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# Role of Social Media as Challenges and Opportunities in Corporate Governance

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## ABSTRACT

*Social media is considered as any digital space where people from different cultures, places and backgrounds come together to communicate and interact with others. It is a platform where people create, share or exchange information and ideas in virtual communities and networks. Social media is an internet-based system which gives users a quick electronic response to any communication, providing documents, videos or any other personal information. It covers a wide range of various websites and apps. Some of them are included Facebook, Instagram, Twitter, and YouTube etc., Facebook and Instagram are specialized in sharing videos and photos while others like Twitter is specialized in sharing links and short written messages.*

*The users who want to use social media need to make an account on that platform. Any user who wants to sign in to their account on social media apps and websites needs to have internet access. The users having an account on social media platform can use it to share content whatever they want to in the form of photos or videos, or whatever content they choose to share reaches to anyone whoever visits their profile or pages. According to the few Research Center, social media users tend to be younger. Nearly 90% of people between the ages of 18 and 29 used at least one form of social media. Further, these users tend to be better educated and relatively wealthy, or earning over \$75,000 per year.*

## I. INTRODUCTION

### (A) What is enterprise social media?

Nowadays implementation of social media technology is vastly increasing and almost all organizations are adopting these technologies to facilitate many activities like communication, collaboration and co-creation. Enterprise social media mainly deals with the two ways of interaction in the organizations. The First way, involves communication with external stakeholders including customers, suppliers, and the public at large. On the other hand, another way involves communication with internal sources usually through proprietary outsourced or in-house platforms—between managers and employees as well as among employees. Externally, many social media sources like Instagram, Facebook, Twitter and many other apps

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help an organization to stay close with their customers and conduct research to improve business processes and operations. While internally, these social tools help their employees by providing knowledge and resources they need to work together effectively and solve business problems.

Which generally affect Social media can be called as a kind of digital platform upon which people of different culture, areas, and places come together and gossip with each other. It is a kind of stoppage where people generally want to share create or exchange ideas and communicate with each other. People also share virtual ideas and make their own networks. It is a kind of internet based system which generally provide faster response in the form of electronic mode to any kind of communication, which may be any kind of document videos or any other personal information. It also includes a large no. of various kind of websites and different kind of app. The adoption of social media by the users in rapidly growing helps us to gathers information about information, interact, and make relationship.

Due to social media, which defined as “online means of communication, conveyance, collaboration, and cultivation, among interconnected and interdependent networks of people, communities and organization enhanced by technological capabilities and mobility”. For example, some people may use social networking sites to get new product ideas, in order to enhance their knowledge and communication in teams and accelerate the ideas of new product and services. The most famous and popular and cab be called as well- known social networking sites are Facebook, YouTube, and twitter which makes it easy for the users to show inclination on the produce making. It includes user friendly content in the form of video text pictures etc.

Corporate governance is a kind of system of direction and control which indicates that how a board of directors should govern and keep a slight on the company and its functions. It is basically a kind of different kind of operational management activities which is done by the executive of a company. The main objective of corporate governance is to make an environment which consist of trust, transparency and accountability which crate a great role in long-term investment, business integrity, financial stability which makes development stronger and more modern society.

## **II. ROLE OF SOCIAL MEDIA FOR BOARD OF DIRECTORS**

When social media start playing an important part of our life, most of the companies remain dependent upon these kind of platforms for such kind of information which ids related and may be useful for their companies. They collect information, data, related to their brands, make them a proper corporate societies, operational plans and risk management. After obtaining such a useful information from such sites companies start making an actionable plan which plays a

very good role in corporate decision making. The directors and executive of the company assumes that social media create a positive impact on market branding, reputation as well as customer outreach.

**(A) Role of social media in audit management:**

The audit committee makes a proper view of working of social networking sites. It renews the process of current social strategy. This kind of internal audit which also include like, shares, and various kind of interaction as well as also include which post become more famous and which becomes popular among customer.

**(B) Now we will discuss some principles of corporate governance:**

The basic principles of corporate governance says that all shareholders should be treated equally and fairly manner. It is important here that all the shareholders should know about their right and duty in proper sense.

The non-shareholders, stakeholders, and others vendors investors and employees must know about the legal, contractual and legal obligation. All kind of corporate governance and which include policies and procedures that should be transparent and must be expose to the company's stakeholders. The proper code of conduct must be defined in for board of directors as well as executive which is very important for a company in order to maintain their standard in the market. Now will discuss some popular social networking tools which plays a very important role in corporate governance.

**1. Facebook**

It can be called as the famous social networking sites in the world which has approximately 9.8 million users in the world. It grows very faster and takes very less time to reach a large no. of people, followers and provide information. According to the recent report which tells that, almost 9,00,000 people start adopting Facebook at daily basis and become daily user of it. It consists a large no. of platform which consist of or can say make it a kind of platform for small as well as large businessman. Advertisement which comes on the Facebook and messenger create a kind of sound impact in the mid of a potential customer.

**2. Twitter**

It can be called as a vital platform for the market planning It is a kind of well- known as well as effective kind of social networking sites which is also very popular among users. In order to develop himself upon such kind of social networking sites one should need to more focus on the attention of customers, also their insight and opportunities to recognize your brand among

customers make fans of that.

Many people also use twitter to get latest information It can be considered as a kind of a bogging type of services which is a kind of combination of various kind of messaging and also include like, share, and reply facilities.

### **3. Instagram**

It can be considered as a kind of most famous official networking sites after Facebook. It also consists of brands, bloggers, as well as large and small business owners, friends and everyone connected with each other. The users of Instagram are increasing day by day which create a positive impact for the marketing management. It is found in a report which says that 90% of people should follow one and another kind of business channel on Instagram. It can be considered that in today's time Instagram is not only used for personal purpose but also for global purpose that allow brands to make their content popular, make their product popular and motivate the customer.

### **4. YouTube**

It can be considered as a most popular kind of search engine in today's world. It can help you to make short video related to our product also make videos which is suitable for the customer which using any kind of product. It is easily reachable to each and every person as well as stakeholders of the company which in turn plays a good impact in the mind of audience.

#### **(C) Such kind of systematic reviews develop the understanding of:**

How corporate sector can effectively and efficiently use the social media in order to maintain innovation in the company, what will be the type of innovation which will create purposeful impact on the outcomes of the firms, How corporate sector will do advance kind of research in order to manage various kind of discipline so that it can maintain a constituency in the market. Innovation management practices is a kind of method which are used by the organisation in order to maintain a constituency between innovation and demand of product in the market.

#### **1. Enhanced Communication and Transparency**

One of the most notable contributions of social media to corporate governance is the enhancement of communication and transparency. Through platforms like Twitter, Facebook, LinkedIn, and Instagram, companies can directly communicate with a diverse array of stakeholders. This direct line of communication can foster trust and accountability within the organization.

Companies can use social media to share important updates, financial reports, and corporate

news in real-time. This transparency enables shareholders, customers, employees, and the public to stay informed about the company's activities and performance. It also allows them to engage with the company by asking questions, providing feedback, or voicing concerns.

## **2. Shareholder Engagement and Activism**

Social media provides a powerful platform for shareholder engagement and activism. Shareholders can use these platforms to connect with one another, organize, and amplify their voices. This has led to an increase in shareholder activism, where investors use social media to advocate for changes within a company, such as improved corporate governance practices or environmental sustainability initiatives.

Shareholders can also engage with the company's management and board of directors through social media, posing questions during shareholder meetings or directly addressing concerns. This democratization of shareholder engagement has the potential to drive positive changes in corporate governance by holding companies accountable for their actions.

## **3. Crisis Management and Reputation**

Social media's role in corporate governance extends to crisis management and reputation management. During times of crisis, social media can be a double-edged sword. On one hand, it provides a platform for companies to address issues quickly and transparently, demonstrating their commitment to resolving problems. On the other hand, misinformation and negative sentiments can spread rapidly on social media, potentially causing significant harm to a company's reputation.

Effective crisis management on social media involves promptly addressing concerns, correcting misinformation, and demonstrating empathy and a commitment to resolving the issue at hand. Companies that handle crises transparently and responsibly can often emerge with their reputations intact or even enhanced.

## **4. Market Monitoring and Competitive Intelligence**

Social media serves as a valuable source of real-time market monitoring and competitive intelligence. Companies can monitor conversations and sentiment on social media platforms to gain insights into customer preferences, industry trends, and competitor activities. This information can inform strategic decision-making and help companies stay ahead of the competition.

## **5. Ethical and Legal Considerations**

The use of social media in corporate governance also brings about ethical and legal

considerations. Companies must navigate regulations regarding the dissemination of information, protect sensitive data, and safeguard the privacy of stakeholders. Compliance with these regulations is essential to avoid legal repercussions and maintain trust with stakeholders.

### **6. Corporate Social Responsibility (CSR) Communication**

Social media provides a platform for companies to communicate their corporate social responsibility (CSR) initiatives. Companies can showcase their commitment to sustainability, philanthropy, and social responsibility to a wide audience. This can enhance their image and reputation among socially conscious consumers and investors.

## **III. CHALLENGES OF SOCIAL MEDIA FOR CORPORATE GOVERNANCE**

Use of social media is not always in the favour in the context of corporate governance, sometimes it may be proved as a kind of obstacles in regulating the corporate governance, however social media has both positive as well as negative impact on the corporate governance, here we will discuss some points regarding corporate governance.

- **A lot of time is required:** As I have seen a no. of times and found that many companies have not updated his profile from very long time because maintaining a social networking sites require a lot of time which is not possible for every company to provide. Due to lack of enough time, the company is not able to make a balance kind of status upon social networking sites which in turn may create negative impact on the society.
- **Qualified person is required:** Each and every company requires a kind of social media which plays a very important role in the development of the company but for the development and maintenance of such social media, there should be a qualified kind of person which will be able to do this in a better manner and in a better way.
- **A kind of investment is required:** while using such kind of social media, we should keep in mind that there is no any kind of social media which is free, we should always make some kind of expenditure in order to make social media active. Sometimes there are various kind of restriction upon the social media regarding advertisement which has create a kind of impact on advertisement.
- **If the content is not interesting and unique:** The content of a company regarding any information related to company is not so interesting then, it will create a kind of negative impact in the society however if ii consist of any valuable kind of information that may be very useful for customer than the company may publish it in article form.

- **Bad publicity:** We should be very careful while dealing with any kind of business because a company also contribute in spreading a bad things so, we should be very aware while doing a business we should try to give best to service and also try to resolve your customer complaint in order to maintain a kind of good image of the company in the eyes of public.
- **The barrier will be exposed:** If you will give chance to each and every one upon social media to rise question or ask their doubt, sometimes it may act as an exposure of internal message of the company which in turn may be sometimes harmful for a company. We should not give reply to each and every customer on social networking sites.
- **Issue regarding privacy and security:** This can be considered as a major issue related to privacy of data of a company which may be leak and can create any kind of problem in future. These are the above-mentioned various kind of problem which can be considered as a disadvantage. In the field of corporate governance related to social media.

Although the new era of social media has been now contributed in a significant way particularly the internet has now totally changed the informational system of various corporate sector which makes possible for a lot of small investors to collect information. Thus, some social media helps us to mitigate informational related issue and also allow them to get relevant information

#### **IV. IMPORTANCE OF SOCIAL MEDIA FOR BOARD OF DIRECTORS**

As we have seen and discussed above that after the development of social media, many of the companies starting dependent upon the social media for collecting data related to their brand and add them into corporate planning.

Sometimes the company find it very useful to collect data from social networking sites. The directors and the executive manager of the company think that there is a potential impact of social media on marketing, branding as well as reputation management and customer outreach.

##### **(A) Importance of social media in internal audit committee:**

The audit committee of a company is totally dependent on the social networking sites. It tells about the whole system of current social media strategy. These kind of audit facilities also include options like comments, like, share, and many other types of interactions. Those data which are taken through social media work more effectively.

##### **(B) Importance of social media to employees for applying good corporate governance:**

The team which consists of members who work in the an organization can make the work of



that organization easier and faster. A good and responsible person will always rectify the mistake of his colleague no matter who are they. Any kind of disputes between the employee and their seniors may create a bad reputation of the company in the market which in turn adversely affected the company.

## **V. CONCLUSION**

Now, in the modern world, social media is considered as the most important tool for companies. Even if you want to avoid it you can't. Yes, there are many risks available in it but ignoring them is no longer an option. The days of one-sided communication are long gone. Instead, we now have a continuing two-way conversation with traditional stakeholders and the community at large, including technology-savvy people who know how to shape and dominate public discourse.

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