The Influence of Social Media on Corporate Reputation

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Abstract

Public, private and other types of organizations, recognize the important role corporate reputation plays in ensuring good relations with stakeholders because it presents a favourable image of the organisation. In the recent past, the increased use of social media has resulted in both positive and negative reputational risks and the key question in regard to this becomes: What is the perceptions of stakeholders on the organisation or what it offers to the market? To answer this question, a literature review was undertaken under the title; An examination of the influence of social media on the corporate reputation of organisations in Kenya. An analysis of various case studies and empirical research done by other scholars led to a set of proposals that organisations can employ to build on their online corporate reputation. The study adopted content analysis of the existing literature and data was collected from published peer-reviewed online articles authored by Kenyan authors through online publications found in databases of ResearchGate and Google Scholar. The abroad review eventually narrowed down to 10 articles published between 2015 and 2024. Relevant keywords guided the search and established that social media has become an integral part of organisational communication with potential positive or negative impact on corporate reputation. In some instances, social media causes a loss of customer loyalty or organisational legitimacy, amongst other things. On the other hand, it may be a platform for the publication of organisational achievements and customer attachment to the products sold to them. Additionally, the review offered insights into the importance of employees as key organisational brand ambassadors, analysing social media content to enable organisations to make informed decisions and retain a positive corporate reputation. The findings led to the recommendation that social media can be used to improve corporate image as long as there are policies and strategic engagements with stakeholders. Additionally, future researchers can investigate and bridge the gap in the role of social media influencers on corporate reputation.

Key Words: *Corporate Reputation, Use of Social Media, Public Relations and Online Communication*

1.0 Introduction

All organisations, public or private and others, recognize the important role played by corporate reputation in ensuring good relations with stakeholders. It is concerned with presenting a favourable image of the organisation especially when the product offered involves constant engagement with key stakeholders such as the customers. It takes time and process to build a good reputation which unfortunately can be destroyed instantly. The growth of the internet and social media platforms has provided a great opportunity for engagement and communication between organisations and stakeholders. It is important that positive perceptions are maintained while minimizing negative ones because reputation is the construction of the mind (Hadi & Rhian, 2019). Jung and Seok (2016) recognized that corporate reputation is an intangible asset for any organisation, which is formed from aggregate perceptions along a continuum of positive to negative.

According to Petroyan (2024), there were 5.44 billion internet users globally out of which, 5.07 billion or 62.6% are social media users. In Kenya, Audience Measurement and Industry Trends Report (MITR)2023-2024, 87.2 % of Kenyans are currently accessing the internet on smartphones consuming content on Facebook and WhatsApp scoring 49.4% and 47% respectively implying that they were the leading social media platforms. In terms of social media usage in Kenya, YouTube, Tiktok, Instagram and X are used in the order they have been listed. These statistics are an indicator that social media is the new frontier of interest for organisations because of a growing online community (Communications Authority of Kenya (CAK) 2024).

Szwajca (2017) noted that although new media resulted in multiple reputational risks it is necessary for creating the desired reputation through a two-way communication between the organisation and its stakeholders, when feedback is processed it influences corporate reputation and consequently it forms the nexus that supports reputation between organisations and their stakeholders. Social media provides an organisation with numerous opportunities for building and selling goods and services, sharing content, stakeholder engagement and possibilities of engaging in multiple online functions. Albeit, there are unique challenges that include misinformation, fake negative comments and news, (Deshpande & Ogale, 2024). Being a new and growing frontier in communication, organisations are required to ensure that they have a permanent online presence and devise strategies of analysing data to enable them manage challenges that may come with it. Some organisations have engaged social media strategists to promote corporate brands and engage with stakeholders hence ensuring appropriate personnel and social media analytical skills and tools is important (Ndiege 2019). The motivation of this article was to analyse the influence of use of social media on corporate reputation. In particular, the study focused on how Kenyan organisations utilise social media to manage online reputation and associated facets such as crisis communication.

2.0 Literature Review

Ramani et al. (2023) explain that corporate reputation can be viewed as a company's intangible asset that provides strategic benefits to it and the stakeholders. It differentiates one organisation from another Muchunku and Okioma (2022) argue that corporate reputation is formed from a series of multiple interactions between organisation and its stake holders and not from a single event. The focus being repeated interactions of testing and pushing the limit to gauge consistency and delivery of results as promised by the brand. The interactions are not the only determinant of corporate reputation but internal and external environments as well. These keep changing and require constant monitoring as well as updating. Malowa et al. (2022) opined that managing corporate reputation is important to any organisation's operations and it is the responsibility of the employees. Consequently, their role cannot be ignored and so is that of the leaders.

Ramani et al. (2023) advanced that leadership affects customer satisfaction; implicitly, any leader with questionable character poses a reputational risk to their organisation. Good leaders are characterised by positive reputational attributes such as integrity, transparency, vision and influence on opinions and decision-making. Reputation is difficult to measure, but can have serious repercussions on the profits and sustainability of an organisation. A study by Fulasia and Otunga (2021), on customer loyalty among commercial banks in Nairobi, revealed that Equity Bank had a positive reputational history that impacted on customer loyalty and subsequently, the bank's positive performance. Corporate reputation depends on a balance between perceptions and realities. Perceptions determine stakeholders' views of an organisation while reality has everything to do with the established practices, procedures and policies of an organisation. Muchunku et al. (2022), emphasis that a positive reputation may act as a buffer against any negative news or neutralize the effects of similar stakeholder opinions.

Perspectives on social media and corporate reputation implies that social media is an internet-based application that allows information exchange and building of relationships through interaction and collaboration (Nyabera et al.2022). Diverse content is shared on social media platforms. Wamuyu et al. (2019) in their study revealed that majority of Kenyans between 21 to

35 years spend more than three hours a day on social media for various reasons such as news, knowledge and entertainment. Kenyans are also using WhatsApp, YouTube, Tiktok, Instagram and X to engage online.

Ramani et al. (2023) advance the positive influence of Corporate Social Responsibility (CSR) in building a positive reputation for organisations. CSR activities, upon being posted online, present the organisation as one caring for its stakeholders through support for various community activities. Nyabera et al (2022) support this revealing that social media helps in publicising activities and achievements, thus enhancing an organisation's image and gaining public support. Similarly, Ndienge (2019) on the positive impact of social media, observed that the use of social media by Small and Medium-sized Enterprises (SMEs) resulted in initiation of customer interest or inquiry on a product or service, better interaction with customers and an increase in business.

On the contrary, social media can cause negative corporate reputation. Ngoye et al. (2021) observed that a negative governor's hashtag on the management of the drought situation by the Kenya Red Cross Society (KRSC) resulted in a viral debate on social media platforms on unaccounted funds for a previous drought appeal. This resulted in damage to the KRCS's corporate reputation. Muchunku et al. (2022) observes that negative reputation is as a result of various factors that fail in an organisation, which may find their way to social media platforms. When this happens, it presents complex reputational risks for organisations. The perception that the leadership of Kenya Meat Commission (KMC) were beneficiaries of the old political regimes with influential networks was a negative reputational risk for KMC. Further, KMC owed suppliers and financial institutions, which resulted in a lack of investor confidence and presented the organisation as non-credible. Political interference led to the change of management from civilian to military. This and a host of other reputational challenges affected the image of KMC, which subsequently spread to online conversations.

Regarding online corporate reputation management, Asha et al. (2015) explains that companies are at reputational risks if they do not have processes and procedures of handling social media. Increased collective scrutiny by consumers creates perceptions of corporate irresponsibility.

Ndiege (2019), shows that organisations require more time to monitor and manage huge volumes of online content. In addition, the study observed a lack of dedicated personnel to manage social media pages of Small and Medium Enterprises (SME).

Malowa et al. (2022) explains that, positive reputation begins with the employees of an organisation. The scholars highlighted the need for employees to be committed to the organisation and own corporate management solutions and the corporate reputation management plan. The study further showed that, Kenya Power employees showed that government and political interference led to the company's failure to engage or not update them on key information that could have enabled them to execute their duties effectively hindering their participation in reputation management. According to Babic-Hodovic & Arslanagic-Kalajdzic (2019), more experienced employees have a higher reputation impact awareness.

Similarly, Muthoni & Kinyua (2020) in a study on corporate reputation and firm performance of motor vehicle assemblers in Nairobi City County, recommended that human resource departments should ensure organisations incorporate practices that promote fairness, equity, diversity and dignity. These intangible assets are positively reflected to external stakeholders thus improving the corporate image.

How a crisis is managed determines if the organisation retains or loses its reputation. Kingori (2024) observed that reputation management is a growing concern globally and importantly in Kenya due to the advent of the digital era. This position is supported by Kimotho and Nyarang'o (2019) who observed that terrorism is one of the greatest risks to corporate reputation. In their study on the West Gate terrorist attack, the scholars highlighted the strategic use of Twitter and communication response to the attack and strategies for dealing with the incident by the then Ministry of Interior. The recommendation for such a situation was that, in a social media environment, communication managers should respond to crises as efficiently as possible, and monitor rumours and misinformation, in order to preserve the reputation of an organisation. There are other strategies of corporate reputation management as highlighted in the subsequent sections.

Muchunku et al. (2022) recommended strategies to conduct evaluative research to assess the impact of communication objectives, and the need to study the internal and external organisational environments to determine the best approach for branding and reputation management. In the case of the Kenya Meat Commission, the proposal to utilise strategic social media influencers as brand ambassadors was made as a way to manage the situation. Further, in developing strategies, organisational performance, communication and behaviour should be looked into.

Ndiege (2019) recommended using in-built social media analytical tools such as Twitter and YouTube analytics as well as timely responses to online posts in order to have an impression about online engagement for appropriate planning and response to social media engagements. Furthermore, Kingori (2024) supported the idea that data should be used to provide indicators of crisis communication and reputation management. Where organisations score higher in credibility, this contributes to more successful reputation repair during crisis communication efforts. On effective reputation management during a crisis, the study recommended on integrating digital and social media into crisis communication strategies, monitoring online conversations and engaging stakeholders. This helps in gauging public sentiment and respond effectively.

Another effective strategy in the management of online reputation crisis is to involve the leader and engage directly with the online community. Ngoge et al. (2021) study on Kenya Red Cross Society found that the Secretary General of the KRCS engaged directly with the public on social media and television to quell the viral negative reputation in regards to management of funds for the drought crisis.

The study is grounded on the Agenda Setting Theory, which supposes that social media, through its capability to publicise issues, has a role to play in influencing corporate reputation. Consequently, companies should set their agenda online by highlighting content that can positively influence stakeholders and ultimately impact on reputation.

3.0 Methodology

A systematic literature review was conducted in order to investigate existing research on the influence of social media and corporate reputation with a focus on the Kenyan companies. The study employed a review of journal articles from existing research conducted in qualitative and quantitative approaches. The process used the following key words: *Corporate reputation, social media use, public relations and online communication* to search for relevant content. This yielded a number of broad articles but only 10 were chosen for detailed review because of the focus on the Kenyan context, published after 2015. This ensured that the results were of the most recent evidence regarding social media and corporate reputation. Data extraction was done through a review matrix that considered each journal article by focusing on the topic, theories used, discussion and results.

4.0 Results and Discussion

The results of the study revealed the following thematic areas; Stakeholders' integral role in Corporate Reputation Management, Corporate image and Brand Consistency impacts Corporate Reputation and Social Media Strategies for Corporate Reputation Management.

Regarding stakeholders' integral role in corporate reputation management, the review indicated that reputation management concerns the overall organisation and in particular, the internal and external stakeholders as well as social media magnifies the engagement between the stakeholders. A study by Malowa et al. (2022) emphasised that internally; to achieve corporate reputation management, employees need to be committed to the organisation, own corporate management solutions and the corporate reputation management plan. The study was based on Kenya Power employees who expressed that government and political interference, the company's failure to engage them or update them on key information did not enable them to execute their duties effectively hence hindering their participation in reputation management. It is to be noted that employees are the first ambassadors of any organisation and therefore, they should be exposed to and trained in all functions that deal with reputational threats. This view was also supported by Ramani et al. (2023) who used the stakeholder concept to demonstrate the intricate relationship between the organisation's internal and external environment. The study highlighted that a brand's reputation is established in the minds of its internal and external stakeholders through corporate image.

Another study by Ngoge et al. (2021) presented the important role of external stakeholders by showing that special category of external stakeholders of the Kenya Red Cross Society, donors and implementation partners, had to be addressed in order to quell the negative online publicity on allegations of mismanagement of funds. Muchunku et al. (2022) on the turnaround of Kenya Meat Commission, recommended that KMC needed to rebrand itself to be in good light with internal stakeholders such as the staff, and external stakeholders including partners, suppliers, customers, domestic and international public. Additionally, in rebranding efforts, KMC engaged in communicating core values namely; professionalism, transparency and accountability, commitment and teamwork by being answerable to these stakeholders.

On corporate image and brand consistency impacts corporate reputation Otunga (2021) revealed that the consistency of Equity Bank and positive reputational history had a positive impact on customer loyalty and subsequently bank's performance. A strong, consistent brand identity supported by online and offline visibility are important for a positive corporate reputation. According to Ramani et al. (2023), a brand's reputation is linked to organisational success, a positive image, reputation and customer loyalty. First, online is where everybody is. This is supported by Wamuyu et al. (2019) observation that people between the ages of 21 to 35 spend more than three hours online. Ndienge (2019) further supports this by providing that a good social media presence means good business for companies. Therefore, companies that are not online may be missing out on numerous opportunities to interact with their stakeholders. Ngoge et al. (2021) demonstrated that despite having a strong corporate image, the image of Kenya Red Cross Society was short of being lost following the viral social media damage on its reputation. Another study by Kingori (2024) cited statistics indicating that in Kenya, 60% of businesses engage in online reputation management strategies to protect and enhance their brand image. This finding indicates that corporate reputation depends on a consistent brand and corporate image.

Effective governance and leadership, also contributes to an organisation's image and reputation, is important. Leadership should, therefore, build trust amongst stakeholders by being transparent, good communicators and skilled at crisis management. Ngoge et al. (2021) opined that responsive leadership by the Secretary General of the Kenya Red Cross Society quelled the viral reputational damage when the organization had been accused of mismanagement of funds meant for drought victims.

social media strategies for corporate reputation management was another theme isolated in the review. Kingori (2024) identifies, organisations' regular and transparent communication to all stakeholders in order to build trust and credibility as a reputational building strategy. Overall, the scholar recommends building trust amongst stakeholders thereby mitigating the spread of bad information that preventing gradual build-up of a bad reputation. Another strategy was associated with the works of Ramani et al. (2023) that advanced the idea of utilisation of social media to promote organisational activities such as the corporate social responsibility activities. When these are amplified on social media, the activities present the organisation as caring for its stakeholders boosting the overall reputation.

Similarly, Ndienge (2019) on the positive impact observed, that the use of social media by Small and Medium-sized Enterprises (SMEs) resulted in initiation of customer interest or inquiry on a product or service, better interaction with customers and an increase in business. He further proposed the need to have a social media strategy for using such platforms. The company should understand why they are using the social media platforms.

Two studies highlighted the importance of social media managers and strategists. Ndiege (2019) recommends that ensuring appropriate personnel and social media analytical skills assists in promoting corporate brands and consistently engage with stakeholders. The study proposed the use of built-in social media analytical tools like Twitter and YouTube analytics to track online activity and measure. Data collected assists in developing and updating strategies, creating and monitoring content as well as dealing with crisis situations. Kingori (2024) supports the use of data in managing crisis through development of appropriate strategies.

The study by Kimotho and Nyarang'o (2019) on the West Gate terrorist attack revealed that every reputational crisis event should be handled strategically online. The Ministry of Interior, which was handling the crisis had to use the accuser and denial strategies in order to deal with wild rumours and cyber bullying that was circulating on different social media platforms.

Arising from these findings, organisations should directly counter any negative feedback that is reported on social media platforms to avoid the negative viral effect that arises when this is not done. Organisational leaders should take the lead in dealing with negative publicity or managing a crisis. Further, noting the continued online engagements, this study proposes that every organisation should develop a social media policy to guide online engagements. Data analysis on stakeholder engagement needs to be collated and monitored regularly to inform decisions and mitigate risks that may arise from online engagement.

In conclusion, the findings add to the growing literature on the impact of social media on various facets of corporate reputation. The findings showed that the integral role of stakeholders in the management of corporate reputation; corporate image, brand consistency and social media strategies are necessary for managing corporate reputation. Social media has both positive and negative impacts; an observation that is important for all types of organisations, because it highlights the strategic position that communication plays in determining strategic direction. It is therefore recommended that all organisations should incorporate social media management policies and plans. In line with this, the study recommends that future studies can investigate further on social media strategies for managing corporate reputation during a crisis.

The conclusions drawn were within the scope of Kenyan and there is a possibility that the results may vary if the search included journal articles from other parts of the world. Other than the study on the reputational challenges of Kenya Meat Commission, which recommends engaging social media influencers as brand ambassadors to rebuild KMC’s reputation, there was mention of the role played by influencers in corporate reputation. Consequently, future studies may be done on the role of social media influencers on corporate reputation.

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