FAKE NEWS AND ORGANIZATIONAL STRATEGY

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Purpose: Identification, description, and evaluation of theoretical relations between a new social phenomenon called "fake news" and organizational strategy.

Design/methodology/approach: Narrative review of literature, critical analysis, scientific speculation.

Findings: Typization and comparison of the impact and organizational implications of fake news, and recommendations on how to safeguard the strategic interests of an organization against fake news.

Research limitations/implications: The research is in an initial phase and requires deepening. Fake news is still a poorly recognized phenomenon, which is why there is visible potential for bias and simplification in the authors' considerations.

Practical implications: Preliminary set of actions that can be undertaken in organization against fake news.

Originality/value: Study results relate to issues not yet recognized in management scientific literature. The article is a scientific attempt of preliminary identification, description, analysis, and processual and structural ordering of the potential consequences of fake news for organizational strategy. The article establishes an initial framework for further research and managerial defence against the phenomenon of fake news.

Keywords: fake news, organizational strategy, new technologies.

Category of the paper: Research paper.

1. Introduction

Lying, along with deception and slander, has always been present in interpersonal relations, and its use has been associated with social restrictions (e.g. the Code of Hammurabi, dated back to about 18th century BCE). In contemporary times, the principle of merchant honesty is treated as the foundation of commercial law (Kopaczynska-Piececkiak, 2016). However, such a normative approach does not mean that the temptation to lie has been removed from social life. Lying and its variations remain a relevant and growing problem (Keyes, 2004) and in the
world of multimedia and digital information a lie has acquired new attributes that should be identified and analysed if we consider lying wrong (Kopp, Korb, & Mills, 2018). The very definition of what constitutes a lie is not easy. The results of research on lying are not conclusively convincing and research methodology is demanding (Surmiak, 2015). In the digitized world, the issue concerning lying in business is even more complicated.

The rationale behind the decision to explore the subject was the observation that there is already an extensive literature on fake news and a variety of studies have been conducted on the issue, but it is still under-researched in the field of management studies (Knight, & Tsoukas, 2019). Even the most recent publications do not provide insights into the extent to which fake news affects management and how managers can/should respond to it. In this study, the authors attempt to systematize the issues relating to the impact fake news has on organizational strategy and, in conclusion, they propose what actions organizations may take. The article regards fake news as a special type of lying, which results from the way fake news is defined in literature. In the world, research on fake news is only in the initial phase. This article is therefore introductory in nature and its conclusions are more an invitation to discussion than a fully-fledged theoretical concept or a set of research assumptions.

The composition of the study comprises the considerations of definition-related issues, the attempt at the typization and comparison of the impact and organizational implications of fake news, and recommendations on how to safeguard the strategic interests of an organization against fake news. Finally, the authors close with critical comments to the article, recognize the limitations of their analysis and indicate further research directions.

2. Fake news as a special type of lie

Theory links lying with awareness, intentionality, and the desire to deceive (Surmiak, 2015, p. 56). Lying is the most general form of a variety of behaviours that originate from it. These are:

- deception that causes material or financial loss to a person lied to (Kodeks karny, art. 286, 1997),
- slander, especially public defamation, that causes social damage (Oszczerstwo, 2018).

Gossip, both as a kind of lie and as a tool for its spreading, is different from deception and defamation through its intent (gossiping can be a pleasant activity for people involved, it can hide their fear, insecurity, conceit), it harms the person being gossiped about, although its negative character is not as critically viewed as the impact of slander and its credibility is low (the source is a person who spreads gossips and the form of communication and its context are intuitively or even intellectually perceptible). Gossip is more extensively researched than lying (Thiele-Dohrmann, 1980), (Szymańska, 2006).
In a situation of direct contact between the liar and the target we can look for many indicators that identify this relationship (Hartley, & Karinch, 2007). When communication is mediated using physical objects (text, phone, computer, etc.) or through the media, the identification and assessment of a situation becomes more complex. This applies to fake news. The scientific definition of fake news has not yet been determined. The English Wikipedia associates this form of communication with yellow journalism, propaganda, disinformation, falsification, unethical, post-truth (facts matter less than emotions and beliefs) practices, with the intent to cause damage, on a mass scale, as well as financial, political, material and social benefits for some, while losses for others (Wikipedia, n.d.). E. Hunt argues that fake news is designed and created to deceive the recipient, and its goal is to maximize traffic and profit (Hunt, 2016). Indeed, information technologies allow for cheap and fast generation of fake news, while the Internet enables quick monetization. The production and distribution of fake news can therefore be treated as a business model where each click can be linked to an advertisement and become a source of income. Fake news can also be seen as an element of propaganda and manipulation, which, unlike immediate profit oriented distribution, is designed to create impact (Gu, Kropotov, & Yarochkin, 2017). In turn, C. Kopp, K. Korb and B. Mills, based on the review of literature, highlight certain characteristics of fake news, such as (Kopp et al., 2018):

- fake news is an accepted label for the empirically observed problem involving the mass distribution of dishonest or fabricated content,
- some researchers (they quote C. Wardle (Wardle, 2017)) perceive fake news as an unhelpful term, because it combines the idea of wrong (untrue) information with the idea of disinformation,
- it is difficult to use fake news successfully because, as D. Li and J. Cruz argue, the answer to the question where and when to launch deception is not known (Li, & Cruz, 2009),
- it can bring benefits and losses in many dimensions,
- it is primarily related to the degradation (the active or passive concealment of deception in the noise of other information) and corruption of genuine information to such an extent that the difference between truth and falsehood cannot be distinguished, and, less frequently, it is linked with subversion, i.e. a change in a victim’s processing algorithm to the one more beneficial for a deceiver,
- multi-channel influence,
- the “flooding”, saturation of victims with information to such an extent that they cannot cope with its accurate perception and interpretation,
- increasing Internet traffic,
- fake news involves interaction where action and reaction mutually condition each other in a dynamic and continuous way.
M. Sadiku, T. Eze and S. Musa, in turn, emphasize that the fabrication of fake news must create the illusion of novelty and is based on the hope that the speed of spreading false information is greater than the speed of spreading real information (Sadiku, Eze, & Musa, 2018). This expectation was confirmed by the studies showing that fake news spreads much faster than real information among young recipients. The analysis carried out on 126,000 messages and 3 million Twitter users showed that true information spreads more slowly and reaches fewer recipients than false information. Even the most popular real news rarely exceeded 1,000 recipients, while the top 1% of fake news reached the range of 1,000-100,000 recipients. Fake news reached the number of 1,500 recipients an average of 6 times as fast as true information and it was 70% more likely to be retweeted than the truth (Vosoughi, Roy, & Aral, 2018).

The interesting relationship between fake news and facts is identified by J. Weedon, W. Nuland and A. Stamos. Deliberately fabricated pieces of information are convoluted, presented as fragments of opinion, parody and sarcasm, rumours, memes, and other online deception, and posted along other parts of real news (Weedon, Nuland, & Stamos, 2017). Fake news creators use the universal and natural human tendency to find and accept the information that confirms a recipient’s viewpoint and to ignore, forget and misinterpret the information in conflict with these views. This tendency is additionally reinforced by the Dunning-Kruger effect, which means that people of low ability in some area of life tend to overestimate their ability in this area, while people of high ability usually underestimate themselves (Humphrey, 2017). This facilitates manipulation and promotes the dissemination of fake news by people who wrongly see themselves as specialists and experts in a given field.

M. Ribeiro and P. Ortellado ask two questions a positive answer to which extends the designation of fake news (Ribeiro, & Ortellado, 2018, p.71):

1. should the concept of fake news refer only to the content of news proven false, or may it also comprise exaggeration, failure to inform, information without context, and speculation?
2. should the concept embrace only false content created deliberately, and may it also cover error?

They also propose that, instead of “fake news sites”, we should pay more attention to “hyper-partisan media”, which are characterized by extreme bias, sharp polarization and severe ideological divisions.

However, discussion on fake news has already started and it will probably intensify (Al-Rawi, Groshek, & Zhang, 2019). The review of theoretical approaches leads to the conclusion that despite its short history (since the 2016 US presidential elections), fake news reflects certain new social phenomena that are not only the manifestation of borderless democracy in its unethical form, but also new ways of affecting the interests of individuals and organization. The term, though not specified, maps certain social phenomena that may grow and require new knowledge. This knowledge should be available to anyone interested, not just
specialists, because digitization and multimedia concern wider population, not only the elites of professionals. Today, fake news originates from ill-meant intentions and deliberate lying, while its perpetrators go to great lengths to spread it on the largest possible scale in order to advance their own interest. They use social engineering and manipulation techniques, but they also take advantage of opportunities created by information technologies and the resultant behaviours of information society. In conventional lying or deception, the perpetrator avoided publicity, did not advertise their “achievements”, because this would undermine their chances for more success in the future – they concealed their skills. “Fake news makers”, on the other hand, aim to disseminate their “product” on a mass scale (Subedar, 2018) and the methodology behind such a lie-deception can be detected not only by professionals. Professionals do have an advantage over other users, but even an average recipient of information can identify the mechanics of the process and assess the effects if they wish so. The deceiver tries to conceal their identity and often remains undetected. A fake news source can, however, be identified precisely (e.g. the title of a magazine, a publication, an IP, etc.). The speed of dissemination facilitates the concealment of a perpetrator, but it does not change the nature of such a lie. Even if fake news does not attempt to mask its falsehood and is an obvious lie, it has an impact on a recipient’s subconsciousness, whose projections affect the subsequent reception of real information. Thus, the long-term goal of fake news may be to develop a recipient’s negative or reluctant attitude to a person or a group, an institution, etc., while, additionally, its witty or humorous form may help disguise the actual goal even more effectively.

Fake news is gradable in a variety of aspects. Its place in the two-dimensional space of compliance with facts and intent is presented in Figure 1. This representation should be of interest to managers, because it shows the complexity of managerial decision-making conditions in the world of multitude of communications/information. A simple simulation reveals that not only fake news raises concerns about the emergence of negative implications. Despite noble intentions, the protection of secrets has always been and remains a source of ethical problems (Ślipko, 1967).

Figure 1. Fake news on the information evaluation matrix.
The issues mentioned earlier, for example difficulties in distinguishing error from lying, research on lying, opposition to post-truth society, various forms of fake news and its uncontrolled spreading, and transformation of effects, cause that organizations should become more aware of the old practice of lying, which, however, is relabelled and performed in novel ways in a variety of fields. Multiplied by the Internet and multimedia as well as IT, the possibility of creating and spreading lies and the resultant profits have significantly changed the nature of behaviours departing from the truth. They have become more potent, volatile, and beneficial, while their effects are far more unpredictable. Confronted with fake news, conventional wisdom, expressed in sayings such as “the truth will always come to light”, “a lie has no legs, “there’s a grain of truth in every lie”, “a lie has speed, but truth has endurance”, “the worst truth is better than the most beautiful lie”, is merely a manifestation of the longing for naivety. However, naivety is hardly a good foundation for organizational decisions.

The impact that fake news has on people seems to be simple (Figure 2).

Figure 2. Fake news impact scheme.

The apparent simplicity results from the fact that surrounding conditions are not included, e.g. the position of a person in the network of contacts (similar to the idea of a two-step flow of communication and diffusion through leaders (Katz, 1957)). The surrounding conditions comprise the power of political pressure (e.g. the fight against ruthless dictatorship justifies belief in falsehood), culture, tradition, religion, ideology, strength of relations, and other variables describing all levels of social, economic, legal, technical and cultural life and in all possible combinations. Simplicity is also reduced by the time and technical buffer. A bot-to-bot lie will work differently than a lie that ends up at a target’s mobile phone. The characteristics of a target of a lie are also important. For example, an inclination to share humorous posts may lead to a greater social impact of fake news than restraint in this respect. The linear model is seemingly simple, but the more details are included the more complex it gets, creating a multitude of subtle forms.
3. **Examples and types of fake news**

The identification of fake news needs to embrace not only its general definition, but also take into account its diversity. In literature, there is a proposal to classify fake news based not on inconclusive similarities, but by differences, which form a more coherent picture. Accordingly, fake news is divided into: clickbait, propaganda, commentary/opinion, and humour/satire, while based on the awareness of lying – misinformation (error) and disinformation (Campan, Cuzzocrea, & Truta, 2017). Due to scale and gravity, false information is in turn divided into serious fabrications, large scale deception, humorous hoaxes – each with a different intention (Conroy, Rubin, & Chen, 2015). Researchers point out that a humour-related component makes it easier for people to agree to pass on information without verifying it (Chen, Sin, Theng, & Lee, 2015). Clicking the “forward” key does not cost anything, while at the same time it carries a sense of lack of responsibility for the forwarded content according to the assumptions “everybody can see it is a joke” and “it’s obvious I could not have said it”. In terms of form, the most popular fake news is text supplemented with photos, similar to network information. Multimedia-based fake news is much more dangerous than text-based one – it contains photographic and video material and works on the assumption that “seeing is believing”. The production and distribution of such materials is referred to as deepfake. Nowadays, using AI based software and tools, even an amateur can produce virtually any image or film. Furthermore, it is possible – although extremely unethical – to use likenesses of other people (living and late) for the production of such materials (Floridi, 2018; Chesney, & Citron, 2018; Kopciuch, 2018).

One of the best known examples of using fake news in business is the so-called “Macedonian Fake-News Complex”, which originated from false reports about Trump’s election campaign (Subramanian, 2017). Profiting from untruth is not unusual in business. It should be sufficient to mention the scandals affecting the rating agencies prior to the 2008 crisis. In the Macedonian case, however, fake news was supposed to be a product, while its core business was founded on its features and unethical entrepreneurship. The international environment is an important strategic variable for an organization. The dissemination of fake news might have also taken place in connection with the Brexit referendum (Howard, & Kollanyi, 2016; Christov, 2018).

Fake news in marketing may, for example, involve giving false information about a product’s price as lower than in reality or a product’s non-existent features, which generates excessive expectations and when the product is launched, its actual price and characteristics cause that consumers feel disappointment and are reluctant to make a purchase.

The competences of an average person to identify fake news are the area that needs to be researched. The first experiments with teenagers (so praised for being the multimedia generation) led to virtually tragic results. Only 11 percent of the respondents in the USA and as
little as 7 percent in the Netherlands were able to detect the falseness of an attractive website (Loos, Ivan, & Leu, 2018). Another study conducted by the IPSOS Institute among Singapore’s residents showed that most of them (80%) are convinced of their own ability to identify fake news (this conviction strengthens with education and weakens with age), while the tests showed that as many as 90% of them mistakenly identified at least one out of five false headlines as true. In addition, it turned out that people who considered themselves to be constantly connected achieved worse results in identifying fake news (54%) than those who did not think of themselves in this way (66%) (IPSOS, 2018).

The above examples of how fake news is used clearly reflect the scale of potential threats that this modern form of lying poses to organizations. This leads to the conclusion that management should be made aware of the need to develop strategic sensitivity to fake news attacks. On the other hand, unethical organizations can also use fake news to enhance their position, but this ultimately undermines social trust and civilization values (see the Macedonian example). Therefore it will not be included in further considerations. Based on these findings, fake news can be analysed in terms of the possibility of managerial control and intervention (Figure 3).

![Figure 3. Types of fake news from a management perspective.](image)

A fake news attack can potentially affect all spheres of management and organizational components. It is global and/or focused, external and/or internal. A global and external attack occurs in the social environment and a lie has an impact on the behaviour of stakeholders. Fake news can change determinants (of political, social, and even technical nature) of an organization’s operations. A focused attack can target a brand, customer trust and even the well-being of an individual employee. The scale of invasion may seem insignificant at first, but it may follow a trend similar to a corruption virus (Bertilsson, Forsberg, & Severinsson, 2015). The potential impact scheme is shown in Figure 4.
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Figure 4. A potential fake news impact scheme.

The diagram in Figure 4 presents only essential elements. There may be more parts of organizations, interconnected in complex ways, that are not represented in the diagram. Neither does it account for the characteristics of the source, fake news itself, the target, or the dynamics of the occurrence. The focus is on three basic propositions:

- two kinds of impact: direct and indirect (through intervening in the system) impact on a person,
- multiple orientation: the environment, the border zone between the environment and the organization, the inside of the organization,
- realization in people’s mind and behaviour.

Despite this simplification, the space of potential influence indicates that the possible impact may have, or rather definitely has, a strategic character, as it concerns all significant components of the organization and its environmental determinants.

4. Proposed safeguards of an organization’s strategic position

Fighting fake news is difficult. While the production of false information is simple, fast and cheap, their automatic detection, which could realistically help reduce its impact, is a difficult task. Research on algorithms that can distinguish between real and false information is underway, but it is still at the initial stage. The basic difficulty in their development is the fact that even most people are unable to distinguish well-made false information from real information without conducting exhaustive verification (Pérez-Rosas, Kleinberg, Lefevre, & Mihalcea, 2017; Kumar, & Shah, 2018). Social network providers, such as Facebook, Google, YouTube, or Amazon, formally implement policies that aim to protect content from fake news and restrict access to openly fake-news portals by deleting accounts and content that violate the standards of a given community, reducing fake news dissemination and providing users with more metadata on the information provided (see e.g. (Facebook, 2018)). In terms of
technology and rules of logic, fighting fake news is difficult because it is much harder (and sometimes even impossible) to prove that “something is not” than to prove that “something is” (the law of excluded middle). Fortunately, in the case of deepfake, the most persuasive form of fake news, it turned out that fake videos and photos are much easier to be subjected to automatic detection than text. Capturing the essential details on which the machine can focus is sufficient to identify false material with high probability after analysing only several frames (Li, & Lyu, 2018; Afchar, Nozick, Yamagishi, & Echizen, 2018). However, this is not the most significant problem. As already mentioned, the correction of false information and the promotion of truth are much more difficult, costly and slower than spreading lies.

Various organizations may suffer strategic consequences of the existence of and growth in fake news. Potential management intervention can be divided into two groups. One involves prevention. This area requires extensive action. The start is education and raising the awareness of fake news mechanisms. Then, it is necessary to build systems that warn against attacks or protect against yielding to the tendency to disseminate a lie. This area can be considered passive and preventive.

The other group consists of pro-active tasks, intervening in the situation, and defensive tasks – reactive in nature. In their study on brand management, P. Berthon, E. Treen and L. Pitt identified the need to implement the following solutions (Berthon, Treen, & Pitt, 2018, pp. 20-22):

- technical solutions, which involve tackling such problems as the appearance of information about an organization alongside false information, pairings of advertising and false content, removing false information from websites, algorithmic screenings to identify falsehood,
- systemic solutions, which involve changing the way of informing about an organization, changing stakeholder behaviour, creating the culture of truth.

Based on the specific considerations of the above authors, guidelines of more general nature can be proposed. Organizations should:

- stay in touch with stakeholders, invite interaction, encourage the creation of organization and management methods,
- cooperate with people identifying fake news,
- build the culture of truth,
- avoid focusing only on illusion and symbols of success, but create the real foundation of success (a product or a service must aspire to excellence),
- build trust in organizational information,
- teach a process-oriented approach instead of a fragmentary or self-serving one,
- design all relationships and interactions carefully, focus on specific aspects, while reducing the importance of others,
- think about what the communication implies and subject it to multilateral analysis,
– identify the context and its significance for the relationship,
– pay attention to information perception mechanisms.

Intervention and prevention require action in a variety of areas, hence they must be incorporated into the general plan of an organization. This is a simple translation into strategy and new requirements for strategic management. Another problem is whether the solution should be part of one functional strategy (e.g. a security strategy), or whether it should cut across different functional strategies. It seems that this particular dilemma may be solved later, to be precise, after the management and employees recognize the importance of fake news to organizational and personal interests. The assessment of the fake news threat will provide information on the scale of the resources involved and modes of operation adopted. The initial stage involves raising the awareness that there is a new way of disseminating lies, as once people developed awareness of computer virus related threats. Today, anti-virus protection is important to organizations. Similarly, the defence against the invasion of fake news into the minds of employees will also grow in significance. There are so many incentives for fake news makers that the commandment “You shall not bear false witness” will not suffice to deter them. Professional strategic action is essential.

5. Conclusion

Lying, deception and falsehood have always accompanied interpersonal relations. In traditional society, however, their impact was much smaller than at the time of the Second World War propaganda, and even more so in the era of their global reach in the world of multimedia. The study aimed to systematize the issues concerning the definition of fake news and identify its implications for an organization. Literature does not propose the conclusive definition of fake news, especially that its meaning has taken on new dimensions in the wake of the 2016 US presidential campaign. Additionally, the inclusion of error into fake news also causes serious research problems. They can be solved when fake news is treated as a category in research on lying and its forms. This research direction should be pursued in future studies if the identification of fake news as a social phenomenon and its more complete characteristics are to be useful both in terms of science and practice. Studies must relate to the subject that is clearly defined. Fake news has many shades, hence the effort to systematize and generalize its characteristic features is essential. This study is an attempt at initiating relevant discussion. However, even only this preliminary review revealed that fake news is important for management and its scale may indicate strategic importance. In the future, it is also necessary to integrate the knowledge from different fields, such as IT, computer science, psychology, sociology, media studies, culture, pedagogy, andragogy, morality, ethics, religious studies and many others. A possible common denominator bringing together professionals from different
fields is large-scale lying. A variety of its dimensions is only outlined in this study. There is a need for more in-depth cooperation between specialists in various fields. Fake news has only recently emerged, but it is already identified as socially relevant. From the perspective of management sciences, its growth may be a serious strategic challenge for the entire community of organizations. Today, recommendations, procedures or training concepts in this area are absent. The task to develop them, therefore, is the task at hand for the near future. The presented study is the invitation to this discussion.

References