The Big Interview

Asha Curran, CEO of GivingTuesday, on how supportive networks helped turn a philanthropic hashtag movement into an organisation that raises billions

A new governance model
Why boards need to rethink ownership, fair shares, and organisational purpose

After COP28
What makes individuals more likely to embrace commitment to climate action?

Celebrity, just transition, activism...
A selection of presentations from this year's annual Reputation Symposium

Dealing with uncertainty
From misinformation to the strategic plan: challenges facing corporate affairs leaders

News, events and appointments

COMMENT: THE NEED FOR A NEW CORPORATE GOVERNANCE MODEL

Profound and unanticipated transformations are reshaping relationships between organisations and the societies within which they operate. Over the past five decades, organisational success – and specially that of firms – has primarily been measured by reference to financial performance metrics. However, a paradigm shift is now occurring in society's expectations toward firms, demanding their involvement in solving pressing environmental challenges (such as climate change and biodiversity loss) and addressing social inequalities. In this new landscape, the multiple voices advocating for transforming the way businesses operate can no longer be ignored. Furthermore, consumers and employees, increasingly driven by a desire for purpose in their personal and professional lives, are paying close attention to how firms address social demands for more sustainable and equitable value sharing.

Embracing this new reality presents both opportunities and challenges for organisations. They must now navigate a complex landscape that demands innovative solutions and long-term thinking. The need for sustainable practices and responsible organisational behaviour extends beyond mere regulatory compliance. Today's organisations must engage in purpose-driven initiatives.

It has taken some time for this moment to arrive. Ed Freeman, the American philosopher, and Professor of Business Administration at the Darden School of Business at the University of Virginia, is arguably the father of modern stakeholder theory. He first published his highly cited book *Strategic Management:* *A Stakeholder Approach* in 1984. Its publication was intended to kick-start debate and discussion on how academics and practitioners should think about strategy. Central to his argument was that organisational stakeholder relationships matter, and that investing in and shaping these different stakeholder relationships should be the foundation of good management practice.

The Global Financial Crash of 2007-8 changed the frame of reference and accelerated the demise of single interest (shareholder) capitalism. Governments and taxpaying citizens were forced to bail out the banks after their irresponsible lending practices became public, and with that emerged a new consensus that organisations need to pay more attention

'The question is not whether ESG measures enhance profitability, but how corporations can thrive in a volatile world'

to their role in society and look beyond shareholder metrics for measures of their success. Corporate purpose rocketed back up the agenda. Many of today's largest organisations now engage in purpose-driven strategic assessments, actively seeking ways to reduce their carbon footprint, preserve biodiversity, and contribute to social justice.

Critics of this new purpose movement have two lines of argument: 1) external – accountability to all risks accountability to none; and 2) internal – incorporating multiple stakeholder goals into decision-making processes is impractical. There is merit in both of these. Taking account of multiple different stakeholders and different issues is complex and demands attentive management with distinctive skills. Addressing multiple interests and goals corrodes chains of command and chokes decision processes. Issues such as biodiversity loss, geopolitical tension, and calls for political stances on social issues demand highly attuned and careful thinking.

Our argument is that it is time for a renewal of governance structures. Merely incorporating some environmental, social and governance (ESG) concerns into strategic discourses is no longer sufficient. The question at hand is not whether ESG measures enhance profitability, but rather how corporations can adapt and thrive in a more uncertain and volatile world, and to do so in a way that contributes to societal sustainability goals. We think that a purpose-driven culture within a firm eases decision-making processes in the new competitive situation. To do this will require a much more coherent understanding and articulation of organisational purpose.

In a new research paper*, co-authored with a number of distinguished academics and practitioners from across Europe, we argue that a more balanced and comprehensive model of organisational purpose and governance, along with a fresh measurement approach for evaluating organisational contributions, is necessary. To achieve this, we put forward a coherent set of principles and processes grounded in the fundamental characteristics of organisations, such as the delegation of authority, acceptance of risks, value creation, and value sharing.

We start with some founding principles anchored in a clear understanding of the purpose of the organisation. Boards have a renewed responsibility to debate and agree a clear statement of organisational purpose, something that we have called for before in the Enacting Purpose Initiative (see *www.enactingpurpose. org*). It is good to see growing evidence that directors are spending time on this critical issue.

Second, we call for an increased sense of responsibility rather than an accumulation of layers of constraints. Renowned lawyers and economists have long highlighted the rapid acquisition of power by the structured and functioning enterprise as a legal entity, often rivalling that of the state as a political institution. This "political" dimension of organisations, amplified by their production of influential products and services that shape our way of life, forms the foundation for concepts such as corporate social responsibility (CSR) and purpose.

And third, we believe it is now time to reintroduce the notion of "fair sharing" of the rewards of enterprise. The current period of societal and environmental transition presents an opportunity for re-evaluating the concept of sharing, particularly in establishing a distribution that ensures both the economic equilibrium of the firm and the just remuneration of all parties involved in its success. This concept has now become central to the reputation of business. In support of these fundamental principles, we outline ten specific recommendations for board members:

1. Reassess purpose: boards urgently need to reappraise the stated purpose of the firms they lead. Organisational purpose is the expression of how an organisation can contribute solutions to societal and environmental problems. Organisational purpose should create value for shareholders and stakeholders, all of whom are central to a firm's success.

2. Think beyond rights: ownership needs to incorporate responsibilities as well as rights. Shareholders possess ultimate decision-making authority concerning the fate of organisations, while the board is responsible for shaping strategy, considering all stakeholders' interests. Ownership should not be conceived of as an absolute right – it carries a social function similar to other forms of private ownership.

3. Improve time allocation: boards need to allocate more time to strategic matters. An effective governance model

Photo: © Matej Kastelic/Shutterstock.com

should not rely on the assumption that shareholder preferences translate automatically into strategy and deliver long-term sustainability of the firm.

4. Increase board agility: boards need to become much more agile, balancing the need for centralisation with delegation. The governance structure of any organisation must clearly define the roles of each corporate body and promote reciprocal information exchange, while emphasizing accountability. This approach fosters efficiency and engenders trust.

5. Construct a societal agenda: board discussions need to assess active as

'The current period of societal transition presents an opportunity for re-evaluating the concept of fair sharing'

well as passive stakeholder interests. It is unreasonable to expect organisations to single-handedly solve complex challenges such as climate change, human rights violations, or biodiversity issues on their own. It falls within the board's purview to decide how the organisation's activities should aim to avoid harm (to humanity and to nature) while actively contributing to their improvement in order to mitigate the accountability risks that could damage the firm's license to operate.

6. Increase employee engagement: employees represent a critical constituency within an organisation. They are the individuals responsible for implementing its purpose and, therefore, deserve the board's specific attention. This means reassessing how employee voice can best be represented in organisational governance.

7. Create relevant measures: in order for decision-makers to be held accountable for adhering to organisational purpose commitments, a shift is needed in the metrics used to evaluate an organisation's performance. Non-profit related measures of effort and performance must be transparent and accessible to customers, investors and the labour market so that economic actors can adjust their preferences accordingly.

8. Focus on fairness: fair sharing is less about philanthropy, social responsibility, or ethics than about enhancing business practices while simultaneously promoting societal prosperity. Fair sharing needs to become an integral part of an organisation's strategy, entwined with social and financial costs and benefits.

9. Invest for better regulation: it is crucial to foster a deeper understanding of the growing integration of social and environmental issues within competition policy. Economic law is entering a new age, and the mandate of economic regulators needs to adapt accordingly.

10. Prioritise collaborative governance: compliance obligations that business leaders often perceive as restrictive and bureaucratic can also contribute to progress and trust, and garner support from managers and employees. A more collaborative approach to defining and shaping interaction between government and business is urgently required. ■

The CEO of GivingTuesday explains how nurturing self-sustaining networks, recruitment via handraising, and mutual accountability helped to build an extraordinary hub of global philanthropy, and what lessons this holds for all kinds of organisations.

THE BIG INTERVIEW: ASHA CURRAN

Hashtag activism, from its beginnings in the #iranelection of 2009 to the #MeToo movement, is now well established as a part of the landscape of public protest, engagement and discourse. But what happens when you launch a hashtag, only to realise how much more effective the campaign could be with support and guidance from the centre? How can you manage the resulting organisation without suffocating the sense of co-ownership and empowerment that is so critical to its success?

Such questions have preoccupied Asha Curran, CEO of GivingTuesday, since it was launched as a philanthropy-prompting # initiative in 2012. Conceived as an altruistic counter to the consumer frenzy around Black Friday and Cyber Monday by her then-boss Henry Timms at the iconic 92nd Street Y cultural centre in New York (aka "the Y"), it was spun out as a separate organisation in 2019 with Curran at the helm. It is now a global movement, with organisers in nearly 100 countries generating billions in donations (over $3 billion this year in the US alone) and many thousand philanthropic acts on the Tuesday in November after Thanksgiving. The US mother ship is both a vibrant incubator, and a hub producing transformational research.

Both Timms and Curran are Visiting Fellows with our Centre, valued in particular because of their understanding of how power dynamics between people and institutions have shifted in our hyperconnected world. Timms' acclaimed book *New Power*, co-authored with Jeremy Heimans, is essential reading on the subject. GivingTuesday is something of a case study on how you maintain an element of the "currency" of old power with the "current" of the new that *New Power* identifies: energising and spreading the philanthropic impulse through a central identity but with the force of dispersed and mutually supportive networks.

On a Zoom call from the US in the run-up to this year's day, Curran shared her insights on the psychology of personal motivation and altruism, those all-

important networks and, first, how she came to be running the organisation. "I did not choose GivingTuesday as much as it happened upon me," she says. "I spent my career in the non-profit sector, which is different from philanthropy. I had a very non-linear career path. I could pretend that that was strategic, but it wasn't at all. It was mostly me finding an area of interest and taking a sharp turn into that area until I exhausted my interest in it and taking a sharp turn somewhere else."

She worked for over 15 years at the Y, latterly as Chief Innovation Officer and Director of the Belfer Center for Innovation & Social Impact, "trying to imagine what community means in the 21st century, in the age of advanced digital technologies". It spawned a number of pieces of work on civic participation, "basically seeing if we could seed ideas that other people all over the world could take and make their own". This was not always an easy argument

'The mission is to put generosity at the root of all of our decisions and behaviours, in our most mundane moments'

to make in that role, given that "it meant a lot of letting go that is not inherent to institutional life".

GivingTuesday was a letting-go inspiration that took off spectacularly. "Bring Radical Generosity To Your Community" is the mission articulated on its home page. Does this mean that participation should be considered an extreme personal commitment? "Quite the opposite," says Curran. "All 'radical' means is 'from the root'. We're not talking about something extreme and dramatic. The mission is to put generosity at the root of all of our decisions and behaviours, in our most mundane moments, not in our most dramatic ones."

GivingTuesday benefited from some excellent instinctive strategic decisions made at the outset. In retrospect, she

says that it helped that she was "not a philanthropic leader or expert in any way. I would love to say I broke all these rules, but I didn't because I just didn't know what they were." One choice that turned out to be particularly smart was not to brand it as a Y project. "The institution said, 'Where is our name and logo going to go on this project?' And we said, 'It's not.' We could foresee the wave that was coming of people not being interested in things that were already owned, but wanting to own them themselves. That's a wave that has deeply impacted the non-profit and philanthropic world."

It was a decision that enabled the initiative to scale up dramatically as people were enabled to adapt it in ways both right for themselves and for their local context. Other more directional proposals were similarly considered and discarded, such as choosing which kinds of causes could be included, or charging non-profits for participating. "The wrong answer to any one of those questions would've made the thing die on the vine," says Curran.

Now each territory is a hub for which the "home" organisation is the supportive partner, rather than the director. "If I had to boil down what we do, it's largely that. When a new country joins, it is like welcoming a new member of a family. We are all connected. People think that we built some fancy platform, but we are still just on WhatsApp!" And she points her phone at the computer screen to demonstrate: "This one in Italy is lighting up 50 national monuments with the GivingTuesday logo. There's mental health in Malawi. Brazil is doing a campaign around youth and what generosity means to young people."

Alongside the non-stop sharing of ideas, there are plenty of personal threads, too, which contribute to "a deep sense of mutual accountability and affection. So again, you're weaving in – along with old power and new power elements of an organisational structure – psychosocial and emotional elements." As she found while devising community programmes at the Y, this is key to giving those programmes enduring, "sticky" appeal.

Compelling people-centric narratives are a vital driver, too, from the case studies on the *givingtuesday.org* website to the annual report. When I ask her for "eureka moments", they all stem from notable participant stories. To pick one, from the first-ever GivingTuesday day, which left Curran "feeling like my mind was blown": "There was a woman in Baltimore watching on TV what was happening around town. She really wanted to do something, but she didn't have a lot to give. She had this old piano, and she was too arthritic to play it, so she found an organisation that offered after-school lessons to kids who couldn't afford them, and they came and rolled her piano down the sidewalk."

GivingTuesday's global leaders are self-selecting on the "hand-raising" principle. Curran did not at first fully appreciate the importance of this. Early on, when it was becoming clear that GivingTuesday was catching on globally – "we were in 25 countries or something like that" – she put a map above her desk, bought some coloured pins and said to her team: "'Okay, the red pins are where we already are, the white pins are where we need to be.' And then I tasked [a colleague] with sourcing the right organisations in those countries. It was a total failure. It doesn't work unless people raise their hands." In regions where GivingTuesday is under-represented, such as the Middle East and parts of Asia, "we open up pathways so that more hand-raisers are aware". Like the 12-year-old who DM'd the organisation's Instagram account to ask: "Do you have a GivingTuesday Kids? And if you don't, can I start it?" It is now the thriving GivingTuesday Spark.

How do they ensure that all new global members behave in the right way? "There's actually quite a lengthy process," says Curran, including recommendations from internationally recognised bodies like the Gates Foundation. There are few rules, however, and these are more like foundational principles designed to preserve openness rather than create restrictions: like "cause agnosticism", being an inclusive "big tent", and "not running the movement for the benefit of one's own organisation". The transparency and connectivity of the networks serves to expose bad actors.

The central organisation provides reinforcement, but in a light-touch way: "The leaders say, 'What is it that you want from us? What would be ideal?' And I say, 'Active participation in our group, support of others.' And they're thrilled to hear that." The culture is imprinted through absolute clarity around the organisation's norms: "The norms are that we practise generosity within as we practise generosity without. We replicate and celebrate each other's successes, learn from each other's lessons and share in each other's joys and sorrows. Those are all norms that you can choose mindfully to set or not set." Regarding her own leadership priorities, in addition to directing her team, "an equal part of my job is to be responsive to what's

'Institutions think of movements as chaos, movements think of institutions as dinosaurs. It's not very useful'

happening organically. We focus on areas that are rich in potential, in a way that is not related to the transactional, but that is deeply rooted in the transformational."

The GivingTuesday Data Commons is a vital tool in that effort: a worldwide research initiative with (as per the website) "hundreds of collaborators and over 50 data labs… the only initiative focused on collecting and analyzing individual giving behavior of all types". Realising there was little robust data about the sector, Curran has accessed the "shadow layer" of giving platforms and payment processors, which has generated groundbreaking understanding about trends in monetary giving. "Measurement and learning is baked into everything that we do," she says, but that learning it is only effective if you share it, replicate it, "and do it even better. That

seems obvious, but that's not a traditional institutional mindset."

Dismantling those "old power" mindsets has been a particular challenge, such as when pitching to potential funders. "Institutions think of movements as chaos, movements think of institutions as dinosaurs. That's not very useful," she says. "[They] should learn to draw strength from each other rather than it being about which is better." Philanthropy is thought of in too transactional a way, the haves versus the have-nots, "effectiveness versus effusiveness", where it should be understood as fundamental. In many cultures and communities, philanthropy "means that people, even if they're very poor, don't fall through the cracks, or that in the face of crisis, a community can be more responsive, organisations more resilient".

Do the lessons of GivingTuesday have wider applications to all sorts of organisations? "I jcannot stress enough how much I think that," she responds. "We should be paying more attention to models than we do. Replace 'generosity' with any other mission – you believe there should be more chocolate in the world! – you could still replicate this model." The benefits of having a CEO who can articulate the mission with absolute clarity should not be underestimated, either, as illustrated by her response to the last question: what are her future priorities? "Continuing to map the generosity landscape; unlocking more giving; and solidifying our narrative as an organisation and a movement that has a day, not that is a day." ∎

Global initiatives such as the UN's recent COP28 conference seek to commit states to climate action, but how best to ensure that individuals and societies are on board? Our Postdoctoral Research Fellow **Ximeng Fang** identifies some key dynamics.

RESEARCH FOCUS:
MOTIVATING FOR CLIMATE ACTION

The urgent calls to alter human activity to address the current climate emergency intensified around the recent COP28 UN Climate Change Conference. Developed countries like the UK have a special responsibility for leading the way in transitioning to net zero. This is, firstly, because these countries have contributed most to current levels of greenhouse gases in the atmosphere; and, secondly, they have the economic clout to develop and drive down costs for the green technologies required.

Building and maintaining credibility and trust is a vital component of the climate action effort. The fierce debate around the UK government's recent rescheduling of climate commitments illustrates how fragile this is. At the international level, it can impede the building of climate action coalitions, but it is also vital at individual and societal level: both to encourage people to hold their governments' "feet to the fire", and to persuade them to change their own behaviour.

The recent COVID-19 pandemic illustrates why this multi-level perspective is necessary. While government played a crucial role in enforcing regulations, facilitating technological development, building up critical infrastructure, and engaging academic institutions and private companies, combatting the pandemic also required that citizens accept behavioural change such as lockdowns, social distancing, and vaccination.

Fighting climate change is a similar proposition: it is crucial to develop technology, and create incentives and regulation for phasing out fossil fuels, but people must also support ambitious climate policies, adopt green technologies and accept that things they currently take for granted will change.

No democratic (or even authoritarian) government can top-down impose something against the will of substantial portions of the population over the long run. For example, once fear of COVID-19 faded, and as the costs of social isolation and shutdowns became more salient, it became hard to maintain strict lockdowns.
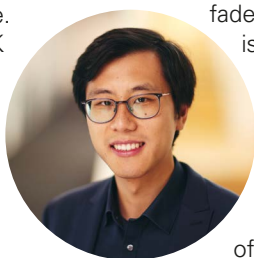
The green transition will undoubtedly create discontent, whether because of increases in the cost of living, anxiety over job security, or simply disruption to a settled way of life. While large-scale surveys (see: *https://tinyurl.com/ycj45emm*) show consistently that across many countries the large majority of the population is in favour of more climate action, climate movements and green policies also trigger protest and backlash ("greenlash"). Notable

'The risk of climate change often fails to evoke the visceral reactions necessary for behaviour change'

examples include the Gilets Jaunes in France and opposition in the UK to traffic controls such as LTNs and ULEZ (see: *www.economist.com/international/2023/10/11/the-global-backlash-against-climate-policies-has-begun*). Recent scientific evidence also suggests that implementing green policies can lead to electoral backlash and rising support for populist parties (see: *https://tinyurl.com/ypr7adw6*).

Decades of research in the behavioural sciences highlights the fundamental role played in this process by psychological phenomena such as loss aversion, present bias, and status quo bias. For example, people react emotionally more strongly to losses than to gains. Even if society as a whole will benefit from an economic transition, the people who feel that they are losing out will be vocal and obstructive. Furthermore,

present bias implies that people may be unwilling to incur immediate costs even if this could lead to future benefit. For example, the perceived hassle of improving home insulation can prevent investments that would drive down future energy bills. Jointly, these can lead to status quo bias, meaning that people are reluctant to give up the comforts of the familiar and to change habits. These legitimate concerns need to be addressed.

People can change their behaviour dramatically when new circumstances demand. However, mitigating climate change is a social dilemma rife with cognitive challenges. The risk of climate impacts often fails to evoke the visceral reactions necessary for behavioural change due to their time-delayed and abstract nature, especially in countries where the current effects are not already felt to a high degree (i.e., the UK). In essence, we find it hard to vividly imagine the consequences of immediate (in) action today on life in the future. This may explain why, while general public concern about climate change is growing, climate action and support for ambitious climate policies are lagging (see, for example: *https://wires.onlinelibrary.wiley.com/doi/abs/10.1002/wcc.41*).

There is evidence that climate change and climate concerns temporarily become more salient during heat waves or other extreme weather events. For example, these can lead to more Google searches for climate change, worse stock market performance of "dirty" firms (see: *https://academic.oup.com/rfs/article/33/3/1112/5735304*), and can increase the vote for green parties (see: *https://tinyurl.com/2pu5myba*). However, short-term spikes in attention can quickly dissipate. With climate change, we need to be in for the long haul.

One approach is to keep environmental concerns at the top of our minds in everyday life, for example through green labels (*https://anna-schulze-tilling.github.*

io/papers/Schulze_Tilling_JMP.pdf). In recently published co-authored research, we find that individuals are significantly more likely to engage in household energy and water conservation if they are constantly reminded through smart meters that provide real-time feedback. However, this generally requires that people feel and understand the urgency of mitigating the impact of human activity on climate change.

The research that I am currently engaged with at our Centre, and in collaboration with Stefania Innocenti at the Smith School of Enterprise and the Environment (SSEE), is aimed at leveraging insights from the behavioural sciences to foster long-term engagement with behavioural change and policy support in addressing the climate crisis. We focus at both the individual and societal level.

First, at the individual level we are investigating how novel communication tools can help people understand and vividly imagine the consequences of failing to address climate change, and also alleviate concerns about economic harm and perceived (un)fairness of climate policies. Given how far traditional mass communications have evolved, understanding how to package pro-environmental messages in media with which people feel most engaged is a key new challenge. A project we are pursuing with the SSEE and Sony tests the potential of "edutainment" (education+entertainment) in this context, through video games and virtual reality.

Virtual reality (VR) offers an unmatched immersive potential to educate people about climate change. In one project, we are evaluating how best to use VR through conducting experiments in which people will use the "Climate Station" app, developed by Sony Interactive Entertainment, visualising climate change and 150 years of weather data through virtual reality and unique exploration modes to explain temperature trends and complex relationships between weather patterns and extreme weather events.

'How can building on social evaluations such as reputation and status alter perceived cost-benefit trade-offs?'

In a second project, we evaluate the potential of video games in engaging a large and diverse audience. Together with Sony and Media Molecule developers, Stefania Innocenti and I have designed a narrative-driven mobile game, in which the player navigates the story by clicking through dialogues with non-player characters (NPCs) and learns about environmentally sustainable behaviour along the way through choices and feedback/consequences. Feedback is presented through, first, visual depiction of nature to help people vividly imagine the consequences of (un-)sustainable behaviour; and, secondly, through dialogues with non-player-characters (NPCs) and mini-games to capture social motives of pro-environmental behaviour.

That aspect of the social context of the game is critical in the real world: how individual preferences influence and are influenced by societal dynamics; how building on social evaluations and motivations such as reputation, status and conformity can alter the directly perceived cost-benefit trade-offs for engaging in pro-environmental action; and how far this requires that individuals perceive others to care and act as well ("social dilemma").

We provide more evidence of the importance of this multi-level perspective in our research into what impacts public acceptance for carbon taxation, a key cornerstone of effective climate policy. Our research shows how far acceptance is dependent on both social motives and individual perceptions of the policy. We conducted a representative survey in the US, provided "explainer" videos, and then analysed whether providing information in this way reduced the antipathy towards carbon taxation. It showed that once made aware of the broad social consensus in favour of climate action – evidenced by opinion surveys – people would themselves becomes less opposed, but only when we also alleviated concerns about the policy's effectiveness and fairness.

The relationship between individual attitudes and societal dynamics is also captured in some of my previous research on the COVID-19 pandemic. We find that, in the second and third waves, when immediate fear of the virus had diminished, regions in which people showed higher average prosociality were also more successful in limiting the number of infections and deaths. Fostering pro-environmental attitudes through individual and social levers could thus also unleash dynamics supporting a sustained transition to net zero.

So, when the UK government delays climate-related regulations avowedly to "allow...the consumer to make that choice", whatever one's reflections on the politics, it touches on an important underlying truth: individual and societal buy-in is essential for the successful delivery of national climate commitments. ∎

Links to research by the author referenced above: "*Prosociality predicts individual behavior and collective outcomes in the COVID-19 pandemic*" (https://tinyurl.com/3xr5rdjy); *"Increasing the acceptability of carbon taxation... (*https://tinyurl.com/msmb4kp4); *"Complementarities in behavioral interventions: Evidence from a field experiment on resource conservation"* (https://tinyurl.com/ydr9bw7w).

Our principal annual gathering featured the usual wide range of disciplines and subject matter, from the enduring dynamics of celebrity to status effects in the wake of scandal, and why consumers blame firms for biases in artificial intelligence.

CONFERENCE REPORT:
REPUTATION SYMPOSIUM 2023

The programme of our 2023 Reputation Symposium in August was assembled, as last year, by Alan Morrison, Professor of Law and Finance at Saïd Business School, and Michael Jensen, Professor of Strategy at the Michigan Ross School of Business, with professional development workshops for young scholars overseen by our International Research Fellows (IRFs) Brayden King, from the Kellogg School of Management, Northwestern University, and Don Lange, from the W. P. Carey School of Business, Arizona State University, with assistance from other IRFs. Below are a selection of presentation abstracts.

Why do firms engage in activism despite the risks? Corporate sociopolitical activism (CSA) as a signal to investors

Why would companies increasingly take public stances on controversial issues within society when doing so could alienate important stakeholders, like investors? While the nascent CSA literature has shown that investors react negatively to CSA, anecdotal evidence has demonstrated that investors also respond positively. Given this divergence, we theorise the conditions leading investors to react positively and negatively to CSA. Specifically, we explore the role of firm-level factors (i.e., firms' prosocial reputations and their stage within the business life-cycle) in influencing investors' reactions to CSA. In so doing, we focus on three types of firms: incumbents with high prosocial reputations, with low prosocial reputations, and new ventures with no prosocial reputations. Drawing upon the signalling, reputation and impression management literatures, we elucidate the relationship between CSA and investor reactions in terms of asymmetry, intensity and consistency.
Maurice J. Murphy, Assistant Professor, University of Georgia

The making and meaning of ESG

ESG is one of the most notable trends in corporate governance, management and investment of the past two decades. Yet few observers know where the term comes from, who coined it, and what it was originally aimed to mean and achieve. As trillions of dollars have flowed into ESG-labelled investment products, and companies and regulators have grappled with ESG policies, a variety of usages of the term have developed that range from seemingly neutral concepts of integrating environmental, social and governance issues into investment analysis, to value-laden notions of CSR or preferences for what some have characteriseed as "conscious" or "woke" capitalism. This article makes three contributions. First, it provides a history of the term ESG, which was coined without precise definition in a collaboration between the United Nations and major players in the financial industry to pursue wide-ranging goals. Second, it identifies and examines the main usages of the term ESG that have developed since its origins. Third, it offers an analytical critique of the term ESG and its consequences.
Elizabeth Pollman, Professor of Law, University of Pennsylvania Carey Law School

From the evaluator's perspective: a sociofunctional approach to social evaluations

The fragmented and siloed literature on social evaluations has long struggled with understanding the commonalities and distinctions among types of social judgments, with no systematic examination of the functional utility social evaluations provide for evaluators. We argue that individual evaluators form a variety of social judgments to overcome adaptive challenges in their relationship with organisations. We propose a framework that explains how the diversity of social judgments reflects evaluators' diverse functional needs and offer multiple ways to address these needs. To answer a functional question, we propose evaluators can source three distinct forms of judgment information about an organisation: 1) "elaborated" information based on the evaluator's interactions and knowledge; 2) "borrowed" information based on the judgments of others; and 3) "taken for granted" information based on the evaluator's socialisation. We explain the benefits and limitations each form generates for evaluators and organisations being evaluated. Our framework explains how common social judgments – including legitimacy, trustworthiness, reputation, status, and authenticity – form a robust and functional system of interrelated judgments, and reveals systematic similarities and differences among them.
Alex Bitektine, Associate Professor of Management, Concordia University

The multiple facets of corporate purpose

As firms increasingly adopt a corporate purpose, there is substantial variation in what this turn to purpose actually entails, and divergent views about whether and how firms can realise their purpose aspirations. To capture this variation and analyse its implications for enacting purpose, we leverage three existing bodies of research in organisation and management theory: early organisation theory illuminates uses of purpose to convey an organisation's overarching reason for being; organisational hybridity sheds light on purpose as an alternative organisational objective to profit maximisation; and systems perspectives offer tools for explaining purpose as a catalyst of systemic change beyond the boundaries of the firm. The typology that we develop based on these three bodies of research provides analytical clarity about distinct facets of the corporate purpose phenomenon, and surfaces complementary insights into challenges and opportunities associated with purpose enactment.
Marya Besharov, Professor of Organisations and Impact, Saïd Business School; and Academic Director of the Skoll Centre for Social Entrepreneurship

Meeting of minds:
(clockwise from top left)
Andrew Weissmann, former
director of the Enron Task
Force, a lead prosecutor in
the Mueller investigation, and
now Professor of Practice at
NYU School of Law, delivers
his keynote address at the
Oxford Union; Judy Muthuri
discusses artisanal mining;
co-organiser Professor Alan
Morrison addresses guests at
the opening dinner at Merton
College; Martjin Icks finds
classical parallels for today's
business 'emperors'

How systemic scandals affect the evaluative advantages of status

Status effects are pervasive across organisational and market settings. In this paper, we examine whether the tendency of high-status actors to be evaluated more positively irrespective of performance – often referred to as the "Matthew effect" – is robust to the occurrence of systemic scandals that affect the field. We argue that because the benefits of status manifest in the evaluation of performance under uncertainty, and because scandals are known to induce discontinuities in evaluation and a loss of trust, Matthew-type effects accruing to high-status actors should be diminished or erased in the aftermath of such events. Building on unique observational data on media coverage of football referees in Italy before and after the 2006 Calciopoli scandal, and two experiments, we find support for this account. We also find confirmation that this dynamic is driven by the generalised loss of trust within the field that systemic scandals engender. Finally, our findings support the idea that low-status newcomers to the field experience an advantage in the aftermath of scandals as a result of their outsider status.
Marco Clemente, Professor of Sustainability, ZHAW School of Management and Law

Corporate Neros: charismatic leadership and character assassination in ancient Rome and modern business

CEOs who exhibit charismatic leadership can create a cult following, but are also vulnerable to character attacks. In ancient Rome, the high profile and charismatic authority of emperors likewise made them prime targets for character assassination. This paper explores how character attacks on Roman emperors for their extravagance, megalomania and lack of masculinity provide instructive parallels to similar attacks on CEOs in the modern business world.
Martijn Icks, Lecturer in Ancient History, University of Amsterdam

Crafting a just transition in the artisanal and small-scale mining sector in Kenya

The artisanal and small-scale mining (ASM) sector has become an important source of livelihoods for many rural communities in sub-Saharan Africa. But the sector also grapples with serious economic, social, environmental and governance challenges that remain a barrier to a just transition for the vulnerable miners and mining communities in the Global South. We explore the nexus of just transition and sustainable artisanal mining within the Kenyan context, elucidating the multi–faceted challenges and potential inherent to this sector. We examine how a just transition can be achieved by aligning with the principles of economic growth, social justice and equity, and environmental sustainability as indicated in the UN Sustainable Development Goals (SDGs).
Judy N. Muthuri, Professor of Sustainable Business and Development, University of Nottingham

Algorithmic fairness and service failures: why firms should want algorithmic accountability

Because of growing concerns about responsible use of artificial intelligence, European and US regulators recently introduced legislation to protect consumers from bias. These policies hold firms accountable for the fairness of their algorithms while relying on consumers to report when unfairness occurs. Our research reveals an unintended consequence of these policies due to differences between how firms and consumers assess fairness. Current algorithmic fairness standards are based on group fairness criteria, which use firm data and measures of statistical parity to determine if demographic groups are being treated similarly. However, the average consumer does not have access to fairness statistics nor to firm data. Instead, we propose that consumers assess fairness by gathering from their social network information about their treatment by firms. We model how consumer ego-fairness assessments can trigger spread of beliefs of bias throughout a market. We show that a lack of algorithmic accountability may lead consumers to paradoxically believe that a firm's fair algorithm is unfair or that a firm with an unfair algorithm is less biased than a firm with a fair algorithm. We also demonstrate how a third party watchdog may reconcile these perceptions. ◼
Kalinda Ukanwa, Assistant Professor of Marketing, Marshall School of Business, University of Southern California

For the complete programme, see our website, below, under "Events".

The latest report from our Corporate Affairs Academy explores how the corporate affairs function can effectively assess external risks and opportunities in a world where the contexts and challenges are evolving at unprecedented speed. Below is an extract.

REPORT: INSIGHTS AND LEADERSHIP IN A PERMACRISIS

Now more than ever, the antennae of the corporate affairs function are called upon to reduce the burden of uncertainty. While there is a danger that the emphasis gravitates to threat identification and risk avoidance, there is a much richer return available from scanning the horizon with a view to contributing to the strategic plan.

"We do soft scan, soft power – leading with intuition. This heavily focuses on more qualitative data that we get from conversations: it's constant communication, but focusing on the quality of the coverage and not the quantity; what it's saying, not how many people have said it. It's a two-way process where you also consider the culture of feedback: not just giving feedback internally, but also taking feedback from external partners. That gives us great data."

Through exploring the corporate affairs function as the antennae of the organisation, and the extent to which different types of risk assessment and projecting scenarios were useful and effective, the cohort focused on how to proactively tackle the unknown, rather than prepare to react to a crisis already upon you, and how it is best to do this in a systematic and rigorous way that draws on a broad range of expertise.

Constant calibration of feedback, even with traditional media, can be used as data points to feed into strategy.

"Most companies use [traditional media] as a mouthpiece. We make it a two-way process. For example, across all functions, from traditional media to social media, when we measure we also take the sentiment and incorporate it, and actually present all of these sentiments and the feedback at quarterly business review meetings, and incorporate that into the broader organisational strategies. You also understand your cross-functional partners internally better. Essentially using these conversations, emotions and feelings actually being sources of

data and not just intangible. It continues to be part of the company's DNA, not just from a corporate affairs standpoint, but also from a strategic business-wide perspective."

How can we deal with the intensification of misinformation?

The proliferation of digital channels and the rise of social media makes it much easier for various kinds of malicious content and the spread of misinformation, whether: imposter content – e.g., a fake social media presence; false context – when a real image or video is placed in an incorrect context; hacks – taking control of someone else's real account; fabricated or manipulated content such as deep fakes – ultra-realistic audio or video clips. All of this activity is amplified by the potential of AI.

"There's increasing polarisation now, so that malicious intent added to confirmation bias and the need to share content align. More and more our audiences and our stakeholders are

relying on feeling more than fact, and emotion over evidence. It becomes increasingly difficult to spot the real from the fake."

"Preparation is key, and that includes misinformation policies. Have processes in place, partners within the private sector and with government. [We] have our own in-house misinformation policies. They are developed for a couple of reasons: 1) It's part of a global company and so we have to be consistent around the world in how we deal with it; 2) Government doesn't regulate in this space adequately. No one sector can tackle misinformation alone. I think that's the key message. So, work with your stakeholders and work with your partners to be ready."

Expect the worst, and plan for it.

"We do a lot of scenario planning: what are the most likely types of misinformation we're likely to come across? We launched specific policies into COVID and vaccine misinformation, and elections misinformation policy."

CASE STUDY: HORIZON SCANNING

"We have been quite deliberate in how we seek stakeholder views and expectations. For about 13 years, our organisation has set something called the panel of critical things: they bring in various different experts in NGOs, former political advisors, people who represent consumer groups. They are essentially contracted with us for a period of about two years. They are presented with the strategy and told, 'Pull it apart, what would you have expected to see? What would you want to see more of?' They do that for the short term, so to respond to what the teams are working on, and with that same group they horizon scan about two years in advance. It's very easy to look long term, but

actually we're finding now we need to do much more short term, so we will bring in experts from that panel if we're trying to respond to something immediate, and that will be a much more specific topic.

"We have about 50 people on a panel. Ten of those might be more in the DEI (diversity, equity and inclusion) space. If we're battling a DEI issue, we bring them in, and they are part of the process of deciding how the group is going to respond to this topic, where does the group need to move, what policies do we need to create, and what role should the organisation play? Are we idealist here? Are we not? It goes back to authenticity."

Crisis talk: the Corporate Affairs Academy 2023 cohort, with academic director Rupert Younger

"I always say, 'What's the worst thing that could happen?' and then work backwards from there. We worked with the Australian Electoral Commission on, 'What are you most worried about in terms of misinformation being out there?' We war-gamed exactly what our response would be in each of those scenarios, what policies would we apply, what decisionmakers would need to be involved, is it a legal issue or is it a content policy issue? Have that document ready, because people panic, and if everyone knows [the issues] in advance, that goes a very long way to assuring regulators, government officials, and most importantly our own internal colleagues, that we have it under control."

Three stages of dealing with misinformation:

"The first is how you scan and monitor, alongside the traditional media-monitoring techniques. If you do scan something that you believe is misinformation, the process that you go through to do the fact-checking can be onerous. At that stage you have to weigh up where is this information coming from, who is or are the misinformants, and then whether or not it's worth going through that onerous process, and to go into full-on crisis preparedness, or crisis management mode. Or perhaps it's just a case of stakeholder engagement."

Communicate directly with stakeholders in order to reduce distortion of the narrative: not only to be effective, but also to ensure that you satisfy growing regulation around certain areas of communications.

"Make sure that you're putting out your information and you're being as transparent as you can. If you're going through an intermediary, there's the potential to be slightly distorted... [by] an excitable subeditor."

"In the ESG and sustainability space, we are seeing regulations coming in saying you must have assurance behind your data, so it's been independently verified before it's communicated."

Having identified issues through effective horizon scanning, forming partnerships and making broad-based initiatives to support your case is key. Our discussion on "advocacy and activism" incorporated both this more self-interested aspect of advocacy, and activism in the sense of presenting yourself as societal change-makers.

Partnerships with regulators, governments and trade associations can play a crucial role in accurate understanding of what is in the air and on the horizon, and enlisting collaborators in resisting unhelpful initiatives.

"The government wanted to come up with some restrictive regulations, and I called up my contact in one of the chambers of commerce, who had very good contacts with the department of trade and industry. Within two weeks that regulation got killed off. It's been two years, and I'm still holding my breath."

"For our industry, the main regulator is, in certain markets, basically the activist against the industry. So, you need to go beyond that specific regulatory agency, and build a coalition with other government agencies. I would also bring in foreign embassies for government-to-government advocacy, because a lot of times they will pick up the phone and talk to their counterparts and get more insights, analysis, and hopefully gets things changed."

"It all comes down to building your allies. You need to understand who your allies and adversaries are. If you have more adversaries than allies in this advocacy strategy that you want to put forth, maybe you need to rethink the whole initiative."

"We have a gazillion playbooks – I don't know how many playbooks I've taken off the shelf and used. But we didn't plan for a pandemic. So, go with the completely unbelievable, turn it into a rumour, and then figure out what you might do."

Three key takeaways

- Have systematic processes in place for horizon scanning, of both foreseeable threats and imagined scenarios, and revisit them regularly.

- Bring partner organisations into the process, both for the intelligence they bring and for the different perspectives they provide.

- Turn your two-way-conversation intelligence gathering into data that can feed into the strategic plan. ∎

Extracted from "Corporate Affairs Insights and Leadership in a Time of Permacrisis" (www.sbs.ox.ac.uk/sites/default/files/2023-11/Corporate-Affairs-Academy-2023-report.pdf).

NEWS AND EVENTS

In August we hosted our major conference for international social evaluations scholars, the **Reputation Symposium**. See pp8-9.

Our Postdoctoral Research Fellow **Ximeng Fang** recently co-authored "Complementarities in Behavioral Interventions: Evidence from a Field Experiment on Resource Conservation" in the *Journal of Public Economics*. In September Ximeng presented his work on "Increasing the acceptability of carbon taxation – the role of social norms and economic reasoning" at Verein für Socialpolitik in Regensburg and at the ESA European Meeting in Exeter. For an account of this work, see pp6-7.

In December Ximeng will be presenting a paper, "The effect of transparency on subjective evaluations: evidence from competitive figure skating", at the European Winter Meeting of the Econometric Society (see: *https://tinyurl. com/3xdrdmyr*).

In November Our Postdoctoral Research Fellow **Cheng Lu** participated in the LSE-Fudan Annual Conference 2023 at the London School of Economics and Political Science. This year's conference was themed on "Public Policy Priorities and Challenges for China and the World", at which he presented "Governmental roles in nascent fields: how China's social entrepreneurship field emerges".

Our director **Rupert Younger** co-authored "A European Corporate Governance Model: Integrating Corporate Purpose Into Practice for a Better Society", with a number of distinguished academics and practitioners (see pp2-3). In December he attended the UN's COP28 conference in Dubai, where he sat on a number of panels: "Driving Climate Action in a Time of Mistrust"; "How Gaming Can Help Deliver Climate Goals"; and "Communicating Climate Leadership Strategies".

APPOINTMENTS

We are delighted to have recruited two new Postdoctoral Research Fellows this term: **Cheng Lu** and **Bingcun Dai**.

Cheng's research interests span the domains of social entrepreneurship and innovation, civil society organisations, corporate social responsibility, and state-society relations. He is working with Professor Paulo Savaget, who holds a joint appointment at Saïd Business School and the Department of Engineering Science, on a project investigating the legitimation of social enterprises in China. A primary focus of this project is how the social entrepreneurship concept has been translated and adapted to the Chinese context over the past two decades, examining its institutional variations and regional developmental trajectories.

Bingcun is working with Oxford Saïd Professors Mungo Wilson and Alan Morrison on a project that studies reputation building in teams. Her research interests are in asset pricing, macro-finance and economic Inequality. She is also studying the effects of stock markets on the real economy, and the role of indivisible goods in generating relative wealth concerns and altering how expected-utility-maximising agents care about risk.

Two of our current Postdoctoral Research Fellows will take up tenure-track appointments in the new academic year from September: **Eva Schlindwein** will be Professor in ESG and Sustainable Management at the Institute for Sustainable Business at the Bern University of Applied Sciences; and **Alessandro Guasti** will join Esade Business School as an Assistant Professor in the Department of Society, Politics and Sustainability.

Our Postdoctoral Research Fellow **Eva Schlindwein** participated as an expert for sustainability and ESG on a panel at the Responsible Leadership Conference FAZ (Frankfurter Allgemeine Zeitung) Institute in Munich in November (see *www.responsibleleadership.de*).

Our Intesa Sanpaolo Research Fellow **Samuel Mortimer** presented "The New Business Case" at the Society for Business Ethics Annual Conference in Boston in August, and at the British Academy of Management Annual Conference, at the University of Sussex Business School, in September. He presented "What's Special About Collective Action?" (in Boston), and "When a Job is a Calling: The Meanings of Money for Meaningul Work (in Sussex). He co-hosted and presented at the Varieties of Self Workshop in November at Oxford Saïd. He also gave a talk in December on "AI and the Future of Work" for the Work and AI Conference at Oxford's Institute of Ethics in AI.

CONTACT US

We welcome your feedback. Please send any comments to: *reputation@sbs.ox.ac.uk*. The Oxford University Centre for Corporate Reputation is an independent research centre which aims to promote a better understanding of the ways in which the reputations of corporations, institutions and individuals are created, sustained, enhanced, destroyed and rehabilitated.

For details of our activities, previous issues of Reputation and free subscription, see: *www.sbs.oxford.edu/reputation*.