The Impact of Hoaxes to the Business of Information Technology Companies in Indonesia

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Abstract

The purpose of this research is to investigate whether the impact of hoaxes to an institution is as significant as those to an individual. Besides that, it also to find the impact of the hoax spreading to Indonesian people, especially viewed from the business perspective. The hoax issue investigated in this research is more related to the political ones, but it was viewed from the business perspective, especially business-to-business (B2B). This was a gap in the body of literature that the researchers have found. For this research, researcher utilized mixed methods The first is descriptive qualitative with case study approach where researcher conducted an in-depth interview to several informants, such as business owners and marketing officers from several companies that experienced the effect of hoaxes. The second is quantitative research method with secondary data gathered from the internet. The data analysis showed that hoax issues that hit an institution or company did not have a significant effect compared to those that hit an individual such as a public figure. The researches deliberately chose this hoax topic because it has been popular recently and also the researchers believed that the research using business point of view has not been widely done. Most of the research done today is hoaxes research from political perspective.

Keywords: hoax; hate speech; social media; information technology

Introduction

Communication is a part of our daily life. In the beginning, public communication is more one way in nature, means that people can only enjoy content that is served by the media. With the rapid advancement of technology, many people in the world, including in Indonesia are greatly affected by the sophistication of technology where people can quickly, easily access information and interact with the media server. In 2017, Indonesia has the biggest internet users' growth in the world. Facebook is the most popular social media platform in Indonesia, next follows Instagram and Youtube. Based on these facts, the researchers view that Indonesia is one of the countries to be the target of hoax spreading. Hoaxes themselves has become a national phenomenon since the process of Jakarta gubernatorial election in 2012, followed by the presidential election in 2014, and the latest Jakarta gubernatorial election in 2017.

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The data from October 2016 show that, from the content perspective, the most spread-out hoaxes are about tribe, race, religion, group, provocation, and hate speech. Up to now, according to the data gathered by the Ministry of Communication and Information, more than 800.000 sites in Indonesia were indicated to spread hoaxes and hate speech (BeritasatuTV, 2016). Historically, hoaxes were considered to first appear in 1808 and became an English term that appear since the industrial era. The word hoax itself has a meaning of words, information or fake news or lies. A hoax is usually intended to create a public opinion, lead, create perception, or just to have fun. A hoax itself can spread fast because of the bubble phenomena in social media usage (Walsh in Liputan6, 2017).

As is known, hoaxes with political content targeting certain ethnic groups, races, religions, and group have grown rapidly in Indonesia. The impact caused by hoaxes can be direct or indirect. Hoaxes will result in direct impacts if they are pointed to certain individuals. On the other hand, hoaxes with indirect impact usually pointed to an institution. An example of hoaxes with indirect impact is the news of PT. Nippon Indosari Corpindo (Sari Roti) that was reported to support the peaceful demonstration by a number of Muslim organizations. Another is the hoax about Lippo Group that is accused of applying indecent ways to obtain wealth and successes. In both cases, the hoaxes did not have a significant impact towards their business because until now their business still runs as usual, despite its spread in social media. However, hoaxes with direct impact can be seen during the Jakarta gubernatorial election in 2017, where they caused a great sentiment in society against Basuki Tjahaja Purnama (Ahok) who was accused of and sentenced to two years in prison for religion blasphemy.

Based on the impact resulted by the spread of hoaxes, the researchers have hypothesized that hoaxes to attack on an individual, especially a public figure are easier to create impacts compared to those to attack an institution or a business. In the case of Ahok's blasphemy charge, although he tried to clarify by apologizing to the Muslims, in the end he was still punished, making it quite different with the case of the companies like Sari Roti and Lippo Group that handled the hoaxes by only providing clarification without having to put great effort on public relation (PR). Another side of the issue, if related to business in Indonesia especially in business-to-business (B2B) in information technology (IT) industry, the Ahok case has a significant domino effect, where business owners are waiting to see what business climate will be in the next 5 years with the change of leadership in Jakarta, especially in terms of the local regulation that will be applied, but the researcher will not focus on this matter. In Sari Roti and Lippo Group case, the researchers saw no lasting direct effect, despite the short-term decline of their stock price a certain period. However, this did not cause their business to shutdown in Indonesia. Nevertheless, although there is no direct effect for them, the researchers assume sooner or later they will experience the domino effect.

Hoaxes in Indonesia

Recently fake news or hoaxes has spread virally in the cyberspace, not only in Indonesia but also throughout the world. In Indonesia itself, hoaxes have spread virally since 2012 in the process Jakarta gubernatorial election and grow radically to the last 2017 Jakarta gubernatorial election. Until now with the advancement of technology that is easily accessible anywhere and anytime, makes Indonesian people can easily spread information. This can be seen from internet user behaviour research that 97.5% of Indonesian likes to share information. Hoaxes that contains hate speech and ethnicity, religion, race, and inter-group relations related is easily growing in Indonesia. Besides that Indonesia has the fourth largest Facebook users in the world ("We are Social." 2017), another reason why hoax spreading has

grown big in Indonesia is because the reading interest or literacy of Indonesian people is very low. This is supported by the research done by Central Connecticut State University in last March 2016. In this research, Indonesia falls in 60th position in terms of literacy out of the 61 countries that is researched. (webcapp.cssu.edu, 2016). Another example of a hoax news circulating in Indonesia are more often about public figure, In addition to the case of Ahok, lately there are some hoaxes, addressed to the President of RI BP. Joko Widodo, such as : the issue of anti muslim, pro communists and pro-China. Regarding the issue of anti muslim since just Perppu Ormas. Another case with the issue of pro China, once there is news about a hoax 10 million Chinese foreign labor will go to Indonesia, whereas in fact the target of Chinese tourist. Linked with the issue of pro China, then it appears the hoax issue also mentions that Jokowi pro Communist with producing hammer and sickle image. (Tempo.co, 2017).

Hoaxes in business

Until now, the researchers have not found any research the impact of hoaxes from the business perspective. The researchers, however, found many seen from the political perspective. The example of hoaxes spreading in Indonesia was the viral news about the chip on Samsung's phone battery that was suspected to steal data from the Samsung's phone users as seen in Youtube in 2015 (Adhi, 2015). After the hoaxes spread, there was news to counter this hoax. One of the news produced by Merdeka.com that stated that this chip was not an antenna used to steal Samsung user data, but a chip for Near Field Communication (NFC). NFC itself is a technology that enables smartphone to communicate with other smartphone or gadgets simply by drawing them closer. This technology has become popular because it is used by Apple for their Apple Pay feature in iPhone 6 (Biantoro, 2015). There is also news from Tabloidpulsa.co.id that explains that it was not true that Samsung's battery was filled with chip that stole users' data (Tabloidpulsa.co.id, 2015).

Lately there was news Lippo Group of Indonesia used dirty strategies to grow its business. This news was viral in social media such as Facebook, Twitter, and text/voice service Whatsapp. Until now, it is still not clear who created and spread the content of the news and whether there was some truth in it. Lippo Group themselves has officially denied the truth of the news spreading in social media, as quoted from Beritasatu.com. In a written statement by Theo Sambuaga as the president of Lippo group, he stated that the news spreading in social media was fictitious and irresponsible and falsified facts. Sambuaga also warned that readers should be careful in reading this kind of news (Beritasatu.com, 2017).

Given the background, this research attempted to investigate whether hoax issue targeting an individual resulted in more significant impact between than that targeting institutions or companies. In addition, this paper aimed to give insights to business owners to realize the importance of the rapid spread of information and to analyse whether the information is a hoaxes or not. In the future, this paper is expected to be used as consideration for business owners operating in Indonesia in implementing their business strategy to face the spreading hoaxes.

Literature Review

Every company or business cannot escape from problems or crisis. An issue growing towards an information that capable of forming a public opinion, in the end can drop the image of a

company. Based on that, a company should run an issue management so that ongoing crisis can be resolved immediately. With the advancement of technology, a public relations officer must be able to quickly take strategic steps in dealing with the negative issues developing. This is clearly an interesting challenge for a public relations officer.

Falkenheimer and Heidi (2010) explained that crises are social, political and cultural phenomena that originate in a great number of interacting causes and events, which trough their complexity cannot be predicted. Based on that statement, the researcher sees that the statement in line with the hoaxes issues that is spreading in business. Ulmer et al. (2007) instead grouped crises divided by intentional acts of individuals and unintentional, unforeseeable events. Intentional crisis includes terrorism, sabotage, workplace violence, poor employee relationships, hostile takeover, and unethical leadership. The unintentional crisis category includes natural disasters, disease outbreaks, unforeseeable technical interactions, product failure, and downturns in the economy.

In conveying a message, a PR officer should consider the law aspect to avoid possibility of a law suit towards an institution. Besides that, media or communication channel needs to be considered, because it will affect the message that is delivered to be effective or not. Currently the easiest channel to spread hoaxes issue is through social media, as well as in clarifying it, a PR officer can now quickly and easily conduct clarification.

According to Commbs (in Putra, 1999, pp. 101-102), to respond to a crisis, an organization can take the following these five steps:

a.   Nonexistence strategies. In this step, an institution does not face a crisis, but needs to address serious rumours or problems. In this strategy, the message can be in form of denial, clarification, attack and intimidation.

b.   Distance strategies. An institution admits crisis and try to weaken the relationship between it and the crisis happened. The two stage done is by excuse and justification.

c.   Ingratiation strategies. In this stage and institution will ask public support with bolstering, which is reminding the public on positive things done, transcendence, which is placing crisis in a bigger context and praising others, which is saying the good things done by the public.

d.   Mortification strategies. An institution or organization apologize and accept the fact that a crisis is truly happening. Usually there are three things done: remediation, repentance and ratification.

e.   Suffering strategies. Institution shows that it is suffering as well as becomes the victims in hope to get public sympathy.

Methods

A mixed-method approach, a combination of qualitative and quantitative research methods, was selected in order to provide a complimentary picture of the subject. The quantitative data collection permitted a general impression of the impact of Hoax for B2B IT companies in Indonesia. The qualitative data allowed access to the perspectives and standpoints of practitioners working in research area. In additionally, the qualitative method used to get deeper insight into the work reality of business owner and marketing & sales practitioners.

Qualitative

The qualitative paradigm seeks to understand human behaviour from the participant's own frame of reference and to create a "whole picture" rather than show single elements of it (Collis & Hussey, 2003; Piele, Rubin, & Rubin, 2005; Reinard, 2001). Therefore, this research used in-depth interview with few informants who experienced the hoaxes, especially business owners in IT software such as the president director of PT. Adicipta Inovasi Teknologi (AdIns), head of presales and marketing of B2B IT & Mobile in PT. Samsung Electronics Indonesia, the sales director of PT. Realta Chakradarma and marketing communication of Microsoft Indonesia. The interviews consisted of open and closed questions. At the first time, interview asked the introducing questions to gain background information, such as "Do hoaxes impact into your business? Why or Why not?" Interviews were conducted face-to-face and were recorded with a recording device, afterwards transcribed, and summarize that recording.

Quantitative

In using the quantitative method, the researchers started with collecting the data to determine whether empirical evidence to support the research assumption existed. In this research, the researchers utilized the secondary data, such as data about the internet users in Indonesia, data about what is the most popular social media in Indonesia, and other information related to the spreading of hoaxes in Indonesia during the Jakarta gubernatorial election. Utilizing this data, the researchers believed the research would have much more comprehensive data for stronger research conclusion.

Result and Discussion

One of the most interesting facts that researchers found, based on data in 2017, is that Indonesia has the biggest internet users' growth in the world with 51% (wearesocial.com, 2017). Indonesia right now is in fourth position in Facebook's top countries, the first one is United Stated, follow India and Brazil (wearesocial.com, 2017). Jakarta is in the third position of using the Facebook after Bangkok and Dhaka. In addition, the data showed that the most popular social media used in Indonesia is Facebook, followed by Instagram and Youtube. Another survey from APJII in 2016, about the behaviour of Indonesia people, stated that 97.5% likes to share information. As a result, Indonesia has become one of targeted countries in hoax spreading.

Figure 1 Growth in internet users
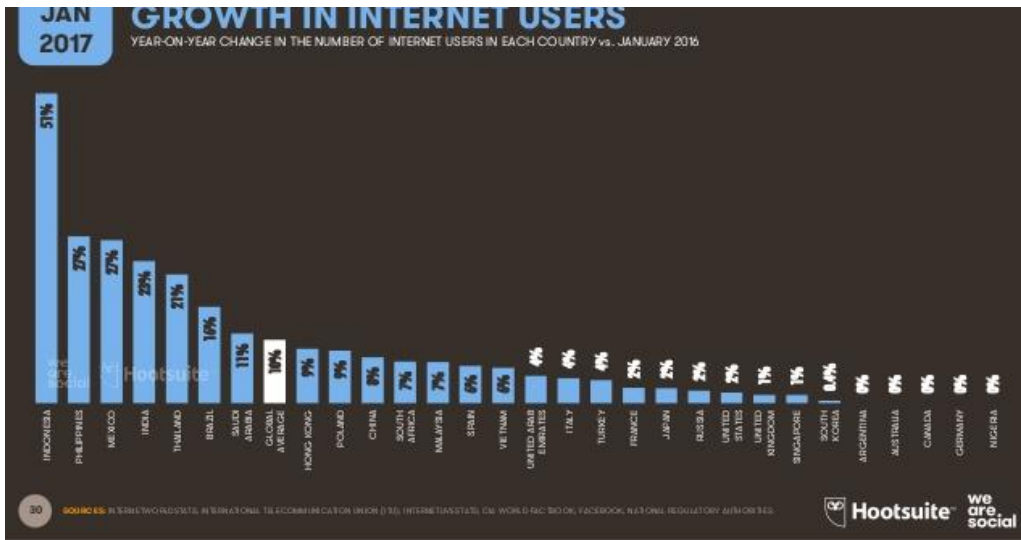

Source: wearesocial.com

Figure 2. Facebook's top countries & cities
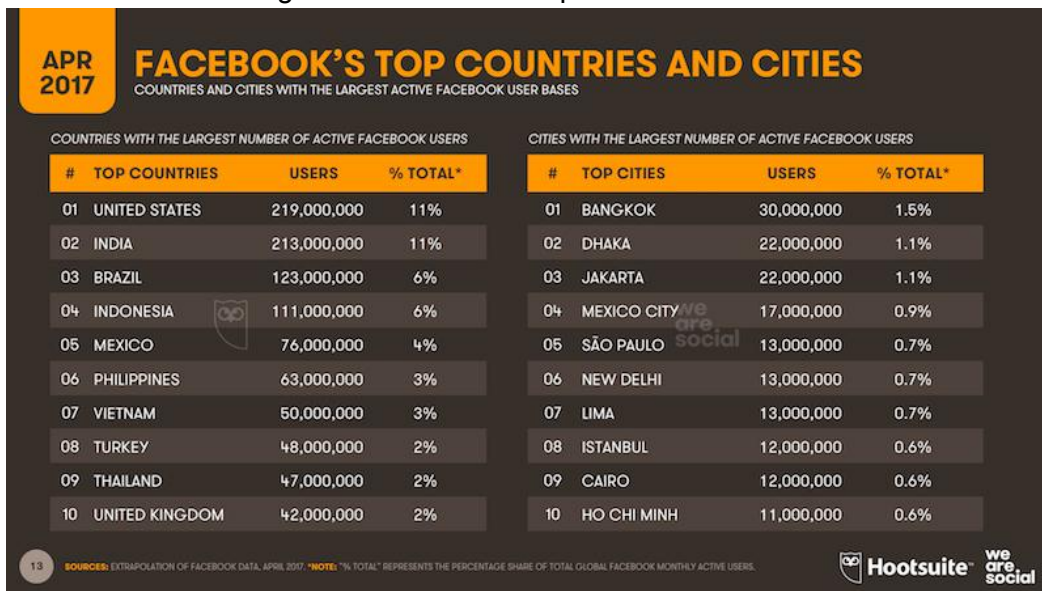
Source: wearesocial.com

Based on data from statista.com in 2017 it is estimated in year 2022, the number of social media users in Indonesia will increase to 125.38 million people. This in an increase from year 2017 where the number is 96.09 million people. The growing children from generation Z that is born in the digital era makes social media users in Indonesia increases rapidly. Meanwhile for the country with the most social media users is China, followed by India and United States. Indonesia is the 4th country with the most social media users in the world.

Figure 3. Number of social network users in selected countries in 2017 and 2022
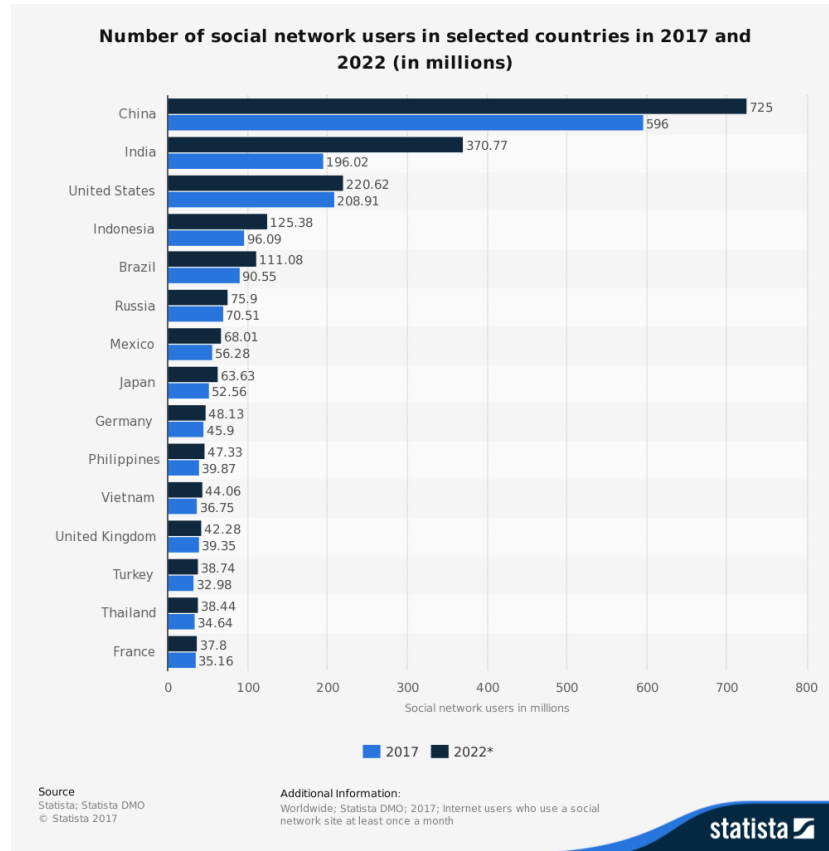
Source:Based on statista.com

As it turns out, information can be categorized as hoaxes because of a condition where society doesn't have three things which are low trust society value, low literacy value and low scientific value (Timeshongkong.com, 2017). Low trust in the society is usually caused by dissatisfaction of people towards the government's performance in implementing of policies. Furthermore, Indonesia is considered as a low literacy country, currently in position 60 from 61 countries, although Indonesia ranks 4th in the number of social media users in the world. This contradictory reality can threaten the integration of the nation whereas with good literacy skills, people will be able to digest, criticize, evaluate, infer, capture messages, read the author's intention and writing style of any text read. In addition, low scientific society can also because of the low literacy level. This is unfortunate as strong scientific reasoning is the characteristics of people who like to read.

Figure 4. World's most literate nations Ranked

HOW NATIONS RANKED

Country	Rank	Country	Rank	Country	Rank
Finland	1	Malta	21	Romania	41
Norway	2	South Korea	22	Portugal	42
Iceland	3	Czech Republic	23	Brazil	43
Denmark	4	Ireland	24	Croatia	44
Sweden	5	Italy	25	Qatar	45
Switzerland	6	Austria	26	Costa Rica	46
United States	7	Russia	27	Argentina	47
Germany	8	Slovenia	28	Mauritius	48
Latvia	9	Hungary	29	Serbia	49
Netherlands	10	Slovak Republic	30	Turkey	50
Canada	11	Lithuania	31	Georgia	51
France	12	Japan	32	Tunisia	52
Luxembourg	13	Cyprus	33	Malaysia	53
Estonia	14	Bulgaria	34	Albania	54

Country	Rank	Country	Rank	Country	Rank
New Zealand	15	Spain	35	Panama	55
Australia	16	Singapore	36	South Africa	56
United Kingdom	17	Chile	37	Colombia	57
Belgium	18	Mexico	38	Morocco	58
Israel	19	China	39	Thailand	59
Poland	20	Greece	40	Indonesia	60
				Botswana	61

Source: webcapp.ccsu.edu)

Besides the quantitative data above, this research offered perspectives from business owners, marketing and sales from in-depth interview. All informants stated that the hoax spreading lately was a phenomenon caused by low trust values of the society, convenience of internet access to share information in social media, and the low literacy level of Indonesian people. On the impact of hoaxes spreading in social media to the growth of business, especially B2B in IT industry, most informants said that they were not significantly impacted significantly. Financially they said the hoaxes resulted in no significant consequences. However, they impacted the morale since they created negative image towards the companies. This, in turn, could lead to a minor crisis that, if ignored, could be a serious and prolonged crisis. Related with Microsoft, until now is still not the existence of the company regarding the hoax news. If now the only news coverage of the media from a different angle. Confirmed again by Microsoft, if there is news of the hoax attack, Microsoft will not do any clarification just trying to educate the public about the news. To the informants, social media influences had a big role in spreading hoaxes. If connected to business, social media can be positively used to increase brand awareness and sales. However, social media also created negative impact if used to spread hate speech or lies. Some examples can be seen from the above example on PT. Samsung Electronics Indonesia accused of stealing users' data through battery chip and the case of the exploding Note 7 battery.

The researchers' initial belief was supported by the analysis that hoax spreading was more significantly impactful when addressed towards an individual, especially a public figure, rather than towards an institution. All informants agreed with this statement. After carefully analysed, an individual is more vulnerable to hoaxes because he/she does not have layers of resources to protect or counter it. The situation is different with an institution or company. The

latter has resources or tools such as its PR division or marketing campaign to counter such hoaxes. This further support the idea that the purpose of communication for a PR division is to perform its function to tackle hoaxes and issues, which, if not handled properly, can lead to a crisis.

Conclusion

This research found that negative hoaxes addressed towards an institution or company do not produce significant impacts compared to those towards individuals or public figures. In addition, the hoaxes do not have a significant financial impact to the business. However, the hoaxes have impacted the company image to be negative. As a consequence the researchers recommend that in terms of handling hoaxes directed to B2B, the companies' PR should maintain media monitoring, especially on hoaxes that might lead to a crisis for the companies. The companies should have crisis management strategies in the form of standard operating procedures. As PR division is expected to intelligently and carefully analyse hoaxes addressed to a company, a PR officer should implement strategic steps in doing clarification appropriately and accurately according to the actual facts.

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