

RISK ANALYSIS THROUGH SOCIAL MEDIA MONITORING

*A study on the use and impact of
social media monitoring as a tool for risk analysis*



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1] Introduction

Risk Management is the process of identification, analysis and acceptance or mitigation of uncertainty in investment decision making. Risk analysis is a fundamental aspect of business strategy. It involves identifying and assessing events and occurrences that could negatively affect an organisation. The goal of risk analysis is to allow organisations to uncover and examine any risks that might be a factor to their operation as a whole, or to individual products, campaigns, projects and future plans.

Media monitoring is a modern strategy that is used for risk analysis by many corporate. Media monitoring or social media monitoring includes analysis of the vast amount of content that is easily available online. This includes information that is available through company websites, official blogs, official and unofficial social media networks/ channels, comments of various stakeholders on online platforms which can be assessed publicly.

Analysis of various social mediums helps the company to know about the reaction of and the impact that various organizational efforts have made on public. Accessing of information through social mediums is easy but with it there is a challenge of filtering noise through the available content.

This research thus deals with:

1. A study on how companies use monitoring of social mediums as a tool for analyzing risk
2. An analysis on the process of social media monitoring undertaken by corporate and the various methods used by them.

3. An understanding on the impact of existing social media monitoring strategies and suggestions regarding the use of innovative media monitoring methods for risk analysis.

2] Review of Literature:

2.1) Risks:

Studies show that the various risks to which organisations are exposed and its severity is increasing day by day. It is thus important to assess and analyze these risks on regular basis so that the organisation does not face a crisis situation. Thus risk analysis plays a crucial role in working of an organisation. (Adelaide, 2018) As per the definitions, risks are explained as a measure study the frequency and probability of event, their impact and consequences. It is also explained as a blend of probability and consequences. (Haring, 2015)

2.2) Types of Risks:

The major types of risks that affect any business or organisation can be categorized into two types:

1. External risks
2. Internal risks

External risks are a part of the macro environment of an organisation. These include the socio-economic and political environment, the government enforced regulations, market trends, changes in consumer behaviours and the demand. Internal risks are a part of the micro environment of an organisation. It includes organisation specific risks such as risks involved in the system and procedures followed by the organisation, employee recruitment and performance, infrastructural requirements etc. Internal and external risks vary as per the sector to which is applied. (Mahmood B.R, 2015)



2.3) Risk Management: Meaning and Significance

The guidelines and principles of assessing and analyzing of risks is stated by the International Risk Management Standard. This standard states that it is the management framework that is the foundation and the success of risk management depends on the working of the management of the organisation. (Beers, 2018)

Risk Management is defined as a framework of principles and processes used to manage risks in an effective manner. These principles and processes differ as per industry as well as external and internal risks.

Risk management is necessary for organisations as helps in improving the business quality and revenue generation. It also assists in knowing the opportunities and threats for an organisation and to improve on it by improving the decision making and planning process. Allocation of revenue and funds and market prioritization is also done through risk management. It helps in issue management so that crisis situation and disasters can be avoided. Risk management helps in optimum utilization of resources and in forecasting, planning and implementing business strategies. (Madrid- Risk Analysis, 2017)

2.4) Assessment/ Analysis of Internal and External Risks:

Analysis of risks is a basis for building and improving business plans. The major aim to risk analysis is to forecast the threats and build strategies that reduces its impact. Apart from business organisations, risk analysis is also an important tool for other stakeholders like the investors, employees etc. Historical data and various forecasting tools are used for analyzing risks. (Ollscoil C, 2015)

Assessment of all external risks is a difficult task as it involves forecast of the economic, social and political systems. The assessment generally is industry specific and majorly affects all the organisations under that specific industry. Quantitative techniques like big data analysis through benchmarking or probabilistic modeling are used as techniques to

analyze external risks.

Internal risks are under the control of the organisation and hence the method of analysis and procedures depends on the organisation. Internal risks are assessed on the basis of objectives of the firm.

2.5) Social Media Monitoring and Risk Analysis

Modern organisations use social media monitoring for risk analysis. Social mediums helps various stakeholders to react, like, recommend, comment in a positive and negative manner about a product or service (Ideya, 2017). It is a tool that helps in knowing the views of consumers about a particular brand, different initiatives and its impact. Monitoring of social media can be done through a passive process by observing what interests or impact audiences or through an active process that analyses the actions, campaigns and initiatives through an in-depth data analytics methods. (Boyang Zhang, 2014)

Social Media monitoring is one of the easiest method that will help in getting an unbiased public opinion. Other benefits of social media monitoring includes that it is an interactive medium and has real time capacity to broadcast or publicize messages. It is not just about monitoring of social networking sites but range of social mediums that include forums, official website, official and unofficial blogs, news websites, online communities etc. (Campbell, 2017)

Features of social media monitoring include:

1. The reach of social media is unlimited and hence the organisation can reach vast audiences within minutes. Also the money spend for the purpose is very minimal.
2. Like other mediums, social mediums do not restrict itself to just print, audio or visual formats but can communicate using various multimedia formats at a same time.
3. Data Analysis is easier through social media monitoring. Many



organisations use Deep Data Metrics Reporting for risk analysis.(Juraj Fabus, 2012)

4. The availability of real time data helps in knowing the real time crisis alerts. This helps in solving issues in a planned and timely manner.

5. Social media monitoring helps in managing the image of the brand in an effective way.(Expert System, 2018)

Social Media monitoring has become a major tool for risk analysis as more and more stakeholders want to make sure that their view points are heard. Social media being easily accessible, these stakeholders, mainly consumers use social media to express their views. Their express positive and negative views through this media. It is thus necessary for an organisation to reply to these messages, communicate to them and understand their view points and feedbacks. This will help in framing further strategies for the organisation. (Yousef, 2018)

2.6) Process of risk analysis through social media monitoring

There are various social media monitoring tools available that assist in analysis. The process involves indexing of social media sites in real time so that they can be searched through common posts, tags etc. The views and opinions under these specific tags about specific products and services, companies, campaigns can then be recorded. The millions of data and information available can be categorized to segregate the concrete information. To understand what users post on social media, their relevance and impact, tools like cognitive computing technology or various other social media monitoring tools could be used. (Yuvrajsing Chilhare, 2016)



Figure 1
Social Media Monitoring Model

2.7) Theoretical Framework: The theoretical framework on which this research is based is the Social Media Monitoring Model. A non-traditional, industry specific model was first stated by Vertic, a digital media agency. A study by Harvard Business Review states that about 75% of the corporates do not have any idea about the exact social mediums on which the consumers or the prospective clients are discussing about their product of service. It is thus important to analyse all the mediums remove noise and filter data for further analysis. This model states the process that is required for social media monitoring and expresses the changes and dynamism of the mediums. There is thus a need for a complex process which involves searching of keywords, filtering data, complex analysis, removing noise etc for using social media monitoring as a tool for risk analysis. (Vertic, 2016)

3] Research Design

3.1) Objectives

The research tries to achieve the following objectives:

1. To understand how companies, undertake the process of risk analysis
2. To examine the use and impact of social media monitoring for analyzing risk for an organisation.
3. To suggest innovative social media monitoring strategies that could be used for risk analysis.

3.2) Hypothesis

H1: Social Media Monitoring is an important tool for risk analysis and it helps is external risk of an organisation.

H2: Social Media Monitoring is an important tool for risk analysis and it helps is internal risk of an organisation.

H0: Social Media Monitoring does not help in assessing risk for an organisation.

3.3) Research Methodology:

Qualitative Methodology and Interviews as a method of data collection is used to understand how companies use social media monitoring. In-depth interviews of 25 respondents is conducted. Respondents are



selected from Mumbai region and as per convenience sampling procedure. Only the companies who use social media monitoring are considered for the purpose of the study. The respondents include people from corporate who are working in the below mentioned sectors for monitoring of social mediums.

Sr. No	Sector	Number of respondents
1	Retail	5
2	Media and Entertainment	6
3	Telecom	5
4	Hospitality	4
5	Education	5
	TOTAL	25 respondents

3.4) Research Limitations: The study is delimited to companies from just 5 sectors situated in the Mumbai region. This is due to the time and finance constraints. Also, the research is limited to the basic tools used by companies for analysis purpose. A few companies use in depth data metrics for quantitative analysis of big data which is not covered in the research as these software and their challenges vary for different organisations.

4) Findings and Interpretations:

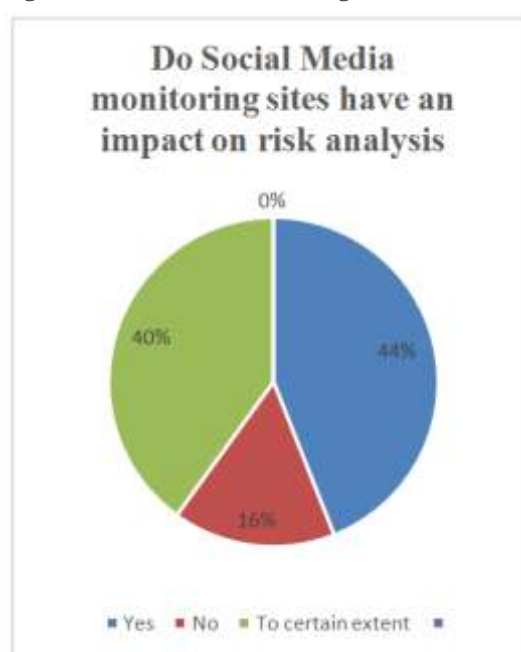
Following are the findings of the in-depth interviews conducted:



There are a few characteristics of social media that the respondents stated. These include:

1. The social mediums help the companies know the actual behaviour and image of their products in the market.
2. A few communications on the social mediums can be misleading. Hence not all conversations can be trusted.
3. As the levels of knowledge of audiences vary, all the conversations cannot be judged using the same parameters.
4. For surveys, the consumers normally express their views as per their experiences of peer views. Thus getting genuine responses on social media survey forms becomes difficult.

Among the total respondents 8% have been monitoring their social media activities since last 3-6 months whereas 52 % have been using this tool from last 1-3 years. These companies have been using various other methods too for risk analysis. These are traditional methods that are used as SWOT analysis techniques. It is after the extensive use of social mediums, the companies have started using social media monitoring too as a tool.



Respondents explain that social media monitoring helps in reaching large number of audiences within a short period of time. Messages can be transferred to the end users easily in less cost and gives a real time information. It has become mandatory for companies to respond to the views and feedback of the consumers which are posted on social mediums. It is because of this that many companies have started using social media monitoring tools. Keeping a watch on these mediums helps in managing the image of the company and know what people think about their organisation. The most important thing is that these mediums help to know how competing firms respond to their issues and helps an organisation to take steps accordingly.

The procedure that is widely used by companies for social media monitoring is categorizing of common tags and using data metrics to analyse the results. Each company has their unique way of monitoring their mediums depending on their requirements. Also, companies for different sectors have their different parameters for analysis.

Thus 44% responded that monitoring of social mediums do help to forecast issues and has an impact in assessing risk while 16% responded that it does not have any major impact. 40% responded that social media monitoring is useful only to a certain extent. There are other tools of market and audience research that are prominently used by companies for risk analysis.

6] Conclusion:

Risk analysis is an important managerial function undertaken by organisations. The extent to which the organisation comes to know about the threats, the more quickly it can take steps to overcome the challenges. Social media is an integral part of the marketing management function which helps in reaching out to a wider audience within less time. Social media analytics involves an analysis of the social media data which involves a number of conversations, comments, opinions and reactions. Intelligent insights and trend analysis are mostly undertaken by organisation as a part

of social media monitoring. Many companies prefer social media analysis as it is easy to categorize and quantify the data into number of metrics. 'Topic models' is a process that is used for organizing and categorizing textual information as vast amount of textual information is available.

Social media monitoring has helped the organisations with risk analysis through the following ways:

1. It has helped the companies in knowing about the public opinion by monitoring specific media searches. It is done by process of categorization.
2. Opinions of people over a period of time is analyzed. This process is called as 'Sentiment Polarity'. This has also helped in knowing the change in the opinion of consumers.
3. Social media monitoring has helped in keeping a watch on activities of the competitors and about the strategic movements that they are planning. Monitoring of competitors and industry activities also helps to understand how they tackle situations.
4. Many companies have used trend analysis to get an overview about their industry trends and news about their sectors.
5. Social media monitoring is used by organisations to know the presence of their company on social media. The real time analysis helps in improvement of their online presence.

Challenges faced in Social Media Monitoring:

Organizations who do social media monitoring face a number of challenges. The major challenge is the vast amount of data that is there for analysis. This involves a technical challenge as not everyone is aware of various tools that are in monitoring the new mediums. With this, organizing the data, filtering the relevant information provided on various portals in various languages across the globe is also a task for the media monitors. To filter the



noise from the big data is a major challenge in the process. For making sense of the available information, data metrics and analysis through complex algorithms are required.

Thus, working hypothesis (H1) proves correct as social media monitoring is used as a tool for assessing external risk. But as many companies are not much aware of the tools used social media monitoring manual analysis is done by most of the companies. Use of appropriate technology and risk mitigation techniques will be useful for risk analysis in organisations.

6] Scope for further research:

Separate research can be conducted on various social media monitoring tools and the impact that each tool has on the assessment of risk. New tools/ software's could be developed to analyze big data. As most of the tools used for social media monitoring analyse textual data and as there is a vast amount of textual data available, separate study can be conducted to analyse the use and impact of tools that analyse textual data.

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