid reputation: Stable and at a high level – no variation
(ii) Neutral reputation: Stable and at average level – no variation
(iii) Chronic reputation: Stable and at a low level – no variation
(iv) Improving reputation: Reputation is on the rise
(v) Deteriorating reputation: Reputation is on the decline
(vi) Varying reputation: Varies without any clear trend

Longitudinal research by Aula and Heinonen (2016:24), in which they tracked 100 organisations over nine years, found that organisations with a solid reputation had a significantly higher return on investment (ROI) (29.95) compared to those with a varying (12.61) and declining (2.97) reputation respectively. These reputation archetypes offer communication divisions a scale along which to think about and measure reputation efforts. This scale proves that a corporate reputation is not static and includes the possibility of sliding into dangerous negative territory.

4.3.3 The dialogic nature of corporate reputation

Aula and Heinonen (2016:208) are convinced that reputation management is a dialogical, communicative activity and echo Kent and Taylor (2002) dialogic theory of public relations (as set out in Chapter 2).

A "good reputation" is dependent on favourable perceptions and goodwill by stakeholders regarding the organisation's communication and actions (Aula and Heinonen, 2016:210). In working towards being a "reputable firm" organisations thus cannot act selfishly and only focus on profit maximisation.

When parties participate in the process of dialogue, they agree to the following set of principles: (i) agreeing to listen and speak without judgement, (ii) acknowledging each speaker, (iii) respecting differences, (iv) suspending roles and statuses, (v) balancing inquiry and advocacy, (vi) avoiding cross-talk, (vii) focusing on learning, (viii) seeking a higher level of understanding, (ix) releasing the need for specific outcomes and (x) speaking when moved (Aula and Heinonen, 2016:208).

Aula and Heinonen's (2016:209) dialogic perspective on reputation also emphasises the question of what is mentioned, spoken, told and/or presented about something – reputation has thus always been linked to "talking and listening", presenting messages and understanding them.

This dialogical reputation management perspective relies on the "uniform enough" perception between the organisation and stakeholders about what the organisation and its activities constitute. "Reputation dialogue thus means building communities based on the extended culture of the firm" (Aula and Heinonen, 2016:209). Reputation will also act as a magnet for stakeholders if they are more satisfied with the relationship with the organisation in comparison to other relationships.

In addition, Aula and Heinonen (2016:208-209) postulate that there are no universal laws for successful reputation management. However, a couple of elements can be identified that must be in order before any systematic approach to reputation management can be implemented:

(i) An organisation's reputation should be uniform throughout the organisation – this requires interaction and cooperation among all parts of an organisation.

(ii) Organisations need to take care of relationships equally well in order to become a reputable firm. Organisations must continuously communicate their purpose and good deeds in all directions in an increasingly complex and networked environment. The key question in effectively reputation is when a particular relationship needs to be taken care of, i.e. the prioritisation of stakeholders.

(iii) All members of the organisation must take ownership of reputation management since every contact between employees (hierarchical and horizontal) and the organisation and customers has the potential to affect reputation. Each member of the organisation must also understand that they are worthy of the reputation, but must act in a manner that maintain and strengthen the reputation.

(iv) A good reputation cannot be forced, but each member of an organisation should have the voluntary opportunity to influence the organisation's events. The voluntary nature of participation is critical to accommodate those who prefer silence above "having a voice".

The view that organisations and stakeholders are engaged in an on-going process of creating meaning (with consequences for corporate reputation and issues), is pivotal in understanding the communication reality of the digital media sphere.

4.4 TOWARD A FRAMEWORK FOR REPUTATION MANAGEMENT

A question which many organisations have is how they should approach the management of corporate reputation. Three considerations must be taken into account in developing an organisation's reputation orientation and strategies.

4.4.1 Realistic corporate expectations

Diermeier (2011:17 & 27) pleads for an accurate management mindset about corporate reputation in order to give management efforts clear direction. This should start with viewing corporate reputation as an asset and the latter featuring prominently on the CEO's agenda. All related strategies and processes should then be aligned to avoid "an organisation limping from reputation crisis to the next."

A major problem Diermeier (2011:27) identifies is the belief that corporate reputation is a corporate function and not a core capability. This orientation leads to further misnomers:

(i) A good reputation follows naturally from having good business practices and treating customers, employees and suppliers well.
(ii) The public relations (communication), legal or other divisions will deal with matters if a problem arises.
(iii) Reputation management requires "little else than common sense and a willingness to do the right thing."

Diermeier (2011:27-29) sets the following requirements to counter the aforementioned orientation:

(i) Corporate reputation requires active management.
(ii) Business leaders have a critical role as corporate reputation stewards and cannot merely delegate this to communication or other specialists.
(iii) Corporate reputation is very complex and requires a strategic sophistication and mental agility.
(iv) Organisations should apply principled leadership and sophisticated processes to manage reputation crises in a similar fashion to all business challenges.

In similar fashion Aula and Heinonen (2016:163) contend that "reputation management" is a misnomer. First, "controlling" what stakeholders really think of an organisation is particularly complex. Second, "management" presupposes a certain level of skill and expertise.

Organisations would be better served by thinking of "corporate reputation building" – an ongoing process in which it has no absolute control. The reputation building process further requires true corporate will, information for planning efforts and "first-class expertise" to implement plans.

4.4.2 The role of Chief Reputation Officer

The question of responsibility for corporate reputation permeates literature of the last two decades. While most corporate boards have assumed their role in corporate reputation, the role of Chief Reputation Office (CRO) is relatively new (Aula and Heinonen, 2016:169). (This role should not be confused with that of the Chief Risk Officer.)

The first motivation for this role is the fact that all functional business areas are headed by a related specialist and based on the notion that such specialists need to protect the organisation's assets. If organisations profess to appreciate corporate reputation as an asset, the same logic should apply (Aula and Heinonen, 2017:169).

The second motivation for this role stems from the claims by organisations that communication and marketing efforts should be integrated. Reputation efforts depend on everything from customer service, marketing, communication, human resources, investor relations and business intelligence. Instead of having a fragmented perspective on these organisational divisions and their contributions toward corporate reputation, the CRO role would represent an integrated view. This role would also allow for a bird eye's view on matters pertaining to corporate reputation risk (Aula and Heinonen, 2016:169).

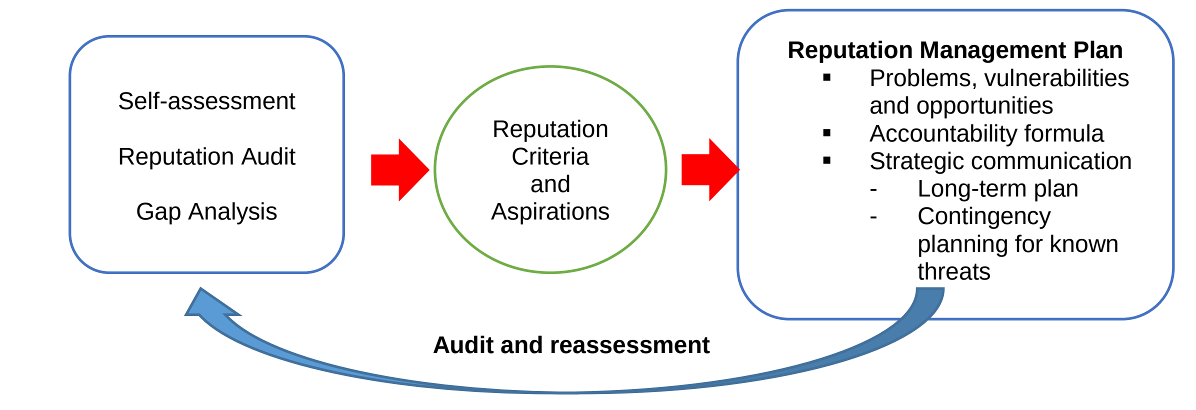
It seems unrealistic to assume that the CRO would have direct control over organisational divisions outside communication and marketing, but could be effective in involving the rest of an organisation in working towards common reputation goals. It also seems like the best position for the coordination of corporate reputation risk endeavours.

4.4.3 A possible template for comprehensive communication strategies

Doorley and Garcia (2015:20-22) provide a concrete solution for organisations in the form of a comprehensive reputation management framework. This framework should be applied to each major area (division) of an organisation in order to achieve total reputation management (performance and behaviour + communication), which is also different from brand management (the marketing value of a name) and corporate identity programmes (institutional advertising) (Doorley and Garcia, 2015:20).

The distinction between total reputation management and programmes of a limited scope and scale, is critical. This framework would serve as the umbrella for corporate reputation risk and consists of seven components (figure 4.9).

Figure 4.9
Comprehensive reputation management



Source: Doorley and Garcia (2015:22)

First, a customised reputation template can then help senior management prioritise issues related to reputation and can also be customised to accommodate the unique concerns of specific stakeholders. These issues are related to the following 10 dimensions: (i) innovation, (ii) quality of management, (iii) employee talent, (iv) financial performance, (v) social responsibility, (vi) product quality, (vii) global competitiveness, (viii) communicativeness (transparency), (ix) governance and (x) integrity (responsibility, reliability, credibility and trustworthiness) (Doorley and Garcia, 2015:20-21). These dimensions expand on those mentioned in the RepTrak® model and incorporate more recent research.

Reputation audits is the second component and focus on both internal and external constituencies to identify possible gaps that could form the basis for reputation plans (Doorley and Garcia, 2015:21). One would measure employee's views on what an organisation stands for and then compare those with views from the senior leadership team. An external audit would measure those constituencies' views of the organisation to form a complete “reputation”. Any gap between the organisation’s views and those of constituents would require plans to close it.

Reputation capital goals constitute the third component of this framework. These goals are very specific and aimed at improving an organisation’s ranking within a sector. The clarity of such goals means that progress can be measured, monitored and managed (Doorley and Garcia, 2015:21).

The fourth component is an accountability formula which helps to specify which relevant organisational division should be given the responsibility of correcting reputation in relation to and area in which the organisation might be slipping (Doorley and Garcia, 2015:21).

A reputation management plan is the fifth component and serves as the strategic guide for all organisations divisions. Doorley and Garcia (2015:21) describe it as “a strategic performance, behaviour and communication plan to move the images various constituencies hold about the organisation closer to the intrinsic identity”.

This plan consists of the following elements: (i) a summary of the internal and external reputation audits, (ii) measures of reputation capital, (iii) a list of reputation challenges and potential problem areas at organisational and divisional level, (iv) reputation goals and opportunities at organisational and division level and (v) related organisational level message strategies (Doorley and Garcia, 2015:22).

The sixth component is an annual follow-up audit and assessment according to standards in the reputation management plan (Doorley and Garcia, 2015:22).

A stakeholder overview (internal and external) is the last component and consist of a summary of opportunities, vulnerabilities, goals and reputation strategies directed at each (Doorley and Garcia, 2015:22). This analysis is based on the underlying logic of stakeholder maps and often leads to revelations regarding the interaction between internal functions and other stakeholders.

Aula and Heinonen’s (2016) evidence-based reputation management framework is very similar to the previous one and does not require a full explanation.

Communication specialists and senior leadership teams who are familiar with the logic of corporate communication strategies (e.g. Steyn and Puth, 2000), ought to see the importance of similar elements, i.e. clear goals, continuous research (both regarding stakeholders and to monitor progress) and adjustments to plans. The success of such a framework would depend on the level of involvement of senior corporate leadership, the integration of corporate reputation as a business priority and the involvement of the entire organisation (Diermeier, 2011; Doorley and Garcia, 2015).

4.5 KEY DYNAMICS OF CORPORATE REPUTATION RISK

In similar fashion to the discussion of corporate reputation three pertinent aspects that illustrate the complexity of corporate reputation risk.

4.5.1 Causes, categories and challenges

According to Honey (2009:30) “where there is scope for surprise or disappointment there lies reputation risk.” This view creates the impression that it is almost impossible to identity all possible causes of corporate reputation risk. However, in similar fashion to risk management experts, literature on corporate reputation risk provides a more systematic perspective on the matter.

Diermeier (2011:18-20) focuses on broad reasons for the increased prevalence of corporate reputation risks. The first is the increased media presence and scrutiny – organisations simply have no way of hiding or hiding incidents for long.

The second reason lies in unintended consequences of globalisation. Activists (both internal and external constituencies) are savvy regarding the potential global impact their actions may attract and the fact that reputation crises are often the last straw before an industry or organisation institutes change (Diermeier, 2011:19).

The final reason is generational differences that find expression in sentiments about morality and ethics and which organisations try to address by means of sustainability and governance (Diermeier, 2011:19-20).

Thereafter, Honey (2009:24-26) focuses on organisational sources of corporate reputation risk (macro, meso and micro level thinking) (table 4.1). This author further uses three of the traditional three risk handling strategies (from Chapter 3) as contributing factors to the complex nature of the phenomenon.

Table 4.1
Sources of risk and management strategies

Cultural (Risks to avoid)		Managerial (Risks to manage)		External (Risks to mitigate)	
Legal	**Ethical**	**Executive**	**Operations**	**Associations**	**Environment**
Imposed by external regulation	Self-imposed codes of conduct	Senior management decision making	Middle management functional activity	Third party actions contamination risk	Commercial or physical impact

Source: Honey (2009:24)

The first strategy, avoidance, is deeply rooted in ERM and "how most risk managers see their roles in business" (Honey, 2009:20-21). Cynics argue that risk management is thus more a case of "managing the avoidance of risk" and not managing risk itself. Corporate reputation risk is a behavioural risk, should be avoided, yet "can sometimes seem too obvious to notice" (Honey, 2009:21). Cultural/ethical risks are intra-organisational and occur when corporate values are disregarded. According to Honey (2009:25) this constitutes behavioural risk.

The management of risk is the second strategy and applies to corporate reputation risk. It is impossible to outsource or transfer reputation risk to a third party, i.e. it is inherent within the operation of an organisation (Honey, 2009:21). People risk (employee relations and human capital) are central to any organisation and, depending the size/structure, appear at either executive or operational level.

Executive risk appears in the form of poor quality decision making by a board or management team and replacing such senior role players often suffices (Honey, 2009:22).

Mistakes in manufacturing processes and distribution channels are commonplace within the operational arena. The real threat to corporate reputation lies in the perception that product quality is “no longer as consistent as a brand name implies” (Honey, 2009:22).

Honey (2009:22) contends that corporate reputation risk is relatively low within the managerial arena because most organisations’ systems and processes are in place, which makes tracing and remedying problems relatively easy. In contrast, Aula and Heinonen (2016:144) warn against complacency in this arena since an incident “can set off a serious crisis and even terminate activities in the worst case”.

Very serious reputation damage often occurs in relation to cultural issues (which can be avoided) and the complex external environment (which need to be mitigated) (Honey, 2009:22).

Mitigating (accepting) risk is the only option for organisations which rely on external parties and when it has no direct control over the related risk factors (Honey, 2009:23). This context has the greatest potential for corporate reputation risk because the contamination risk to one’s corporate reputation stems from the actions of an external or third party. The micro behaviours of business associations often trigger reputation damage – something which most organisations which rely on outsourced call centres (Honey, 2009:23).

Aula and Heinonen (2016:134) agree with most of Honey’s (2009) views and emphasise the interconnectedness of corporate reputation risk across all organisational arenas and highlight the push by some constituencies “to reveal the truth” as a key risk cause.

Finally, the Reputation Institute (2016) points to four challenges associated with reputation risk – a glimpse of the complexities organisations need to consider. First, organisations lack understanding about what reputation risk really encompass (ambiguity) because of the fact that it is interpreted in many ways. Second, reputation risk is equally difficult to evaluate and quantify. Therefore it is a far more complex risk factor to manage when compared to others (Reputation Institute, 2016:3).

Many organisations struggle to establish a reputation risk culture – an awareness of early warning signs and reporting these so that appropriate action can be taken. The final challenge pertains to ownership of reputation risk. While a little more than half of organisations (in their recent study) reported that this responsibility lies with their CEO's, only 39% have put related governance systems in place (Reputation Institute, 2016:03).

4.5.2 Insurance as an option

A comprehensive understanding of corporate reputation risk is incomplete without considering if it can be insured. Views on this matter have evolved over the last decade. Aula and Heinonen (2016:158) cite products by various global insurance giants which "cover costs related to acute crisis management, restoring trust afterwards, but not the financial damage caused by a corporate reputation crisis".

One in particular could be seen as the gold standard. This product covers business losses caused by reputation crises to the amount of EUR 50 - 150 million and in rare cases even more. If the insured client experiences a loss in sales (profits) as a direct result of a reputation crisis, the insurer pays compensation. Negative media attention or unanticipated decline in profit serve as the triggers for the process by the insurer (Aula and Heinonen, 2016:158).

Aula and Heinonen (2016:159) note three aspects which are sometimes controversial in the arena of reputation insurance. First, these insurance products do not cover reputation damages incurred as a result of poor decisions by middle and upper level management. Second, insurance policies do not offer a discount on the premiums if an organisation already has good management systems in place for corporate reputation risk and crises. Third, not all insurers are willing to cover the cost of reputation crisis prevention. These aspects confirm the need for organisations to have relevant systems in place.

Finally, Aula and Heinonen (2016:160) contend that corporate reputation insurance has one major weakness. Continuous research should be the basis for tracking corporate reputations and picking up potential damage and not only negative media attention. This would enable insured organisations and insurers to assess losses and compare situations before and after crisis incidents. Big data (tracked and analysed by both parties) would be pivotal.

4.5.3 Broad management principles

A critical question pertains to what broad principles organisations would have to apply for the effective management of corporate reputation risk. Literature suggests that these principles would remain the same when executed by an in-house or outsourced team.

In terms of an overall approach, Pagach and Warr (2009:3) argue that reputation "has increasingly been falling under the ERM umbrella." They also highlight three ways in which this approach benefits corporate reputation risk.

First, it is included in the list of individual risks, which are identified, assessed and managed in a unified manner and thus contribute to organisational value (Pagach and Warr, 2009:3).

ERM further encourages the disclosure of risks "so that stakeholders can better understand which risks a firm is accepting and which it is avoiding" (Pagach and Warr (2009:3). External stakeholders generally view greater disclosure positively because it affords them the opportunity to manage their own risk profiles more accurately.

Finally, "ERM provides a strategic response to a reputation damaging event" (Pagach and Warr, 2009:3). The implementation of an ERM programme may enhance corporate reputation, although not in the short-term. This suggests that firms may be implementing ERM as a response to a decline in corporate fortunes (Pagach and Warr, 2009:3)

Estimating the possible impact of risk factors (causes) should not be done by blindly applying all elements of typical risk matrices (Honey, 2009:44). “Probability” and “severity” are particularly problematic and should rather be replaced by efforts to identify stakeholder groupings and their expectations regarding key drivers of risk (issues).

Gauging the potential impact of stakeholders is a critical step. Stakeholder mapping and matrices which indicate levels of interest and the ability to influence an organisation should be the foundation (Honey, 2009:33).

Organisations can decide which key drivers they would like to measure based on their priorities and context. Honey (2009:44) draws upon Fombrun and Van Riel’s Reputation Quotient and proposes (i) financial performance, (ii) delivery of products and services, (iii) vision and leadership, (iv) corporate responsibility, (v) workplace environment, (vi) knowledge and skills and (vii) emotional appeal. The RepTrak® model offers two additional drivers, i.e. (i) innovation and (ii) governance.

Tracking and monitoring corporate reputation risk requires continuous research (formal or informal) of possible changes in stakeholder sentiments. Understanding stakeholder expectations in relation to any give corporate action is critical – an aspect that is also discussed in Chapter 5.

Honey (2009:50-51) suggests a three-stage process. Stage 1 would comprise an attitude survey across all stakeholders in order to establish a benchmark at a given point in time. Stage 2 involves regular reporting of stakeholder sentiments to the board as a form of proactive planning. Stage 3 would encompass reducing and mitigating the risks to corporate reputation by means of constructive stakeholder engagement.

Corporate reputation risk should be listed on a corporate risk register and not be managed in isolation (Honey, 2009:51-52). This can be done more easily when those involved translate the potential impact of a risk incident/factor into risk management language, as depicted in table 4.2. (The degrees or reputation risk resemble traditional risk management think, as set out in Chapter 3.)

Table 4.2
Degrees of reputation risk

Risk impact	Reputation damage profile
Very low	Trust recoverable with little effort or cost – a minor blip on the radar. Risk containable locally – no need to involve senior management, but they will be informed.
Low	Trust recoverable at modest cost with resource allocation within budgets. Risk containable at sector level – senior management to be kept informed.
Medium	Trust recovery demands cost authorisation above and beyond existing budgets. Risk containable at group sector level – senior management involved.
High	Trust recoverable at considerable cost and management attention. Risk demands immediate attention – dedicated budget and staff.
Very high	Trust severely damaged and full recovery questionable and costly. Risk demands attention of group board and priority action.

Source: Honey (2009:52)

The final decision organisations must take pertains to whether they follow an integrated approach in relation to corporate reputation risk, as the literature suggests. Honey (2009:67-72) pleads for an organisational culture in which all employees are aware of and work toward the protection of corporate reputation. Such a culture should permeate all business decisions.

Reporting processes for corporate reputation risk would automatically adhere to the overall organisational approach and would be a responsibility of the CRO or equivalent position. The level of sophistication in measuring corporate reputation risk is critical for integration, while those tasked with it ought to focus on how corporate reputation can be used in a constructive or offensive (vs. defensive) reputation building strategy (Honey, 2009:58). This sentiment is similar to that of Aula and Heinonen's (2016).

4.6 PERTINENT FRAMEWORKS/MODELS FOR CORPORATE REPUTATION RISK MANAGEMENT

The first objective of this study necessitates the consideration of frameworks/models in this section. In similar fashion to the frameworks/models which appear at the end of Chapters 3 and 5, each emphasises a particular vantage point. These frameworks/models offer philosophical and step-wise suggestions to specialists seeking management insights, while unique organisational dynamics will determine the actual implementation.

The frameworks/models by Kucuk and Yilmaz Kucuk (2010), Aula and Heinonen (2016) and the Reputation Institute (2016) are regarded as normative in the context of Chapter 4. They all emphasise the need for systematic preparations to avoid reputation risk incidents, i.e. the ideal state. Furthermore, they emphasise continuous analysis and reporting which are critical for organisational learning. These steps echo the cerebral effort as set forth in the frameworks/models at the end of Chapter 5.

4.6.1 Kucuk Yilmaz and Kucuk (2010)

Kucuk Yilmaz and Kucuk's (2010:235) "New corporate reputation risk management framework" applies risk management principles to reputation crisis situations and ties reputation management to corporate sustainability.

Table 4.3
New Corporate Reputation Risk Management Process

Initial preparations
▪ Setting of social-cultural-financial corporate map analysis to corporate culture. ▪ Establish reputation in a strategic context. ▪ Determine risk appetite and risk tolerance for reputation. ▪ Set objectives ▪ Build crisis communication strategy ▪ Establish crisis information management system ▪ Public relations based organisation crisis committee and function
Analysis and implementation
▪ Environmental analysis: Internal and external ▪ Stakeholder analysis: stakeholder identification and prioritisation ▪ Identification of corporate reputation metrics ▪ Understanding the value of entity's reputation ▪ Strategic calibration to integration of sustainability management into reputation risk management ▪ Risk identification and assessment ▪ Identify and prioritise the reputational risk factor and their resources ▪ Prioritise reputation risk elements – factors influencing quality of corporate reputation ▪ Corporate reputation risk score ▪ Analyse the risk impact on reputation ▪ Consolidate findings and report to management ▪ Determine response strategies to risk events and reputation effects leadership, rebuilding confidence, restructuring for credibility, rebuilding public perception. ▪ Treat risk to reputation crisis holistically ▪ Determine optimum reputation crisis handling options ▪ Understand the interrelationships within the business
Monitoring and reporting
▪ Create and implement reputation audit, monitoring and reporting programmes ▪ Audit process ▪ Implementation results: gain management acceptance ▪ Improvement and revisions of the model to be suitable

Source: Kucuk Yilmaz and Kucuk (2010:237)

The framework is also rooted in the logic of Max Weber's framework for sociology and requires "continuous development in order to adapt to environmental changes." It is therefore flexible and systematic. Three broad principles govern the framework:

(i) Reputation is a strategic issue for organisations.

(ii) Reputation is an asset and should be managed proactively with the risk management division.

(iii) Reputation risk planning/practices must be integrated with ERM practices (Kucuk Yilmaz and Kucuk (2010:242).

Kucuk Yilmaz and Kucuk (2010:242) further contend that the framework serves three goals:

(i) Helping organisations sustainable a competitive advantage.

(ii) Optimising the cost of risk management.

(iii) Helping organisations improve business performance.

- **Step 1: Initial preparations**

The context of this first step includes decisions regarding (i) corporate objectives, (ii) stakeholder expectations and dialogue, (iii) core processes, (iv) key dependencies, (v) risk as uncertainty, (vi) priority relationships, (vii) organisational competence, (viii) corporate risk appetite and (ix) corporate risk tolerance and threshold (Kucuk Yilmaz and Kucuk, 2010:235).

This step further requires research regarding managerial attitudes toward and perceptions about reputation and risk management – both should ideally be well understood throughout the entire organisation (Kucuk Yilmaz and Kucuk, 2010:236).

Mapping the social-cultural-financial corporate context serves as an important step in analysing the corporate culture. Corporate culture is regarded as fundamental for long-term corporate strategies and has a direct impact on communication strategy and a management information system (MIS) through which reputation issues could be tracked (both internally and externally) (Kucuk Yilmaz and Kucuk, 2010:236).
Understanding reputation risk in relation to customers, employees and shareholders, as well as internal, external market assets and corporate performance (strategic context) is equally important (Kucuk Yilmaz and Kucuk, 2010:236).

Thereafter, crisis MIS's can be set up, crisis management committees (structure and roles) be formed and crisis communication strategies developed in relation to future reputation incidents (Kucuk Yilmaz and Kucuk, 2010:236).

- **Step 2: Analysis and implementation**

In similar fashion to the other two steps, the process of analysis and implementation is quite complex and dependent on a number of smaller steps.

Kucuk Yilmaz and Kucuk (2010:237) do not provide an elaborate discussion regarding the analysis of the internal and external environment. However, the next four related steps implicitly refer to the related bullet points in table 4.3.

Identifying and prioritising reputation risk factors and their resources are pivotal to making sense of the turbulent risk-based environment. Organisations can follow an almost unlimited variety of strategies to identify such factors. Factors that have the potential to have an impact on an industry, the potential reputation events which will have an impact on an industry, an enterprise and a business unit should be regarded as critical. Prioritising the relevant risk factors requires the application of the risk likelihood x impact matrix (Kucuk Yilmaz and Kucuk, 2010:238-9).

Key sources of reputation risk include financial performance, corporate governance and ethical behaviours, communication and public relations, crisis management, corporate social responsibility, workplace talent and corporate risk culture, regulatory compliance, delivery in relation to stakeholder expectation, employees and key managers' decisions, product/professional liability, product recall and litigation, marketing innovation and customer relations as well as stakeholder relationships (Kucuk Yilmaz and Kucuk, 2010:238).

Prioritising reputation risk elements implies scrutinising the factors which influence the quality of corporate reputation. These factors include the traditional areas of risk management, i.e. financial risk, reputation risk, credit risk, terrorism, market risk, foreign exchange risk, natural hazard risk, crime and physical security, political risk, regulatory risk and IT network risk (Kucuk Yilmaz and Kucuk, 2010:238). The risk impact and likelihood matrix should also be applied to the aforementioned factors and specifically in terms of the likely hood that an organisation will transgress in terms of societal expectations.

Reputation risk analysis should be based on the qualitative evaluation of the expected frequency events and the expected severity of related reputation damage. Similar to the well-known likelihood x impact matrix, events with the highest likelihood and potentially most damaging impact should be regarded as the highest priority (Kucuk Yilmaz and Kucuk, 2010:239).

Based on these matrix estimations, organisation should be able to make decisions regarding two areas. First, risk strategies can vary between termination, transfer, treatment, tolerance and transformation. Second, managing risk to rebuild stakeholder confidence could involve control effectiveness, current risks score, residual risk and action plans (Kucuk Yilmaz and Kucuk, 2010:240).

Analysing the risk impact on reputation requires the consideration of two scenarios. First, if there is reputation damage, management should implement risk management strategies to revise damage to reputation. Second, if risk factors do not affect reputation, management should still focus on continually improving risk management strategies in order to accommodate emerging and transformed events (Kucuk Yilmaz and Kucuk, 2010:240).

The aforementioned risk management strategies encompass preparations for response strategies, leadership roles, crisis management, the holistic understanding of reputation risk and integrated efforts by various organisations divisions (Kucuk Yilmaz and Kucuk, 2010:240).

- **Step 3: Monitoring and reporting**

The need for constant revision is borne out of the ever-changing strategic business environment and thus affects strategy formulation. Ideally, organisations will align their practices in order for corporate leadership to drive corporate reputation during good and bad times (Kucuk Yilmaz and Kucuk, 2010:241).

Constant revision of practices is critical to this model and is at the core of the last step. Aspects that need revision include the collaboration between organisational divisions like the crisis management team, public relations and risk management, financial and human resources (for the purpose of holistic reputation management). Revision processes should include the re-evaluation of roles and responsibilities associated with the aforementioned structures (Kucuk Yilmaz and Kucuk, 2010:241).

An organisation should also consideration whether and how a corporate reputation strategy is a part of the overall business plan. All involved should understand how elements of the general business process could affect reputation, e.g. financial management issues which could undermine the credibility of an organisation, corporate marketing practices related to the marketing mix which affect the image portrayed by an organisation and corporate communication elements which could affect an organisation's attractiveness as an employer and its ability to tell a coherent reputation story (Kucuk Yilmaz and Kucuk, 2010:241).

4.6.2 Aula and Heinonen (2016)

Aula and Heinonen (2016:160-161) use the four key of corporate reputation risk areas identified by The Economist Intelligence Unit as the basis for a "Corporate reputation risk preparation framework". These are (i) crisis management skills, (ii) measurement and analysis of corporate reputation, (iii) surveillance and analysis of corporate reputation risks and (iv) corporate responsibility.

Aula and Heinonen (2016:160-161) further plead for the involvement of corporate boards and not just on paper. Executives should regularly report on the following in order to prepare an organisation for corporate reputation risk:

(i) Processes for crisis management and how these are planned and documented. The appropriate application of crisis management and communication skills is critical.

(ii) The correct measurement of external perceptions of an organisation, which is critical in establishing facts vs. myths.

(iii) A broad corporate social responsibility programme should be developed (and implemented) to address possible sources of reputation risk. However, this should be a genuine part of an organisation's culture and management.
(iv) Systematic tracking of reputation threats
(v) Training of employees to identify and manage reputation risks.
(vi) A cross-functional team to focus on reputation threats and crises.
(vii) The risk division's involvement in covering key reputation threats and challenges.
(viii) The publication of standards regarding environmental, human rights and labour practices.
(ix) Relationship building efforts in relation to pressure groups and other potential critics of the organisation.

4.6.3 Reputation Institute (2016)

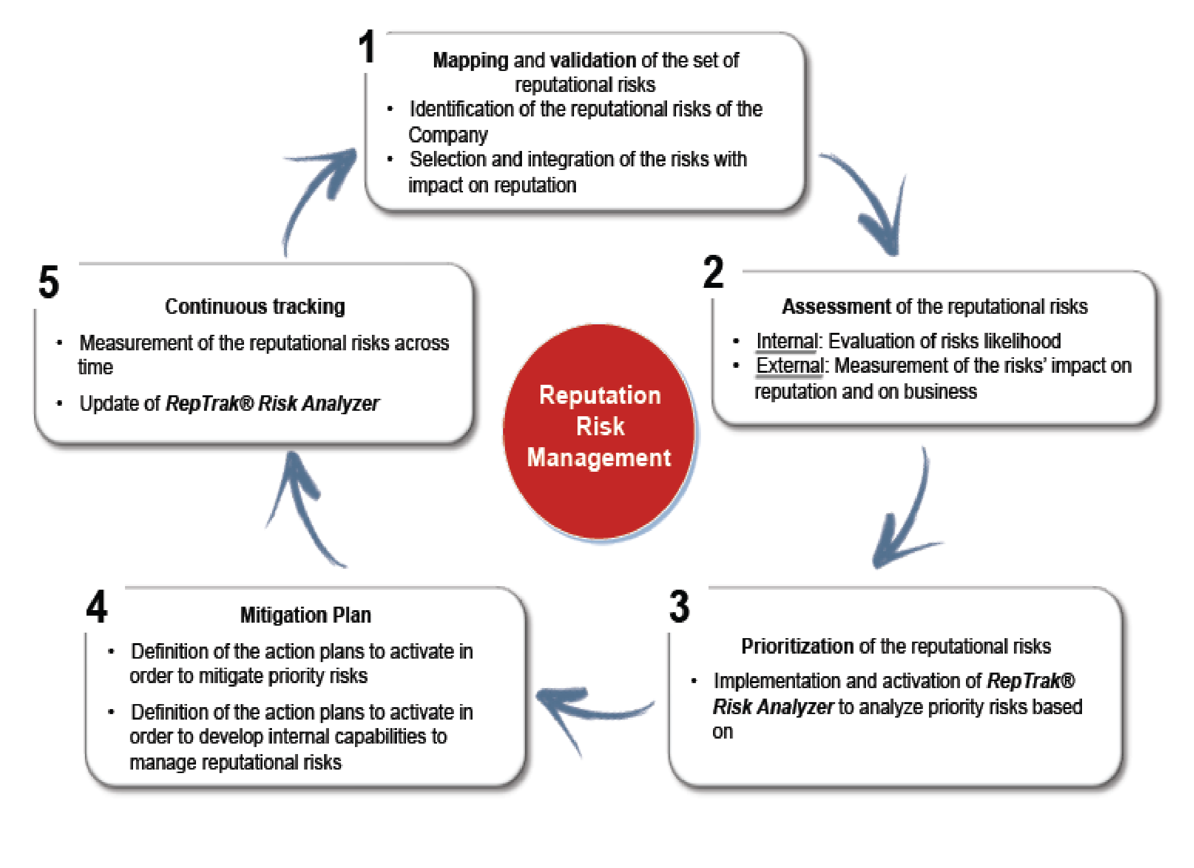
The underlying principle of this framework (figure 4.10) is to make the intangible tangible. Breaking down reputation into specific components which can be managed and measured is critical. Only then will organisations "be able to identify the specific impact from a crisis on reputation and thus be prepared to manage it" (Reputation Institute, 2016:3).

This framework further contends that organisations need to consider three key variables if they hope to develop effective reputation risk strategies and manage such risks proactively:

(i) Risk impact is the factor that describes how likely it is that the risk will materialise and how it will affect stakeholder perceptions and support. It is an external variable and indicates the severity of the event on the reputation of the organisation. This needs to be evaluated by stakeholders as they own reputation.
(i) Readiness is an internal variable and refers to the maturity of reputation management practices in the organisation. The key question is how prepared an organisation is to identify, mitigate and respond to a crisis It depends on a number of factors and needs to be evaluated by senior management.

(ii) Monitoring of the external environment and how changes evolve/occur is critical to identifying reputation risks factors is a continuous process. (Reputation Institute, 2016:4).

Figure 4.10
Reputation risk management framework



Source: Reputation Institute (2016:4)

Mapping and validating the set of reputational risks should be the first step and encompass the identification, selection of reputation risks for an organisation. The second step focuses on the assessment of internal and external reputation risks in terms of likelihood and potential impact, while the prioritisation of reputation risks is the third step. An option for this step is the use of specialist software (Reputation Institute, 2016).

The last two steps focus on mitigation and continuous tracking respectively. Mitigation relies on plans to reduce the likelihood and impact of a risk factor/event and having action plans for priority risks is pivotal. Such action plans should be clear and aimed at the development of internal organisational abilities to face reputation risks (Reputation Institute, 2016:4).

Updating the list of reputation risks over time is a key process to ensure effective strategy development and implementation. The RepTrak®RiskAnalyzer (software) could be used to organise complex information (Reputation Institute, 2016:4).

4.7 CONCLUSION

Understanding corporate reputation risk as multi-dimensional and ever-evolving is paramount. Whether this phenomenon is understood within an entire organisation depends on the reputation and risk orientations held by the C-suite. To this effect Diermeier (2011:29) posits that "a strategic approach requires the emotional fortitude to treat reputational difficulties as understandable and even predictable challenges".

Valuing corporate reputation as tangible asset and creating an appropriate reputation culture (with the board setting the tone) are universally accepted as prerequisites for deliberate reputation management efforts. Organisations have a variety of frameworks from which they can gain insights and develop reputation risk strategies to address their unique needs. The first step would be to consider those presented at the end of this chapter, while also considering those presented toward the end of Chapters 3 and 5. Against this background, Chapter 5 deals with the question of social media crisis management as the context of this thesis.

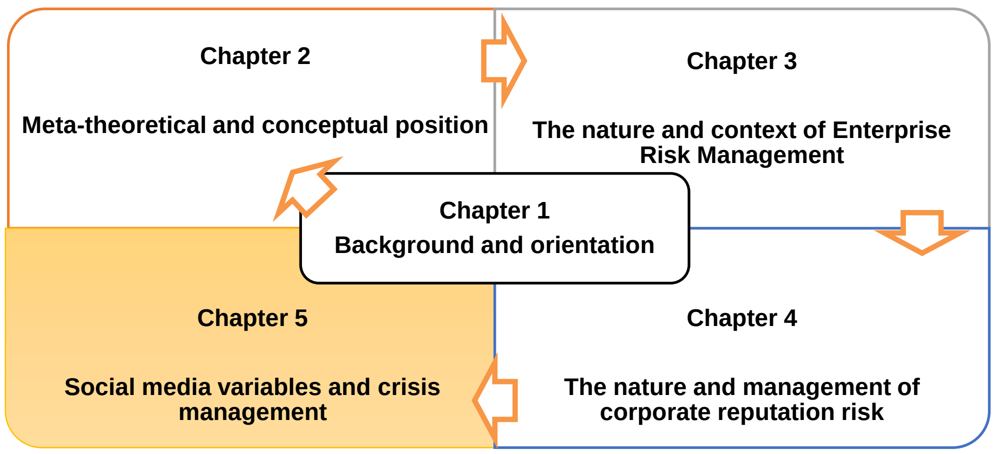
Chapter 5
Social media variables and crisis management

5.1 INTRODUCTION

The immediacy, reach and psychological drivers of social media participation continue to challenge organisations. Incidents often escalate to crises and highlight the need for proper preparation by organisations. As such, this chapter considers key aspects of the social media landscape and key variables which influence social media crisis management. It includes models/frameworks which could be employed from a communicator-oriented (corporate) perspective.

Figure 5.1 illustrates the place of this chapter in relation to the first half of the study.

Figure 5.1
Chapter 5 in relation to the first half of the study



5.2 A SNAPSHOT OF THE SOCIAL MEDIA LANDSCAPE

With platforms appearing and disappearing continuously, the social media landscape can be compared to the changing picture at the end of a kaleidoscope. Grasping this and other characteristics is important in recognising potential pitfalls and opportunities associated with this study.

5.2.1 Defining social media

A description of the social media landscape would be incomplete without considering various definitions (table 5.1).

Table 5.1
Definitions of social media

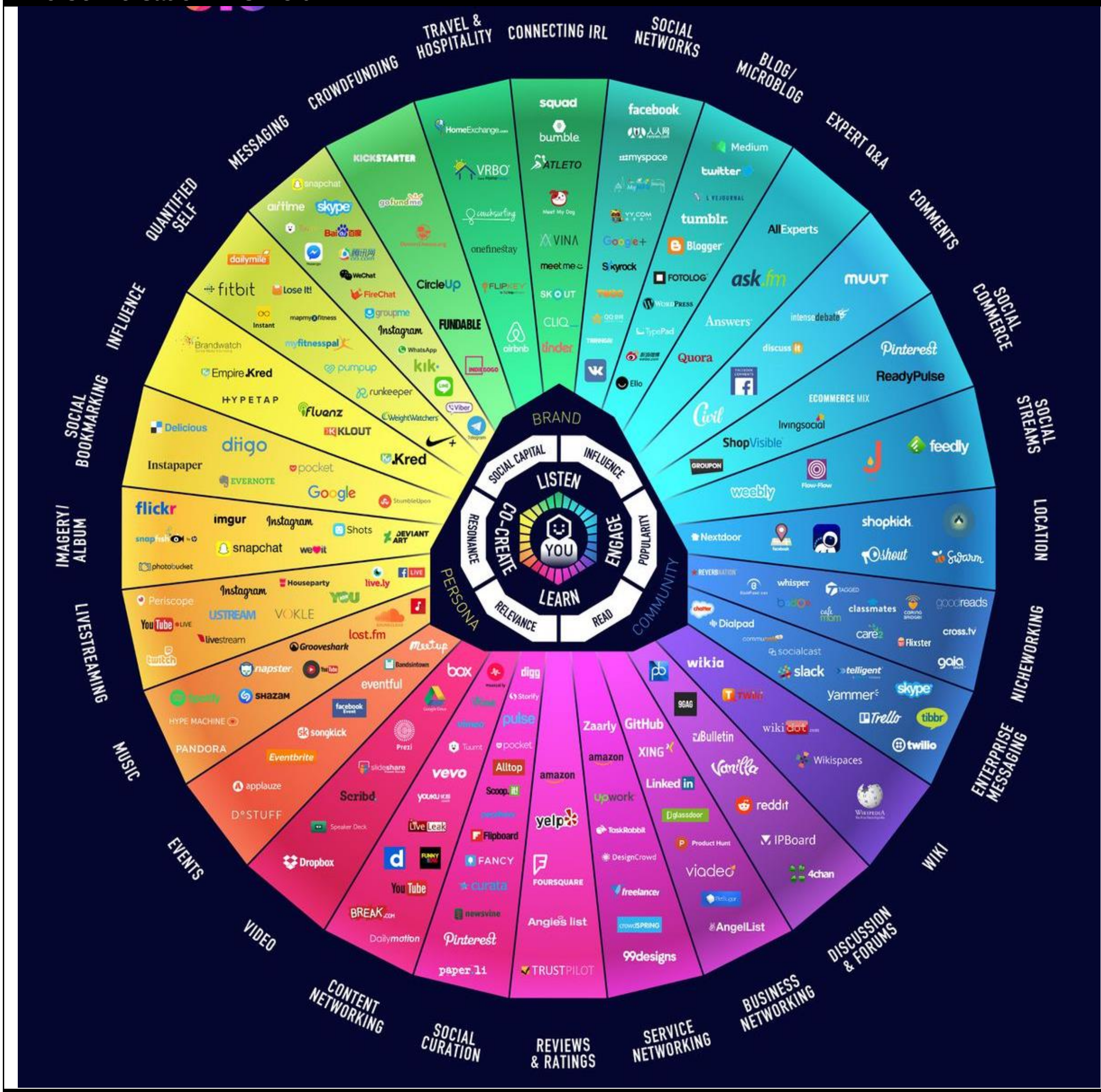
Aula and Heinonen (2016:38)	Social media are the platforms based on website technology and the internet through which people can form social networks, converse and more to create and share content in ways that are unique and attractive. Social media have certain fundamental characteristics, i.e. (i) absence of an institutional framework; (ii) interactivity that involves networked communication between users who are producers and participants at the same time.
Coombs (2015:18)	Social media is a collection of online communication channels/tools that share five common characteristics, i.e. (i) participation (anyone can create and give feedback on content); (ii) openness (most social media permits people to post content and feedback); (iii) conversation (it facilitates two-way interaction); (iv) communities (groups with similar interests can form quickly); and (v) connectedness (there is heavy use of links to other content).
Frandsen and Johansen (2017:169)	Social media is a group of Internet-based applications that build on the technological foundations of Web 2.0 that also allow the creation and exchange of User-Generated Content. Based on key dimensions such as social presence, media richness, the degree of self-disclosure (conscious or unconscious revelation of personal information) and self-presentation (attempt to control the impressions other people form), social media can further be categorised as collaborative projects, content communities, virtual games, blogs, social networking sites and social worlds.
Freberg (2013:847)	Compared to traditional media, social media are open and accessible, dynamic, modifiable and decentralised. Whereas traditional media feature a primarily one-way dissemination of content, social media provide means for real two-way or group conversation. Information from traditional media is delayed, but social media are immediate, breaking barriers of time and location.
Fuchs (2014:43)	The technological system and a social subsystem of the internet both have a networked character, i.e. a techno-social system. This technological structure is a network that produces and reproduces human actions.
Smith and Wollan (2011:xi)	Social media enable one-to-many or many-to-many conversations. They feature content created and posted by consumers of that content. They are easy to use, highly accessible (by everyone), highly scalable (everyone + everywhere) and operate in real time (everyone + everywhere + every time). They are entirely public and transparent.

These definitions underscore Blossom's (2009:57) observation that there is "room for the powerful and everyday people in social media."

5.2.2 The complex scope of the social media landscape

Trying to describe the social media landscape would be like "counting sand on the beach" (Coombs, 2015:20). However, Solis (quoted in Flynn, 2017) provides one of the most comprehensive summaries of the current social media landscape through the Conversation Prism 5.0.

Figure 5.2
The Conversation Prism 5.0



Source: www.conversationprism.com

This description of the social media landscape is vastly different from the online context described by Illia (cf. 2002), the new media described by Mei *et al*. (2010) or the 10 categories of social media described Kietzmann, Hermkens, McCarthy and Silvestre (2011) or FredCavazzanet (2017).

The Conversation Prism 5.0 evolved from the first prism that was published in 2008. Whereas a brand was at the centre of previous prisms, the individual is now at the centre of everything. How the landscape has changed becomes clear when the first and fifth conversation prisms are compared.

The inner most ring of Conversation Prism 5.0 represents the ways in which individuals may interact with brands via social media, i.e. listening, engaging, learning and co-creating (www.conversationprism.com). "It's meant to remind the viewer that social media is about the people in the centre of their online experiences. An individual shapes the experiences of others as they shape the individual's own online experiences" (Flynn, 2017).

The second ring of Conversation Prism 5.0 expands on how individual may have an impact on networks, i.e. influence, popularity, read, relevance, resonance and social capital (www.conversationprism.com). According to Flynn (2017) this ring depicts how the individual "contributes to social capital and influencing others within the context of brand management, contributing to the popularity within and reading about a community or shaping a persona through highlighting something's resonance and relevance".

The outer most ring of Conversation Prism 5.0 refers to 28 categories of networks an individual can interact with in order to create their own brands and community. These include social networking, blogs/microblogs, expert Q & A, communities, social comments, social streaming, locations, nicheworking and enterprise messaging, wiki's, discussion and forums, business networking, service networking, reviews and ratings, social curation, content networking, video, events, music, livestreaming, imagery/album, social bookmarking, influence, quantified self, messaging, crowdfunding, travel and hospitality, as well as connecting IRL (www.conversationprism.com).

The evolution of the Conversation Prism 5.0 proves that social media functionality is not static and includes four new functional categories, i.e. messaging, crowdfunding, travel and hospitality and connecting IRL (www.conversationprism.com).

The Conversation Prism 1.0 put brands at the centre and consisted of three halos. Brand managers would typically be tasked with the following activities which formed the first halo of Conversation Prism 1.0:

Table 5.2
First halo of Conversation Prism 1.0

Activity	Description
Observation	Discovering the communities that are actively discussing your brand
Listening	Hearing the people and the underlying sentiment in order to accurately craft response and participation.
Identification	Recognising and acknowledging the beacons to potentially enlist as ambassadors.
Internalisation	Recognising patterns/spots of brilliance that can benefit your reputation.
Prioritisation	Assess and structure where and how strategy should be focused.
Routing	Delegate by topic and expertise.

Source: Solis (2010:217-8)

The second halo of this prism featured the workforce involved in listening and responding. Over time, these processes were integrated to form a "seamless social customer relationship management system" (also known as SCRM). These departments (functions) include customer and product support, product and sales, marketing/public relations (communication), community, corporate communication, crisis and support (Solis, 2010:218).

The third and final halo of this prism "completes the image of conversational workflow but not the cycle" (Solis, 2010:219). It reinforced the notion of a continuous rotation of listening, responding and online learning (table 5.3).

Table 5.3
Third halo of Conversation Prism 1.0

Activity	Description
Ongoing feedback and insight	Necessary to build an aware and reputable brand
Participation	Used to learn and improve relationships
Online	Effectively building online relationships
Real world	How well these online relationships translate into the real world

Source: Solis (2010:219)

A key question from the evolution of the different prisms relates to the notion of control organisations (brands) have over the narratives (reputation stories) that fill up the social media space. Conversations about organisations (products/brands) are ongoing and seem like a good source of information when gauging areas of online corporate reputation risk.

5.2.3 Emerging roles for social media specialists

The social media landscape offers new roles for communication and marketing professionals. Solis (2010) shed some light on the matter with a list of current and future roles and their requirements.

Table 5.4
New roles and responsibilities in the era of emerging media

Roles	Requirements and responsibilities
Cartographer	▪ Visual mapping of relationships, linking patterns and influencers in terms of relevance.
Community manager	▪ Listen to conversations in the social media sphere through researchers/software ▪ Manage workflow and response status ▪ First line of response ▪ Assigning relevant dialogue to appropriate team leads
Connector	▪ Inspire activity, direction and conversation ▪ Connect stories to influencers based on intelligence, empathy, sincerity and the ability to bridge a story to a specific individual, their audience and social graph.
Content producer	▪ Content for client/company interaction with customers, peers and influencers on in various formats, on various platforms. ▪ Connectors and industry experts/strategists often also wear this hat and either (i) create content themselves or (ii) assigning the creation of important content to content producers or other team members with direct experience.
Digital ethnographer	▪ Such a person is ideal for documenting a descriptive study of a particular human society when a deep study of online culture and communities is critical.
Digital sociologist	▪ Observing the cultures, trends and behaviours associated with communities, networks and forums. ▪ Comparing the interactivity around keywords and brands to contribute to engagement strategies, customer service policies, improvements and modifications.
Digital/social architect	▪ Build online bridges between the company brand and consumers via widgets, sites, online dashboards, blogs, social media releases, wikis, social networks, fan pages, forums, groups and any other application, platform or group responsible for hosting content, conversation and interactivity.
Industry experts/strategist	▪ Individual with deep understanding of and experiences with customer empathy, market trends and the governing technology that connects the people within desired market places.
Research librarian	▪ Complements sociologists by analysing keywords used by customers ▪ Listens to and documents conversations in terms of content and sentiment ▪ Charting volume and frequency within social networks ▪ Identifying and analysing true influencers and tastemakers across media, blogs and social communities ▪ Present data and charts for analysis by strategists
Social engineer	▪ Create the roads and highways that connect a brand to its audiences and communities. ▪ Observe behaviour and trends within communities in order to inspire new product design, programmes and corporate initiatives to align more closely with the needs/desires of its consumers.

Source: Solis (2010:293-294)

While many of the tasks have been grouped under prominent roles like social media/digital manager and/or strategist, community manager and content coordinator, new roles (often situational) are still emerging together with the increasingly sophisticated social media strategies organisations employ. The roles of community manager, content producer and social media planner/public relations specialist are very prominent in 2018. Understanding publics/stakeholders based on sociology and psychology is an underlying requirement for any of the current roles.

The last and arguably most important role is that of social media director (Blanchard, 2011), social media manager (Coombs, 2015) or social media strategist (Thomas and Barlow, 2011:87), i.e. the most senior social media role player whose job description could also be the Chief Social Media Officer (CSMO).

Coombs (2015:69) argues that "social media managers are charged with overseeing the organisation's social media strategy". These are the individuals who ought to question an organisation's motives for using social media. They also need to ensure that social media are aligned with and used in service of the corporate strategy (Blanchard, 2011; Coombs, 2015; Kelly, 2013; Thomas and Barlow, 2011).

Blanchard (2011:72-74) thus pleads for the following expertise in an ideal candidate for such a senior role:

(i) Experience in managing marketing and public relations programmes and not just campaigns.
(ii) At least five years corporate experience working across the organisation.
(iii) At least one year project management experience outside a marketing, public relations or advertising agency – the difference between serving a client vs. working for a corporate is critical for navigating organisational politics.
(iv) At least two years of experience in managing a brand or product line.
(v) Management of research projects.
(vi) A thorough understanding of the difference between financial ROI and non-financial impact.
(vii) Training and development of a project team.
(viii) Experience in managing budgets.

Blanchard (2011:74-75) further emphasise critical thinking skills about best practices, knowledge of social business philosophies, change management and social media programme management (including crisis scenarios) and "how public relations, marketing, event management and customer services can be integrated seamlessly."

Key tasks of the CSMO include monitoring, assessing and guiding the organisation's social media presence. This role player should also be "at the forefront of listening to stakeholders (identifying threats and opportunities – early warning system) and crafting organisational messages that populate various social media outlets" (Coombs, 2015:69). The prominence of a CSMO in relation to crisis management is undeniable (Blanchard, 2011:75).

Of the three role players interviewed in this study, the CSMO is the youngest. The role of social media manager needs consideration in relation to the dynamic nature of social media crises and the integrative manner in which organisations are required to manage incidents.

5.2.4 Opportunities and challenges for corporate reputation efforts

Futurists predict that the digital revolution will only intensify and emphasise the need for a future work force to be skilled accordingly, while also emphasising opportunities and challenges organisations will face.

Doorley and Garcia (2015:130-132) observe that the utilisation of social media for reputation efforts in many organisations still fall short of the normative ideal and specifically when measured against five dimensions.

Corporate reputation efforts often lack authenticity because organisations have not adopted an appropriate conversational style for social media. A cultural shift might be required for many organisations in order to make the transition from corporate talk, legalese or spin. In addition, different organisational divisions (e.g. customer service and social media teams) do convey conflicting messages, which would inevitably be a corporate reputation risk factor (Doorley and Garcia, 2015:130; Harquail, 2011:247-248).

Trust and transparency are critical for today's customer and the latter is a form of power. Social media enable customers to demand transparency or take any dispute to "the square of social media" (Doorley and Garcia, 2015:130). However, organisations should still find the correct balance between openness and protecting confidential information that can obviously also affect internal stakeholders.

Social media represent the decentralisation of authority – the majority of social media platforms facilitate multi-directional conversations and challenge traditional top-down structures (Doorley and Garcia, 2015:131). However, many organisations still see the two-way symmetrical model for communication as an ideal and thus might miss important conversations. This speaks to the notion of social media users having conversations about products, brands and organisations, irrespective of whether or not those organisations are present.

Organisations can be victims of the speed at which information is disseminated on social media and they can harness it. Crises may make it quite difficult for organisations to catch up, while information social media participants deem relevant, interesting or novel may she shared almost instantly, thus increasing an organisation's reach far beyond what would have been possible otherwise (Doorley and Garcia, 2015:131).

Organisations that approach social media as central to collaboration fare better than those which regarding it as merely another set of platforms which serve to exchange information (Doorley and Garcia, 2015:132).

A discussion of the digital media revolution would be incomplete without Aula and Heinonen's (2016:148) overview of the connection between the digital media revolution, risk and reputation. Table 5.5 provides a summary of research findings on professionals from these fields – sentiments are grouped under four discourses.

The strengths discourse cites speed, the reach of the digital media sphere and the inherent value of the Internet are most prominent qualities (Aula and Heinonen, 2016:147).

The weaknesses discourse echoes risk management thinking by emphasising the usefulness of the digital media sphere as critical in detecting weak signals. However, it remains a challenge to track such signals and always predict when it should be attended to (Aula and Heinonen, 2016:147).

Table 5.5
Strengths, weaknesses, opportunities and threats of the digital media sphere to communication and reputation risk management

Elements of the strengths discourse	Elements of the weaknesses discourse
Speed Increasing importance as an information source Increasing demands for openness and transparency Low cost Amount of information available Interactive elements	Lack of monitoring or surveillance Randomness Information labyrinth – reputational narratives are hard to find Risk of false information and deliberate disinformation Over-pronounced power of emotions Difficulties of defining significance – when is a weak signal strong enough?
Elements of the opportunities discourse	**Elements of the threats discourse**
Speed of information Increasing importance as an information source Power of crowds Emphasis on good corporate actions Visible place for public conversations Information penetration Image marketing (viral) Remediation Expressing the company's view Easy to obtain feedback	Predominance of negative information Deliberate disinformation Difficult to correct information Powerful individuals Online behaviour of own employees Finding the right person with the right information to participate Missed conversations Power of rumours Remediation Accusations of manipulation

Source: Aula and Heinonen (2016:148)

The opportunities discourse emphasises the digital media environment as democratic – social media participants have the freedom to express idea, while it "encourages organisations to act responsibly" (Aula and Heinonen, 2016:148). The threats discourse is dominant and professionals are pessimistic about the utilisation of social media by consumers ("platforms to primarily express dissatisfaction") and organisations in reputation repair efforts ("manipulation"). Even the interactivity of social media is seen as "being in the hands of consumers and rarely as an opportunity by corporate entities (Aula and Heinonen, 2016:148). Perhaps the most poignant views within this discourse is the following: "the online world is a wind tunnel full of negative feelings, boycott campaigns and deliberate disinformation".

5.2.5 Social media bear traps

A handful of social media realities can derail carefully crafted (and expensive) reputation building strategies. Brown (2009:157-162) refers to these as bear traps. The first trap is the blurred line between fact and fiction. Brown (2009:157-8) calls for fact-checking when dealing with anything published on the internet because "much of the internet is a mashup of other bits… [ ] …a direct consequence of the ease with which users generate content". Brown (2009:158) also warns against the manipulation of messages, including photographs which can no longer be believed on face value.

This call was prophetic against the backdrop of two words which have entered the lexicon in 2016, "post-truth" and "fake news". Both receive a lot of attention in the communication industry with online seminars being presented by professional associations and Facebook cracking down on pages which spread false political news.

A second trap is the fact that people need to assume that any social media post is public – if you want to keep a conversation (statement) private, social media can be compared to people overhearing something in a crowded train (Brown, 2009:159). This principle applies to both individuals and corporate entities. This warning is underscored by the more recent debates around social media policies for employees as suggested by Blanchard (2011). Although this seems like an all too obvious statement and no longer a trap, the many cases of libel, defamation and racist or hateful rants by individuals prove the relevance thereof.

A third possible trap is related to the tactics of social media activism (as previously mentioned). The issue of truthfulness also plays out in this context. Since a brand logo can be easily copied and fake social media accounts equally easily created (and deleted) the question is whether a brand hijacker can/will be spotted before irreparable harm is done (Brown, 2009:159-160). Parody accounts can offer statements and material like videos which are based on the genuine thing and sometimes difficult to spot. Users will often spot the difference in the delivery of a message after some time (Brown, 2009:160). This issue has become so prevalent that specific social media platforms have regulated parody vs. genuine (verified) accounts. Social media laws specify requirements regarding the clear identification of such accounts in order to address libel/defamation.

The fifth trap pertains to false statements by organisations which eventually get found out, i.e. intentional corporate deceit (Brown, 2009:161). Examples include exaggerated statements on an environmental agenda. This trap is similar to Coombs' (2015) expose challenge, i.e. a cause of a crisis.

The gap between expectation and experience is the sixth trap and illustrates the velocity (intensity and speed) of social media. Brown (2009:161-162) argues that the bigger the gap, the bigger the issue. Before the internet and social media a customer complaint could easily have travelled between different points for weeks without anybody else being any wiser. Now unhappy individual may post something about a complaint "while still consumed by the white heat of anger and frustration" (Brown, 2009:161).

The last trap pertains to the tone of voice organisations assume when replying to stakeholders. Brown (2009:162) warns against using corporate brochure language because this is increasingly met by antipathy, apathy or disinterest. A more suitable tone of voice would be conversational and engaging, i.e. communication should be a deliberate effort of exchanging ideas.

Knowledge regarding these pitfalls is pivotal for those who oversee the communication, marketing or social media divisions in organisations. Each of the aforementioned bear traps should be evaluated in terms of the possible threat to the reputation efforts of an organisation. Such an evaluation will determine whether further action is warranted. Factoring in responses to these traps as part of crisis preparation, would be quite important.

5.3 THE SOCIAL MEDIA CRISIS MANAGEMENT LANDSCAPE

While Chapter 4 described corporate reputation risk in somewhat abstract terms, this chapter describes it in relation to social media crises. The research question of the study requires a review of six factors that shape the way organisations eventually manage social media incidents.

5.3.1 Emerging social media crisis management terminology

Emerging concepts help organisation recalibrate their risk radar systems and response strategies. Attempts to fully grasp social media crises include the consideration of whether they are truly different from traditional ones.

To understand the emerging social media crisis typology, Cornelissen's (2014:206) traditional crisis type matrix crises (table 5.6) should be reviewed. (Cornelissen's summary draws on the ideas by Benoit, 1997 and Coombs, 1995). The distinctions between intentional vs. unintentional and internal vs. external crises are self-explanatory, while questions about the degree of responsibility influence response strategies.

Table 5.6
Crisis type matrix

	Unintentional	Intentional
External	***Faux pas*** Starts when an external party which challenges the actions of an organisation regarding accepted, yet unwritten, social rules and expectations.	***Terrorism*** Intentional acts of external agents aimed at harming an organisation directly (e.g. product tampering, sabotage) or indirectly (e.g. interruption of production).
Internal	***Accidents*** Part of any operational process. The nature of an accident most often lead to questions about responsibility. ▪ Type 1: Acts of nature ▪ Type 2: Human-induced	***Transgressions*** An organisation knowingly placing stakeholders or publics at risk or harm.

Source: Adapted from Cornelissen (2014:205-207)

Frandsen and Johansen (2017:41-42) describe four clusters which can also be incorporated under the matrix. Product-related crises pertain to death/illness associated with a product, accidental contamination, deliberate tampering, litigation, product recall. Site-related crises would include fire, industrial accident, machinery breakdown, production or distribution problems, labour disputes, plant closures, IT breakdown. People-related crises refer to redundancies, accidents, criminal activities. Finally, corporate level crises stem from financial problems, loss of key contract of customers, political regulations, anti-competitive behaviour, branding/trade mark issues, competitor issues and partnership issues. The aforementioned compliment Coombs's (2015) victim, accident and preventable clusters.

Frandsen and Johansen (2017:38-39) further emphasise the interplay between crisis origins and corporate reactions when suggesting five different crisis categories. A double crisis refers to a situation in which the communication which should have dealt with the initial crisis, becomes another (overlapping) crisis. The latter often becomes the focal point of further public attention. When a crisis has no clear beginning or end and is transformed over time, it can be categorised as a crisis after the crisis.

A crisis by association refers to any crisis which affects an entire industry or complimentary industries. A multi-crisis involves two or more organisations (inter-organisational crisis) at the same time and can be horizontal or vertical. Horizontal multi-crises involve organisation at the same operational level (e.g. reputation issues), while vertical multi-crises involves organisations located at different levels of operation (e.g. supply chain issues) (Frandsen and Johansen, 2014:40).

A para-crisis is the final and arguably the most complex type (Frandsen and Johansen, 2017:40). Such crises are often triggered online and force organisations to also act online – in full view of stakeholders. A key question which arises from this category is whether it refers more to issues management or crisis management. Coombs (2015) argues that this type of situation rarely calls for the activation of a complete crisis management strategy.

According to Coombs (2015:22) dissatisfied customers who use social media to express their views “are really a customer relations problem rather than a crisis.” As such, social media crises are actually “para-crises” with the potential to become full-scale crises.

Coombs (2015:21-24) further differentiates between three broad types of social media crisis that highlight the question of responsibility. The accidental misuse of social media by an organisation (during planned communication/marketing efforts) illustrates the impact of connotative meaning people may assign to messages and symbolism (Coombs, 2015:22). This issue was emphasised in Chapter 2.

The actions of stakeholders may lead to two further types of social media crises. A customer complaint crisis is self-explanatory, while a challenge crisis can occur “when stakeholders detect a difference between an organisation’s actions and words” (Coombs, 2015:24; Frandsen and Johansen, 2017).

Challenge crises are complex and the range of response strategies need to be weighed very carefully in terms of their potential implications for corporate reputation (Coombs, 2015:24):

(i) Organic: When an organisation loses touch with changes in stakeholders' values and interests. These values change over time and if an organisation's actions do not reflect these changes, stakeholders may feel alienated. This occurs quite often since organisations are sometimes slow to adapt.

(ii) Villain: Villain challenges are posed by stakeholders made up of professional activists and they wage organised campaigns against organisations in an effort to portray the latter as the villains.

(iii) Expose: When stakeholders prove that an organisation's are inconsistent with its words. This type of challenge creates the impression of organisational malice. The reputation implications are far worse for expose challenges because organisations are caught out for overstating things.

Organisations often suffer negative consequences as a result of the tactics employed by groups (internal and external) with malicious intent. These tactics have evolved as a result of the evolution of social media. Frandsen and Johansen (2017:161-162) identify six such tactics:

(i) Hijacking (taking over something with force with the purpose of using it for a different purpose).

(ii) Brand hijacking (consumers driving the brand's evolution and taking control from marketing professionals – it can include the seizing of a brand's ideology, use and persona by brand fanatics).

(iii) Social media hijacking (organised activists taking over (a) corporate social media page(s) – also known as a virtual "sit-in".

(iv) Hostage taking (seizing a person as security for the fulfilment of a condition.

(v) Brand hostage taking (holding one brand hostage to target another brand – organised activists using inter-organisational relations of corporations to fulfil their goal).

(vi) Slacktivism (online activism which refers to the ease of retweeting, liking, commenting on messages without a genuine commitment to the supposed cause – token displays of support for a cause without significant effort).

5.3.2 The anatomy of social media crises

An understanding of broad patterns of social media crises is as important as the other insights in the arsenal of organisational preparations. Such planning should be based on an understanding of various dynamics related to stakeholders/publics seeking information on a crisis.

The social-mediated crisis communication (SMCC) model was conceptualised by Austin, Fisher-Liu and Jin (2012) and Jin, Liu and Austin (2014). It is now regarded as a means of depicting patterns "of individual/organisational behaviour on social media and offline before, during and after crises" (Frandsen and Johansen, 2017:171). This model consists of three sets of elements:

(i) Crisis information form: Distinguishing between crisis information in traditional media, on social media and off-line processes like word-of-mouth.

(ii) Crisis information source: Three origins of crisis information are the organisation in crisis, journalists and social media content creators. Three types of publics are relevant in terms of their participation (either producing or consuming crisis information):

  (a) Influential social media creators: Individuals/organisations who create crisis communication content for others to consume.

  (b) Social media followers: Individuals/organisations consume crisis information by social media creators

  (c) Social media inactives: Those who consume crisis information indirectly by means of offline word-of-mouth communication from social media followers or traditional media who follow social media creators/followers.

The SMCC model had been tested over a couple of years and have yielded the following key results regarding information seeking and sharing during a crisis (Frandsen and Johansen, 2017:171):

(i) Social media are viewed as more convenient and an avenue to give people access to insider information, while it facilitated correspondence with loved ones. However, traditional media were still regarding as more credible during crises.

(ii) People were more inclined to use the medium through which they first learnt of a crisis (traditional/social media) to seek further information as the crisis unfolds.

(iii) Traditional media should be used during crisis, while social media should not be an afterthought - a clearly planned social media strategy should complement traditional media planning.

Assumptions about how crisis information finds its way to various stakeholders could derail crisis communication plans. The biggest misnomer regarding social media in the context of crises is that all people rely on the same platforms or only on the online world for information for participation in conversations about a crisis. Regular research (monitoring) regarding medium preferences and the role of influencers is necessary, as suggested by Thomas and Barlow (2011:93-111).

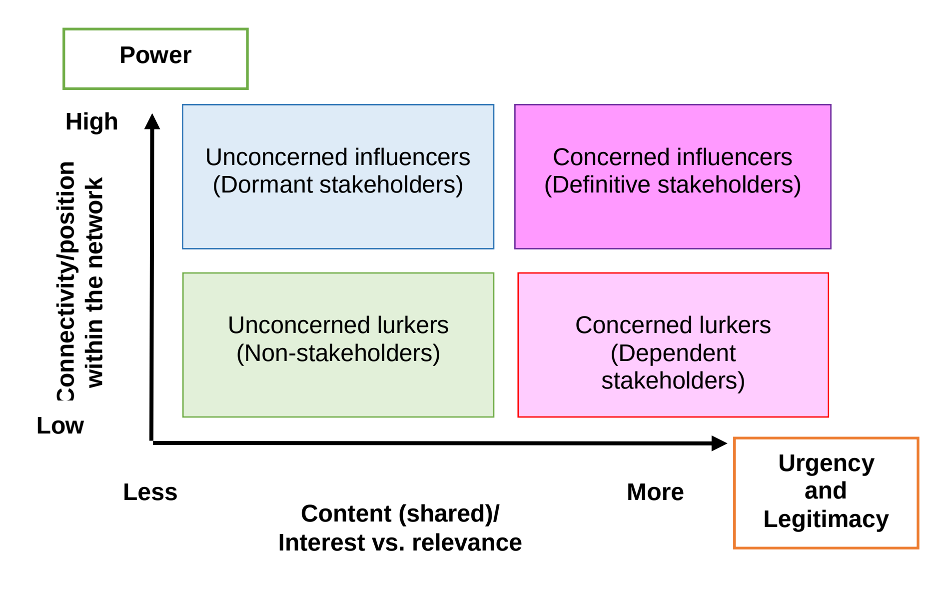
5.3.3 Emerging social media stakeholder labels

If organisations wish to respond effectively to social media incidents (para- or full-blown crises) it seems appropriate to label participants in the process correctly. The emphasis on speed and potential reach of social media create a sense of urgency, while other nuances are not as prominent.

To address this gap Sedereviciute and Valentini (2011:230-231) plead for organisations to employ social network analysis (SNA) identify active and passive stakeholders in densely connected networks. These authors draw on Mitchell, Agle and Wood’s urgency, power and legitimacy stakeholder prioritisation model to describe social media dynamics and newer stakeholder labels, as depicted in figure 5.3.

Identified known stakeholders and potential stakeholders are present but organisations may not be aware or responsive to them. These stakeholders have a favourable position within networks and must thus be monitored because of their centrality and ability to influence other network members (Sedereviciute and Valentini, 2011:230).

Figure 5.3
Actors and stakeholder groups present in social media



Source: Sedereviciute and Valentini (2011:230)

A stakeholder actor can increase its power by means of better positioning within social media and increasing its urgency by sharing content. A stakeholder actor can attain legitimacy by posting content which is viewed as legitimate by an organisation and its known stakeholders, thus be viewed as high in urgency and power (Sedereviciute and Valentini, 2011:230).

Using this logic, Sedereviciute and Valentini (2011:230) identify four new social media actors. First, unconcerned lurkers do not pose great threats to organisations because they do not have connections with other network members (participants) and are not particularly interested in a particular organisation which uses social media platforms.

Concerned lurkers do not have a central position in networks (thus cannot push their messages onto other network participants), but they are still interested in an organisation (e.g. creating and promoting online content). These actors do not possess the symbolic power that comes from a central position in a network. Organisations ought to prioritise finding and confronting these actors because they are future oriented – they can be categorised as dependent stakeholders because they still need to gain power and the related salience in order to evolve to definitive stakeholder status (Sedereviciute and Valentini, 2011:230-231).

Third, unconcerned influencers have connections within a network, but no expressed interest in a particular organisation. They still have a high level of symbolic power in relation to the organisation are thus dormant stakeholders. They still need urgency and legitimacy in order to be salient by promoting specific content online (Sedereviciute and Valentini, 2011:231).

The final category is concerned influencers who have both a good interest in an organisation and a good position within a network. They share legitimate content about an organisation, i.e. they are regarded as legitimate. Their claims are regarded as urgent because of their position within a network – the potential reach of such messages. As such, these actors are definitive stakeholders (i.e. their concerns are legitimate, urgent and they possess power) and should be one of the more important stakeholder categories to engage (Sedereviciute and Valentini, 2011:231).

Sedereviciute and Valentini's (2011:233) overarching plea is for organisations to plan social media activities in tandem with plans to cultivate relations with social media stakeholder groups. This could arguably be one of the most important steps in anticipating and planning crisis communication plans in relation to social media crises.

Aula and Heinonen (2016:29) refer to "Stakeholder C" when describing social media participants. This concept encapsulates the notion of such people being connected, creating content, being creative, collaborating and being good at communication. This stakeholder group is also active in rallying around an issue.

The second dimension of understanding social media stakeholders pertains to their emotions as coping strategies in relation to crises, i.e. another layer of stakeholder classification. Stakeholders are not merely passive recipients of crisis details (Jin, Pang and Cameron, 2010; Frandsen and Johansen, 2017:166).

To this effect Luamo-aho (2012) differentiates between hate-holders (negative voices based on anger, disgust, anxiety, fear, contempt, sadness, hate and sorrow) and faith-holders (positive voices based on hope, relief, sympathy, surprise, happiness and love), while Frandsen and Johansen (2017:166) also identified a neutral group.

Research have shown that emotions are strongly negative towards preventable crises and strongly positive when an organisation is the victim. Research has also proven that faith-holders (usually loyal to a brand) are free to attack negative voices and in a tone of voice organisations may not (Frandsen and Johansen, 2017:166). The range of defence tactics used by faith-holders reflect the categories of response strategies proposed elsewhere in this chapter.

Frandsen and Johansen (2017:168) caution against an over-simplified view on the emotional orientation of stakeholders. Depending on the nature of a crisis, positive voices may agree only partially with certain organisational actions and sentiments, while challenging others. The status of hate-holders vs. faith-holders is not fixed.

The type of crisis (whether it is predictable and/or controllable) determines the intensity of negative voices (Frandsen and Johansen, 2017:168). Control over stakeholders is a misnomer and further highlights the fact that the social media landscape and stakeholder categories are in flux. In addition, pundits have often described social media platforms as echo chambers where people's opinions are mainly strengthened and very rarely changed.

5.3.4 Rumour management

Rumours are intrinsically linked to crises, as either the cause or a consequence. The dynamics of social media only exacerbate the prevalence of rumours and challenge organisational thinking.

Doorley and Garcia (2015:321 & 325-326) posit that rumours can cause more reputational damage than the initial crisis event itself because rumours often feed off one another and play on people's anxiety, uncertainty and fears. Whereas true rumours arguably pose little risk to corporate reputation, false ones do: "Most important of all, a rumour will race when individuals distrust the news that reaches them".

Fearn-Banks (2007:89-91) differentiates between six types of rumours, i.e. (i) intentional (linked to a specific purpose); (ii) premature-fact (an early version of what will eventually become the truth); (iii) malicious (often started to damage the business of competitors); (iv) outrageous (people find something so outrageous that they assume it has to be true); (v) nearly true (people attach credibility to a part of it and then conclude that it must be true in its entirety); and (vi) birthday (it appears almost annually). These types of rumours often overlap, e.g. a premature-fact rumour is often also intentional, while an outrageous rumour may also be malicious.

In addition, Doorley and Garcia (2015:322-324) cite 1940's research by Allport and Postman who described the morphing or rumours. The process of rumours spreading between people depends on (i) levelling (the shortening of the rumour – fewer words are used and fewer items are mentioned): (ii) sharpening (the increasingly selective perception, retention and reporting of a few details from the larger context); and (iii) assimilation (the power of a recipient's habits, interests and sentiments in relation to the rumour).

These processes occur simultaneously and lead to rumours becoming stories that "are more coherent, interesting and therefore believable" than versions told by earlier participants (Doorley and Garcia, 2015:232).

The prevention of rumours is tied to understanding this phenomenon. To this effect Doorley and Garcia (2015:324) cite Kapferer who described a rumour as "an information black market". Against this background, combatting a rumour requires a "robust and legitimate market", while diminishing the demand for information and value by increasing its supply (Doorley and Garcia, 2015:324). Achieving this would require reducing uncertainty (ambiguity) and presenting "secure standards of evidence" (verified facts), i.e. corporate entities sharing as many relevant facts as possible.

Organisations can follow two approaches for controlling rumours. The first is Fearn-Banks's (2007:91-93) strategy that echoes traditional crisis management thinking. It depends on detection, prevention and fighting rumours through mechanisms like hotlines or regular stakeholder forums, rumour management workshops (with relevant crisis communication plans), positive stakeholder relationships that can serve as a deterrent for rumours and keeping employees informed regarding corporate decisions.

The second approach is Allport and Postman's (cited by Doorley and Garcia, 2015:326) mathematical formula (table 5.7).

First, the factors that influence a rumour must be taken into consideration, i.e. (i) the importance of the rumour to the listener/recipient if true and (ii) the ambiguity of the rumour. Controlling a rumour requires either (i) diminishing the level of importance assigned to the rumour if true or (ii) clarifying any possible ambiguity regarding the factual basis of the rumour, or both (Doorley and Garcia, 2015:326).

Table 5.7
Mathematical formula for basic law of rumours

R ~ i x a	Intensity of a rumour
R	Rumour (reach, intensity, duration and the degree to which people will rely on it.
i	Importance of rumour to the individual concerned
a	Level of ambiguity (uncertainty) surrounding a rumour
Application	▪ R ~ i x a = R ~ 10 x 10 = R ~ 100, i.e. when both the importance and ambiguity are at their highest (10), the scope of the rumour will also be at its highest (100). ▪ R ~ i x a = R ~ 10 x 3 = R ~ 30, i.e. a reduction of just one element (importance or ambiguity) and the scope of the rumour gets reduced by two thirds. ▪ R ~ i x a = R ~ 3 x 3 = R ~ 9, i.e. the scope of the rumour has been reduced to nine. ▪ R ~ i x a = R ~ 0 x 0 = R ~ 0, i.e. zero importance and ambiguity lead to zero rumour scope. Importance might still be high, but with zero ambiguity the chances of rumours are either very low or zero.

Source: Adapted from Doorley and Garcia (2015:326-327)

Conversely, when a rumour consists of partial truths and falsehoods, reducing the ambiguity around the falsehoods can also help to control the rumour. When an unambiguous reality (factually true) is clear, the importance people attach to the rumour may be reduced, thus the willingness to share falsehoods with others may also be far less (Doorley and Garcia, 2015:326).

Simply denying a rumour does very little to address ambiguity and may even increase it. Doorley and Garcia (2015:327) recommend the use of affirmative factual demonstrations in order for people to stop trusting a rumour.

Allport and Postman's formula still has practical value for communication teams. First, it helps organisations understand the drivers of rumours and should thus enable communicators to develop far more appropriate responses. Second, communicators should see that they can influence the way events are interpreted. Finally, something can be done to disarm or stop negative (untrue) messages (Doorley and Garcia, 2015:328).

One critical element in applying the formula (or formula-based thinking) is how early ambiguity and importance can be influenced. The earlier the better, but corporate management is often not sensitive to the need for pre-emptive efforts and oblivious to media deadlines or the dynamics of social media (Doorley and Garcia, 2015:328).

Finally, the aforementioned echoes Fearn-Banks's (2007:94-95) advice of analysing the nature of the rumour, publishing accurate information in relation to a rumour, being very selective in doing nothing in relation to a rumour (which might disappear rather quickly) and/or denying a rumour, using experts and media (also social media) as part of the corporate response strategy.

The preceding four sub-sections emphasise the need for constant monitoring and organisational agility to navigate the minefield of social media crises. The anticipation of risk issues, understanding the stakeholder types and power of their sentiments on issues is critical for nuanced organisational responses.

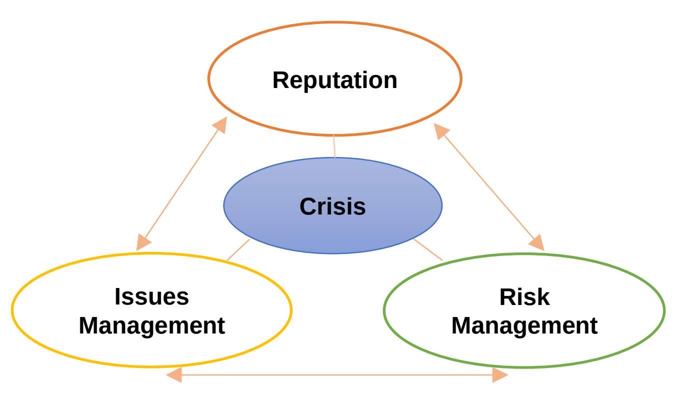
5.4 THE COMPLEX NATURE OF CRISIS RESPONSE STRATEGIES

Organisations have a wide range of response strategies from which to choose in relation to crises. The mental orientation of leadership teams is critical in making these decisions. The goal should be to avoid further damage to corporate reputation.

5.4.1 Strategic crisis prevention

Coombs (2015:40) suggests a proactive orientation through the integrated efforts of divisions dealing with corporate reputation, issues, risk and crisis management (figure 5.4). Drawing on the strengths of each of the aforementioned organisational divisions would create the required level of preparedness. This orientation emphasises corporate reputation and is thus particularly relevant as a principle in relation to this study, as illustrated in figure 5.4. (It should be noted that effective crisis management encompasses issues management and that there is a non-linear relationship between these concepts.)

Figure 5.4
Proactive management tetrahedron



Source: Coombs (2015:41)

5.4.2 Crisis leadership criteria

Leaders ought to be mentally ready to deal with crises. This readiness rests on three components.

Emotional discipline, which starts with understanding patterns (good and bad) in crisis management, is the first. Leaders who can avoid the traditional denial phase would do their organisations a huge favour (Garcia, 2017:26-27). It also entails being forthright ("looking the facts in the eye, because the facts are looking you in the eye"; being calm (avoiding an Amygdala Hijack where the thinking part of the brain is taken over by emotions); being fierce (acting decisively); being bold (considering all options, yet making choices which are most productive, even if unpalatable) and being humble (so that the leader understands what matters most) (Garcia, 2017:27-29).

The second requirement is deep knowledge, which translates into a "significant understanding" of crisis management and patterns related to responses. Leaders should study the missteps of others and make smart decisions, i.e. preventing the same mistakes. The most important question leaders should ask in studying the actions of other organisations is why certain decisions were more successful than others (Garcia, 2017:32).

The last requirement is intellectual rigour. This translates into to clear thinking and applies to two areas. The first is the naming of the crisis problem to be solved. Leaders have a moral obligation to be honest enough to tackling unpleasant issues, i.e. not denying a problem or only identifying it partially (Garcia, 2017:41-42).

The second component of is the ability (willingness) to take the pain, i.e. understand the consequence of the problem. The longer organisations take to acknowledge these, the more difficult it becomes (Garcia, 2017:50-51). It goes without saying that the mental readiness would be a prerequisite in the context of incidents which could lead to reputation damage in the social media environment. The speed, intensity and potential scale of such incidents seem to convince organisations to throw caution to the wind and then make hasty decisions.

5.4.3 Social media policies as a preventative tool

Accidental misuse of social media by an employee (rogue or within planned communication/marketing efforts) can lead to crises (or para-crises). As such, having a social media policy is almost standard practice. Thomas and Barlow (2011:75) suggested that guidelines could be developed either solely by relevant decision makers or through a participatory approach like crowdsourcing. The basic criteria for these policies are clarity, the inclusion of do’s and don’ts, the inclusion of practical examples, the inclusion of success stories and the fair application of guidelines throughout the organisation (Thomas and Barlow, 2011:75-81).

Blanchard (2011:84-5) suggests 10 sections for a comprehensive social media policy (table 5.8). The guidelines emphasise the rights and privileges of employees, while also stipulating warnings against inappropriate behaviour. The expectations regarding different communication contexts are critical, while it provides clarity on issues of official vs. non-official communication roles.

These guidelines also sets out potentially complex legal issues in a user-friendly manner – this ought to serve both organisations and employees at all levels well and help to avoid controversial situations. Blanchard (2011:94) further suggest that organisations adapt the framework according to unique needs to ensure the longevity of the policy.

Table 5.8
Detailed guidelines for social media policies

Employee bill of social media rights

- Rights the employer recognises, which could include:
  - Using social media as a means of communication and personal expression outside of work.
  - The right to personal digital access – for personal use on their devices and networks.
  - Equal access to the social web for personal use must be granted to all employees.
  - Digital privacy to prevent invasive spying by employees.
  - Right to digital dignity – ensuring that no employee should be worried about being bullied or harassed online.
  - The right to know whether their communication and content are captured, browsed, shared and intercepted.

Internal usage

- Bullet format rules pertaining to social media during work hours, the use of work equipment, bandwidth for personal use, data privacy regarding communication sent and received via employer equipment and networks, official use of social media for work purposes during work hours, security protocols (e.g. file downloads/uploads and access to URL's) and social media related software on employer equipment.

External usage

- Stipulate the organisation's expectations regarding employees' behaviour when representing their employer when not at work.
- Warn that lines between private and official social media usage may be blurred.
- Official social media team members of an organisations need to assume that the public will expect them to act appropriately 24/7.

Employment disclosure

- Differentiate between topics for which disclosure would be either applicable or not.
- Specify when conversations are governed by disclosure of an employee in terms of his/her involvement in the industry being discussed in order to clarify any potential bias.

Anti-defamation

- Help employees avoid unnecessary lawsuits from offended parties.
- Legal team should provide assistance regarding anti-libel, slander and defamation guidelines.
- Employees should understand the following:
  - Libel: A false or malicious statement for the purpose of defaming a person, i.e. it can be a written of pictorial statement which seeks to damage a person's reputation.
  - Slander: Words falsely spoken that damage the reputation of another.
  - Defamation: The communication of a statement that makes a claim, expressly stated or implied to be factual, that may give an individual, business, product, group, or organisation a negative image. The requirement is that this type of statement was communicated to someone others than the person being defamed.

Confidentiality and non-disclosure

- Whatever other corporate policies govern confidentiality and non-disclosure also apply to social media.
- Confidentiality: Media-agnostic

Official vs. Personal communication

- This seems like a repetition of previous sections, but this sections needs to be included for the sake of clarity.
- The clear distinction between official and sanctioned vs. private usage is critical.
- Make expectations regarding official usage explicit.
- Specify expectations for specific roles, e.g. customer relations or community management team members.
- This section needs to be updated regularly.

Employee digital citizenship contract

- It is should be a statement of intent - an agreement to ensure polite behaviour (i.e. exclude improper, combative behaviour, harassment and online bullying, both inside and outside the workplace).
- Expectations should be explicit and clearly formulated.
- Guidelines must correspond with stipulations in an employee handbook.

Training resources

- A repository could consists of approved software, login procedures, best practices, organisational social media charts and SME contact information.

Agency partners, contractors and external representatives

- Must address two audiences, i.e. internal and external.
- Externa audience must be visible in the document and be briefed.
- Cover rules relating to (i) disclosure, (ii) confidentiality (preferably in legal language where required), (iii) conduct, (iv) collaboration and reporting processes.

Source: Adapted from Blanchard (2011:84-94)

Blanchard (2011:79) asserts that social media policies should reflect corporate policies. The human resources (HR) division would be central to both training programmes and policy development. Both steps should be aimed at both helping employees protect themselves and their employer in terms of risk (including reputation and legal ramifications).

Training programmes ought to cover a handful of broad topics. The first aspect should be an overview of the organisation's social media policy and guidelines – social media awareness and boundaries within the employment framework of the specific organisation. This would also include the awareness that people are using social media 24/7 and that the lines between professional and private usage are often blurred (Blanchard, 2011:79).

A second focus area should be advice on how employees can protect their online presence, including tactics to combat the hacking of their private and professional accounts. The importance of being the custodian of one's own social media accounts should be the key message (Blanchard, 2011:79).

The third theme is security protocols for popular social media platforms (e.g. Facebook privacy settings) and common traps of social media and tips for avoiding those. Common mistakes include negative comments about colleagues, digital sexual harassment and sharing confidential corporate information. Role play is an effective tool for driving the aforementioned message home (Blanchard, 2011:79).

A factor that could affect the adoption of this framework pertains to the country specific legal frameworks. South African social media law stipulates that the employees' private usage of social media cannot be separated from professional usage, as was proven by a long list of cases in which people had lost their jobs for posting racist and derogatory remarks in a supposedly private capacity. Employers also did not want to incur the public backlash and were often left with no choice other than terminating the employment of those individuals.

5.4.4 Crisis response strategies

Organisations have a wide range of options when responding to crises. However, many organisations get it wrong due to institutional factors and in leadership teams who are not adequately prepared for this context. Cornelissen's (2014:208) framework (table 5.9) emphasises the possible response strategies in relation to how stakeholders may view the organisation in terms of responsibility.

Table 5.9
Crisis communication strategies

Perception of low level of responsibility	
Non-existence strategies	**Claim of denying the crisis**
Denial	A simple statement denying that a crisis exists.
Clarification	An extension of the denial tactic with attempts to explain why there is no crisis.
Attack and intimidation	A tactic of confronting the person or group who claims that a crisis exists; may include a threat to use "force" (e.g. a lawsuit) against the accuser.
Distance strategies	**Claim of distancing the organisation from direct responsibility for the crisis**
Excuse	A tactic of denying intention or volition by scapegoating others for the crisis.
Downplay	A tactic of convincing stakeholders of the general public that the situation is not that bad in itself or compared to other crises.
Association strategies	**Claim of connecting the organisation to things positively valued by stakeholders and publics**
Bolstering	A tactic of reminding stakeholders and the general public of existing positive aspects of the organisation (e.g. reminders of past charitable donations or a history of fair worker treatment) in order to offset the negatives the crisis brings to the organisation.
Transcendence	A tactic of associating the negatives and loss arising from a crisis with a desirable, higher order goal (e.g. animal testing to develop life-saving drugs).
Suffering strategy	**Claim that the organisation suffers from the crisis**
Victimisation	A tactic of portraying the organisation as a victim of the crisis in order to win public sympathy.
Perception of high level of responsibility	
Acceptance strategy	**Claim accepting responsibility or culpability for the crisis.**
Full apology	A tactic to simply apologise for the crisis and accepting the blame.
Remediation	A tactic for announcing some form of compensation or help for victims (money, food, aid).
Repentance	A tactic of asking for forgiveness. The organisation apologises for the crisis and asks stakeholders and the general public to forgive its misdeeds.
Accommodative strategy	**Claim promising to prevent the crisis from recurring**
Rectification	A tactic of taking corrective action to prevent a recurrence of the crisis in the future.

Source: Cornelissen (2014:208)

Stakeholders attribute almost no responsibility to an organisation when they perceive it to be a victim of a crisis, e.g. natural disasters, rumours, workplace violence and malevolence. Stakeholders usually attribute a low level of responsibility to an organisation as a result of accidents (e.g. challenges, technical-error accidents, technical-error product harm). Preventable crises elicit a strong reaction from stakeholders as they hold the organisation responsible (e.g. human error accidents, human error product harm, organisational misdeeds) (Coombs, 2015:150).

Coombs (2015:24) labels response strategies slightly differently and specifically in relation to para-crises. First, refutation aims to invalidate a challenge by stakeholders. This will be a successful strategy when an organisation (i) can prove that its actions and words are congruent, but that stakeholders might simply not be aware of it and/or (ii) by questioning the validity of the expectations of stakeholders (whether it is widely held and whether it is one the organisation should meet).

Using tactics like lawsuits and other forms of intimidation constitutes repression. Its goal is to limit the degree to which stakeholders can make others aware of their challenge. It is a dangerous option because it closes any opportunity for the free exchange of ideas, i.e. stakeholders may interpret it as a form of censorship. Negative reactions from stakeholders may also create backlash (Coombs, 2015:24).

An organisation may also acknowledge the fact that stakeholder expectations have been violated and then explain how it will attempt to rectify the situation, i.e. applying a reform strategy (Coombs, 2015:24). This strategy fits well with an organic challenge and reflects an organisation’s initial lack of understanding of stakeholder concerns.

When an organisation acknowledges that its own claims were inaccurate and is actively working with stakeholders about which it had previously made false claims, constitutes repentance (Coombs, 2015:24). Such an admission may anger stakeholders and make a situation worse before it gets better. This strategy is a long-term investment and aims to address trust with stakeholders – meeting expectations takes time and is not just a “talking game”.

5.4.5 Some of the most common mistakes associated with poor crisis leadership

Crisis management literature predominantly provides a set of normative rules and procedures, as set out by Coombs (2015), Cornelissen (2014), Frandsen and Johansen (2017), as well as Regester and Larkin (2008). In contrast, Garcia (2017) emphasises the importance of crisis leadership and wars against a number of related mistakes.

Garcia (2017:213) contends that corporate/institutional dysfunction (including corporate, leadership and communication cultures) leads to ten mistakes organisations often make.

The mistake organisations make most often is to ignore the problem, i.e. not addressing the crisis directly. Organisations are surprised when an event or issue it had ignored suddenly blows up (Garcia, 2017:165).

Denying the severity of the problem is the second mistake. This reaction stems from the tendency to avoid confrontation, arrogance or fear of short-term financial harm (Garcia, 2017:178-179). Unfortunately, this mistake makes an honest self-assessment of the situation quite difficult, slows down the mobilisation of people to solve the problem and the unresolved problem might still "careen out of control" (Garcia, 2017:179).

The third mistake is to compartmentalise the problem with statements like "it's a field office/supplier/product problem" (Garcia, 2017:182). People outside an organisation view the organisation as a whole and whatever problem caused a crisis, is also viewed as such. On the upside, this mistake is at least a step in the right direction because it acknowledges the problem.

Telling misleading half-truths is the fourth mistake and the result of "a desire to avoid embarrassment". A series of statements might be released which are literally true, but still attempt to paint a very different picture (Garcia, 2017:197). The underlying motive is deception.

The fifth mistake is lying about the problem – this often manifests as a panicked first response (Garcia, 2017:200). Rather than facing the music (emotional discipline) organisational who do this must also deal with possible legal issues when people perceive these lies as part of a cover-up. Adversaries might also pounce on the lies and a current credibility crisis to improve their market share.

Telling a story only partially is the sixth mistake because this allows bad news to "dribble out over time" (Garcia, 2017:206). The best practice in sharing bad news related to a crisis is to bundle it all together in one news cycle, while good news should be unbundled over time.

A strong, coherent statement which details what the organisation is doing is far more effective in recovering from reputation damage. Releasing such information slowly makes an organisation look guilty and creates multiple instances (requiring a lot of resources) in which the organisation must be defended (Garcia, 2017:207).

The seventh mistakes is assigning blame (either internally or externally) instead of fixing the problem. Although this is an almost natural reaction, it is inappropriate. Media attention might be drawn to conflicts that result from such behaviour (Garcia, 2017:208). Regester and Larkin (2008) further warn against the legal ramifications which may follow from such speculation – depending on the type of crisis, it includes corporate insurance policies and lawsuits regarding liability.

Over-reacting (over confessing) is the eighth mistake. This behaviour is self-indulgent and especially counter-productive in relation to a contained crisis (Garcia, 2017:209). Unrelated managerial frustrations may come to the surface in moments when a corporate leader interacts with the media. These instances draw the attention away from crisis related actions.

The ninth mistake manifests itself in panic and paralysis. As was mentioned before, panic evolves from a lack of emotional discipline and most often contributes to a crisis (Garcia, 2017:210). Poor decisions, unclear internal and external communication and general confusion often reign in a panicked atmosphere. This leaves room for interdepartmental rivalries and too many people getting involved which further muddies the water - this leads to a confused chain of command, while non-specialist crisis team members' normal work gets put on the backburner (Garcia, 2017:211).

Shooting the messenger is the final mistakes in Garcia's (2017:212) list. This can occur overtly or very subtly when organisations punish those who bring a problem to management's attention. Organisational culture dictates whether employees have freedom to identify problems.

5.5 PERTINENT FRAMEWORKS/MODELS FOR SOCIAL MEDIA CRISIS MANAGEMENT

Similar to the models and frameworks presented at the end of Chapters 3 and 4, the two presented in this section each emphasises specific vantage points. Based on the fact that social media crises are multi-dimensional (encompassing issues, risk, crisis and corporate reputation efforts) any related framework/model should reflect those elements. The second model does not refer to social media as a specific crisis context, but still provide a very valid set of principles.

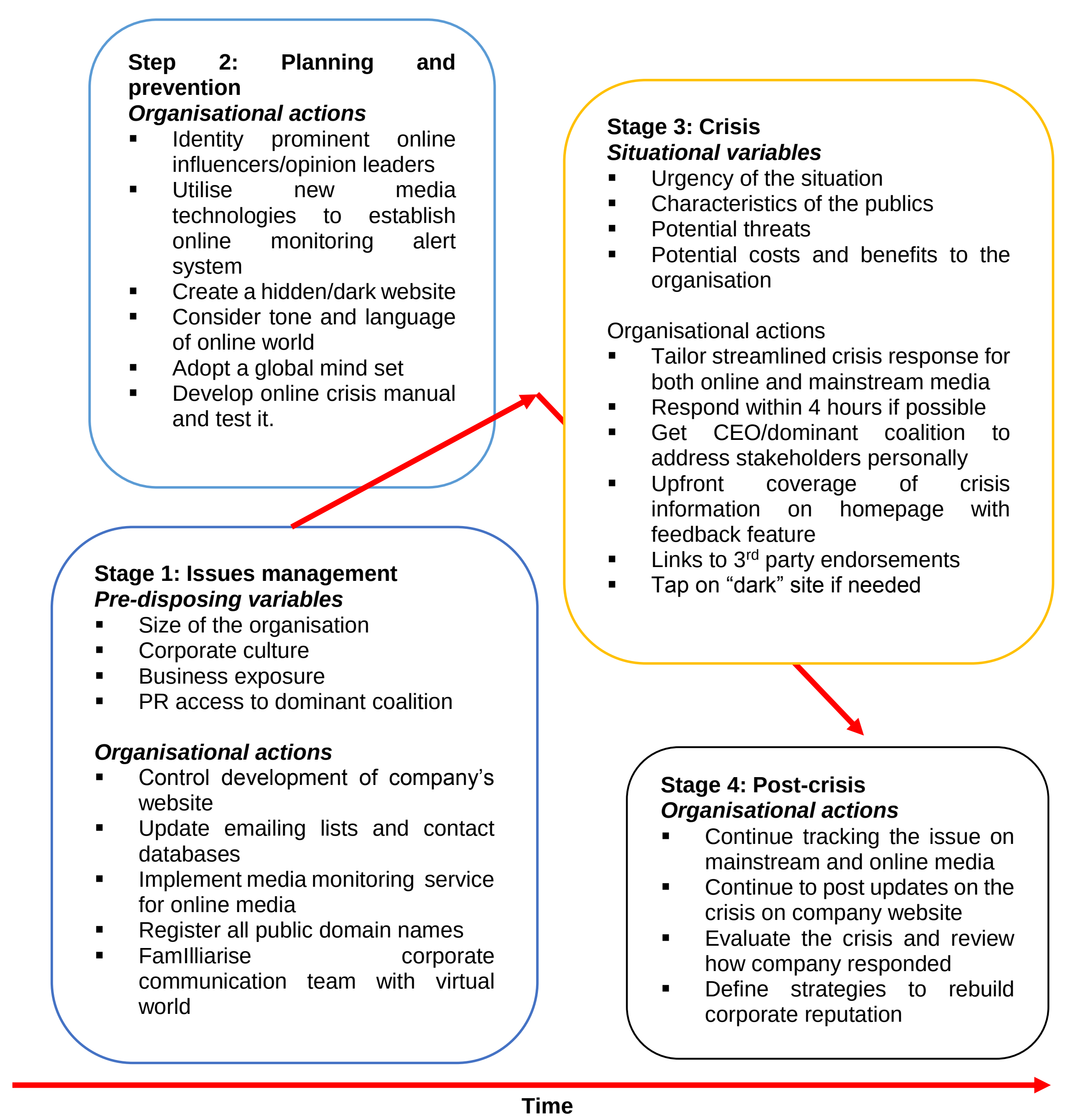
The frameworks/models by Mei *et al.* (2010) and Thiessen and Ingenhoff (2011) are regarded as providing critical insights regarding the context of Chapter 5. The first emphasises the need for systematic crisis preparations and the second the cerebral discipline required to fully understand corporate reputation. In similar fashion to the frameworks/models presented in Chapters 3 and 4, these also emphasise the need for reputation and crisis planning to be linked to corporate strategy.

5.5.1 Mei, Bansal and Pang (2010)

Mei *et al.'s* (2010) "New media crisis communication model" (figure 5.5) proposes key requirements for the effective management of social media crises. It provides guidelines for management of crises and not the prevention thereof. (At the time of publication the social media landscape was not as complex as now and the term "new media" encapsulated social media platforms.)

Mei *et al.* (2010:150) suggest two prerequisites for the implementation of the aforementioned model. First, organisations need to harness social media – knowledge of these platforms (qualitative dimensions) is the best defence against threats from social media. This also entails public and transparent efforts by an organisation experiencing a social media crisis. Stakeholders must be assured that an organisation is part of the 24/7 news reporting cycle (Mei *et al*., 2010:150).

Figure 5.5
The new media crisis communication model



Source: Mei *et al.* (2010:152)

If not already in place, the communication division needs to be enlarged to focus on both online and offline functions. A critical requirement is interactivity of corporate websites with specific emphasis on user interactivity. Such interactivity further enables an organisation to track issues and sentiments (Mei *et al.,* 2010:150).

The model for new media crisis management draws on both Gonzelez-Herrero and Smith's (2008) four-stage model for crisis management in the virtual environment and contingency theory through which articulates actions and stances during conflicts (Mei *et al.*, 2010:151).

The first stage of the model deals with issues management and requires a suitable online monitoring system. The variables which will determine whether an organisation will be able to plan for new media crises include organisational size, organisational culture, the business exposure of the organisation, the senior communication practitioner's access to the dominant coalition and the "enlightenment of the dominant coalition regarding the importance of corporate communication" (Mei *et al.,* 2010:151). Organisational variables also determine the preparatory steps organisations will be willing to take, including the list in the model.

The second stage focuses on planning and prevention. Organisations engage the virtual world actively in this stage by identifying and responding to potential threats. Tracking prominent online influencers, setting up RSS feeds and other alert systems and setting up a dark website which could be used externally to update constituencies in the event of a crisis would be critical for this stage (Mei *et al.,* 2010:152). For these actions to be successful three additional aspects need to be taken very seriously: (i) the tone and language of the virtual environment, (ii) a global mind set must be adopted and (iii) a manual for online crises must be developed and tested (Mei *et al.,* 2010:152).

Situational variables determine the reactions of an organisation during the crisis (third) stage. According to (Mei *et al.,* 2010:152) these include the urgency of the situation, characteristics of the publics (constituents) involved, potential threats to the organisation and the potential cost and benefits to the organisation.

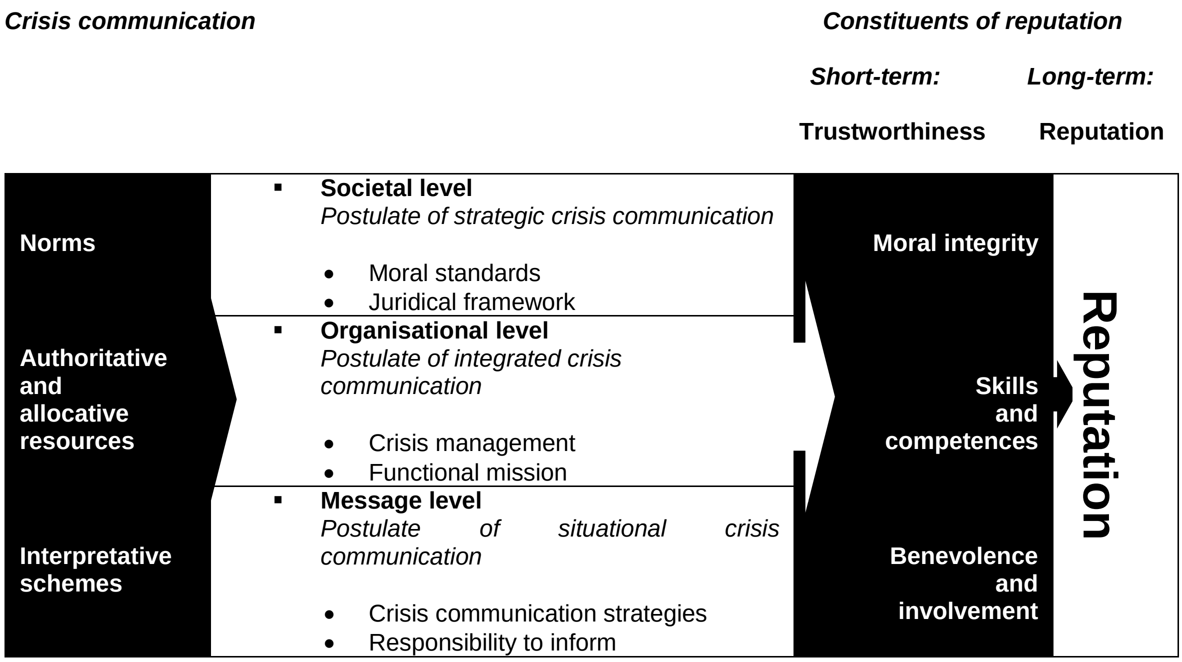
Organisational actions during the crisis stage should include streamlined responses for online and traditional media; a timely response (within four hours) after a crisis erupts; the involvement of the CEO or a member from the dominant coalition to address stakeholders directly; transparent coverage of the crisis on the corporate homepage with a feedback feature; links to third party endorsements and utilising the dark site if required (Mei *et al.,* 2010:152).

The post-crisis (recovery) stage is equally important. Political will, support of the dominant coalition and a specific communication practitioner who will ensure that tactical steps are executed are critical for this stage. Tracking the manner in which a crisis is portrayed in all media, regular updates on corporate platforms, the evaluation of the crisis and finally, the development of corporate reputation recovery strategies are central to the stage (Mei *et al.,* 2010:152-153).

5.5.2 Thiessen and Ingenhoff (2011)

Thiessen and Ingenhoff (2011:9) propose an "Integrative model for crisis communication" (figure 5.6) in order to systematically conceptualise crisis communication and the simultaneous safeguard an organisation's reputation. Crisis communication must meet all three postulates of the model in order to safeguard reputation.

Figure 5.6
The integrative model of crisis communication



Source: Thiessen and Ingenhoff (2011:19)

- **Postulate of strategic crisis communication (macro level)**

At a social level organisations need to signal trustworthiness through moral integrity. Safeguarding social reputation requires an organisation to position itself as a fair player and a social actor which honours legal and ethical requirements (Thiessen and Ingenhoff, 2011:18). All actions of an organisation are reviewed during a crisis, thus crisis communication at this level must thus reflect social, moral and juridical standards (Thiessen and Ingenhoff, 2011:17-18). In this context crisis communication legitimises the organisation when it is congruent with previous actions.

- **Postulate of integrative crisis communication (meso level)**

The goal of an integrative crisis communication strategy is to provide methodological knowledge to communicate during a crisis instead of taking on crisis communication functions itself. Following normative procedures is not as important as analysing knowledge development and decision making (Thiessen and Ingenhoff, 2011:18).

The meso level focus of crisis communication is the holistic integration of all the communication activities of the organisation (i.e. internally, externally with key stakeholders). Communication is pivotal in portraying a crisis coherently – internal stakeholders may be the source of gossip, which affect external communication efforts (Thiessen and Ingenhoff, 2011:18).

- **Postulate of situational crisis communication (micro level)**

Micro level actions associated with situational crisis communication are critical for the safeguarding of corporate reputation on a long-term basis. The goal of crisis communication at this level is to "influence the crisis through communicative patterns of interpretation and sense-making, signalling benevolence and involvement" (Thiessen and Ingenhoff, 2011:18).

Achieving this goal requires specific actions. The exact type of crisis must be identified, specific messages developed (aligned with the type of crisis) and stakeholders identified. Crisis managers are critical in achieving these micro level goals (Thiessen and Ingenhoff, 2011:18).

The models and framework examined in this section of the chapter compliment one other in terms of their focus on social media, crisis and corporate reputation management respectively. Again, complex and unique organisational dynamics will determine if and how the different organisations are be able and willing to apply this type of thinking.

After considering the multitude of frameworks in Chapters 3, 4 and 5 only two recommendations to organisations seem realistic. First, do not get overwhelmed by corporate reputation risk in relation to the social media landscape. Analysis of the constituent parts on their own and their combined impact is paramount for all decision makers and specialists. Second, explore as many frameworks as is possible in order to develop a corporate reputation strategy and then deal with unique issues in this context.

5.6 CONCLUSION

The pressures of the ever-changing social media landscape and the stakes of reputation damage might force organisations into searching for one-size-fits-all models or frameworks. Organisations face intricate internal and external variables in developing their social media strategies. Even more factors need to be considered for the development of crisis management plans.

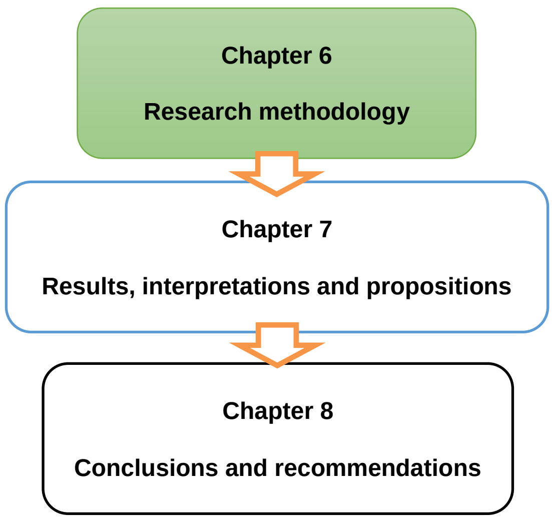
Two critical success factors seem to be crisis leadership capability and strategic crisis prevention. The expectations of corporate leadership and corporate values should be carefully weighed in to develop unique management frameworks, as is the case for risk management (set out in Chapter 3) and corporate reputation management (as set out in Chapter 4).

Chapter 6
Research methodology

6.1 INTRODUCTION

This chapter provides a discussion of the qualitative methodological orientation and tactical choices for the empirical phase of the study. These choices were influenced by the nature of the research question, the goal and objectives of the study. In similar style as before, a figure illustrates the place of this chapter in relation to the other parts of the study (figure 6.1).

Figure 6.1
Chapter 6 in relation to the latter half of the study



6.2 THE INTERPRETIVE QUALITATIVE ORIENTATION

As was mentioned in Chapter 2, the research question of this thesis was the primary consideration in following the interpretivist qualitative research orientation. This orientation allows for a more detailed contextual description of a subject instead of relying on an understanding of only quantifiable factors (Saunders *et al.*, 2012). This approach further emphasises the need to understand the research phenomenon from an insider perspective (Babbie and Mouton, 2001:271; Daymon and Holloway, 2002:6).

6.3 THE MULTIPLE CASE STUDY DESIGN

A multiple case study design was deemed appropriate for this study - the underlying logic is whether findings can be replicated across cases (Bryman and Bell, 2014:114; Saunders *et al.*, 2012:180; Stoyko, 2009:2; Yin, 2014:61-62).

The multiple case study design fits the interpretivist qualitative research orientation. The potential of case studies to answer "what?", "how?" and "why?" questions (Saunders *et al.,* 2012:179) and thus gain a "rich understanding of the context of the research and the processes being enacted" (Yin, 2014:10-11 & 14) were critical considerations in this study.

Understanding the decision to follow a multiple case study design for this study requires a holistic overview of case study research. Yin (2003:12) explains that case study research has a long history in the fields of sociology and social work and that researchers had initially struggled to differentiate it from ethnographies and participant-observer studies. Instead, a case study "begins with a logic of design – a strategy to be preferred when circumstances and research problems are appropriate rather than an ideological commitment to be followed whatever the circumstance" (Yin, 2003:13).

As a research strategy, the case study is not "either a data collection tactic or merely a design feature alone". It encompasses an underlying logic of design, data collection techniques and specific approaches to data analysis (Yin, 2003:13-14).

Yin (2014:16-17) also provides a more technical description of the case study as a strategy. First, it is an empirical inquiry that (i) investigates a contemporary phenomenon within its real-life context (ii) when the boundaries between the phenomenon and context are not clearly evident. Second, the case study inquiry (i) copes with technically distinctive situation in which there will be many more variables of interest than data points, (ii) relies on multiple sources of evidence (with data needing coverage in a triangulation fashion) and (iii) benefits of the prior development of theoretical propositions to guide data collection and analysis.

According to Leedy and Ormrod (2013:141) a case study is sometimes called idiographic research. Depending on the nature and purpose of a study, a researcher may choose between a single and multiple case study design. Multiple cases are investigated for comparison, building theory or generalisation, as is the purpose of this thesis. The different case studies included in this study represent four industries, i.e. tourism (pilot study), retail, financial services and higher education. Two of these organisations are listed on the Johannesburg Stock Exchange.

Case studies emphasise contextual realities, thus it is an ideal research design to pursue the objectives of this study (Bryman and Bell, 2014; Yin, 2014). The type of case studies within this study can be classified as explanatory. This classification is based on (i) the overarching research question of the thesis ("how" organisations deal with a particular management dilemma), (ii) the emphasis on links between decision makers and organisational dynamics, as opposed to the frequency of critical incidents, and (iii) the propositions posed as the result of the research results as suggested by Yin (2014:10).

In addition, Stoyko (2009:3) describes five common characteristics of case studies:

(i) A story about how people interacted and how a series of events unfolded within a real-world setting is at the heart of every case study.

(ii) Contextual information is critical and encompasses all the necessary background information needed for an audience to draw meaningful lessons and to ultimately decide whether those lessons are applicable to their situations.

(iii) Multiple sources of evidence contribute to the construction of the story being told.

(iv) Although case studies may also contain quantitative data, evidence must also be qualitative in nature, e.g. descriptive data.

(v) The parameters of an inquiry are clearly delimited: It cannot be too wide ranging in its discussion, but is bounded by the real-world activities being studied.

Table 6.1 summarises other advantages and potential pitfalls of case study research when used to investigate management practices.

Table 6.1
Advantages and disadvantages of case studies

Advantages	Disadvantages
Context Phenomena are studied in their natural settings and not in isolation or abstraction. Background information regarding the implementation of case lessons are ideally built into the case study. **Time dimension** Phenomena are studied in terms of continuity and change and are not treated as static objects. **Credibility** Knowledge grounded in the real world experience of practitioners is seen as more realistic and trustworthy. **Timeliness and cost** Compared to other primary research methods, data can be gathered quickly and inexpensively, provided the phenomenon being investigated has already taken place. **Unique niche** Some social phenomena can only be studied using case studies because of the circumstances, e.g. complex social interaction inside an organisation. Case studies are also ideal for exploring a previously unknown area of research. **Details and focus** The complexities and subtleties of social interaction are potentially revealed, yet without bogging down the reader in descriptive details.	**Case selection bias** Case studies selected on the basis of convenience, ideological predisposition, self-interested motives (including aggrandising a particular celebrity or business) may offer very little insight. **Confirmatory bias** Case studies are vulnerable to researchers reading their own theories into them and ignoring evidence which dispute those theories. **Backwards causality** Organisations may experiment with path-breaking practices because they have the luxury to do so, yet those practices may not necessarily be the reason for the organisation's success. **Over-generalisation from findings** Case studies are not as generalizable as a statistical survey or scientific experiments. Rigorous analysis is required to determine the underlying reason why a set of practices worked and would work again. Great care is required in drawing inferences, especially if only one of a few cases are involved. **Causal benchmarking** Two problems occur when drawing lessons from case studies and applying them elsewhere: o Only the most visible and obvious practices are often copied, regardless of their importance. o Not enough thought is given to how the practices should be tailored to a new environment or whether these are applicable at all.

Source: Adapted from Stoyko (2009:4-5)

Yin (2014:19-22) highlights several concerns about case studies. First, in the past too many researchers' descriptions of the procedures they followed were sloppy and thus created serious questions regarding the scientific rigour of such studies. Whether systematic procedures, relevant evidence and guidelines from key texts on case study research were followed/used are key criteria for judging the rigour of researchers' work.

Second, case studies used for teaching can be confused with research case studies in that they may be skewed somewhat to make a particular point. Research case studies should adhere to all the principles of sound scientific practices, including the use of and reporting on all evidence and avoiding all forms of scientific bias (Yin, 2014:20).

Third, questions regarding generalisation of case study results are complex and have plagued the research design for decades. However, case studies should be thought of as similar to multiple experiments. The emphasis is not on the population, but theoretical generalisations (Yin, 2014:20-1).

Fourth, case studies can potentially take a considerable amount of time to complete, while generating a massive (almost unmanageable) amount of evidence, which then have to be absorbed into reports. However, various narratives are available for the presentation of case studies, while not all data collection strategies (e.g. ethnographies) require long periods in the field. Depending on the research topic, researchers can even do high-quality case study research without leaving their offices since they rely on the internet (Yin, 2014:21).

Finally, the 21st century favoured compared to randomised controlled trials (RCT's) because of their perceived competitive advantage, i.e. establishing the effectiveness of various treatments/interventions. Case studies lacked such a clear competitive advantage. The potential of case studies to offer contextual answers had been underestimated. In similar fashion case studies may compliment quantitative and statistical methods (Yin, 2014:21-22).

6.4 SOURCES OF EVIDENCE WITHIN EACH CASE STUDY

The data collection process was planned and executed according to four principles suggested by Yin (2014:118-129): (i) using multiple sources of evidence, (ii) creating a case study database, (iii) maintaining a chain of evidence and (iv) exercising care when using data from electronic sources.

Bryman and Bell (2014:114) further contend that a comparative case study design relies on (i) the logic of comparison, (ii) two or more contrasting cases or (iii) the use of more or less identical methods. Against this background the same sources of evidence were utilised within each case study as listed in table 6.2.

Table 6.2
Sources of evidence in relation to the first four objectives of the study

	Objectives	Sources of evidence
(i)	To compare the approaches of multiple organisations regarding the management of corporate reputation.	▪ Interviews
(ii)	To compare the approaches of multiple organisations regarding the management of risk.	▪ Corporate websites ▪ Interviews
(iii)	To compare the approaches of multiple organisations regarding the management of corporate reputation risk in relation to social media.	▪ Interviews ▪ Recent social media crisis ▪ Social media policies ▪ Archival documents
(iv)	To investigate the elements of an ideal management framework for corporate reputation risk in relation to social media.	▪ Interviews

6.4.1 Semi-structured interviews

The principles of purposeful sampling guided the decision to interview the most senior communication, social media and risk specialists in each organisation. This is also referred to as a known-group or judgement sample since the researcher deems the sample as useful in terms of the information that is needed for a study (Du Plooy, 2001:114).

As with any methodological choice, the semi-structured interview had to be weighed in terms of suitability in relation to the goal and objectives of the study. The study attempted to capitalise on all the advantages, while attempts were made to combat all the weaknesses (table 6.3).

Table 6.3
Advantages and disadvantages of semi-structured interviews

Advantages	Disadvantages
Can give participants an opportunity to reflect on the processes leading up to or following on from an event and/or the reasons for their decisions or attitudes. Participants can be probed regarding answers. Flexibility: ▪ The sequence of the questions can be altered, depending on the nature of the discussion. ▪ Questions might be omitted or added, depending the specific context of an interviewee/organisation. Participants are given the opportunity to hear themselves thinking aloud.	Forms of bias: ▪ Formulation of questions ▪ Reflexivity/participant bias ▪ Interviewer bias Poor interviewing skills

Sources: Bryman and Bell (2014:374-375 & 378-381)

The biggest advantage of this interview style lay in the fact that participants were given the opportunity to answer and reflect on critical incidents related to reputation risk in relation to social media. The interviews also allowed for flexibility regarding the combination of certain questions when interviewee's answers would cover a number of questions in a holistic manner, while also focusing on critical incidents of reputation risk on social media. However, questions were kept the same for the most part for the sake of standardisation to facilitate comparisons and triangulation.

Conversely, the formulation of questions and potential researcher bias were addressed after the pilot study. While a researcher cannot control an interviewee who may have tried to tell the researcher what he/she thinks would to be an 'ideal answer', the process of triangulation of all three interviews per case study and other sources of evidence, seemed an effective counter measure. All interviews were recorded digitally, while additional notes were also taken.

Finally, the guidelines by Bryman and Bell (2014:229), Nieuwenhuis and Smit (2012:133-134), as well as Saunders *et al.* (2012:382-391) for a questioning strategy were applied:

(i) Knowledgeability regarding the topic and specific research process.
(ii) Structuring of the interview by means of a guide, as well as the introduction and closing of the interview.
(iii) Formulating questions in such a way that they would elicit discussions vs. 'yes' or 'no' answers.
(iv) Ensuring the clarity of questions.
(v) Being gentle to allow participants time to think/respond.
(vi) Being sensitive to both what and how something is said.
(vii) Respond to important issues mentioned by the participant.
(viii) Steering the discussion in the right direction in terms of covering the research objectives.
(ix) Listening critically to challenge with inconsistencies in answers.
(x) Remembering what was said.
(xi) Interpreting and clarifying statements by participants without imposing the researcher's view on them.
(xii) Balancing the conversation to allow the participant to express his/her views freely.

(xiii) Ethical sensitivity to remind the participant of the purpose of the research and that all data will be treated in accordance with the informed consent form.

Interviews were only conducted after extensive reading on the matter and the pilot study (as a rehearsal) – the emphasis was on active listening, posing follow-up questions and taking appropriate action to avoid researcher bias. The informed consent form addressed ethical concerns.

6.4.2 Interview schedules

The interview schedules were developed in two steps. The researcher interviewed experts in the fields of reputation, communication, marketing, risk management and social media to measure basic assumptions about the study and the direction of interview schedules. These interviews lasted for nearly six hours.

Next the researcher formulated interview questions for the pilot study. The pilot study further contributed to the finalisation of interview questions.

Table 6.4 depicts the connection between the research objectives and specific interview questions. Interviews included a reminder of the purpose of the study, demographic details and the interview questions. Direct, indirect, probing, follow-up/interpreting and closing questions were posed in every interview, as described by Bryman and Bell (2014).

The interview schedules for communication and social media specialists are identical and consist of 15 questions. (Refer to Appendices C and D.) The relatedness of the communication and social media functions was the main reason for using the same questions. The emphasis was on communication/social media and not on risk management per se.

Table 6.4
Interview questions in relation to research objectives and literature

Objectives		**Interview questions:**	
		Communication and social media specialists	**Risk specialists**
(i)	To compare the approaches of multiple organisations regarding the management of corporate reputation.	Questions 1.1 to 1.6	Question 1
Relation to literature: Literature in Chapter 4 emphasises issues related to the role of corporate leadership in (including expectations) reputation management, a pro-/reactive, tactical or strategic approach.			
(ii)	To compare the approaches of multiple organisations regarding the management of risk.	-	Questions 2.1 to 2.4
Relation to literature: Literature in Chapter 3 emphasises the difference between a compliance and governance orientation, as well as frameworks for risk management.			
(iii)	To compare the approaches of multiple organisations regarding the management of corporate reputation risk in relation to social media.	Questions 2.1 to 2.5	Questions 3.1 and 3.2
Relation to literature: Literature in Chapter 5 emphasises various frameworks which can be adopted for the management of social media crises.			
(iv)	To investigate the elements of an ideal framework for the management framework for corporate reputation risk in relation to social media.	Questions 3.1 to 3.3	Questions 4.1 to 4.3
Relation to literature: The wide variety of theories, models and frameworks in literature vary greatly, as set out in Chapters 3, 4 and 5. Therefore interviewees were given the opportunity to describe the ideal principles and/or steps for a new management framework.			
Concluding question		Question 4	Questions 5.1 and 5.2
Purpose: To allow interviewees to add any additional insights regarding the discussion – aspects interviewees may have felt had not been addressed or which fall slightly outside the scope of the study, e.g. predictions for the future.			

The interview schedule for risk specialists consists of 11 questions and focuses primarily on the activities of the risk division. (Refer to Annexure E.) Just like the communication and social media specialists, risk specialists were also asked to provide ideas about an ideal management framework for corporate reputation risk in relation to social media.

The style of questions for all interviews was intentional in order to elicit discussion-type answers vs. “yes/no” responses. Follow-up questions were not standardised. Closing questions gave interviewees the opportunity to share final thoughts on the interview topic.

6.4.3 Organisational documents

Two types of organisational documents, corporate websites and social media policies, were included. The advantages of using these documents far outweighed the possible disadvantages, as suggested in table 6.5.

Table 6.5
Advantages and disadvantages of organisational documents

Advantages	Disadvantages
Stability: Can be reviewed repeatedly. **Unobtrusive nature**: Not created as a result of the case study. **Exact details:** Contain the exact names, references and details of an event. **Broad coverage:** Long span of time, many events and many settings. **Potentially rich reflection** of the values and beliefs of participants/organisations in a particular setting.	**Irretrievability** **Biased** selectivity if collection is incomplete. **Reporting bias:** May reflect bias of author/organisations. **Access:** May be deliberately blocked.

Sources: Marshall and Rossman (1995:85), Silva (2012:146-7) and Yin (2003:80)

6.4.3.1 Corporate websites

The corporate website of each case was chosen as an additional source of evidence on risk management practices. Transparency regarding the issue of corporate governance is increasingly important and the expectation was that websites would yield contextually rich information. Website information would be compared to the statements by interviewees. Access to these documents was not deemed problematic as corporate websites are in the public domain.

6.4.3.2 Social media policies

The social media policy of each organisation was chosen as another potentially context-rich source of evidence regarding the approach organisations follow. These documents would again either confirmed or disproved the statements by interviewees. Access to these documents was not guaranteed as some organisations may regard it as confidential.

6.4.4 Recent social media incidents

A recent social media crisis per case study was also reviewed in order to compare statements of the interviewees to real corporate actions. The timeframe for these incidents was the last 12 months prior to and six months after the field work (interviews).

Archived organisational documents like official statements (from online media relations archives) and media reports served as sources for information regarding these incidents (i.e. chronological sequence of events, statements by various parties and possible further consequence of these crises). Access to these documents was not deemed problematic since they are all in the public domain.

6.5 DATA ANALYSIS STRATEGY

Yin's (2014:164) cross-case synthesis formed the basis of the analytical strategy for this study. This required the triangulation of various sources of evidence within each case study (Saunders *et al.,* 2012:179; Yin, 2014:121). Different analytical tactics were applied to different sources of evidence. Forming a holistic impression of organisational practices was dependent on triangulation.

6.5.1 Semi-structured interviews

The analysis of interviews was done through thematic analysis as described by Bryman and Bell (2011:351) and Kawulich and Holland (2012:231-235). It entails five steps.

- **Step 1: Familiarising oneself with the data**

Transcribing data, reading and re-reading data, noting initial ideas. The researcher transcribed the interviews of three case studies and had assistance with three more. The researcher carefully reviewed the latter set of transcriptions against the original sound files to ensure accuracy and uniformity regarding the format of transcripts.

- **Step 2: Generating initial codes**

Coding interesting features of the data in a systematic fashion across the data set, marking data relevant to each code through the constant comparison approach: Marking codes in the margins or mark out different codes with different colour pens (with each colour representing a specific code).

- Listing of codes used, with a definition for each.
- Labelling each new piece of evidence according to the list of existing codes, i.e. complete the coding scheme which represents all the raw data (other interviews, observation field notes, etc.)

- **Step 3: Grouping codes into categories**

The formulation of categories is intuitive and should reflect the research question(s). By means of ongoing analysis, refining of the specifics of each category (the overall story the analysis tells) and generating clear definitions and names for each category. Categories should be exhaustive, mutually exclusive, reflect the content and conceptually congruent (reflect the same level of abstraction).

Yin (2014:138) warns against the potential of biased used of concepts due to the fact that a researcher may already carry them their heads because of their familiarity with the topic being researched.

All reasonable attempts were made to avoid the possible limiting impact of such pre-existing concepts from the researcher, including the re-reading of evidence and the careful reconsideration of the categories and themes in relation to all cases.

- **Step 4: Analysis and confirmation**

Analysis relies on the back and forth movement between (i) data and abstract concepts, (ii) inductive and deductive reasoning, (iii) description and interpretation and (iv) confirmation of interpretations. The researcher constantly makes related notes on additional ideas and the research process.

The process of analysis is incomplete without confirming the findings, which was achieved by applying the majority of steps mentioned in table 6.6. The only steps not taken were the "if then tests" and the replication of findings in a new study.

Table 6.6
Miles and Huberman's tips for confirming findings

Check for representativeness. Also look for outliers. Check for researcher effects, confounding behaviours/characteristics. Triangulate: Use various sources, methods, researchers, types of data and theories. Weigh the evidence (data): Which is more important than others? Investigate the meaning of the outliers – extreme cases tell a lot about what is typical. Use extreme cases to help explain and conclude.	Look at things that are surprising/unexpected. Look at negative evidence – look for rival explanations to disconfirm findings. Use if-then tests to test the conclusions. Rule out spurious relations – identify intervening variables. Replicate findings in a new study/context. Investigate rival explanations. Use member checks to have participants verify the researcher's understanding.

Source: Kawulich and Holland (2012:237)

- **Step 5: Producing a report**

The final steps in thematic analysis is the selection of "vivid and compelling extract examples and relating these back to the research question and literature". Ensuring meaningful results also required the consideration of typical mistakes (table 6.7).

Table 6.7
Pitfalls of thematic analysis

Merely collecting pieces of data	Data must be properly analysed and linked with an analytical narrative. The report on the data should not be just a bunch of quotes used to illustrate narrative that paraphrases the data. Quotes should help explain certain points you to make about the data.
Using interview questions as themes	This is the case when the analysis has not identified themes across the whole data set.
This is the case when the analysis has not identified themes across the whole data set.	Themes should not overlap - this happens when themes are not clearly defined. It also happens when there is no real rich description/interpretation of the data (one part of the whole). The presentation of the findings must convince the reader that the results are plausible and correctly interpreted.
Lack of data to justify an argument	Selecting compelling quotes and extracts to illustrate the themes is critical.
Mismatch between analysis and research question	The interpretation of the data must be consistent with the theoretical framework.

Source: Kawulich and Holland (2012:236-7)

6.5.2 Organisational documents

6.5.2.1 Corporate websites

The contents of corporate website sections dealing with risk management were compared to the five dimensions of the COSO (2017) framework.

6.5.2.2 Social media policies

The contents of social media policies were compared to the guidelines of Blanchard (2011). Additional/unique sections were also noted and contextualised.

6.5.3 Recent social media reputation incidents

A brief incident analysis focuses on (i) the crisis type, (ii) the scope of reputation damage and (iii) organisational response(s).

6.6 CASE STUDY REALISATION

Yin (2003:47-51) does not specify a required number of cases to be included for a multiple case study design, but mentions two to four when referring to comprehensive studies. Four organisations from a variety of industries were included in the study. These cases were selected on the basis of replication and data saturation, as opposed to sampling logic, i.e. they either replicate each other to achieve similar results for predicted reasons (literal replication) or to achieve contrasting results for predicted reasons (theoretical replication) (Saunders *et al.,* 2012:180; Yin, 2003:47). Table 6.8 depicts a holistic impression of how the study came to life and depicts the sources of evidence within each case study.

Table 6.8
Summary of sources of evidence across all case studies

Cases	Interviews	Website	Social media policy	Social media crisis	Media reports on crisis
Pilot study	✓	✓	✓	✓	✓
Case study A	✓	✓	✓	✓	✓
Case study B	✓	✓	✓		
Case study C	✓	✓	✓	✓	✓

6.6.1 Inviting organisations to participate in the project

Specific organisations were approached for participation in the study based on (i) their prominence in the marketplace in specific sectors (as reflected by recent reputation, brand awareness and consumer satisfaction rankings in the media) and (ii) the propensity of the tertiary (service) sector for social media crises.

The researcher established telephonic contact with potential organisations, followed by email correspondence. This included a letter from the researcher's university which granted her permission to conduct field work (Annexure A), an informed consent form for individuals (Annexure B) and the interview schedules.

Numerous organisations initially declined the invitations between July and October 2016. The following reasons were given: (i) poor timing within the financial year; (ii) fear that recent reputation problems would be made public; (iii) time required for interviews and (iv) organisational restructuring. Positive responses were received by November 2016 and the data collection was completed in April 2017.

After careful consideration of the current political climate (which includes the intimidation of academics and journalists), controversies around state-owned enterprises (SOE's), government departments, political parties, state-owned enterprises and non-government organisations were intentionally excluded from the study. Political parties are routinely targeted on social media by political opponents, which would skew any related results.

6.6.2 Interviews

The flexibility of the research design accommodated the varied number of interviewees across cases, as summarised in table 6.9. A total of 13 interviews were conducted with the average length of interviews being between 50 to 60 minutes, totalling nearly 12.5 hours. All interviews were conducted at the offices of participating organisations, i.e. the natural working environment of these research participants. Interviews were recorded digitally and transcribed for data analysis.

Table 6.9
Summary of case study interviews

Case studies	Communication/ marketing specialist	Social media specialist	Risk specialist
Pilot study (Tourism)	1 Interview (50 minutes)	1 Interview (52 minutes)	1 Interview (50 minutes)
Case study A (Retail)	1 Interview (54 minutes)	1 Interview (51 minutes)	1 Interview (60 minutes)
Case study B (Financial services)	1 Interview (62 minutes)	1 Interview (51 minutes)	1 Interview (49 minutes)
Case study C (Higher education)	1 Interview (60 minutes)	1 Interview (73 minutes)	Interview 1 (80 minutes) Interview 2 (53 minutes)

6.6.3 Websites

Three of the four organisations (including the pilot study) published information about their risk management orientation and practices on their websites.

6.6.4 Social media policies

All organisations (including the pilot study) had social media policies.

6.6.5 Recent social media reputation incidents

Three of the five organisations (including the pilot study) had experienced a social media crisis in the specified timeframe.

6.7 PILOT STUDY

The pilot study (a national tourist attraction) was pivotal in refining the researcher’s ideas pertaining to three dimensions.

6.7.1 Research design

The most senior communication was responsible for both the overall communication and social media management and approached the interview from both perspectives. The need to interview these two role payers separately in future case studies was confirmed through the interview.

In addition, the interview with the risk specialist confirmed the appropriateness of the interview questions and the choice of this organisational role player per case study. The interviewees' references to their organisation's social media policy and employee transgressions (thereby either causing a reputation risk incident or contributing to a controversy) convinced the researcher that such documents had to be included in the study.

Recent social media crises of this organisation confirmed the consideration of such incidents in order to form a complete picture regarding corporate practices, i.e. triangulation with other sources of evidence.

The decision was also take to include corporate websites and recent social media reputation risk incidents as further sources of evidence per case study in order to gain an even deeper understanding of the realities each organisation faces and how they take decisions in relation to the research question.

6.7.2 Data collection instruments

First, the academic style and the use of abstract terminology in some interviews had to be addressed. Questions had to become more conversational. Questions for the risk specialists were reduced to focus on three relevant areas and a little less on reputation management. Some questions were eliminated, simplified and re-organised in terms of chronological order.

6.7.3 Data analysis

The researcher had transcribed half of the interviews and sought professional assistance for the rest. Different options were considered for data analysis, including software like Leximancer. The need to triangulate evidence (i.e. the ability to see nuances and connections between views) convinced the researcher to do the thematic analysis manually. This was done using word processing software – segments were marked in different colours, segments were labelled as themes, categories and codes for usage in each case study report.

6.8 ETHICAL CONSIDERATIONS

The study was subject to approval by Research Ethics Committee of the Faculty of Economic and Management Sciences at the University of Pretoria.

The sensitive nature of the topic implied that that the researcher had to approach organisations with great care and caution. This included assuring the anonymity of individuals and organisations as was also suggested by Morse and Field (1996). For this reason case studies are merely numbered A to C. All attempts have been made to eliminate any reference to organisational names or any description which would identify them, including not referencing the corporate websites, media reports and/or social media pages consulted.

Interviewees also had to be assured (i) that their participation would be voluntary, (ii) that they would not be harmed through the process and (iii) that the overall views of their organisations would be more important than individual opinions. For this reason interviewees are simply referred to by their organisational roles. Each interviewee signed an informed consent form. (Available upon request).

The social media policy documents from participating organisations were also covered by the anonymity clause. News reports about specific social media crises are in the public domain and this freely available for research purposes.

6.9 LIMITATIONS

The limitations of the study stem from to the nature of qualitative research and the chosen sample. In similar fashion to a myriad of authors, Bryman and Bell (2014:50-51) assert that the results from qualitative research may not be generalised to an entire population. However, such results are better suited to contribute to theory development, as is the case with the propositions and suggested framework that emerged from this thesis.

Although Yin's (2014) guidelines of including four to six organisations for a multiple case study design were followed, the exclusion of the public sector is notable. Many

South African government departments, state-owned enterprises (SEO's) and political parties are currently involved in multiple controversies and investigations (e.g. corruption and state capture scandals). Political entities are also campaigning for the 2019 general elections and use these platforms for political agendas. The reputation of these entities is tainted and the choice was thus made to rather exclude them from this study.

The extrapolation of results from this study to all types of organisations and/or sectors in South Africa might be hampered as a result of the aforementioned sampling choices.

Overall, the findings still point towards general trends in relation to the management of reputation risk in relation to social media. The findings, recommendations, conclusion and propositions can therefore be regarded as a starting point for practice and further research in and possibly beyond the South African context.

6.10 EVALUATING THIS STUDY

Evaluating this study requires the consideration of both standard criteria and the manner in which the principles for scientific soundness had been applied. These ideas overlap to some degree, as is evident from the subsequent discussion.

6.10.1 Criteria for qualitative research

Leedy and Ormrod (2013:164) suggest nine criteria against which qualitative research should be measured - these have evolved over the last two decades and represent the thinking a variety of experts in the field:

(i) Purposefulness pertains to whether the research question really dictated the researcher's choices regarding data collection and analysis methods.

(ii) Explicitness of assumptions and biases pertains to the fact that all values and beliefs that may influence data collection and interpretation should be stated.

(iii) Rigor pertains to both the requirement of objectivity and the need for precise and thorough data collection and analysis methods.

(iv) Open-mindedness refers to the willingness of the researcher to adapt interpretations if new data conflict with previous data.

(v) Completeness requires the researcher to first describe the research phenomenon "in all of its complexity" and then provide a "thick description".

(vi) Coherence depends on the triangulation of all data sources and the researcher's ability to paint a "portrait that hangs together".

(vii) The persuasiveness of arguments requires the weighing of evidence to arrive at one interpretation and thus excludes others.

(viii) Consensus refers to the fact that other people (including other scholars in a discipline and the research participants) agree with the researcher's explanations and interpretations.

(ix) Usefulness is measured against the expectation that a research project provides insights regarding the research phenomenon, contribute to more accurate predictions about future events and/or lead to "interventions that enhance the quality of life".

All efforts were made to consider as many data collection and data analysis options as possible. The researcher made specific choices based on the qualitative nature of the research question. Other practical considerations included the scope and resources of postgraduate research.

Assumptions about the research phenomenon and the motivation for methodological choices are well documented in various chapters of the study.

The researcher also moved between the different case studies as new evidence was analysed to ensure accurate interpretations. The triangulation of evidence from multiple sources per case study was also pivotal.

The study describes the research phenomenon as a complex reality in three literature chapters which emphasise key questions, principles and models/frameworks. Based on this understanding, all attempts were made to provide a "thick description" of the research phenomenon in relation to the specific objectives of the study.

Finally, the literature chapters, findings and propositions presented in this study address the requirement of providing insights regarding the research phenomenon and possible future events.

6.10.2 Measures for scientific soundness

Bryman and Bell (2014:43) and Morse and Field (1996:118-119) support the view that qualitative research should be measured against alternative criteria for scientific soundness (table 6.9). Guba and Lincoln, two of the most well-known authors in the field of qualitative methodology, have been credited for developing these concepts as far back as the mid 1980's.

First, a researcher's findings ought to be acceptable to others - a credible version of social reality which was observed should be presented. Findings can only be regarded as credible when rules for good scientific research were observed and if the research participants had confirmed that their view of the research problem had been reflected correctly by means of member validation (Bryman and Bell, 2014:44-45).

Marshall and Rossmann's (1995:143) suggestions for continuous discussions with peers (fellow academics) and the availability of all materials pertaining to the process of documenting the findings, were implemented.

Table 6.10
Alternative criteria for qualitative research

Trustworthiness
Credibility – parallels internal validity
Transferability – parallels external validity
Dependability – parallels reliability
Confirmability – parallels objectivity

Source: Bryman and Bell (2014:44)

Transferability refers to the question of whether findings from a relatively small sample (which is typical within qualitative research) can be transferred to other settings. Providing a thick description of the unique characteristics (or culture) of participating organisations is critical for this criterion (Bryman and Bell, 2014:45). All attempts were made to provide such a description within the data analysis process.

Third, dependability demands rigour in terms of the auditing of the data analysis process (Bryman and Bell, 2014:45). Six classes of evidence should be reviewed continuously, i.e. (i) raw evidence, (ii) evidence reduction and analysis products, (iii) evidence reconstruction and synthesis products, (iv) process notes, (v) notes pertaining to intentions and dispositions, as well as (vi) instrument development information.

The rationale for this audit trail is to ensure that the findings emerge from the evidence and not from the researcher's bias. All of the aforementioned evidence for this study is available from the researcher. The inquiry process and related documentation were also reviewed by a promotor who also assessed the coherence of this study. These steps confirm the principles for data collection and organising all related materials as set out of Yin (2014).

The final criterion is confirmability and deals with the issue of objectivity, i.e. whether a researcher has knowingly allowed personal values or theoretical inclinations to influence the findings (Bryman and Bell, 2014:45). Again, the findings were checked by an academic expert (promotor) in relation to the literature, the goal and objectives of the study.

6.11 CONCLUSION

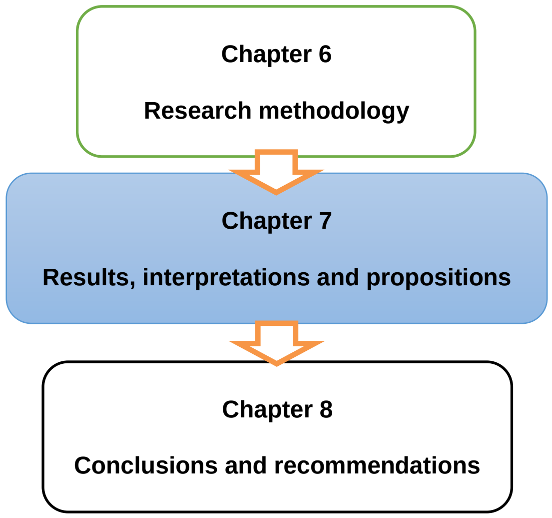
Applying the principles of the interpretivist qualitative approach served the goal and objectives of the study. A multiple case study design was followed to ensure that the researcher would gain an in-depth insider perspective on the research question. The four conceptual processes of qualitative data analysis and thematic analysis seemed most appropriate for this study since they could facilitate the synthesis of empirical evidence for propositions set out in Chapter 7.

Chapter 7
Results, interpretations and propositions

7.1 INTRODUCTION

Figure 7.1 illustrates the place of this chapter in relation to the latter half of the thesis. As the chapter title suggests, the results and interpretations appear in the chronological order of the objectives (of the thesis) with propositions appearing at the end of the chapter.

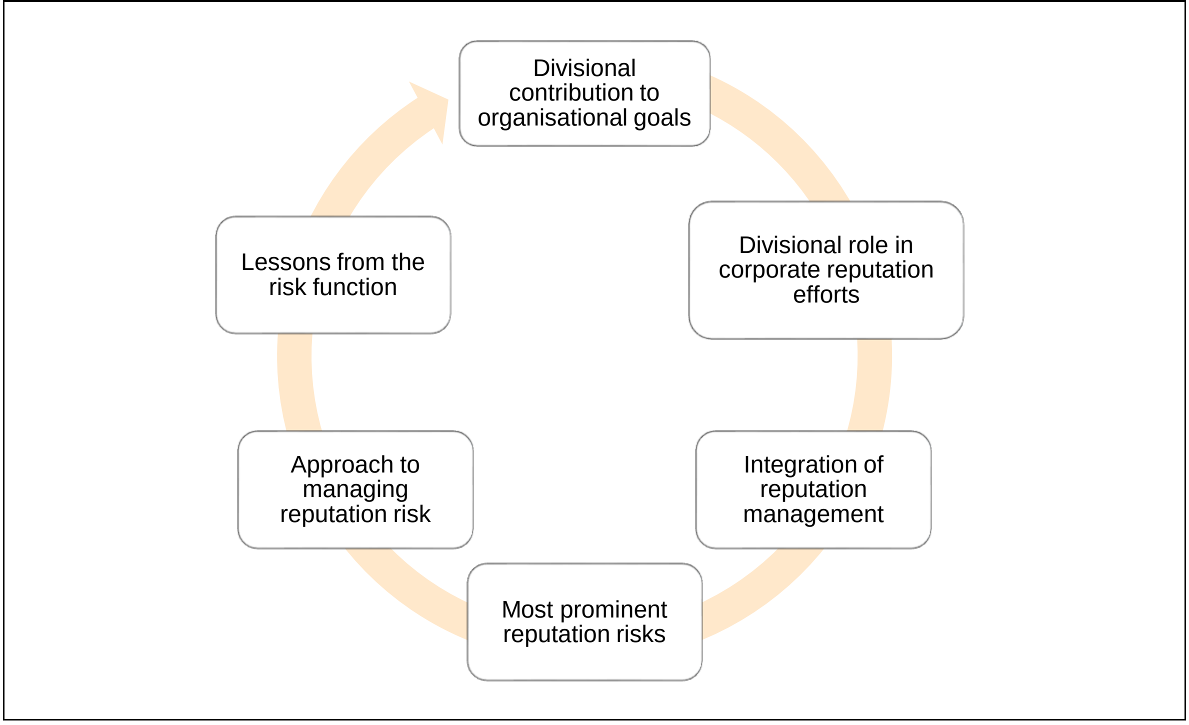
Figure 7.1
Chapter 7 in relation to the latter half of the study



Case studies are first presented individually, followed by the cross-case comparisons, interpretations and propositions. Each case study contains the following elements: (i) a corporate profile, (ii) details on the research context and (iii) results in relation to each of the first four objectives. Each case study concludes with an interpretation in relation to theoretical principles from Chapters 3 to 5. These interpretations form the basis for the comparison of the case studies in section 7.3.

Figures 7.2 to 7.5 serve as a reminder of the scope of the first four objectives of the study. All respective dimensions pertaining to each objective form a holistic impression. The first objective is anchored by six dimensions, as illustrated in figure 7.2:

Figure 7.2
Objective 1: Approach to corporate reputation management



The second objective rests on five dimensions, as set out in Figure 7.3:

Figure 7.3
Objective 2: Approach to risk management

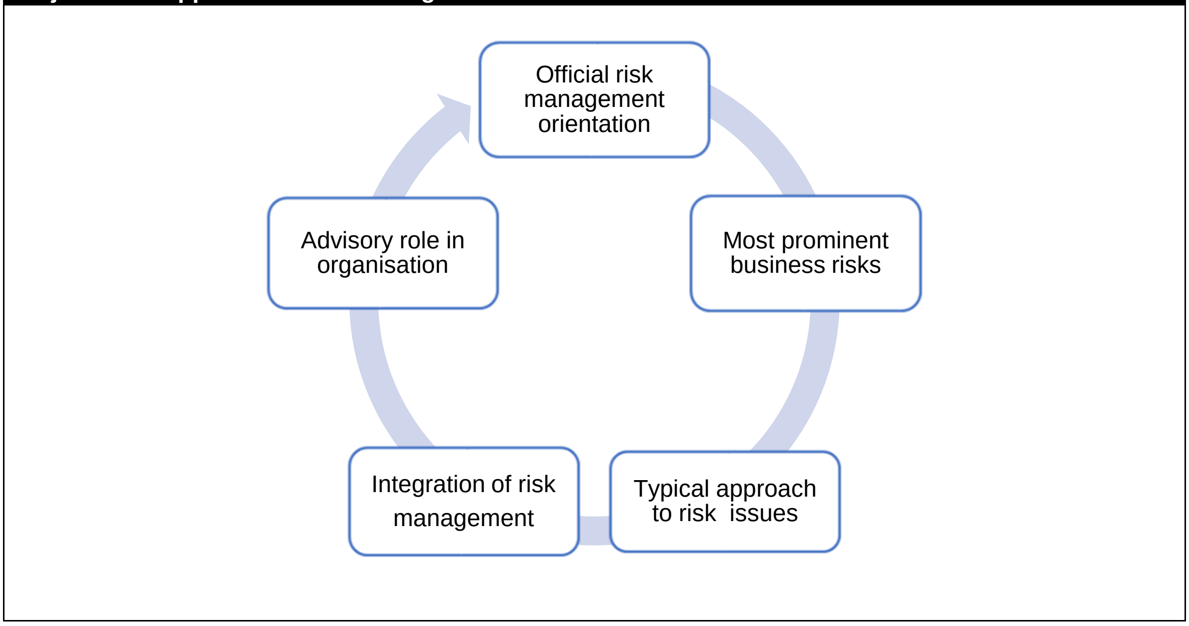
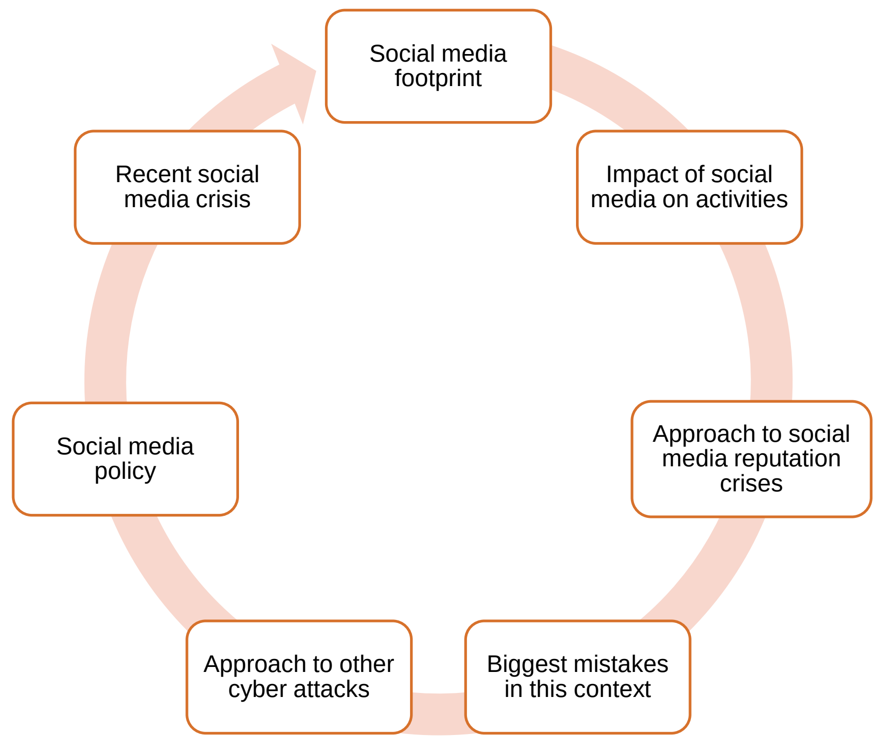


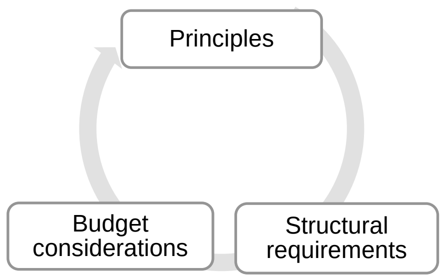
Figure 7.4 specifies the seven dimensions of objective 3:

Figure 7.4
Objective 3: Approach to corporate reputation risk in relation to social media



Three dimensions form the final objective, as described in figure 7.5:

Figure 7.5
Objective 4: Elements of a management framework



The remainder of the chapter relies on the following abbreviations, i.e. Communication specialist (CM), Social Media specialist (SM) and Risk Management specialist (RM).

7.2 INDIVIDUAL CASE STUDY REPORTS

7.2.1 Case study A

7.2.1.1 Corporate profile

This case study represents the retail sector. The organisation was founded in 1967 with the opening of a single restaurant. It now operates as a franchise group and owns eight restaurant brands. This restaurant group offers casual dining options that vary between café, pub, Italian, seafood and steakhouse menus, most of which are family oriented.

This group has 575 outlets worldwide, with restaurants in South Africa, various other parts of Africa, Mauritius, the Middle East and Australasia. The organisation is listed on the JSE (Johannesburg Stock Exchange).

7.2.1.2 Research setting

The researcher visited this organisation's head office once where all interviews took place on the same day. All interviewees were full-time staff members. The organisation's most senior marketing specialist represented the role of communication specialist. The organisation did not have a separate risk division, but the function was absorbed by senior managers, while traditional public relations work was outsourced.

Table 7.1
Case study A: Interviewee demographics

	Communication Specialist	**Social media specialist**	**Risk specialist**
Gender	Male	Male	Male
Job title	Group Marketing Executive	Senior Digital Brand Manager	Group Finance Executive
Highest academic qualification	BA Honours0	BCom (Marketing)	Postgraduate diploma
Highest professional qualification	-	-	Chartered Accountant CA(SA)

7.2.1.3 Objective 1: Approach to corporate reputation management

- **Divisional contribution to organisational goals**

Executives expected both the marketing and social media divisions to make noteworthy contributions to the survival of the organisation, as summarised in the table below.

According to the CM effective brand management must help ensure business sustainability. The corporate umbrella brand and the various franchise brands must be maintained, because "the relationship between the brands and customers is more authentic and stronger." The reason for this emphasis is the expectation of return on investment (ROI). "A substantial amount of money is at stake in terms of market funds (ZAR 250 million) and executives want to know how brand management is implemented, how it is measured, what strategy we implement."

According to the SM executives' expectations regarding social media have changed dramatically in a relatively short time. Members of the C-suite (including the CEO and COO) were also much more eager to learn about social media themselves. They even want to be involved in monitoring activities "in terms of listening to what the customers have to say and making business decisions on what they are seeing."

A greater interest in social media means that this team in under greater pressure to prove their contribution in a tangible manner. Top management understood the power of social media after a promotion campaign that "sold 30% more ribs across the country." Social media were exclusively used for this campaign.

- **Divisional role in corporate reputation efforts**

Executives had rather traditional expectations and reflected the organisation's business model. Both the CM and SM emphasised the fact that executives viewed reputation as the juncture of multiple marketing efforts.

Brand reputation was critical to the success of each franchise brand “because that is the public face to customers.” The CM claimed that they “are the biggest retail brand in the country.” All marketing efforts were focusing on ensuring effective communication with customers during crises or less serious queries.

According to the SM response time and the appropriate tone of the message on social media platforms were always critical because those messages would represent the chairperson and CEO. He emphasised the risk of an initial response leading to an even bigger problem.

The CM also mentioned that “customers often think one of our brands owns other brands”. The holding company’s name is the same as one of the brands in the group.

Franchisees were seen as critical in brand reputation, but the dynamics were a lot more complex (difficult to control). The relationship with franchisees can sour if “an apathetic franchisee signed an agreement and just feels that the queues must now form at the door.”

Based on the expectations and standards of the organisation, the CM insists on having transparent and candid conversations with franchisees, especially if they operate outside the guidelines for marketing or social media. He recently had to reign in some shop owners of a brand that uses exclusively uses social media for marketing. He emphasised the fine line between “letting people lose to be create” and inappropriate ideas.

- **Integration of reputation management**

The interviewees agreed that reputation management required an integrated effort. Reputation management for external stakeholders was managed in a centralised fashion. Additional staff members had to be appointed to serve in the digital marketing teams and the call centre. According to the SM staff training at store level is ongoing and most franchisees seem to really understand the potential for reputation harm within their immediate contexts (e.g. a customer posting a picture of food at a table or an employee who reports unethical practices).

Social media monitoring was a critical component of reputation management efforts and a lot of money had been invested in establishing an in-house call centre, the expansion of the digital teams (i.e. a second one a major city). Both of these operated according to clear procedures.

The call centre dealt with about 8000 contacts per month. A key driver of decisions like the call centre is the sense of urgency and the focus on quality at head office. According to the CM this stems from the experience at store level – in similar fashion to the serving staff at store level, head office must provide the best service under pressure.

While automation will be a key element of future interactions between the organisation and customers, the CM believes that a personal touch is still important. One of their brands has a very successful family loyalty-card programme. Automation may threaten the personal touch when a mother wants to organise a birthday party for a minor child or miss the fact that a male Muslim customer older than 18 years will not appreciate promotions of meals with alcohol. “Fine-tuning an automated system for these nuances costs a lot of money.”

Giving back to the community (where franchises are located) was very important to this organisation. “We find that the shops that give back the most have the best results.” The CM believes that franchisees lived by the principle of serving their immediate communities – something the organisation had always done since opening the very first restaurant. He respects the efforts of franchisees who are stay committed to their communities even when people are really struggling. “Sometimes they can only hand out hamburgers to people at a community event.”

- **Most prominent reputation risks**

Products and customers are the two main risks factors and pose implicit risks to the organisation’s reputation damage.

According to the CM product risk will always be front and centre for this organisation since food is its core business. Correcting serious problems often requires complex processes. Compliance with regulatory standards is critical as a preventative measure. He added that on a basic level "customers have the expectation that when they get served at one of the franchise brand outlets, the food or drinks look like the items they saw in marketing campaigns or a menu (also social media)."

The CM was adamant that "a genuine concern for people" drove the organisation's actions – he refers to this as a critical corporate value. Customer behaviour was the second risk factor and something organisations like restaurants have very little control over it. The SM refers to the "sensationalist customer" who wants to share anything and everything. When social media are combined with strange customer expectations, it leads to unexpected situations.

The CM emphasised the pressure to always get it right "because the million plus people who liked us on Facebook judge us by what we say we are going to do and then what we do." He also mentioned two examples of when things went wrong.

First, false rumours about child abductions from a specific store appeared periodically from fake social media accounts.

In the second instance, a parent left a young child in the play area of a restaurant located in a casino complex and then went gambling for a number of hours. The child was left in the care of a child minder employed by the restaurant. The child was later found in the parking area of the casino after he had walked out the door with another family without the child minder realising the mistake. The mother of this child then ranted on Facebook about the incompetence of the restaurant staff. The relevant restaurant brand posted an apology. Their Facebook followers came to the restaurant's defence: "There was no way she was going to come back and say that it's not good enough because she had already been judged by her peers. She must have felt so embarrassed by the time that the 100th comment came up and said 'how can you treat … like this when you lost your own child. Where were you?' "

The CM appreciated brand loyalty and relationships as a buffer in relation to crises: "It's about the relationship that a specific shop has built with the community so when crisis arrive people either rally around you or put you down."

- **Approach to managing reputation risk**

The CM explained that every department uses the organisation's integrated risk register (a rather lengthy document) to analyse risks, as is the case from the marketing perspective: "We take risk management very seriously."

He further emphasised the escalation of serious issues to the CEO and COO, who are both involved in finalising statements/letters. Depending on the nature of an incident, a customer may receive a phone call from either of the senior role players.

At the same time "we are absolutely candid and transparent in our approach. If we are wrong we will also say so and apologise immediately." For the CM this also reflects the organisation's values. He further highlighted the fact that the organisation always tries to avoid legal implications – they achieve this through carefully crafted statements.

The SM emphasised the three-step approach they usually follow. Collecting as much information from as many people from a short space of time is the first step. Getting a holding statement with some substance out is the second. The last step involves getting approval for more elaborate responses (containing more facts) as soon as possible. The SM admits that holding statements are complex since people inevitably attach their own meaning to them. This fact seems to confirm the need for a disciplined and transparent communication style as mentioned by the CM.

The SM further explained that the awareness levels of reputation is at an acceptable level at individual stores. Instead of him and his team hearing about an incident on social media, stores will notify head office of matters as a matter of great urgency.

He also mentioned two examples of people "just wanting to be heard" – something he realises the organisation cannot simply dismiss. Guide dogs are welcome in all stores, while mothers are allowed to breastfeed in public. "People inevitably posted about the stores where their service dog was not welcome or how a breastfeeding mother upset them."

The CM feel very strongly about the need for senior or experienced staff when dealing with a breaking issue – too many organisations had fallen victim to young and enthusiastic staff and “then had to manage an entirely avoidable reputation crisis.” When an issue pops up or crisis occurs on social media, the CM will be involved and advise his team on reactions. Speed is critical in order to stay on top of the situation, also when it requires the inputs of the CEO/COO.

The RM explained that the marketing division had always been a pivotal concern for the organisation. The fact that “more than a third of the people employed at head office are in marketing or marketers” confirms this fact.

- **Lessons from the risk function**

According to the RM the risk management function does not operate as a stand-alone division. A part of his job as Group Finance Executive is risk management. The organisation relies on the Exco to report issues and then translate issues and actions into operational plans. The CM serves on the Exco and will involve the relevant parties in discussions on how particular issues should be dealt with at store level. He further feels that it is a misnomer to assume that risk specialists are the ones to teach others in an organisation.

7.2.1.4 Objective 2: Approach to risk management

- **Official risk management orientation**

This organisation’s risk management practices depend on the principles of corporate governance and specifically the King III and IV reports. Both the website and the RM articulated this fact.

According to the corporate website, this organisation’s board “recognises the importance of an effective risk management process and acknowledges that it is accountable and responsible for ensuring that adequate procedures and processes are in place to identify, assess, manage and monitor key business risks.”

“The board has approved a formally documented risk management policy as recommended by King III and outlines (i) the responsibilities of employees, management; the risk committee and the board; (ii) the definition of risk and risk management; (iii) risk management objectives; (iv) the board’s risk approach and philosophy and (v) risk management process and structures.”

The risk committee performs an oversight role in respect of risk management. The operational executive committee (“Exco”) that deliberates on risks relevant to the group and appropriate response strategies assists the risk committee. “Each Exco member is responsible for identifying, evaluating and managing risk on a daily basis in their respective functional areas, as well as reporting the results of these processes to their peers at a bi-annual Exco meeting.”

The Exco is also responsible for identifying, evaluating and prioritising strategic and operational risks and implementing appropriate controls or other responses necessary to mitigate the risks, to the extent reasonably possible.

Risk owners are responsible for implementing necessary response strategies to risks. “The risk committee, comprising of risk owners, reviews and assesses the appropriateness of the risks identified and formulates related response strategies. It also measures progress made in terms of implementing the response strategies and the overall risk management process. Once approved, it is delivered to the board.”

- **Most prominent business risk issue**

According to the RM the range of risks are extremely broad and range from regulatory matters (specifically the Department of Trade and Industry), supply chain to procedural issues. At the time of the interviews, broad-based black economic empowerment (B-BBEE) was a very topical national issue.

- **Typical approach to risk issues**

The RM also explained that “in each process a risk may be very important for a specific process.” The problem is “how do you rate a procedural risk over reputation of risk?”

The ideal approach is to look at process levels. Then “we report to the board how advanced and mature our assessment is and we explain how we are addressing the needs of each process.” The board thus has a risk dashboard with a red, green, orange line on each business process.

Once they had dealt with procedural risks, as the internal auditors have listed them, the attention shifts to higher-level risks like non-active risks. These include everything not related to business procedural risk, i.e. sustainability of raw materials, responsible farming, franchisee profitability, etc. “We obviously always keep our eye on the competition too.”

Reputation risk is not managed by a prescribed (standardised) process, so they report on it in a different manner. Reputation depends on the organisation’s reaction to issues like B-BBEE or anything topical at any given moment.

- **Integration of risk management**

The organisation follows a fully integrated approach to risk management, as confirmed by two sources. According to the RM the core team responsible for this function (although it is not a separate division) includes the RM, the Managing Director and the legal and compliance officer.

The latter is responsible for the day-to-day practical matters “like getting out the risk registers and distribution of information and organising the meetings and those kinds of stuff, while also lobbying government on issues”. The Exco committee is responsible for implementing strategy and meet every six months.

The RM referred to the official risk orientation on their website by saying “I think our approach has always been to the extent possible to integrate risk management with everyone’s day to day activities rather than it being a quarterly or semi-annual event.”

The size of the organisation means the risk responsibilities are distributed proportionally to all levels of management, i.e. it is part of day-to-day business and performance management.

- **Advisory role in organisation**

According to the RM “King IV tells us to have a risk committee, so we have one.” The rest of the organisation relies on the structures and processes developed by the risk specialists. “Some find the paper work boring, but it gets done.”

7.2.1.5 Objective 3: Approach to corporate reputation risk in relation to social media

- **Social media footprint**

Understanding the organisation’s actions requires the consideration of its social media footprint. The most prominent platforms are Facebook, Twitter and YouTube, as is pointed out in table 7.2.

Table 7.2
Case study A: Social media footprint

Social media platform	Number of followers
Facebook	1 238 000
Twitter	150 000
Instagram	Growing
Google+	Small presence
PInterest	Small presence
YouTube channel	982 subscribers 205 videos

- **Impact of social media on on activities**

As is clear from the table below the CM and SM agree that social media have changed the nature of communication/marketing efforts in the sense that people expect an organisation to be available 24/7. People expect a response within an hour and “they want you to have a real tone with them and they see through the marketing bull[…]”

At the same time rumours have become a massive headache. The organisation had been battling a specific rumour about children supposedly being sold at one of its restaurants for quite some time. They react and the rumour seems to disappear for a while only for it to resurface every year – something alluded to earlier. The CM even suspected that a competitor might have been stoking these rumours. A rumour on

WhatsApp contained defamatory claims and the origins thereof were traced to a teacher at one of the schools in the city. The organisation contacted that individual's employer and threatened to take legal steps against parties who had distributed slanderous messages.

- **Approach to social media reputation crises**

The SM team screens all messages and platforms and then advises team members on responses. Extraordinary cases require the input from the CM. The RM mentioned a report by the marketing review committee in which a number of smaller franchises had taken initiative to use social media much more aggressively, which increases the risk of something going wrong. On the other hand, this signals a shift from reactive to a more proactive approach.

- **Biggest mistakes in this context**

The CM and SM felt that organisations always need to respond – staying quiet would simply not help anybody. Organisations should also do a thorough investigation to verify facts.

The SM highlighted a lack of empathy for the party who is complaining and the disingenuous nature of "PR speak." Sometimes organisations have to be "quite straightforward (frank) with people" – it is better to be honest so that people know what the organisation stands for.

The CM contended that customers will be forgiving when the organisation is honest. This was the case where a child was injured and had to be hospitalised after her had climbed onto a stack of boards in a restaurant and the fell. This happened after the restaurant manager has asked the parents to take the child away from the particular spot. The restaurant paid for all medical expenses and apologised because it was the right thing to do.

- **Approach to other cyber attacks**

The SM and CM agreed that concerns about such attacks had been growing the previous year. The organisation works closely with its IT department to protect their employees and information through regular system and procedural updates.

On the customer side, the risk lies in somebody possibly gaining access to databases of personal information of loyalty card members. According to both the SM and CM this would be detrimental to the trust relationship with customers. The organisation manages customer databases according to a variety of laws, including the Protection of Private Information Act.

- **Social media policy**

The business model and organisational structure determined the focus of the organisation's documents. A three-page document with guidelines on product and service related queries, as well as the escalation procedure for serious cases, was used. All franchisees received this document.

Table 7.3 summarises the elements (structure and content) of the existing guidelines. The documents did not include any of the requirements suggested by Blanchard (2011), although the tone was rather informal and user-friendly.

Table 7.3 Case study A: Summary of social media policy			
General format of document			
▪ 2-Page guidelines for franchisees			
▪ 1-Page escalation procedure			
Additional sections and stipulations in document			
2-Page set of guidelines			
▪ Standard complaints for ongoing social media			
▪ Operational hours of customer relationship management			
▪ Approach to all comments, including compliments			
▪ Grading system for stores in terms of complaints and compliments logged against them.			
▪ Constant monitoring of social media, which also serve as listening tools.			
▪ Monthly reports for executive and managing teams of each brand – focus on customer sentiment and performance analytics.			
▪ Reviews from evaluation platform like TripAdvisor are central to the digital strategy.			
▪ Local store Facebook pages			
▪ Hierarchy: National brand pages act as 'parent navigation', store pages act as 'child pages'			
▪ Stores that wish to manage own Facebook pages: attend workshop with a third party to learn about (i) brand tone, (ii) risk escalation procedures, (iii) Facebook functions and (iv) digital marketing practices.			
▪ Stores are only allowed Facebook pages, i.e. no other social media platform.			
▪ Pages are audited monthly by a third party agency for red flags in response management and off-brand content.			
▪ Red code escalation			
▪ Emphasis on taking issue offline and procedure for engaging commenter directly, through management (if required).			
▪ Corporate statement will be published to address the unique situation.			
▪ Step 1: Confirm that a case is being investigated and publish holding statement			
▪ Step 2: Alert executive management and if required, the legal and PR teams. Finalise official response statement to be circulated on social media, corporate website, PR contacts and media.			
1-Page escalation procedures			
▪ Classification of red (food poisoning, severe issues with service, discrimination claims), amber (lacklustre service, issues with waiting times) and green (service, positive reviews) situations			
▪ Example of advised response for each situation category.			
Other criteria for document	**Informal**	**Formal**	**Legal**
▪ Clarity	✓		
▪ Tone of voice	✓		

- **Recent social media crisis**

The organisation recently dealt with an incident between two patrons that escalated to a nine-month long crisis.

Two families visited a restaurant with their respective families. An African woman hosted a birthday party for her godson and some friends and family, while a white male had lunch with his daughter and fiancé.

This restaurant has a play area for children. Children from the aforementioned families complained to their parents/adults that another child had slapped them (either first or in retaliation) while they were in the play area. The play area was out of sight and none of the adults saw these altercations first hand.

After the white girl had complained to her father about the behaviour of a child, he went to the table where the African woman and her guests sat and confronted her about the problem.

A fellow patron at a nearby table recorded the altercation between the parental figures as it unfolded. It showed the father aggressively approaching the table where the lady and a couple of young boys sat, with the woman and man exchanging very angry insults, including cussing. This included the woman screaming at the man. The man then grabbed a child by the arm and lifted one side of the table off the ground, before other people tried to intervene.

The man's fiancée then tried to calm him down, while a restaurant manager escorted them to the door. Restaurant staff tried to intervene earlier, but the man pushed them aside, as was clear from the video.

Given South Africa's history of race relations and the ongoing fight against racism and gender inequality (patriarchy), the video went viral under a number of related hashtags. Eventually the restaurant name became a hashtags. This video trended on Twitter and Facebook for a number of days, illustrating the depth of emotion about the issue. The incident also attracted widespread traditional media coverage for almost a week.

The franchise group applied the principle of involving the CEO directly as soon as the crisis escalated on social media. The organisation released a holding statement regarding their efforts to verify facts and viewing CCTV footage before commenting any further. Thereafter an official statement by the CEO condemned the incident as an act of violence against women and children, while also clarifying that the male would be banned from any franchise store for life.

The woman and any of her guests who felt traumatised by the incident, would receive psychological counselling paid for by the organisation. "We do not condone any form of violence against women or children, irrespective of the circumstances. We are very disappointed that children were exposed to this type of behaviour and would like to assure the public and all our loyal customers that we will not be taking this incident lightly."

Finally, the organisation promised to improve the supervision at play areas to prevent such incidents.

While the wider public welcomed the swift reaction of the organisation and specifically with the national spotlight on curbing violence against women and children, the incident soon took an unexpected turn.

Many felt that the organisation had not done enough to investigate all relevant facts (i.e. not viewing all CCTV footage from various angles and locations) before releasing a statement and taking sides. The organisation was criticised for being sympathetic to the woman, while the male was singled out for aggressive behaviour.

This issue and the organisation's response divided the public along racial lines and the issue of parental behaviour.

Two versions of the events in the restaurant soon circulated in traditional media. Several eyewitnesses came forward to share their stories. In one version, the godmother had claimed that her godson and everybody at her table had been traumatised. In another, the father had first calmly approached the woman to report that his daughter had been slapped in the face. When he approached the woman's table a second time, he lost his temper.

People who were dissatisfied with the perceived racial bias of the organisation started a national boycott campaign on Facebook. This campaign gained a following of nearly 30 000 within two weeks. Traditional media then covered the scale and impact of the latter a couple of weeks later, while the organisation's CEO made formal media statements regarding the negative impact of the said campaign.

A prominent civil rights group, which works for the protection of minority rights and whose members are largely Afrikaans-speaking, then responded by means of an open letter to the organisation. The open letter defended the choice of consumers to participate in boycotts and suggested that consumers has “just lost their appetite” for the specific restaurant.

The restaurant group’s CEO then replied by means of an open letter in which he labelled white and Afrikaans-speaking consumers as the instigators of the boycott. He labelled these consumers as being supporters of a conservative (racist) political agenda peddled by a political party of the apartheid era.

The civil rights group responded with a second open letter in which the economic contribution and general political position of mainly white Afrikaans-speaking citizens were set out. This letter also described the marginalisation this group of citizens through government policies like B-BBEE.

After much media attention, the restaurant group announced that it would call upon a panel of specialists to advise them on how to avoid crises like this one – a review of policies and practices (including training) was envisaged.

Shortly before the panel’s activities were about to start, the CEO released a statement in which the organisation apologised unequivocally for their previous statements and reactions that might have offended people. He admitted that their first reactions were premature. The activities of the expert panel were be put on hold and replaced by a nationwide listening tour in which all stakeholders (franchisees and customers) would be involved.

7.2.1.6 Objective 4: Elements of a management framework

All interviewees focused more on their current situation rather than an ideal framework for this particular management dilemma.

- **Principles**

This organisation identified five requirements and processes that will determine success in this context, as set out below.

Table 7.4
Case study A: Principles of a management framework

Requirements	Processes
▪ Top executives understanding social media ▪ Permanent state of readiness ▪ Social media responsibility at store level ▪ In-house teams	▪ Corporate culture vital to corporate reputation ▪ Official statement as soon as possible ▪ Follow-up by marketing team ▪ Individual or public feedback ▪ Social media presence for franchise set-up

First, understanding the gravitas of social media should be a top priority for top executives. A misnomer regarding social media is that people use those platforms to send pictures of their pets. However, according to the CM emphasised "this isn't social media… this is your business's reputation on a constantly evolving digital platform." Understanding social media facilitates the effective escalation of an issue.

Effective crisis management also requires open communication channels in relation to incidents/crises. According to the CM "we phone our CEO and it doesn't matter where he is and I would say 'we have an issue I want to tell you how we going to deal with this thing. Guide me or don't guide me but I am bringing it to your attention'."

Second, an organisation should always be prepared for incidents. Constant monitoring of corporate and industry related social media platforms is critical.

The management of a major social media incident (crisis) follows the current modus operandi, which consists of a corporate reputation culture, a speedy official statement and follow-up statements or engagements by marketing. Timely statements to the broad public are critical in relation to false rumours, while private engagements will deal with limited wrongdoing by the organisation.

Due to the structure of this organisation, ensuring that each franchise has a social media presence is both a requirement for a management framework and related to processes. The organisation has to deal with a number of practical issues in this regard.

A one-size-fits-all approach is unrealistic or appropriate because "a store in Pofadder (a rural town) is very different to a store in Sandton (one of South Africa's most expensive urban commercial centres) you have different customers, different demographics and different type of clients."

Furthermore, store managers work shifts and each shift poses a number of challenges at the same time. This may include the late delivery of certain items "so now there is stuff happening on social media and he can't stop, pull out his phone and go check with is happening, because there is stuff lying in the sun that he needs to get into the cold room."

The fourth requirement for a management framework is in-house teams. This stems from the organisation's past experiences with outsourced call centres and consultants. In-house staff tend to not have the "I do not get paid enough to deal with this crap and I am only looking forward to going home" attitude.

- **Structural requirements**

This organisation would not change much in terms of its current framework or logic. However, employees should embody loyalty to the organisation, as set out below.

Table 7.5
Case study A: Structural requirements of a management framework

Existing framework	Values
▪ Integration of risk management ▪ Risk committees vs. senior management	▪ Type of employees ▪ Trust

Neither the CM nor the SM would make any structural changes, while the RM insisted on even greater integrated risk management. Every senior manager should act as a risk manager in the organisation: "They don't need to have the risk manager title, but it is part and parcel of their job. Then that should link to their appraisals and remuneration and that kind of stuff."

Risk management committee that meets quarterly are not as effective as senior managers meeting about issues. Once too many people participate in any risk management forum, trying to reach consensus on the nature, scoring and treatment of a risk becomes an almost impossible (impractical) matter. A key role player in risk management in this organisation is the head of procurement – this is because of the prominence of product quality (product risk).

Employees should be smart and “committed to our organisation.” There are no guarantees that such trust will not be broken and an employee cannot sabotage the organisation deliberately via social media. Trust in the organisation-employee relationship is therefore critical.

- **Budget considerations**

Organisations need to take the fundamental shift in media usage seriously. Social media are replacing traditional media like television. Allocating budget accordingly, would be a critical requirement.

Table 7.6
Case study A: Budget considerations of a management framework

Media shift	Established teams ▪ Integrated risk management ▪ Marketing ▪ Social media

The organisation would not require additional funding because it already has established teams that take responsibility for risk management (throughout the organisation), marketing and social media.

Occasional costs would be limited to specific new social media expertise, but this would not be similar to using a consultant “who spends the first 100 hours just trying to understand your business and at the end of the day they give you boiler plate stuff that they copied from some text book, which is very frustrating.”

7.2.1.7 Interpretation of case study A

- **Objective 1: Approach to corporate reputation management**

The prominence of the company chairperson in terms of marketing, confirms the suggestions by Aula and Heinonen (2016) and Diermeier (2011). Reputation is taken very seriously and linked to the most visible parts of the organisation, i.e. product and service.

The organisation seems to adhere to Diermeier's (2011) four requirements for reputation management and its approach to stakeholders vary between monologic and genuine dialogue as described by Kent and Taylor (2002).

- **Objective 2: Approach to risk management**

The general approach to risk management is proactive and rooted in governance vs. compliance, as suggested by King IV (IoD, 2016) and COSO (2017). Compliance is a small component of risk management as it pertained to specific industry standards.

Risk assessment matrix thinking (Aven and Cox, 2016) was the golden threat in all the forums and processes suggested by Burnaby and Hass (2009), as well as Carrel (2010).

- **Objective 3: Approach to corporate reputation risk in relation to social media**

While the social media guidelines were aligned with the organisation's focus on products and customers, these were not comprehensive enough to prevent irresponsible behaviour from internal stakeholders. Neither do the guidelines provide adequate guidance to store managers apart from instructing them to escalate specific incidents. There is no mention of other potential incidents and how these could be portrayed on social media.

This incident morphed into a protracted crisis that lasted longer than nine months. It encompassed the following:

(i) Cornelissen's (2014) *faux pas* since the public expected the restaurant to have well trained staff members who would intervene and de-escalate the conflict situation between two patrons.

(ii) Frandsen and Johansen's (2017) double crisis since a number of official statements by the CEO fuelled public anger amongst specific race groups.

Management at operational (in-store) and executive level (in reaction to the incident) were the risk factors that led to the reputation damage, as suggested by Honey (2009). The organisation initially reacted from a position of limited responsibility, with a large component of the customer base understanding it. Remediation and rectification/reform strategies were applied (Coombs, 2015; Cornelissen, 2014).

Coomb's (2015) organic crisis response is also relevant since the restaurant group seems to have lost touch with changes in stakeholders' values and interests - it framed one race and language group that had traditionally been loyal customers, as being racist.

After the escalation of the crisis as a result of the boycott campaign, the restaurant group employed victimisation as a suffering strategy by highlighting the fact that franchisees and employees suffered greatly. This was followed by a bolstering strategy to remind people of their previous corporate social investment actions.

The crisis escalation can be attributed to the fact that the restaurant group's CEO assigned blame to a specific race and language group – blaming the other party is one of the biggest mistakes in crisis reactions listed by Garcia (2017).

The organisation underestimated the velocity of social media in terms of the first video going viral. The same goes for the speed and intensity of stakeholder emotions and sentiments in reaction to the CEO's official statements. Brown's (2009:161) description of "an unhappy individual posting something "while still consumed by the white heat of anger and frustration" is applicable to this incident.

Second, the tone of voice in the open letter to a particular segment of the South African population only deepened the crisis. However, in the final instance the CEO softened this tone and apologised to those who felt offended - a far more conversational and engaging style, as suggested by Brown (2009). The official decision to listen to stakeholders resembles willingness to open up avenues for genuine dialogue as defined by Aula and Heinonen (2016), as well as Crane and Livesey (2003).

The organisation was seen as having committed one of Garcia’s (2017) biggest mistakes when it assigned blame by choosing sides in the conflict situation as opposed to addressing the real problem. This is a matter of different vantage points from polarised customers (external stakeholders). The organisation staid to true to its values by condemning the act of aggression by a man against a woman and children – this reflects Thiessen and Ingenhoff’s (2011) requirement of claiming the moral high ground.

However, the emotionally charged issue of racism in South Africa led to the social media furore and obscured the efforts of the organisation to avoid similar incidents by means of better training for store managers. The latter reality proves the power of various publics and their frames of interpretation, as suggested by Thiessen and Ingenhoff (2011).

Later statements by the CEO intensified the crisis - something Garcia (2017) refers to as over-reacting and the lack of emotional discipline.

De-escalating the crisis much earlier would likely have been possible had the CEO been reined in by internal or external communication advisors. This behaviour by the CEO confirms the notion that he is indeed involved in reputation issues, but was likely not as attuned to the sentiments of all customers as he had thought.

- **Objective 4: Elements of a management framework**

The organisation’s emphasis on the integration of all communication/marketing efforts is, with competent team members and the involvement of top management echoes the ideas of Aula and Heinonen (2016) and Diermeier (2011).

7.2.2 Case study B

7.2.2.1 Corporate profile

This organisation represents the financial services industry. The company was founded in 1992 as a small-scale risk insurer with the support of a commercial bank. The company is regarded as a market leader with innovate ideas, which include a medical savings account (launched in 1992), a comprehensive wellness and lifestyle programme for clients (launched in 1997) and offering healthcare insurance products to the previously uninsured market as from 2002.

This organisation's wellness and lifestyle programme was recognised by the World Economic Forum's 2013 meeting in Davos (Switzerland) where the issue of wellness was high on the agenda. This programme has also been expanded to the United States in an effort to participate in the public debate about related matters.

The organisation operates in South Africa, the United Kingdom and China and has more than 5 million clients in its various businesses (healthcare insurance, short-term insurance, investment and credit card). This organisation is listed on the JSE (Johannesburg Stock Exchange).

7.2.2.2 Research setting

All interviews were conducted at the head office. All interviewees were full-time staff members. Demographic details of the interviewees appear below.

Table 7.7
Case study B: interviewee demographics

	Communication/ Marketing specialist	Social media specialist	Risk specialist
Gender	Female	Female	Male
Job title	Head of Integrated Communication	Head of Media Relations	Chief Risk Officer
Highest academic qualification	BSoc.Science	Masters	Honours degree
Highest professional qualification	Chartered Marketer Certificate	-	Actuary

7.2.2.3 Objective 1: Approach to corporate reputation

- **Divisional contribution to organisational goals**

According to the CM "reputation is taken extremely seriously by our CEO and all the CEO's of the business units. We have representation at Exco." She believes the history of the company starting out and its focus on reputation ever since, are critical factors to remember.

The SM reported that the expectations about the broad marketing function are divergent and even more so in terms of social media. This is due the fact that there are different business needs from the four business units. Some insist on the social media team to use promoted posts, while others want to engage customers, while another unit want social media to act as a corporate mouthpiece.

- **Divisional role in corporate reputation efforts**

The CM explained that if there are reputation issues that it gets discussed at the Exco level. She also believes in being proactive – building relationships with the media and social media influencers so that one can rely on them during difficult moments. These sentiments were shared by the SM.

- **Integration of reputation management**

According to the CM "we are quite rigorous in managing the risk and following the protocol of who can say what." This means that only specific role players are allowed to make statements on behalf of the organisation. Everybody in the entire organisation understand these measures.

The SM reported on a relatively recent change that allowed her team of six to sit with and as part of the central reputation management team. That simplifies coordination as each of her team members is responsible for one of the business units.

- **Most prominent reputation risks**

The CM described two, with legislation being the first. Compliance with the highly regulated environment is quite complex.

The second is dealing with people's health issues and specifically their emotions when they are at their most vulnerable. "It's not a soft drink company where you deal with bottling issues or something like the sugar tax. That is where we had the most damage to our reputation."

She illustrated the complexity of this business by listing the parties involved from family, the patient, the doctors and specialists, the hospitals, review boards, clinical protocols and pharmaceuticals. Often clients are underfunded or underinsured.

Past incidents include a radio personality who went on air to rant about how the organisation had not registered his baby on the medical scheme. This was despite several reminders by the scheme that parents had to register their children.

One dimension of social media the CM highlighted is the tension between clients' right to privacy and their right to complain very publicly. Years ago a woman complained to a newspaper about the fact that she had been denied a liver transplant. The CM did not disclose the woman's medical details to the media, but she was an alcoholic and had not met the criteria for being sober long enough to qualify for the transplant.

In the age of social media, some patients are quite willing to accuse the organisation, while not realising that they are disclosing their affairs to the world.

The SM thinks of any type of business operations or system failure as sources of reputation risk. The organisation has excellent systems to prevent such incidents. She further said that he organisation sometimes moves too quickly in terms of adopting new technology and then frustrates some clients.

- **Approach to managing reputation risk**

According to the CM the organisation simply has to follow very strict processes. The first step is always to investigate an issue. This is critical as they deal with people and individual circumstances have to be taken into consideration. For legislative or reputation issues we will call the relevant team together, draft a response, get it signed-off and get the relevant businessperson as spokesperson on the issue. Thereafter call centres are alerted to the specific issue.

Individual cases require a different approach, including a review of medical records, consulting with the legal and compliance divisions to ensure that we still protect the anonymity of the case. “We do not say anything that is contrary to clinical protocol.” In complicated cases, the CEO of the relevant business unit also gets involved in signing off on correspondence. Again, the full spectrum of medical experts would be consulted.

The SM believes that the strong corporate culture is critical. Attending to all emails directed at the media relations office is part and parcel of her team’s daily routine because “it is not somebody else’s job.” A key mantra of their organisation is that if an employee becomes aware of a client being unhappy and does not try to remedy the situation, that employee can be fired.

- **Lessons from the risk function**

The RM explained that it would work the other way around. He first described the nature of reputation risk as “reputation risk should actually end up being the result of something that happened in the business…[ ]…you don’t get a bad reputation just because somebody takes a dislike to you just because they like dislike the colours of that building – it happens because of a failure in operations.”

He further explains that the purpose of their organisation’s complex risk management system is to prevent such failures, i.e. prevent reputation damage. Key components are the constant monitoring (risk incidents and escalation) and quality assurance measures to ensure customer satisfaction. Thereafter protocols for responses sign-off procedures for the multitude of businesses - review procedures if it is a medical claim (a medical review board looks at the merit of the claim and whether it should be covered by the policy conditions).

He is not closely involved in the organisation's efforts of making statements and he trusts the marketing people complete.

A potential weakness is in the organisation's response to major issues. Research in their UK operations highlighted the lack of "playbooks" for such scenarios. "If a cyber-attack happened and we lost a whole lot of data, like health data, data on all the patients in the HIV programmes, payment data, credit card data, what would be do?"

The organisation would likely respond by convening a meeting of senior people "because we don't have a standard and rehearsed and designed response."

7.2.2.4 Objective 2: Approach to risk management

- **Official risk management orientation**

This organisation did not publish details about its risk management orientation and/or structures on its website.

- **Most prominent business risk**

According to the RM the organisation faces regulatory change, challenges to management bandwidth (with multiple projects like starting a bank) and slow economic growth (affecting the take-up of their insurance products). Thereafter he pays attention to operational risks – ensuring the continued availability of systems to clients is critical. This is a constant topic of discussion when he reports to the board's risk committee.

- **Typical approach to risk issues**

The organisation follows a three-tier line of defence (structured) approach in order to “monitor, manage, measure, report risks and look at the implications they have on capital in the group.” Management is the first line – they are paid to achieve their business goals and they rely on people to monitor and report on risks pertinent to the different businesses.

The RM is involved as the second line. The second line is the centralised risk function which oversees the work (of the first line) happening elsewhere. This involves overseeing the risk registers or challenging them (dis)agreeing with risk ratings or actions plans (to reduce the risk) or pointing out when somebody had missed a risk, reviewing the actual risk incidents and investigating root causes of risks.

The RM serves as the Chief Risk Officer who compiles the annual risk report and presents it to the board every year. In that capacity he advises the board by saying “considering the risk the organisation is entering into, in our opinion these risks are above appetite, these are the ones we need to something about and this is the capital we need to hold to cover those risks.”

The third line involves external and internal auditors. It also involves the board and the risk committee.

Practically, a risk register captures all risks of each business. The central risk function runs workshops with the management of each business to consider its strategy and associated risks. The second line reviews those risks and update the assessments via the risk committees (which convene six time a year).

The incident management process requires a “weekly sweep of the organisation.” Big enough incidents are reported to the group Exco, i.e. a system downtime that affected 2000 customers or a claim that was overpaid by *R 500 000 and which the company will not be able to get back. “If an incident affects more than 500 people it gets reported and escalated.” Smaller incidents are dealt with within the various businesses.

* = ZAR (South African Rand)

- **Integration of risk management**

The RM explained that risk management is totally integrated. The first and second lines are “pretty active” with constant contact between them. Exchanging information is critical.

The second line also follows a process of “deep dives” in which topics are identified during the year and “we will put a team together and go into a business and look at how we respond, what that may look like, what protection we have in place.” The RM further explained that the three-tier systems are aimed at management and not the desk clerk. However “their managers and their managers’ managers are part of the risk management processes and will follow procedure to escalate a matter if need be.”

- **Advisory role in the organisation**

The RM highlighted the three-tier system and the involvement of all businesses and related risk structures. It is a continuous process.

7.2.2.5 Objective 3: Approach to corporate reputation risk in relation to social media

- **Social media footprint**

This organisation’s social media footprint consists of Facebook and Twitter as the most prominent platforms, with YouTube in the third place and other platforms fading into the background.

Table 7.8
Case study B: Social media footprint

Social media platforms	Number of followers
Facebook	141 000
Twitter	111 000
Instagram	Small presence
Google+	Small presence
PInterest	Small presence
YouTube	2908 subscribers 379 videos

- **Impact of social media on activities**

According to the CM the lines between traditional advertising and brand communication (brochures/posters) vs. reputation (including media relations) have become blurred. Whereas journalists had to adhere to ethical standards for things like getting gifts in the hope of positive media coverage, no rules or regulations seem to apply to influencers like bloggers. That means organisations are not always sure of the credibility of such social media role players, "who you associate with has a huge amount of reputational clout."

She feels very strongly about this issue: "So in terms of communication I want to rewrite my entire team's job specs and say to them that if you are not taking into account social media and social media influencers and treat them with the same amount of respect and the same amount of discipline that you have in treating traditional media, then rather leave my team."

The SM feels that social media have added a level of complexity to decision making – people have to weigh their responses/tactics even more carefully than before. Anticipating a possible negative reaction is a requirement in social media.

The CM agrees and offers an explanation by highlighting the irrationality of social media at times: "In terms of communication, the psychology and sociology are going to become critical, because you are not dealing with rationality on social media. You are dealing with irrationality. "We have always been programmed to deal with the rational. Social media is personal and irrational. As communicator, you are going to have to start understanding the implications of this." She added "communication and marketing experts ought to be educated in psychology, neuroscience and neurolinguistics and not only the seven P's."

She also offers a suggestion by emphasising corporate stories that can connect to people on a deeper level. Real-life stories are more relatable and credible than corporate agenda messages.

- **Approach to social media reputation crises**

The CM explained that the executive office is directly accountable to the CEO. The executive office deals with all escalations, yet they monitor social media all the time and “try to take stuff offline.” She also advises organisations not to “get hysterical just because they now need to deal with social media.”

According to the SM the team composition is a first task. The reputation team would manage the issue, while roping in the legal team or somebody from compliance (an advisory perspective). A representative from the specific brand and marketing team would complete this team. The SM also stressed that the task team would not stick to only one strategy or approach – the team will debate incidents in terms of action plans.

The RM describes the organisation as mostly being reactive when such incidents occur, although their risk overall management is proactive and world class. The unexpected nature of such incidents forces organisations into a reactive mode. They got a lot of push back from healthcare clients when they changed the points system for a rewards programme.

- **Biggest mistakes in this context**

The SM pleads for communicators/marketers who work with social media to have high IQ and EQ in order to deal with the complexities of emotions which often derail situations. This is critical in formulating a response in the correct tone.

The CM mentioned the fact that too many people get hysterical when dealing with social media instead of being as disciplined as any other time. In social media you would still stick to the processes for crisis communication, just a bit quicker. People also need to need to think messages through very systematically. Organisations should also be prepared for the FAQ’s on the most basic to most bizarre stuff.

The RM agrees with the CM in pointing to kneejerk reactions, false information and ignoring incidents as huge mistakes.

- **Approach to other cyber attacks**

The CM and SM insist that the organisation takes these matters very seriously. We have a dedicated security team. “Our database gets pinged at least once a day. We remind staff on matters like phishing. A dedicated team looks after our IT matters.”

The SM has regular contact with the Chief Information Officer and runs campaigns to make employees aware of issues like data protection.

- **Social media policy**

This organisation’s social media policy covered quite a number of issues as set out below. Expectations for appropriate behaviour are explicit and based on key principles. The tone of voice was rather informal, yet serious.

Table 7.9 **Case study B: Summary of social media policy**			
General format of document			
▪ 8-Page social media policy			
Sections and stipulations	**Yes**	**No**	
Agency partners, contractors and external representatives	✓		
▪ Issue of two audiences is addressed, i.e. internal and external	✓		
Additional sections and stipulations in document			
Policy administration ▪ Revision history ▪ Policy approvals ▪ Policy references			
Purpose			
Scope			
Policy principles ▪ Be accurate and transparent ▪ Don’t be reckless ▪ Use a disclaimer ▪ Protect our confidential information ▪ Respect the privacy of members and employees ▪ Be respectful and tolerant ▪ Promptly clarify statements that are misinterpreted ▪ Once it’s out there, it’s out there for good			
Expectations ▪ Be responsible for your actions ▪ Be conscious when mixing your business and personal life ▪ Help us identify compliments and criticism ▪ Let the experts respond to posts			
Compliance with this policy – non-compliance – deliberate action by an employee = disciplinary action or termination of employment. Incidents to be included in the regular risk reporting process.			
Recognition of thousands of online conversations about the different brands.			
Other criteria for document	**Informal**	**Formal**	**Legal**
▪ Clarity	✓		
▪ Tone of voice	✓		

- **Recent social media incident**

The organisation had not experienced an incident to report on in the timeframe specified in the research design.

7.2.2.6 Objective 4: Elements of management framework

- **Principles**

Table 7.10
Case study B: Principles of a management framework

Risk matrix thinking ▪ Constant monitoring ▪ Close contact with the rest of the risk experts Multi-skilled staff Disciplined messaging	Reputation team ▪ Relationships ▪ Shared responsibility ▪ Empower employees Accountability ▪ Clarity of processes and roles ▪ Clarity of sequence of events at times of crisis

The CM highlighted the need to apply risk matrix thinking to reputation in identifying potential threats – social media and other areas should be monitored all the time. Thereafter multi-skilled staff should be involved and organisations should be disciplined in its messaging.

According to the SM reputation risk management should be a shared responsibility, although a reputation team should be central to any management framework and should also view plans/content critically to check for possible misunderstandings by audiences.

When all employees are aware of reputation risk and procedures to alert the team to issues, the responsibility would have shifted. Furthermore, the coordination of reputation efforts is dependent on relationships within the organisation.

By the same token, the RM pleaded for accountability and clear roles (upward and downward), as well as regular testing of crisis plans. The manner in which social media are monitored should also be clearly set out.

He also emphasised that "such a framework would also have to include specifics on how and when you access external help and the criteria for such entities. Going through the phonebook and just calling PR companies is not the way to go."

- **Structural requirement**

The CM would prefer if social media is ranked higher since it cannot be an afterthought. Despite the fancy platforms and content, an organisation should also focus on three key messages – this is also to prevent "people going off script."

The SM focused on the need for clearly defined teams to have proper processes and an understanding of the organisation's central risk management. Teams would include content generators, servicing teams and the reputation management team. It would be critical to understand who plays what role.

Table 7.11
Case study B: Structural requirements of a management framework

Social media's rank Key messages Playbook Centralised risk management perspective	(De)centralised teams ▪ Content generators ▪ Servicing teams ▪ Reputation management

The RM commented on the organisation's ability to cope after a crisis and not just the specific question. He insists that organisations need to develop 'playbooks' (scripts for different scenarios) for any eventuality. According to him this approach should help shield the organisation in the event of crises

- **Budget considerations**

The CM is adamant that nobody should be so enamoured by social media that they forget to convey a clear message that is aligned with the tone and narrative of the organisation. At the same time budgets should be spent wisely to ensure maximum value for money in the sense that an advertisement for above the line should be easily translated and used in social media.

Table 7.12
Case study B: Budget considerations of a management framework

Contextual ▪ Tools ▪ resources, ▪ content production]	Maximum value for spend Message clarity Action vs. staff

The SM first mentioned the fact that organisations will vary greatly in terms of their size and available resources. The cost associated with adequate staff (in relation to the size of the organisation), operational budgets for teams, specialised tools and content production will need to be taken into account. The RM has a slightly different view and emphasised the outcomes that should be emphasised – the organisation should act correctly.

7.2.2.7 Interpretation of case study B

- **Objective 1: Approach to corporate reputation management**

When reviewing this organisation it almost appears too good to be true. Reputation is valued and reputation culture seems well-established and enables the organisation to think of itself as a “reputable firm” as defined by Aula and Heinonen (2016). The Head of Integrated Reputation having a seat at Exco meetings is telling in terms of the level of sophistication associated with organisational efforts described by Diermeier (2011).

The presence of a formal role similar to what Aula and Heinonen (2016) conceptualised as Chief Reputation Officer, is also encouraging and signifies thought leadership in practice. The organisation appears to operate from a predominantly proactive and purposeful (Aula and Heinonen, 2016) orientation.

- **Objective 2: Approach to risk management**

This organisation exemplifies a proactive orientation, which is tied the five principle of the COSO (2017) framework, i.e. (i) governance and culture, (ii) strategy and objective-setting, (iii) performance, (iv) review and (v) information, communication and reporting.

- **Objective 3: Approach to corporate reputation risk in relation to social media**

While the organisation deals with many situations in which it will be forced to be reactive, the close cooperation with and the clear understanding of reputation risk, as articulated by the RM, is refreshing. This again suggests a disciplined and systematic crisis leadership management as suggested by Garcia (2017).

This organisation's decisions (culture, systems and policies) further echo Thiessen and Ingenhoff's (2011) requirements of acting with moral integrity in not disclosing confidential medical information, even when such disclosure would help the organisation "win" in the court of public opinion. The required skills and competence required to be successful at integrated crisis communication is evidently present in the person of the CM.

The social media policy of this organisation reflects the spirit of the Blanchard (2011) framework and is user friendly. All evidence points to the organisation operating according to the broad principles of Coombs' (2015) proactive management tetrahedron.

- **Objective 4: Elements of a management framework**

The organisation already possesses sophisticated reputation and social media knowledge, as required by Aula and Heinonen (2016) and Diermeier (2011). Suggestions for an ideal management framework rather emphasise small improvements to help the respective teams function even better. The influence of the RM and CM's thinking is clear.

Risk matrix thinking should extend to corporate reputation risk as suggested by Honey (2009). This also requires constant monitoring – a process that requires appropriate staffing and adjustments to organisational structures. Additional staffing would have budget implications. However, the organisation emphasised the cost of tools (software) and content production for emerging platforms. The traditional concern of getting maximum outputs from a production budget is in the order of the day.

7.2.3 Case study C

7.2.3.1 Corporate profile

The fourth case study represents the higher education sector. The organisation is public university that was founded in 1908. It currently boasts nine faculties, i.e. Humanities, Economic and Management Sciences, Education, Health Sciences, Law, Natural and Agricultural Sciences, Theology and Veterinary Science, as well as Engineering, the Built Environment and Information Technology (EBIT). A business school completes its programme offerings.

The university currently has more than 50 000 students. A recent communication campaign highlighted the fact that the university had delivered 250 000 graduates. The university is regarded as one of the leading institutions on the African continent and boasts several research centres and institutes.

7.2.3.2 Research setting

The interviews took place over a period of two months. The first risk specialist referred researcher to the second risk specialist. All interviewees were full-time staff members. Demographic details appear below.

Table 7.13
Case study C: interviewee demographics

	Communication/ Marketing specialist	**Social media specialist**	**Risk specialist 1**	**Risk specialist 2**
Gender	Female	Female	Female	Female
Job title	Communication Manager	Digital Coordinator	Head of Internal Audit	Head of Academic Planning
Highest academic qualification	MCom (Communication Management	National Diploma: Public Relations Management	MCom (Taxation)	PhD
Highest professional qualification	-	Chartered Public Relations Practitioner (PRISA)	Chartered Accountant CA(SA)	-

The two risk specialists are labelled as “RM (AP) (Academic Planning)” and “RM (IA) (Internal Auditing).

7.2.3.3 Objective 1: Approach to corporate reputation management

- **Divisional contribution to organisational goals**

The CM is excited about a new appreciation for the value of communication, public relations and social media in the upper levels of the university. Before the 2015/2016 protest actions the university would have been almost hesitant to do too much and taking initiative to use a database of parent emails to send a message in order to address rumours, would have been quite a mission.

But such actions were necessary. “It was like a lightning rod. Initially when I sent out the first email to parents it attracted a lot of negativity and a lot of comments but as we progressed and updated them more regularity it calmed down quite a bit.” Loads of organisations who sponsor students also expressed gratitude because this was the only university to have kept them informed about the unfolding crisis.

- **Divisional role in corporate reputation efforts**

The SM’s view was straightforward: “When I do things on social media, I think about the university’s reputation.”

The CM emphasised the increasing awareness of the vice-chancellor (VC) about reputation. As such, the VC has appointed an additional outside person for research and to advise her in light of the crisis. She has also instructed the communication team to help make the research and community engagement efforts more visible – as such, the “research matters” website and Facebook focus areas were created.

- **Integration of reputation management**

The CM is excited about the recent shift in focus from channels to stakeholders and key messages. The integration across the organisation is not that easy – faculties are not known for being team players. They pull in many directions and often lose sight of the fact that they all fall under the umbrella of the university as a brand.

The SM was more concerned about the reputation of the communication division. The division still gets confronted by the VC when an event on campus had gone wrong – especially if the VC did not attend the said event.

She also mentioned frustrations with some departments starting their own social media pages and ignoring matters like official branding.

- **Most prominent reputation risks**

According to the CM the university has to do a lot more to change its reputation as being "white, Afrikaans and conservative." This perception still exists among some people despite the transformation of the organisation "especially over the last five years."

Two other reputation risks were the perception that the standard of education has dropped – this was evident from parents who worried that students "were given an easy time" when the university had to go fully online at the end of 2015. Many parents insist that their children should obtain qualifications "that are internationally accepted."

The SM mentioned the impact of the student protests and uncertainty of grade 12 learners about whether universities would be a good option during the following academic year.

- **Approach to managing reputation risk**

The CM explained that they would prioritise stakeholders and then address their specific concerns. This would be coordinated by the crisis group. However, amidst the student protests they still had to manage their normal communication responsibilities. This was a very tough balancing act.

- **Lessons from the risk function**

The RM (IA) felt that she learnt a lot from observing stakeholders and how they tried to engage the university during the different protests. She was impressed by the way in which the VC was much more visible on social media (Facebook videos) with the second wave of protests. “Organisational leaders should be visible and not be shaken by crises.”

The RM (AP) simply said that it was strange how students suddenly did not seem to grasp the principle of protecting your university’s reputation and how some chose to participate in the destruction of property on an around campus.

7.2.3.4 Objective 2: Approach the risk management

- **Official risk management orientation**

According to its website, this organisation manages risk from a governance perspective.

The organisation’s council (similar to a board) comprises 30 members (18 external members and 12 internal members) and meets three times a year. The council performs governance related tasks by means of a committee structure consisting of (i) a standing committee, (ii) a human resources committee, (iii) an audit, IT and risk management committee and (iv) an investment committee.

The website further stated that “the council of the university is responsible for governance, policy making and monitoring and is, in particular, responsible for laying down guidelines relating to strategic governance, financial governance, staff matters, fostering a positive academic atmosphere, disciplinary matters regarding staff and students and the admission and language policies of the University, provided that the language policy and aspects of the admission policy are determined with the concurrence of the senate.”

These structures were confirmed by the two RM’s, who also explained that they were responsible for risk from two vantage points, as per their job titles. These two areas are complimentary.

- **Most prominent business risk**

The RM (IA) lists business continuity as the most important concern, followed by financial sustainability. “I think the scale and especially the complete demand for free education that has really put the sector under enormous pressure. “

The RM (AP) refers to strategic risks and the ability of the organisation to reach its goals. She is also very aware of the costs (tangible and intangible) of the 2015/2016 student protests. Staff and student well-being is an intangible cost.

- **Typical approach to risk issues**

According to the RM (IA) one should take note of the institutional approach because “even with the coordinators role, risk management is a line management function.” She also explained that the risk management policy and guidelines are available on the intranet. The university follows embedded risk management in the daily management activities of every member of senior management, whether the director or head of a unit/department, except research units.

The RM (AP) describes a rather complex process which starts with the evaluation of old risks and their potential impact on the future. Risk likelihood matrix thinking guides the scoring of these factors.

Her division eventually compiles a booklet with all the risks and their scores and hands it to the vice-chancellor who then has to discuss it with her respective executive members. “So the VC is the ultimate person responsible for risk management.” Different executives then have to plan on how to manage those risks (preferably downward) according to a time frame. Operationally, this would involve the relevant divisions/departments/units under specific executives.

- **Integration of risk management**

The RM (IA) is proud of the institutional risk management policy which has was adopted about eight years ago. The policy specifies procedures, systems and reporting structures. “It’s also been audited so that is I think something that we can be proud of and is world class.”

The RM (AP) is of the opinion that it varies greatly across the organisation. Some people don’t even involve their staff because some processes must be completed by certain deadlines and are seen as boring.

- **Advisory role in the organisation**

This was not the role of RM (IA), but rather RM (AP). As such, she referred to previous comments and confirmed that “we are front and centre in all of this.”

7.2.3.5 Objective 3: Approach to corporate reputation risk in relation to social media

- **Social media footprint**

This organisation’s most prominent platforms are Twitter, Facebook and YouTube, with a number of others playing a minor role.

Table 7.14
Case study C: Social media footprint

Social media platforms	Number of followers
Facebook	60 600
Twitter	302 000
Google+	Small presence
LinkedIn	Small presence
Instagram	Small presence
YouTube channel	2120 subscribers 266 videos

- **Impact of social media on activities**

The CM highlighted tree aspects, i.e. the freedom to engage stakeholders vs. previously “having to jump through hoops.” At the same time the sheer amount NS and speed of communication is staggering, e.g. the rumours swirling after the two suicides on campus. The university had to officially address parents and direct them to the official website. The SM highlighted the difference in cost between print and social media.

- **Approach to social media reputation incidents**

The CM points to the centralisation of communication in those instances and then working with other organisational divisions as the need arises. She also adds that despite their continuous monitoring “the university is still very reactive because you can alert them and do the scanning and tell them listen there is a conversation about this going on but the response quite often is weird.” These sentiments are shared by the SM who thinks that reputation efforts are proactive.

- **Biggest mistakes in this context**

According to the CM and RM organisations can get drawn into issues by responding to every bit of criticism – this might be a trap. Also, official communicators need to remember that they represent their organisations in all of these interactions – it is easy to forget the potential harm your actions may cause, e.g. when your reactions deepen the crisis.

The SM added the fact that organisations sometimes make promises it cannot keep, while ignoring people is an equally big problem. The one RM agrees with the latter mistake.

- **Approach to other cyber attacks**

The CM cited two attacks on the university as examples. The first was an attempt to hack an alumni database and the second an attack on the website in order to slow down the system. The IT division of the university gets contacted immediately to address such incidents and relevant staff have to adhere to new instructions like password changes, etc.

The SM cited examples of students circulating falsified letters supposedly signed by the vice-chancellor.

- **Social media policy**

This organisation had a relatively short social media policy for employees and students, with the sections summarised below. The policy emphasises the potential negative impact on the organisation's image and a warning regarding inappropriate behaviour.

Table 7.15
Case study C: Summary of social media policy

General format of document			
▪ 3-Page guidelines			
Additional sections and stipulations in document			
Policy administration ▪ Revision history ▪ Policy approvals ▪ Policy references			
Purpose ▪ Regulate the official use of university's social media channels ▪ Ethical standards ▪ Users represent the university and their actions may have a positive/negative impact on the public image of the university ▪ Document to protect the university from any unexpected outcome ▪ Document supplements university's internet and email policies			
Organisational scope ▪ Policy applies to all official social media activity undertaken by users of the university's social media networks (students, staff and third party suppliers representing the university). ▪ Non-compliance may constitute misconduct and may lead to disciplinary action taken against staff members/students.			
Policy statement ▪ University acknowledges social media as tool ▪ Social media provide users platform for self-expression, but standards should be adhered to. ▪ Official activity has potential to have impact on image of university ▪ Certain conduct will be regarded as misconduct			
Use of social media for the university ▪ Only disclose university information that are not confidential. ▪ Ensure information is accurate (not misleading) ▪ Social media use should comply with relevant university terms for social media ▪ Comply with laws pertaining to copyright, privacy, defamation, discrimination and harassment ▪ Ensure respectful and courteous on social media			
Use of images and videos ▪ Caution regarding release of identifiable images and videos – permission instruction ▪ Caution regarding dealing with minors/patients/research subject.			
Responsibility for implementation ▪ Deans, directors, heads of department (academic and non-academic), student leaders ▪ Should take reasonable steps to ensure that all users take note of the contents of this policy.			
Other criteria for document	**Informal**	**Formal**	**Legal**
▪ Clarity		✓	
▪ Tone of voice		✓	

- **Recent social media crisis**

The organisation dealt with an incident related to the annual a Capella singing competition for groups from student residences. A student photo-journalist who attended the semi-finals for female residences, took pictures of male students in the audience holding banners with offensive messages (including rather crude sexual comments).

Within hours these pictures went viral, with hashtags referring to misogyny, sexism and sexual violence purportedly as part of the university's culture. The public outcry was intensified by the fact that South Africa celebrates an annual campaign in an attempt to stop the scourge of violence against women and children. Other activists insists that the country needs to address the rape culture.

Students explained that such posters had become a traditional part of the competition and were used as a tactic to distract groups who were performing. This tradition also included females holding up posters to intimidate males.

The seriousness of the issue elicited commentary from university officials, political parties, the Department of Higher Education and Training, as well as music artists. All parties condemned the incident in very strong terms and demanded corrective action.

The university launched an investigation which involved, amongst others, the organiser of the event and the student representative council (SRC). The university's position on the matter was that it would "not hesitate to act against anyone found guilty of offensive behaviour towards women." Speculation was rife that some students would face suspension.

Within two days the university decided to cancel the remainder of the competition for this particular year. The organisers of the competition and the SRC played a significant role in this decision.

The Vice-Chancellor's statement emphasised the university's values, adding that "this behaviour is contrary to the code of conduct that all students sign at registration, and which everyone is expected to adhere to at all times."

Reactions from students represented three viewpoints. One group welcomed the announcement and saw the incident as the ideal opportunity for the university to address the male residence culture "where objectifying women is common place."

Another group was disappointed because all their hard work (of an entire semester) had been for nothing. The last group decried the decision as representing efforts to “transform everything at the university” – referring to issues of demographics, student culture and language.

The university had engaged with groups that represented all the views, but stood by the decision to stop the competition for that particular year.

7.2.3.6 Objective 4: Elements of management framework

- **Principles**

Table 7.16 Case study C: Principles of a management framework	
Processes ▪ 24/7 Monitoring and responses ▪ Listening to stakeholders ▪ Employee training ▪ Crisis team and roles	Contents ▪ Corporate values/personality ▪ Reputation culture ▪ Risk culture

The CM and SM argued that the ability to respond quickly is critical as a matter of principle. Constant monitoring of social media is also crucial for listening and picking up on trends – this could help adjust the organisation’s communication strategy. At the same time, social media should never be thought of as a stand-alone issue – a communication strategy should incorporate it fully.

The SM mentioned the complexity of monitoring in a crisis such as the national #FeesMustFall campaign. While this university tried to track all emerging issues, individuals and groups who had previously made threatening statements, would change their identities to escape disciplinary steps by the university. Many comments by such individuals went against the code of conduct for staff and students.

All interviewees agree that any framework should reflect the organisation’s values. Training employees about the potential dangers of social media would be critical in ensuring the desired reputation and risk cultures across the organisation. One RM argues that “it should be reverse relationship - the more junior you are the more the organisation should focus people on reputation because things like our code of conduct is just a piece of paper and it's quite old."

A RM emphasised the importance of having a plan for this specific management problem: "There is no price on reputation - it's an intangible asset. It's the goodwill that society thinks of you. You can't rest on your laurels. Even a well-known institution can lose its reputation."

A plan to deal with this specific issue should be really short and with roles and responsibilities clearly stipulated. Measuring key role players' performance against the plan would be critical.

- **Structural requirements**

Table 7.17 Case study C: Structural requirements of a management framework	
Additional staff ▪ Monitoring ▪ Organisational messages	Integrated communication/marketing ▪ Alert principal

According to the CM and SM the constant monitoring of social media would require more staff. The current team is thinly stretched with one team member exclusively responsible for monitoring social media. But "It's not just a one-man band." All interviewees agree that organisations should have a desk that is responsible for monitoring social media and to post organisational messages.

A RM pleaded for "a central point where these kinds of issues are combined." More staff would be required to be involved in governance, risk and compliance matters, with a coordinator for the organisation. The second RM supports these views and added that the principal should ideally be alerted to serious incidents on social media by somebody from the integrated function.

One of the RM's argued that the organisation is functioning to the best of its ability in terms of the risk and compliance functions, but also explains that none of the current coordinators appointed for these functions was trained specifically for these positions.

There was also a long history of people in those functions teaching themselves and then having to hand over those portfolios when they are moved around.

- **Budget considerations**

Table 7.18 **Case study C: Budget considerations of a management framework**	
Content production	Outsourcing

The CM warned that the cost of content production for different platforms (e.g. video) will be a factor, while the SM mentioned the outsourcing of specific campaigns. The latter stems from the lack of specific skills/facilities. Initially, the communication function struggled to get funding for social media. The RM emphasised the occasional need for consultant fees and the potential cost of an app through which the risks can be analysed.

7.2.3.7 Interpretation of case study C

- **Objective 1: Approach to corporate reputation management**

The organisation's recent shift towards reputation and greater stakeholder engagement is encouraging. Academic institutions are notorious for changing slowly and this factor seems to have affected communication and marketing efforts to some degree. The active interest of the VC (as the most senior steward of reputation) ought to bear fruits over time (Aula and Heinonen, 2016; Diermeier, 2011).

- **Objective 2: Approach to risk management**

Evidence point to the organisation operating from a corporate governance and risk prevention perspective and having implemented sophisticated policies that resemble the five principles of the COSO (2017) framework.

- **Objective 3: Approach to corporate reputation risk in relation to social media**

Out of all the organisations in this study, this was the only one to have been involved in a protracted crisis for its entire industry in the preceding two years, i.e. higher education and the two year #FeesMustFall campaign.

This particular incident can be classified as:

(i) Cornelissen's (2014) *faux pas* since the public expected the university would have intervened to avoid a 'tradition' at an event from getting out of hand.

(ii) Frandsen and Johansen's (2017:40) para-crisis that was triggered online and forced the organisations to also act online – in full view of stakeholders.

University authorities and the organisers of the annual event had neglected to include the tradition of using intimidating poster in its planning. From this perspective management at operational (event) level indirectly caused the reputation damage, as suggested by Honey (2009).

The organisation reacted swiftly through remediation and rectification/reform strategies (Coombs, 2015; Cornelissen, 2014) to assure all stakeholders that the behaviour of students do not reflect the ethos of the organisation. The cancellation of the remaining rounds of the competition sent the strongest possible message that the university was really serious about stamping out sexist or any form of abusive behaviour.

The tone of official statements by the university management and the SRC reflected the values and code of conduct for staff and students. The university retained its authority in the situation.

Reactions to the university's announcement were mixed, with some student groups (including several residences) feeling unhappy about the fact that all their preparations of a semester had come to nothing, while another group felt that their right to express themselves through organised cultural activities had been infringed upon. The last group (including parents, students, and social commentators) welcomed the university's decision as sending a strong message against behaviour in which women in particular are victimised/bullied because of their gender.

The university also engaged groups of unhappy students and this proved its willingness enter into genuine dialogue as defined by Crane and Livesey (2003).

- **Objective 4: Elements of a management framework**

This organisation addressed the issue of an ideal management framework from its immediate vantage point, i.e. improving systems and processes. It emphasised the need for both a reputation culture, a risk culture, as well as integrating communication and marketing to improve its ability to involve its most senior executive (the VC), as suggested by Aula and Heinonen (2016) and Diermeier (2011).

The organisation further would further like to align all role players in order to ensure 24/7 monitoring of social media and to listen to stakeholders – a critical component of strategic crisis prevention as suggested by Coombs' (2015) proactive management tetrahedron.

Three elements would require additional funding, i.e. staff, content production and occasional outsourcing.

7.3 HOLISTIC CASE STUDY COMPARISON

The purpose of the multiple case study design of this study is the comparison of cases, as set out in Chapter 6. The four objectives of the study guide the holistic comparison of the cases (emphasising similarities and differences).

The first observation about the case studies pertains to the vantage points of the three role players who were interviewed. The CM's and RM's spoke from a strategic vantage point, while SM's focused much more on operational (tactical) thinking.

7.3.1 Objective 1: Approach to corporate reputation management

There was apparent consensus amongst senior management teams in all three organisations about the centrality and value of corporate reputation. This understanding about the matter seems to be a proverbial first line of defence. Although each organisation is has a unique structure, each reported that their board took an active interest in corporate reputation, as suggested by authors like Aula and Heinonen (2016), Diermeier (2011) and The Conference Board (2007).

Only one organisation mentioned the role of “Integrated Reputation Management” which is interchangeable with Aula and Heinonen’s (2016) “Chief Reputation Officer.” This in encouraging as reputation is the sum total of efforts by traditional communication/public relations activities.

Case studies A and C might focus on corporate reputation as a concept, but are still structured along the lines of traditional “communication” or “marketing” functions.

None of the organisations mentioned insurance of their reputations, as suggested by Aula and Heinonen (2016) and Honey (2009). This was not specifically investigated, but is interesting to note given the level of sophisticated thinking about corporate reputation as mentioned by Diermeier (2011).

Each organisation had faced instances (as proven by anecdotal tales) in which it could only be in a reactive position when warning systems had failed or when an incident occurred which was deemed almost impossible to predict or with a very low likelihood to occur. This reality confirms the relevance of a “reputation risk radar”, which can be based on Cleary and Malleret (2007) thinking.

Two of the organisations actively involve various levels of employees in reputation training. Whether this translates into reputation cultures can only be guessed. However, training forms part of what Diermeier (2011) refers to “active management.” Such training would also fit into with Doorley and Garcia’s (2015) “comprehensive reputation management.”

7.3.2 Objective 2: Approach to risk management

All the organisations used corporate governance as the basis for their risk management efforts. While compliance is an inevitable component on risk management and required for certain industries, it was not the driving force.

This emphasis on governance can explained by the local and global prominence of the King IV (IoD, 2016) and the preceding series of reports. This orientation to risk management emphasises the triple context and stakeholders, which also carries specific meaning within the South African context.

Although none of the organisations mentioned the COSO (2017) framework by name, all of the elements are part of their risk management practices, i.e. (i) governance and culture, (ii) strategy and objective-setting, (iii) performance, (iv) review and revision, as well as (v) information, communication and reporting.

The only differences between the organisations lay in organisational size (resources), the hierarchy of decision-makers and the distribution of risk management responsibilities amongst such role players. Strategy and objective-setting, review processes, communication and reporting structures were very similar when compared to the risk assessment matrix thinking of Aven and Cox (2016), Burnaby and Hass (2009) and Carrel (2010).

7.3.3 Objective 3: Approach to corporate reputation risk in relation to social media

When comparing two organisations with recent social media crises, a number of similarities are apparent.

Both incidents were preventable. Case study A neglected training of store managers for scenarios like conflict between customers, while case study C ignored a tradition of inappropriate student behaviour.

Both organisations could only address matters in a reactive mode. Both communicated in accordance with their respective corporate values, in a tone that reflected the corporate personalities and through their most senior executives. The overall outcomes were quite different.

When comparing case study C to Thiessen and Ingenhoff's (2011) framework, it appears as if the organisation had moral integrity and trustworthiness. The tone of official statements by the VC and the SRC and decisive action to curb further unacceptable student behaviour (stopping the event), formed a coherent message to all stakeholders. Although not all stakeholders accepted the organisation's decision, they were able to engage the organisation. As such, the organisation retained its long-term reputation. The organisation's actions were congruent with previous decisions (in keeping with its code of conduct for staff and students), i.e. disciplinary measures against parties who transgressed.

While case study A had the same intentions, the backlash from specific groups and attack on its trustworthiness (Thiessen and Ingenhoff, 2011) was surprising. The CEO's derogatory statements about those who participated in a boycott campaign eroded the moral high ground. This suggests a lack of some reputation skills and/or an unwillingness by the CEO to listen to advisors. The long-term reputation of the organisation (all of its brands) was damaged, despite its long history of social good (CSR actions).

7.3.4 Objective 4: Elements of a management framework

The similarities are noteworthy. Organisations agree (i) that a reputation culture should prevail within which all employees are empowered to understand reputation risk as a basic level and (ii) constant monitoring of social media and other sources of reputation risk would be critical. Two organisations agree that roles and processes for such crises should be clearly defined.

The suggestions by each organisation include elements from various frameworks in Chapter 3 to 5 and reflect the priorities or needs of the individuals/teams dealing with this matter.

7.4 OBJECTIVE 5: PROPOSITIONS

This section serves to address the final objective of this study, i.e. to propose propositions in relation to the question of how organisations could manage reputation risk in relation to the social media landscape. Nine propositions appear in relation to the first four objectives of the study.

7.4.1 Objective 1: Approach to corporate reputation management

- **Proposition 1**

A purposeful reputation orientation is likely to be effective when the communication, public relations and marketing functions co-exist in a strategically integrated manner.

- **Proposition 2**

The presence of a chief reputation officer (CRO) will most likely be able to ensure that an organisation can create and maintain a coherent reputation culture.

- **Proposition 3**

A chief reputation officer (CRO) is likely to help guide and articulate executives' vision on reputation.

- **Proposition 4**

Reputation management efforts are most likely to be strategically (pro-/re- and interactive) effective when an organisation maintains a reputation culture.

- **Proposition 5**

Organisations that have gained a reputation for applying the principles of genuine dialogue with key stakeholders are most likely to gain the trust of such parties.

7.4.2 Objective 2: Approach to risk management

- **Proposition 6**

Organisations that rely on corporate governance principles as opposed to a compliance perspective for the implementation of Enterprise Risk Management (ERM) will likely have a far better quality of relationships with its stakeholders.

- **Proposition 7**

The implementation of risk management policies and practices will most likely to be most effective when an organisation maintains a risk culture.

- **Proposition 8**

Organisations will most likely benefit from a pro-active vs. a reactive risk management orientation.

7.4.3 Objective 3: Approach to corporate reputation risk in relation to social media

- **Proposition 9**

Organisations will likely have a far better outcome during and/or after a social media crisis when their executives are actively involved in the pursuit of strategic reputation goals,

- **Proposition 10**

An organisation is likely to minimise reputation damage in relation to a social media crisis when it applies an appropriate stakeholder identification strategy and the principles of genuine dialogue.

- **Proposition 11**

Organisations are most likely to benefit from a task team of specialists from the communication, marketing and risk functions, led by the chief reputation officer, in terms of scenario planning and social media crisis management.

7.4.4 Objective 4: Elements of management framework

- **Proposition 12**

Social media incidents that pose a risk to any organisation's reputation are best managed through the principles of (i) situational thinking, (ii) genuine stakeholder dialogue, (iii) purposeful reputation management as an orientation, as well as (iv) adequate financial and other resources made available to the crisis management teams.

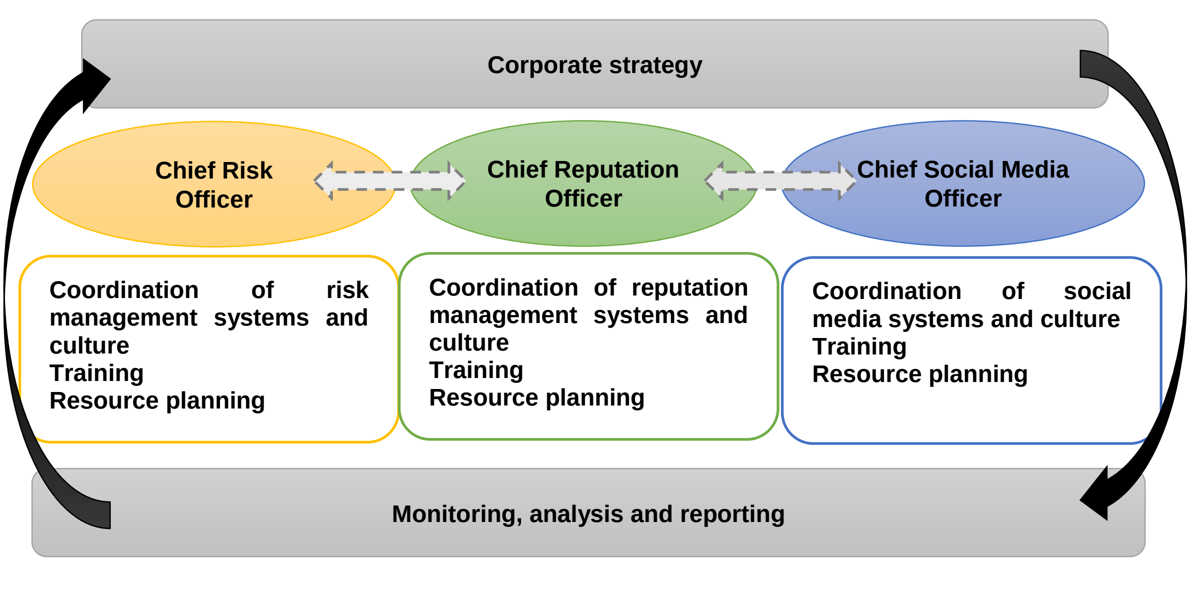
7.5 OBJECTIVE 6: A SUGGESTED FRAMEWORK

The original contribution of the study lies in the framework depicted in figure 7.6. This framework is the first step in the academic process of gaining recognition as a potential model. This framework is the result of synthesis of both the conceptual-theoretical chapters and the empirical findings of the study.

The focus of the framework is the integrative efforts of three key role players as described in Chapters 3, 4 and 5 respectively, i.e. the chief reputation officer, chief risk officer and the chief social media officer. The respective organisational functions and key role players focus on their respective contributions to corporate strategy.

The mandate of each key role player and the function it represents originates from the corporate strategy. Reporting on progress or critical incidents should also be part and parcel of continuous feedback on corporate strategy.

Figure 7.6:
A framework for managing corporate reputation risk in relation to the social media landscape



Source: Own conceptualisation

The key role players are on equal footing for the management of corporate reputation risk in relation to the social media landscape. Excellence will be achieved by virtue of no one single key role player attempting to dominate the process.

Each key role player is responsible for ensuring that an organisation has a risk, reputation and social media culture, while also planning for the appropriate resource allocation to achieve these goals. The risk, reputation and social media cultures have several areas that overlap, but which will only be in the organisation's favour if adequate training occurs.

The respective role players will also bear the responsibility for continuous monitoring of the internal and external environments, analysis of matters like stakeholder sentiments, updating and integration of systems like risk registers and responses to all types of incidents (i.e. para-crises to real crises).

7.6 CONCLUSION

No two organisations manage corporate reputation risk in relation to the social media landscape in exactly the same manner. Multitude complex factors determine the actions of organisations, including the C-suite and board's priorities, level of involvement, corporate values and culture. Finally, industry specific variables contribute to organisational decision making.

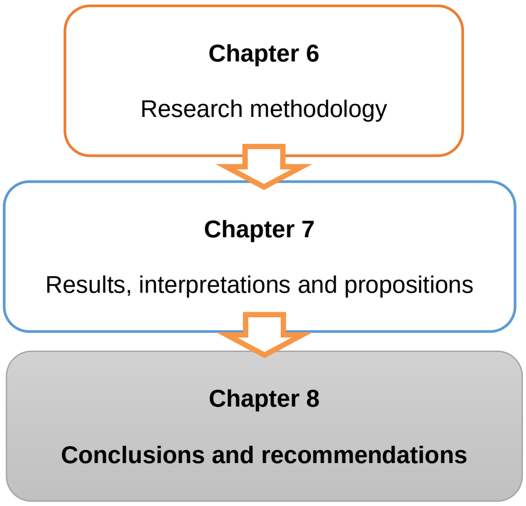
Risk management thinking provides the fundamentals for effective issues and crisis management – if all mechanisms are in place, an organisation should be able to avert most crises. However, the unpredictable nature of human behaviour, system failures and the omnipresence of social media often destroy well-laid plans and force organisation into a reactive mode.

Chapter 8
Conclusions and recommendations

8.1 INTRODUCTION

The final chapter, as figure 8.1 suggests, contains conclusions and recommendations pertaining regarding this study.

Figure 8.1
Chapter 8 in relation to the latter half of the study



Previous chapters described this study as reflecting the interpretive qualitative worldview, drawing on both affirmative postmodernism and the reflective paradigm, while supporting the notion of dialogic communication management. In addition, the study explored literature pertaining to risk and ERM, corporate reputation risk and social media crisis management. A number of frameworks/models for each of these focus areas were considered in relation to the underlying research question: “How do organisations manage corporate reputation risk in relation to the social media landscape?”

The four empirical objectives of the study point toward organisations placing a high priority on corporate reputation and a pro-active risk orientation. As is evident in Chapter 7, a number of unique organisational and industry variables determine how organisations achieve this goal.

Chapter 8 thus focuses on conclusions that emerged from the synthesis of theoretical perspectives and empirical evidence. These conclusions pertain to the research objectives, managerial implications and further research.

8.2 CONCLUSIONS

The chronological order of the objectives dictate the order of the conclusions – in a similar fashion to the structure of Chapter 7.

8.2.1 Objective 1: Approach to corporate reputation management

All the participating organisations (case studies A to C and the pilot study) place a high premium on their reputations. Irrespective of divisional configurations, all organisations expect the communication/marketing and social media functions to contribute to organisational success by means of their contribution to corporate reputation. In addition, senior executives and boards are fully aware of and committed to this organisational asset. As such, the normative ideals as suggested by Aula and Heinonen (2016), Diermeier (2011), Kucuk Yilmaz and Kucuk (2010), The Conference Board (2007) and the Reputation Institute (2016) match reality.

Evidence from the study suggests that organisations are successful in establishing reputation cultures. This may be the result of non-communication activities like regular organisational sweeps to identity potential reputation risk incidents.

Conversely, not all employees at participating organisations are always aware of the harm their actions may cause. It is safe to say that maintaining a reputation culture requires constant effort. Continuous training and clear guidelines provided by the communication and human resources divisions, as suggested by Blanchard (2011), seem to be the most realistic steps organisations can take to counter a culture of carelessness.

8.2.2 Objective 2: Approach to risk management

All organisations hold a proactive approach to risk management and specifically through ERM. A reactive approach would simply be inconceivable in the 21st century, as suggested by the WEF GRR (2014 & 2017). The intricate connections between global and local sources of risk and the speed at which risks can lead to the demise of whole industries, confirm the importance of being pro-active.

The orientation of participating organisations further emphasise the importance of corporate governance, stakeholders and reputation. None of the organisations followed a compliance orientation. All three participating organisations follow the four traditional steps of risk management (assessment, management, monitoring and communication procedures) as suggested by Burnaby and Hass (2009) and Cleary and Malleret (2007). They also follow very similar processes and structures, e.g. risk committees, working groups, executive committees, compliance officers, risk registers and internal auditors as set out in guidelines by Burnaby and Hass (2009), Carrel (2010). COSO (2017) and King IV (IoD, 2016).

While these organisations vary greatly (retail, financial services and higher education), none had a stand-alone risk division. Key organisational role players absorbed specific risk management responsibilities to form the various structures (temporary/permanent) to address strategy and objective setting, measure performance, implement review processes and execute the dissemination of information, communicate and report as suggested by the Burnaby and Hass (2009) and COSO (2017) frameworks.

The risk role players lamented the lack of formal risk management qualifications in South Africa at the time of the study. Participants were chartered accountants (holding honours or master’s degrees) and a senior academic (with a doctorate).

8.2.3 Objective 3: Approach to corporate reputation risk in relation to social media

Despite organisations' well-laid plans, social media crises still surprised them. Organisations were generally adequately prepared to deal with such incidents from the perspective of implementing crisis plans and followed a textbook approach of holding statements, verifying facts, updated official statements, speedy responses and dealing with rumours – requirements set out by Coombs (2015), Garcia (2017) and Regester and Larkin (2008).

In most instances the CEO or similar figurehead articulated the voice of the organisation and validated the trustworthiness of the organisation (Thiessen and Ingenhoff, 2011) and the potential reputation damage could be contained (The Conference Board, 2007).

Only one communication specialist mentioned risk matrix thinking in relation to reputation damage, which confirms the relevance of Honey's (2009) and Kucuk and Yilmaz Kucuk's (2010) pleas for integrated thinking.

Organisational reactions to incidents represent the full spectrum of options described by Cornelissen (2014). One organisation admitting mistakes and making an almost 180-degree turn as the result of a protracted boycott campaign is encouraging when compared to the normative ideal of reflection (Holmström and Kjaerbeck, 2007) and dialogic communication (Aula and Heinonen, 2016; Crane and Livesey, 2003; Kent and Taylor, 2002).

While Van Riel and Fombrun (2007) were the first authors to argue that organisations have limited control over their corporate reputations, social media highlight a relatively new dynamic. Customers are also increasingly willing to defend a brand on social media against wild claims or attacks.

The cooperation between communication and risk specialists as far as reputation is concerned, is encouraging. The issue of "reputation risk" is an area of shared understanding and concern without traditional any turf wars. This represents reputation and risk cultures converging.

However, South African organisations should never lose sight of the emotive nature and divisive effect of racism, especially as a root cause of an organisational crisis. This issue is a stark reminder for communication/marketing and risk specialist that audiences will interpret behaviour (messages) according to their own frames of reference (Thiessen and Ingenhoff, 2011; Van Ruler and Verčič, 2003).

It seems safe to say that no organisation would willingly step into a social media firestorm. However, case study A is a textbook case of how things can go horribly wrong – in taking the moral high road by banning an aggressor from its all its stores, it had assumed the incident would be over. The optics of the organisation siding with an individual from a particular ethnic background put the organisation at the centre of a national debate on race.

Reigning in over-enthusiastic CEO's or spokespeople with particular personal sentiments (frustration) should be part of any organisation's crisis management plan (Garcia, 2017), as proven by the deepening crisis case study A had experienced. Organisational silence during or after an incident is not advisable, but silence is a safer option than unscripted responses by organisational representatives.

The last lesson from this particular incident is the need for organisations to be willing to engage stakeholders who are vehemently opposed to their views before, during and after a crisis. To this effect, Aula and Heinonen (2016) plead for dialogue in which organisations are prepared to listen and speak without judgement.

8.2.4 Objective 4: Elements of a management framework

Although no definitive framework/model for the management of corporate reputation risk in relation to the social media landscape exists, the value of authors working on the convergence of key elements cannot be overstated. Strategic crisis prevention, as articulated by Coombs' (2015) proactive management tetrahedron, is a core requirement. This gives an organisation the opportunity to draw on the intelligence gathered through risk and issues management to help prevent crises, while protecting its reputation. This preventative orientation is the normative ideal irrespective of industry or sector.

All organisations need adequate staffing, a clear crisis management system and access to related resources to deal with corporate reputation risk in relation to social media. Temporary cross-functional teams would be able to step into the roles required for the implementation of a crisis plan (Regester and Larkin, 2008).

8.2.5 Objective 5: Propositions

The second last objective of the study required the formulation of propositions. Twelve propositions were posited and covered the first four objectives, i.e. organisations' (i) approach to corporate reputation management, (ii) approach to risk management, (iii) approach to corporate reputation risk in relation to social media and (iv) elements of a framework. These propositions are the first element of the original contribution of the study, normative in nature and can thus be tested empirically in further research.

8.2.6 Objective 6: A suggested framework

The second element of the study's original contribution is the suggested framework (figure 7.6), which focuses on the integrative efforts of the most senior risk, reputation and social media officials. Their efforts are rooted in corporate strategy. Once again, the framework is normative and can be tested empirically in further research.

8.3 RECOMMENDATIONS

The recommendations from the study are set out in terms of managerial implications and further research.

8.3.1 Managerial implications

Managerial recommendations are presented in relation to the first four objectives of the study.

8.3.1.1 Objective 1: Approach to corporate reputation management

Although it seems almost too obvious, organisations need to ensure that their expectations of all employees in terms of corporate reputation are explicit. This means that induction programmes for newly appointed staff and continuous training for those who have been employed for any length of time, ought to include modules on the matter.

Corporate reputation must be understood in practical terms. This would require an integrated effort by the communication/marketing, risk and human resources functions. Clear policies need to be formulated and made digestible for the lowest position (i.e. employees with the lowest required literacy levels) in order to encourage participation in a positive corporate reputation culture.

8.3.1.2 Objective 2: Approach to risk management

Since risk management is something even more intangible (abstract) for most employees, organisations need to emphasise it in training across all organisational levels (including contractors). If most employees (including the lowest skilled and/or least literate) have a daily awareness of potential risks associated with their positions, the organisation would have reached a risk aware culture. If reporting structures within organisations are not well-known, this needs to be addressed through internal communication campaigns.

8.3.1.3 Objective 3: Approach to corporate reputation risk in relation to social media

The need for continued training across all organisational levels (even including contractors) cannot be overstated. Understanding the potential dangers of social media missteps (self-induced crises) is critical. Training of all employees (not only managerial and executive levels) in basic social media practices and crisis communication principles and should be standard practice. Again, the communication and risk functions could contribute course content, while human resources function could align its policies accordingly. Training would be a critical element of a preventative strategy.

One of the biggest underlying risks is complacency - the assumptions that all systems are in place and that the organisation can rely on these to navigate crises or that only an elite group of staff members is worthy of training.

Improving the reputation risk radar should be a continuous process. Organisations could combat blind spots through mechanisms like an anonymous hotline where employees/contractors can report issues/behaviour or concerns. It almost goes without saying that organisations ought to screen the issues reported through ethics/corruption hotlines, i.e. the warning signs from a multitude of sources within an organisations ought to be considered.

8.3.1.4 Objective 4: Elements of a management framework

Organisations would benefit from formalising their suggestions pertaining to principles, structural changes and resource allocation to manage corporate reputation risk in relation to social media. This might range from expanding and refining the social media reputation risk radar and temporarily expanding the roles of a number of people in the organisation to incorporate such responsibilities.

8.3.2 Further research

First, the propositions from this thesis (listed in Chapter 7) could be tested empirically within various contexts. Such research could lead to the conceptualisation of models/frameworks.

Second, whereas this thesis focused on a relatively small number of cases from the tertiary sector of the economy, future research projects in South Africa should be expanded to public sector organisations, the primary (extraction of raw materials like agriculture, mining and forestry) and secondary (processing, manufacturing and construction companies) sectors. The inherent risk profile of each sector could be coupled with reputation management efforts.

Third, the prominence and scale of political communication and the dependence of political role players on social media, lend itself to future research in this sector. While reputation crises on social media have ended the careers of many individuals or affected the credibility of political institutions like political parties, others appear impervious (at least superficially). It would be worthwhile to investigate the complexities that lead to counter-intuitive credibility and trust in this context.

Fourth, leadership decision making in times social media crises could also be investigated in much greater depth to explore Garcia's (2017) ideas. Evidence regarding the leadership role of communication, marketing and social media managers during crises could contribute to greater role clarification within organisations.

Fifth, since the role of stakeholder emotions in times of crisis is increasingly important, South African research could expand the ideas Jin *et al.'s* (2010) integrated crisis-mapping model in relation to social media crises.

Sixth, quantitative techniques could also be employed for national or regional surveys among communication, social media and risk managers to further research the questions posed in this thesis. This thesis would thus serve as foundation for further research.

Seventh, future research could also focus on recipient-oriented (social media users) issues. Such research would reflect the views of other actors in these social exchanges and could serve as an attempt to test Frandsen and Johansen's (2017) rhetorical arena theory.

Finally, larger scale (multinational and longitudinal) research projects could be conducted within sub-Saharan and African contexts. Such research projects would arguably highlight specific regional (societal and cultural) variables that could be compared to existing literature. The timing of such projects could capitalise on both the digital (r)evolution which is unfolding in many parts of the continent, the youth consumer market and the growing stature and scope of the communication industry.

8.4 CONCLUDING THOUGHTS

The propositions put forward informed the framework suggested by this study. Protecting an organisation's reputation as a tangible asset requires the involvement of the board, C-suite and the chief reputation officer. A pro-active and purposeful reputation orientation is also far more desirable than alternative options. Organisations are best served by employees who appreciate the strategic value of a good reputation and have a working knowledge of social media and related pitfalls.

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Annexure A:

Ethical permission for research from the Faculty of Economic and Management Sciences

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Economic and Management Sciences

RESEARCH ETHICS COMMITTEE

Tel: +27 12 420 3395
E-mail: ronel.rensburg@up.ac.za

25 May 2016

Strictly confidential

Prof RS Rensburg
Communication Management Division

Dear Professor Rensburg

Project:	Corporate reputation risk in relation to the social media landscape
Researcher:	A Leonard
Student No:	02629909
Supervisor:	Prof RS Rensburg
Co-supervisor:	-
Department:	Communication Management

Thank you for the application you submitted to the Committee for Research Ethics, Faculty of Economic and Management Sciences. I have pleasure in informing you that the Committee formally approved the above study on 25 May 2016. The approval is subject to the candidate abiding by the principles and parameters set out in the application and research proposal in the actual execution of the research.

The approval does not imply that the researcher, student or lecturer is relieved of any accountability in terms of the Codes of Research Ethics of the University of Pretoria if action is taken beyond the approved proposal.

The Committee requests that you convey this approval to the researcher.

We wish you success with the project.

Sincerely

pp PROF RS RENSBURG
CHAIR: COMMITTEE FOR RESEARCH ETHICS

cc: Student Administration

Fakulteit Ekonomiese en Bestuurswetenskappe
Lefapha la Disaense tša Ekonomi le Taolo

Annexure B:

Letter of introduction and informed consent

UNIVERSITEIT VAN PRETORIA
UNIVERSITY OF PRETORIA
YUNIBESITHI YA PRETORIA

Faculty of Economic and Management Sciences
Division of Communication Management

LETTER OF INTRODUCTION AND INFORMED CONSENT
(Must be completed at the start of each interview.)

To whom it may concern

Based on the reputation of **[xxx organisation]** I would like to invite you to participate in an academic research study entitled "**Corporate reputation risk in relation to the social media landscape**". The purpose of the study is to develop a framework for the management of corporate reputation risk in relation to social media.

Interviews will be conducted with experts in the fields of corporate communication, risk management and social media. (A total of 12 interviews will be conducted across four organisations from different industries.)

Please note:

- All interviewees are guaranteed confidentiality - no responses will be linked to specific respondents.
- An interview should last between **45-60 minutes** and will be **recorded digitally** for the purpose of transcription and data analysis.
- The results of the study will be used for academic purposes only and may be published in an academic journal. We will provide you with a summary of our findings on request.
- If you have any concerns regarding this study, kindly contact my promoter prof Ronél Rensburg (ronel.rensburg@up.ac.za).

Please sign the form to indicate that:

- You have read and understand the information provided above.

____________________________ ________________________
Respondent's signature **Date**

____
Organisation

Kindly contact me should any aspect of this project need further clarification. I look forward to your response.

A Leonard
Lecturer: Communication Management
Email: anne.leonard@up.ac.za
Cell: 083 285 4030

Annexure C:

Communication specialist interview schedule

Interview schedule: Communication Specialists

Dear interviewee Thank you for agreeing to participate in this study. As was explained before, this interview should last **between 45-60 minutes** and will be recorded digitally. Thank you for your time and for sharing your unique insights regarding the focus area of the study.

Section A: Demographic details

Date:	
Name and surname:*	
Organisation:*	
Job title:	
Email address:*	
Telephone number:*	
Highest academic qualification:	
Highest professional qualification:	

* *Information used exclusively for administrative purposes.*

SECTION B: INTERVIEW QUESTIONS

1. Reputation management efforts

1.1	What are the expectations of your organisation's executive decision makers regarding your division's contribution to organisational goals?

1.2	What are the general expectations of your organisation's executive decision makers regarding your division's corporate reputation efforts?

1.3	How integrated are the reputation management efforts of different divisions/departments in your organisation?

1.4	What are the most prominent reputation risk issues your organisation faces?

1.5	Describe your division's typical approach to the management of reputation risk.

1.6	How integrated are the reputation risk management efforts in your organisation?

2. Reputation risk and social media

2.1	Describe your organisation's social media footprint.

2.2	How have social media developments changed the role of your division?

2.3	Describe the typical approach your organisation follows regarding reputation risk incidents on social media. (Which units/divisions/individuals are involved?)

2.4	What are the biggest mistakes organisations make in managing incidents of reputation risk on social media?

2.5	How does your organisation approach other cyber risks, e.g. database breaches/hacking, etc.?

3. Principles of a management framework

3.1	What principles would you suggest for a framework organisations can apply to manage reputation risk in relation to social media?

3.2	What, if any, what structural changes would be required in your organisation to implement the aforementioned framework?

3.3	What, if any, type of budget allocation would be required for the implementation of such a framework?

4. Conclusion

	What final thought(s) would you like to share about the management of reputation risk on social media?

Annexure D:

Social media specialist interview schedule

Interview schedule: Social Media Specialists

Dear interviewee Thank you for agreeing to participate in this study. As was explained before, this interview should last **between 45-60 minutes** and will be recorded digitally. Thank you for your time and for sharing your unique insights regarding the focus area of the study.

Section A: Demographic details

Date:	
Name and surname:*	
Organisation:*	
Job title:	
Email address:*	
Telephone number:*	
Highest academic qualification:	
Highest professional qualification:	

** Information used exclusively for administrative purposes.*

SECTION B: INTERVIEW QUESTIONS

1. Reputation management efforts

1.1	What are the expectations of your organisation's executive decision makers regarding your division's contribution to organisational goals?

1.2	What are the general expectations of your organisation's executive decision makers regarding your division's corporate reputation efforts?

1.3	How integrated are the reputation management efforts of different divisions/departments in your organisation?

1.4	What are the most prominent reputation risk issues your organisation faces?

1.5	Describe your division's typical approach to the management of reputation risk.

1.6	How integrated are the reputation risk management efforts in your organisation?

2. Reputation risk and social media

2.1	Describe your organisation's social media footprint.

2.2	How have social media developments changed the role of your division?

2.3	Describe the typical approach your organisation follows regarding reputation risk incidents on social media. (Which units/divisions/individuals are involved?)

2.4	What are the biggest mistakes organisations make in managing incidents of reputation risk on social media?

2.5	How does your organisation approach other cyber risks, e.g. database breaches/hacking, etc.?

3. Principles of a management framework

3.1	What principles would you suggest for a framework organisations can apply to manage reputation risk in relation to social media?

3.2	What, if any, what structural changes would be required in your organisation to implement the aforementioned framework?

3.3	What, if any, type of budget allocation would be required for the implementation of such a framework?

4. Conclusion

	What final thought(s) would you like to share about the management of reputation risk on social media?

Annexure E:

Risk specialist interview schedule

Interview schedule: Risk Specialists

Dear interviewee Thank you for agreeing to participate in this study. As was explained before, this interview should last **between 45-60 minutes** and will be recorded digitally. Thank you for your time and for sharing your unique insights regarding the focus area of the study.

SECTION A: DEMOGRAPHIC DETAILS

Date:*	
Name & surname:*	
Organisation:*	
Job title:	
Email address:*	
Telephone number:*	
Highest academic qualification:	
Highest professional qualification:	

** Information used exclusively for administrative purposes.*

SECTION B: INTERVIEW QUESTIONS

1. Reputation management

	What do you think your organisation's communication/marketing/social media divisions can learn from your division when managing reputation risk?

2. Risk management efforts

2.1	What are the most prominent business risk issues in your organisation faces?

2.2	Describe the risk division's typical approach to the management of risk issues.

2.3	How integrated are the risk management efforts in your organisation?

2.4	To what degree are you involved in advising the rest of the organisation on risk management policies and processes?

3. Reputation risk and social media

3.1	What typical approach does your organisation follow regarding reputation risks on social media?

3.2	What are the biggest mistakes organisations make in managing incidents of risk on social media?

4. Principles of a management framework

4.1	What principles would you suggest for a framework organisations can apply to manage reputation risk in relation to social media?

4.2	What, if any, structural changes would be required in your organisation to implement the aforementioned framework?

4.3	What, if any, type of budget allocation would be required for the implementation of such a framework?

5. Conclusion

5.1	What future predictions would you like to make regarding risks to corporate reputation on social media?

5.2	What final thought(s) would you like to share about the management of reputation risk on social media?