

## "Digital Rumors and their impact on the economic enterprise- Current Challenges and counter Strategies -"

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### Abstract

The article reviews the impact of digital rumours on economic institutions and their stability, focusing on the key challenges they face and the strategies to counter them, especially since the environment for their spread is the digital realm. Digital rumours target the interests of economic institutions in favour of competing parties for profit, often aiming to displace them by disrupting the economic balance and inflicting financial losses on competitors, thereby achieving financial control and extensive influence across various fields. This also allows the targeted entity to impose its ideological dominance in the economic arena. The study also addresses the existing challenges in economic practices in certain countries around the world, in light of the technological developments occurring in the field of communication.

The study concludes that it is necessary to engage techno-economic experts to mitigate the spread of digital rumours while supporting the international legal landscape with provisions to prevent electronic warfare based on rumours and ensure the cybersecurity protection of nations and individuals from their repercussions.

**Keywords:** digital rumours, economic institutions, cybersecurity protection.

### Introduction

The digital transformation and the use of modern technological media have contributed to changing the nature of rumours and their means of dissemination within society. It has also helped direct the public toward the goals and interests of economic actors. Digital rumours have become the most effective means of achieving these goals, regardless of their ideological affiliations and orientations, due to their rapid spread and ease of transmission, particularly through social media and electronic communication.

These rumours have undermined the economies of entire countries and hindered their production and economic development processes, especially as they rely on eroding financial trust and tarnishing the reputations of institutions and their leaders. Consequently, they threaten social security and even the existing political system. Some consider them a renewed tool of psychological warfare (Qaddim, 2022) practiced on a large scale to diminish trust between customers and business partners. Therefore, addressing electronic rumours presents a real challenge for both economists and politicians, even though their perspectives and objectives in dealing with them may differ, due to the difficulty in controlling the spread of information and the ease of sharing it.

Based on this, this study will attempt to anticipate future strategies to mitigate their repercussions on economic institutions through several points:

- Digital rumours and economic instability
- Challenges facing the management of digital rumour crises in economic institutions
- Strategies to counter digital rumours in economic institutions.

The subject of the study is of great importance to economic institutions and scientific knowledge in the digital environment, as it allows for understanding the impacts of digital rumours on the behaviour of economic actors, including those intending to purchase products and services from these institutions. It also enables institutions to enhance their performance and effectively plan their policies, along with the thoughtful implementation of their decisions, thereby ensuring institutional stability in the economic market.

Additionally, the topic explores modern mechanisms to combat rumours circulating in this digital space, strategies to mitigate their effects, and recent trends to ensure effective responses to them. Our goal in researching and analyzing this phenomenon is to direct the efforts of economic actors toward effective solutions to at least alleviate its intensity.

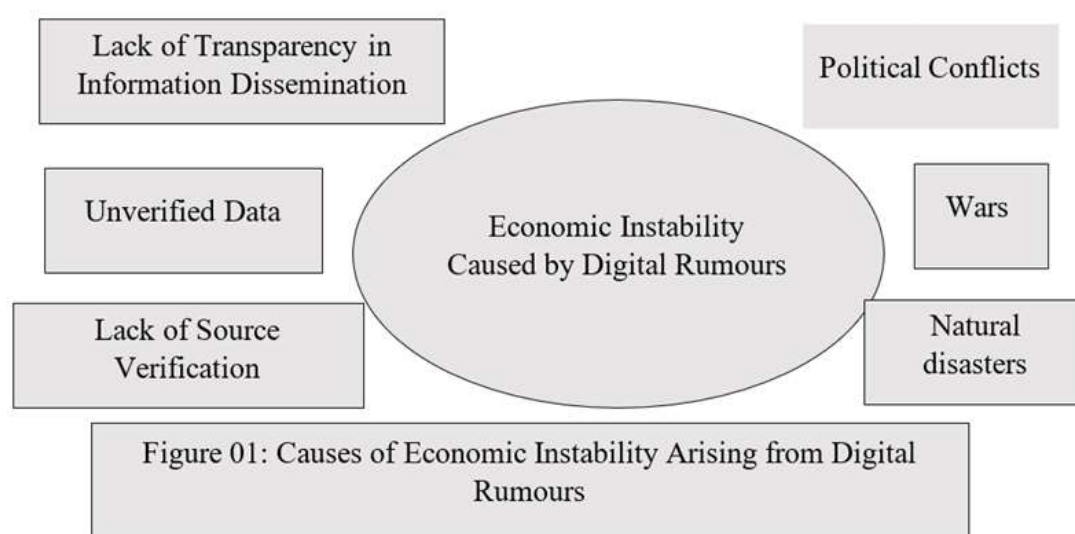
### ✓ Digital Rumours and Economic Instability:

Today, economists face significant challenges regarding the impact of digital rumours on economic stability and their dissemination. These rumours can create confusion in the directions of service or product consumers, and their effects may extend to investors, as highlighted by a study (Ali, 2021) on Egyptian society. In the worst-case scenario, their reach may

extend to the political realm, where feelings of dissatisfaction among community members due to the repercussions of economic crises can lead to aggressive behaviours that often resort to street protests to pressure the ruling authority. The stability of economic institutions is measured by the extent of the impact of electronic rumours on their internal condition and external status. Internally, these rumours can affect team spirit and cooperation among employees, leading to a decline in institutional performance. They may also cause a decrease in trust between management and employees, which further affects the organizational process and reduces productivity.

Externally, rumours affect the institution's reputation in the eyes of customers and the public, leading to a decline in sales and a loss of clients. Consequently, this hinders the production process (Abdullah, The Impact of Rumours on Economic Development, 2019). Furthermore, rumours also affect business relationships, as they can result in the loss of business partners and future collaboration opportunities, which can be observed in:

- ✓ **The Financial Sector and Stock Market:** Digital rumours can be a source of significant volatility in financial markets, leading to a sharp decline in stock values due to a decrease in investor confidence in the brand and confusion in the conduct of various business operations. The impact on the buying or selling of stocks in global financial markets can lead to crises that result in the bankruptcy of some companies while boosting the stocks of others, thereby generating profits at their expense. There have been cases of such occurrences since ancient times, even before the rise of digital rumours, which economists referred to as financial rumours. In France, for example, a decision was made in 1967 to establish a stock market commission, acting as an information police to monitor the disruptive effects of rumours (Kapferer, 2007).
- ✓ **Piracy on Investors' Funds:** Digital rumours represent a form of piracy, leading to financial collapse for institutions.
- ✓ **Disruption of Investor and Consumer Trends:** This can result in a loss of trust and stability in the financial and economic markets.
- ✓ **Deception through Social Networks:** Social networks are characterized by a viral nature (Beena, 2023) that expands their reach by freely circulating false information that contains elements of truth, thereby enhancing its credibility and facilitating its easy dissemination. This can be particularly observed during times of war and conflict. For instance, rumours in Algeria led to an internal crisis regarding a shortage of flour due to the COVID-19 pandemic in 2020 and the cold war between Russia and Ukraine. This resulted in a frenzy among citizens to acquire flour, benefiting some while leaving others disadvantaged. This crisis prompted Algerian authorities to enact laws<sup>1</sup> criminalizing speculation and hoarding, with penalties for offenders reaching up to 30 years in prison, as it harms the economy first and societal security second.

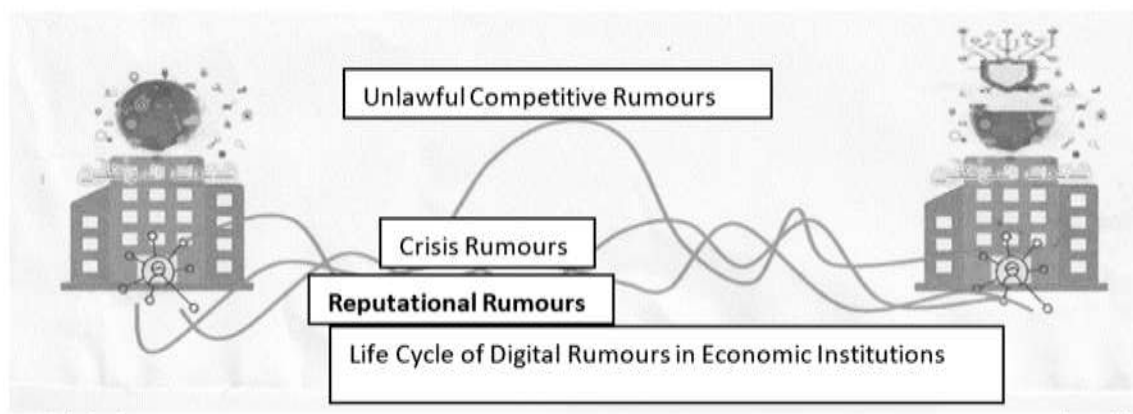


One of the consequences of the spread of digital rumours on institutional stability is that it puts governments in a defensive position, thereby draining time and effort in addressing and refuting them, which diverts attention from the core issues facing the state.

In an era dominated by social media and the multitude of its expressive forms and the free sharing of information it broadcasts, rumours are transmitted effortlessly without verification of their accuracy or consideration of their negative repercussions. This is especially true when they are disseminated using "deep fake" technologies and applications, such as Deep Fake, impersonating officials and employers. Ultimately, this can trap the media into falling for these rumours, disseminating them as urgent and significant news. According to statistics from the Media Center of the Egyptian Cabinet for the year 2022, the economy ranked first in facing rumours in the country, accounting for 23.6%.

We can infer the stages of the evolution of electronic rumours targeting institutions from the illustration below/

<sup>1</sup> Law No. 21-15 dated December 28, 2021, related to combating illegal speculation, which transforms such speculation into a felony when it concerns exceptional circumstances.



Digital rumours primarily target the reputation of economic institutions, causing a state of fear and institutional instability. Decision-makers, along with business owners, find themselves making decisions amid a distorted view of events. We can identify several differences between the types of rumours as outlined in the table below:

Reputational Rumours	Unlawful Competitive Rumours	Crisis Rumours	Employee Rumours
Economic institutions are targeted by negative news that harms their reputation in the market. These rumours may include allegations of corruption, mismanagement, or substandard quality of products or services. They also involve assessing consumer confidence in a product based on online reviews.	These rumours may include allegations regarding the size, profits, or potential failures of competitors. Some economic institutions prioritize continuity over quality and production service.	These rumours may include negative forecasts regarding the impact of the crisis on the institution's financial performance or ineffective responses from management.	They include allegations regarding organizational changes, layoff procedures, or employee promotions.

#### Types of Rumours According to Their Source

Here are some live examples of what has been mentioned above:

Some examples of digital rumours.

Rumour	Type of Rumour	Action	Target	Reaction / Impact
Ownership by American and Israeli parties	Unlawful Competition	Calls for boycott	Nestlé	Denial and mobilizing its customers to demonstrate the opposite
Discovery of a COVID-19 cure using two drugs (Plaquenil)	Crisis Rumour	Frenzied demand for the product	Pharmaceutical market	Statement from the Egyptian Ministry of Health
Layoffs and granting workers a 3-month leave	Employee Rumour	Workers gather inside the company to demand not to be harmed amid company development	Egypt Spinning and Weaving Company in Kafr El-Dawar	Denial of the rumour with proof that Factory No. 4 will be operational
Damaging the company's reputation and image	Reputational Rumour	Circulation of other rumours related to internet cuts	Algeria Telecom	Denial of internet cut operations and offers to increase bandwidth

From the table, we can observe some examples in the Arab world of malicious electronic rumours that can affect economic stability and their repercussions on economic institutions, such as the workers at the Egyptian textile company. These rumours led to a loss of trust in the company, resulting in violent behaviours manifested in protests. The term "layoff" created tension and a sense of job dissatisfaction among workers, which lowered morale and ultimately resulted in a loss of a day's earnings and decreased profitability.

In the last example, the issue did not stop with an image criticizing slow internet but was followed by several rumours about internet cuts, as well as claims that the problem of slow bandwidth would be resolved by opening up the market to foreign companies. This was intended to influence customers and somehow encourage them not to engage with the institution. The public company occasionally denied these rumours through its spokesperson, while at other times, it remained silent, perhaps believing that its offers would speak for themselves. The company also underwent several changes in management.

Regarding the Egyptian institution, the rumour was launched following its announcement of new strategies to develop and expand its operations into other provinces. The rumours aimed to distort the facts and misrepresent events to influence the company's decision-making.

#### ✓ **Challenges Facing the Management of Digital Rumours Crises in Economic Institutions**

Among the challenges faced by the management of digital rumours in economic institutions are:

1. **Enhancing Digital Awareness and Developing Effective Crisis Management Strategies:** It is crucial to disseminate accurate and reliable information during times when it is difficult to distinguish between truth and false news (Kempkens, 2022). This is essential for several reasons:
  - It helps to enhance trust and transparency in economic operations, leading to increased stability.
  - It improves the image of economic institutions to both their internal and external audiences.
  - It helps maintain a healthy and balanced economic dialogue.
2. **Controlling the Spread and Circulation of Rumours:** Managing their dissemination through social media and other digital platforms is critical, as is effectively dealing with the massive amount of data generated when rumours spread, allowing for professional countermeasures.
3. **Communicating and interacting with the Public:** Building stronger and more transparent relationships presents a technical and organizational challenge brought about by digital transformation in institutions.

From this standpoint, many institutions face numerous challenges in dealing with electronic rumours, including protecting their reputation, addressing their social and economic impact, and safeguarding business relationships. In this context, they need to build a strong and trustworthy reputation by offering high-quality services and products and providing positive customer experiences.

Rumours can be a significant source of confusion regarding the intentions of investors and consumers. In this regard, it is evident that by understanding these impacts, executives and decision-makers can develop innovative approaches to handle these phenomena and ensure the financial and operational stability of the institution.

Since rumours are often of unknown origin and spread rapidly, particularly in the virtual space, they can expose economic institutions to bankruptcy or severe crises and shocks. Therefore, institutions must be prepared to respond to these rumours quickly and effectively, managing them in line with their goals and interests. This includes providing information to their customers and business partners, continuously communicating with them about new products and services, and correcting any false information or addressing it professionally to guide it toward specific objectives.

Another challenge is the distortion of the institution's image, which can lead to the loss of customers and missed business opportunities, not to mention the disruption of operational processes and, consequently, a weakened ability to achieve profits. Safety and quality rumours are additional examples of the impact of electronic rumours on institutions. They can lead to a decline in the company's market position, affecting revenues and overall performance.

Rumours can also lead to a deterioration in the company's market value, causing stock prices to drop and resulting in lost business opportunities.

#### ✓ **Strategies for Managing Digital Rumour Crises in Economic Institutions**

The management of digital rumour crises must adopt effective strategies to successfully counter and manage them. Here are some potential strategies that can be implemented for managing crises arising from digital rumours:

- **Investing in Advanced Technology:** Utilize advanced technologies like artificial intelligence to manage economic crises stemming from digital rumours. This includes creating digital applications to relay the latest news about institutions, services, and products. Notably, block chain technology can provide reliable and transparent platforms for documenting and verifying information, thereby reducing the spread of false rumours and maintaining trust and transparency in communication with the public.
- **Utilizing Algorithms and AI:** Leverage algorithms and artificial intelligence to analyze content and accurately identify misleading information and rumours.
- The optimal use of technology as a powerful tool in managing various crises and combating digital rumours in the economic sector involves utilizing advanced software and algorithms to identify their sources and track their trajectory. This is particularly important as there is a willingness to expose rumours that harm the interests of institutions and individuals, including the implementation of an electronic lie detection system (Al-Suwailh., 2023).
- **Investing in Digital Platforms:** Take advantage of digital platforms and social media as effective channels for disseminating important information and directly communicating with the public. This involves using official messaging to clarify facts and interact with public inquiries, which enhances trust and reduces the harmful effects of rumours.
- **Regular and Open Communication:** Maintain effective and open communication with customers and users, ensuring a swift response to inquiries and complaints, while involving communication experts to increase trust and understanding within the community.
- **Monitoring Social Networks:** Regularly monitor social networks to verify the existence of any rumours concerning the institution, while keeping track of inappropriate activities and comments.
- **Building a Professional Reputation:** Establish a professional reputation for the institution by providing high-quality services and products and engaging positively with customers and users. The institution can also leverage positive customer experiences to strengthen trust.
- **Enhancing Transparency and Trust:** Promote transparency and trust between employers, businesses, and the public.



- **Collaborating with Media and NGOs:** Strengthen cooperation with media outlets and non-governmental organizations to swiftly and effectively identify and combat rumours, thereby maintaining the stability of stock prices and trading activities.
- **Focus on Cybersecurity:** Emphasize the importance of cybersecurity to protect sensitive economic data and information from breaches and illicit exploitation. This includes developing procedures for regular monitoring of social networks and quickly responding to emerging rumours.
- Technology can also be utilized to provide interactive platforms for dialogue and direct communication with the public about the importance of verifying information before sharing or disseminating it.
- **Formation of Joint Task Forces:** Establish joint task forces comprising members from the government, political parties, and media to collaborate on analyzing rumours and directing effective responses. This can also involve creating specialized units to combat digital rumours, as recommended in Kuwait (establishing a unit to combat digital rumours, 2021).
- **Analyzing Future Indicators of Digital Rumours:** Conduct thorough analysis of future indicators of digital rumours, allowing for a better understanding of upcoming trends.
- **Effective Monitoring of Digital Rumours:** Implement effective monitoring of circulating digital rumours in their early stages. Utilize analysis and monitoring tools to track discussions and comments on social media and public forums.
- **Training for Employees:** Provide training for employees on how to handle rumours. Such training can equip decision-makers with the necessary tools and knowledge to manage rumour crises. Continuous improvement can also aid in updating the skills and knowledge of decision-makers on the latest strategies and techniques for managing digital rumours.
- **Building Strong Relationships with Media:** Foster strong relationships with media outlets to combat digital rumours. They can provide accurate and reliable information to journalists, preventing the spread of rumours and correcting misleading information through in-depth and balanced reporting. The press can also consult experts and analysts to clarify and interpret ongoing events correctly and objectively.
- **Utilizing New Media:** It is important to note that new media platforms, such as podcasts, blogs, and social media, have become essential tools in combating rumours. Influencers and relevant digital content can offer objective analyses and accurate information to counter rumours and positively direct public discourse.
- **Engaging the Public:** Engage the public (influencers) in crisis resolution by encouraging them to provide correct information and endorse official data provided by the government.
- **Timely Handling of Customer Complaints:** It is essential to address customer complaints promptly, focusing on what the public says about the brand, correcting misinformation, and confronting any negative remarks.
- **Search Engine Monitoring:** Use search engines to check public comments and reactions, utilizing social media analysis tools and review management platforms like Google, Facebook, and Yelp. This allows for quick responses to negative reviews and encourages positive ratings, aiding in making appropriate decisions. For example, an increase of one star in ratings on Yelp can lead to a revenue increase of 5% to 9%, and 83% of buyers trust online user recommendations (2019).
- **Monitoring Competitors:** Use social media monitoring tools like Meltwater to keep track of competitors.
- **Supporting Legislative Frameworks:** Advocate for international legal provisions that deter electronic rumour mongering to mitigate its repercussions. For instance, the UAE has enacted a clear law against electronic rumours that came into effect at the beginning of 2022, criminalizing the act of publishing such rumours and imposing penalties ranging from imprisonment to fines<sup>2</sup>. Jordan has also defined the legal liability for promoting rumours (Al-Qaisi, 2022). In Algeria, Article 196 bis of the amended Penal Code No. 06.20 addresses the dissemination of false news or rumours that could threaten public security or order, including various means used for such dissemination (Razaki, 2021).

Some strategies that economic institutions and companies worldwide have adopted to combat digital rumours can be observed, some of which are considered appropriate actions while others may constitute a crisis in themselves.

Company / Organization	Rumour	Reaction	Proposed Strategy
Dark Horse Café	Lack of electrical outlets for laptops	An impulsive response stating they are in the coffee business, not office work	Openness to different opinions and transparency, thus being ready for criticism and accepting various views and comments
Nestlé	Negative environmental practices with altered images of the company's logo	Closing the public page	Listening to consumer and customer complaints about the service or product

<sup>2</sup> Article 52 of the Federal Decree-Law No. 34 of 2021 concerning the combating of rumors and electronic crimes states that any person who uses the information network as a means to broadcast, publish, republish, circulate, or retransmit false data, misleading reports, or false rumors that contradict official announcements, or disseminates inciting propaganda that stirs or disturbs public opinion, instills fear among the public, or harms the public interest, national economy, public order, or public health, shall be punished with imprisonment for not less than one year and a fine of not less than 100,000 dirhams.

If such actions result in inciting public opinion against any state authority or its institutions, or if they are related to times of epidemics, crises, emergencies, or disasters, the penalty shall be imprisonment for a period of not less than two years and a fine of not less than 200,000 dirhams.

Dell Computers	Negative comment about customer service from a blogger followed by posts from customers	Launching two websites, one for customer interaction to improve satisfaction, and another to gather ideas from customers and the general public on how to improve the company's products	Attempting to regain trust
Toyota	Recall of cars due to production quality issues related to gas pedal problems	Changing the company slogan to "Moving Forward" as a sign of the company's renewed beginning and recovery from the crisis	Company managers and engineers opened Twitter accounts to communicate with consumers, apologizing online, addressing their concerns, and engaging them in discussion groups and chats

### Conclusion

Successful crisis management in the economic field requires effective handling of digital rumours. In this case, employers and economic partners must work to build trust between themselves and the public. Governments and civil society organizations should also participate in raising awareness about the importance of verifying information, especially that which is circulated through social media, and encourage responsible participation in dissemination by users of these platforms.

The crisis of digital rumours presents modern challenges faced by business leaders and decision-makers, influencing the economic process as a whole. It is crucial to adopt effective strategies for managing the crisis of digital rumours and leverage technology to counter them, thereby improving the economic situation and protecting the reputation and influence of institutions in the modern digital environment.

Future indicators in the realm of digital rumours in the economy can help predict upcoming challenges and contribute to establishing safeguards for economic institutions. Protecting these institutions is vital as they represent a significant source of state revenue and enhance economic stability in countries, thereby promoting sustainable economic growth and social security.

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