

Fake News, Libel and Reputation

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Have you fallen victim to fake news? Should you ignore or deny it? Fake news is not new, but recently received increasing attention as threat to reputation. To understand impact of fake news on reputation, we should start with this question, “who falls for fake news”?.

The Three Theories

Three competing theories are relevant here in determining how media affect public opinion. Firstly, media manipulation of reality is effective when the public do not have knowledge or direct sources to learn from (e.g., war); secondly when the messages are effective when they are related to his interest and consistent with own beliefs (De Fleur 1970, Sherify et al, 1965), or thirdly, when the messages represent the view held by the majority (Noelle-Neumann 1974).

In terms of first theory, when public have little scientific knowledge about the issues involved with the news, perception wins, not the facts!. Here, source credibility is important. Two classic examples include the cases of Shell vs. Brent Spar, and the BSE (known as mad cow disease) cases in the U.K. Both cases deal with perceived risks where fake news overtook facts leading to boycotts, reputation damage and business loss.

Shell, supported by scientists and the UK government, had decided on the sea disposal of the Brent Spar oil storage facility in the north sea because of its minimum level of environmental risk involved, and it was superior to other options. But their plan was scrapped when Greenpeace, an environmental NGO, released an inflated estimate of the amount of oil left on the Brent Spar, and later occupied the platform to physically to stop the disposal. Shell Germany reported 50% loss of sales due to the protests spread over Europe. Similarly in the case of BSE, public did not trust the government research that eating British beef was safe. My own analysis of news content over 10 years over the BSE scandal reveals that the declining British beef sales were not related to the number of confirmed cases of BSE but frequency of media mentioning of BSE and crisis. Both cases became a crisis as public trusted more the media and NGOs than the government.

Under the second theory, if public already have existing belief, the stronger their existing belief is about the subject, the less likely their views will be changed because of the fake news.

Finally the Spiral of Silence theory is very important in the digital era where the minority views are less visible than the majority views. Majority views can be spread quickly using functions

such as 'like', 'follow' 'share', as if it was personal endorsement. Recently a Swiss court convicted a man with 4000\$ fine for 'liking' defamatory posts on Facebook.

When Honesty is Not the Best Policy

Telling truth is perhaps one of the most widely taught lessons from crisis management but honesty is not enough to protect reputation. Despite that Greenpeace admitted the error that their campaign against Shell was based on false fact, over estimating the risk, it was too late to change the view held by public and politicians. Consumer boycotting continued and G7 meeting passed a legislation to a ban on dumping of offshore steel oil rigs. British beef was banned in E.U. for 10 years. Greenpeace later told the media that the scientific fact was never central to their Brant Spar campaign.

Sue or not to Sue

Multinational companies and legislators should pay attention to different libel laws in each country, but socio-cultural factors are even more important in reputation recovery. Under the British law, burden of proof is with the media or information source, whereas under American law it is with the claimant. McDonalds UK sued two activists for distributing libelous leaflet in London. They eventually won the 6 year trial, but lost reputation as the public saw it as David and Goliath fight.

Many governments use the growing fake news as a rationale for increasing censorship. Business leaders and legislators should must deal with the group sentiment created during the process of sharing the fake news, rather than the fake news itself. Weaker brands are more likely hurt by fake news than strong brands with high customer trust.

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