Online Disinformation and the African Firm

Introduction

Online disinformation or “fake news” — false information strategically shared on the internet to cause harm — costs the global economy US$78 billion a year, and increasingly concerns 84 per cent of businesses around the world.¹²³ A false rumour could trigger a run on a bank, a sharp fall in share prices, or loss of interest in a company’s products. Global firms like Starbucks, Coca-Cola and Microsoft have fallen victim to online disinformation.⁴ In Starbucks’ case, a disgruntled individual anonymously posted bogus tweets about the coffee chain giving out free coffee to undocumented immigrants. For Coca-Cola, false news was circulated that one of its bottled water brands was infested with parasites. And in the case of Microsoft, lies were spread that its game console killed someone.

In Africa, many businesses depend on word-of-mouth, and they rely increasingly on social media. For these businesses, fake news can be devastating.⁵ The continent’s dominant youth population is a main target for foreign and local businesses operating on the continent. They access most of their news on the Internet, especially social media.⁶ Internet platforms are an easy and relatively inexpensive means to add comments and criticism that whether true or not, can dominate online conversations. Such information is easy to manipulate to mischievous ends. Thus, online disinformation is becoming a matter of great concern for African businesses.⁷

<table>
<thead>
<tr>
<th>Types of disinformation</th>
<th>Economic costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock market losses and volatility</td>
<td>$39 billion</td>
</tr>
<tr>
<td>Financial misinformation (US)</td>
<td>$17 billion (per year)</td>
</tr>
<tr>
<td>Reputation management</td>
<td>$9.54 billion</td>
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<tr>
<td>Public health misinformation (US)</td>
<td>$9 billion</td>
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<tr>
<td>Online platform safety</td>
<td>$3 billion</td>
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<tr>
<td>Political spend</td>
<td>$400 million</td>
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<tr>
<td>Brand safety</td>
<td>$250 million</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>$78 billion</strong></td>
</tr>
</tbody>
</table>

Source: CHEQ
The terms “online disinformation” and “fake news” appear interchangeable, as both describe a form of “information pollution” or “information disorder.” Politicians appropriated the term “fake news” to describe information with which they disagree. This paper focuses on the more important issue of online disinformation, defined as the purposeful sharing of false information on the Internet with the intent to mislead or cause harm, as opposed to misinformation, which similarly involves sharing information that may be false, but without the intent to mislead or harm.

The early studies of online disinformation link to politics. Russian use began with a “special disinformation office” in 1923. Online disinformation is assumed to have contributed for the victory of American president Donald Trump in the 2016 elections. Many believe that Brexit — the exit of the United Kingdom from the European Union — succeeded due to the use of disinformation. There are reports of foreign attempts to influence African elections via social media.

But disinformation also appears in commercial domains. Businesses are increasingly targets of disinformation, sometimes with devastating consequences. Yet there is relatively little material on this in the literature and media, and even less with respect to African firms. This article aims to fill this gap by addressing the following questions: How do African firms or foreign firms operating on the continent deal with online disinformation? What strategies are most effective in combating corporate fake news in Africa? And what pitfalls should African firms avoid with respect to online disinformation?

The Internet enables fake news - and platforms are best positioned to curb it

Internet platforms make it easy for fake news to spread quickly in unprecedented ways. There are few barriers to overcome, and Internet platforms do far less than they should and could to combat online disinformation. This mainly because of economic benefits, rather than technical difficulties. “Fake news and other forms of information corruption have been perennial features of Google and Facebook’s online environments… [with]…countless examples of disinformation that survived and even thrived because it fulfilled economic imperatives.” According to Stengel (2019), social media platforms “benefit just as much from the sharing of content that is false as content that is true”. Zuboff (2019) asserts social media platforms have the tools to block fake news. The failure of online platforms such as Facebook to diligently self-regulate leads to growing calls for direct regulation by the authorities.

After much resistance, it now appears that big tech would not mind being regulated. Industry leaders have proposed frameworks they believe would be effective (or depending on who you ask, self-serving). In February 2020, Facebook chief executive Mark Zuckerberg called for regulation in four key areas: elections, harmful content, privacy and data portability. It may be smart on his part to pre-empt what is increasingly inevitable. Regulators, especially the European Union, do not find his proposals to be sufficiently far-reaching. In any case, various Internet regulatory regimes are being explored around the world. In the United Kingdom for instance, broadcasting regulator Ofcom has been handed an expanded role as internet watchdog, to predictably, some pushback from big tech firms; albeit it is still trying to figure out how it would do so effectively. A global internet regulatory framework, especially in regard of online disinformation, would probably be required at some point.

Suggestions made about combating online disinformation include state intervention, making social media platforms liable for third-party content, and swamping fake news with the truth. State regulation of social media platforms and making them liable for content on their platforms have yet to produce the desired results. Germany, Italy, Singapore and France are examples of countries that have had limited success in this regard. The third approach, in which social media platforms would push alternative but accurate narratives to dilute the potential influence of identified falsehoods, may be more effective. The “Related Articles” feature on Facebook is an example. Understandably, many have concerns regarding the selection process for “related articles.”

Other on-going initiatives show promise. Facebook entered into a fact-checking partnership with Reuters. However, “contagion is not slowed down by fact-checkers,” Still, the “designers of social media and search engines have the ability to alter the nature of contagion” (Shiller, 2019). And until the
opportunity costs of not governing content outweighs the benefits, purveyors of fake news will probably continue to have a field day.

**African governments are increasingly keen on social media regulation**

Fake news, whether from local or foreign actors, increasingly irritates African governments. Both ruling and opposition politicians increasingly use social media as a local propaganda tool. Some foreign governments openly spread disinformation on the continent. We see evidence that Russia conducted online disinformation campaigns in Cameroon, Libya, Madagascar, Mozambique, South Africa and Sudan.25 While there are no precise estimates of costs for online disinformation in Africa, the continent’s low political resilience is an issue. While the need for control is clear, regulation is fraught with dangers for Africa’s still fragile democracies. Amnesty International recently accused Somalia’s government of monitoring the online activities of vocal local journalists, then reporting them to enforcement units at their respective Internet platforms (Facebook, in one case).26 In February 2020, Ethiopia’s parliament passed a law that prescribes jail time for the author of any Internet post that incites unrest.27 Nigeria is drafting a law to curb Internet misbehaviour. Understandably, many have concerns that these moves would stifle free speech.

| Examples of social media laws and regulations across Africa |
|-----------------|------------------------------------------|
| **Country**   | **Law or proposed bill**                   |
| Nigeria       | Communication Service Tax Bill            |
|               | Protection from Internet Falsehood and Manipulations Bill |
|               | National Commission for the Prohibition of Hate Speeches Bill 2019 |
| Ethiopia      | Computer Crime Proclamation 2016          |
| The Gambia    | Media Services Bill                       |
| Tanzania      | Electronic and Postal Communications Act |
| Uganda        | Excise Duty (Amendment) Act 2018         |
| Kenya         | Kenya Information and Communication (Amendment) Bill 2019 |
| Botswana      | Electronic Records and Evidence Act 2014 |

Source: Author’s research

However, the measures above focus on damage in political, rather than commercial domains. Foreign businesses operating in Africa that seek legal recourse on the back of these laws risk being enmeshed in unpleasant politics. In other words, attempts to repair the injured brand may lead to even greater damage. While media laws may apply in some countries, few African courts are known for quick delivery of justice. Simply put, firms operating in Africa would almost surely have to apply their own means to repair or avoid further damage from online disinformation.

The issue is increasingly top-of-mind for African firms. According to a late 2019 survey by global business intelligence and advisory firm Kroll, two-thirds of businesses in Sub-Saharan Africa (SSA) use brand influencers. The same proportion classify reputational damage due to a third-party relationship as a significantly high risk priority. Sixty per cent view adversarial social media activity as a significantly high risk priority.28 Looking ahead five years, 58 per cent of SSA firms worry about future risks related to market manipulation through fake news.

**Case Studies**

Given the above, how have firms in Africa dealt with online disinformation to date? The following two case studies explore this theme.
South Africa’s MTN and xenophobia-linked fake news and promotions

Established in 1994, MTN is a large mobile telecommunications firm headquartered in Johannesburg, South Africa. It offers voice, data and digital services to over 100 million subscribers in 21 countries across Africa and the Middle East. In early September 2019, MTN closed its outlets in Nigeria following reprisal attacks triggered by reports of xenophobic attacks on Nigerians in South Africa. When the truth finally emerged, it revealed that no Nigerian died in the South African attacks, and some of the videos and images purporting to portray the incidents were false. This shows that a politically motivated online disinformation campaign can end up affecting firms that from the outset had no part in the reported incident.

Later, the Facebook page “MTN Awoof” claimed MTN was giving free data to compensate the purported xenophobic attacks on foreigners by South Africans. Africa Check, which partners with Facebook to curb fake news and false information, confirmed this promotion was false. Africa Check offered evidence supporting that determination: Although the Facebook page looked genuine and portrayed a version of the company’s official logo, some posts used a mix of uppercase and lowercase letters, numbers or special characters in place of letters, and informed customers contact MTN via comments or its inbox on the platform. Some of these false posts are highlighted below,

“In Order to compensate Africans for the XENOPHOBIA attacks by South Africans. We are giving out 100GB worth of Data”

“All you have to do is type ‘MTN CARES’ then use the (SEND MESSAGE) button below and send us a message now”

“MTN is giving out 122GB data to Customers for free. All you have to do to qualify is type MTN AWOOF AND SEND US A MESSAGE”

But MTN did not leave such incidents to fact-checkers. Even prior to the above incident, MTN actively informed customers of fake social media accounts and false posts, and would ask the respective Internet platforms to remove them. Further, MTN sponsored training and capacity-building programmes for media practitioners on how to identify and manage fake news. Fake news, bogus social media accounts, and false product announcements are a recurring problem for MTN.

Collapse of Kenya’s Chase Bank due to social media-fuelled fake news

Defunct Chase Bank, now owned by the Kenyan subsidiary of State Bank of Mauritius, was founded in 1996, with headquarters in Nairobi. In its 2015 financial statements, the last before the Bank was put under receivership by the Central Bank of Kenya in 2016, Chase Bank had total assets of 142 billion shillings, revenue of about 7.5 billion shillings, and more than 1,000 employees. Whatever is left of the hitherto relatively well-regarded bank was taken over by “SBM Kenya” in 2018, after about two years in receivership. How did this state of events come about?

In April 2016, Chase Bank was rumoured via social media to be having financial challenges. While the rumours about the bank’s troubles originally emanated from WhatsApp, a tweet by Twitter influencer Mumbi Seraki proved to be devastating. Seraki tweeted as follows: “After Imperial, CBK focused ON forensic audits and found a similar ALLEGED FRAUD at Chase Bank where close to 15b is missing from the books”. As the event timeline (below) reveals, the bank’s communication team did not act decisively. Acting as if everything was normal, they merely issued a press statement urging the public to ignore the rumours.
<table>
<thead>
<tr>
<th>Date</th>
<th>Event</th>
<th>Chase Bank Response</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sunday, April 3, 2016</td>
<td>Rumours that Chase Bank was in trouble posted in various WhatsApp groups</td>
<td>Business as usual</td>
</tr>
<tr>
<td>Tuesday, April 5, 2016</td>
<td>News on purportedly troubled Chase Bank emerges on Twitter via key online influencer’s account without accompanying proof</td>
<td>Business as usual; issues press statement</td>
</tr>
<tr>
<td>Wednesday, April 6, 2016</td>
<td>Chase bank chairman Zafrullah Khan and CEO Duncan Kabui resign over huge 2015 financial loss and conflicting financial statements</td>
<td></td>
</tr>
<tr>
<td>Thursday, April 7, 2016</td>
<td>Chase Bank put under receivership by Central Bank of Kenya</td>
<td></td>
</tr>
</tbody>
</table>

Source: Nyabola (2019), BBC, The Star

As Nyabola (2018) reported: “The Chase Bank social media accounts were running as normal. Users frantically tagged the bank in Seraki’s [author of original tweet] tweets, urging them to respond. The people managing the bank’s social media urged customers to ignore such rumours: ‘that information is completely false and we urge the public to ignore it’. The bank drafted and issued a press statement asserting that Chase Bank was ‘strong, sound and transparent.” The steps taken by the bank were clearly not enough to douse the tensions. This is because “irate customers, probably feeling unheard as official communication was so slow in coming, took to social media to express their frustration” (Nyabola, 2018). With panic-stricken depositors scrambling to withdraw their funds, the Central Bank of Kenya (CBK) had little choice but to take over the bank two days later. The CBK put the reason for the run on the bank rather succinctly: “Chase Bank Limited experienced liquidity difficulties, following inaccurate social media reports…”

Several preceding and concurrent events made the online rumours more potent than they might otherwise have been. A week earlier, Chase Bank had reported a significant financial loss for 2015. And in reporting its poor 2015 results, the Bank released two conflicting financial statements, and an audit revealing that the bank understated insider loans to staff and directors. To add to public concern, the similarly-sized Imperial Bank went under only a few months earlier. It was a tough climate for the bureaucratic denial tactics by Chase Bank’s communication team.

**Insights from case studies**

Online disinformation may be totally unrelated to a firm, but nonetheless affect it. Even when online disinformation focuses mainly on politics and propaganda, pan-African firms must be alert to potential spill overs across markets, as in the case of South Africa’s MTN. Even in the relatively difficult African environment, proactive and effective response to online disinformation is possible. MTN promptly apprised customers about false news and offers, and reported the fake social media accounts from which the disinformation emanated. The firm reinforced its message that customers could obtain accurate information about its activities from its genuine social media accounts.

In the case of Kenya’s defunct Chase Bank, similar diligence was clearly not employed. The bank’s communication team certainly underestimated the influence and power of social media to wreak havoc on the image of the bank. Though the bank eventually arrived at a more accurate appraisal of the crisis at hand, it came too late. There were a few actions the bank might have taken to stem the tide. It could have refuted with vigour and evidence the claims about the challenges it was facing. Of course, evidence of mismanagement by the bank’s executives and the recent demise of a similarly-sized bank
(following publication on social media of what turned out to be accurate reports of its financial troubles) added fuel to the flames.

In both cases, it is clear that the forceful use of truth to overwhelm fake news could have been an effective strategy. Before social media became such a potent force, the Kenyan bank’s pretence that everything was normal may have worked. Such a denial strategy could once have been effective even in more developed markets. But in an environment where word of mouth carries weight, a firm should not take these kind of chances. Like MTN, the winning tactics are to get in front of the issue, push out the truth, then approach the respective social media platforms as necessary to take down fake accounts and thus protect the good name and brand of your firm.

To put the cases in proper perspective, we adapt the framework by Wardle & Derakhshan (2017) to propose a coherent mechanism for African firms to deal with online disinformation. As shown in the framework depicted below, intervention by a firm is probably most effective at the distribution stage of online disinformation. Of course, the main Internet platforms could easily fact-check content to determine its veracity before posts go viral. As noted earlier, they have the capacity and time to do so. Major platforms such as Facebook partner with Reuters, Africa Check and others to fact-check information distributed on their platforms. However, for economic reasons, they are not incentivised to actively protect their audience and sponsors.

### The Three Phases of Information Disorder

<table>
<thead>
<tr>
<th>Phase</th>
<th>Creation</th>
<th>(Re) Production</th>
<th>Distribution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Description</td>
<td>When the message is created</td>
<td>When the message is turned into a media product</td>
<td>When the product is distributed or made public</td>
</tr>
<tr>
<td>Mitigant(s)</td>
<td>Laws and regulations by governments</td>
<td>Fact-checking by internet platforms</td>
<td>Overwhelming of fake news with truth, related articles, etc. by affected firm(s)</td>
</tr>
</tbody>
</table>

Adapted from Wardle & Derakhshan (2017)

As in the MTN case, a firm could proactively stop fake news in its tracks. A firm may take the easy path: to wait-and-see, rely on internet platforms to bring down false content, or seek the aid of law enforcement agencies to punish fake news purveyors. Unfortunately, the damage to a firm may very well be severe before any of those actors are able to take meaningful action to stem the tide. Regardless, African firms should not wait to be victims of fake news before becoming part of the solution. As the MTN case shows, a firm can sponsor training programmes to reduce the production and dissemination of fake news in the first place. Firms can also participate in public sensitization campaigns to support government efforts to discourage the spread of fake news.

### Conclusion and Recommendations

Online disinformation is costly. This is especially true in Africa, where many businesses rely on word-of-mouth. As this report shows, false rumours triggered a run on a bank. As internet platforms make it easy for fake news to spread quickly in unprecedented ways, they are also positioned to help African firms stem the tide.

More fundamentally, efforts to combat online disinformation could take many forms: state intervention, laws to make social media platforms liable for third-party content, and swamping fake news with the truth. Field experience, as revealed by our case studies, suggests firms would probably record more immediate successes in dealing with the problem through the third option; that is, aggressively refuting falsehood with the truth. Of course, this option may work for every firm, at all times.

In the case of South Africa’s MTN, a trusted brand is more likely to receive the benefit of the doubt in the event of negative news, deliberate or otherwise, thus allowing the firm time to quickly refute any
false reports. While some damage would still be done, costs in the aftermath might be manageable. Conversely, a firm already suffering from negative publicity, as with Kenya’s defunct Chase Bank, may find it harder to recover from an additional onslaught of negative issues via social media.

Firms on the continent are unlikely to succeed in dealing with online disinformation through the use of legal action. As shown by the adapted Wardle & Derakhshan (2017) framework, firms are best-equipped to manage online disinformation at the distribution stage. Ideally, laws against disinformation should be a disincentive to creation of fake news. Considering how law enforcement actually works across the continent, and the fact that information crosses borders much more easily than do legal actions, it seems highly unlikely that laws will effectively deter violators. Nonetheless, firms could help with sensitization campaigns to fight disinformation at this stage. Additionally, firms could sponsor training and capacity-building for media practitioners to ensure they do not inadvertently join in the production of fake news.
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29 https://www.mtn.com/who-we-are/about-us/
40 https://mobile.twitter.com/DrMumbiSeraki/status/717302913568272385
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