

Reputation

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The Big Interview

As he prepares to return to business after 10 years at the top of UK politics, Sajid Javid shares his insights into how good and bad reputations are formed in the political arena, and the pitfalls of undermining institutions that hold government to account

Purposeful leadership

Beyond profit, the meaningful drivers of culture, strategy and performance

Accounting for the irreplaceable

Why companies need to value the things that their stakeholders hold most dear

Trust in AI – a global survey

How to build public confidence in this increasingly divisive new technology

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How ride-hailing apps used 'righteous resistance' to influence government policy

in their favour; and how SMEs in Shanghai channel 'Daoist nothingness' to build their reputation and relationships

News, events and appointments



COMMENT: LEADING WITH A PURPOSE

Is society demanding a kind of non-traditional capitalism? More human and social? More sustainability?

"Yes. What is happening is a change in norms. One of the most powerful groups today are employees. Much has been written about how millennials and Gen Z are looking to their companies to contribute more widely to society, and I think that is a long-lasting trend. Young people rightly see companies as powerful agents of change, and expect them to use their power for wider good beyond profit."

How is it possible for companies to gain the trust of society and people?

"I think the important word you use here is 'gain'. We hear a lot about how it is important to restore trust in business, but arguably some of the biggest problems in business have been caused by too much trust, not too little. We trusted the banks and ratings agencies in the financial crisis when we should not have done so. What is required is trustworthiness, not trust. This demands that trust is earned – which means companies need to act in step with the promises they make. One of the most common causes of loss of trust is inauthenticity: where companies state a belief in something but fail to follow through with specific actions. The best way for companies to earn trust is to state clearly what they stand for, and then make sure all their actions support this."

On the other hand, there's a vision based on the values that derive from the company's purpose, which is to care for society and people in the company's value chain. How can this be put into practice?

"Purpose is important. It answers the question, 'Why do we exist as



a company?' I would argue that companies have in many cases not spent time capturing and articulating their purpose clearly enough, and that this is what leads to poor strategic decisions and choices. The first responsibility of board directors is to devote time to creating clarity on purpose."

Beyond its corporate purpose, why is it so important for the companies to look for the "sense" or "meaning" of their day-to-day work?

"This is an interesting and complex question. We all need to find meaning in what we do as human beings. Purpose provides the architecture for meaningful work. Having clarity on organisational purpose allows us to make sense of the day-to-day range of activities that we all do, and to anchor that into a sense of wellbeing."

Is the corporate purpose the compass that all leaders carry in their pocket?

"It should be. A good corporate purpose should serve two important functions for leaders. First, it should act as a North Star, helping leaders to decide between different opportunities that come before them. And second, it should act as a 'guard rail', providing clarity on the limits of the strategic agendas."

How do you convince an entire organisation (all your stakeholders) to travel together in the same direction?

"Three points: this was the intent behind our Enacting Purpose Initiative SCORE framework (see www.enactingpurpose.org). SCORE provides five questions to help the board construct clarity of purpose and to connect that clearly to strategy and corporate action. Second, it has to be built into a culture programme.

This means everything from the way that people are encouraged to interact with each other, including key external stakeholders, to the types of activities and incentives that are put in place. And third, purpose is not static. It is not something that can be created, signed off and then dispatched. It requires ongoing leadership engagement."

There are companies that use the corporate purpose as a business strategy. For others it is part of their business culture. Which is the best?

"Both work in tandem, and the best companies know and embrace that. In fact, I would argue that it can become dangerous if companies do not align these properly. If business strategy is not consistent with the corporate culture, you risk client/customer dissatisfaction, and incentives structures that are either misunderstood or actively manipulated."

The corporate purpose may make you earn less, but socially does it make you gain in terms of reputation?

"I would challenge your initial assumption that purpose-led companies perform worse than those without purpose. There is evidence from companies such as Unilever that purpose-led brands perform up to three times better than non-purpose-led brands, and from academic studies that strong corporate purpose creates accounting and stock market outperformance based on evidence of higher employee motivation and productivity." ■

Extracted from an interview with our Centre director Rupert Younger included in "Leaders with purpose", a supplement published by the newspapers of the Vocento Group in Spain. See: www.abc.es/antropia/voz-proposito-abanderar-cambio-20230508214120-nt.html.

Not everything that stakeholders value has a price, explains **Samuel Mortimer**, and companies that do not recognise this reality are failing both strategically and morally.

RESEARCH FOCUS: ACCOUNTING FOR THE IRREPLACEABLE

On 24 May 2020, the mining company Rio Tinto destroyed two caves in Juukan Gorge, Western Australia, as part of an iron ore exploration project. The caves were sacred to the Puutu Kunti Kurrama and Pinikura people (PKKP) and had been occupied by them and their ancestors for at least 46,000 years. While the significance of these caves to the PKKP was known to Rio Tinto, the mining company had the legal right to engage in mineral exploration in that area and had received ministerial permission for the blast. After the destruction of the caves, there was a swift public outcry against Rio Tinto's actions, ultimately leading to the CEO's resignation. It was a reputational disaster for the company. But for the PKKP, the loss was immeasurable.

Business scholars and practitioners often assume that everything has a price. Rio Tinto executives thought that they could satisfy the PKKP by providing them with a package of financial and other benefits (including jobs and business opportunities) as compensation. Scholars recognise that the value something has for people does not only reflect its market price. Legal scholar Margaret Jane Radin makes a distinction between goods to which we have a sentimental attachment and those which are perfectly replaceable with other goods of the same market value. Suppose a wedding ring is stolen from a jeweller's shop. As long as the full market price is reimbursed by the insurer, enabling the jeweller to buy an equivalent replacement, then the jeweller will likely be satisfied. But if the ring is instead stolen from a married couple, then even if the full market price is reimbursed by the insurer, the married couple will likely feel that they would need a lot more money to make up for what they have lost.

No amount of money, however, could make up for what the PKKP had lost. The site was irreplaceable. According to a PKKP spokesperson, "Our people are grieving the loss of connection to our



ancestors as well as our land." Psychological experiments suggest that there are some things that people are unwilling to countenance exchanging – especially "sacred values" like justice, love and honour, but also sometimes physical objects and

places. Psychologist Philip Tetlock describes that in some experiments, his colleagues encountered "a surge in confusion and outrage – as well as in refusals ever to consider assigning dollar values – when people were asked to sell objects acquired in intimate relationships." One possible explanation of these findings is that the sentimental value of the objects is so high that no amount of recompense would satisfy. But even if these objects had infinite value, that would not explain people's

'This suggests there are two distinct ways for people to value something: exchangeable and irreplaceable'

refusal to assign a monetary price, nor their confusion and outrage at being asked to do so.

It is more likely that people object to assigning values to these objects because they do not see exchanging them as an option in the first place. If people rule out exchanging something altogether, then it makes no sense to ask how valuable it is compared to other things. Since Nobel Prize winner Herbert Simon's groundbreaking work on a behavioural account of rationality, scholars have recognised that decision-making can be broken down (at the risk of over-simplification) into three steps: determining a set of options under consideration; evaluating their value; then choosing the most valuable option. My research shows that people take a principled stand on which options

to include under consideration. Some objects should simply not be up for exchange. Since determining the set of options under consideration occurs before the evaluation of the options, the relative value of what was eliminated has no bearing on what option it is rational to choose.

This suggests that there are two distinct ways for people to value something: as exchangeable and as irreplaceable. We value something as exchangeable when we are open in principle to exchanging it, as long as we can receive something of suitable value in exchange. By contrast, we value something as irreplaceable when we are not willing to exchange it, even in principle. The idea that valuing something as irreplaceable does not reduce to merely valuing it very highly challenges the tacit assumption, underlying much of the literature in management and economics, that everything has a price. If people ever value things as irreplaceable, then this pervasive assumption does not hold: there are, for those people, some things whose exchange is simply off the table.

This has practical implications for how businesses should treat irreplaceable resources – resources that some stakeholders value as irreplaceable, like the Juukan Gorge caves. When a stakeholder values something as irreplaceable, there are both moral and strategic reasons to avoid violating it (such as by destroying or damaging it, otherwise altering it, or withholding it from the stakeholder). The destruction of Juukan Gorge was both a strategic error and a moral failure. To act in the interests of their stakeholders, businesses must safeguard what their stakeholders value as irreplaceable. ■

Based on a paper, "On Commodifying What Is Irreplaceable", forthcoming in the Academy of Management Proceedings "Best Papers" (<https://journals.aom.org/journal/amproc>).

As he prepares to leave politics after a decade at the top, **Sajid Javid** reflects on how to build a positive personal reputation, the pitfalls of undermining trusted institutions, and how government and business must join forces to tackle the world's challenges.

THE BIG INTERVIEW: SAJID JAVID

After nearly a decade slugging it out in the upper echelons of UK politics – six Cabinet posts, including two of the four great offices of state, Chancellor and Home Secretary, and a year as Health Secretary during the pandemic – Sajid Javid, who will not be standing as an MP in the next general election, seems genuinely inspired to be facing a future free of his party-political shackles.

Not that he is slowing down or ducking the big questions: if anything he is aiming higher, taking on the kind of world challenges that are our constant focus here at Oxford Said. He recently came to speak on five critical “mega-trends” facing humanity: climate change, technology and life sciences, conflict, migration and demographic change. It was clear how much he enjoys this kind of engagement, and it is well worth a watch, particularly for his emphasis on measurement, transparency and leadership accountability (see: www.sbs.ox.ac.uk/events/five-mega-trends-shaping-our-world). “I would like to pass on the things I’ve learned to the next generation,” he says, in the Zoom call we have following the event. “I like talking to younger people. I hope I can be a role model for them.” What are his own role models? In politics, “Margaret Thatcher – capable, honest and straightforward. Many who didn’t like her or her policies still respected her.” Outside politics? “Muhammad Ali: a principled man... who would stick up for what he believed in.”

Exactly what form his future will take is still evolving. “One of my motivations is to get back into business while I’m still young and energetic, [but] I will do a couple of other things as well.” We have been delighted lately to be one of those other things: in addition to the above talk, our Centre was particularly pleased that Javid was able to come and teach on our Reputation and Leadership MBA elective this term, and to attend our first research showcase for Visiting Fellows in London. As for being a role model, his CV is a useful testimonial: the son of poor immigrants from Pakistan, brought up in Bristol on what a tabloid once dubbed “Britain’s most dangerous street”, he side-stepped rejection from the old boy

network in the City of London to carve a 20-year career in international banking, first at Chase Manhattan Bank then at Deutsche Bank, leaving as a managing director to enter politics. He became the first non-white Secretary of State, staying in the Cabinet for nearly a decade.

In the recent maelstrom of Conservative administrations, he is one of the few who has both remained close to the action and emerged with some credit – perhaps as one of the “sensibles” (a phrase he uses of his more grounded colleagues). He had an early taste of debacles ahead: his first Cabinet appointment as Culture Secretary followed his predecessor’s exit for expenses irregularities. Years later he resigned as Chancellor on principle when the then-Prime Minister, Boris Johnson, insisted he dispense with his close advisors; but shortly afterwards agreed to be parachuted in as Health Secretary after the incumbent, Matt Hancock, broke the government’s COVID rules in an in-office, on-camera embrace with an aide.

‘Treat people the way you’d like to be treated – word gets round. Then if you work hard, they will take their lead from you’

“Reputation, personally, for me, has been hugely important,” he says, leaving the obvious reflections about others unsaid. And what is the secret to steadying the ship and imposing yourself in such crisis situations? “I wouldn’t call it a secret,” he replies. “Treat people the way you’d like to be treated yourself and the word gets round. Then if you work hard, they will take their lead from you.” By contrast with many of his colleagues who have publically abused the civil service (sometimes calling it “the Whitehall blob”) to an unprecedented degree in recent times – including former Deputy Prime Minister Dominic Raab resigning in the face of criticism of his conduct – Javid recognised early on the importance of getting on with his colleagues. “The people you are dealing with day in, day out are civil servants, and they talk to each other: ‘What’s he like,

how does he like to work? How does he treat people?’ – and crucially – ‘Does he make decisions?’ Civil servants like good direction.” In politics, avoiding decisions is a reputation killer, certainly to an internal audience.

Another key principle is the age-old one about taking responsibility for your department. “Things will go wrong, sometimes it will be something you were not even aware of, but the buck always stops with the Secretary of State,” he says. He was notable for going onto Twitter to defend one senior civil servant who was attacked “unjustifiably” by Shadow Home Secretary Yvette Cooper in a parliamentary hearing and on social media. The widespread thanks and recognition afterwards “gave a real example of how reputation can be built”, he reflects. This propensity to front up undoubtedly contributed to his reputation as a man for a crisis: as Communities Secretary at the time of the Grenfell Tower fire in London in 2017 in which 72 people died, he was quickly on the scene, meeting survivors and the emergency services, in contrast to Theresa May, the then-Prime Minister, who famously stayed away for days and reinforced her image as the unfeeling “Maybot”.

Some political challenges are more subtle and intractable, however, and competing reputations lie at the heart of them. In his first week as Health Secretary, “the person in charge of comms [told] me that the NHS has the highest reputation in the country, second only to the monarchy. But when you separately poll people on ‘Does the NHS work for you?’, something like 65% of people said not. And then this person said, ‘So your job is to fix it without touching it.’ Whenever someone suggests a reform, there is always some interest that can appeal to the [first] reputation and say, ‘Look, they’re messing around with this!’”

As a hands-on politician, he will surely not miss such conflicts. He is also clearly conscious how much the job – and the behaviour of colleagues – has been affected in the past decade by the 24/7 instant news media, polarisation of audiences, and information echo

A new world: Sajid Javid addresses an audience at Oxford Saïd on five critical global 'mega-trends'



He reflects, first, how things have changed since he first became an MP, shortly after the banking crisis. "People asked me, 'Why did you switch from banking into politics?' I used to say that I was determined to be in a career that had a better reputation!... Governments will still be looking to businesses for solutions to the biggest challenges," he says in answer to the question. He cites as a positive example the current encouragement of innovation in small nuclear reactors. "Rather than the government doing it itself, it's said to businesses such as Rolls-Royce and GE: we'll help you with regulations, a bit of cash, research costs... But you submit bids so that you can build these reactors in a cost-effective way." Thanks to threats such as Ukraine and the pandemic, there will be "more government, not less. Structurally we're going to see higher spending and more government intervention.... Western governments wanting to become more resilient, which means shorter supply chains, which means looking closer to home, either on-shoring or friendly shoring."

chambers. Does he think democratic politics is broken as a result? In the US it may be at the moment, he says, but "if we're talking about the UK, I don't". It has changed how politicians present their ideas, and makes them more short-termist, but the good news is that the UK political system is "still broadly respectful behind the scenes".

He cites the pandemic as a prime example. "In the UK we had one of, if not the highest, vaccine take-up rates in the world. In the US it was abysmal. Why? Because, number one, the politicians neutralised it politically. The major parties, their leaders, their spokespeople, all agreed: we should encourage people to take vaccines." The leadership position of non-political institutions was key. "People trusted the MHRA [Medicines and Healthcare Products Regulatory Agency] and the JCVI [the Joint Committee of Vaccination and Immunizations]. The government allowed the heads, all independent people, to talk openly about the pros and cons of vaccines. That approach was completely endorsed by the opposition as well. And that meant people had a lot more confidence." The situation in the US is so much worse because politicians will "take anything they can and use it to divide people".

Of all his achievements in politics, he is most proud of what he has done to improve outcomes for children. He is particularly energised by the Online Safety Bill going through Parliament, which he initiated as a White Paper when he was Home Secretary four years ago

and has lobbied – in some frustration – for his colleagues to enact ever since. "It's got proper teeth that a regulator can use," he said at his mega-trends talk. "Where the previous maximum penalty for a company transgressing would have been £1,000, it will in future be up to 10 per cent of global revenues." And for a pro-Thatcher banker, he is surprisingly scathing about the morals of some

'Many of these tech companies are motivated by profit. They don't care if children are dying because of the content'

of the biggest tech businesses, and unapologetically in favour of the power of government and regulators to bring them to account. "Many of these companies, despite what they say publicly, are motivated by profits. They don't care about the impact on their consumers. They don't really care if children are dying [because of] the content. Unless governments come out with a big stick and say, 'Look, you will get hurt for this,' they won't change. The Bill hasn't even gone through and they are already changing their algorithms. They are already coming to see ministers."

In this year's annual Edelman Trust Barometer, the headline finding was "business is the only institution seen as competent and ethical". Does government need to involve business more to shore up its own reputation?

As an example of how not to manage the relationship, he cites an initiative from his time as Health Secretary, to make supermarkets move unhealthy foods to less prominent positions. Boris Johnson approved it, Javid pushed firms to prepare for it, and then Johnson dropped it with a month's notice, to howls of protest from business. "Uncertainty is a big tax on business," says Javid, "and politicians don't take it seriously enough. There are numerous examples of the volatility in policy-making – and that brings me back to trust in institutions."

Effective and trustworthy government depends on robust institutions that provide independent data and hold government to account. In his analysis of the shambolic "mini-Budget" that brought the downfall of Kwasi Kwarteng and Liz Truss as Chancellor and Prime Minister respectively, the pair first attacked the Treasury (by firing the Permanent Secretary) and then behind the scenes were briefing against the Bank of England and finally sidelined the Office of Budget Responsibility. "I believe that was a key reason [for] the impact of the Budget. A lot of the financial investors [thought], 'It's not just the policies. You also attacked these pillars of our economy. What does that say about your respect for them and what does that mean for the long term?' We have run out of time, in fact by quite a bit. Underpromising and overdelivering... a classic reputational gambit? "That's how you do it," he confirms with a smile. ■

As fears around artificial intelligence grow, a new KPMG survey on public attitudes to AI, led by our International Research Fellow **Nicole Gillespie**, identifies global similarities and key disparities, particularly in how far people will accept the risks to enjoy the benefits.

GLOBAL SURVEY: TRUST IN AI

Trust and attitudes towards AI vary across countries: Western countries, together with Japan, South Korea and Israel, generally have lower trust and less positive attitudes than people in the emerging economies. Our findings suggest that the more positive attitudes in the BICS (Brazil, India, China, South Africa) countries do not reflect blind optimism or lack of awareness of the potential risks of AI use. Rather, we see some evidence of the opposite, with people in Brazil and South Africa (together with South Korea) rating the risks of AI higher than other countries, and Indians and South Africans more likely to believe AI risks will impact people in their country. Rather, our analysis suggests the varying levels in trust and acceptance across countries largely reflect three key factors:

- ❖ Differences in the perceived benefits of AI and the extent to which they outweigh potential risks: people in Western countries and Japan are generally less convinced of the benefits of AI, and together with South Korea and Israel, less likely to believe the benefits of AI outweigh the risks, compared to people in the BICS countries and Singapore.
- ❖ Perceptions of institutional safeguards: there are differences across countries in the perceived adequacy of safeguards and regulations to make AI use safe, and confidence in the institutions responsible for this. Fewer people in Western countries, Japan, South Korea and Israel view current laws and regulations for safeguarding AI as sufficient, and report less confidence in companies to develop, use and govern AI, compared to people in Brazil, India, China and Singapore.
- ❖ Familiarity and understanding of AI: people in Western countries generally report less use of AI at work, and lower use and knowledge of AI in common applications, compared to people in the BICS countries and Singapore.

The key commonality across the BICS countries is the emerging nature of their

economies. This may encourage a growth mindset in relation to the acceptance of technology. However, although people in the BICS countries are more likely to perceive current AI regulations and laws as adequate, it is noteworthy that on international rankings these countries rank low on governance and regulation to ensure the ethical and responsible use of AI. In contrast, the EU and Canada are viewed as leaders in AI and data governance and ethics. The EU's AI Act will set limits and conditions on the use of AI systems based on a risk classification, and restrict the types of AI products and services that can be developed and sold in the EU, which are likely to influence AI development and governance practices in other countries.

Key pathways for strengthening the responsible and trusted use of AI

- The Institutional Pathway: institutional safeguards and confidence in entities to use and govern AI is the strongest driver of trust.
- ❖ Our findings highlight the important role institutions and institutional safeguards play in laying a foundation for trust and reassuring people that trust in AI is warranted. Yet, while the large majority of people expect AI to be regulated, many view the current regulatory and legal framework as insufficient to make AI use safe, and protect people from the risks.
- ❖ The public clearly want appropriate regulation that is fit for purpose to manage the risks and uncertainties associated with AI. Our findings show that people broadly support multiple forms of regulation, including co-regulation with industry, but expect some form of external, independent oversight, such as regulation by government or a dedicated independent AI regulator.
- ❖ A key challenge here is that a third of people report low confidence

in government, technology and commercial organisations to develop, use and regulate AI in society's best interest.

- ❖ Our comparative analysis over time suggests that there has been no perceived improvement in the adequacy of current institutional safeguards around AI, nor any increase in confidence in governments and commercial organisations around their AI activities, in the five Western countries surveyed in 2020 and 2022. This suggests that the institutional frameworks supporting AI are lagging and failing to keep pace with community expectations. The implementation of the EU's AI Act provides an opportunity to examine how dedicated regulation affects trust and acceptance over time.
- ❖ Given the public has the most confidence in universities and research organisations to develop, use, and govern AI systems, a potential solution is for business and government to partner with these organisations around AI initiatives.
- ❖ As general trust in government and commercial organisations is strongly associated with confidence in these entities to use and govern AI, strengthening trust generally in these institutions is an important foundation for supporting trust in AI.
- The Uncertainty Reduction Pathway: similarities in the perceived risks across countries and strong consensus on expectations for trustworthy AI support a global approach to risk mitigation.
- ❖ A salient finding that was reinforced in both our quantitative and qualitative data is that people view the risks of AI in a comparable way across countries. From a business point of view, this suggests that businesses operating in multiple markets can anticipate a common set of risks across these markets and use similar strategies to manage and mitigate these risks.



Illustration: © elenabs/shutterstock.com

❖ More broadly, this insight supports the merit and necessity of global collaborative approaches to AI governance and international standard setting, such as by the JTC1, IEEE, the OECD and the Global Partnership on AI, to help mitigate AI risks and support responsible use.

❖ We found strong global public consensus on the principles and related practices that organisations deploying AI systems are expected to uphold in order to be trusted. Organisations can directly build trust in their use of AI systems by developing capabilities and practices for upholding these principles, and investing in assurance mechanisms that demonstrate and support the responsible deployment of AI systems, such as regularly monitoring system accuracy and reliability, implementing AI codes of conduct, independent AI ethics reviews and certifications, and meeting international standards. However, the 2022 IBM Global AI Adoption Index indicates that a majority of businesses have not taken steps to ensure their AI use is trustworthy.

❖ A key trust-enhancing practice is the retention of human oversight in decisions that impact people. We find that most people are comfortable with AI-human collaboration in managerial decision-making, and prefer AI involvement to sole human decision-making, with the caveat that humans retain equal or greater input. This carries an important implication: while full automation may maximise efficiency and cost reduction, it can undermine trust and acceptance.

❖ Our findings further reinforce the critical importance of cybersecurity in the digital age and protecting people's data and privacy from cybercrime. Combined with our finding that people are generally more willing to rely on the output of AI systems than share

information with these systems, this underscores an inherent tension in the trustworthiness of AI systems: larger datasets typically enable greater model accuracy and robustness, but augment the risks associated with a data breach.

- The Motivational Pathway: demonstrating the benefits of AI to people and society motivates trust.
- ❖ Our modelling revealed that an important pathway for strengthening and preserving trust comes from demonstrating the tangible, beneficial impact of AI for people and society. This highlights the importance of human-centred AI design and having a clear beneficial purpose at the outset of AI projects, as well as co-designing AI-enabled services and products with key stakeholders and end-users.
- ❖ The pattern in our data suggests people often perceive more benefits of AI use for the organisations deploying it rather than for people or society more broadly. However, our data indicates people trust AI more when it has a clear beneficial purpose to people (e.g., healthcare AI to enhance diagnosis and treatment) rather than a process or organisational benefit (e.g., to increase efficiency in human resources processes).
- The Knowledge Pathway: people trust AI systems more when they feel they understand AI and are skilled in using digital technologies.
- ❖ A key finding is that the public generally has low understanding of AI and its use in everyday life. However, a large majority of the community are interested in learning more about AI and report that supporting people to understand AI is important for their trust. This last insight is further supported by our path model, which identified understanding of AI and

efficacy in using online and digital technologies as an important driver of trust and acceptance of AI.

- ❖ Our findings highlight that many people use applications without any awareness that they involve AI, particularly older people and those without a university education. This raises the question of whether it is important to be transparent in disclosing the use of AI (similarly to cookies).
- ❖ Organisations also need to consider that different cohorts in the workplace and community have different understandings and views about AI, with younger people, the university educated, and managers more aware, knowledgeable about and accepting of AI. In contrast, other cohorts are likely to need more reassurance and evidence of the trustworthiness of these technologies.
- ❖ While university education has a beneficial impact on trust, our findings raise questions about the role of AI public literacy programmes and trust. As an example, Finland has a high level of public education about AI, yet they report low trust and moderate acceptance. This suggests that being better informed does not equate simplistically to greater trust and acceptance.
- ❖ Taken together, these findings suggest close collaboration is required between government, universities and business to uplift public and consumer literacy and understanding of data and technology. ■

Extracted from "Trust in Artificial Intelligence – a five-country study", a report from KPMG (tinyurl.com/4pfxwern) in conjunction with the University of Queensland, where Nicole Gillespie is KPMG Chair in Organisational Trust and Professor of Management.

Yuni Wen examines the strategies adopted by ride-hailing apps in China to influence government policy in their favour, as part of so-called 'rightful resistance', and the lessons for their counterparts in the West.



RESEARCH: DIGITAL PLATFORMS INFLUENCING POLICY

Digital platforms such as Uber and Airbnb have disrupted not only the existing market but also current public policies, and therefore they have been striving for policy change in their own favour. Research has shown that digital platform companies have attempted to exert policy influence through a wide range of channels, including lobbying, grassroots mobilisation, and political campaign contributions, and have achieved various policy outcomes as a result.

However, despite these revealing findings, the current literature is predominantly based on the conventional lens of corporate political strategies, which fails to consider the unique nature of digital platforms and how it enables or constrains their political influence. Extant studies have demonstrated that digital platforms are different from traditional businesses in that they create value by connecting multiple sides of actors rather than by producing and selling goods or services themselves.

Therefore, the question is: how does this multi-sided feature of digital platforms influence the way they achieve policy change? To answer this question, this paper combines insights from the literature on multi-sided digital platforms and contentious politics. Specifically, it employs the concept of rightful resistance to explicate the policy change process, emphasising the divisions within both the multi-sided digital platforms and the state. On the one hand, multi-sided digital platforms are inherently characterised by a struggle among actors at different sides of the platform who have divergent interests. On the other hand, different government agencies prioritise different objectives, such that what is deemed illegitimate by one agency may be acceptable or even supported by another. This paper argues that, contrary to prior studies which assume that divisions among actors on digital platforms are a challenge, these divisions actually present an opportunity for platform companies to

strategically align the divergent interests of actors with those of governments. By doing so, platform companies can establish political legitimacy and enact policy changes.

This paper builds upon a longitudinal analysis of the political battles of ride-hailing companies in China, mainly including Didi, Uber (China) and Yidao. These ride-hailing platforms connect passengers and private drivers through online platforms and algorithms. Due to their challenge to the existing taxi policies, ride-hailing companies faced a series of local government crackdowns and were in search of policy change in China. The study period begins in July 2014, when ride-hailing companies started experiencing government resistance, and ends in July 2016, when

'Research has shown that digital platforms have leveraged corporate political strategies to promote their interests'

a national policy was issued to govern the new industry. More importantly, it provides a natural comparative setting. The draft ride-hailing policy, which was released in October 2015, was interpreted as hostile to the new industry; however, the final policy enacted in July 2016 turned out to be friendlier. The contrasting ride-hailing policy outcomes enable us to identify the factors leading to policy change of digital platforms with some measure of confidence.

The policy published in October 2015 had many sections that were unfavourable to the ride-hailing industry, whereas the policy adopted in July 2016 underwent a significant adjustment that was more favourable to the emerging industry. This study discovers that ride-hailing companies in China were able to change the policy in their favour by employing

three rightful resistance strategies: (1) seeking support from powerful third parties in the government; (2) using the rhetoric of the central policies; and (3) co-opting the incumbent industry.

Extensive research has shown that digital platforms have effectively leveraged corporate political strategies to promote their interests and shape policy outcomes. Recently, studies have drawn attention to the fact that many digital platforms are operating in a regulatory void where the conventional measures of public policy can no longer apply to their new mode of delivering products or services. For instance, Uber is not compatible with taxi policies and Airbnb does not fit into hotel policies. Although such a regulatory void allowed for rapid expansion of the platforms in the early stages by avoiding time-consuming government approval, it has resulted in increased resistance and punishment from various government agencies as the platforms scale up and draw more attention. Therefore, in order to guarantee their long-term success and capacity to continue operating, digital platforms demand permanent policy change.

Although studies have demonstrated digital platform companies' political strategies and policy responses, we still lack a systematic understanding of the relationship between the platform, the actors in the multi-sided platform, and the wider context, and how this relationship enables or constrains policy change for the digital platform.

This paper adopted the concept of rightful resistance to describe how digital platform companies initiate policy change. This concept was originated from the literature on contentious politics, which focuses on how actors make a political point and government policy change. As rightful resistance is dependent upon the response of central political elites, a built-in limitation of this form of contention is that it must forgo revolutionary demands and embrace

the values endorsed by the elites. Maintaining social stability is one of the central government's top priorities in addition to economic growth. In the ride-hailing case, the central government could not afford unrest by taxi drivers. In July 2016, when the final ride-hailing policy was released, the State Council made its position clear that "ride-hailing services should act as a complement to taxis. The two businesses should operate differently." A manager in charge of government relations in a ride-hailing company said that the industry learnt that a built-in condition to the central government's endorsement is the stability and survival of the taxi industry. In April 2016, CEO Cheng Wei publicly declared: "Didi is not seeking radical disruption but harmonious development with taxi companies."

To fulfil this objective, Didi aided taxi companies and taxi drivers. The earliest sign of friendliness was shown in January 2016, when Didi set up scholarships for taxi drivers' children. Didi also established a fund that would be used to "subsidise taxi companies to improve their services, increase care for taxi drivers, and reward socially responsible taxi drivers". Regarding technology, Didi made its data and algorithms available to some taxi companies, which automatically assign journeys to taxi drivers based on factors including distance, traffic and driver ratings.

Additionally, the company set up a cooperative business model with taxi companies. In April 2016, Didi announced a partnership with Haibo Taxi in Shanghai. With its big data analysis and machine learning technology, Didi is typically in charge of the online component, such as ride arrangement, online payment, and user management, while Haibo Taxi is in charge of the offline component, including providing cars, hiring drivers, and obtaining ride-hailing licences from the government. In September, Didi signed similar deals with more than 50 taxi companies in over

10 cities. In November, the company further expanded the cooperative models to 150 taxi companies throughout the country.

As a result of rightful resistance, Didi opened the previously closed policymaking process. According to an informant, since early 2016, the government relations teams of every major ride-hailing company have been

'A limitation of rightful resistance is that it must forgo revolutionary demands and embrace the values of the elites'

invited to attend policy consultancy meetings held by Ministry of Transport (MOT) and local transport authorities across the country. During those meetings, ride-hailing companies were given the opportunity to express their concerns about the new policy. In March 2016, Didi made a public comment: "We are grateful that the government has listened to and considered the voices of enterprises." In July 2016, as a public reply to the newly released national policy, Didi noted, "[The policy] has incorporated views of different communities in society, including scholars and ride-hailing companies." The final policy enacted by the MOT in July 2016 turned out to be much friendlier to ride-hailing companies than the draft policy released in October 2015. For example, private vehicles are allowed to be used for ride-hailing services; it stipulates that the price of

ride-hailing services is determined by the market rather than the government, as in the previous version; and ride-hailing services can be registered under a new category of "ride-hailing cars", which is distinct from the previous classification as "taxis".

While this paper's empirical setting focuses on digital platforms in China, it has important practical implications for their counterparts in the West. Digital platforms in the US can also exploit the divisions within the government and seek help from potential allies who have different attitudes towards digital platforms. For example, Republican members tend to favour reduced regulatory barriers for the platforms, while Democrats are more interested in protecting the rights of platform workers. Also, US platform companies have already attempted to position themselves as significant contributors to innovation and economic growth in their communication with politicians, to align with government initiatives. Therefore, the key message is universal: digital platforms can strategically utilise the multi-sided nature of the platform and divisions within governments in various political environments. ■

Extracted from "Rightful resistance: How do digital platforms achieve policy change?" (Technology in Society, <https://www.sciencedirect.com/science/article/pii/S0160791X23000714?via%3Dihub>). Yuni Wen is our former Eni Research Fellow, and is now a Teaching Fellow working within the International Business Group at Oxford Saïd.



Reputations at Stake, by our International Research Fellow **Will Harvey**, links his global research into reputational dynamics, from the warriors of Nagaland to white-collar criminals in the US. Here he explores how ‘Daoist nothingness’ helped SMEs in Shanghai build positive business relationships.



BOOK EXTRACT: DOING WELL BY DOING GOOD

This example of doing well by doing good draws on the example of SME leaders in China. Daoism emphasises the importance of nonaction, for example taking a more relaxed approach to setting goals, spontaneously forging connections rather than doing this instrumentally, and letting reputation building occur in unintended ways.

Drawing on work with my colleagues Hongqin Li, Oswald Jones and Jie Yang, we interviewed 12 Chinese leaders who were founders of fast growing SMEs within the logistics industry in Shanghai, as well as five senior external leaders. This is an important sector that at the time of the fieldwork was valued at approximately \$37 trillion across China, with 90% of logistics businesses in Shanghai being comprised of SMEs. We found strong evidence for “Daoist nothingness”. There is a temptation to impose our own cultural lenses onto other business contexts, but we found that Daoism was important for Chinese leaders.

Daoism is a philosophical foundation that differentiates Chinese leadership from Western concepts. Rather than an instrumental approach to achieving goals such as building reputation, we found that leaders adopted a “letting-go” approach. Under the Daoist approach, we found that leaders let the reputation of their businesses evolve locally in different ways under the banner of locating, openness, and low profile. Locating describes how leaders tried to understand and then respond to the needs of different groups. This ranged from employees who needed mentoring or support with accommodation to suppliers who had supported them at important stages of the business. Importantly, rather than supporting these people with the motivation to gain some form of return (e.g., interest on a loan or reciprocal payment for a service), the SME leaders described their spontaneous response. These leaders were not educated in management and leadership,

and they described how they sought to navigate their way through these challenges spontaneously by picking up on cues. One of the leaders, Qing, said he was guided by “putting himself in the shoes of frontline workers”, asking, “Does the firm satisfy my needs?”, and subsequently addressing issues that he had uncovered.

Leaders were candid that they took a *laissez-faire* approach, given they did not have prior training or support in leadership. These leaders explained how they followed their intuition or went with the flow. This was considered very important in their context because the business environment in China was rapidly growing and changing. One leader, Xue, attempted to provide his employees with an “open space”, which meant flexibility, empowerment and delegation

‘Daoism emphasises the importance of nonaction, for example, taking a more relaxed approach to setting goals’

that contributed to them feeling positive about the organisation. He explained how this approach was learned from prior mistakes with two previous start-ups, when he was overly structured and detail-orientated, which was less effective at empowering and engaging his staff.

We found that SME leaders preferred to adopt a low-profile approach. This contrasts with the emphasis on celebrity leaders and prominence in Western contexts, particularly in an era of social media, where seemingly greater notoriety is something that leaders and organisations strive for. Our sample of SME leaders tended to work with their employees to identify roles and opportunities that were suited to them, rather than prescribed through narrow and arbitrary job descriptions. Often such conversations would occur in

informal settings such as over lunch, and frequently they stated how they were surprised that they would learn things about communication and leadership from their employees that they had not considered.

SME leaders also reflected on building the wider reputation of their business through attention generation, uncertainty reduction, and evaluation. Indirect attention generation can be a valuable way to widen reputation building. For example, one of our participants, Chang, described when he spontaneously invited one of his customers to lunch. There was no agenda and it was a spur of the moment decision. Initially, the customer was quite embarrassed to accept, but Chang invited the customer to understand his needs better. When we spoke to the customer he reflected on how that touched him, because all of his interactions with others were transactional. This led to the customer calling Chang later as he wanted to reciprocate the gesture by offering further business, which triggered a specialist sub-category of logistics at the very early stages that has subsequently led to significant growth.

Another example was when Ge was mentoring a leader with a mooncake business who had no reputation in the market and found himself having to set his price point low. Ge suggested ways for his mentee to make his business distinctive such as offering mini mooncakes, which the mentee had a good feeling about and pursued. When we spoke to the mentee, he said that 80% of the mini mooncakes in Shanghai are now provided by his company. The lesson from these examples is that doing good in a non-instrumental way can have unintended positive outcomes both for oneself and for others.

SME leaders also reduced uncertainty for themselves and others by doing good. When we interviewed Jie, we discussed with him how he managed to



On the up: the reputation and performance of SMEs in Shanghai benefited from a flexible approach, spontaneously forging connections

Photo: © Iakov Kalinin/shutterstock.com

build a successful logistics company in a saturated market when he had limited education and networks and came from the countryside of an isolated province. His response was that being a good leader and a decent person to others had helped him weather the storms during difficult times. For example, he explained that on several occasions when the business had cashflow problems, others had stepped in to support him. Individuals ranged from senior managers, board members, and customers.

We cross-checked this story with a senior member of the Shanghai Logistics Committee, who said that he had known Jie for nearly 10 years and that he had built a strong reputation in the sector. He explained how this had encouraged him to help Jie through introductions to other board members to help his business. The moral of this example is that running a good business alongside being a good person can be important for helping leaders to manage crises through securing various forms of support from internal and external stakeholders.

We found that evaluation of a leader's behaviour can lead to positive unintended outcomes. Qiang, for example, explained how he managed to grow his business from £23,000 to £200,000, but struggled to grow it further without a large injection of capital. To his surprise, the source of that capital ended up coming from the landlord from whom he leased his office, who was impressed with his reliability and ethical business conduct. Qiang explained that he did not expect this level of investment from his business landlord and it was not the reason why he

behaved in the way he did; nevertheless the financial support was vital in helping his business to rapidly double in size.

Another example was the decision of leaders to focus on long-term sustainable growth rather than opportunistic short-term growth. Ying described how there were a lot of cowboys in his sector who were fixated on immediate financial returns, but highly dubious in terms of their ethical conduct. However, he said

'There were a lot of cowboys in his sector, but a high level of integrity was fundamental to long-term growth'

that a high level of integrity was not at odds with, but rather fundamental to, the long-term growth of the business. He gave the example of a customer who had recently become aware of several logistic suppliers who were acting unethically, which compromised their trust and led to the cancellation of their contracts.

Ying was concerned that there could be a contagion effect and that this malpractice could impact on the reputation of his firm. However, the perceived contrast of his firm's conduct with those of the cowboys in fact led to Ying's firm receiving these contracts. Ying said that this reinforced to him how important his behaviours were and led to him starting a process of further strengthening the moral values within his organisation, both among employees and in recognition of how they can impact on external perceptions.

In summary, this fourth example of SME leaders in the Shanghai logistics sector shows that some degree of non-action is important. Significantly, this is not the same as doing nothing because what underpinned all the examples was a clear purpose to do good without expecting some kind of return. This combination of spontaneous support for others, a strong ethical code of conduct, and the relaxation of pre-determined intentions is distinct from impressions of hierarchical, authoritarian and directive forms of leadership. It also provides a different lens to well-known Western forms of leadership such as authentic, transformational and responsible leadership, among others.

The examples also show how for many organisations there is an important relationship between the leader's conduct and reputation and how the wider organisation is perceived. This is clearly important for eponymous, family and small firms where founders and CEOs are often the driving force behind the prominence and growth of the organisation. However, the lessons reach further because leaders of prominent organisations such as large political parties, supranational organisations, corporations, private firms, and charities receive a large volume of attention through mass media, social media, and other third parties, meaning their individual conduct can have far-reaching consequences for their organisations in terms of their reputation. ■

Extracted from Reputations at Stake (OUP) by William S. Harvey, Professor of Leadership at Bristol Business School.

NEWS AND EVENTS

Our Intesa Sanpaolo Research Fellow **Samuel Mortimer** has been awarded two Best Paper awards for work he will present at this year's Academy of Management (AOM) Annual Meeting in Boston in August: "When a Job Is a Calling: The Meanings of Money for Meaningful Work" (in the Organizational Behavior division), co-written with Katherine Klein, Edward H. Bowman Professor of Management at the Wharton School; and for a paper currently titled "Managing Irreplaceable Resources: Ethical and Strategic Considerations" (in the Social Issues in Management division). He has also been nominated for the AOM's William H. Newman award, which recognises the best Annual Meeting paper based on a dissertation (see summary on p3).

Our Centre director **Rupert Younger** has hosted two more of the Oxford-Intesa Sanpaolo Global Leaders podcasts: on Data Privacy (<https://lnkd.in/e6VnJMHh>), and The Ethics of AI (<https://tinyurl.com/3r466djt>), with a panel of leading experts in these areas: Luciano Floridi, Amy Webb, Carissa Véliz and Deepak Chopra.

Yuni Wen, our former Eni Research Fellow, now a Teaching Fellow within the International Business Group at Oxford Saïd, has had a new paper published in *Technology and Society*: "Rightful resistance: How do digital platforms achieve policy change?" (see p8).

Our Postdoctoral Research Fellow **Ximeng Fang** has presented three conference papers recently: "The playful way to pro-environmental behaviour: An experiment on edutainment through video games", at IMEBESS (<https://imebess.org/>); "The roles of social norms and economic reasoning in shaping support for carbon pricing" at EAERE (www.eaere-conferences.org/index.php?y=2023); "Climate VR at Home: a Field Experiment Using



We were delighted to host our first Visiting Fellow Showcase at the Conduit Club in London in April. Visiting Fellows and friends of the Centre discussed our research areas and current projects with Postdoctoral Research Fellows and Principal Investigators. It was a brilliant forum for practitioner/academic engagement, and we hope it leads – as such things so often do – to some great collaborations.

SONY PlayStation's Climate Station Virtual Reality Experience", at the CESS Colloquium (<https://tinyurl.com/2p9xwwjh>).

"Moral Disjunction and Role Coadunation in Business and the Professions", by our International Research Fellow (and former Intesa Sanpaolo Research Fellow) **Rita Mota**, and **Alan Morrison**, Professor of Law and Finance at Oxford Saïd, is forthcoming in *Business Ethics Quarterly*, and is now available to read online (<https://tinyurl.com/42ct8y7z>). In it the authors "consider the problem of moral disjunction in professional and business activities from a virtue-ethical perspective".

Our **R:ETRO** (Reputation: Ethics, Trust, and Relationships at Oxford) webinar series continued this term: "Who cannot cast the first stone: the practice of blame in the workplace (and elsewhere)"; "Embodied dialogues of care for organising solidarity collectively:

insights from the Greek refugee crisis"; "CSR: trapped in a language illusion"; and "Misogyny: its unspoken presence in organisation studies". For more information and to watch the webinars, see our website, below, under "Events".

APPOINTMENTS

Three of our Postdoctoral Research Fellows are leaving us at to continue their researches in the US: **Kevin McSweeney** has accepted a position as an Assistant Professor of Entrepreneurship (tenure-track) in the Spears School of Business at Oklahoma State University; **Greg Clark** has become Senior Data Scientist and Assistant Vice President at PNC bank in Pittsburgh, PA; and **Rohini Jalan** is now Assistant Professor of Strategy and Organization (tenure-track) at McGill University's Desautels Faculty of Management. We look forward to following their future progress and sharing their research.

CONTACT US

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