

**SOCIAL MEDIA RISKS IN LARGE AND MEDIUM ENTERPRISES IN THE
CAPE METROPOLE: THE ROLE OF INTERNAL AUDITORS**

By

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DECLARATION

I, Leon Tinashe Gwaka, declare that the contents of this dissertation represent my own original work, and that the dissertation has not previously been submitted for academic examination towards any qualification. Reference and acknowledgement has been made to literature that has been consulted in compiling the dissertation. Furthermore, this work represents my own opinions and not necessarily those of the Cape Peninsula University of Technology

Signature

Date

ABSTRACT

Social media has undoubtedly emerged as one of the greatest developments in this technology driven generation. Despite its existence from years back, social media popularity has recently surged drastically, with billions of users worldwide reported to be on at least one social media platform. This increase in users of social media has further been necessitated by governmental and private-sector initiatives to boost Internet connectivity to bridge the digital divide globally. Mobile Internet access has also fuelled the use of social media as it allows easy and economical connectivity anytime, anywhere.

The availability of hundreds of social media platforms has presented businesses with several opportunities to conduct business activities using social media. The use of social media has been reported to avail businesses with plenty of benefits when this use is strategically aligned to business objectives. On the flipside of the coin, these social media platforms have also emerged as new hunting grounds for fraudsters and other information-technology related criminals. As with any invention, engaging social media for business has its own inherent risks; this further complicates existing information-technology risks and also presents businesses with new risks.

Despite blossoming into a global phenomenon, social media has no universally accepted frameworks or approaches (thus no safeguards) when engaging with it, resulting in almost unlimited risk exposures. The uncertainty, i.e. risks surrounding social media platforms, proves problematic in determining the optimum social media platform to use in business. Furthermore, organisations are facing challenges in deciding whether to formally adopt it or totally ignore it, with the latter emerging not to be a viable option. The complex nature of social media has made it difficult for enterprises to place a monetary value and determine a return on investment on these platforms.

From a governance perspective, it remains a challenge for most enterprises to identify and appoint individuals responsible for social media management within businesses, although recently social media strategist positions have been surfacing. Due to their nature, the social media trigger matters relating to governance, risk and compliance, which imply that internal auditors therefore are expected to champion the adoption of social media in enterprises. As a relatively new concept, the role that internal auditors should play towards social media appears not to be well defined. Through examination of existing guidelines, an attempt is made to define the role of internal auditors towards social media.

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DEDICATION

I dedicate this work to my late father, Douglas Chakawarika.

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CHAPTER 1: OVERVIEW OF THE STUDY

1.1 INTRODUCTION

Originally designed to facilitate social and/or private communication (Heidemann, Klier & Probst, 2012:3866), social media has blossomed into a global phenomenon with an unlimited amount of potential that continually transforms everyday life. There is no agreed definition on what exactly social media is, but much reference has been given to Kaplan and Haenlein (2010:61) who define social media as “a group of Internet-based applications that allow the creation and exchange of User Generated Content (hereafter referred to as UGC)”. In essence, social media (also referred to as social-network sites) allows users to both share information and exchange ideas in a social atmosphere.

As difficult as it is to agree on a proper definition for this emerging phenomenon, accurately defining its use and practical application, particularly in a commercial dispensation, is proving to be a daunting task (Zeng & Gerritsen, 2014:27). To date, social media platforms continue to be used for varied purposes as businesses, in general, seek the best way in which these platforms can be leveraged. Despite the aforementioned, the use of social media in businesses continues to intensify as the majority of stakeholders, such as suppliers, customers and competitors, have also embraced the use of social platforms.

As with any innovation, social media usage in businesses has been faced with several challenges. Furthermore, several enterprises prefer not to “cash in” on probable opportunities associated with social media due to the difficulty of determining the value of “being social” (Guinan, Parise & Rollag: 2013). Nevertheless, social media users have continued to increase and this has appealed to many enterprises, especially medium and large, which now believe that there should be a way of exploiting social media for business success (Michaelidou, Siamagka & Christodoulides, 2011:1153).

The use of social media in business has become a globally accepted concept, with approximately 95% of South Africa’s major brands (South African Social Media Landscape 2012, cited in Deloitte, 2013:3) using these tools. By ignoring social media, organisations are highly likely to experience adverse implications such a failure to maintain constant contact with customers or suppliers. With social media being fairly new in South Africa, its use in the business environment

has been, and still is, unclear with some businesses “winning” (i.e. exploiting the opportunities social media brings and/or being susceptible to social media risks) and others “losing” (i.e. being adversely influenced by social media risks). As a result, frameworks, strategies and policies have previously not been in place to guide enterprises as there was no clear understanding of social media. However, recently these guideline-giving documents have started emerging.

1.2 BACKGROUND TO THE RESEARCH PROBLEM

The concept of social media is top of the agenda for many business executives today (Kaplan & Haenlein, 2010:58). According to KPMG (2011), participating in social media has become a business imperative. As business executives are becoming aware of the enormous power and potential of this medium, measures are being put in place to start participating or improving participation on social media (Taprial & Kanwar, 2012:8). Scott and Jacka (2011:5) reckon that there is no single recognised definition for social media. Comm (2010:3) supports this notion by indicating that the definition of social media is thought to be vague. Jue, Marr and Kassotakis (2009:4) are, however, of the opinion that “social media typically refers to the many relatively inexpensive and widely accessible electronic tools that enable anyone to publish and access information, collaborate on a common effort or build relationships”.

According to Aula (2010:43), social media has several implications for corporate strategic endeavours. Lovett (2011:127) highlights that the use of these tools has gained extreme popularity and is now dramatically influencing traditional business with regard to consumer relationships and is on its way to changing business-to-business relationships. Although these tools are gaining such popularity, Mergel, Mugar and Jarrahi (2012:152) are convinced that, despite the widespread fascination with transformative capabilities of these tools, its consequences for organisational policies are less understood. Furthermore, there is currently a knowledge gap about social media across the majority of organisations (CrowdControlHQ, 2012). This could be due to the fact that social media is still an unexplored territory filled with unknown opportunities and dangers (Jue, Marr & Kassotakis, 2010:191). Despite this concern, it is strongly believed that social media is here to stay and will evolve further, bringing with it complex risks (Al-Deen & Hendricks, 2012:115).

Andreesen and Terp (2006:31) define risk as the uncertainty of an internal or external event occurring that can have an impact on achievement of objectives within an organisation. A survey by Ernst & Young (2011:5) has brought out the fact that the explosion of social media and mobile computing has introduced major business risks (uncertainties) for companies. Landsbergen (2010:144) further explains that despite the many specific risks brought about by social media, organisations must be familiar with the on-going risks of not embracing social media. It is worrying, however, that despite social media's popularity it seems that the majority of organisations are not making efforts to address and monitor the risks that social media pose (Stewart, 2013:215).

According to Kelly (2010:5), social media involves so many different stakeholders within organisations that it may be contributing to the difficulty in defining who is either accountable or responsible. However, Scott and Jacka (2011:xii) explain that, with the continuous use of social media, it is not a matter of if, but when, internal auditors will need to play a role. In a survey conducted by Ernst & Young (2011:2) it has been noted that the internal audit is gradually playing a more prominent and proactive role in non-financial reporting matters, risk management and key emerging risks, with social media being one of these.

From the discussion above, it can be noted that social media use is increasing in organisations as technology continues to evolve (Jue, Marr & Kassotakis, 2010:179). The opportunities and risks associated with social media are real, while ignoring it is extremely detrimental to the organisation (Girard & Girard, 2010:99). It further appears as though currently organisations do not have proper know-how, guidelines or strategies for handling social media risks (Barlow & Thomas, 2010:101). This study therefore seeks to identify the risks that social media poses to organisations and the role of internal auditors regarding social media risks. It is critical to state that within the majority of enterprises, the role that internal auditors should play towards social media and other emerging technologies are not well defined which lead us into our research problem.

1.3 STATEMENT OF THE RESEARCH PROBLEM

It is perceived that medium and large organisations in the Western Cape Region of South Africa do not fully comprehend the role that internal auditors can play in mitigating risks that emanate from the use of social media within these enterprises. While it is clear that some organisations

are better off than others with their particular stance on social media use, there is no definitive proof as to how favourable or adverse it is for any business to make use of, or totally avoid using, social media. More so, enterprises do not have an understanding of what role internal audit departments should play towards social media adoption, use and risks, despite the existence of guidelines that outline what is expected from internal auditors.

Furthermore, with social media being fairly new, it is fair to say that with limited frameworks, strategies, policies and procedures on the usage of social media (in and around businesses) it is of paramount importance that business entities, with an internal-audit department, capitalise on this situation.

1.4 RESEARCH QUESTIONS, SUB-QUESTIONS AND OBJECTIVES

1.4.1 RESEARCH QUESTION

What role should be played by internal auditors in mitigating social media risks which medium and large enterprises within the Cape Metropole are exposed to through the use of social media within these enterprises?

1.4.2 SUB-QUESTIONS, RESEARCH METHODS AND OBJECTIVES

Sub-Question	Research Methods	Research Objectives
How do medium and large organisations and their employees use social media (business or social)?	Questionnaire	<p>To determine the nature of the social media which medium and large organisations make use of.</p> <p>To determine the usage purposes of social media for both employees and enterprises.</p> <p>To determine inherent risks that emanate from the use of social media.</p>

Do medium and large organisations have a social media policy?	Questionnaire	To determine whether the use of social media in medium and large organisations is governed by particular organisational policies.
Who are the role players that monitor the use of social media within an organisation and what is their responsibility towards social media monitoring?	Questionnaire	To determine the various responsibilities that different departments/office bearers assume regarding social media management.
How does the use of social media affect business operations (business units e.g. Marketing, Human Resources)	Questionnaire	To determine the impact (Operational) that social media has on business operations.

1.5 LITERATURE REVIEW

1.5.1 INTRODUCTION

This section of the dissertation integrates ideas from different researchers framing the research within existing literature. Although the primary objective is to highlight social media risks and the role of internal audit, to provide a holistic view and understanding, the literature discussed in this section gives a general overview of social media in business. The section starts by providing a definition of social media and highlights the different classes of social networking platforms. This is followed by an analysis of how the use of social media in enterprises generates risks for enterprises. Subsequent to this, the role that internal audit departments should play and the suggested approach to auditing social media is outlined.

1.5.2 SOCIAL MEDIA OVERVIEW

According to Sparta (2012:16), social media is not entirely a new concept, but what appears to be a new thing about it is its pervasiveness. While it is difficult to define social media in a manner which satisfies every individual, there is a general consensus that the term social media integrates technology and social interaction (Focus, 2001). Further to this, Hearing and Ussery (2012:36) concur that the explosion of social media has impacted on most aspects of society, including the workplace, giving rise to a multitude of matters for employers to address. Despite several negative implications that social media has been associated with in workplaces, Merrill, Latham, Santalesa and Navetta (2011:1) are of the opinion that the opportunity to interact with anyone, anywhere and anytime that is offered by social media should be utilised. More so, Brennan (2010:12) supports this idea by indicating that companies which are able to exploit social media successfully will find the rewards far outweighing the risks. Conversely, Dinh (2011:46) is pessimistic that social media in its current state is not safe for use by enterprises.

According to Bregman (2012:24), it was not long ago that many organisations discouraged or restricted employees from visiting social media sites. However, it seems as though recommendations to keep social media usage out of the enterprise are becoming less popular in businesses (ISACA, 2010). For employees blocked from accessing and using social media at work, over half are accessing it regardless of the restriction, using both their personal devices and work-provided technologies (Ernst & Young, 2011:15). More so, ISACA (2010:4) notes that social media use has become a priority for enterprises that want to lead in today's business environment.

The uses of social media in enterprises are wide and Dailey (2009:4) notes that companies are utilising social media to establish and maintain relationships with job applicants, employees, customers, shareholders and other stakeholders. As such, the social media concept in enterprises is moving from being a once-off initiative to being an important, integrated tool in marketing and communications strategies (Young, 2010: np). As a result of this, Dinerman (2011) suggests that enterprises should brace themselves and realise the usefulness of sites such as Facebook, Twitter and LinkedIn in enterprise operations. However, despite receiving much attention, it is not easy to understand and measure the actual benefits that can be derived from using social media, as well as the associated risks to which the use of social media can expose an organisation (Everett 2010:9).

1.5.3 SOCIAL MEDIA RISKS TO ORGANISATIONS

The primary Internet risks experienced by many organisations less than a decade ago revolved around firewalls, encryption keys and computer security (Scott & Jacka, 2011:53). However, the transformation of technology, which has enabled the growth in social media use, has brought new and unique types of risks that companies need to address (Andreesen & Slemp, 2011). Unlike traditional technology risks, enterprises cannot escape social media risks by simply avoiding them (Button, 2012:9). According to Field and Chelliah (2012:36), social media risks vary according to organisations. Merrill *et al.* (2011:4) identify the major classes of social media risks as reputational, legal and operational risk. In support of this view, Scott and Jacka (2011:53) point out that social media use has resulted in the explosion of reputational, strategic and governance risks. While this might not be an exhaustive list of risks, Kendrick (2010:38) believes that principal risks surrounding social media “arise from handling of communications and information”.

The introduction of social media may be the most revolutionary change to communication since the introduction of the Internet (Consalvo & Ess, 2010:1) and as such, organisations have lost control of what is published or communicated about them (Brynteson & Rinkoff, 2012:39). Kelley (2012:5) emphasises that despite organisations enjoying more and wider publicity on social media platforms, it is not all publicity that is good. As any individual has the ability to post or share anything on social media platforms, individuals may accidentally post or share information that can have a severe impact on an enterprise (Kelley, 2012:5). Besides external exposure, even the purely internal use of social media brings along its own risks to enterprises (Walker, 2010:111). It is strange, though, that even companies not actively participating in social media need to address the potential risks of social media (Merrill *et al.*, 2011: 7). This is important for companies because even when a company is not participating in social media, its customers, competitors and stakeholders are participating (Curtis & Giamanco, 2010:70).

Reputational damage is another major risk that most organisations fear. Reputational threats are activities or information that damage the image or public perspective of an organisation (BITS, 2011). Due to the fact that social media users generate unverified information, whether true or false (Aula, 2010:45), the public is often exposed to manipulated facts which might not be a true reflection of an organisation. Button (2012:8) reveals that even satire in social media can cause extreme harm to an organisation’s brand or reputation if not responded to. According to Hegel (2011:57), bad publicity could possibly lead to the loss of both sales and clients.

Cawley (2011:16) therefore insists that organisations should always be alert, listening to what is said about them on social media, and respond swiftly to potentially damaging discussions.

Although the use of social media presents traditional technological risks, it brings with it unique risk areas (Singleton, 2012:12). The sheer volume of participants makes social media a potential hunting ground for attackers and hackers. Crowe Horwath (2011) states that several people post personal information on social network sites, exposing themselves and their organisations to serious risk. Fidel and Siska (2012:24) point out that, companies may lose trade secrets or confidentiality rights depending on the nature of information made public. Furthermore, the use of a company's internal server to access social media sites opens up security and data-privacy risks as people are highly unsuspecting in the ordinary use of social media (Andreesen & Slempe, 2011:2). For this reason, Patel (2010:60) indicates that it is virtually impossible to ignore social media.

1.5.4 ROLE OF INTERNAL AUDITORS IN ADDRESSING SOCIAL MEDIA RISKS

According to Goldberg (2011), any form of risk that a company can be exposed to should be a concern for the internal audit department. As defined in the International Standards for the Professional Practice of Internal Auditing (ISPPA), internal auditing is an “assurance and consulting” service which should “add value” and “help an organisation achieve its objectives” (IIA, 2008). While the definition is not restrictive, the Institute of Internal Auditors (IIA) outlines in a paper titled *The Role of Internal Auditing in Enterprise-wide Risk Management*, core roles, legitimate roles as well as the roles that internal audit departments are discouraged from performing in an enterprise (IIA, 2008). Furthermore, the ISPPA Standards 2100, 2110 and 2120 outline the nature of work internal auditors can perform regarding governance, risk management and control respectively.

Despite the fact that most Chief Audit Executives are focusing on emerging risks in enterprises, the IIA Research Foundation (IIARF), (2011:8) argues that internal auditors continue to lag behind in identifying important risks and providing the level of assurance expected. This continues to expose enterprises to the threat of risks that come with emerging technologies. However, companies too appear to be uncertain when allocating responsibilities with regard to emerging risks. This is clearly indicated in the results of a United Kingdom survey by Grant Thornton (2011)

which shows that approximately 42% of the survey population – i.e. companies with an internal-audit function – had not identified individuals to take charge of social media risks.

The main challenge that enterprises with an internal-auditing department encounter is assuming that the internal-audit department should “own” risks. Shortreed, Fraser, Purdy and Schanfield (n.d:5) clarify that risks should be “owned” by decision makers and not by a separate group such as internal audit or risk management. To this end, Harrison (2012:28) suggests that internal auditing should give management an insight into the success of “owning” risks by evaluating the adequacy and effectiveness of risk management. It is therefore critical to ensure that the organisational structure takes into account the need for this independence.

The profession of internal auditing has experienced changes, and internal auditors have transformed from being compliance-audit centred to operational business partners (Harrison, 2012:28). The focus of internal auditing is changing to align internal audit strategy with the organisational overall strategy in order to assist management in the effective delivery of their duties (Ernst & Young, 2012:4). In so doing, internal auditors are being transformed into trusted strategic advisors that progressive managers benefit from (Choi, 2003:31). Jacka (2011), as cited by Cain (2012:46), points out that, internal auditors can offer management guidance on social media strategies and policies. According to KPMG (2011), internal auditors’ roles and responses to social media should depend on the sophistication of social media usage within the organisation. Jacka and Scott (2011:56) highlight that there is a lot of ground to cover when internal auditing begins looking at the organisation's social media efforts.

It appears, therefore, that the role of internal auditing towards social media risks is not yet well defined in enterprises. Further to this, a lack of appropriate support from management, who continue to be pessimistic about social networking in enterprises, complicates the situation. Internal auditors currently appear not to have sufficient skills and knowledge of auditing social networking. However, the study frames the expectations of internal auditing using the existing guides for internal auditors. As such, the role of the internal auditors towards social networking should be defined, taking into consideration ISPPA, the Committee of Sponsoring Organisations (COSO) framework and the Global Technology Audit Guides (GTAG).

1.5.5 THE FUTURE OF SOCIAL MEDIA IN BUSINESS

According to Meyerson (2010:xii), social media has already changed the manner in which business is conducted. Lovett (2011:235) reckons that organisations are already building towards greater investments in social media. It is therefore prudent to state that enterprises should realise that social media is here to stay (Jue, Marr & Kassotakis, 2010:191). The appropriate adoption of social media for business operations will propel organisations to new levels of performance, competitiveness and sustainability. For South African enterprises, the dilemma that most are facing is to determine whether social media is paying off.

Social media return measurement and analysis remain in a very confusing state at present (Sweeney & Craig, 2010:68). Wollan, Smith and Zhou (2010:93) attribute this to the fact that constant changes in technology require companies to keep on defining new metrics and new techniques of measurement and analysis. Chaney (2009:212) indicates that social media measurement is not always about return on investment in monetary value, but return on investment in terms of influence, engagement and other defined metrics. At this stage, Barlow and Thomas (2010:94) encourage organisations to establish a listening framework to hear what the world is saying about them.

The future of social media in organisations requires them to establish a plan to manage the fast evolving social media (Walker, 2010:112). Kreitner and Cassidy (2012:194) acknowledge that social media strategies are clearly a work in progress as new technologies unfold. In establishing these strategic plans, organisations must consider that there are new rules for customers, business functions and growth strategies due to technological improvements (Wollan, Smith & Zhou, 2010:5). Scott and Jacka (2011:111) encourage organisations to view social media as a concern for every department as social media acts as a voice for the entire organisation.

While it is hard to guess what the next big ideas in information technology will be (Poynter, 2010:256), it is almost certain that social media will continue to blur professional and social boundaries (Jue, Marr & Kassotakis 2010:183). As much as it is impossible to predict the future of social media, people will continue to connect, build relationships and disclose content, whether good or bad (Burrow, 2012:xxxi). Blossom (2009:1) shares the view that social media is setting a stage for great development beyond our imagination in the future. Isaac Asimov, the popular writer, wrote, "It is change, continuing change and inevitable change." This clearly explains why

understanding social media in a corporate context has increasingly become so important (Mergel, Mugar & Jarrahi, 2012:152)

1.6 RESEARCH DESIGN

Oppenheim (2000:6) states that there is a significant distinction between research design and research technique, with the former being a logical plan of enquiry and the latter being the logistics for the plan. A research design will assist the researcher in providing answers to the initial research question sufficiently (Vaus, 2001:9). Saunders, Lewis and Thornhill (1997:72) support this by stating that research design helps to determine which methods would be appropriate for a study.

The nature of this research will be exploratory, with a problem statement that, it is perceived that medium and large organisations in the Western Cape Region of South Africa do not fully comprehend the role that internal auditors can play in mitigating risks that emanate from the use of social media within these. Marczyk (2010:8989) explains that it is possible to state that a relationship exists between variables, not necessarily a causal relationship. The problem statement for this study assumes that there is a relationship between social media and risk. In order to achieve best results for the study, Thomas (2003:7) recommends adopting a combination of both qualitative and quantitative research. This helps to address shortfalls of either approaches as these should be viewed as complementary rather than antagonistic (Thomas, 2003:6). Furthermore, Punch (2005:19) indicates that different research questions require different methods to answer them correctly.

Questionnaires were utilised for data collection. According to Oppenheim (2000:10), a questionnaire is not just a list of questions or forms to be filled; it is essentially a measurement tool, an instrument for data collection. The questionnaire for this study combines pre- and post-populated questions to facilitate qualitative and quantitative descriptions respectively. Questionnaires allow the researcher to reach out to respondents in various locations while maintaining confidentiality and anonymity (Pawar, 2004:28). It is always advisable to carry out a pilot test before administering the questionnaire in order to make the necessary improvements (Kothari, 2009:101). As such, this study will perform a pilot test for its questionnaire.

The population of interest is defined by McDaniel and Gates (1998:301) as a total group from which we need to obtain information, and this research study will refer to large and medium enterprises across different industries in the Western Cape Region. As conducting a survey of the total population results in high cost and time constraints, sampling is often the most efficient method to obtain information (Neelankavil, 2007:240). Due to the nature of the study, Guest and MacQueen (2008:212) recommend purposive sampling as it allows the researcher to select elements based on personal judgement of what elements will facilitate investigation. For this particular research a sample was drawn from employees in companies across different industries who attend the forums and conferences hosted by the Institute of Internal Auditors South Africa, Western Cape Region, within the Cape Metropole.

1.7 DELINEATION OF STUDY

This study does not include small enterprises as it focuses only on medium and large enterprises. For the purposes of this study, the definition of small and medium enterprises is based upon the Small Business Act 102 of 1996. This is due to the fact that internal-auditing departments are generally more established in medium and large enterprises and not small enterprises. Furthermore, enterprises outside the Western Cape Region were also not considered. In conducting the study, the presence of an internal audit department was not an influencing factor.

1.8 ETHICAL CONSIDERATIONS

In this study, consideration is made for ethics as this forms an integral part of research (Creswell, 2002:18). The researcher clearly indicates that while this study is purely for academic purposes, the researcher has no absolute control over circumstances that may result in potential harm. The researcher, however, takes every possible measure to ensure that there is no harm to participants; participants are fully informed and give consent willingly, and the researcher will not invade privacy of participants or deceive participants. Furthermore, the researcher will reflect the true and given responses by participants and will abstain from fabricating any information. An unbiased and impartial attitude towards the research results will be maintained at all times. To

ensure that the research was conducted within institutional guidelines, ethical clearance was sought and granted by the Cape Peninsula University of Technology.

1.9 CONTRIBUTION OF STUDY

The study is intended to complement existing literature by providing a self-effacing contribution to available studies on:

- Social media in business: risks and opportunities.
- The changing roles of internal auditors and emerging business risks.
- Governing integration of social media in corporate matters: policies and guidelines.
- Role players in risk management in enterprises, with particular emphasis on social media risks.

1.10 RESEARCH LAYOUT

This research is structured in five chapters. The first chapter outlines the background to the research problem as well as the major research questions and objectives. To further frame these questions into existing literature, Chapter 2 provides an overview of the literature review in an attempt to provoke a deeper understanding of the relationship between social media, risk and internal auditors. This is followed by Chapter 3 outlining how the research was conducted, and provides justification for the research methods, sample size and research instruments used. Chapter 4 reflects the trend within enterprises in the Western Cape in relation to the use of social media, the risks they are aware of and the role that internal auditors play. Due to variation in enterprises, it is important to outline that generalisation has to be cautiously applied. The data analysis in Chapter 4 provides feedback gathered and further makes an attempt to explain the different trends. A summary of the research is coined in Chapter 5, with recommendations being generated for enterprises to follow in order to minimise the risks of using social media through the use of internal auditors.

CHAPTER 2: SOCIAL MEDIA IN ENTERPRISES: LITERATURE STUDY

2.1 INTRODUCTION

Social media use in enterprises is not an entirely new aspect but it has recently emerged as a popular research concept (Jussila, Karkkainen & Aramo-Immonen, 2014:606). There is limited academic research on the use of social media in organisations, especially in developing countries such as South Africa (Michaelidou, Siamagka & Christodoulides, 2011:1153). The increase in social media platforms, coupled with ease of access and low costs, has attracted millions of users to these platforms. These numbers have generated optimism in several enterprises in the realisation that there should be a way of manipulating social media platforms to generate profits for enterprises (Reddick & Norris, 2013). A significant number of enterprises, including those listed among the Fortune 500, have already embarked on strategically embedding social media in their organisations; its use, however, remains mostly experimental.

With different approaches, enterprises have adopted social media, with some pessimists opting to totally ignore it. In spite of the adoption mechanism, it is a fact that social media use in enterprises has provoked a whole new approach to conducting business (Sherman, 2011:1). Social media has affected major business functions such as marketing, human resources and information technology. In so doing, social media has created new opportunities for enterprises, while also complicating existing information-technology risks and facilitating in the emergence of new risks (Langheinrich & Karjoth, 2010:51).

As a relatively new innovation in enterprises, there are several concerns that have been raised pertaining to risks that emanate from social media use. Enterprises have not been anticipating hidden risks to which they can be exposed when using social media as they lack a thorough understanding of this phenomenon. Executives within enterprises appear to be the last group to grasp the concept of social media raising questions on the strategic positioning of social media in enterprises. Furthermore, in most enterprises, ownership and control of social media has not been clearly defined.

In their emerging role as strategic advisors, internal auditors clearly do have several roles to play towards social media utilisation in business enterprises. The IIA (2013) reckons that internal auditors have a significant role to play in the three lines of defence of any organisation. The

functions of internal auditors have shifted from being champions of compliance to focusing more on the entirety of the business. It is, however, concerning to note that several internal audit departments have not performed any work that is related to social media; neither are they abreast of risks emanating from emerging technologies within their organisations (McCollum, 2013:7). Equally worrying are organisations with no internal-audit departments, internal or outsourced, or any responsible individual to assist with social media issues.

This research seeks to determine how enterprises, large and medium, have fared in using social media and the roles that internal auditors have assumed towards this fairly new business tool. To provide a fairly reasonable answer, the study begins with an abridged history of social media and closely looks at the different definitions that have been produced over time in order to clearly understand the exact phenomenon being examined. Further, classification and determination of the uses of social media in enterprises is done which unearths the risks that the use of social media has created in enterprises.

With social media risks identified, the risk-management processes relating to social media risks are also closely examined to determine the role of internal auditors with reference to various internal-auditing guidelines. A summarised version of the roles is provided towards the end, before the summing up of the chapter by a predictive discussion which examines how continued transformation and the use of social media in enterprises will influence South African enterprises and internal auditors' discharge of their duty, relating these to recent developments.

2.2 DEFINITION OF SOCIAL MEDIA

According to Heidemann and Probst (2012:3867), it is difficult to define social media in a manner that will satisfy every individual. Further to this, Jussila *et al.* (2014) clearly outline that, social media is neither “unified” nor “well-defined”. The dynamics of social media make any attempt to fully define the term problematic as it continues to evolve by adapting to the demands of users (Wankel & Wankel, 2012:348). In an attempt to adopt a working definition for the study, this section examines various definitions put forward by different researchers, academics and authors.

Blossom (2012:2) defines social media as an umbrella term encompassing all the available technologies that allow people to be influential publishers on the Internet. According to Wankel, Marovich and Stanaityte (2010:242), social media refers to activities that integrate technology,

social interaction and content creation. Many of the provided definitions of social media blend technology aspects and social aspects to create a socio-technical element with high value. Hansen, Shneiderman and Smith (2011:12), on the other end, define social media simply as a set of online tools that supports social interaction between users.

Kaplan and Haenlein (2010:59) concur that social media allows the creation and exchange of user-generated content. Seppä (2008:28) indicates that social media enables individuals with common interests to share content through connection on social media and, in other cases, users utilise content on the social media platform. Furthermore, the true value of social media is said to be in the conversations they facilitate (Olberding & Williams, 2010:74). Haslam (1999) sums up these ideas by indicating that at the end of the day social media is all about building relationships.

It is difficult to define and study social media without encountering the catchphrases “social networking”, “Web 2.0” and “User-Generated Content” (Edosomwan, Prakasan, Kouame, Watson & Seymour, 2011). Elefant and Black (2010:4) somehow believe that it is Web 2.0 technologies that initiated the growth of social media. Kaplan and Haenlein (2010:61) try to sum up it all by indicating that Web 2.0 represents the ideological and technological foundation, while User Generated Content (UGC) can be seen as the sum of all the ways in which people make use of social media.

Due to the continuously changing platforms, defining social media will always be confusing. Zeng and Gerritsen (2014:27) concur with this by explaining that the definition of social media will continue to change with the emergence of new platforms and changes in its use. A working definition that has been adopted for the study will be broad in nature. Social media for this study will refer to the integration of technologies to enhance human conversations in the fastest and cheapest accessible manner. The definition will include existing social networking sites, applications and technologies facilitating online social conversations. This view is further supported by Turner and Shah (2011:13) who indicate that social media is all about having a dialogue.

2.3 ABRIDGED HISTORY OF SOCIAL MEDIA

According to Edosomwan *et al.* (2011), the exact date that the term social media was coined and started to be used cannot be easily determined with accuracy. Briggs and Burke (2009:1) believe that it was in the 1920s that people began to talk about “media”, although elements of human conversation and communication are much older than this. While this might be true, Dube (2007:99) argues that media referred to in the early period did not effectively support human interaction and was mostly one-way conversation. According to Fellow (2010:368), while computers were conceived as mathematical machines, their modification in the period 1960 to 1980 presented a model of mass communication that enhanced true two-way human conversations.

Pretext (1998) claims that the first signal of social media was in 1971 when Ray Tomlinson sent an e-mail from one computer to another. Boyd and Ellison (2008:214) claim that further developments led to the “birth” of the Bulletin Board System in 1978, which is claimed to be the first real usage of social media. The invention of the World Wide Web in 1991 by Tim BernersLee marked another milestone in the development of networked communication (Dijck, 2013:5). Between 1997 and 2001 a number of online community tools evolved to support various functions (Boyd & Ellison, 2008:214).

Clapperton (2010:s.l) claims that in the 1980s World Wide Web services existed but in a primitive form. As the networks continued to change so did their importance and usage (Clapperton, 2010:s.l). Taprial and Kanwar (2012:9) write that through these continuous changes, social media evolved from the manipulation of existing communication systems. Since basic communication systems have been in existence from the start of man, Safko (2012) points out that social media (i.e. one of various communication systems) therefore has been around for as long as humans were there to create it. Buse, Mays and Walt (2005:77) are, however, of the opinion that it was the arrival of the Internet in the 1990s that boosted social media in the context we understood today – i.e. digital communication. According to Dijck (2013:5) it is logical to say that social media has historically co-evolved with the public that use them.

While there are plenty of types and classes of social media, one important element which needs to be considered for this study is the evolution and emergence of popular sites. While every networking site’s history cannot be neglected, some of the popular developments in the history of social media were Facebook, Twitter, LinkedIn and YouTube (Spanial, Li, Klammar & La,

2009:12). According to Van Zyl (2009:907), the popularity of these sites has helped to bridge social contracts, improve business relations and several business aspects. Furthermore, this evolution has resulted in social media moving further beyond the means of staying in touch with colleagues, as most companies are taking steps towards conducting social business (Barone, 2011).

Closely examining the social media evolution process provides a picturesque background of how media use has generally been transformed within enterprises. In its early stages, the existence of electronic-media use was for some privileged businesses. In using electronic media in the early years, the nature and extent of risks that enterprises were exposed to cannot be compared to the current risks associated with social media use. One explanation for this major difference and escalation in risks can be the existence of multiple classes of social media platforms today compared to the start-up years of social media use.

2.4 CLASSIFICATION OF SOCIAL MEDIA

According to Kietzmann, Hermkens, McCarthy and Silvestre (2011:242), there currently exists a rich and diverse ecology of social media sites which varies in terms of their scope and functionality. Dijck (2013:8) is of the opinion that, although it is a challenge to track the evolution of every social networking site, it is logical to classify social media into different categories. According to Wankel, Marovich and Stanaityte (2010:10), there have been numerous efforts to classify social media, with little consensus reached. Haenlein and Kaplan (2010:61) are of the opinion that there is no systematic way in which social media applications can be classified.

In the social media honeycomb model, Kietzmann *et al.* (2011:241) indicate that there are about seven functionality blocks of social media which include identity, conversations and relationships. In Figure 2.1, ISACA (Information Systems Audit and Control Association) indicates how these functionalities are supported by the availability of different classes of social media platforms.

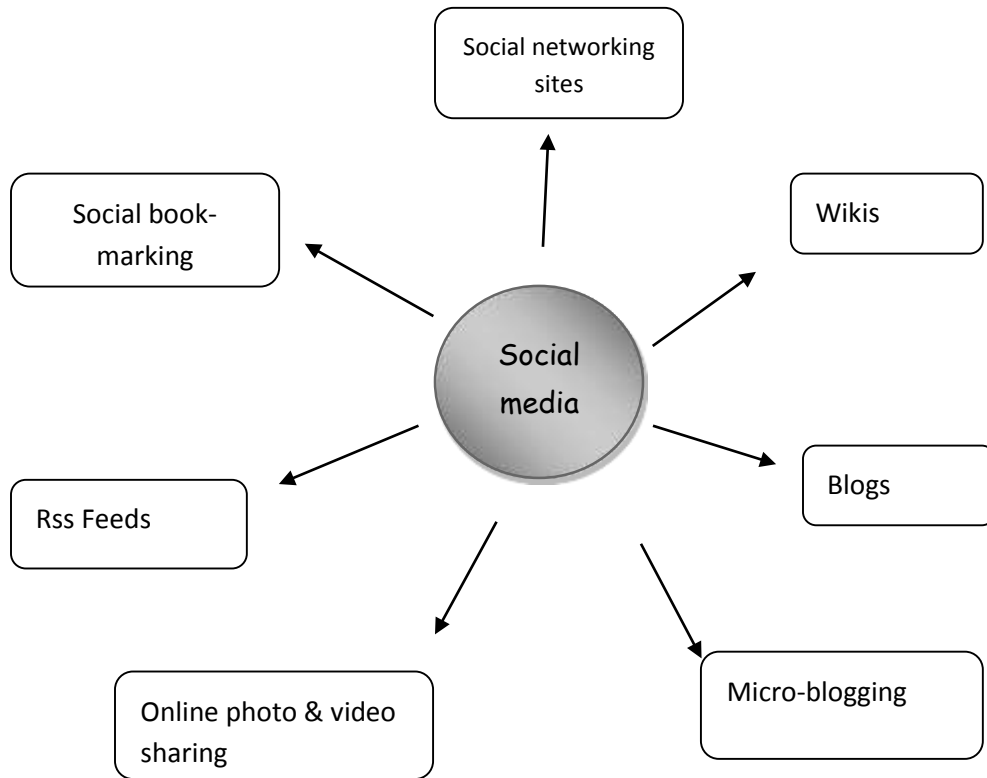


Figure 2.1: Main types of social media platforms (**Source:** Adapted from ISACA, 2012)

While the availability of different classes of social media platforms provides options to enterprises, it should be objectively identified as an expansion of risks. In an attempt to be connected to stakeholders, there is a high risk that enterprises will attempt to establish a presence on several platforms, which will eventually lead to poorly managed enterprise accounts due to a lack of resources to monitor these. Simply being on a platform does not clearly indicate how well an enterprise may be performing. Table 2.1 provides a guideline which aligns the enterprise objective of participating on social media platforms, and the possible platforms to participate on, based on the desired level of self-disclosure and the level of social media presence.

Table 2.1: Classification of social media by social presence/media richness and self-presentation/self-disclosure (**Source:** Kaplan & Haenlein, 2010).

		Social Media Presence		
		Low	Medium	High
Self-presentation or Self-disclosure	High	Blogs	Social Network Sites	Virtual Social worlds
	Low	Wikis	Content (Video sharing)	Virtual game worlds

2.5 CHOOSING THE APPROPRIATE SOCIAL MEDIA PLATFORM

The presence of numerous social media platforms presents a challenge to organisations in choosing which one to use, especially with each platform presenting different uses or target markets or functionality instead of facilities (Scott & Jacka, 2011:151). Although the entire process of selecting a social media platform can be time consuming, it is considered a strategic decision with long-term effects on the organisation (Scott & Jacka, 2011:151). Hanna, Rohm and Crittenden (2011:268) support this notion and recommend that organisations should understand the purpose of each platform and synchronise this in their strategy to determine compatibility rather than to treat these social media platforms as independent and isolated.

While there are no set rules for choosing a social media platform, Hanna, Rohm and Crittenden (2011:268) further highlight that it is essential to start by making an assessment of the target audience and potential platforms on which the target audience frequently interact. Kaplan and Haenlein (2010:62) identified self-disclosure/self-presentation (amount of personal information to reveal) and social media presence (frequency) as key factors in determining the media platform to adopt. Figure 2.1 indicates the type of platform corresponding with the level of disclosure, presentation and presence that is desirable. It is therefore presumed that an organisation will consider the level of disclosure, the content it wants to disclose, and also how much presence it wishes to establish in selecting an appropriate platform (Kaplan & Haenlein, 2010:62).

While the above factors are indispensable, Whalen and Krishna (2012:16) recommend that enterprises need to perform an analysis to identify whether they have thoroughly prepared for several social media governance issues. Key factors highlighted include the existence of personnel to actively monitor social media problems and potentials, a clearly defined policy on social media usage and a system to monitor compliance. In addition, the innovativeness of an organisation and the willingness of the management of an organisation further play a role in determining the platform to use (Michaelidou, Siamagka & Christodoulides, 2011:1155).

2.6 BARRIERS TO SOCIAL MEDIA ENGAGEMENT

Executive resistance to social media can be compared to the resistance of executives to their employees' use of personal computers and electronic mail years ago (Wollan, Smith & Zhou, 2010:237). Lack of knowledge on the use of social media and the lack of knowledgeable staff have been attributed as the predominant barriers to social media engagement (Turner & Shah, 2011:170). Bregman (2012:24) identifies fear of online criticism as one key barrier to social media engagement. Sigala, Christou and Gretzel (2012:113) state that internal resources constraints, stiff organisational culture and the lack of a clear vision are major impeding factors to social media use.

Another key element that has been central to the avoidance of social media use by several enterprises is the need to be vigilant not only about what the enterprise portrays online but also the activities of its employees (Whalen & Krishna, 2012:16). For firms willing to join social media platforms, there is no clear line between personal and work-related privacy and identification between employees and the employer (Kietzmann *et al.*, 2011:244). Rubin (2011:583) explains that research assumes the behaviour of individuals to be rational but, when participating online, these individuals perceive themselves as free and not bound by any standards or conventions (Patton, Eschmann & Butler, 2013:A54).

There is, however, a question as to whether all these are really barriers to social media engagement or only excuses given by executives reluctant to embrace change (Sigala, Christou & Gretzel, 2012:113). These excuses will, however, disappear as social media is here to stay and, if properly leveraged, will propel organisations to new heights (Jue, Marr & Kassotakis, 2010:191). It is, however, so unfortunate that there are several organisations falling into the

misconception that cyberspace is controlled and totally secure (Bartkiewicz, 2008:27), thus not taking any precaution when joining social media platforms. It therefore becomes essential to further analyse how these enterprises perform in the presence of social media.

2.7 SOCIAL MEDIA IN ENTERPRISES

In its current state, social media can be used by enterprises for several purposes. Social media features afford individuals opportunities to conduct activities without imposing strict restrictions, unlike traditional media. To date, enterprises have managed to utilise social media for various activities, including but not limited to marketing, hiring, communication and even attending to customer complaints. However, it should be noted that it is through the same use of these social media platforms that risks manifest in enterprises.

For enterprises that are keen to counter competition, retain key stakeholders and improve operations, social media use is no longer an option (Kirtis & Karahan, 2011:264). Despite raging debate on whether social media instruments are an important element in enterprises, a notable number of the Fortune 500 companies have a presence on at least one social media platform providing a hint on answering this question. In the South African context, it is unfortunate that social media still remains under-utilised (Moerane, 2013). For enterprises, whether using social media or not, business processes in the social media era have been transformed, bringing benefits and risks (Sherman, 2011:8).

Although social media was regarded as a less valuable tool in its inception stages, it has developed into a strategic business tool, with leading organisations already creating comprehensive strategies to synchronise social media and organisational objectives (Dutta, 2010:2). ISACA (2010:4) highlight that a direct correlation was found between top financial performance and social media engagement in a 2009 study by ENGAGEMENTdb. Further it is emphasised that enterprises have to embrace social media strategically in order to record better financial performances (ISACA, 2010:4).

With a subscriber base that ranges from ordinary citizens, a variety of businesses and governments, enterprises are set to benefit tremendously should they strategically adopt social media (Reddick & Norris, 2013). The strategic adoption of social media has, however, not been a smooth process in all enterprises as some are eventually realising that the value of using social

media might not outweigh the costs if not properly done (Grensing-Pophal, 2009:23). As management is often faced with several other tasks to perform, Juergens (2013:15) suggests that internal auditors should therefore be of much help in the monitoring of social media risks within an enterprise.

The starting point in any case would be to identify how businesses are making use of social media in order to understand how and what risks emerge from these uses. Scott and Jacka (2011:53) believe that social media has an intrusive, yet unavoidable, presence that has impacted on our personal, social and business lives. Within a short period of time, social media penetration in the workplace has been rampant and widespread (Andreesen & Slemp, 2011:1). Different enterprises have developed different philosophies and approaches towards social media use in enterprises.

Some organisations have opted for a conservative approach towards social media, but Dinh (2011:46) is optimistic that organisations which have not yet joined the social media phenomenon will eventually follow. Presently, more businesses are beginning to discover a variety of business opportunities in adopting and leveraging social media (Langheinrich & Karjoth, 2010:51). Enterprises need to realise that being inactive on social platforms does not spare them from social media risks such as reputation damage (Whalen & Krishna, 2012:16). Curtis and Giamanco (2010:19) insist that instead of doubting it, companies should learn and embrace social media.

According to Kim (2013:69), by using social media to conduct electronic commerce (ecommerce), a new category identified as social commerce has emerged. Social commerce has transformed several business operations as it offers benefits such as relations with clients; however, these are often offset by the multiple challenges it brings with it (Huang & Benyoucef, 2013). Furthermore, it is often worrying that businesses take a narrow and conservative approach towards social media (Nicholls, 2012:14). With 87% of the Fortune 100 companies on at least one social media platform, strategic business models are being developed around social media and implemented, although this is still in its infancy (Asur & Huberman, 2012:79).

Brown (2012:9) avers that the shift in communication has broken imaginary geographic, demographic and political boundaries. Some companies have already successfully improved internal communication through social media (Jue, Marr & Kassotakis, 2010:9). According to Awolusi (2012:2), organisations have specifically developed internal websites known as enterprise social networking sites, primarily for promoting internal work collaboration. Despite the numerous benefits social media presents in terms of communication, employees often do not

realise the negative impact of what they communicate by simply posting, commenting and sharing to the public through social media platforms (Hunter, 2008:17).

Giamanco and Gregoire (2012:90) believe that customers for any business have moved online and utilise the web to investigate their next possible purchase. Cawley (2011:16) reckons that marketers who utilise social media consider these channels low-cost and high-potential platforms. Howley (2010:11) indicates that marketing budgets are falling as investments on social media are increasing, and companies are opting to use social media due to the reduced cost and high audience it presents. Brennan (2010:8) is of the opinion that by connecting with customers through social media platforms, customers are awarded a sense of brand connection and transparency as these customers are able to make comments, suggestions and queries in real time.

Less than five years ago the goal of online marketing strategies for companies was to convince consumers to visit their websites; however this has changed to an attempt to create sustained engagement. Businesses are beginning to realise the value of social media as an essential tool for customer acquisition and retention (Malthouse, Haenlein, Skiera, Wege & Zhang, 2013:273). Furthermore, customers expect to engage with companies via several social media platforms at their convenience. It is expected that social media will be the primary way companies interact with customers and future customers, and as such enterprises should show concern (Funk, 2011:21). Brown, cited by Merrill (2011:2), is of the opinion that customers feel more connected to companies they have direct communication with on an on-going basis and are afforded the opportunity to express their opinion.

According to Werner, Schuler and Jackson (2011:28), social media is increasingly being used in recruitment activities, with companies such as Ernst & Young already at the forefront. To this end, it has become common for head-hunters and employment agencies to look for prospective employees on social media, especially LinkedIn. Companies are, however, creating a common place on social media platforms for prospective employees to converge, resulting in reduced advertising expenses (Scott & Jacka, 2011:40). It is perceived that using social media compresses the recruitment process, and new employees can be hired fairly and quickly. Through social media, employers have the chance to conduct background checks on prospective employees. Perritt (2011:6), however, feels that such action may give rise to a claim for discriminatory hiring practices and invasion of privacy.

It is not realistic for companies to completely restrict access or totally ban social media access at work (Whitlock, 2012:18). Some companies believe that access to social media fosters improved staff-communication and collaboration, while others are concerned with lost productivity, cyber security and related risks. Furthermore, it is feared that social media blurs the line between personal and professional conduct.

Although implementing social media policies is highly recommended, policies alone are not enough and need to be supplemented. To this end, Merrill *et al.* (2011:10) recommend that over and above the social media policies, companies should educate employees, monitor use and provide adequate insurance for companies' social media activities. It should be noted that it is not a single department, such as the internal-audit department, that should contribute towards formulating policies on the use of social media but all departments, as social media involves all functions within a company (Bregman, 2012:41).

2.8 SOCIAL MEDIA RISK ELEMENT IN ENTERPRISES

According to Webb (2003:17), the term "risk" has attracted different definitions over the years. Aven and Renn (2010:8) think that risk refers to the "uncertainty about events or activities seen in relation to severity of the consequences". Although the debate on the definition of risk still continues (Hillson & Murray-Webster, 2007:6), certain elements are common in most definitions and these are uncertainty, event or activity, and consequences or impact.

With the use of social media on the increase in enterprises, Ragusa (2012:6) anticipates an increase in the potential downsides of using social media in enterprises, including but not limited to reputation damage and harm to business relations, among others. The misuse of social media in several enterprises can only be identified as a ticking time-bomb with the potential to bring down the company when it explodes (Field & Chelliah, 2012:36). This manifestation of risks will shock ill-prepared enterprises who fail to identify that social media is a proverbial double-edged sword when using it in enterprises (Grant Thornton, 2011:1).

In the study of social media-use in enterprises, one central issue that should be probed further pertains to the issue of how risks manifest within social media platforms. Arguments and ideas have been passed to support that misuse of social media has been the major source of risks. With the common ideology that the new era has been termed the information age, sitting on the

sideline as a spectator and not participating on these platforms is considered a risk, as opportunities are lost (Giamanco & Gregoire, 2012:90). It has emerged that, although using social media in enterprises may give rise to risks, ignoring social media today has become suicidal to enterprises (Ragusa, 2012:6). Social media use in enterprises is no longer just a minor element; it has marked a dynamic shift in which enterprises conduct business (Barone, 2011:76).

The idea that social media use brings about risks to enterprises has long been discussed, and it is essential for enterprises to be familiar with the exact types of risks that they can be exposed to through social media use (Hunter, 2008:17). Wood, as cited by Everett (2010:8), explains that despite the fact that social media platforms have different features, the security risks that they pose are all the same. These social media platforms are further broadening existing e-crime (Weir, Toolan & Smeed, 2011:38). There are several types of risks that emanate from the use of social media in enterprises, and some threats of social media can be referred to as old risks remodelled into a new form (Weir, Toolan & Smeed, 2011:38).

ISACA (2010:7,8) identifies that social media risks can be distinguished between risks of a corporate social media presence and those risks emanating from employee use of social media. While social media brings inherent risks, just as any other information-technology element, there are some unique risk areas which social media provokes, such as reputation and other legal aspects (Singleton, 2012).

2.9 TYPES OF SOCIAL MEDIA RISKS FACED BY ENTERPRISES

Social media use has resulted in the emergence of several risks in enterprises, but to this end ignoring social media in this day is a far greater risk. Since social media platforms offer other attractive opportunities such as business growth, the opportunity cost of prohibiting social media use needs to be considered (ISACA, 2010:5). Furthermore, in this myriad of social media platforms, conversation continues despite the participation or non-participation of certain individuals. Organisations that are failing to take time to understand and get involved in these social media conversations are alienating themselves from stakeholders, which is a big risk as no organisation can operate in a vacuum (Lovett, 2011:78). In simple terms, Scott and Jacka (2011:21) simply insist that social media cannot be ignored.

According to Furnell (2010:10), tackling issues within an enterprise often depends upon action taken by the enterprise. With plenty of social media platforms at the disposal of enterprises, Watson, as cited by Everett (2010:9), highlights that it might take time to fully understand and manage social media risks; however there is a proposition for enterprises to have a tentative social media strategy in place. While establishing social media presence is essential, unmonitored presence and uncensored posts have a damaging impact on well-established brand names.

Aula (2010:44) defines reputation risk as the possibility or danger of losing or tarnishing one's reputation which affects competitiveness, trust, loyalty and relations with stakeholders. This can be closely related to impression management, which Schniederjans, Cao and Schniederjans (2013:916) define as the management of perceptions that stakeholders have about an enterprise. This is becoming more important in this era where social media has unquestionably shifted power to the public who can easily tarnish long-established brands with one controversial comment, post or blog (Point of View, 2012:1).

As social media platforms depend on user-generated content, Singleton (2012:12) is of the opinion that it is important for organisations to be both proactive and reactive in managing false statements and negative postings that may affect their public image. Phi (2011:7) encourages organisations to start monitoring cases and matters in which their names are mentioned. According to Berthon *et al.* (2012:270), reputational risks on social platforms are often overlooked, although their impact is severe. The main concern, according to Berthon (2012:270), is that content can be easily generated, altered and distributed from multiple sources. This usually results in the distribution of unsupervised and unauthorised content which carries an organisation's identity, and this may present a significant reputation risk (Berthon *et al.*, 2010:24). Employees are, however, expected to be discreet in the use of social media, the same as expected of them regarding their behaviour in public (Dobrian, 2013:58).

With all the benefits that social media brings to enterprises, Hutchings (2012:19) explains that these all come with legal risks. Chapman (2011:s.I) defines legal risk as the risk of failing to operate within the limits of the law, be aware of legal obligations, or recognising and managing legal threats effectively. Havenstein (2007:36) outlines that legal issues of concern, when using social media, include libel, copyrights, trademarks violations and trade secrets, among others. Furthermore, Al-Deen and Hendricks (2012:238) are of the opinion that the increase in social media users will probably result in more defamation cases. It is also important to understand defamation and copyright matters, especially when third parties can easily comment (Brennan,

2010:9). Legal risks are further complicated by the fact that social media is present in almost every part of the world, with different frameworks for laws and regulations (Cohen, 2013:22).

It is argued that information-systems risks in enterprises often accompany the adoption and implementation of new technology, such as social media (Lanter, 2012:4). Information-system risks can be argued to be static, but the tools that contribute to the risk are changing (Jackson, 2012:38). Due to the mass interactivity of information travelling to and from social media accounts, computer viruses and malware may enter an organisation's information-technology system way too easily (Lin & Green, 2012:19). According to Gharibi and Shaabi (2012:123), since social networks have a large number of users and contain large amounts of data, they are a natural target for spammers, hackers and malicious attackers.

Lam (2003:210) defines operational risk as the risk of direct or indirect loss resulting from inadequate or failed internal business processes, people and systems. According to Awolusi (2012:2), there is a risk that employees can use social media excessively on matters not related to work. This view is echoed by Stewart (2013) who explains that an employee commits fraud by accepting payment for work not performed, typically including using excessive employer time engaging in personal or social matters during official working hours.

Social media opportunities are huge but the problem is that "social networking sites present enormous opportunity for misuse, misinformation, malware distribution and fraud" (Security for Business Innovation Council, 2013:3). Phillips (2013) highlights that it is nearly impossible to predict security threats that will be prominent in years to come but currently data loss, leakage and storage are presenting ominous threats to organisations. Information-security teams must actively engage in the management of social media risks, given their prevalence in business.

In the presence of several types of risks emanating from the use of social media, ISACA has compiled and rated the common risks encountered by average users of social media within their enterprises as illustrated in Table 2.2

Table 2.2: Social media risk prioritisation in enterprises (**Source:** Author, adopted from ISACA, 2012)

Element	Organisation	People	Information Technology	Data
Example of risk	Damage of brand due to inappropriate posts or comments	<ul style="list-style-type: none"> ☐ Impersonation ☐ I. D. Theft ☐ Productivity 	<ul style="list-style-type: none"> • Virus • Malware 	<ul style="list-style-type: none"> ☐ Loss of Data ☐ Data Leakage
Severity of risk	High	Low	High	High
Risk Likelihood	High	Low	High	Low
Risk Preference	High	Low	High	Medium
Risk Rating	1	4	2	3

2.10 MANAGING SOCIAL MEDIA RISKS

According to Merna and Al-Thani (2011:n.p.), risk management is a formal process that allows the identification, assessment, planning and management of risks. While many definitions of this term have focused on risk avoidance, Damodaran (2008:9) argues that businesses need a focused approach where they identify not only mechanisms to protect themselves against risks but also identify risks worth pursuing, and methods to do so. For the risk-management process to be effective, all levels of an organisation need to be involved (Merna & Al-Thani, 2008:n.p).

Although all levels in an organisation are involved, Pickett (2005:80) emphasises that it should be clear that management has the ultimate responsibility for risk management. This is also clearly outlined in South Africa’s King 3 Corporate Governance report (PWC, 2013) which explains that management has the responsibility for designing, implementing and monitoring the risk-management plan. Shortreed, Fraser, Purdy and Schanfield (n.d:5) argue that risks should be “owned” by decision makers and not by a separate group, such as internal audit or risk management.

According to Pickett (2010:409), the role of internal auditors in risk management will most likely evolve along the organisation’s risk maturity-level cycle. According to Fraser (2010), the role of internal-auditors should rather be of consulting in the early stages of risk-management development, and of assurance in the later stages. Although the role of internal audits in risk management still remains in limbo (Fraser, 2010:24), an attempt has been made to explain the role using standard guidelines for internal auditors.

The IIA definition of internal auditing delineates the roles of internal auditing within an organisation (IIA, 2004). Pickett (2010:325) further explains that the role of internal audit in an organisation is agreed upon in the internal audit charter drafted by the chief audit executive and approved by the audit committee and senior management of the enterprise. The Institute of Internal Audit Research Foundation (IIARF) (2011) further highlights the parameters within which internal-audit departments should operate in the position paper titled *The Role of Internal Auditing in Enterprise-wide Risk Management* (IIA, 2011). To provide further guidelines on the nature of work that internal auditors can perform and what is expected of them, specific internal auditing Standards (which are mandatory to all internal auditors and internal audit departments) have been designed by the IIARF.

The role of internal auditors has evolved significantly over the years, shifting from “perceived fault finders” to strategic partners (Fraser, 2010). According to Pickett (2005:35), the role of internal auditors in risk management should be defined by what adds the most value to the organisation. The Committee of Sponsoring Organisation Risk Management (COSO RM) expects internal auditors to give more attention to risk management and adopt a risk-based approach in performing their function. This stance is also echoed by the IIA in the Standards. While this involvement in enterprise risk-management can add significant value, there is a risk that independence and objectivity might be compromised, as internal auditors are part (employees) of the organisation unless outsourced (Zwaan & Subramanian, 2009:3). In this discussion, the roles that internal auditors can assume are therefore explained, deliberating on different international guidelines available to internal auditors which are:

- The IIAs Definition of Internal Auditing
- Global Technology Audit Guide (GTAG)
- The Committee of Sponsoring Organizations (COSO)
- Institute of Internal Auditors Research Foundation (IIARF)
- International Standards for the Professional Practice of Internal Auditing (ISPPIA)

2.10.1 INTERNAL AUDITORS' ROLE IN SOCIAL MEDIA AS DEFINED BY THE DEFINITION OF INTERNAL AUDITING

The Institute of Internal Auditors (IIA) (2004) defines internal auditing as an:

“Independent, objective assurance and consulting activity designed to add value and improve the operations of organisation. It helps organisations achieve its objectives by bringing in a systematic disciplined approach to evaluate and improve the effectiveness of risk management, control and governance process.”

The definition indicates the key functions or activities that internal auditors are responsible for and these are assurance, consulting and value adding. PWC (2012:8) identifies the internal audit as uniquely positioned to make an assessment on whether controls are adequate and working as expected. This, according to the definition of internal auditing, is the “assurance” role that internal auditors should play within organisations. Internal-audit departments should therefore ensure that information security and other related threats resulting from social media use in enterprises are properly considered and controlled before causing losses (PWC, 2012:8). In order for internal auditors to perform these duties, it is important for them to gain an understanding of social media risks to determine the appropriateness and adequacy of controls (BDO, 2012).

It is complex to make a distinction between consulting and assurance work (HM Treasury, 2010:3). BDO (2012), however, highlights that organisations are now calling upon internal-audit departments not only to provide assurance services but also to consult. The consulting position seems, however, to be always constrained by the Standards as it threatens objectivity and independence. Deloitte (2010:5) insists that assuming the role of management advisor or consultant needs to be exercised with the highest precaution.

2.10.2 INTERNATIONAL STANDARDS FOR THE PROFESSIONAL PRACTICE OF INTERNAL AUDITING (ISPPA)

The role of internal auditors towards social media can be further discussed in line with the nature of work that internal auditors can perform according to the ISPPA. Rezaee (2008:240) explains that in performing any duty, internal auditors should comply with the audit-charter mission of adding value, and professional Standards i.e. ISPPA. Social media will be treated as any other

business aspect, and as such the internal auditor's role revolves around governance (Standard 2100), risk management (Standard 2120) and control (Standard 2130). These key elements are also addressed in the definition of internal auditing, and internal auditors are tasked to "evaluate and improve the effectiveness of risk management, control and governance process" (IIA, 2008).

➤ **STANDARD 2100 – GOVERNANCE**

The ISPPIA Standard 2110 highlights that, internal auditors "must assess and make appropriate recommendations for improving the governance process" (IIA, 2008:11). Standard 2110.A2 specifically outlines that internal auditors must assess information-technology governance (social media included) to determine if it supports organisational strategies and objectives (IIA, 2008:11). Furthermore, the Global Technology Audit Guide 1 (GTAG 1) expects the Chief Audit Executive to be able to determine the extent to which the governance structure of information technology supports the organisational strategies and objectives (IIA, 2012).

Fink and Zerfass (2010), cited by Macnamara (2011:6), define social media governance as a "regulatory framework for the actions of members of the organisation on social media". From the standard cited above, the actions of members of organisations should promote or be in line with the organisation's strategies and objectives. It is, however, evident that most organisations do not have a framework or guidelines for the adoption and use of social media in their organisations (Mcnamara, 2011:13).

➤ **STANDARD 2120 – RISK MANAGEMENT**

According to Standard 2120 (IIA, 2012) the "internal audit activity must evaluate the effectiveness and contribute to the improvement of risk management processes". Internal auditors are further expected to "evaluate risk exposures relating to information system" which incidentally cover social media (IIA, 2012). The Risk Management Group (2012:2) outlines that there has been an increase in online fraud, especially with more data and transactions being done online. This becomes critical as social commerce, identified as the use of social media for commercial activities, is becoming prevalent.

Standard 2120.A2 highlights that “internal audit activity must evaluate the potential for the occurrence of fraud and how the organisation manages fraud risk” (IIA, 2012). Further to this, internal auditors are not expected to be fraud experts but are expected to have the ability to always consider fraud risks as indicated in the Internal Auditing and Fraud Practice (IIA, 2009; Cascarino, 2013:159).

As highlighted in the definition, internal auditors are expected to be “independent and objective” in providing their service (IIA, 2012). This is further indicated in standard 2120.C3 which states that “when assisting management in establishing or improving risk management processes, internal auditors must refrain from assuming any management responsibility by actually managing risks” (IIA, 2008).

➤ **STANDARD 2130- CONTROL**

According to Standard 2130 (IIA, 2012) internal-audit activity is expected to make a significant contribution towards evaluating the “adequacy and effectiveness of controls in responding to risks within the organisation’s governance, operations, and information systems”. This entails that the internal-audit department’s role towards social media in enterprises also includes the evaluation of the adequacy and effectiveness of controls towards social media as it forms part of the information systems of an enterprise.

While these are just selected Standards for the study, Moeller (2011:n.p.) indicates that although other IIA Standards do not specifically explain the roles of internal auditors in the context of risk management, these Standards should be equally important in the discharge of duty by internal-audit departments. Cascarino and van Esch (2007:28) further explain that it is also important to observe the IIA’s Code of Ethics and any other Standards or guidelines provided in order to maintain professional integrity.

2.10.3 ROLE OF INTERNAL AUDITORS ACCORDING TO GLOBAL TECHNOLOGY AUDIT GUIDE (GTAG)

According to Swanson (2010:228), the IIA provides timely guidance to address issues relating to information-technology management, control and security. These guidelines are known as the Global Technology Audit Guide (GTAG). Each GTAG is designed to cover specific information technology matters (Weiss & Solomon, 2011:344). GTAG 17 is the latest release which deals with issues relating to auditing information-technology governance (IIA, 2012). A summary of roles recommended to internal auditors in the various selected guides discussed below.

➤ **GTAG 1** helps the chief audit executive and internal auditors to keep pace with the ever-changing and sometimes complex world of internal auditors (IIA, 2012). Due to the way social-media risks are evolving, PWC (2012:8) highlights that internal auditors need to stay ahead of the threat curve. GTAG 1 further elaborates on the responsibilities of internal stakeholders and specifies that internal auditors should perform some of the following:

- Assessing information-risk controls in place.
- Ensuring sufficient baseline information-technology audit expertise.
- Identifying and assessing risk exposures relating to information systems.

The key element indicated in this guide is that internal auditors should be able to identify, assess and mitigate information-technology risks (IIA, 2012). In relation to social media audits, it is therefore expected that internal auditors will perform their duties using guidance provided in GTAG 1 which includes having team members with knowledge in social media issues, and identifying risk exposures resulting from social media use in business.

- **GTAG 4:** Another important guide in relation to social media risks is GTAG 4, which deals with the management of information-technology auditing (IIA, 2006). This guide addresses emerging risk issues such as mobile-devices use, wireless networks, privacy and piracy (Juergens, 2006). The role that internal auditors are expected to play according to GTAG 4 includes refreshing risk assessment on each audit of dynamics matters, recognising and understanding risk dynamics.
- **GTAG 8 and GTAG 14** outline that internal auditors need to be able to evaluate all business process from beginning to end (IIA, 2007). This is true with regard to social media; it also virtually affects all business processes (Wollan, Smith & Zhou, 2011:7). Internal auditors can

therefore “add value” by assisting management understand risk dynamics and management (IIA, 2007). This is also further outlined in GTAG 14 which deals with how the internal auditor’s role as a consultant can be leveraged (IIA, 2010).

From the discussion it can be noted that the role of internal auditors in addressing risk, as addressed by the GTAGs, can be inter-linked and related to the role according to the definition of internal auditing as well as the Standards.

2.10.4 ROLE OF INTERNAL AUDITORS ACCORDING TO COMMITTEE OF SPONSORING ORGANISATIONS (COSO)

Globalisation, technological advancement and the increase in online fraud have all encouraged organisations to revisit internal-audit functions continually (Deloitte, 2012:3). The new revised version of COSO provides a challenge for internal-audit departments. Every individual in an organisation has responsibilities towards internal control (COSO, 2011:123), with internal audit usually assigned key support duties. These key duties should be discharged by competent and professional individuals who are supported by Standard 1230 which encourages individual members of the internal-audit department to continuously develop themselves (IIA, 2008). Generally COSO therefore expects internal auditors to perform three broad functions, as depicted in the Figure 2.2.

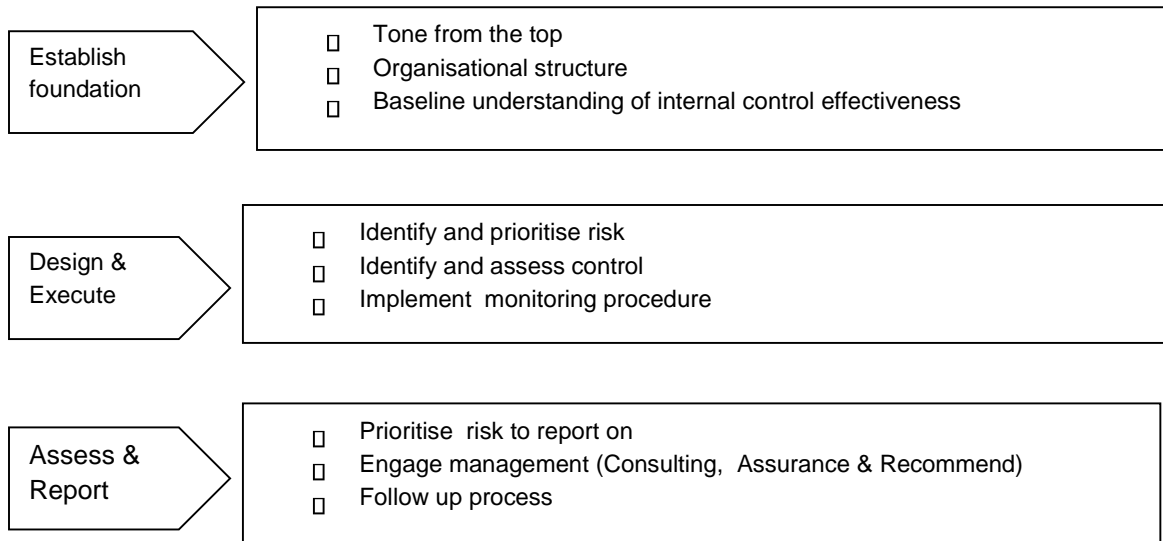


Figure 2.2: Roles which internal auditors should perform (Source: Adapted from COSO, 2004)

2.10.5 ROLE OF INTERNAL AUDITORS ACCORDING TO INSTITUTE OF INTERNAL AUDITORS RESEARCH FOUNDATION (IIARF)

According to the IIARF, internal auditors' roles can be classified as:

- Core – These are the main roles that internal-audit department is expected to undertake.
- Legitimate – These are acceptable roles that internal-audit department can undertake.
- Roles internal auditing should not undertake – These are restricted roles but in extremely difficult cases internal-audit department has been involved in these.

Table 2.3: Internal-audit role in enterprises' risk-management (**Source:** Institute of Internal Auditors, 2004)

Core internal auditing roles in regard to Enterprise Risk Management	Legitimate internal auditing roles with safeguards.	Roles internal auditing should not undertake.
<ul style="list-style-type: none"> • Giving assurance on risk management processes. • Giving assurance that risks are correctly evaluated. • Evaluating risk-management processes. • Evaluating the reporting of key risks. • Reviewing the management of key risks. 	<ul style="list-style-type: none"> • Facilitating identification and evaluation of risks. • Coaching management in responding to risks. • Coordinating ERM activities. • Consolidating the reporting on risks. • Maintaining and developing the ERM framework. • Championing establishment of ERM. • Developing risk-management strategy for board approval. 	<ul style="list-style-type: none"> • Setting the risk appetite. • Imposing risk-management processes. • Management assurance on risks. • Taking decisions on risk responses. • Implementing risk responses on management's behalf. • Accountability for risk management.

2.11 SUMMARY OF INTERNAL AUDITORS' ROLE IN SOCIAL MEDIA

The roles of internal auditors are continuously transformed by technological advances. Apart from the traditional roles, internal auditors can play a significant role in identifying and mitigating an organisation's social media risks (Cain, 2012:45). Jacka and Scott (2011), as cited by Cain (2012:46), points out that internal auditors can offer management guidance on social media strategies and policies. According to KPMG (2012), internal auditors' role and response to social media should depend on the sophistication of social media usage within the organisation. Jacka and Scott (2011:56) highlight that there is a lot of ground to cover when internal auditing begins looking at the organisation's social media efforts.

Internal auditors have transformed from being compliance-audit centred to operational business partners (Chambers, 2012). The focus of internal auditing has been shifted to align internal audit strategy to the organisational overall strategy in order to assist management in the effective delivery of their duties (Ernst & Young, 2012:4). In so doing, internal auditors are being transformed into trusted strategic partners from whom progressive managers can benefit from (Choi, 2003:31).

With extensive training and experience in identifying and assessing risks, internal auditors have a better understanding of the organisation as a whole and are therefore better positioned to provide strategic advice to management on social media (Deloitte, 2013:3). While the auditing aspect to social media is not entirely different from traditional information-technology audits, internal auditors need to be aware of some other special considerations that may arise (Singleton, 2012:np). In their approach, internal auditors are encouraged to be futuristic and provide management with future insights on social media use (KPMG, 2012).

2.12 AUDITING SOCIAL MEDIA

As with any other risk, it is imperative for internal auditors to develop a plan to identify, assess and mitigate social media risks in an enterprise (Cain, 2012:45; IIA, 2008). It is important to note that there is no universal audit plan or approach for any audit assignment, and no audit plan is the same. ISACA (2011), however, has developed a guide audit-programme which encompasses major elements concerning social media. Although it is agreed that audit plans vary from one entity to another, the following elements were identified as the core when auditing social media:

- People
- Processes
- Technology
- Strategy and Governance.

Table 2.4 outlines an example of ISACA's suggestion on audit programmes for social media. For each element, internal auditors need to identify the key objective or reason for auditing, the internal-auditing Standards that are applicable, company policies relating to the element and other established frameworks that can be used as references. It should be emphasised that these are just guidelines which should provide reasonable assurance; however internal auditors can modify

these to suit the enterprise's needs. Singleton (2012:13), however, expresses a major concern that most of the audits on social media are more reactive than proactive, allowing damage to be experienced first before a defence mechanism is put in place. Table 2.4 indicates the basic guidelines that internal auditors can adopt for auditing social media.

FRAMEWORK FOR AUDITING SOCIAL MEDIA

Table 2.4: Social media audit/assurance program (Source: ISACA, 2011)

Element	Objective/Aim of audit	Standards (ISPPIA)	Legal rules	Industry specific	Company policies
Strategy and Governance	<ul style="list-style-type: none"> • Content of strategy or policy • Existence of strategy or policy • Involvement of senior employees 	X			x
Technology	<ul style="list-style-type: none"> • Social media infrastructure • Organisation's incident response • Risk instigated by social media on information technology 	X	X	X	X
People	<ul style="list-style-type: none"> • Hiring of competent and adequate staff • Handling violation of social media policies • Informing people of their duties and responsibilities 	X	X	X	X
Processes	<ul style="list-style-type: none"> • Social media brand protection • Social media access management • Aligning social media to entire business processes 	X			x

X- These will vary according to the organisation's levels of compliance. If an enterprise does not have an internal-audit department, it may choose to design company policies and not necessarily apply Standards. For companies that apply Standards, they may also choose to apply additional frameworks for the audit of social media. It is imperative, however, to always remember that this is only a guideline for auditing social media and it can be modified to suit the needs of an enterprise.

2.13 VALUE OF SOCIAL MEDIA AUDIT

While ISACA provides a framework for auditing social media, questions still remain whether that alone would suffice. Auditing social media goes beyond people, processes, technology and governance. Hershberger (2013:35) raises concerns such as whether enterprises are following or are being followed by the right audience, how competitors are performing on social networks and whether the massive data gathered online is being put to the best use.

Enterprises need to be reminded that simply establishing a presence is not adequate (Hershberger, 2013:35) and social media requires participation and attention. A social media audit is essential for any enterprise despite the level of social media engagement. It is imperative to note that a social media audit is more than just assessing the number of posts, likes, risks and rewards but should dwell more on strategically incorporating social networks into the business enterprise. A social media audit can also indicate the benefits forgone by not participating on social media.

Funk (2011:191) insists that it is no longer time for business leaders to play catch-up with social media, but it is now crucial to embed it into the overall business strategy. Further, it is anticipated that now is the time to treat social media as serious business within enterprises and not just as a passing trend (Funk, 2012:15). According to Meyerson (2010:xii), social media has already changed the manner in which business is conducted. Enterprises are building towards greater investments in social media (Lovett, 2011:235). This is strongly supported by Jue, Marr and Kassotakis (2010:191) by highlighting that social media is here to stay and will propel organisations to new levels of performance, competitiveness and sustainability.

The dilemma that most enterprises are facing is to determine whether social media is paying off (Kanter & Paine, 2012:60). Social media return measurement and analysis is in a very confusing state at present (Sweeney & Craig, 2010:68). Wollan, Smith and Zhou (2010:93) attribute this to the fact that constant changes in technology require companies to keep on defining new metrics and new techniques of measurement and analysis. Chaney (2009:212) indicates that social media measurement is not always about return on investment in monetary value, but return on investment in terms of influence, engagement and other defined metrics. At this stage Barlow and Thomas (2010:94) encourage organisations to establish a listening framework to hear what the world is saying about them.

2.14 PREPARING INTERNAL AUDITORS FOR THE FUTURE

Collaboration between internal auditing and risk management is believed to result in stronger future risk practices (Steffee, 2012:17). Enterprises are starting to consider new techniques to manage risks and as such internal audit departments should be geared to meet the evolving needs of modern organisations and satisfy stakeholders' expectations (Pickett, 2011:323). Jackson (2012:37), however, indicates that although it is important for internal auditors to address emerging risks, they should not lose sight of traditional risks.

In addressing social media as an emerging risk, Baker (2012:37) insists that the concept of annual audit planning is old thinking opposed to continuous or frequent audit planning. Furthermore, traditional risk assessment approaches are being considered too backward to be sufficient for emerging risks (Baker, 2012:35). At this stage, internal audit departments are expected to deal with information technology long term plans, information technology operation plans and information technology business continuity plans among other operational activities (Pyzik, 2012:23).

Fraser (2010) highlights that internal auditors might be expected to facilitate risk identification. The internal audit department is further expected to identify emerging risks and align them to the overall organisational strategy (Ho, 2012:27). Furthermore, Ho (2012:27) explains that the internal audit departments should engage entire business functions and management to analyse internal processes in gaining an internal perspective of the emerging risks. External perceptions can be obtained from external databases, news, group discussions and research (Ho, 2012:27). Cain (2012:46) outlines that assessing these risks should be done by engaging all stakeholders and consultants to gain a deeper understanding of social media.

Cain (2012:46) challenges the internal-audit department to gain an understanding of the platforms that an organisation is on in order to understand the entire spectrum of risks that the organisation can be exposed to. Ho (2012:29) supports this by indicating that by so doing, internal auditors gain more knowledge and skill about social media which will enable them to ensure that social media risks are sufficiently covered by the internal-audit operational plan. The challenge, however, will always remain on how the internal-audit department can determine the exact activities taking place on social media platforms (Cain, 2012:46). It is, however, anticipated that through adherence to Standard 1230 Continuous Professional Development, internal auditors hone social media skills that will enable them to carry out their duties.

Baker (2012:35) encourages internal auditors to think more globally about risks. Sparks and

Villagran (2010:128) explain that social media has enabled the creation of “global villages”, and enterprises are being exposed to global risks that they are not accustomed to. This is further supported by Al-Deen and Hendricks (2012:239) who indicate that the social media phenomenon is bringing entirely new risks to organisations.

2.15 CONCLUSION

The purpose of this chapter was to frame the research within the context of existing literature and further provide a detailed description of how organisations are making use of social media, the inherent risks of social media use, and also the role internal audit departments play in social media risk management. While debate continues to surround many elements of social media, such as definition, classification and measurement of return on investment, selected ideas have been examined and combined and in all cases the study referred to a broader meaning of these terms. Furthermore, the expected role of internal auditors towards social media has been discussed based on different existing guidelines for internal auditors.

It is undisputable that the number of social media platforms and the users thereof is increasing. Businesses that want to remain competitive in sales, marketing, communication and human-resource management can no longer ignore the usefulness of social media, as the majority of business partners are shifting to these platforms. While other enterprises have adopted a conservative approach towards social media use, there is still a need within enterprises participating on social media platforms to integrate social media and the business strategy, as social media presence inherently exposes enterprises to risks. In so doing, businesses need to be equipped to identify, assess and mitigate the risks that social media pose, a function that will heavily involve and use the expertise of internal auditors. It therefore becomes imperative for internal auditors to stay ahead of the risk curve to be able to provide consulting and assurance service to their respective organisations as expected.

Hansen, Shneiderman and Smith (2011:129) believe that research on social media started early in its days and the same old concepts need review in the wake of new technologies. As such, the concepts discussed in this chapter are subject to change with the transformation of technology. However, there are more areas that still need to be researched on regarding social media use in business enterprises. There are numerous suggestions for companies to adopt a social media policy but there is not enough on guidance to formulate design and implement such policies. Another concern is measuring social media return; there are no universally

accepted metrics of measurement and it is important for organisations to learn how to design and implement such measurement systems.

Conclusively, social media is a fascinating arena filled with opportunities and risks both known and unknown. With the number of users increasing on a daily basis, it only makes sense for organisations that want to remain competitive to embrace social media use, bearing in mind the potential negative consequences. Risk dynamics resulting from social media have also redefined risk management processes and the role of internal-audit departments is not spared. It is important, therefore, for internal-audit departments to operate within professional guidelines, such as the Standards, and ensure that they assist management realise value from social media participation. Social media is here to stay and every member of an organisation should act responsibly.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 INTRODUCTION

Chapter 1 of the dissertation provides an introduction and background to the study. It further explains how social media use in enterprises is expanding, ultimately leading to the research problem which probes the risks associated with this use and the role of internal auditors towards this. The second chapter frames the research problem within existing literature by combining together different views put across by different researchers and authors towards the subject of social media. The purpose of this chapter is to provide an overview of the entire research process and the approach implemented by the researcher. The chapter outlines the methodology adopted, research instruments, the process of data collection, ethical issues that were considered, data analysis, deduction and presentation.

3.2 METHODOLOGICAL FRAMEWORK

The researcher adopted a holistic methodology which is recommended when studying the adoption of emerging technologies in enterprises. This specific approach was considered suitable after considering the elusiveness and dynamic nature of the social networks under study. In so doing, the holistic approach guided the study to:

- Gain an overall understanding of social media.
- Assess how the use of social media results in the manifestation of risks in enterprises.
- Obtain an understanding of how enterprises perceive social media and its risks, including risk reaction.
- Assess plans in place and the role of internal auditors within the social media risk process.

3.2.1 RESEARCH APPROACH

While there is limited published information on social media use in South African enterprises, much information was generated through the literature study based on research performed in countries such as the United Kingdom. Academic journals, conference papers and policy papers were made use of by the researcher. However, to contextualise the study in a South

African setting, the actual data collection was conducted in the Cape Metropole within the Western Cape region of South Africa.

Data collection was administered through the Institute of Internal Auditors, Western Cape Regional Chapter. Questionnaires were distributed to participants and completed at the regional forums and conferences held between April 2013 and February 2014. The majority of respondents opted to complete the questionnaires in their own time. Furthermore, electronic distribution through social-networking sites (LinkedIn, WhatsApp) was conducted to facilitate data collection. The researcher further had research assistants who helped with the administration of questionnaires during the IIA Western Cape Region conferences and seminars.

3.2.2 RESEARCH PROCEDURE

McBurney and White (2009:236) explain that the research procedure is different from design as the research procedure is how the researcher translates research design into action. In this study, the procedure adopted for the research is outlined below in Figure 3.1

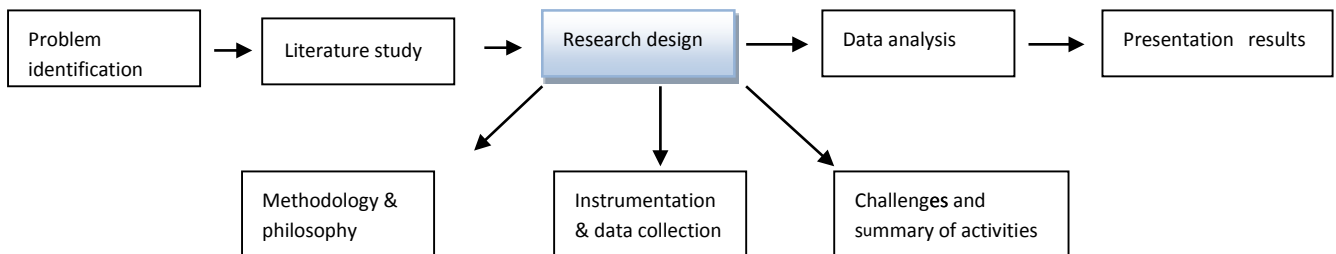


Figure 3.1 Research procedure conceptualised (**Source:** Author)

3.2.3 RESEARCH METHODS

Academic research on social media use in South African enterprises is a relatively new phenomenon. While there are emerging theories and hypotheses on social media use and associated risks within an international context, limited research was published from a South African perspective on the influence of social media risks to organisations.

To obtain a better understanding on the social media phenomenon, the researcher used a combination of research questions on the questionnaire. The qualitative aspects of the

research, although not the main approach, were subsumed in the quantitative continuum. This technique was used to avoid the pitfalls emerging from reliance on one form of data e.g. quantitative only nature of questions. This approach of obtaining data using different techniques is known as mixed method technique which is further explained in the following section.

3.3 RATIONALE FOR MIXED APPROACH METHOD

Hesse-Biber and Leavy (2010:364) identify a mixed approach as a collection of research approaches or designs for collecting, analysing, interpreting and reporting data, while Creswell and Clark (2010:5) simply identify it as “a multiple way of seeing”. The mixed approach method is further said to tackle complex areas in which a limited study was conducted in a manner that allows several research techniques to bring out the best in each other, while complementing their weaknesses (Katsirikou & Skiadas, 2010:18). This approach further enables a researcher to study a particular subject from a holistic view, which makes it more appropriate for the study of social media, given the complexity of identifying the research variables.

Punch (2005:19) indicates that different research questions require different methods to answer them correctly. The questionnaire for this particular study contains a set of questions with “how” and “what”; this essentially denotes a qualitative perspective of the study, and also other questions with “to what extent”, which is related to the quantitative paradigm. It is this mixture of questions that allows the researcher to gain a full understanding of the phenomena under study from both qualitative and quantitative dimensions, thereby allowing meaningful and near-complete conclusions to be made.

The use of a mixed approach will ensure that shortcomings of specific questionnaire questions are complemented throughout the study. Rubin and Babbie (2010:67) identify these research methods as complimentary rather than antagonistic research methods. To further avoid the never-ending debate on the suitability of qualitative or quantitative research methods, the mixed approach stops the debate as it has proven to be a popular research technique.

It is critical, however, to outline that the nature of this research was mainly exploratory, defined by Herbst and Coldwell (2004:10) as a research with a tentative hypothesis (or as applied in this research, a tentative stated research problem) classified under the interpretivism research paradigm. Marczyk (2010:8989) explains that it is possible to state that a relationship exists between variables, not necessarily a causal relationship. In order to achieve the best results

for the study, Rubin and Babbie (2010:11) recommend adopting a combination of both the qualitative and quantitative research methods. These research methods are further discussed in order to contextualize them in the social media research realm.

3.4 EXPLORATORY RESEARCH METHOD

Panneerselvam (2004:6) explains that exploratory research allows the discovery of variables previously unknown, and the examination of the existence of relationships between these variables as it delves into areas of limited study. This is further echoed by Neelankavil (2007:104) who is of the opinion that exploration research sheds more light on situations where research has not been done extensively. To justify the use of this method for this study, Richey and Klein (2007:43) indicate that research work in the field of advancement in technology, social media included, is relatively an uncharted territory and as such exploratory techniques should be used.

Considering social media, many studies have focused on the comparison of platforms and as such their use in business enterprises, while the inherent risks are still a gray area which requires more research. Furthermore, there is a need to collect as much information as possible within a short period of time, and McNubb (2010:96) identifies this as a condition conducive to the exploratory technique. The research has made an attempt to provide an understanding of the social media phenomenon, its applicability in business enterprises and its inherent risks as well as role players in addressing risks and challenges. The nature of the study is not fixed, however, as it has to be flexible and adaptive to accommodate more recent developments the researcher might encounter in the process of research (Krishnaswamy, Sivakumar & Mathirajain, 2006:161).

McNubb (2010:96) argues that the exploratory research technique is not extensive though, and is seldom used as a stand-alone design. This view is critical in this study as the main objective is not only to discover the unknown side of social media, but also to investigate theories surrounding social media. It therefore follows for other complementary research techniques to be employed to create a balanced research design that ultimately achieves the objective of the entire project. To create this balance, the exploratory approach and quantitative-research techniques have been employed to ensure that the phenomenon is explored in its entirety.

3.5 RESEARCH SETTING AND DELINEATION

This study explicitly excluded enterprises classified and deemed by the researcher as small enterprises, thus only limiting the research to include medium and large enterprises. In conducting the study, the presence or absence of an internal-auditing department in a respondent's enterprise provides another option for analysing the role of internal auditors; therefore it has not been a restricting element.

Furthermore, participants were drawn from those delegates registered and participating in the Institute of Internal Auditors Western Cape Chapter forums and seminars. This was necessitated by the restrictions imposed by time and other research resources to ensure the timely completion of the research. The research was set up in a transitional economy bridging the developing countries and developed countries divide. This will ensure that the study results can be applicable and usable in any economic setting.

3.6 SAMPLING METHODS

The population of interest, defined by McDaniel and Gates (1998:301) as the total group from which information needs to be collected, for this particular study refers to:

- Employees of large and medium enterprises located in the Cape Metropole, Western Cape
- Enterprises registered and participating in the forums and seminars of the Institute of Internal Auditors' Western Cape Chapter.

Sampling is often the most efficient method to obtain information for research purposes, as conducting a survey of total population results in high costs and proves to be time consuming (Neelankavil, 2007:240).

Due to the nature of the study, i.e. exploratory, Stier and Clark (2010:123) recommend stratified-purposive sampling. This approach allows the researcher to select elements based on personal judgement on the identification of elements that will facilitate investigation, as well as take into account the probability of selecting the correct sample, specifically focusing on participants that the researcher specifically selects. Gerrish and Lacey (2010:150) further suggest that snowball sampling can also be useful when conducting this nature, as the researcher can refer to other data sources to complement the research.

Based on the information supplied by the Institute of Internal Auditors Western Cape Region (2014), there were 836 registered members in the Western Cape Region at the time of the study. This population comprised student members, non-practising members and actively practising members. The total also included internal auditors working in small enterprises, which are excluded from the study. For the purpose of this particular study, only practising internal auditors, employed within enterprises classified as medium to large, were targeted.

3.6.1 PURPOSIVE SAMPLING

Gerrish and Lacey (2010:149) refer to purposive sampling as the intentional inclusion of subjects in research, and as a technique to justify the inclusion of rich sources of data for generating explanatory frameworks. In this type of research each unit is usually uniquely positioned and its inclusion leads to better research results (Engel & Schutt, 2009:96). Merriam (2009:77), however, explains that for units to be included, a selection criterion is of the utmost importance and should be predetermined before embarking on the study. To this end, this study purposively selected participants of the IIA SA forums as these do have knowledge of an internal auditor's role towards social media within their enterprises.

It is important to outline that there is extensive literature debating the advantages and disadvantages of using purposive sampling. In this study, purposive sampling was deemed suitable due to the fact that it allowed the researcher to collect data from sources that are deemed most appropriate. Furthermore, purposive sampling is more suitable in a research setting that requires flexibility. These aspects are important in a study that attempts to formulate a theory. It is, however, important to indicate that since the research sample's result would be used for generalisation, the researcher will give equal attention to the representativeness of samples.

3.6.2 SNOWBALL SAMPLING

Babbie (2010:208) explains that snowball sampling is the identification of subjects to participate in a study through referrals by earlier participants. This method of sampling results in identifying more relevant subjects who often provide rich data for research. It is mostly recommended in cases where subjects to study are difficult to locate (Babbie, 2010:208). With reference to social media, snowball sampling is more appropriate as subjects are often linked

through social networks. Stommel and Willis (2004:309) refer to this snowball sampling as “network sampling”.

Although snowball sampling will be used, the researcher will constantly consider the suitability of the participants based on the earlier set parameters such as size, sector and geographic location. Snowball sampling helps the researcher minimise delays as participants for the study become easy to identify. This research technique has been selected for this particular study, given the complexity of determining sampling frames for exploratory research. Although the sample might not be sufficiently representative to make generalisations, Dantzker and Hunter (2011:115) indicate that these shortcomings, for this research technique, are insignificant as long as the research addresses the research question.

3.7 DATA COLLECTION

In this study, primary and secondary data were used. These are further elaborated upon below:

- Primary Data: – These refer to original information gathered directly from participants and were collected through questionnaires.
- Secondary Data: – These refer to already existing information that relates to the research, although debatably gathered for different purposes. In this regard, the research involved an intensive literature review to support or critique the subject under study. The researcher consulted academic journals, text books, online blogs and magazines.

3.7.1 INSTRUMENTATION

In this study, questionnaires, which Oppenheim (2000:10), defines as instruments for data collection, were chosen for data collection.

Questionnaires allow the researcher to reach out to respondents in various locations and maintain confidentiality and anonymity (Pawar, 2004:28). It is always advisable, however, to carry out a pilot test before administering the questionnaire so as to make necessary improvements (Kothari, 2009:101). As such, in this study a pilot test was performed which allowed the researcher to amend the questionnaire and improve the data collection process. The questionnaire has been designed in a way that provides responses to the broad research questions to ensure that the data collected achieves the objective of the research.

Furthermore, the use of the questionnaire ensured that participants were given ample time to complete it. The researcher used Standard English to avoid dialectology problems. The researcher also anticipated the use of informal words which are more prevalent on social media communication in the responses to be given by participants. Although there is an advantage that participants will not be unduly influenced by the presence of the researcher, there are some disadvantages due to the absence of the researcher. In completing the questionnaire, participants are not able to receive clarification on the meaning of questions that may be ambiguous to them, nor can the researcher identify the personal expressions of participants when completing the questionnaire.

3.7.2 PILOT TESTING

Before embarking on a mass administration of the questionnaires, the researcher conducted a pilot test study, and a few questionnaires were administered to make necessary improvements on the questionnaire. Based on the responses, the questioning style was intensively revised to ensure that confusing or vague questions were simplified. Furthermore, the researcher received more corrections on duplicated ideas, the order of questions and other elements from the research leader. Pilot testing further helped in approximating the time that will be needed to complete the questionnaire. The pilot testing was conducted at the IIA SA Western Cape Region forum held at PWC Century City offices.

3.7.3 RELIABILITY AND VALIDITY

Kirk and Milner (1986:11), cited by Silverman (2004:283), explain that objectivity and credibility of research emanate from tests of validity and reliability. This is further echoed by Klenke (2008:37) who indicates that reliability and validity should be benchmarks for every research conducted. Rubin and Babbie (2012:109), however, indicate that qualitative researchers somehow disagree on the nature and extent of the role of validity and reliability. This has been as a result of changes from earlier versions regarding what constitutes validity and reliability, as recent changes encompass elements such as honesty, depth of research, richness of source and objectivity (Cohen, Manion & Morrison, 2007:133). It is, however, impossible to achieve 100 percent reliability and validity in every research conducted.

3.7.4 RELIABILITY

According to Cohen, Morrison and Morrison (2007:149), reliability in qualitative research is a contentious matter. Reliability for the purpose of this research refers to the ability to ensure an accurate reflection of the truth. In order to achieve this, Rubin and Babbie (2009:89) recommend the use of triangulation which Patton (2002:248) identifies as an effective measure of consistency in research. There are several types of triangulation such as methodological triangulation, which combines a questionnaire and a semi-structured interview – although this is not adopted for this study (Flick, 2009:443). This study uses ‘qualitative-like questions on the research instruments (questionnaire).

Furthermore, the researcher would need to ensure instrument (questionnaire) reliability. Through pilot testing the researcher modified the questionnaire to ensure that data collected when using it reflects the truth. The instrument was reviewed to ensure that questions contained in the questionnaire were neither suggestive nor leading questions. The instrument was also designed to ensure that the early completion of the questionnaire would not result in boredom and fatigue, which often results in participants completing the questionnaire with distorted, invalid and manipulated information.

3.7.5 VALIDITY

According to Klenke (2008:37), validity refers to the degree in which the researcher’s claims about knowledge correspond to reality. The meaning of validity, however, differs depending on the nature of the research being conducted. Winter (2000:7), cited by Cohen, Manion and Morrison (2013:182), explains that validity in qualitative research depends on the purpose of participants and the appropriateness of data-collection methods. Daymon and Holloway (2010:79) explain that in qualitative research internal validity, external validity, credibility and relevance are the major areas of concern regarding validity.

Maree and Westhuizen (2009:29) explain that some factors threatening validity in qualitative research include maturity, selection and a loss of respondents. These validity threats are also identified by Blankenship (2009:137) who lists them differently as mortality, location, collector bias and maturation. In order to carefully deal with these threats, the researcher needs extensive comprehension of what is being studied as well as significant areas of the research

(Blankenship, 2009:137). In an attempt to achieve validity and reliability, the researcher adopted the following mechanisms:

- Triangulation (mixed approach);
- Appropriate statistical data treatment; and
- Careful sampling (purposive sampling and snowball sampling).

3.8 ETHICAL CONSIDERATION

Creswell (2002:69) points out that, ethical planning is an integral part of research. Coldwell (2004:18) explains that ethical considerations are philosophical in nature, while Babbie (2010:64) shares the view that it is the general agreement of what is proper and improper when conducting research. Marshall and Rossman (2011:121) indicate that ethical considerations are much more than just ensuring informed consent and maintaining anonymity. Bell and Bryman (2007:132) break down the ethical consideration into four major areas which are: harm to participant, lack of informed consent, invasion of privacy and deception. This is not exhaustive but provides guidance that is universally accepted (Burton & Steane, 2004:63).

Hall (2008:68) explains that in carrying out research, participants should have voluntary informed consent. This phrase is broken down to voluntary, which implies no form of coercion and informed, which means fully knowledgeable. This particular study will inform participants about the nature and purpose of the study. At any stage of the research participants may withdraw should it be in their best interest. It is intended not to bring any perception of coercion or deceit. According to Burton and Steane (2004:65), deception also occurs when subjects do not realise they are participating in research, or no effort is made to gain informed consent. This also amounts to invasion of privacy.

Privacy is also another important matter when carrying out research. Polonsky and Waller (2010:75) highlight that confidentiality and anonymity should be maintained. Confidentiality implies that the researcher does not reveal a participant's information obtained during the study, while anonymity means participants do not reveal their identity. For this particular study some information gathered might be sensitive, for example social network habits, and as such confidentiality and anonymity will be maintained. No details about particular participants will be revealed. The researcher will not request participants to reveal personal details about their social media accounts.

While this study will be purely for academic purposes, participants were informed that while all steps necessary will be taken, the researcher has no absolute control over potential harm. Polonsky and Waller (2010:75) recommend research should have minimal, if any, harm or loss. This is in light of unforeseen and uncontrollable circumstances.

According to Rogelberg (2004:44), ethical considerations extend beyond data collection up to the report write-up and publication. In order to adhere to the principles of research conduct as outlined by Junker-Kenny, Hogan and Russell (2013:28), this research study will report honestly and accurately, with no distortion or falsification of results. Where assumptions and opinions and not facts are used, this will be made known.

In addition to the above, the researcher obtained ethical clearance from the Cape Peninsula University of Technology Higher Degrees Committee. The researcher complied with the requirements of the university.

3.9 RESEARCH CONSTRAINTS

Marshall and Rossman (2010:76) highlight that all research projects proposed will have their constraints and none can totally evade these research challenges. In conducting this study there were challenges that were anticipated, while some others unexpectedly emerged during the conducting of the actual field work. The researcher, however, had noted the following as key challenges in conducting the research due to the fact that any improvement on these key issues could be of significance to further studies:

- **Time constraint:** In the initial research plan, the researcher indicated that the whole project should be concluded within 15 months and as such some participants could not participate in this study.
- **Economic resource constraint:** There was no set budget from the onset and the researcher had to depend on personal income for research expenses. In the case of external funding having been secured, the researcher could have travelled to involve potential participants within the broader Western Cape Province geographical area.
- **Limited Research on social media:** This research is typically an early research on social media within the Cape Town Metropole setting and, as such, guidelines on previous work conducted were limited. The researcher had to rely mostly on literature relating to developed countries

3.10 DATA ANALYSIS

Data analysis is “the process of bringing order, structure and meaning to the mass of collected data” (De Vos, 2002:339). The data obtained from the completed questionnaires will be presented and analysed by means of various analyses (uni-variate, bi-variate and multivariate).

The data were analysed by using Statistical Analysis System (SAS) software. The data were cleaned, re-coded and organised, and descriptive statistics such as frequency tables, which show the distributions of the statement responses, were drawn up. Descriptive statistics are used to summarise the data.

3.11 CONCLUSION

This chapter has enabled the researcher to outline the research process for the empirical research study. The chapter further explained method that the researcher used in conducting the research. Given that this study is ground-breaking research on social media use and risks in enterprises, the study opens up several research possibilities for the future, such as suitability of social media for business, measuring social media return, developing social media policies and guidelines.

The study highlights what social media is and should serve to change the ideology within the individuals who remain defiant in using social media for business purposes within their organisations. While research methods could still be criticised, the researcher concludes this chapter with an open platform for improvement on the research process to ensure that further suggestions could be filtered in should this research be replicated in another setting. Conclusively, it is important to highlight that social media changes rapidly and, as such, the application of research methods and processes is exclusively relevant within the timeframe of this research and might change with time.

CHAPTER 4: DATA ANALYSIS AND INTERPRETATION OF RESULTS

4.1 INTRODUCTION

Chapter 3 has provided an outline of the process of data collection for this study. The data collected were analysed and this chapter discusses the results of the survey conducted to determine the roles that internal audit departments can play in mitigating risks emanating from the use of social media in medium and large enterprises in the Western Cape Region of South Africa. The results reflect trends in usage, governance and control of social media in enterprises.

4.2 DATA VALIDATION AND VALIDATION OF SURVEY RESULTS

Content validity is concerned with the representativeness or sampling adequacy of the content (e.g. topic or items) of a measuring instrument (De Vos, 2001:84). Construct validity refers to the extent that a measuring instrument can be shown to measure a particular hypothetical construct.

A descriptive analysis of the survey results returned by the research questionnaire respondents is provided in this chapter. The responses to the questions obtained through the questionnaires are indicated in table format for ease of reference. Each variable is tested to determine if it falls within the boundaries. Data validation is the process of ensuring that a program operates on clean, correct and useful data.

The construct validation, however, can only be taken to the point where the questionnaire measures what it is supposed to measure. Construct validation should be addressed in the planning phases of the survey and when the questionnaire is developed. Reliability will be addressed in the analysis phase of the data (information).

4.2.1 DATA FORMAT

From the completed questionnaires, data were coded for capturing on a database that was developed on Microsoft Excel. To ensure that correct data was captured, the process was done twice. To avoid capturing invalid data, rules to set the boundaries were developed.

In this study a dichotomous scale was used and data were coded as follows:

- “Yes” is coded as 1
- “No” is coded as 2.

The rules set in this database were such that only data with a code less 1 or 2 will be captured. As such, if any other code other than 1 or 2 is captured, an error will show. The correctly coded data was then imported into SAS-format. After double-checking for correctness, the data were then analysed.

4.2.2 PRELIMINARY ANALYSIS

- To ensure the reliability of the responses, the Cronbach Alpha tests were performed
- Descriptive statistics were performed on variables such as mean, standard deviation, cumulative percentages and frequencies.
- Annexures were produced – in the form of computer printouts.

4.2.3 INFERENCE STATISTICS

The following inferential statistics were performed on the data:

- Chi-square tests
- Fisher's exact test
- Cronbach Alpha test

4.3 DATA COLLECTION - SAMPLING AND INSTRUMENTATION

4.3.1 SAMPLE

The sample framework for the study is the employees from medium and large enterprises in the Western Cape Metropole. A purposively-selected sample was drawn for the study.

4.3.2 RELIABILITY OF THE RESEARCH INSTRUMENT

The Cronbach Alpha test has been performed on the groups of questions which were classified under the different headings in the questionnaire. Note should be taken that many of questions were not answered completely and thus many of the variables are also left blank. These blanks

are shown as unknown in the descriptive statistics but were excluded when analysing the reliability of the questionnaire.

Due to all these blanks, the Cronbach Alpha Coefficients were determined on much less questionnaires, and then in some cases there was no variability in the answers and thus these questions could then not be included in the reliability tests. Thus note should be taken of these limitations with respect to the questionnaire in any further studies. All the Cronbach Alpha tests are attached in Annexure A.

4.3.3 DESCRIPTIVE STATISTICS

In some cases no answers were given (questions/statements left blank) and these are shown as unknown in the descriptive statistics. Due to the fact that many of the respondents only indicated an answer when they agreed with it, the respondents who left the questions where they could select yes/no, blank, were assumed to have meant “No”. But in the questions where there have been more than two possible answers (not just a yes or no) the answers that were left blank are indicated as unknown. All the descriptive statistics are also shown in Annexure B. A reference to the variables’ names is attached in Annexure D. The descriptive statistics being:

- the frequencies in each category,
- the cumulative frequencies,
- the percentage out of total number, and
- the cumulative percentage.

4.4 RESULTS AND DISCUSSION

Results of the study are organised in such a way as to provide responses to the research problem, research question, primary and secondary objectives of the research. The results first present the various social-network platforms’ usage within enterprises. The usage of the various applications is further explained to indicate how it varies according to industry. Secondly, the nature of activities or purpose of using platforms follows in the discussion.

It is through the use of social networks that risks manifest in enterprises. However, it is critical to note that totally ignoring or avoiding social media is a risk on its own. To this end, the study results reveal risks that respondents are aware of as well as their perceptions on risks about

social media risks. Closely related to this is the existence of social media regulation policies. While the existence of a social media policy is critical, perhaps it serves an insignificant purpose if the employees who are supposed to follow the policy are not familiar with the contents of such a policy.

As such, the researcher further sought to understand the work that internal auditors have performed with regard to social media. As the debate on who does what with regard to social media still continues, respondents indicated how social media risks are managed within their enterprises. From the responses, it was noted that there are extreme variations in the responses to departments or the personnel entrusted with social media in the different firms.

Against this background, the study evaluates the overall impact of social media on the operations of enterprises. Although quite recent, the study sought to establish how enterprises have measured business value on the use of various social networks. Furthermore, respondents indicated how the emergence of social networks had impacted the various enterprise departments. The respondents concluded by providing their opinions on whether enterprises not using social media should do so in the future or not.

4.5 UNIVARIATE FINDINGS

In this study, a total of 250 questionnaires were administered at the forums hosted by IIA Western Cape Region as well as through electronic means. Other questionnaires were distributed to participants, especially those identified through referrals. A total of 148 were completed and returned within a period of fourteen months. Of this 148, 35 questionnaires were totally unusable due to several factors. Another 21 were significantly blank and could not be used. Ninety-two questionnaires were substantially complete and were utilised for the data analysis. This represented an effective participatory rate of 39%. The results of the study are presented in this chapter.



Figure 4.1: Distribution of the industrial classification

According to Figure 4.1, the class “Other” was selected the most (34.8%) and it includes classes such as: Communication, Environment, External Human Resources, FMCG, Gambling, Government / Public Sector, Hospitality, Information Technology, Manufacturing, Media, Mining, Regulatory and Transport. There were two cases where the respondents indicated two of the probable selections: Education and Consulting and Advisory then Retail and Finance. The second most selected industry class was Retail (18.5%); followed by Finance and Education (17.4% for each), then Consulting and Advisory (8.7%) with the least selected Health (3.3%)

The research results relate to the findings of Everett (2010) who indicated that social networks use is growing in different enterprises. Financial and Insurance services were reported to have a lower risk appetite and as such are more conservative regarding the use of social media (Everett, 2010). However, regardless of sector or industry, social media use will continue to spread and will be experienced everywhere (Everett, 2010).

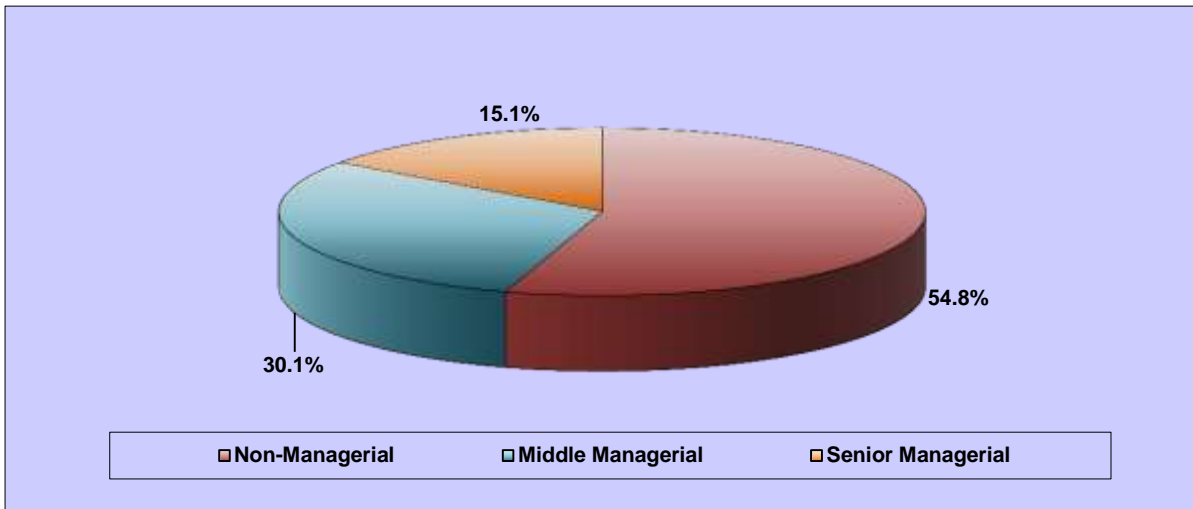


Figure 4.2: Position of respondents in organisation

As indicated in Figure 4.2, most of the respondents are non-managerial (54.8%), then there were 30.1% of respondents who are middle-managerial and 15.1% of the respondents are senior-managerial. This result generally provides an overview of the composition of the participants at the IIA SA Western Cape Region forums in the period 2013-2014.

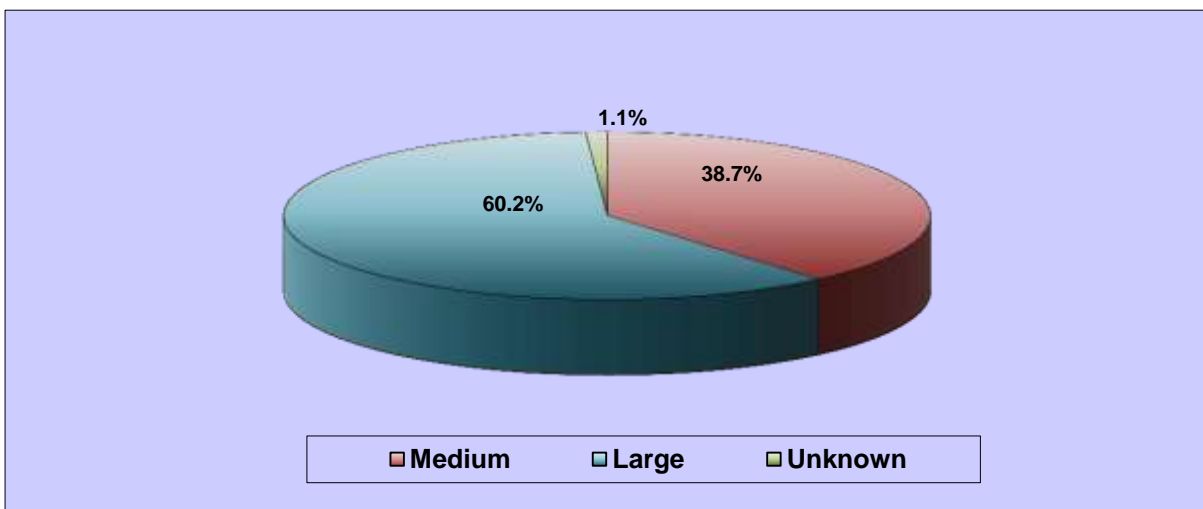


Figure 4.3: Size of organisation in which participants are employed

Nearly two-thirds of the organisations are classified as large organisations (60.2%) in terms of revenue and 38.7% of the organisations were classified as medium, as indicated in Figure 4.3. The study focused on these main classes as generally internal audit departments are more readily found in medium and large enterprises in South Africa.

4.5.1 FINDINGS ON USAGE OF SOCIAL MEDIA

Findings relating to the usage of social media in the different enterprises surveyed are discussed below.

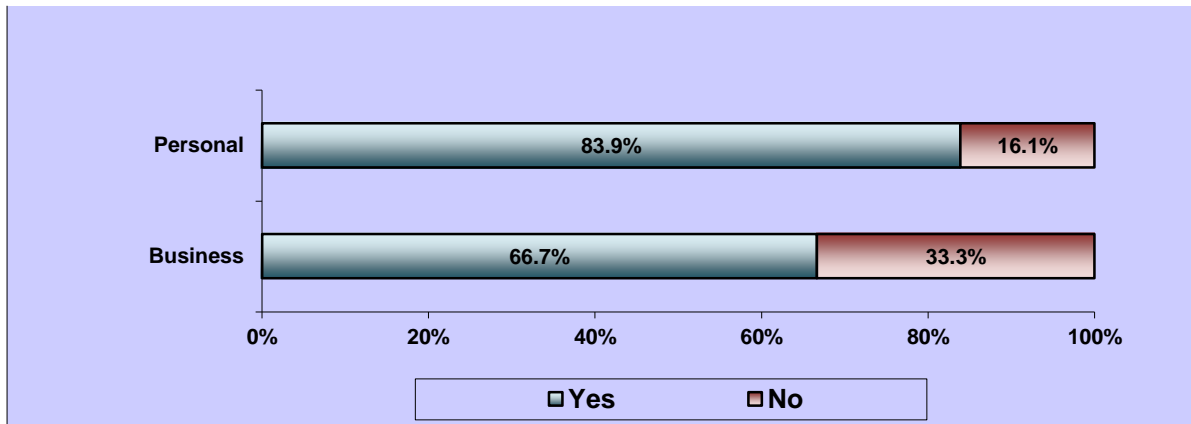


Figure 4.4: Employee usage of social media

In the survey, as indicated in Figure 4.4, it was found that 66.7% of the total respondents make use of social media for business purposes and 83.9% of the total respondents use social media for personal purposes. Social media platforms usage still retains the major reason for its conception. Social media generally is used for social conversations but there is a general increase in the use of these platforms for business, as indicated by the 66.7% result.

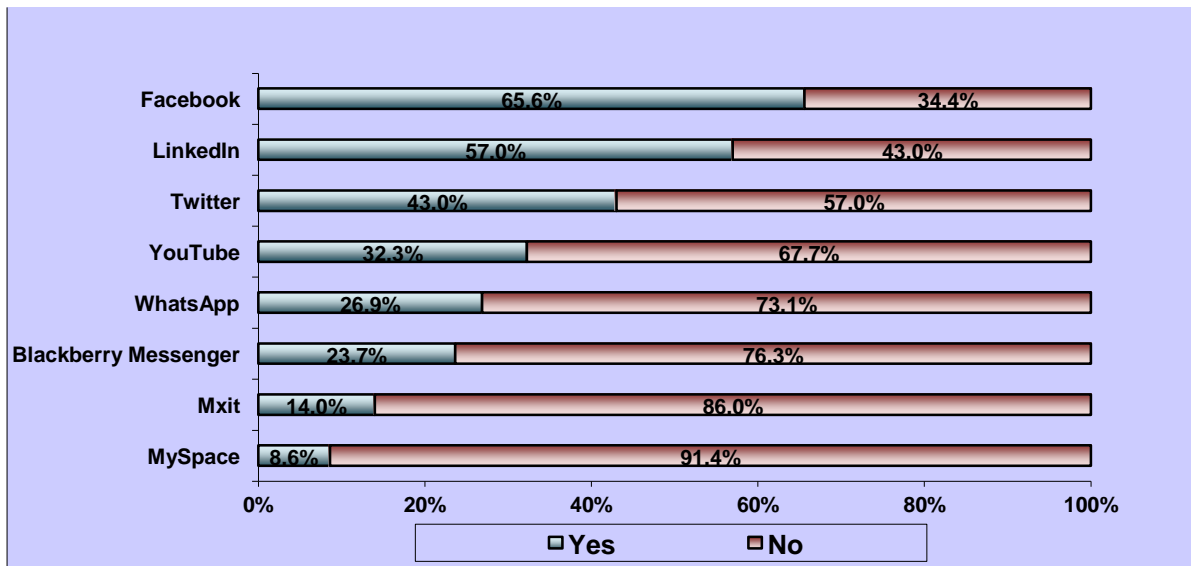


Figure 4.5: Type of application used by respondents

According to the information displayed in Figure 4.5, the usage of social media applications for either business operations or for social purposes in the organisations is displayed as follows in Table 4.1.

Table 4.1: Type of applications used by respondents

Social Media Application	YES	NO
Facebook	65.6%	34.4%
LinkedIn	57%	43%
Twitter	43%	57%
YouTube	32.3%	67.7%
WhatsApp	26.9%	73.1%
Blackberry Messenger	23.7%	76.3%
Mxit	14%	86%
MySpace	8.6%	91.4%

The results obtained from the study are also confirmed by the findings from the South Africa social media landscape report (2014) which reported that Facebook (with 93% popularity as opposed to other social media applications) was still the leading platform among all the other platforms to be adopted for usage. Activities being conducted when using the selected applications are:

Advertising, Announcing events, Assignments, Birthday vouchers, Career links Communication, Contacting employees to confirm status, Credit balances. This list was shortened as some statements were made in different ways. However, the total list will be displayed in **Annexure B** with all the other descriptive statistics.

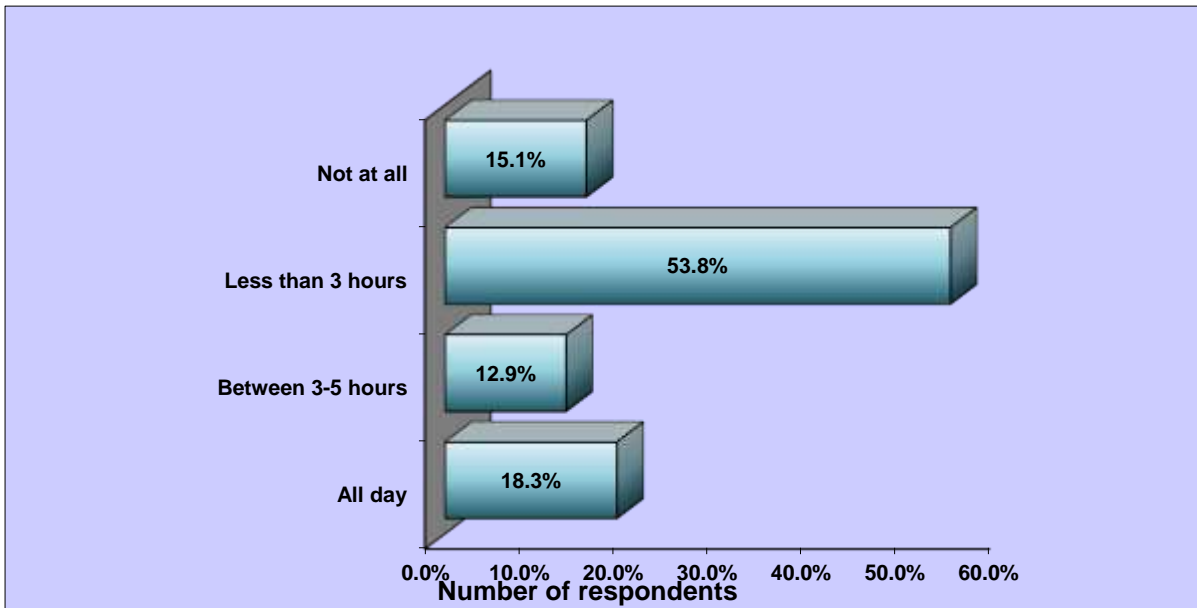


Figure 4.6: Number of daily working hours used to access social media during working hours

Figure 4.6 shows that most of the respondents, 68.8%, use social media applications for less than three hours a day, during working hours, to conduct either business operations or use it for social purposes. There is a significant portion (18.3%) of employees who are accessing social networks all day. This clearly indicates that social networks are being accessed during work hours for own purpose and business. It is imperative, therefore, to gain a clear understanding of the exact purpose of these usages during working hours as there is a high risk of employees abusing social media use while at work, and arguably becoming less productive.

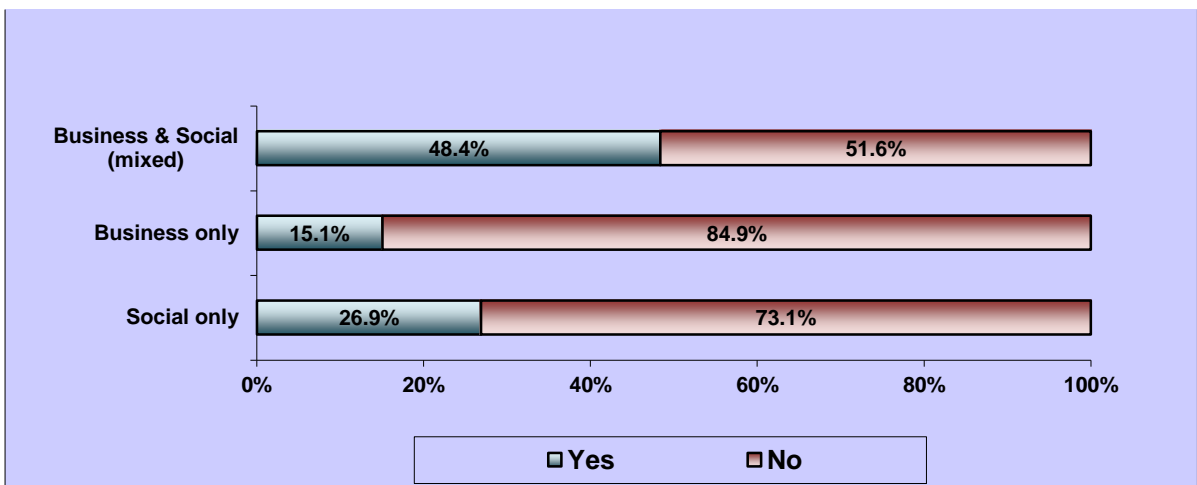


Figure 4.7: Major activities on social-network platforms during working hours

Figure 4.7 clearly indicates that 48.4% of the respondents' major activities on the social network platforms are both business and social; 26.9% of the respondents' major activities on the social-network platforms are social only; and 15.1% are business only, as shown in Figure 4.7. Due to the mixed nature of activities, enterprises need to maintain a balance to ensure that employees do not excessively use social media during working hours. It can be noted that the use of social media is highly unlikely to be for business purposes only or social only as it is usually a combination of both.

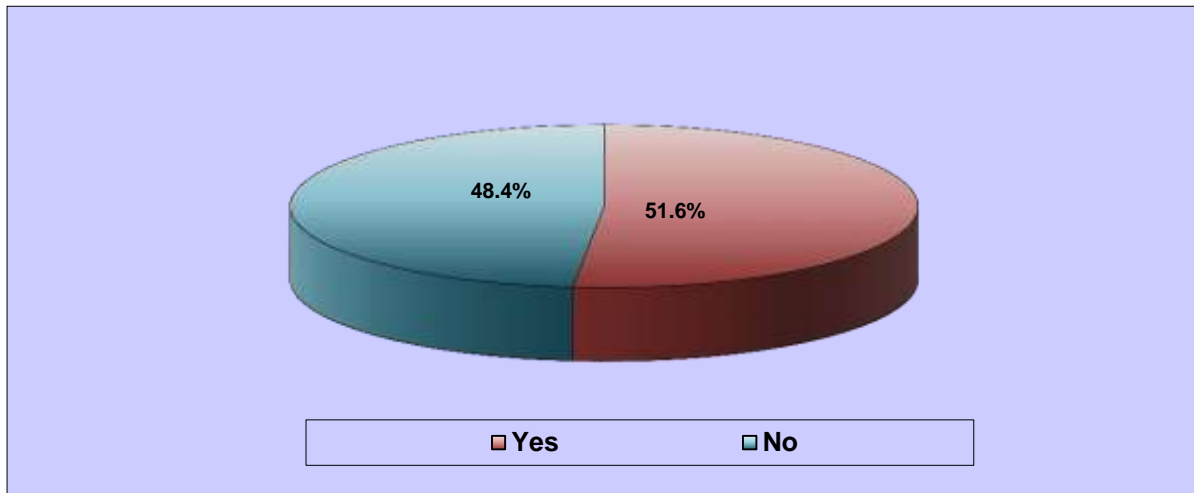


Figure 4.8: Level of organisation restriction on access of social media

According to Figure 4.8, just more than half of the respondents (51.6%), indicated that their organisation allows their employees to access their personal social media accounts using the organisation's hardware (computers, tablets, smartphones or the enterprise's Internet). Complementing this result as study by KPMG (2012) indicated that employee access to social media was classified into different categories with open access (27%) trailing behind guided access (33%), while restricted access was at 24%. It was noted, by restricting or blocking access, that enterprises were still exposing themselves to extreme risks due to accessibility of social media through personal devices (KPMG, 2012).

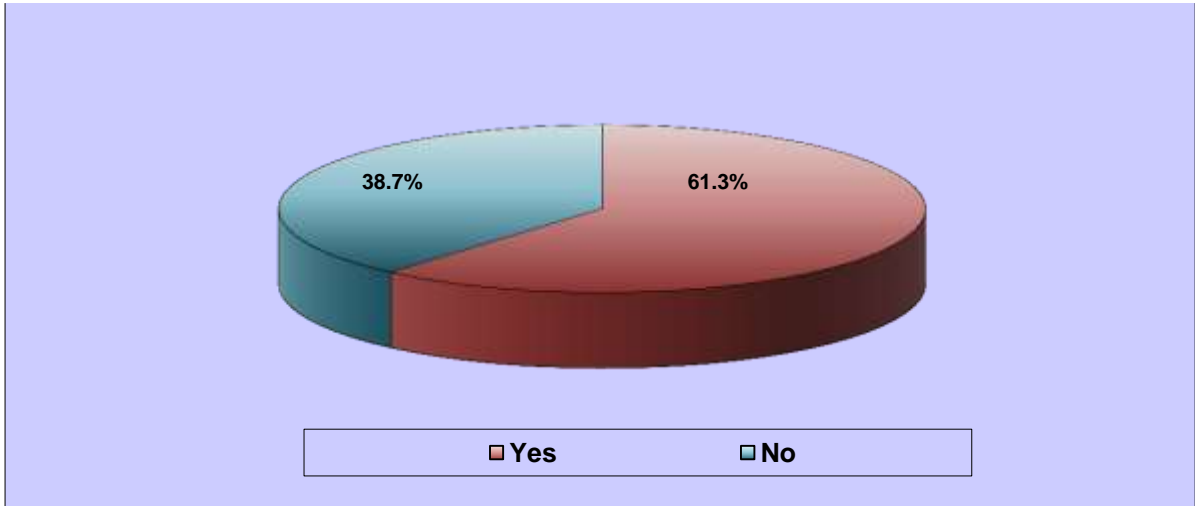


Figure 4.9: Employee permission to access organisation’s social media accounts

According to Figure 4.9, less than two-thirds of the employees indicated that their organisations allow them to access the organisation’s social media accounts when not at work. While this restriction ensures that social media accounts are monitored effectively, there is a high chance that enterprises are unable to respond immediately to damaging posts or issues relating to them.

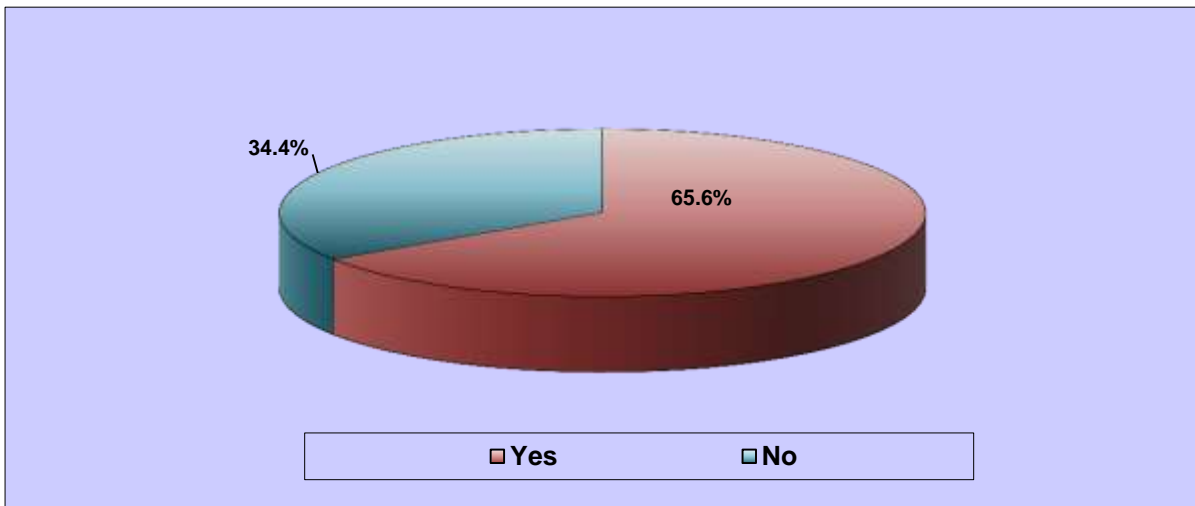


Figure 4.10: Restrictions on use of social media during working hours

Two-thirds (65.6%) of the respondents indicated that there are restrictions on the use of social media during office hours whether for business or private, as indicated in Figure 4.10. However, a complete ban on the use of social networks has become extremely difficult to accomplish. Furthermore, a complete ban appears to be a risk on its own as employees are likely to informally discuss work-related matters through personal social media accounts.

See **Annexure B** for the list of restrictions that were provided by the respondents.

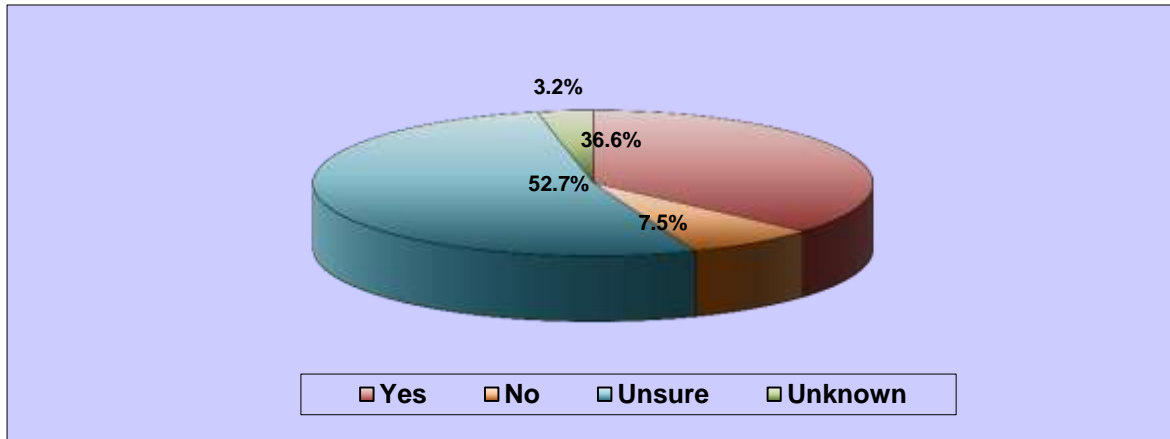


Figure 4.11: Determining whether the chief executives in organisations use social media

In Figure 4.11, more than half (52.7%) of the respondents indicated that they are unsure whether chief executives use social media. However, 36.6% indicated that chief executives do use social media and 7.5% indicated that they don't. It should be noted that the survey results are obtained from internal-audit professionals and the results therefore depict their perception. The involvement of chief executives in the use of social media is critical as Kiron, Palmer, Phillips and Kruschwitz (2012:3) indicated that the success of social business (use of social media in business) depends on leadership. However, in their survey, they further indicated that perceptions of chief executives differed depending on the industries they were in. For example, the gaming industry chief executives were more willing to attempt social networks than chief executives from financial services. Lack of management understanding of social networks was found to be a leading obstacle for the adoption of social media.

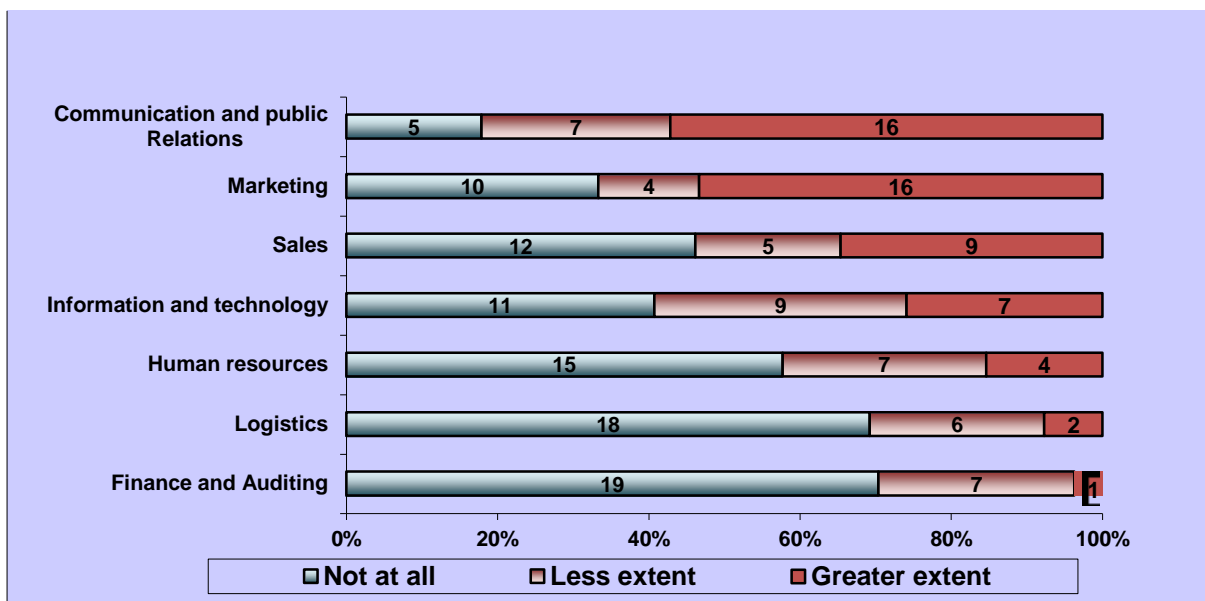


Figure 4.12: Departmental (Business Unit) usage of social media

According to the information displayed in Figure 4.12, social media is used by the following business units as follows;

Table 4.2: Departmental (Business Unit) usage of social media

Department (Business Unit)	Not at all	Less Extent	Greater Extent
Communication and public relations	17.8%	25%	57.2%
Marketing	33.3%	13.3%	53.4%
Sales	46.2%	19.2%	34.6%
Information and technology	40.7%	33.3%	26%
Human Resources	57.7%	26.9%	15.4%
Logistics	69.2%	23.1%	7.7%
Finance and Auditing	70.4%	25.9%	3.7%

Take note that above statistics do not include the respondents who did not complete this part of the questionnaire.

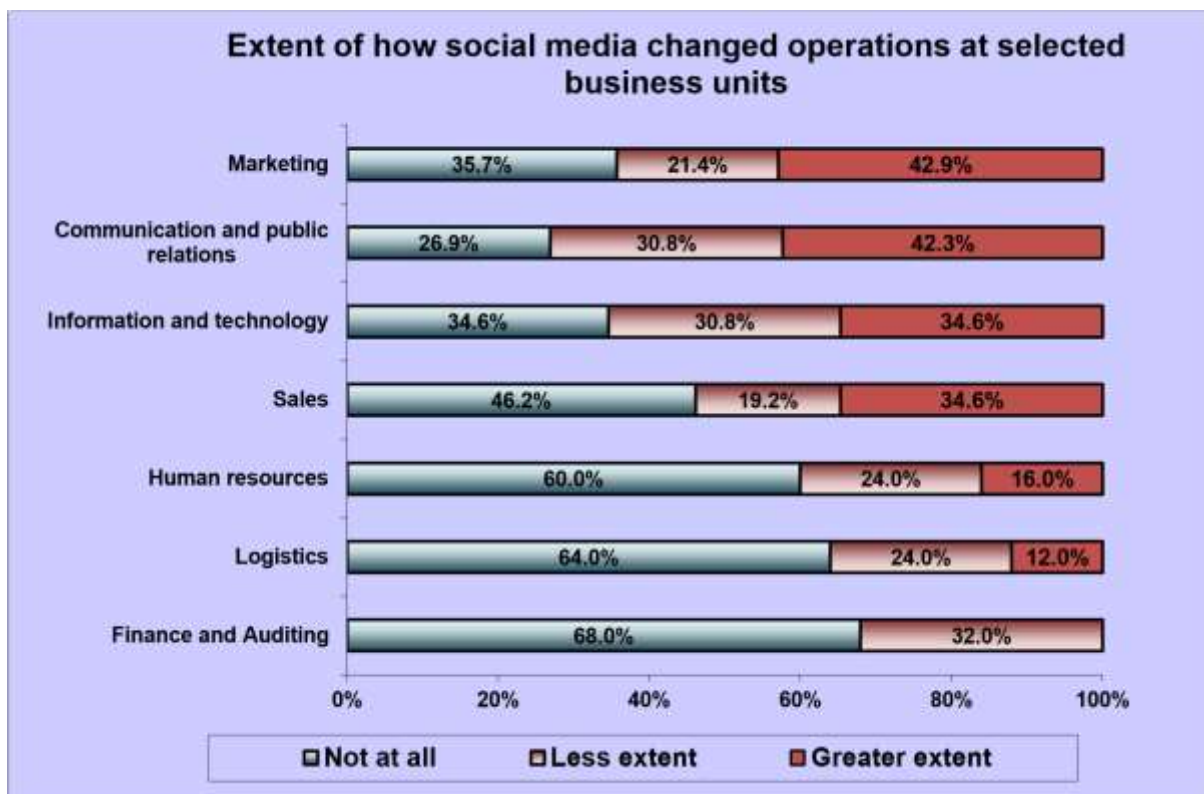


Figure 4.13: Impact of social media on departments (Business Units)

According to the information displayed in Figure 4.13, the use of social media has changed operations at the business units as follows (displayed from the business operations that the social media changed from the greatest extent to the least):

Table 4.3: Impact of social media on departments (Business Units)

Department (Business Unit)	Not at all	Less Extent	Greater Extent
Communication and public relations	35.7%	21.4%	42.9%
Marketing	26.9%	30.8%	42.3%
Information and technology	34.6%	30.8%	34.6%
Sales	46.2%	19.2%	34.6%
Human Resources	60%	24%	16%
Logistics	64%	24%	12%
Finance and Auditing	68%	32%	0%

The above results do not include the views of respondents who did not complete this part of the questionnaire.

4.6 SOCIAL MEDIA RISKS AND GOVERNANCE

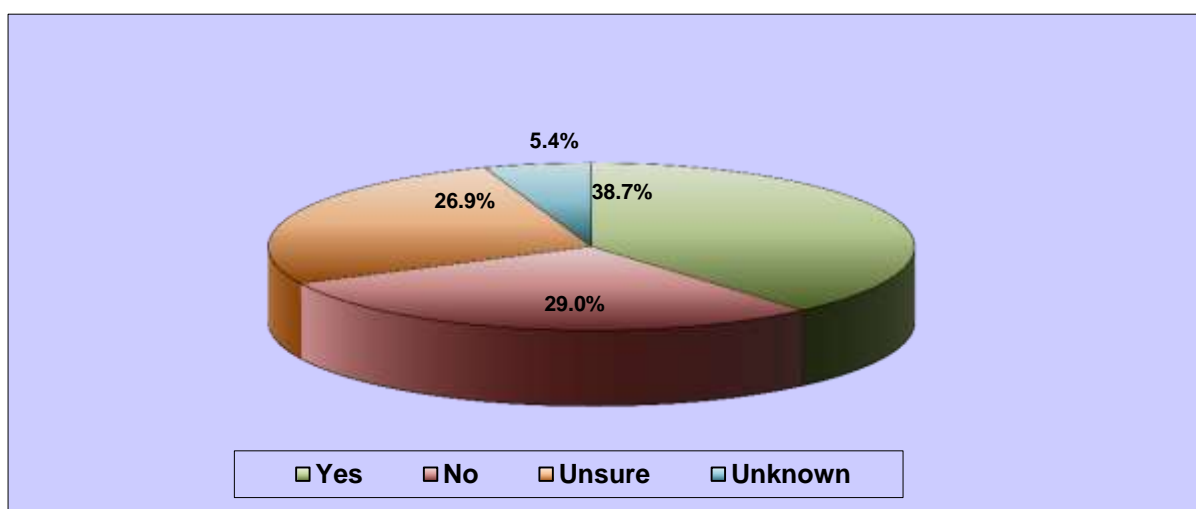


Figure 4.14: Presence of a social media policy in an organisation

More than a third of the respondents (38.7%) indicated that their organisation has an existing social media policy or user guidelines, as indicated in Figure 4.14. However, it is apparent that with several issues surrounding social media use in business, drafting and implementing a social media policy has been difficult in enterprises, especially given that social media in South Africa is still referred to be in its infancy (Chikandiwa, Contogiannis & Jembere, 2013:367). Further to this, it should be noted that a lack of social media policies is not only prevalent in South Africa, as indicated by Rai (2012:265), in that many international companies still lack guidelines regarding access of social media by employees.

There are several other elements that appear unclear to enterprises in relation to the development of social media policies. The aspects of who should draft and implement policies, as well as the content thereof, are some of the major issues. On this note, ISACA (2010:6) recommends that all relevant stakeholders, internal auditors included, should be involved or consulted in developing such policies. With regard to content, there appears to be no strict set of rules. However, the major areas that should be addressed in the policy involve strategy and governance, people, processes and technology (ISACA, 2010:6).

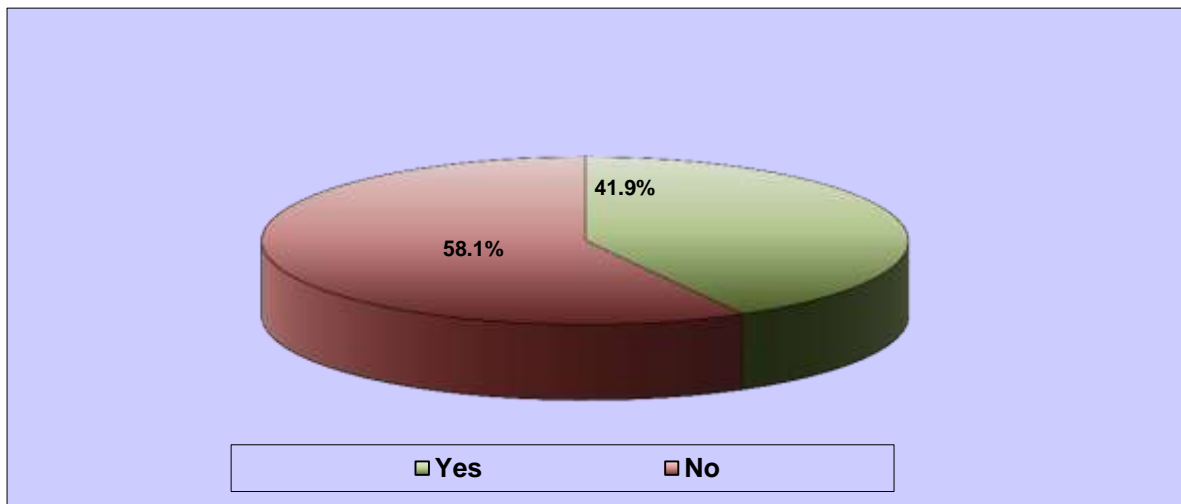


Figure 4.15: Familiarity of respondents with social media policy

Despite the existence of social media policy or user guidelines, according to Figure 4.15, less than half of the respondents (41.9%) indicated that they are familiar with the organisation's social media policy. This, therefore, indicates that even though policies are in place, enterprises are not doing enough to educate employees by making them alert to what is acceptable or not with regard to the use of social media in enterprises.

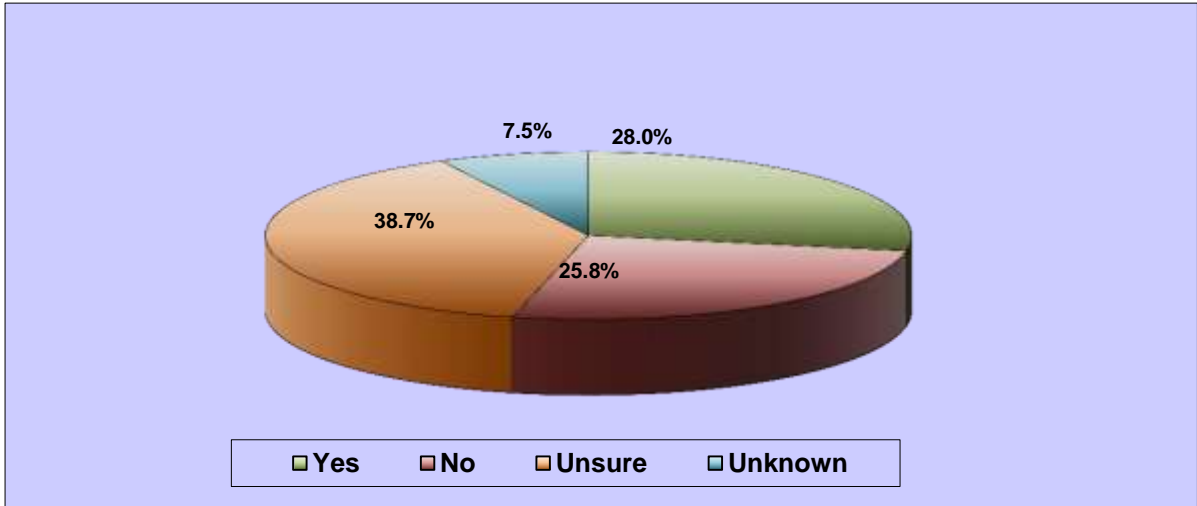


Figure 4.16: Presence of an individual overseeing social media policy

The findings of the study, as depicted in Figure 4.16, further revealed that 28% of the respondents indicated that there is an individual who oversees the social media policy being enforced. This correlates with the fact that less than half of the employees, as shown in Figure 4.15, are aware of the social media policy. It is quite common within enterprises to designate easily responsibilities of a specific function; however, social media has been an exception. The decision on who oversees social media policy has been debatable, with human resources or information-technology departments often charged with the responsibility. On this note, the role of internal auditors on social media policy is still not clear but is based on guidelines; the advisory and consulting services rendered by internal auditors on the assessment of the adequacy and effectiveness of social media policy should all form part of internal-audit responsibility for social media.

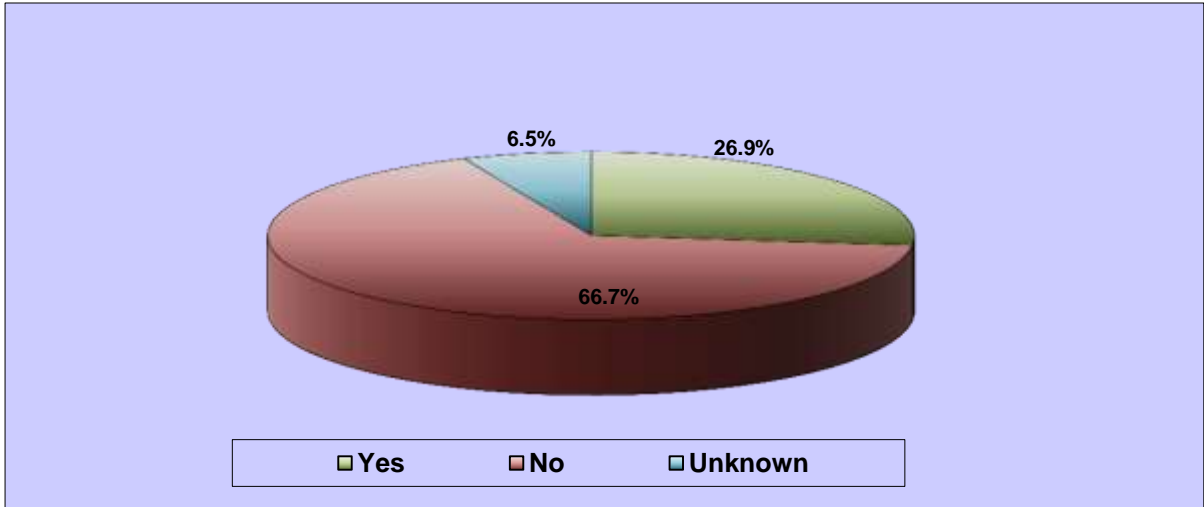


Figure 4.17: Provision of training regarding social media in the enterprise

Another finding, as shown in Figure 4.17, was that 26.9% of the respondents indicated that their organisation provides training regarding social media use. Due to the fact that social media use in enterprises still remains minimal, training on social media has not been a major priority for many South African enterprises. However, ISACA (2010:6) recommends that training should be frequently conducted by enterprises, focusing not only on the risks but on the benefits of social networks in business as well.

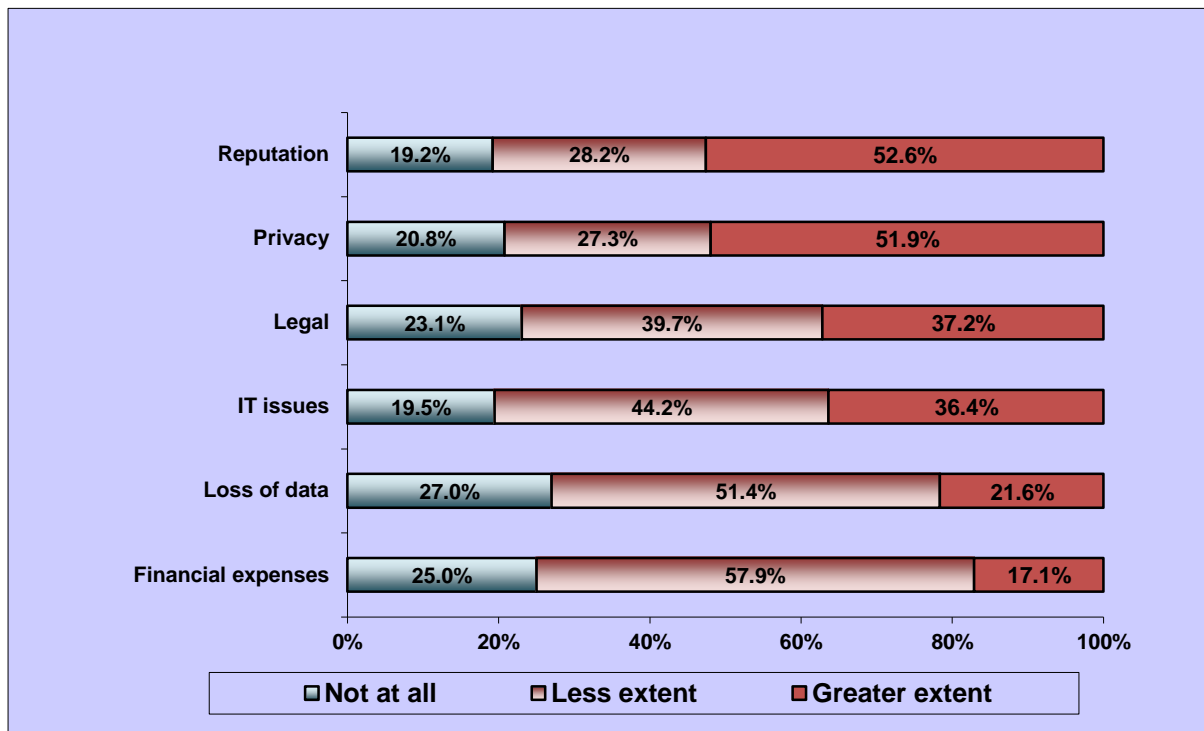


Figure 4.18: Areas affected by use of social media in organisations

According to the information displayed in Figure 4.18, the following areas are being affected by social media:

- Reputation is affected to a greater extent for 52.6% of the respondents and to a lesser extent for 28.2% of the respondents;
- Privacy is affected to a greater extent for 51.9% of the respondents and to a lesser extent for 27.3% of the respondents;
- Legal matters are affected to a greater extent for 37.2% of the respondents and to a lesser extent for 39.7% of the respondents;
- IT issues are affected to a greater extent for 36.4% of the respondents and to a lesser extent for 44.2% of the respondents;
- Loss of data is affected to a greater extent for 21.6% of the respondents and to a lesser extent for 51.4% of the respondents;

- Financial expenses are affected to a greater extent for 17.1% of the respondents and to a lesser extent for 57.9% of the respondents.

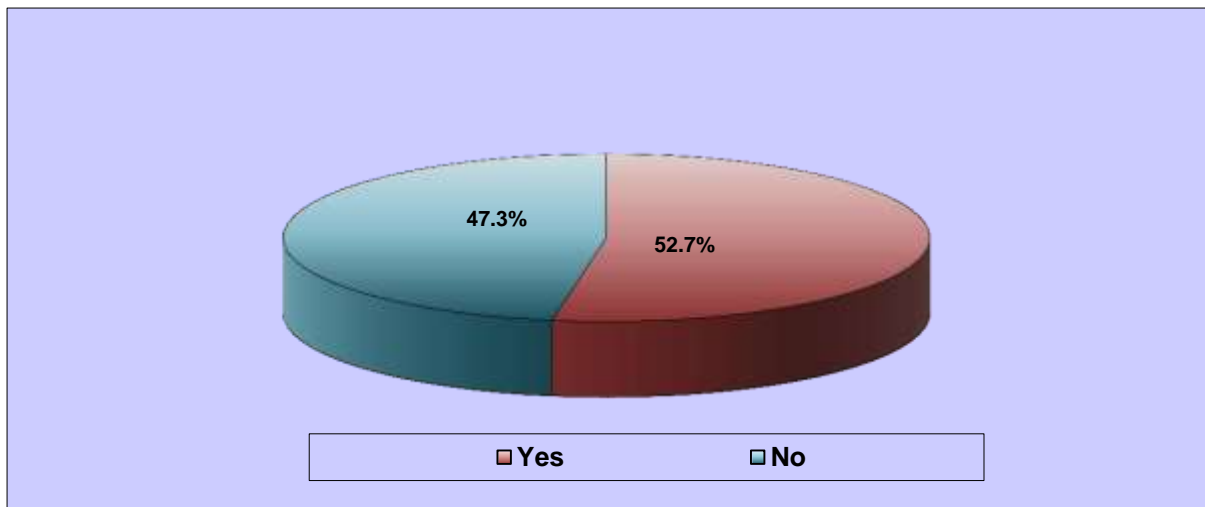


Figure 4.19: Employees' awareness of social media risks

More than half of the respondents (52.7%), as indicated by Figure 4.19, are aware of the various risks associated with the use of social media within the enterprise. The following risks were provided:

- Abuse of social media and loss of production,
- Bad publicity, Legal,
- Bringing company's name into disrepute,
- Can cause offence,
- Client centricity,
- Confidentiality breaches,
- Conveying the incorrect messenger/advertising misinterpretations, cyberbullying,
- Damaging reputation,
- Data loss and control of data,
- Decrease in work production,
- organisation reputation on the line,
- Defamation and PR problems,
- Divulging of confidential information,
- Greater reputational risk,
- Hackers can evade your accounts and send unbecoming posts on your pages and accounts (twitter, Facebook),

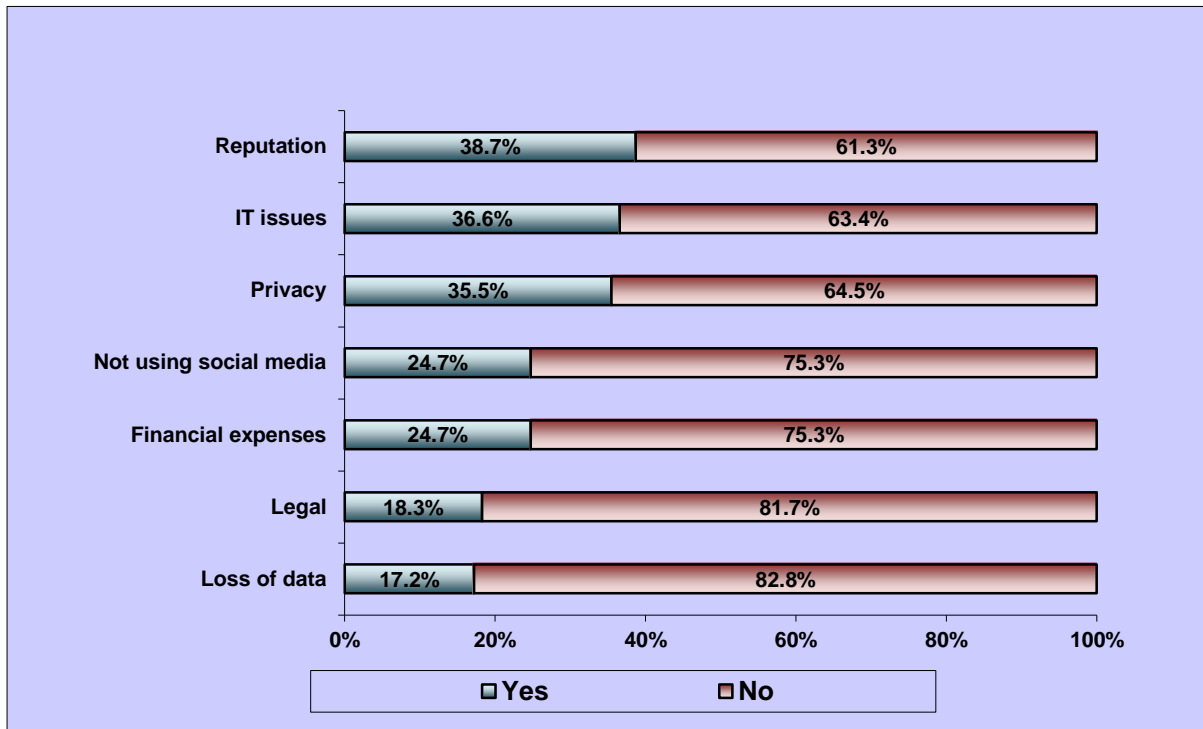


Figure 4.20: Challenges regarding social media use

Based on the risks identified, the magnitude of these risks differs from enterprise to enterprise. However, Figure 4.20 indicates the distribution of risks based on the surveyed population:

Table 4.4: Challenges regarding social media use

Potential risk of social media	YES	NO
Reputation	38.7%	61.3%
IT issues	36.6%	63.4%
Privacy	35.5%	64.5%
Not using social media	24.7%	75.3%
Financial expenses	24.7%	75.3%
Legal	18.3%	81.7%
Loss	17.2%	82.8%

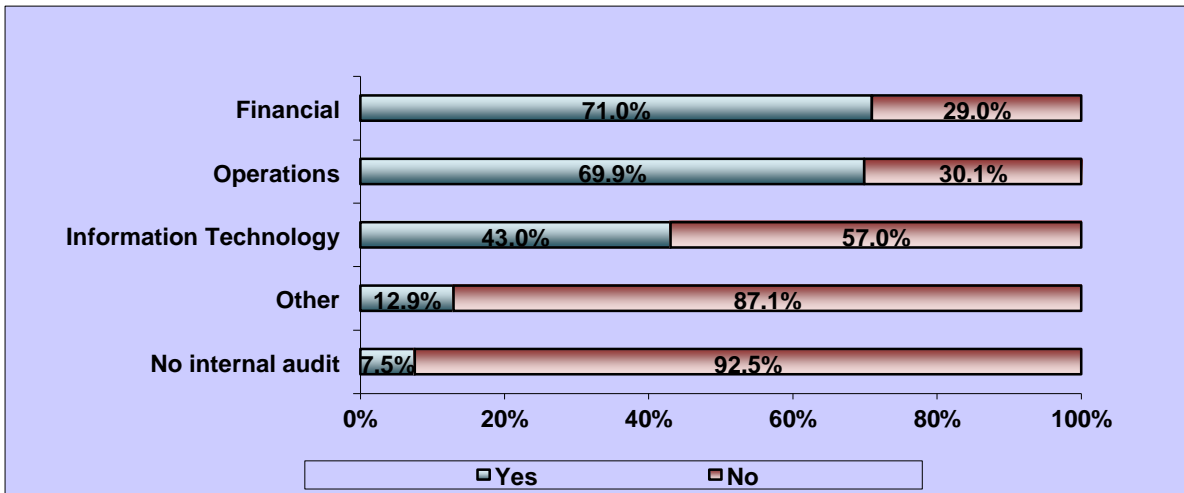


Figure 4.21: Areas being prioritised by internal auditors

In Figure 4.21, the areas being prioritised by internal auditors for inclusion on audit plans are:

Table 4.5: Areas being prioritised by internal auditors

Area prioritised by Internal Auditors	YES	NO
• Financial	71%	29%
• Operations	69.9%	30.1%
• Information Technology	43%	57%
• No internal audits conducted	7.5%	92.5%
• Other areas are prioritised	12.9%	87.1%

The effect of the relative low priority given to social media use can be devastating. With the relative high prevalence of social media use by employees, as shown in Figure 4.20, various risks and challenges manifest that can have a damaging impact on an organisation's reputation.

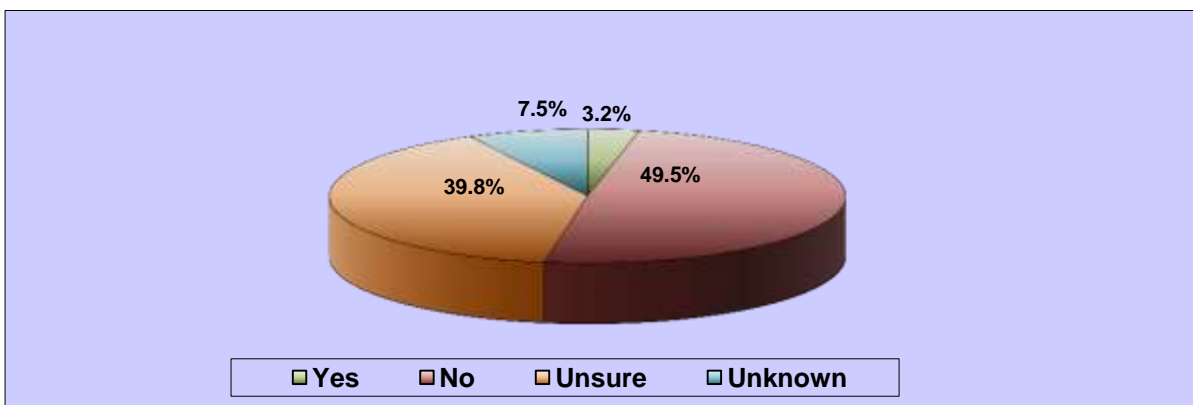


Figure 4.22: Internal-auditing engagement performance relating to social media

According to Figure 4.22, only 3.2% of the respondents indicated that the internal auditors performed work on social media. Note should be taken that a large percentage (39.8%) of respondents were unsure. Due to its pervasive nature, social media is becoming a concern for every internal audit. However, as McCollum (2013:7) indicated, many internal auditors are still lagging on emerging technology. As noted in the Proviti 2013 Internal Audit Capabilities and Needs Survey Report, only 20% of the surveyed population reported that they had social media included in their plans. However, a significant portion (35%) indicated the willingness and plans to start evaluating and auditing social media risks.

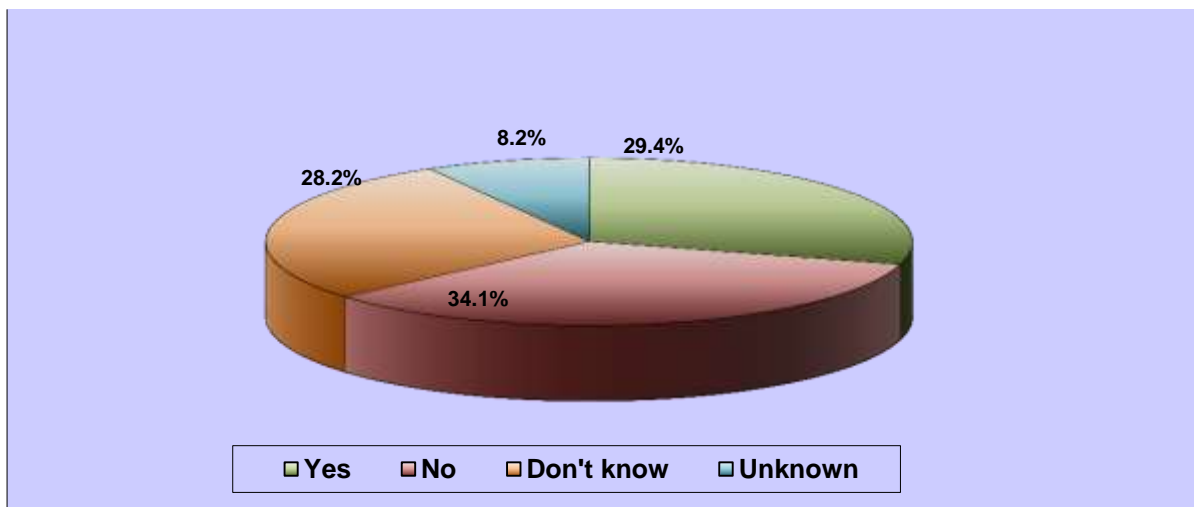


Figure 4.23: Presence of a responsible department for managing and monitoring social media

The study further found that 29.4% of the respondents indicated that there are departments responsible for social media. Despite this, as shown in Figure 4.23, 34.1% indicated that there is no department responsible for social media. This is a major concern as unmonitored use of social media has the potential to cause extensive risks for any enterprise.

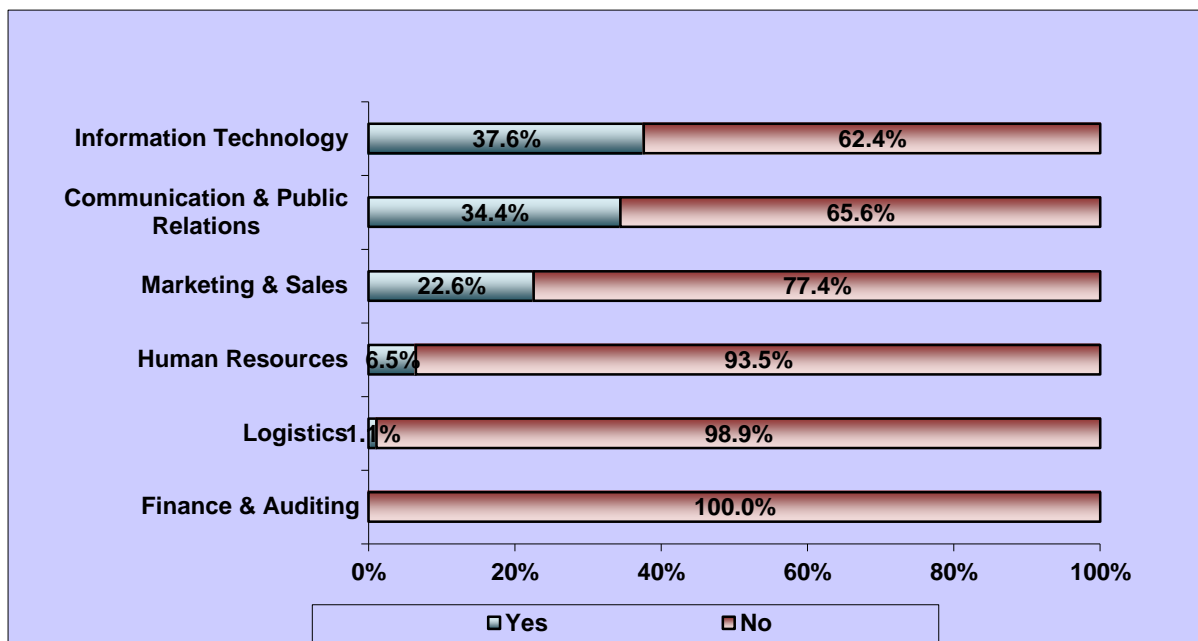


Figure 4.24: Department responsible for social media

Departments responsible for monitoring social media, as indicated in Figure 4.24, are:

Table 4.6: Department responsible for social media

Department charged with social media responsibility	YES	NO
• Information Technology	37.6%	62.4%
• Communication & Public Relations	34.4%	65.6%
• Marketing & Sales	22.6%	77.4%
• Human Resources	6.5%	93.5%
• Logistics	1.1%	98.9%
• Finance & Auditing	0	100%

Despite these indications, in the SA Social Media Landscape Report (2014), marketing teams (53%) were reported to be taking charge of managing social media in various enterprises. Further to this, SA Social Media Landscape indicated that individuals (12%) and third parties (16%) were also common for managing social media within enterprises.

4.6 SOCIAL MEDIA BUSINESS VALUE AND ITS FUTURE

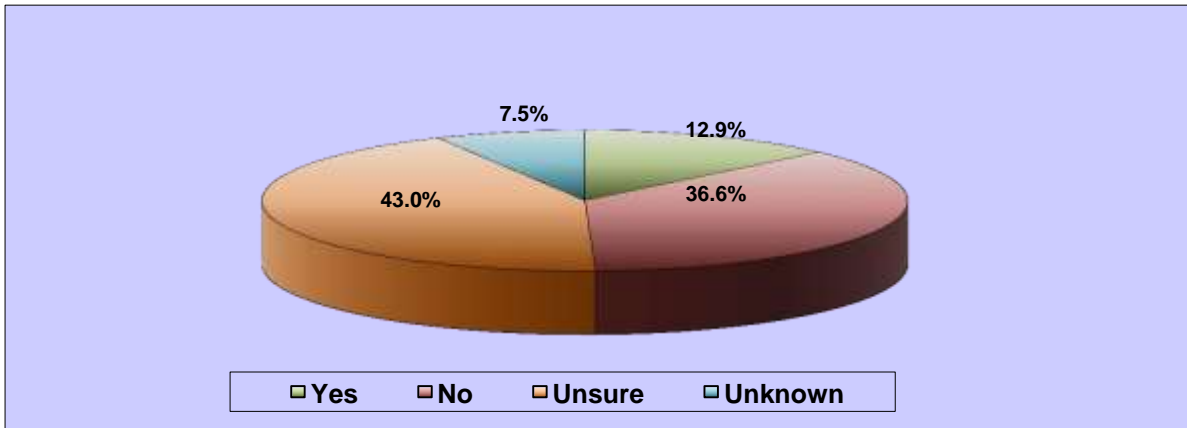


Figure 4.25: Presence of a system or mechanism to measure social media business value

In this study, 12.9% of the respondents indicated that their organisation has a system to measure business value of social media. Note should be taken that a large percentage, 43.0%, of respondents were unsure, as shown in Figure 4.25. However, complementing the study findings, SA Social Media Landscape 2014 survey indicated that the measurement of social media effectiveness remains unclear. Furthermore, each specific platform has a unique way that enterprises measure such. Twitter’s effectiveness has been measured by the number of followers; Facebook largely depends on the number of fans but sentiment analysis has also been utilised.

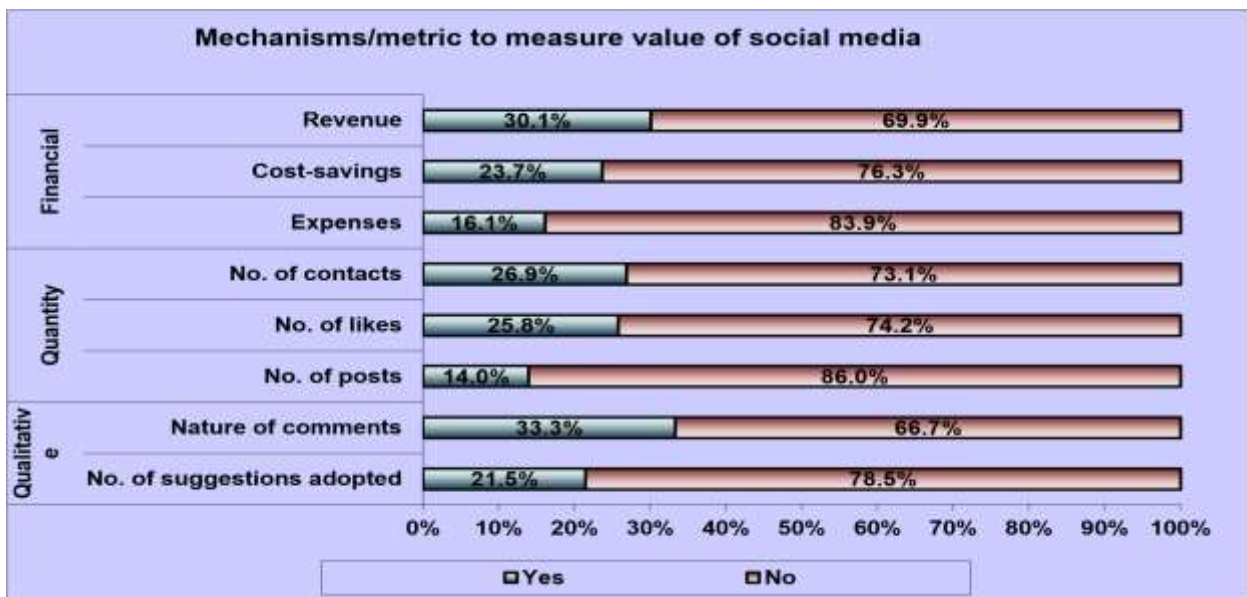


Figure 4.26: Metrics to measure social media value

Respondents were asked to indicate the current matrices used (or if not in use already, it is the measures they perceive to be best) to measure the value or benefits of social media use from an organisation's perspective. The results, as depicted in Figure 4.26, returned:

Table 4.7: Metrics to measure social media value

Measurement	Metric used for measurement	YES	NO
Financial	Revenue	30.1%	69.9%
	Cost-savings	23.7%	76.3%
	Expenses	16.1%	83.9%
Quantity Metrics	Number of Contacts created	26.9%	73.1%
	Number of likes, sharing	25.8%	74.2%
	Number of posts	14%	86%
Quality Metrics	Nature of Comments received	33.3%	66.7%
	Number of suggestions adopted	21.5%	78.5%

The results obtained in this study are confirmed by Hagel (2013:22) who indicates that although most enterprises are beginning to focus on reputational risks, the majority of them lack processes to enumerate the financial impact of social media in enterprises.

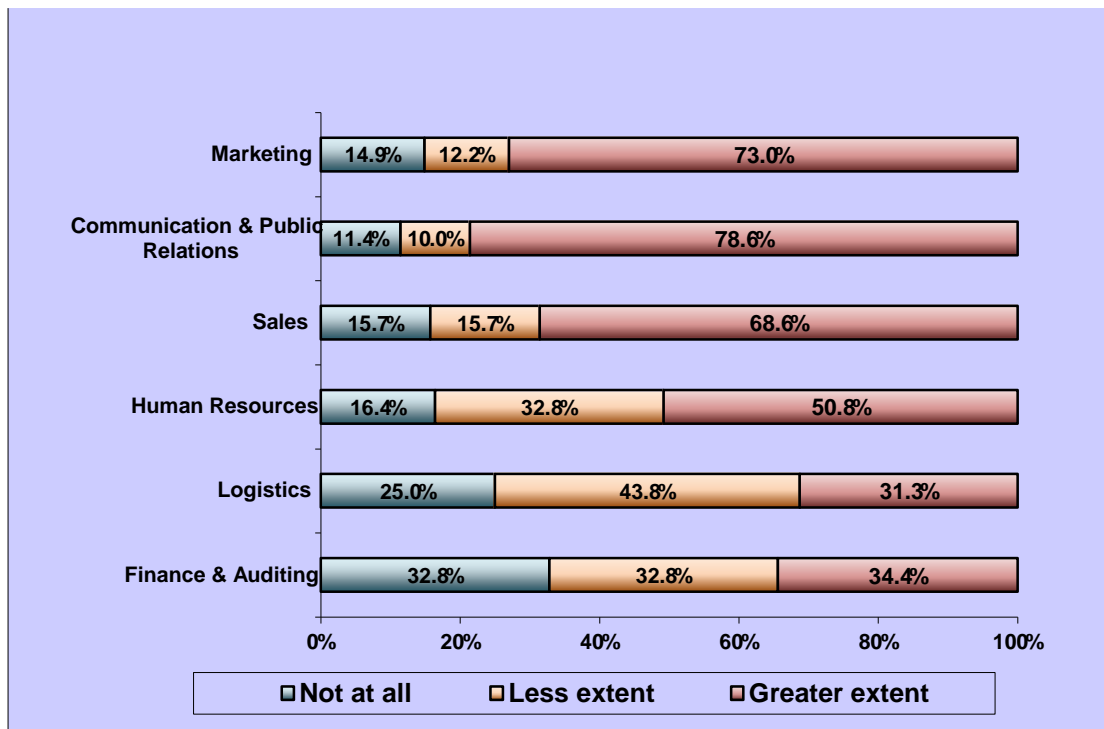


Figure 4.27: Predicted effect of social media on enterprise's departments

According to the information displayed in Figure 4.27, the extent to which the following business units will be affected by social media in the future are:

- Marketing is affected to a greater extent for 73% of the respondents and to a lesser extent for 12.2% of the respondents;
- Communication and public relations are affected to a greater extent for 78.6% of the respondents and to a lesser extent for 10% of the respondents;
- Sales are affected to a greater extent for 68.6% of the respondents and to a lesser extent for 15.7% of the respondents;
- Human Resources is affected to a greater extent for 50.8% of the respondents and to a lesser extent for 32.8% of the respondents;
- Logistics is affected to a greater extent for 31.3% of the respondents and to a lesser extent for 43.8% of the respondents;
- Finance and Auditing are affected to a greater extent for 34.4% of the respondents and to a lesser extent for 32.8% of the respondents.

It is interesting to note that marketing and communication are predicted to be the departments greatly affected in the future. As indicated in Figure 4.13, these departments are currently being affected the most and this trend is predicted to continue, as shown in Figure 4.28.

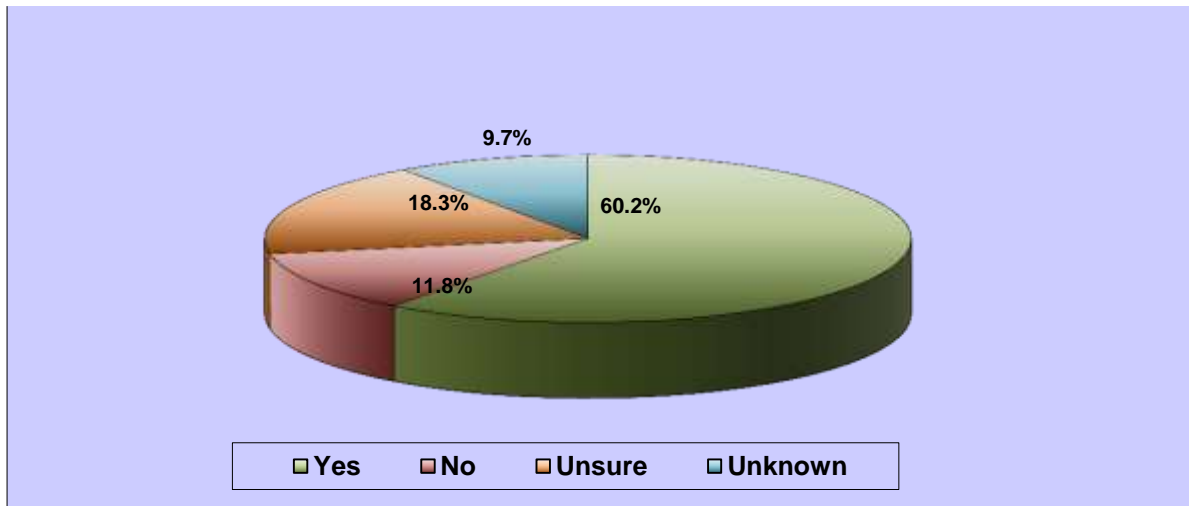


Figure 4.28: Predicting future social media risks in enterprises

With the rate at which social media continues to be adopted for business, 60.2% of the respondents, as shown in Figure 4.28, indicated that social media will bring new and complex risks to companies, while 11.8 % did not think so. The nature of risks anticipated is diverse but a significant number of respondents indicated risks that are already in existence, as shown and discussed in Figure 4.20. To this end, the expectation of increase in risks underlines the importance of an active and alert internal-audit department, and at present internal audit indicated that preferences are given to financial and operational audits, as indicated in Figure 4.21. Respondents justified their choice of “increase risks” by elaborating on the risks as follows:

- Abuse of social media during working hours;
- Negative impact on enterprise’s reputation caused by comments on social media
- Issues relating to data security, privacy, control of published content;
- Executives need to understand the impact of social media on the enterprise;
- First identify what objectives are identified when deciding to use social media,
- Information Technology concerns such as access control.

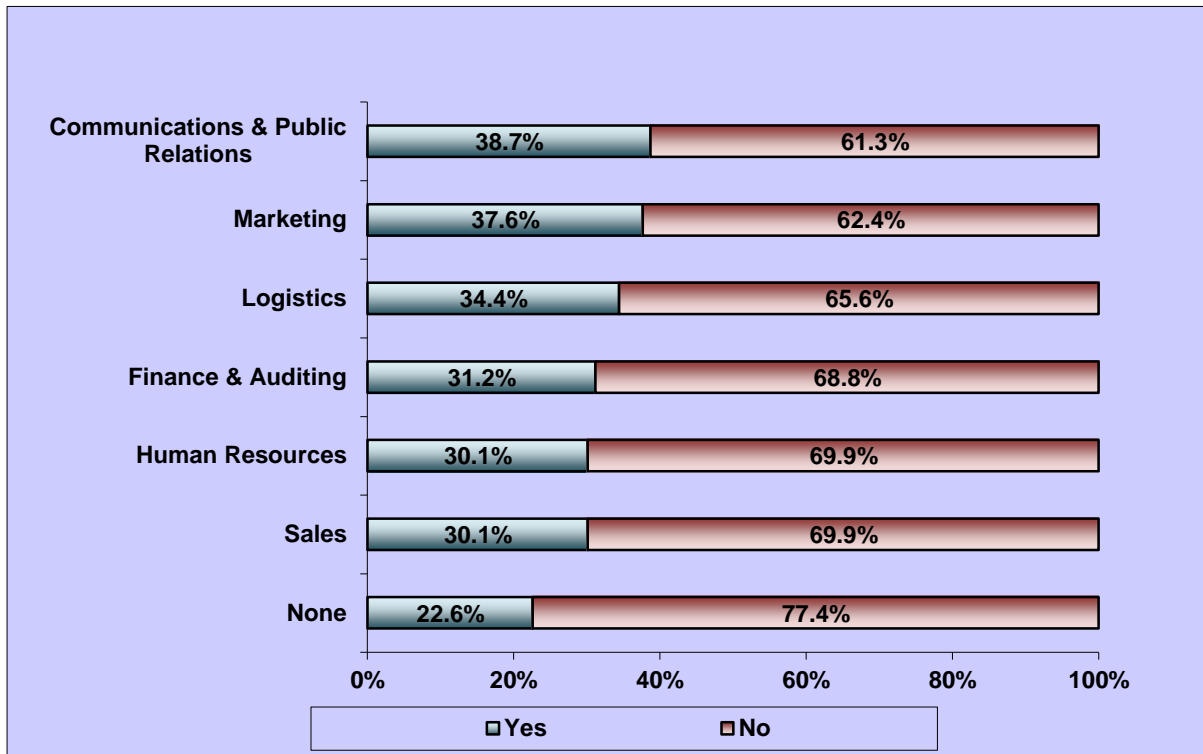


Figure 4.29: Future impact of social media on business units

The following aspects will not be affected by social media according to the respondents' point of view:

Table 4.8: Future impact of social media on business units

Future impact of social media on business units	YES	NO
Communication & Public Relations	38.7%	61.3%
Marketing	37.6%	62.4%
Logistics	34.4%	65.6%
Finance & Auditing	31.2%	68.8%
Human Resources	30.1%	69.9%
Sales	30.1%	69.9%
None of the indicated business units	22.6%	77.4%

As depicted in Figure 4.29, it is anticipated that social media will affect every aspect of business enterprises. However, the extent of not being affected differs. It is interesting to note that areas identified as areas to be mainly affected in the future, Figure 4.28, were also

identified as the least areas not affected. Further to this, the results obtained show that the effect of social media is not absolute but varies to an extent.

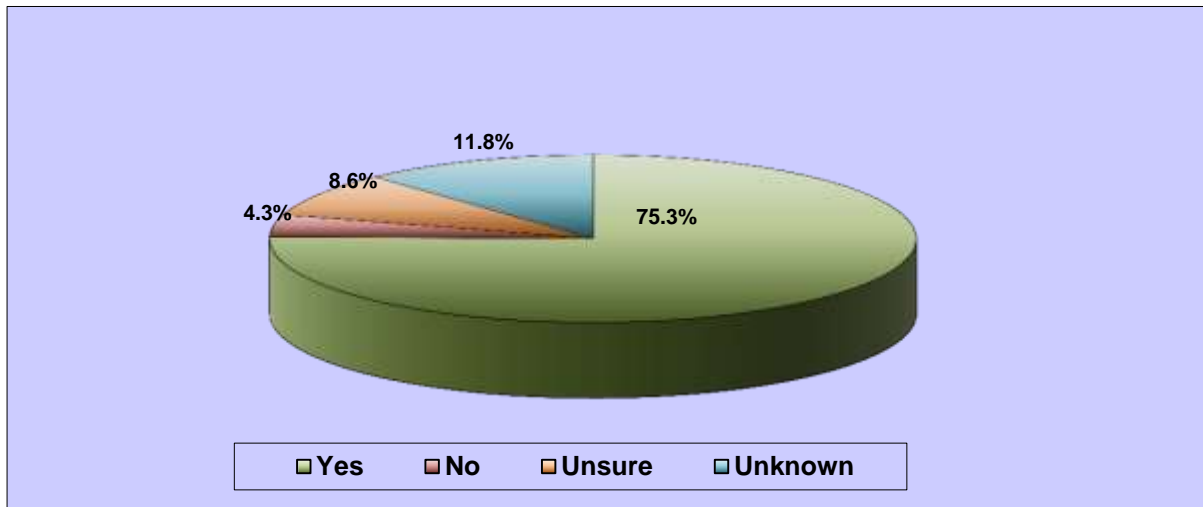


Figure 4.30: Recommendation for using social media in the future

In this study it was found that 75.3% of the respondents recommend businesses to continue with, or start using, social media in the business, as shown in Figure 4.30. There is a major transformation from e-commerce into social business as social media platforms are using these platforms for business transactions. With the pervasiveness of social media, enterprises that are eager to remain competitive are encouraged to make use of these social-network tools.

4.8 INFERENCE STATISTICS

This section includes the inferential statistics that were done in order to answer the research questions. SAS software computed a P-value (Probability value) that measures statistical significance, which is derived from the test values like the chi-square, F-value (ANOVA) and t-value (T-tests). To be regarded as significant, the results' p-values should be equal to or smaller than 0.05 because this value presents an acceptable level on a 95% confidence interval ($p \leq 0.05$). An association and/or difference has statistical significance if there is good reason to believe the difference does not represent random sampling fluctuations only. Therefore, results will be regarded as significant if the p-values are equal to or smaller than 0.05.

In this particular study, the researcher further analysed social media use according to industry, position of respondent and size of enterprises against elements such as usage, risks, measurement of business value and presence of social media policy. While this was not the primary objective, it provides an additional perspective on understanding how social media varies according to industry, position as well as size of enterprise. Note should be taken that the researcher presented findings that were deemed to be useful and a full set of results can be obtained upon request.

4.8.1 COMPARISON OF INDUSTRIES

To determine if there are any significant associations between variables and industries, Chi-square tests were performed and the results are depicted in tables below:

Table 4.9: Chi-square comparisons of employee’s familiarity with social media policy between industries

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
5.2 As an employee are you familiar with the social media policy or user guidelines content?	92	12.9739	5	0.0236*

The chi-square test in Table 4.9 shows that there is statistical significance ($p \leq 0.05$) on the association between employees’ familiarity with social media policy and industries from which the employees are drawn. Further analysis also indicate that fewer employees from the finance industry are familiar with the social media policy or user guidelines content than employees from the other industries. This is further depicted graphically in Figure 4.31.

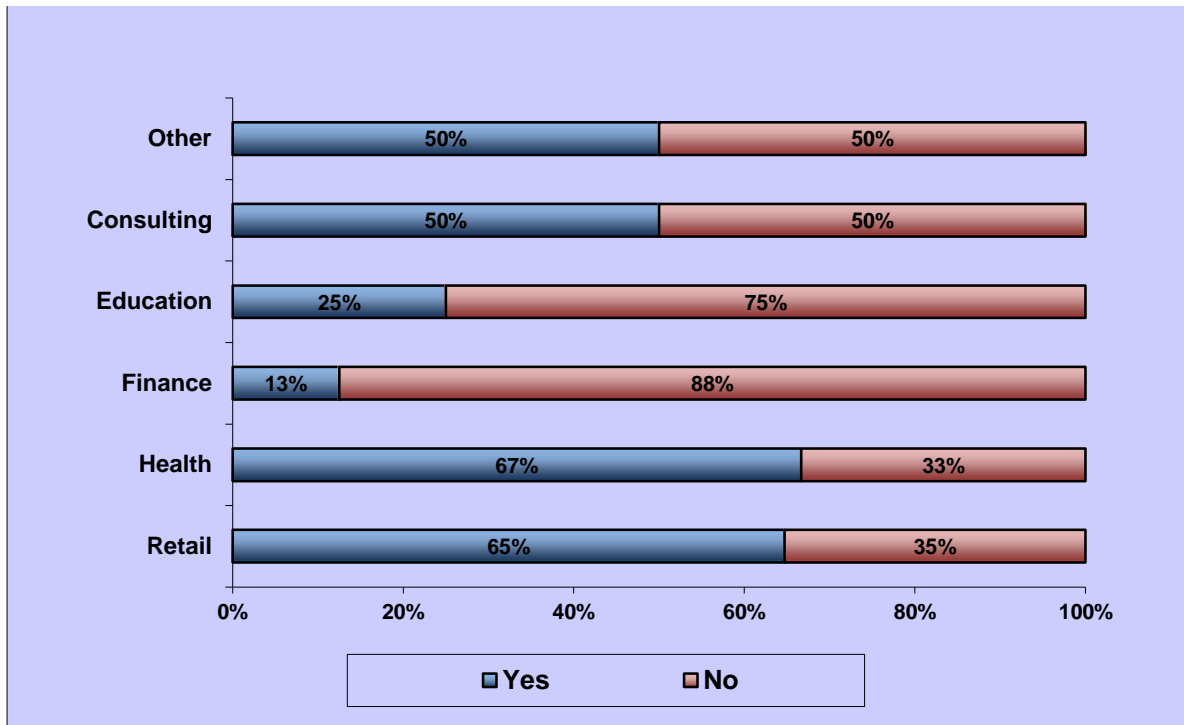


Figure 4.31: Employee familiarity with social media policy or user guidelines according to industries

Another test was conducted to test the association between industry and internal auditors' performance of work related to social media

Table 4.10: Chi-square test for comparing internal auditors' performance of work related to social media

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
5.8d Have the Internal Auditors performed any work related to social media?	85	22.6089	10	0.0123*

The abovementioned chi-square test in Table 4.10, graphically depicted in Figure 4.32, shows that there is statistically significant association ($p \leq 0.05$) between internal auditors' performance of work related to social media and the industry. The consulting industry has significantly more respondents who indicated that Internal Auditors performed work related to social media than respondents from the other industries.

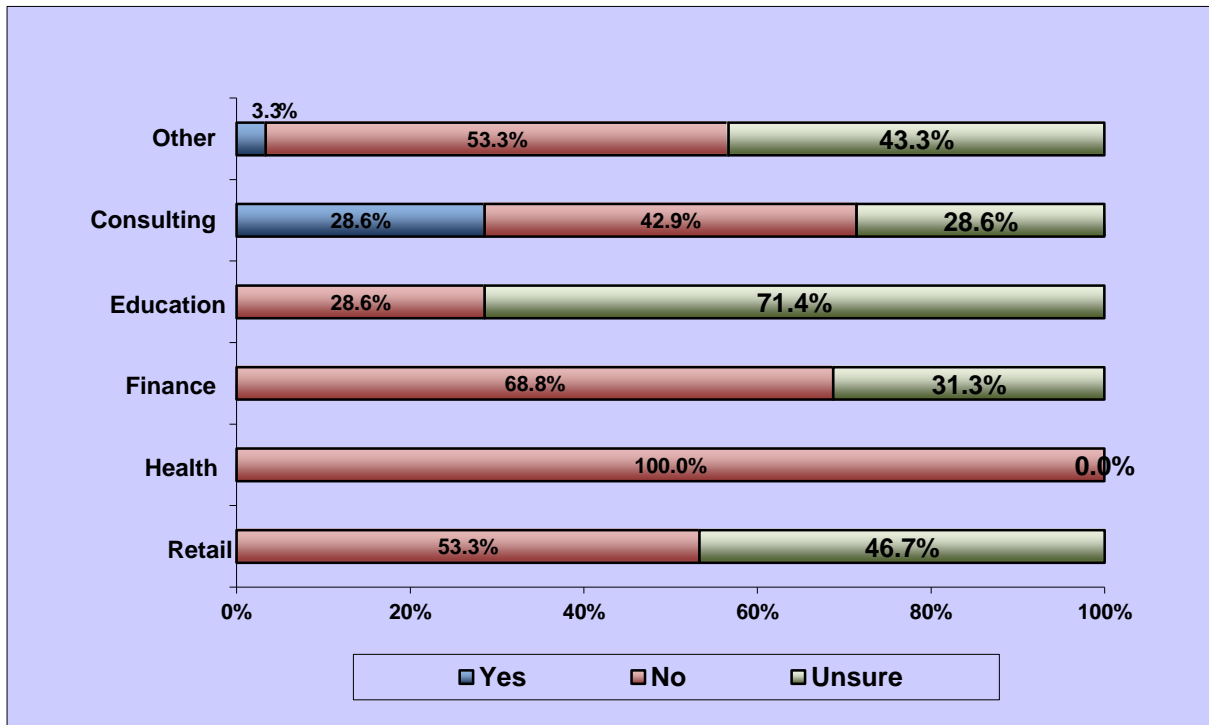


Figure 4.32: Internal Audit engagement on social media per industry

Further to the above test of associations, the study also tested the association between industry and the presence of departments responsible for social media within enterprises.

Table 4.11: Chi-square test for comparing if there are departments responsible for social media within enterprises

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
Comparisons between industries and C05.9a				
5.9a Is there any department responsible for social media in your enterprise?	77	19.4386	10	0.0350*

Table 4.11 shows that more respondents from the health industry indicated there is a department responsible for social media in the organisation than the respondents from the other industries. The chi-square test result ($p=0.0350 \leq 0.05$) show significant association between presence of departments responsible for social media within enterprises and nature of industry. This is further indicated in Figure 4.33.

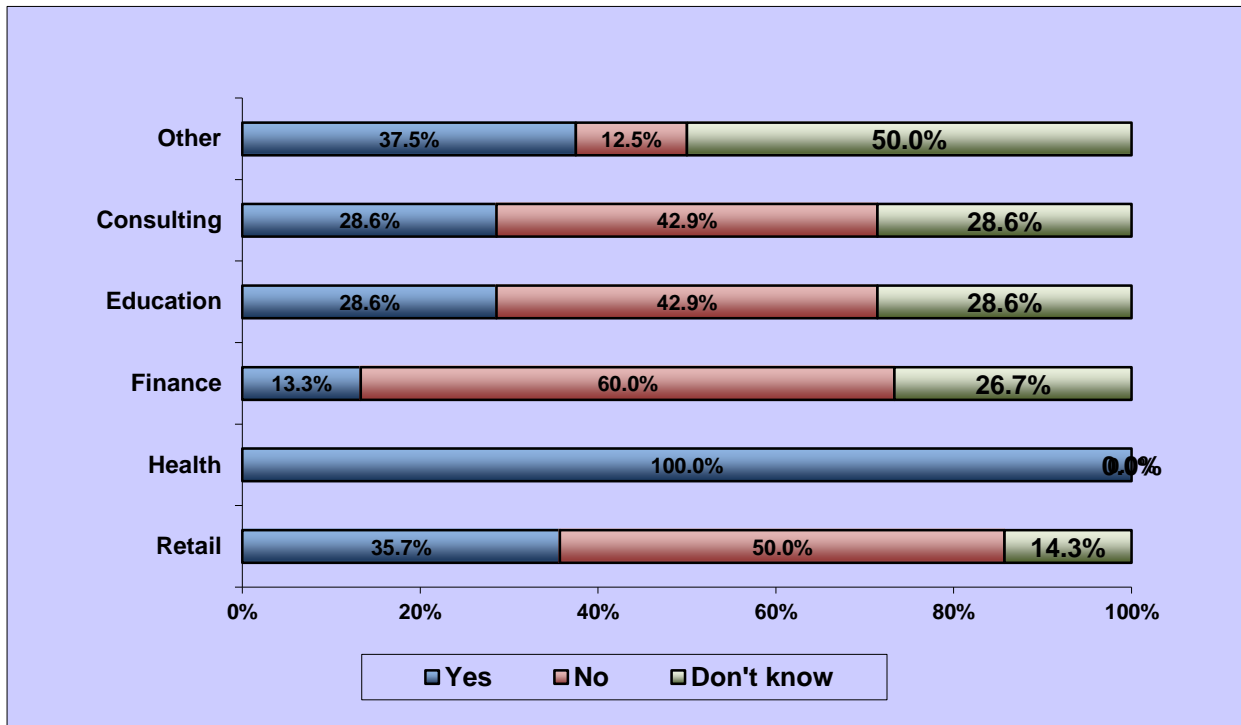


Figure 4.33: Presence of a department responsible for social media according to industry

TABLE 4.12: Chi-square test for comparing the use of a system or mechanism to measure business value of social media

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
6.0 Does the organisation employ a system to measure business value of social media?	85	19.6991	10	0.0322*

The chi-square test in Table 4.12, depicted in Figure 4.34, shows statistically significant association ($p \leq 0.05$) between the use of a system or mechanism to measure business value of social media and industry. More respondents from the retail industry indicated that the enterprises employ a system to measure the business value of social media than those from the other industries.

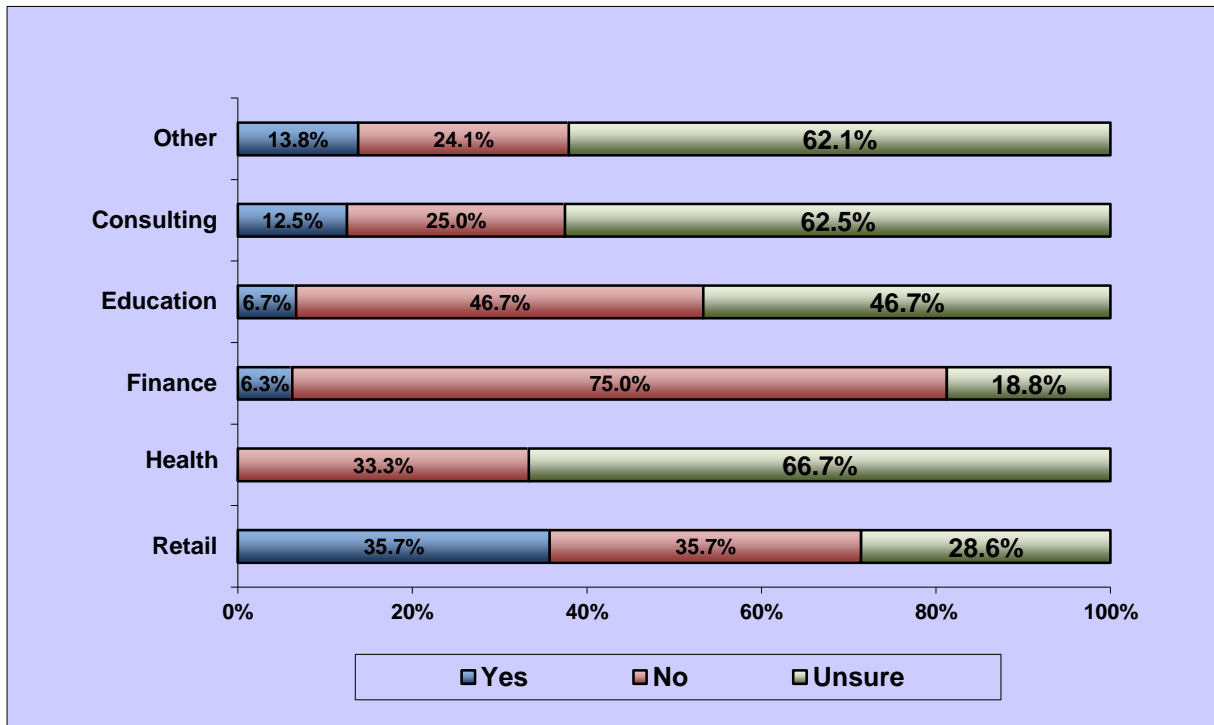


Figure 4.34: Social media business value measurement according to industry

4.8.2 COMPARISON OF RESPONDENTS POSITION

A comparison was done to see whether the respondents in different positions differed in their perceptions of social media use by using the Chi-Square statistic. The following tables and graphs indicate where there were statistically significant associations between the dependent variables and response variables. Although only the statistically significant associations are mentioned in this paragraph, note must also be taken that where there were not any statistically significant associations, all the Chi-square tests are shown in Annexure C.

The positions of respondents in the organisations are compared for all the categories. However, note should be taken that the Chi-square in some cases may not be a valid test due to the fact that more than 20% of the cells have a frequency of less than 5.

Table 4.13: Chi-square test for comparing use of social media by chief executives using Chi-square

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
4.8 Does the Chief Executive within the organisation use social media?	90	10.6746	4	0.0305*

The p-value (0.0305) obtained in Table 4.13 from the Chi-square test is less than 0.05 which shows statistical significance on the association between position of respondents and knowledge of chief executives' use of social media. More respondents from the middle management positions have knowledge on the use of social media by chief executives of the organisation than from the other position groups. This is also depicted in Figure 4.35.

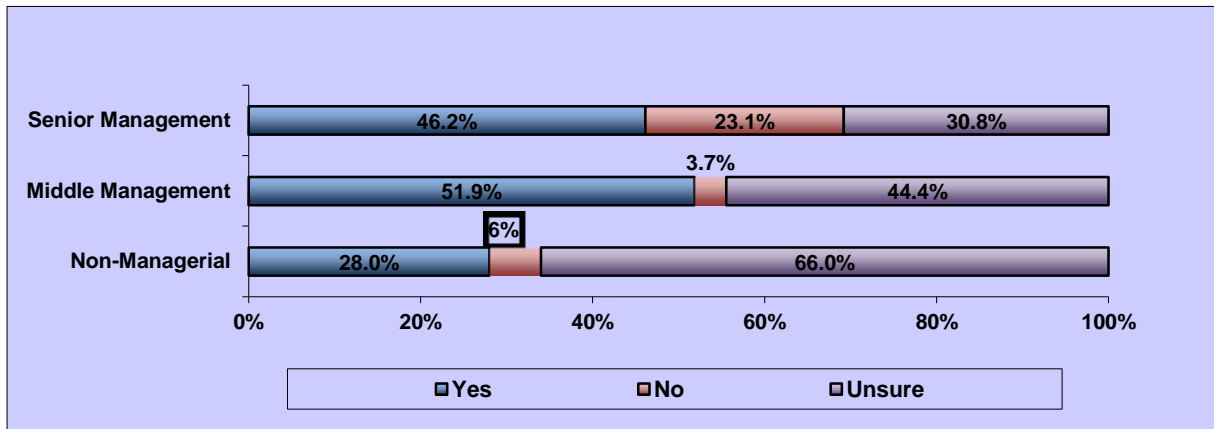


Figure 4.35: Chief Executives' use of social media according to position

Table 4.14: Chi-square test for comparing whether internal auditors performed any work relating to social media

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
5.8d Have the Internal Auditors performed any work related to social media?	86	10.2776	4	0.0360*

The abovementioned chi-square test in Table 4.14 shows statistical significance ($p \leq 0.05$) on the association between knowledge on whether internal auditors performed any work relating

to social media and the position of the respondent. However, more respondents from middle management positions do not think that the Internal Auditors performed any work related to social media than from the other position groups. Figure 4.36 further illustrates the responses obtained in this study.

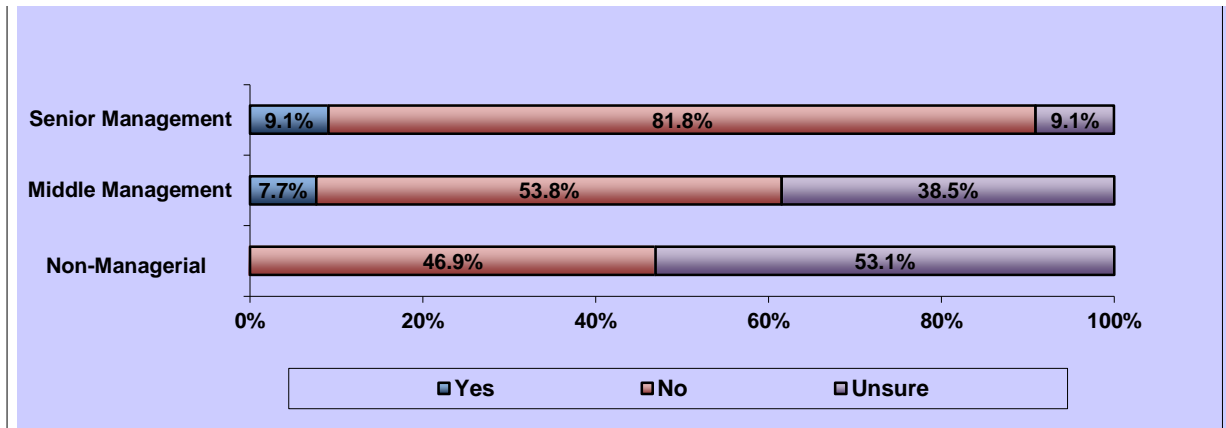


Figure 4.36: Internal Auditors' engagement work on social media according to position

4.8.3 COMPARISON OF ORGANISATION SIZE

A comparison was done to see whether the respondents from differently sized organisations differed in their perceptions of social media by using the Chi-square statistic as the data is nominal or ordinal by nature. The following tables and graphs indicate where there were statistically significant associations between the dependent variable and the response variables. Although only the statistically significant associations are mentioned in this paragraph, note must also be taken where there was not a statistically significant association and thus all the Chi-square tests are shown in Annexure C.

The organisation's size groups are compared for all the categories. However, note should be taken that the Chi-square in some cases may not be a valid test due to the fact that more than 20% of the cells have a frequency of less than 5. In case of two by two cross tables the Fisher exact tests were done in order to overcome above mentioned problem.

According to Longaberger (2012:29), larger organisations appear to have done better than smaller and medium enterprises in adopting, using and monitoring social networks in doing business. This notion is reflected also in this study with the findings indicating that larger enterprises have done significantly better than medium enterprises with regards to developing social media policy and also training employees on social networks. To this end, larger

enterprises' employees are more aware of social media policy contents than employees in smaller enterprises.

Table 4.15: Chi-square test for comparing the use of social media by employees for business purposes using Chi-square test

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
4a Do employees in your organisation make use of social media for business purposes?	92	4.8435	1	0.0278*

The abovementioned chi-square test in Table 4.15, shows statistical significance ($p \leq 0.05$) on the association between size of business and the use of social media by employees for business purposes. Further to this, more respondents from large organisations indicated that they make use of social media for business purposes than from the medium organisations as depicted in Figure 4.37.

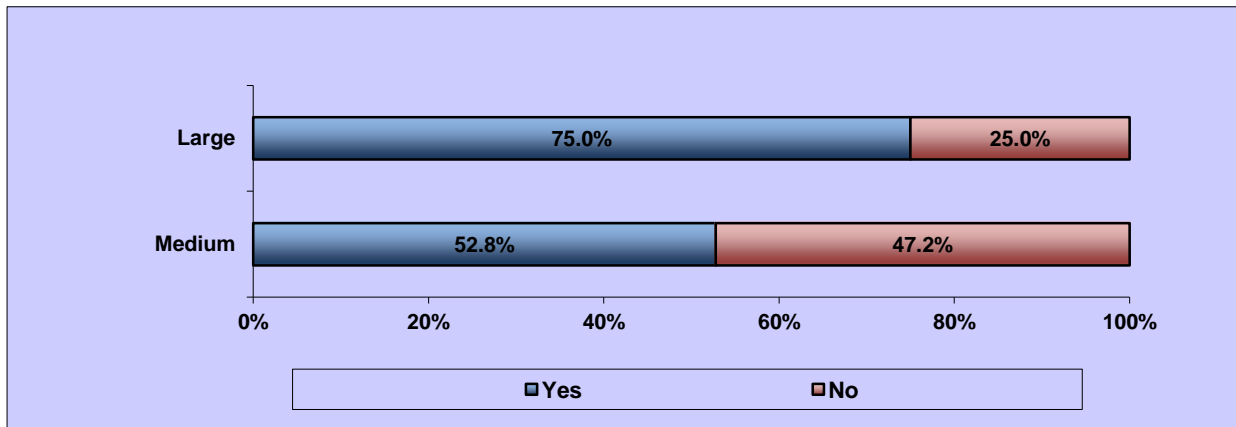


Figure 4.37: Use of social media for business according to size of enterprise

Table 4.16: Chi-square test for comparing if employees are allowed to utilise social media for business purposes during office hours

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
4.6b Are employees in your organisation allowed to utilise social media for business purposes during office hours?	92	4.5756	1	0.0324*

The abovementioned chi-square test in Table 4.16, with a ($P=0.0324 \leq 0.05$) shows that there is a statistically significant association between size of organisation and whether employees are allowed to utilise social media for business purposes during office hours. It emerged however that more respondents from large organisations are allowed to utilise social media for business purposes during office hours than from the medium organisations. These results are graphically illustrated in Figure 4.38.

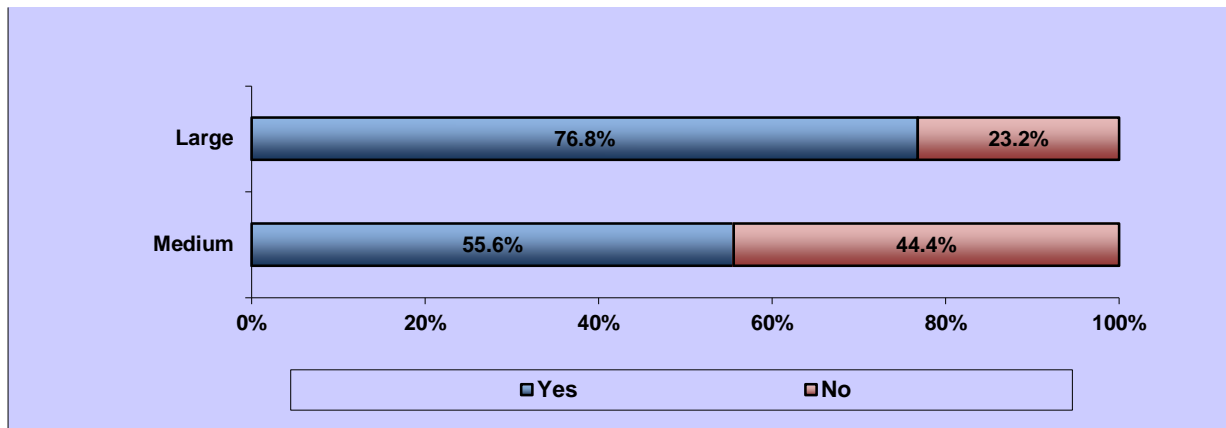


Figure 4.38: Employer allows use of social media according to size of enterprise

Table 4.17: Chi-square test for comparing presence of social media policy in enterprise

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
Comparisons between organisation size and C05.1				
5.1 Does the enterprise have a social media policy or user guidelines?	88	16.2963	2	0.0003***

The abovementioned chi-square test in Table 4.17 shows that statistically significantly more respondents from large organisations indicated that their organisation have a social media policy or user guidelines than from the medium organisations. These results are depicted in Figure 4.39.

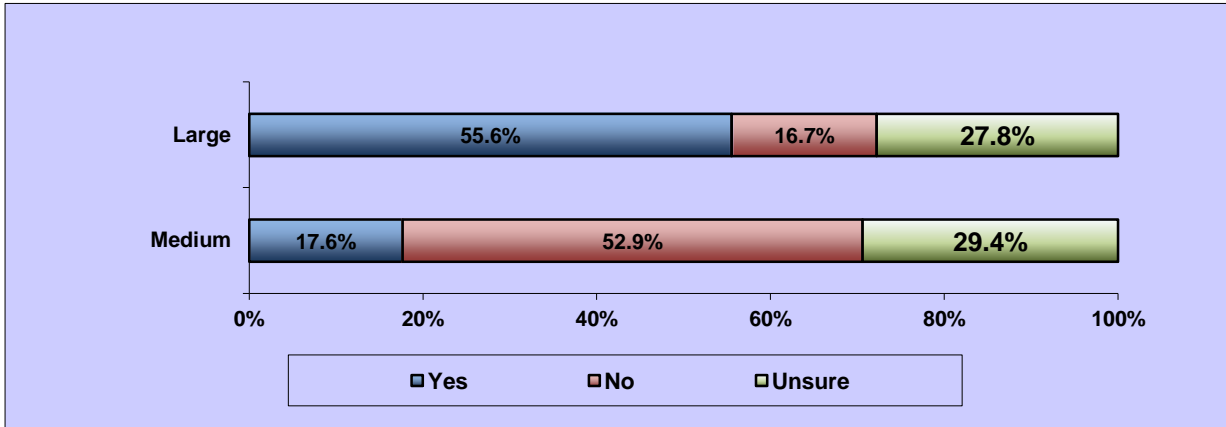


Figure 4.39: Presence of social media policy according to size of enterprise

Table 4.18: Chi-square test for comparing employee familiarity to social media policy

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
Comparisons between organisation size and C05.2				
5.2 As an employee are you familiar with the social media policy or user guidelines contents?	92	9.8517	1	0.0017**

The abovementioned chi-square test in Table 4.18 shows that statistically more significant association ($p \leq 0.05$, where $p = 0.0017$) between the size of the organisation and employee familiarity to social media policy. More respondents from large organisations indicated that they are familiar with the social media policy or user guidelines contents than from the medium organisations – also depicted in Figure 4.40.

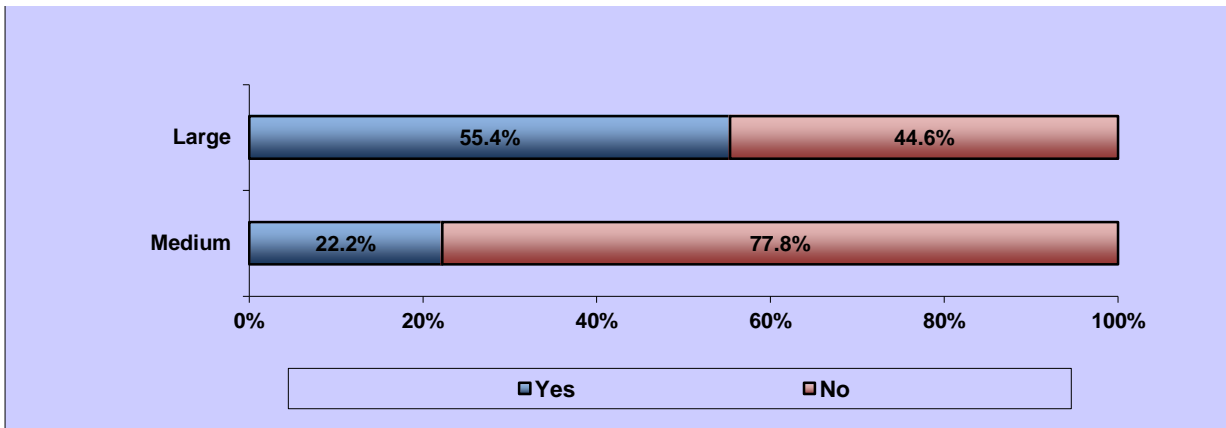


Figure 4.40: Employees' familiarity with social media policy according to size of enterprise

Table 4.19: Chi-square test for comparing provision of training relating to social media

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
Comparisons between organisation size and D06.0				
5.4 Does the organisation provide training to employees or any education regarding social media and its use in business?	87	5.3645	1	0.0206*

The abovementioned chi-square test in Table 4.19 shows statistically significant associations ($p \leq 0.05$) between size of organisation and provision of training relating to social media. More respondents from large organisations indicated that their organisation provides training to employees or any education regarding social media and its use in business than from the medium organisations. Figure 4.41 also indicates the results obtained from the study.

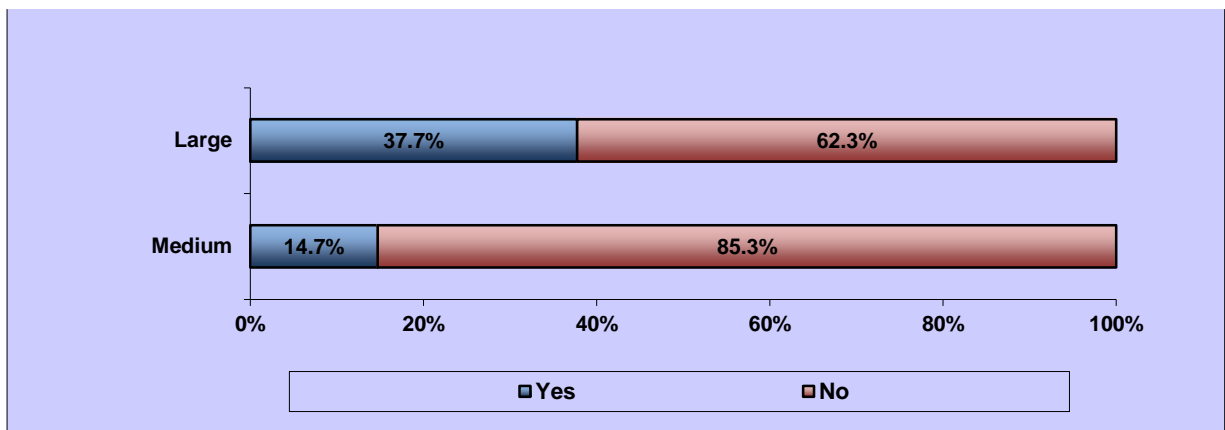


Figure 4.41: Provision of training on social media according to size of enterprise

Table 4.20: Chi-square test for comparing the presence of a system or mechanism to measure business value of social media

Question / Statement	Sample Size	Chi-Square	DF	Exact P-Value
Comparisons between organisation size and D06.0				
6.0 Does the organisation employ a system to measure business value of social media?	86	9.0322	2	0.0109*

The abovementioned chi-square test in Table 4.20 shows that statistically significant association ($p \leq 0.05$) between size of organisation and the presence of a system or mechanism to measure business value of social media. As indicated in Figure 4.42, more respondents from large organisations indicated that they are unsure whether their organisation employs a system to measure business value of social media than from the medium organisations.

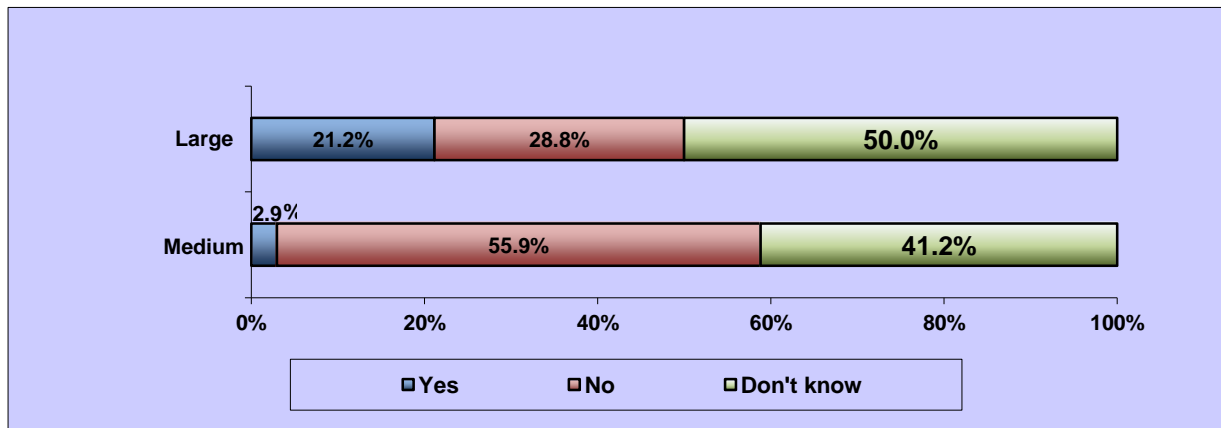


Figure 4.42: Availability of a system to measure social media business value according to size of enterprise

4.9 CONCLUSION

In this chapter, the survey results were discussed and related to similar research conducted by other researchers on the role of social media in business enterprises. The survey results were significantly similar to other findings obtained in various other studies, more notably the South Africa Social Media Landscape Report 2014. Other surveys related to the role of social media within enterprises were, however, conducted in other countries such as the United Kingdom. None the less, these results were applicable to current research conducted, as social media is a world-wide phenomenon.

In summary, social media growth has seen it being adopted across the majority of industries and enterprises despite differences in the extent to which enterprises tolerate social media use. Further to this, it is predicted that social media will eventually become a dominant force in each and every industry, and arguably enterprise, due to its pervasive nature. As it is anticipated that social media will continue to dominate in enterprises, there is a need for both industries and enterprises to start monitoring and regulating social media. Industry-specific regulations must be developed. For instance, in health there must be regulations on how social media can be used to disseminate information about patients.

The study also analysed the use of social media by comparing the state of social media in large and medium enterprises. Despite size, it is evident that large and medium enterprises are encountering the same challenges and problems with regard to social media use, either by individuals (private use during working hours) or by the enterprise (enterprise presence on social media platforms). However, larger enterprises are more prepared and are taking better measures in monitoring social media usage than smaller enterprises. Larger enterprises have also provided training on social media and dedicated more resources to social media use within the enterprise, than medium enterprises.

With the variety of social media risks identified, it is concerning that most enterprises are lagging behind in terms of governance and control. As social media platforms are showing promise in business use (due to the various benefits associated with social media use), enterprises are only now starting to realise the importance of having policies and controls in place. The survey results returned that social media policies exist in some enterprises, although it is concerning that employees are often not aware of the contents of the social media-policies or even the existence thereof. This is further complicated by the fact that senior management has been shunning social media use too.

To this end, social media use, as well as the lack of use, has brought significant risks to enterprises and it is therefore essential for large and medium enterprises to monitor it. Furthermore, it is becoming important for internal-audit departments to assist enterprises in integrating social media into enterprise operations as well as using social media platforms to enhance the achievement of enterprise objectives. It is concerning to note that internal-audit departments are lagging behind in performing engagements relating to social media within enterprises. When performing engagements relating to social media, it is of paramount importance that internal-audit departments must adhere to the guidelines that monitor their activities, such as the ISPPA, COSO framework and some of the applicable GTAG. Social media auditing must also be included on audit plans which must be conducted frequently, and guidelines restrictions should be well communicated to employees through departmental and organisational policies and Standards.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 INTRODUCTION

The chapter outlines conclusions drawn from the study and provides practical recommendations to enterprises on the use of social media. However, it is important to note that the conclusions drawn from the study were based on the research done and, as such, the dynamic nature of social networks should be taken into account when making reference to the results of this particular study. The conclusions were drawn from the research findings combined with reflections on the literature study.

5.2 DISCUSSIONS OF RESEARCH FINDINGS

The research findings are elaborated herewith under the headings:

- General
- Social media use
- Social media risks and governance
- Social media value and future expectations.

➤ General

A large part of the survey, participants of the IIA Western Cape Regional Forums (2013-2014), were from the industry category 'other'. From the suggested industries, retail, finance and education were also selected the most. Just more than a half of the respondents in this survey are in a non-managerial positions, whereas the rest of the respondents are distributed in a two-to-one ratio, middle management and senior management positions. There were more respondents from large organisations than from medium organisation in this survey.

➤ **Social media use**

- **Organisational size:** Most of the employees in the medium and large organisations made use of social media primarily for personal reasons and subsequently for business reasons. Employees from large enterprises use social media more for business purposes compared

to those employed in medium enterprises. Some respondents indicated that their limited use of social media for business purposes is due to organisational restrictions on the use of social media.

- **Social media platforms:** Various social media platforms are used by organisations such as Facebook, LinkedIn and YouTube to name but a few. Facebook is predominantly used by organisations in the retail and education sectors for marketing purposes, and keeping track of customers' comments and views. The different uses of social media are linked to different benefits as well as risks within the organisations where these are used. The conclusion only holds true for the surveyed area (Western Cape Region, South Africa), and different regions may produce different findings as the popularity of platforms can differ according to region.
- **Time usage:** Most of the respondents access social media for less than three hours a day during working hours.
- **Social media activities:** Social media are used for a mixture of business/personal activities during working hours. It is of interest to note this. Respondents from the Health Industry selected only social activities for use during business hours. The nature of industry seemingly plays a crucial role in determining the usability of social media during business hours.
- **Organisational asset use:** Just more than half of the organisations seem to allow employees to access their personal social media accounts using organisational equipment or the organisation's Internet. Contrastingly, there are still a lot of organisations that are opposed to the use of social media by making use of organisational devices and equipment as well as the organisation's Internet. Though most of the organisations allow their employees to access the organisation's social media accounts when they are not at work (using personal Internet or provided organisational devices), the finance industry seems to be the most reluctant in granting employees access to the organisation's social media accounts when they are not at work. A reason could be the confidential nature of finance activities.
- **During office hours,** the organisations allow their employees to utilise social media mostly for business purposes (especially in the large organisations), although still more than half of the organisations let their employees use it for social purposes (especially the education

industry). There are, however, specific restrictions on the use of social media during office hours which differ according to the organisation.

- **Management use of social media:** Employees are unsure of the level of chief executive use of social media.
- **Departmental use of social media:** The communication and public relations and marketing business units seem to use social media to a greater extent than the rest of the units.
- **Social media influence on business units:** The business units “Communication and Public Relations”, “Marketing” and “Information and Technology” indicated that the unit/department was influenced to a greater degree (as perceived by senior and middle management) by the use of social media compared to other unit/department operations. It is interesting to note that senior management’s perception of social media impact on Finance & Auditing is that this department/unit is not influenced/did not change due to the use of social media.

➤ **Social media risks and governance:**

- **Social media policy:** It seems that more organisations have a social media policy in place, or user guidelines, than not (especially the larger organisations), but it should be noted that a significant number (26.9%) of the respondents were unsure whether the policy existed or not. Of the organisations with a social media policy, less than half of the employees were familiar with these policies and guidelines, of which the finance industry seems to be the least familiar with social media policies. Employees from large organisations were more familiar with policies and user guidelines pertaining to social media than the medium organisations.
- **Accountability:** Less than a third of the respondents indicated that there is an individual in the organisation who oversees and enforces the social media policy or guidelines. Nearly a third of the respondents indicated that there is a department responsible for the management of social media within their organisations. This is predominantly in the health and retail industries. The departments that were selected as being responsible for monitoring social media are mainly Information Technology, Communication and Public

Relations (In the health and retail industries) departments. Those that have selected IT were more from medium organisations than from large organisations.

- **Training:** It seems that there is limited training provided to employees regarding social media and its use in business. The organisations engaged in training are more likely to be larger organisations than medium organisations
- **Reputation and privacy:** Reputation and privacy are affected to a greater extent by social media use, while legal matters, IT issues, the loss of data, and financial expenses are affected to a lesser extent. The loss of data seems to be the area that has been affected to a least extent in the Finance, Health and Retail industries.
- **Employees risk perception:** More than half of the respondents are familiar with the risks that social media use brings to the organisations. However, these employees were not certain whether these risks were prevalent within their organisations. The respondents do think that social media will bring new and complex risks to the companies.
- **Internal auditors and social media:** Internal auditors seem to prioritise finance and operational activities for audit reviews. Most internal-audit departments do not perform any consulting or assurance reviews on social media-activities. This especially holds true for the finance industry.

➤ **Social media value and future expectations**

- **Measuring value:** The organisations (especially in the finance industries) seem not to employ a system to measure business value derived from the use of social media. It should, however, be noted that most of the respondents are unsure about the existence of a measurement matrix. This is of concern in that survey respondents (mostly internal auditors) should be acutely aware of such a matrix as it is crucial in measuring not only risks but returns on investments. However, taking Internal Audit's limited role in assurance and consulting social media services into account, it is not surprising that internal auditors are unsure about this measurement matrix. In the few, less than a third of the respondents' organisations, where metrics or other mechanisms are in place to measure social media value, the predominant metrics used are revenue increases, number of contracts secured through the use of social media as a marketing mechanism.

- **Accountability for social media value determination:** The Marketing, Sales and Information Technology departments are tasked (in those organisations where such activity takes place) to determine the value of social media business use.
- **Anticipated future effect of social media on business units:** The departmental business units that will be affected to a greater extent by social media in the future are Marketing, Sales and Communications and Public Relations. This is mainly due to the nature of activities that can easily be conducted through using it.
- **Recommended use of social media:** From the study, 75.3% of respondents are of the opinion that organisations should continue or start using social media for business purposes to reach their target market, expand existing client base, and marketing products.

5.2 REVISITING THE INITIAL RESEARCH QUESTION

The research question as stated in Chapter 1 is revised and elaborated upon herewith:

Research Question: What role should be played by internal auditors in mitigating social media risks that medium and large enterprises within the Western Cape are exposed to through the use of social media within these enterprises?

Discussion and elaboration upon research question: There are several risks (operational and strategic) that enterprises are exposed to through the adoption and use of social media. Based on the research findings, at present internal-audit departments are currently lagging behind in providing consulting and assurance services regarding social media in their organisations. However, internal auditors as emerging business partners can play an important role in mitigating these risks by providing advisory and consulting services to the enterprises. In this regard, internal-audit departments can provide enterprises with an objective analysis of the adequacy and effectiveness of an enterprise's controls towards social media. Furthermore, internal auditors can also provide important insights on the development of controls. However, it is very critical to understand that internal-audit departments should not become the owners of risk management nor set risk appetite for their enterprises. In doing so, internal auditors should not deviate from the existing guidelines on how internal audits should be conducted. This implies that internal-audit departments must continue to increase

knowledge in social media to be able to provide relevant advice. Furthermore, internal-audit departments must ensure independence when performing engagements relating to social media.

5.4 RECOMMENDATIONS

From the research findings, recommendations are drawn for enterprises that are currently using social media and those intending to use social media for their enterprise operations.

For social media usage, the recommendations generated from this study are:

- Enterprises, regardless of size, should attempt to gain an understanding of what social media is and the social media basics before adopting it for enterprise operations. This entails that enterprises must utilise the wide array of literature and case studies available to help them achieve this. This is a crucial step for any enterprise that aspires to remain competitive in the near future. With the expansion of social business or social commerce, enterprises that do not have a proper understanding and appreciation of social media might face severe challenges.
- Social media use for enterprises has become irrefutable and it is only a matter of time before they have to deal with social media. Based on the responses of respondents, enterprises are recommended to start adopting or embedding social media activities in operational activities cognisant of the potential risks.
- Enterprises should clearly define their objectives for adopting and using social media and these should be strategically aligned to overall enterprise objectives. Enterprises should avoid engaging in social media only to establish an online presence. With several platforms to choose from, enterprises should determine the best available option matching organisational needs and resources. Focus should not be on the quantity of social platforms used, but on the quality of the platforms used i.e. how well an enterprise performs, interacts and manages the platforms that it is present on.
- An outright ban on the use of social media during office hours by employees can negatively influence morale. However, a common understanding on social media use can be achieved through negotiation and training. Enterprises are encouraged to draft

guidelines that are user-friendly, providing employees with an opportunity, for a limited brief period of time, to interact with their social media accounts.

- Internal-audit departments are recommended to strictly apply Standard 1230 Continuous Professional Development to ensure that internal auditors are equipped with the latest skills and are alert to the latest risks that social media use presents. Furthermore, internal-audit departments need to constantly re-work their audit plans and risk assessment plans to ensure that they reflect and encompass emerging risks, including emerging social media risks. In new technological development such as social media, internal-audit departments should ensure that they seek an expert opinion if the internal-audit team has not yet done any work on such emerging matters to minimise the possibility of great exposure to risk or the loss on potential benefits that can accrue from the use of social media.

Regarding social media risks and governance, the researcher recommends the following to medium and large enterprises:

- Avoiding social media is a risk on its own and, as such, enterprises should strive to strike a balance between deriving benefits from social media use and minimising exposure to risk. This can be achieved by dedicating resources (human resources and financial resources) specifically for social media management.
- As the majority of social media risks emanate from human action, enterprises should engage employees and educate them not only on the types of risks social media usage holds, but also how their actions or conduct may intentionally or otherwise result in risk exposure for the enterprise.
- Enterprises are encouraged to learn from social media risk victims and establish mechanisms to avoid control and mitigate such risks. There is a tendency within enterprises of excluding or distancing themselves from the potential social media risks. However, social media affects every enterprise directly or indirectly.
- As social media develops into a strategic matter, managerial level employees should become proactive and lead in the adoption and use of social media within enterprises.

The involvement of senior management will help in strategically positioning social media in the various enterprises.

5.5 CONCLUSION

In conclusion, medium and large enterprises in the Western Cape, South Africa, are faced with risks when it comes to the use of social media within their enterprises. The risks are diverse and are triggered by several actions and/or non-actions. There is notable increase in usage for both business and personal social media by employees during working hours. To this end, social media is becoming an essential business and as such enterprises cannot afford to ignore it. However, the presence of internal-audit departments, internally or outsourced, can be of fundamental importance if enterprises manage to capitalise on the expertise of internal audits on the broader spectrum of risks.

However, at present South African internal audit departments have not shown signs of social media alertness as South African enterprises appear to be in the initial stages of social-media usage. This is of concern as social media use, and even the absence of social media use, has the potential to destroy enterprises when it is poorly managed. Furthermore, internal-audit departments and enterprises in general need to understand that auditing social media is not all about avoiding risks but identifying opportunities for adding value to these enterprises through the use of social media.

The use of social media in enterprises leads to the emergence of various risks ranging from operational to strategic and, as such, enterprises with internal-audit departments can benefit from the expertise of these departments. However, since most internal-audit departments (based on survey results) lack the fundamental social media knowledge, enterprises should engage with outside suppliers of such services. Internal-audit departments should be cognisant of the guidelines provided by the COSO framework, GTAGs and the IASPIA when performing engagements relating to social media in enterprises. Despite the several constraints encountered in conducting this research, care should be taken to generalise the findings pertaining to risks and the internal audit's role in social media as various other factors, such as age of enterprise, industry and geographical placement to name but a few, can influence an organisations', and the internal audit's, role in social media.

5.6 FUTURE RESEARCH SUGGESTIONS

As social media is a relative new phenomenon, the research possibilities on social media use and benefits are abounded. Based on this research study, the following areas/topics are recommended for future research:

- The design or features of social media and how these impact social media usability in business enterprises;
- Establishing reliable measures or metrics for determining the value of social media use in businesses;
- Strategic alignment of social media and enterprises' objectives in small enterprises.

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APPENDICES AND ANNEXURES

Annex A: Reliability testing

A.1 Usage of social media

NB: The rest of Annexure A can be provided on request

The CORR Procedure

19 Variables:	B04a B04_1a1 B04_1a2 B04_1a3 B04_1a4 B04_1a5 B04_1a6 B04_1a7 B04_1a8 B04_2 B04_3a B04_3b B04_3c B04_4 B04_5 B04_6a B04_6b B04_7 B04_8
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After deleting some of the variables the measuring instrument becomes more reliable.

Simple Statistics							
Variable	N	Mean	Std Dev	Sum	Minimum	Maximum	Label
B04a	21	1.38095	0.49761	29.00000	1.00000	2.00000	B04a
B04_1a1	21	1.85714	0.35857	39.00000	1.00000	2.00000	B04_1a1
B04_1a2	21	1.76190	0.43644	37.00000	1.00000	2.00000	B04_1a2
B04_1a3	21	1.80952	0.40237	38.00000	1.00000	2.00000	B04_1a3
B04_1a4	21	1.42857	0.50709	30.00000	1.00000	2.00000	B04_1a4
B04_1a5	21	1.95238	0.21822	41.00000	1.00000	2.00000	B04_1a5
B04_1a6	21	1.38095	0.49761	29.00000	1.00000	2.00000	B04_1a6
B04_1a7	21	1.80952	0.40237	38.00000	1.00000	2.00000	B04_1a7

B04_1a8	21	1.76190	0.43644	37.00000	1.00000	2.00000	B04_1a8
B04_2	21	2.76190	0.88909	58.00000	1.00000	4.00000	B04_2
B04_3a	21	1.57143	0.50709	33.00000	1.00000	2.00000	B04_3a
B04_3b	21	1.90476	0.30079	40.00000	1.00000	2.00000	B04_3b
B04_3c	21	1.61905	0.49761	34.00000	1.00000	2.00000	B04_3c
B04_4	21	1.33333	0.48305	28.00000	1.00000	2.00000	B04_4

Annex B: Descriptive statistics

B.1 Frequency distributions

The FREQ Procedure

A01					
A01	Frequency	Percent	Cumulative Frequency	Cumulative Percent	
0	1	1.08	1	1.08	
Retail	17	18.28	18	19.35	
Health	3	3.23	21	22.58	
Finance	16	17.20	37	39.78	
Education	16	17.20	53	56.99	
Consulting and advisory	8	8.60	61	65.59	
Other	32	34.41	93	100.00	

A01_1				
A01_1	Frequency	Percent	Cumulative Frequency	Cumulative Percent
Communication	1	3.13	1	3.13

Education and consulting and advisory	1	3.13	2	6.25
Environment	1	3.13	3	9.38
External HR	1	3.13	4	12.50
FMCG	2	6.25	6	18.75
Gambling	1	3.13	7	21.88
Government	5	15.63	12	37.50
Government/parastatal	1	3.13	13	40.63
Hospitality	1	3.13	14	43.75

Annex C: Inferential Statistics

C.1 Chi-square tests to determine associations

C.1.1 Cross tables of Industry versus response variables

Table of A01 by B04a

Frequency			
Percent			
Row Pct			
Col Pct	Yes	No	Total
----- ----- -----			
Retail	15	2	17
	16.30	2.17	18.48
	88.24	11.76	
	24.19	6.67	
----- ----- -----			
Health	2	1	3
	2.17	1.09	3.26
	66.67	33.33	
	3.23	3.33	
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Finance		9		7		16
		9.78		7.61		17.39
		56.25		43.75		
		14.52		23.33		
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Education		11		5		16
		11.96		5.43		17.39
		68.75		31.25		
		17.74		16.67		
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Consulting and a		5		3		8
		5.43		3.26		8.70
		62.50		37.50		
		8.06		10.00		

The rest of Annexure C can be provided on request

Annex D: Variable reference

Section	Section Description	Question nr	Question Description	Variable Name
		ID	Identification number	ID
A	General Information	1	In which industry can you organisation be classified to be in?	A01
		1.1	Specify other	A01_1
		2	How would you describe you current position in the organisation?	A02
		3	How would you classify your organisation in terms of revenue, employees or branches?	A03

B	Determine usage of social media	4	Do employees in your organisation make use of social media (Business)?	B04a
		4	Do employees in your organisation make use of social media (Personal)?	B04b
		4.S	If no please state reason(s)	B04_S
		4.1a1	Does your organisation make use of Mxit?	B04_1a1
		4.1a2	Does your organisation make use of Twitter?	B04_1a2
		4.1a3	Does your organisation make use of YouTube?	B04_1a3
		4.1a4	Does your organisation make use of LinkedIn?	B04_1a4
		4.1a5	Does your organisation make use of MySpace?	B04_1a5
		4.1a6	Does your organisation make use of Facebook?	B04_1a6
		4.1a7	Does your organisation make use of Whatsapp?	B04_1a7
		4.1a8	Does your organisation make use of Blackberry Messenger?	B04_1a8

Section	Section Description	Question nr	Question Description	Variable Name
		4.1b	If yes to any of these, please name any activities that are conducted using the selected application(s)	B04_1b
		4.2	How many hours do you access these applications during work hours by any possible means? E.g. smartphone	B04_2

		4.31	What are the major activities on these social network platforms during work? Social only	B04_3a
		4.32	What are the major activities on these social network platforms during work? Business only	B04_3b
		4.33	What are the major activities on these social network platforms during work? Business & Social mixed	B04_3c
		4.4	Does the organisation allow employees to access their personal social media accounts using organisation machines or organisation internet	B04_4
		4.5	Does the organisation allow employees to access organisation's social media accounts when not at work?	B04_5
		4.61	Are employees within your organisation allowed to utilise social media for social purposes during office hours?	B04_6a
		4.62	Are employees within your organisation allowed to utilise social media for business purposes during office hours?	B04_6b
		4.7	Are there any specific restrictions on the use of social media during office hours?	B04_7
		4.7S	If yes, please specify	B04_7_S
		4.8	Do the chief executives (CEO, CAE, CFO) within the organisation use social media?	B04_8
		4.91	To what extent is social media used in Sales?	B04_9a
		4.92	To what extent is social media used in Marketing?	B04_9b
		4.93	To what extent is social media used in	B04_9c

Section	Section Description	Question nr	Question Description	Variable Name
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			Logistics?	
		4.94	To what extent is social media used in Human Resources?	B04_9d
		4.95	To what extent is social media used in Finance & Auditing?	B04_9e
		4.96	To what extent is social media used in Information & Technology?	B04_9f
		4.97	To what extent is social media used in Communications & Public Relations?	B04_9g
		5.0a1	To what extent has the use of social media changed operations in used in Sales?	B05_0a1
		5.0a2	To what extent has the use of social media changed operations in used in Marketing?	B05_0a2
		5.0a3	To what extent has the use of social media changed operations in used in Logistics?	B05_0a3
		5.0a4	To what extent has the use of social media changed operations in used in Human Resources?	B05_0a4
		5.0a5	To what extent has the use of social media changed operations in used in Finance & Auditing?	B05_0a5
		5.0a6	To what extent has the use of social media changed operations in used in Information & Technology?	B05_0a6
		5.0a7	To what extent has the use of social media changed operations in used in Communications & Public Relations?	B05_0a7

		5.0b1	How would you describe the change that social media brought in the above selected business units in the previous year?	B05_0b1
		5.0bS	Please explain your answer	B05_0b_S1
		5.0bS	Please explain your answer	B05_0b_S2
		5.0bS	Please explain your answer	B05_0b_S3

Section	Section Description	Question nr	Question Description	Variable Name
C	Social Media Risks and Governance	5.1	Does the organisation have a social media policy or user guidelines?	C05_1
		5.2	As an employee are you familiar with the social media policy or user guidelines content?	C05_2
		5.3	Is there an individual in or outside of the organisation who oversees and enforces the policy or guidelines?	C05_3
		5.3a	If yes, who are they?	C05_3_S1
		5.3b	If yes, who are they?	C05_3_S2
		5.3c	If yes, who are they?	C05_3_S3
		5.4	Does the organisation provide training to employees or any education regarding social media and its use in business?	C05_4
		5.51	Are privacy affected by social media?	C05_5a
		5.52	Are IT issues affected by social media?	C05_5b
		5.53	Are reputation affected by social media?	C05_5c
		5.54	Are losses of data affected by social media?	C05_5d
		5.55	Are financial expenses affected by social media?	C05_5e

		5.56	Are legal (defamation & copyright) affected by social media?	C05_5f
		5.57	Is productivity affected by social media?	C05_5g
		5.6	Is social media identified as a risk within your organisation?	C05_6
		5.7	Are you familiar with any risks that social media use brings to the organisation?	C05_7
		5.7a	If yes, please provide example	C05_7_S
		5.8a1	Is privacy a challenge that the organisation faced regarding social media?	C05_8a1
		5.8a2	Is IT issues a challenge that the organisation faced regarding social	C05_8a2

Section	Section Description	Question nr	Question Description	Variable Name
			media?	
		5.8a3	Is reputation a challenge that the organisation faced regarding social media?	C05_8a3
		5.8a4	Is loss of data a challenge that the organisation faced regarding social media?	C05_8a4
		5.8a5	Is financial expense a challenge that the organisation faced regarding social media?	C05_8a5
		5.8a6	Is not using social media a challenge that the organisation faced regarding social media?	C05_8a6
		5.8a7	Is legal (defamation & copyright) a challenge that the organisation faced regarding social media?	C05_8a7

		5.8a8	Is loss of productivity a challenge that the organisation faced regarding social media?	C05_8a8
		5.8b	Are any areas of business affected by use of social media?	C05_8b
		5.8c1	Is financial prioritised by Internal Auditors in your organisation?	C05_8c1
		5.8c2	Is operations prioritised by Internal Auditors in your organisation?	C05_8c2
		5.8c3	Is Other prioritised by Internal Auditors in your organisation?	C05_8c3
		5.8c3.S	Specify other	C05_8c3_S
		5.8c4	Is no internal audit' prioritised by Internal Auditors in your organisation?	C05_8c4
		5.8c5	Is IT prioritised by Internal Auditors in your organisation?	C05_8c5
		5.8d	Have the Internal Auditors performed any work related to social media?	C05_8d
		5.9a	Is there any department responsible for social media in your organisation?	C05_9a

Section	Section Description	Question nr	Question Description	Variable Name
		5.9b1	Is Logistics responsible for monitoring social media?	C05_9b1
		5.9b2	Is Marketing & Sales responsible for monitoring social media?	C05_9b2

D		5.9b3	Is Human Resources responsible for monitoring social media?	C05_9b3
		5.9b4	Is Finance & Auditing responsible for monitoring social media?	C05_9b4
		5.9b5	Is IT responsible for monitoring social media?	C05_9b5
		5.9b6	Is Communication & Public Relations responsible for monitoring social media?	C05_9b6
		5.9b7	Is any other department responsible for monitoring social media?	C05_9b7
		5.9b.S1	Specify other	C05_9b7_S
		6.0	Does the organisation employ a system to measure business value of social media?	D06_0
	Social Media Business Value and its future	6.11a	Metrics used to measure social media: Financial - Revenue	D06_11a
		6.11b	Metrics used to measure social media: Financial - Cost-savings	D06_11b
		6.11c	Metrics used to measure social media: Financial - Expenses	D06_11c
		6.12a	Metrics used to measure social media: Quantity - Number of contacts	D06_12a
		6.12b	Metrics used to measure social media: Quantity - Number of posts	D06_12b
		6.12c	Metrics used to measure social media: Quantity - Number of likes	D06_12c
6.13a	Metrics used to measure social media: Quality - Nature of comments	D06_13a		

		6.13b	Metrics used to measure social media: Quality - Number of suggestions adopted	D06_13b
		6.14a	Metrics used to measure social media: Other	D06_1_S

Section	Section Description	Question nr	Question Description	Variable Name
		6.21	Which department is responsible for determining social media business value? Sales	D06_2a
		6.22	Which department is responsible for determining social media business value? Logistics	D06_2b
		6.23	Which department is responsible for determining social media business value? Marketing	D06_2c
		6.24	Which department is responsible for determining social media business value? HR	D06_2d
		6.25	Which department is responsible for determining social media business value? Finance & Auditing	D06_2e
		6.26	Which department is responsible for determining social media business value? IT	D06_2f
		6.27	Which department is responsible for determining social media business value? Communication & PR	D06_2g
		6.27	Which department is responsible for determining social media business value? Other	D06_2h

		6.2S	If Other, please specify	D06_2h_S
		6.31	To what extent will Sales be affected by social media in the future?	D06_3a
		6.32	To what extent will Logistics be affected by social media in the future?	D06_3b
		6.33	To what extent will Marketing be affected by social media in the future?	D06_3c
		6.34	To what extent will Human Resources be affected by social media in the future?	D06_3d
		6.35	To what extent will Finance & Auditing be affected by social media in the future?	D06_3e
		6.36	To what extent will Communications & Public Relations be affected by social media in the future?	D06_3f
Section	Section Description	Question nr	Question Description	Variable Name
		6.4a	Do you think social media will bring new and complex risks to companies?	D06_4
		6.4a.S	Please explain your answer	D06_4_S
		6.4b1	Will Sales not be affected by social media?	D06_4b1
		6.4b2	Will none of the aspects of business not be affected by social media?	D06_4b2
		6.4b3	Will Logistics not be affected by social media?	D06_4b3
		6.4b4	Will Marketing not be affected by social media?	D06_4b4

		6.4b5	Will Human Resources not be affected by social media?	D06_4b5
		6.4b6	Will Finance & Auditing not be affected by social media?	D06_4b6
		6.4b7	Will Communications and Public Relations not be affected by social media?	D06_4b7
		6.4b8	Will "Other" not be affected by social media?	D06_4b8
		6.4b8S	Please specify Other 1	D06_4b8_S
		6.5	Would you recommend businesses to continue with or start using social media in the business?	D06_5
				E_mail
				Other

Annex E: Variable reference

Section	Section Description	Question nr	Question Description	Variable Name
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Section	Section Description	Question nr	Question Description	Variable Name
		ID	Identification number	ID
A	General Information	1	In which industry can you organisation be classified to be in?	A01

		1.1	Specify other	A01_1
		2	How would you describe you current position in the organisation?	A02
		3	How would you classify your organisation in terms of revenue, employees or branches?	A03
B	Determine usage of social media	4	Do employees in your organisation make use of social media (Business)?	B04a
		4	Do employees in your organisation make use of social media (Personal)?	B04b
		4.S	If no please state reason(s)	B04_S
		4.1a1	Does your organisation make use of Mxit?	B04_1a1
		4.1a2	Does your organisation make use of Twitter?	B04_1a2
		4.1a3	Does your organisation make use of YouTube?	B04_1a3
		4.1a4	Does your organisation make use of LinkedIn?	B04_1a4
		4.1a5	Does your organisation make use of MySpace?	B04_1a5
		4.1a6	Does your organisation make use of Facebook?	B04_1a6
		4.1a7	Does your organisation make use of Whatsapp?	B04_1a7
		4.1a8	Does your organisation make use of Blackberry Messenger?	B04_1a8

		4.1b	If yes to any of these, please name any activities that are conducted using the selected application(s)	B04_1b
		4.2	How many hours do you access these applications during work hours by any possible means? E.g. smartphone	B04_2

Section	Section Description	Question nr	Question Description	Variable Name
		4.31	What are the major activities on these social network platforms during work? Social only	B04_3a
		4.32	What are the major activities on these social network platforms during work? Business only	B04_3b
		4.33	What are the major activities on these social network platforms during work? Business & Social mixed	B04_3c
		4.4	Does the organisation allow employees to access their personal social media accounts using organisation machines or organisation internet	B04_4
		4.5	Does the organisation allow employees to access organisation's social media accounts when not at work?	B04_5
		4.61	Are employees within your organisation allowed to utilise social media for social purposes during office hours?	B04_6a
		4.62	Are employees within your organisation allowed to utilise social media for business purposes during office hours?	B04_6b
		4.7	Are there any specific restrictions on the use of social media during office hours?	B04_7

		4.7S	If yes, please specify	B04_7_S
		4.8	Do the chief executives (CEO, CAE, CFO) within the organisation use social media?	B04_8
		4.91	To what extend is social media used in Sales?	B04_9a
		4.92	To what extend is social media used in Marketing?	B04_9b
		4.93	To what extend is social media used in Logistics?	B04_9c
		4.94	To what extend is social media used in Human Resources?	B04_9d
		4.95	To what extend is social media used in Finance & Auditing?	B04_9e

Section	Section Description	Question nr	Question Description	Variable Name
		4.96	To what extend is social media used in Information & Technology?	B04_9f
		4.97	To what extend is social media used in Communications & Public Relations?	B04_9g
		5.0a1	To what extend has the use of social media changed operations in used in Sales?	B05_0a1
		5.0a2	To what extend has the use of social media changed operations in used in Marketing?	B05_0a2
		5.0a3	To what extend has the use of social media changed operations in used in Logistics?	B05_0a3

		5.0a4	To what extend has the use of social media changed operations in used in Human Resources?	B05_0a4
		5.0a5	To what extend has the use of social media changed operations in used in Finance & Auditing?	B05_0a5
		5.0a6	To what extend has the use of social media changed operations in used in Information & Technology?	B05_0a6
		5.0a7	To what extend has the use of social media changed operations in used in Communications & Public Relations?	B05_0a7
		5.0b1	How would you describe the change that social media brought in the above selected business units in the previous year?	B05_0b1
		5.0bS	Please explain your answer	B05_0b_S1
		5.0bS	Please explain your answer	B05_0b_S2
		5.0bS	Please explain your answer	B05_0b_S3
C	Social Media Risks and Governance	5.1	Does the organisation have a social media policy or user guidelines?	C05_1
		5.2	As an employee are you families with the social media policy or user guidelines content?	C05_2

Section	Section Description	Question nr	Question Description	Variable Name
		5.3	Is there an individual in or outside of the organisation who oversee and enforce the policy or guidelines?	C05_3
		5.3a	If yes, who are they?	C05_3_S1

		5.3b	If yes, who are they?	C05_3_S2
		5.3c	If yes, who are they?	C05_3_S3
		5.4	Does the organisation provide training to employees or any education regarding social media and its use in business?	C05_4
		5.51	Are privacy affected by social media?	C05_5a
		5.52	Are IT issues affected by social media?	C05_5b
		5.53	Are reputation affected by social media?	C05_5c
		5.54	Are loss of data affected by social media?	C05_5d
		5.55	Are financial expenses affected by social media?	C05_5e
		5.56	Are legal (defamation & copyright) affected by social media?	C05_5f
		5.57	Are lost productivity affected by social media?	C05_5g
		5.6	Is social media identified as a risk within your organisation?	C05_6
		5.7	Are you familiar with any risks that social media use bring to the organisation?	C05_7
		5.7a	If yes, please provide example	C05_7_S
		5.8a1	Is privacy a challenge that the organisation faced regarding social media?	C05_8a1
		5.8a2	Is IT issues a challenge that the organisation faced regarding social media?	C05_8a2
		5.8a3	Is reputation a challenge that the organisation faced regarding social media?	C05_8a3
		5.8a4	Is loss of data a challenge that the organisation faced regarding social	C05_8a4

Section	Section Description	Question nr	Question Description	Variable Name
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			media?	
		5.8a5	Is financial expenses a challenge that the organisation faced regarding social media?	C05_8a5
		5.8a6	Is not using social media a challenge that the organisation faced regarding social media?	C05_8a6
		5.8a7	Is legal (defamation & copyright) a challenge that the organisation faced regarding social media?	C05_8a7
		5.8a8	Is loss productivity a challenge that the organisation faced regarding social media?	C05_8a8
		5.8b	Are any areas of business affected by use of social media?	C05_8b
		5.8c1	Is financial prioritised by Internal Auditors in your organisation?	C05_8c1
		5.8c2	Is operations prioritised by Internal Auditors in your organisation?	C05_8c2
		5.8c3	Is Other prioritised by Internal Auditors in your organisation?	C05_8c3
		5.8c3.S	Specify other	C05_8c3_S
		5.8c4	Is no internal audit' prioritised by Internal Auditors in your organisation?	C05_8c4
		5.8c5	Is IT prioritised by Internal Auditors in your organisation?	C05_8c5
		5.8d	Have the Internal Auditors performed any work related to social media?	C05_8d

		5.9a	Is there any department responsible for social media in your organisation?	C05_9a
		5.9b1	Is Logistics responsible for monitoring social media?	C05_9b1
		5.9b2	Is Marketing & Sales responsible for monitoring social media?	C05_9b2
		5.9b3	Is Human Resources responsible for monitoring social media?	C05_9b3

Section	Section Description	Question nr	Question Description	Variable Name
		5.9b4	Is Finance & Auditing responsible for monitoring social media?	C05_9b4
		5.9b5	Is IT responsible for monitoring social media?	C05_9b5
		5.9b6	Is Communication & Public Relations responsible for monitoring social media?	C05_9b6
		5.9b7	Is Other responsible for monitoring social media?	C05_9b7
		5.9b.S1	Specify other	C05_9b7_S
D	Social Media Business Value and its future	6.0	Does the organisation employ a system to measure business value of social media?	D06_0
		6.11a	Metrics used to measure social media: Financial - Revenue	D06_11a
		6.11b	Metrics used to measure social media: Financial - Cost-savings	D06_11b

		6.11c	Metrics used to measure social media: Financial - Expenses	D06_11c
		6.12a	Metrics used to measure social media: Quantity - Number of contacts	D06_12a
		6.12b	Metrics used to measure social media: Quantity - Number of posts	D06_12b
		6.12c	Metrics used to measure social media: Quantity - Number of likes	D06_12c
		6.13a	Metrics used to measure social media: Quality - Nature of comments	D06_13a
		6.13b	Metrics used to measure social media: Quality - Number of suggestions adopted	D06_13b
		6.14a	Metrics used to measure social media: Other	D06_1_S
		6.21	Which department is responsible for determining social media business value? Sales	D06_2a
		6.22	Which department is responsible for determining social media business value? Logistics	D06_2b

Section	Section Description	Question nr	Question Description	Variable Name
		6.23	Which department is responsible for determining social media business value? Marketing	D06_2c
		6.24	Which department is responsible for determining social media business value? HR	D06_2d

6.25	Which department is responsible for determining social media business value? Finance & Auditing	D06_2e
6.26	Which department is responsible for determining social media business value? IT	D06_2f
6.27	Which department is responsible for determining social media business value? Communication & PR	D06_2g
6.27	Which department is responsible for determining social media business value? Other	D06_2h
6.2S	If Other, please specify	D06_2h_S
6.31	To what extend will Sales be affected by social media in the future?	D06_3a
6.32	To what extend will Logistics be affected by social media in the future?	D06_3b
6.33	To what extend will Marketing be affected by social media in the future?	D06_3c
6.34	To what extend will Human Resources be affected by social media in the future?	D06_3d
6.35	To what extend will Finance & Auditing be affected by social media in the future?	D06_3e
6.36	To what extend will Communications & Public Relations be affected by social media in the future?	D06_3f
6.4a	Do you think social media will bring new and complex risks to companies?	D06_4
6.4a.S	Please explain your answer	D06_4_S

Section	Section Description	Question nr	Question Description	Variable Name
		6.4b1	Will Sales not be affected by social media?	D06_4b1
		6.4b2	Will none of the aspects of business not be affected by social media?	D06_4b2
		6.4b3	Will Logistics not be affected by social media?	D06_4b3
		6.4b4	Will Marketing not be affected by social media?	D06_4b4
		6.4b5	Will Human Resources not be affected by social media?	D06_4b5
		6.4b6	Will Finance & Auditing not be affected by social media?	D06_4b6
		6.4b7	Will Communications and Public Relations not be affected by social media?	D06_4b7
		6.4b8	Will "Other" not be affected by social media?	D06_4b8
		6.4b8S	Please specify Other 1	D06_4b8_S
		6.5	Would you recommend businesses to continue with or start using social media in the business?	D06_5

