**Introduction**

“An organization’s reputation is the sum of how its various stakeholders view it. But all too often companies leave such stakeholder perceptions to chance” (Doorley & Garcia, 2006, pp. 384). Corporations that understand the role communication can have in the way their stakeholders perceive the company actively strive to use their communication approach to enhance their corporate reputation. However, such is the extent of social media today that communications about any event can come from almost any source, at any time, anywhere, and be transmitted around the world, not just by people viewing social media, but also by the mainstream media.

**What Can Affect a Corporation’s Reputation?**

Thirty, or perhaps even twenty years ago, if a major event occurred in a country, the reporting of that event was primarily in the country where the event took place, but that is no longer the case today. With the increasing growth in internet usage, and the ever-increasing number of social media networks, an event in one country can become news in many others within minutes of it happening. When US Airways Flight 1549 encountered difficulties and landed in the middle of the Hudson River in 2009, the event was captured live by people using their cell phones and transmitted around the world within minutes. This illustrates how anyone with a smartphone is potentially a reporter who can make an event very public, very quickly.

When an earthquake struck Japan in 2011 and was followed by a massive tsunami that hit the Tokyo Electric Power Company (TEPCO) Fukushima Daiichi nuclear power plant, the events once again were transmitted live around the world within minutes. However, not only were the earthquake and tsunami reported, but so was the ensuing corporate storm that engulfed TEPCO and its senior management, leading to the resignation its president (Powell, 2012). This illustrates how events can very quickly become global news and how they can have significant ramifications on both a corporation and those who work for it.

General Motors was forced to issue a number of recalls in 2014 “for problems ranging from unsecured floor mats to the ignition-switch defect been linked to at least 13 deaths. These 54 separate recall campaigns affected as many as 26 million vehicles in the U.S. The recalls have turned into a public-relations nightmare for the company, raising questions about GM's management culture and its safety protocols. (Squire, 2014, para. 1–2)

As a result, the career of the only female CEO of a major car company in the United States could be called into question even though she only recently took the helm. Irrespective of whether that is considered fair, she is the face of GM, she is the one having to report the corporate malfeasance to the world, she is the one having to answer to the questioning by legislators, and she is likely to be the one who could be called to be the corporate representative in any lawsuits that may result.

**The Impact of the Internet**

The internet can enable companies to present their viewpoint to their stakeholders on a range of issues. However, what happens after a message is transmitted and to whom the message is transmitted is outside companies’ control (Forman & Argenti, 2006). By way of example, a message from senior management to employees posted on the internal intranet about a sensitive issue, such as discrimination, could all too easily be transmitted to a far wider audience via the internet. This can then have far-reaching implications as investors and other external stakeholders react, causing downward pressure on the share price and the value of the company.

Stakeholders could read customer complaints posted on blogs or other forms of social media. Such posts can affect the perception of the company and potentially have a negative impact the operation of the business. A case in point was the damage caused by a negative review of a restaurant posted by one unhappy customer in France. In an attempt to regain a degree of control, some companies have taken action against such blogs. In many instances, the company is not successful and could incur the wrath of the media for attempting to “gag” its critics. However, in the instance of the French restaurant blogger, the French judge ruled in favor of a company. The judge argued that the “scathing restaurant review was too prominent in Google search results” (Rawlinson, 2014, para. 1). Consequently, the judge ordered the post's title to be amended in addition to ordering the blogger to pay significant damages (Rawlinson, 2014). In this case, the company won the case in the courts, but the question then becomes whether the increased publicity generated by going to court made the result worthwhile. Did the corporation win in the court of public opinion? Only time will tell.

Although, not responding could also create a problem, as Forman and Argenti (2006) explained:

Jeff Jarvis, on his blog BuzzMachine, chronicled his negative experience with Dell's customer service, corporate communications, and head of marketing. Traffic to his site doubled to over 10,000 hits per day during this time, and the media and investors noticed the situation, calling into question Dell's customer service in a very public topic. (p. 359)

Jarvis’s blog (2005) provided details of what happened and how news of the problem spread by word of mouth, and he also offered the following advice to Dell:

* Read blogs
* Talk with consumers
* Blog
* Listen to your bad press

The advice is sound if corporations wish to avoid the problems these case examples illustrate. Consequently, when faced with a situation that could potentially become a crisis, a clear communication strategy is required, identifying what action is going to be taken, by whom, when and where (i.e., what media channel[s] will be used), and who the target audiences will be. Failure to adopt such a strategy creates the potential for the situation to spiral out of control, where any action could be perceived as being too little, too late.

**Conclusion**

A corporation’s reputation can be impacted by all sorts of events, some of which may be of the corporation’s making, some of which the corporation has little or no control over. How the company reacts to the reporting of issues and events can determine how its stakeholders perceive it, both internal and external. As the examples above illustrate, events can become public knowledge very quickly, and news spread across the globe in minutes. How the company reacts, what communications it provides, and how quickly it provides them can significantly influence public opinion. As Dell discovered, not reacting at the time may not be the best approach, and as GM learned to its misfortune, reacting well after the event can potentially make matters worse, with any communication viewed as too little, too late.

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