

# Reputation

ISSUE 39

HILARY TERM 2024

OXFORD UNIVERSITY CENTRE FOR CORPORATE REPUTATION

## The Big Interview

Bill Browder on how the entrepreneurial mindset that once made him Russia's largest foreign investor has since powered his campaign to sanction corrupt officials, first in Moscow – following the theft of his company and the murder of his lawyer, Sergei Magnitsky – and now globally



### Judgement call

What social evaluations reveal – our new book promises insights from academics and practitioners

### Stakeholder focus

The director of the new Social Purpose Centre in Melbourne on aligning organisations and society

### Marking down uptalk

New research into the impact of speech patterns in CEO quarterly earnings calls, and the gender implications

### Remaking capitalism

Professor Colin Mayer joins a panel to discuss how his new book creates a new model for business to follow

### News, events and appointments

# COMMENT: THE POWER OF SOCIAL EVALUATIONS

Just over 10 years ago, our Centre produced the *Oxford Handbook of Corporate Reputation*, which has become one of the leading references for scholars wanting to understand better how reputations are created, sustained, destroyed and rebuilt. Since then, this area of scholarship has developed in many directions. Specifically, there have been significant new insights into the links between reputation and a number of closely associated social evaluation constructs, including legitimacy, status, trust, celebrity and stigma. This work has been driven by new societal, political, institutional and technological factors, all of which influence the way in which these constructs are formed and maintained, and also the way in which they interact.

Social evaluations are perceptions and judgements formulated by different audiences about social actors, including organisations. Researchers who study social evaluations explore the characteristics of each and examine the processes through which each of these constructs is built, maintained, damaged and repaired. These insights are important because how audiences evaluate organisations has a profound effect on firm success and survival. Yet this research remains fragmented. While research on different social evaluations is vibrant, few have attempted to combine a comprehensive cross-construct overview of the current state of the literature.

The increasing recognition for the need to open a dialogue among these streams of research and build a more cohesive body of knowledge is exemplified by various initiatives across academic communities. One such initiative is represented by a Standing Work Group (SWG) within the European Group of Organisational

Studies (EGOS), that has been hosting organisational social evaluations researchers from across the globe to share their developing work in this area. Another is in the recent call for a special issue from the *Journal of Management Studies* on “Managing social evaluations in a complex and evolving world”. Finally, recognition of the importance of organisational social evaluations among management practitioners signals that this research has critical practical implications.

For all these reasons, we decided that the time was right to produce a new and authoritative work that will capture this progress: the *Oxford Handbook of Organisational Social Evaluations* will represent the best of current scholarship and will also capture perspectives from leading practitioners. The book will include chapters written by some of

## ‘The new work will combine the best social evaluations scholarship and practitioner insights’

our Centre’s Visiting Fellows, offering practical insights into the different concepts and how each confers value within a business and leadership setting. Through this collaborative approach, we will examine how macro forces such as social media, globalisation, climate change, economic and social inequality, and rising stakeholder pressure can inform future research in this area.

Although we believe that academic researchers – as well as doctoral and masters’ students – will be the primary audience, we also anticipate that the *Handbook* will be a useful guide for

executives and managers whose interactions with various stakeholders may affect the reputation, legitimacy or stigmatisation of their firms.

The *Handbook* will be organised around a number of major themes, including the definitional landscape (articulating similarities and distinctions as well as dynamics of different social evaluation constructs); changes in the macro-level trends since the last handbook (discussing major technological, environmental, economic and social developments); and a series of essays exploring the emerging interrelationships between the constructs.

In doing so, the contributors collectively will address major questions in social evaluations research:

- How to define different social evaluations, together with an exploration of the foundations and dynamics that occur around and within these constructs
- Insights into the foundational drivers and moderators that impact these different social evaluation constructs
- How new and emerging meta, macro, and micro forces are shaping these different constructs
- How these different constructs relate to, and are shaped by, each other

We are extremely excited to be developing this work and look forward to sharing it with the growing number of interested researchers and practitioners. ■

The *Oxford Handbook of Organisational Social Evaluations*, edited by our director *Rupert Younger* and *International Research Fellow Anastasiya Zavyolova*, will be published by OUP in 2025.

Professor **Will Harvey**, inaugural Director of the Social Purpose Centre at Melbourne Business School, sets out what the new centre aims to contribute to organisations, wider society, and the growing community of purpose-focused researchers.



# COMMENT: WHY SOCIAL PURPOSE MATTERS

Different stakeholder groups are putting increasing pressure on organisations to extend their purpose beyond profit maximisation: employees are expecting more impact from their employers; boards expect organisations to align with shifting societal and institutional expectations; investors are looking for organisations to invest responsibly; and the broader community holds the social licence for organisations to operate within their jurisdictions. All these factors have been strong driving forces for the creation of the Social Purpose Centre at Melbourne Business School, where I have been appointed the inaugural director.

We believe that social purpose should not be siloed into a particular sector, for example government, social enterprises or charities, but rather addressed across all organisational structures. Our focus is on building evidence-based knowledge that informs teaching and practice, growing the capability of leaders who have an ambition to influence social purpose, and develop a thriving ecosystem where people from different organisations can come together to discuss, debate and solve seemingly intractable social problems.

We take a strengths-based approach, recognising that not-for-profit and social-purpose organisations have deep expertise in understanding and addressing complex social issues, as well as leveraging the Business School's capabilities. The Centre's business model focuses on growing the social purpose ecosystem for the benefit of not-for-profit, other social-purpose organisations, business and society.

Organisational purpose has recently gained significant attention from media commentators, practitioners and scholars. The concept has emerged as a key topic of interest for, among others, the British Academy, the Institute of Directors, the Business Roundtable, and the World Economic Forum. Organisations

such as KPMG, PwC and Cisco have appointed Chief Purpose Officers, and the Association to Advance Collegiate Schools of Business has enshrined societal impact as a fundamental component of its accreditation of business schools around the world.

Organisational purpose is distinct from other concepts such as values, vision and mission. While values reflect how the organisation behaves, vision is where it aims to have impact, and mission is what the organisation does, purpose is why the organisation exists. Purpose needs to engage with and capture the interests of employees and other stakeholders to identify, refine, measure and realise an organisation's ambition.

Research has somewhat conflated organisational purpose and social purpose. At the Social Purpose Centre,

## 'Social purpose is the strategic commitment to positive social impact on multiple stakeholders'

we define social purpose as the strategic commitment by leaders of organisations to have a positive social impact on multiple stakeholders through its operations. Organisations with a strong social purpose develop authentic business models that are committed to delivering social outcomes and financial sustainability. Social purpose should not be conflated with tokenistic gestures, opportunistic branding or public relations stunts aimed at virtue-signalling, or what has been referred to as purpose-washing.

Social purpose has an important link to reputation, which is the multiple stakeholder perceptions of an entity. It is important to understand stakeholder expectations of social purpose, including among employees, customers and others. Such groups may use social purpose to form their impressions of

organisations, brands, products and services, which in turn influences their behaviours. If the "why an organisation exists" (its purpose) misaligns with wider trends across society, then it is susceptible to negative impacts on its reputation. A lack of purpose creates arguably greater vulnerabilities: take the backlash in the UK in 2022 when 800 employees of P&O Ferries were made redundant over a Zoom call, entirely at odds with how stakeholders, from unions to government and the public, expected employees to be treated.

Organisations also face the risk that social purpose initiatives are perceived as vacuous, which can impact on their reputation and financial performance. For example, in 2023 when Bud Light, which is owned by Anheuser-Busch InBev, decided to connect with a different customer base and simultaneously provide a strategic message on a social issue through partnering with Dylan Mulvaney, a transgender TikTok personality, this triggered a major backlash among a vocal segment of its core customers, who accused it of being "woke", and Bud Light sales dropped by a quarter. The company's decision did little to advance the brand, bolster its financial performance or advance the issue of gender inclusivity.

Research centres such as ours have an important contribution to make in reorienting business towards the interests of all stakeholders. With the growing number of researchers and institutions worldwide focused on this effort, including through the Enacting Purpose Initiative (see below), we look forward to playing our part. ■

*The Social Purpose Centre at Melbourne Business School, along with the Purpose Centre at HEC Paris S&O Institute (see p12), is joining the Enacting Purpose Initiative ([www.enactingpurpose.org](http://www.enactingpurpose.org)), co-founded by our director Rupert Younger. Professor Harvey is also an International Research Fellow with our Centre.*

He was the biggest foreign investor in Russia until, after expulsion and the murder of his lawyer, he became the driving force behind the Magnitsky Act, which sanctions corrupt officials. Now he is campaigning to use frozen Russian funds to rebuild Ukraine, and for governments to ignore the 'shameful' objections of self-interested businesses.

## THE BIG INTERVIEW: BILL BROWDER

Bill Browder is sitting at the other end of a badly connecting Teams call. He apologises for having had to reschedule our discussion, and for having to keep an eye on the clock for his next TV interview. Our own was initially planned to coincide with a talk he gave at Oxford Saïd, charting his extraordinary path from having been Russia's largest foreign investor, until 2005, to his expulsion, the theft of his company, the murder in prison of his lawyer Sergei Magnitsky, and his emergence as a leading anti-corruption campaigner. As the driving force behind the Magnitsky Act and Global Magnitsky Act, legal mechanisms through which corrupt officials – initially from Russia and subsequently worldwide – can be sanctioned and have their assets seized, he is often characterised as Vladimir Putin's nemesis in the West.

Between that completely riveting talk and this interview, however, there was more appalling news from Russia: the opposition leader Alexei Navalny had died suddenly in suspicious circumstances in a Siberian prison, to worldwide outrage. Suddenly everyone is seeking Browder's perspective. With grim irony he says: "I always worried that I wouldn't be able to get the media [and] political attention on my campaign, and that would almost certainly have happened, except that Putin kept on doing horrific things... and makes everything that I'm doing relevant."

Besides Putin's catalogue of wars and assassinations, there are those acts aimed at Browder personally. To pick three notable examples: the notorious 2016 Trump Tower meeting in which a Kremlin lawyer sought to influence Donald Trump Jr et al to push to repeal the Magnitsky Act; the arrests under Interpol warrants instigated by Russia in Madrid and Geneva, putting Browder at risk of extradition; and the Helsinki Summit of 2018 when Putin made a public offer to President Trump to swap wanted Russian agents for Browder (an offer Trump seemed to seriously consider). "People ask me, who's the best advocate for your cause out there

other than you? And the answer is Vladimir Putin," says Browder.

The battle to get the Magnitsky Act passed in the United States is the focus of Browder's bestselling first book *Red Notice*, but for anyone hoping for the how-to guide to influencing government policy, the author himself is not reassuring. "To get a piece of legislation passed in the United States is less probable than winning a billion-dollar lottery," he says. "We just got very, very lucky. The reason it happened is every single planet lined up at some exact moment, and that had nothing to do with me." It is not a conclusion anyone who has read the book would come to. "The harder you work, the luckier you get," he concedes. "I always joked with my main counterpart in the US Congress, Kyle Parker, [that] he and I were working on this thing seven days a week, 24 hours a

### **'I worried that I wouldn't be able to get media and political attention on my campaign, except Putin kept doing horrific things'**

day, and our adversaries who didn't want it to happen were only working nine-to-five on weekdays."

Being indefatigably goal-oriented is clearly one of his superpowers. Before Navalny's death, and with added urgency since, he has been pushing relentlessly on two key issues: the release of Vladimir Kara-Murza, the British/Russian pro-democracy activist who is also in extreme peril in a Siberian prison; and the seizure of the \$300 billion of Russian money that was frozen after the second invasion of Ukraine in 2022. The Kara-Murza case hits particularly close to home, given that he is both a long-time friend and, like Browder, a naturalised citizen of the UK and subject to the same government assistance – or lack of it. "I was [at the Munich Security Conference] talking to foreign ministers about a prisoner swap," says Browder, "because

he is going to die if we don't do one. But the British Government says, 'We don't do prisoner swaps, therefore we can't get involved in the conversation.'" While most other Western countries will negotiate for their citizens, the UK does not, to Browder's fury, out of what he sees as a wholly misplaced concern for a reputation that will prevent more of the same. "That argument doesn't work. Britain has got as many prisoners as everybody else," he says. It just means that "if you have a British passport and you get taken hostage, you're going to rot in jail, whereas if you've got a French passport, they're going to fight like hell to get you out." This ties into wider frustrations with the UK, what he sees as its self-defeating devotion to tradition, and the fact that "nobody wants to reform things".

He is equally scathing about objections to seizing Russia's \$300 billion: warnings in legal, government and corporate quarters about the dangerous precedent, and the consequences for the future reputation of the dollar and the euro. He is dismissive of them all, but particularly the objections from financial businesses such as Euroclear. "You have a private company that is effectively trying to interfere in the national security of the European Union," he says. "I think it's just shameful. They should not even have a voice in this. There's absolutely no moral, political or financial argument why this money shouldn't be confiscated." At the time of writing, his views appeared to be gaining traction in important places, being strongly endorsed by US Treasury Secretary Janet Yellen, with support from the White House.

Such sanctions reflect a necessary transformation in our approach to Putin, argues Browder. It is the asymmetry of the West's hesitation in the face of ruthlessness, and the wishful thinking behind it, that has led to the current situation. "Because you killed Navalny, it has cost you \$300 billion. That's the kind of message that [Putin] would appreciate. Everything else he laughs at. And by the way, everything else that he

laughed at pre-February 24th, 2022, was what led to February 24th, 2022 – him understanding we're not serious." As the crimes escalate, so must the response, both for the impact it has, and for the message it carries. "It used to be that these sanctions upset [Putin], but now we've sanctioned him so much that any marginal sanction is meaningless."

A key lesson of the Magnitsky Act, as Browder said in his Oxford talk, is how much more powerful it is to target individuals than countries. "Go after a country, and the leaders can bring in their private jets and champagne... go for the leaders directly, and that hits them right between the eyes." In his activism, in a more positive sense, his focus on individuals rather than institutions has served him well. The Magnitsky Act was often made possible by his network of allies finessing political obstructions. He has the disdain for institutions you might expect from such a self-made capitalist. "I am not sure any institutions by themselves are any good, but there are a lot of individuals who are. I was just at the OSCE [Organization for Security and Co-operation in Europe] in Vienna. There were a hell of a lot of good people, and I had an opportunity to address 150 MPs in a room about confiscating the money... and a bunch of these people are going to go back to their respective parliaments and put in resolutions to support [it]." What is more, he says, as a campaigner, you have worked through what people in power – through limitations of bandwidth or personality – haven't got round to. At the Munich Security Conference, making the case for seizing the Russian assets to foreign ministers, "They were like, 'Oh, that's a good idea.' Some hadn't properly focused on it before."

He approaches his campaigning role in the same way he succeeded with Hermitage Capital Management in 1990s Russia: by being entrepreneurial. "You have to be entrepreneurial about advocacy and public policy because if you're bureaucratic about it, you'll get nowhere," he says. "You have to change things and revise your product and understand your customer. And truly, almost nobody in the world of advocacy thinks like an entrepreneur. They think like civil servants, and that's not how the world works. You constantly have to course correct."

He learnt early on – in defiance of advice from lawyers and government officials to keep his head down – that maintaining as high a profile as possible was essential. He is a power user of X (formerly Twitter), on top of his prolific media contributions. "In order to get politicians to listen to you,

Speaking truth to power:  
Bill Browder at Oxford Saïd



you need to be in the media... just telling a politician something doesn't have the same resonance as saying it publicly." Where formal tools fall short, he deploys other forms of influence: "Reputation, naming and shaming, publicly exposing, that's a very important part of everything that I do. There's a lot of people that are happy to do bad things if it's not known, but not so happy if the other 'parents at the school gate' know."

### **'Reputation, naming and shaming, publicly exposing, that's a very important part of everything that I do'**

To be an effective campaigner, you have to have a coherent story to tell and the ability to tell it. As anyone knows who has read Browder's two books or heard him speak, he has both. "If you can tell a story that's compelling and easy to remember, then you have a chance at changing something. The more complicated you get, the worse you are at communicating, the less likely it is that any of that stuff will happen. The Russians understood very well that that was what I was doing, and their big thing was to try to change the story." Fortunately, they have frequently proved to be very bad at it. Recently, the same discredited dossier that was circulated in 2016 to derail the Magnitsky Act resurfaced via "some Russian guy freelancing for the *London Review of Books*, saying, 'You've got some important questions to answer.'" Putin himself, as illustrated

by his bizarre recent interview with Tucker Carlson, has lost any sense of which stories connect with people. "[It] showed he was so desensitised... because he's a dictator, he doesn't have to convince people of anything, and he has lost any intellectual muscle to win people over."

The Russian disinformation keeps coming. "You should see all the nastiness, stuff underneath my tweets. And they've had a few big projects on my second book [*Freezing Order*], where they really were trying to degrade my reputation." His radar is also tuned to the defence of his allies: he recently laid into the *New York Times* for publishing a "smear" on his key congressional ally Kyle Parker, eliciting support from prominent supporters including former chess world champion and leading Putin opponent Garry Kasparov.

It is only through the money he made in business that he is able to devote himself full time to his campaigning, from the security he and his family need, to fighting spurious legal actions. However, he does not endorse the growing trend to pressure business to do good in the world. "I think, like Warren Buffett has said... business should be doing business, government should do government, activists should do activism. If your shareholders have hired you to maximise profit, you should just maximise profits within the rules and within morality." What you then do with your money is your business. Whatever your view on that, Bill Browder has unarguably achieved something remarkable with his. ■

When CEOs are judged by analysts on their quarterly earnings calls, how much difference do their speech patterns make? The latest work by a team including our Research Fellow **Laura Fritsch** uses audio analysis to explore the link between rising intonation, company performance, and the different perceptions associated with gender.

# RESEARCH FOCUS: UPTALK AND QUARTERLY EARNINGS CALLS

What are the effects of women using uptalk in professional settings, and why is the question worth asking? After four years of looking into the phenomenon – in this case in the context of quarterly earnings calls – a group of researchers including our Research Fellow Laura Fritsch has found that the impact of using this particular mode of speech, the rising inflection at the ends of sentences, can be considerable: impacting professional success and company performance. The methodology used could also realise the untapped potential of an exciting area of research.

The initial trigger to explore this question, however, stemmed from Fritsch's personal experience a few years ago: when, during a research talk given by a woman, a male member of the audience interrupted with the instruction to "say it like you mean it", because of what he perceived as hesitancy in her delivery, with its rising inflection.

There were two things in particular that struck Fritsch: first, the difference in the treatment of the speaker compared to the less challenging treatment of a male researcher, at a talk around that time, whose work was arguably weaker. And secondly, directing the female academic to speak in a certain way had the opposite effect to that intended, leading her to panic and to use uptalk even more. "She was presenting the same information, but the audience were now receiving it in a totally different way, and this was fascinating," says Fritsch.

After this she started detecting female uptalk and its consequences in many contexts, including in media interviews. To interrogate what was going on in these interactions required a team combining a broad range of capabilities, including computational expertise. They decided that the ideal subject to illustrate the effects of such reactions would be quarterly earnings calls, the conference calls between company CEOs and industry analysts at which

the CEO outlines the performance of the company and its prospects. The reactions of analysts to these calls can have extensive implications, both on the performance of the company and the fate of its chief representative.

This approach and context was interesting for a number of reasons: such stereotyping regarding quarterly earnings calls is extremely little studied, and certainly rarely in a real-world setting – it is almost always in a laboratory setting. The quarterly earnings calls context is a traditional, male-dominated environment: most chief executives are men, and most of the analysts are also men, albeit there is a small but growing group of women that participate. Uptalk has been studied for

## 'Uptalk has been interpreted as a signal of a lack of confidence, a signal of solidarity, and as a female characteristic'

around 50 years, but is usually approached through linguistics, and has not previously been measured in a real-world setting outside a lab in either management, finance or economics contexts.

The project began with a text analysis approach, tagging the gender of participants and the nature of the language used, a huge undertaking given the amount of material under consideration. It then occurred to the team that analysing the actual audio of the calls would be fascinating, if daunting, requiring a new level of analysis on an epic scale. The largest number of such files analysed for a finance paper previously had been 700; this project had around 60,000, requiring the running of 17 computer servers in India to crunch the data.

Uptalk itself is very well recognised as a female speech characteristic across many English-speaking nations. In addition,

a number of studies of trans women trace the increased use of uptalk in male-to-female transitions, identifying it as a socialised phenomenon: a learned behaviour. There's many theories about why women do it: how they traditionally have to be more amenable and friendly and therefore use uptalk to "find their space in the room", and at the same time avoid being too brash. As the authors put it in one of the two working papers from the research, "Market Reactions to Gendered Speech Patterns: Uptalk, Earnings Calls, and the #MeToo Movement" (see below), "Uptalk has been interpreted under three broad headings: as a signal of a lack of confidence, as a signal of solidarity, and as a female speech characteristic."

Their research reveals that the uptalk used by female CEOs induces scepticism in the – predominantly male – audience of analysts, but it also transpired that the companies concerned often performed poorly, and therefore the analysts' judgment was a rational one. "If anything, analysts' expectations change less than they should," as the "Market Reactions" paper puts it. While it is perhaps an inconvenient truth for those hoping to find gender bias in all cases, it turns out that the use of uptalk by women says something real about the firm. Across the entire sample, when women use uptalk it signals negative performance, which the authors interpret as a perception of a lack of confidence. "If the point of these calls is as a governance measure for shareholders to understand what's happening in the company, from an optimal market monitoring perspective, this is actually positive," says Fritsch.

The research team foresaw that there might be a penalty from the use of uptalk and indeed there is, but not the expected one of a disproportionate, gendered reaction. "We found that the penalty is rational because uptalk has informational content," says Fritsch. After aspects of the research were featured in the *Financial Times*, her LinkedIn inbox

was filled with female executives either commiserating – “This is depressing, but it makes a lot of sense” – or “being really upset that the takeaway from this strand is to ask women to change”.

When male CEOs use uptalk, the perceptions work differently. Prior to the #MeToo movement, whether or not they used it was considered of no significance and the market ignored it. Since #MeToo and the pandemic, that has changed. For men, uptalk now comes with a bonus, not a penalty, where the market actually sees it as positive. “The way we interpret this is that uptalk can be seen as a sign of friendliness and gregariousness among men,” says Fritsch – the same behaviour eliciting absolutely opposite responses.

In fact, analysis of uptalk in the aftermath of #MeToo shows a number of intriguing trends. First, there is a marked decline of uptalk by all participants. Then there are phenomena related to the number of female executives participating in the calls. Before #MeToo, more women on the call led to an increase in uptalk from women CEOs and a decrease in uptalk from male CEOs. After #MeToo this effect is reversed for women, “suggesting that women executives become more certain in the presence of other women”.

The relationship between uptalk and the proportion of female analysts also changes after #MeToo: where before the uptalk decreased, the fewer female analysts were in the call, after #MeToo the uptalk by female executives becomes “indifferent to the fraction of female analysts”. With male executives, before #MeToo their uptalk was unaffected by the proportion of female analysts, while afterwards it increased proportionately. “These results can be explained if we assume that #MeToo emboldened female analysts to ask more difficult questions, leading to more uptalk by executives of both genders,” the authors suggest.

In a separate working paper arising

from examination of the same audio data, “Voice and Valuation: Female CEOs’ Speech Patterns Predict Market Responses”, the authors consider the impact of uptalk in companies where a female CEO has taken over from a male CEO. In those scenarios, women that use high levels of uptalk are penalised (those in the upper 50% of the sample), regardless of how well their companies actually perform. Below that level, in a “low uptalk” condition – the lower 50% of uptalk cue users – that entire penalty goes away and women are essentially

### ‘Only women who use a female-typed speech characteristic are penalised, rather than women in general’

treated like men. “This indicates that only women who use a female-typed speech characteristic are penalised, rather than women in general,” says Fritsch. The speech pattern entirely explains the penalty. That effect does not exist in male-to-male or female-to-male transitions.

There is one exception to the gendered impacts being at the expense of the female CEOs: when there is a transition from a male CEO to a female CEO, even though the absolute number of analysts participating in an earnings call drops, the number of female analysts participating increases from roughly 15% before the call – the normal proportion of female analysts covering these calls – to almost 80% when a woman CEO arrives. “So representation matters,” says Fritsch. “When female analysts see female CEOs in these positions, they are a lot more likely to engage.”

This work has been extremely exciting from a number of perspectives, says Fritsch. “It introduces the concept of uptalk in the social science literature, which is useful beyond the context of this research project. Quarterly earnings calls are a traditionally male-dominated environment. We don’t know whether the same penalties and benefits would be associated with its use in a more gender-balanced or female-dominated environment.”

The use of audio has also been particularly interesting and significant: “It’s an extremely under-researched, under-used method in the social sciences,” says Fritsch. “Perhaps that is because of the empirical impediments. Doing this stuff is hard. Over the past 10 years the amount of audio data that has been collected has increased enormously and this trend will only continue. This now becomes a really interesting method of social scientific investigation that is bigger than just uptalk, and definitely bigger than just quarterly earnings calls.” ■

For more on this research, see the working papers: “Market Reactions to Gendered Speech Patterns: Uptalk, Earnings Calls, and the #MeToo Movement” – Anantha Divakaruni, Laura Fritsch, Howard Jones, Alan D. Morrison ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4501479](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4501479)); and “Voice and Valuation: Female CEOs’ Speech Patterns Predict Market Responses” – Aharon Cohen Mohliver, Anantha Divakaruni, Laura Fritsch ([https://papers.ssrn.com/sol3/papers.cfm?abstract\\_id=4634085](https://papers.ssrn.com/sol3/papers.cfm?abstract_id=4634085)); “What the voices of female executives reveal on investor calls” (Financial Times – <https://tinyurl.com/25ekaxr5>).



Photo: © Nexusplexus | Dreamstime.com

Professor **Colin Mayer** is a leading thinker on how to create a more societally aligned model for business. We hosted a panel discussion of his latest book, *Capitalism and Crises*, to explore his alternatives to the currently failing ‘traditional policy prescriptions’.

# PANEL DISCUSSION: HOW TO FIX CAPITALISM

## Introduction by Colin Mayer (CM)

The most successful and profitable companies in the world, for example the Magnificent 7, as they’re sometimes termed – the trillion-dollar companies in the US, or the “Granola 11” companies in Europe – are the ones with clearly defined corporate purposes: to produce profitable solutions for the problems of people and planet, not profiting from producing problems for either. They are the ones that are surfing the waves, profiting from producing solutions to problems, from initiative, inspiration and innovation. The most unsuccessful companies are those that wade through the weeds of exploitation, expropriation and unjust enrichment, profiting from inflicting detriments on others, paying their employees less than living wages, their suppliers below fair-trade prices, or polluting the environment and emitting global warming gases. They do not incur the true costs of avoiding creating problems or cleaning up the mess they’ve created, and therefore they do not report a just or fair profit. Most companies are a mixture of the two.

Traditional policy prescriptions fail. The problem is traditionally seen as being one of an externality, external and extrinsic to the engine of capitalism and business. It’s regarded as just a failure of markets, competition, regulation and taxation. It’s not. It’s internal to the engine of capitalism and business. As a result, we’re prescribing the wrong policy prescriptions. Competition fails because good firms that incur their true costs are driven out by bad ones that do not, and capital flows from good to bad firms. In essence, competition creates a run to the bottom, not the top.

Regulation and taxation failed because companies lobby against it. They shift to low regulation and low tax regimes, and they employ consultants to help them avoid regulation and taxation and turn it, if possible, to a competitive advantage, a primary cause of polarisation of our societies and politics: the socialist Left

and environmental activists want more regulation and taxation and stronger enforcement; the libertarian Right and anti-woke brigade see this as an infringement of freedom and liberty that undermines growth, investment and jobs.

The purpose of business not only determines the success of business, but also the success of nations. The most successful nations are the ones with the most purposeful businesses. This explains why the US has been so successful in terms of its corporate and economic performance, but so unsuccessful in terms of its social and political cohesion; why Britain has been so unsuccessful in terms of its corporate and economic performance; and why Denmark has been so successful both economically and socially.

## ‘Competition fails because good firms that incur their true costs are driven out by bad ones that do not – a run to the bottom’

It explains the economic and corporate success of Asia and why much of Africa remains undeveloped. Countries and companies have been successful where they have aligned the interests of the two. The corporate sector in just profits earned from solving, not creating problems and the public sector in promoting the public interest. They’ve established a real partnership between the two around a common purpose of shared prosperity.

**Thorold Barker (TB)** If you had Keir Starmer and Rishi Sunak in an elevator for three minutes, what would you be saying they need to actually do to achieve this? Where’s the starting point?

**CM** What are the quick wins? The quickest win that I think is that the government can use its power of procurement, of licensing, of the

utilities, to promote the notion of companies adopting purposes of producing profitable solutions, not problems. And that would be a very powerful way of shifting a very significant segment of the British economy. Public procurement accounts for something like 13% of GDP. Throw in the utilities and public service companies alongside that, you’ve got a very substantial fraction of the British economy. Furthermore, this doesn’t raise international competition issues, because it refers to the provisions of goods and services on a national basis.

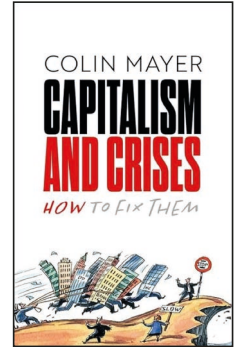
**TB** Would it be inflationary? And how much cultural change would be required to see any of that come through, or is it something that can happen fast?

**CM** It’s certainly not inflationary. It’s something that would improve the performance of the public service providers substantially. And as you know, productivity has been a major contribution to the failure of the public sector provision, but also has been a serious cost hangover for the economy.

It would have a very fundamental effect on culture, because it would shift the attitude of people, in particular in public service providing companies, away from the notion that all they’re there to do is to make money. And that has been a source of considerable conflict between the public and the private sector. It’s why public-private partnerships have failed and private finance initiatives have failed, because the interests of the private sector in profits has been contrary to that of the public sector in public benefit.

**TB** If you take the example of America, where the profit motive is very front and centre, they recently came up with this Inflation Reduction Act, which was utilising the tax system to say, we’ve decided that we need to get on board in terms of the environment [but] rather than subsidising as the European model has been, we’re going to actually give you tax breaks to go headlong towards profit





New business: (anti-clockwise, from top left) Colin Mayer, Visiting Fellows Thorold Barker, Emma Cox and Charlotte Cool, Centre director Rupert Younger

on this area, so you become the leaders and it accelerates and everything else. You didn't mention taxation. Is that the right way to go do you think?

**CM** Absolutely. So, taxation can be used as an extremely powerful tool in terms of incentivising companies. One of the elements that makes America stand out in this regard is the extent to which it uses government policy to promote investment by the private sector. We've never understood that point. You know, we simply talk about the private sector being there to provide public services and public infrastructure. We should be looking at it as a way of mobilising business; that way you get a real multiplier effect.

**TB** So why do you think the UK shies away from this? Is it an unwillingness to be seen to be giving tax breaks to companies?

**CM** Let me start off by pointing out that it wasn't always the case. Our railways, our canals were not built by the public sector: they were built by the private sector, and the public sector licensed the private sector to do this. We've lost this because there's been this in-built suspicion of the private sector: that its profit motive is not aligned with public interest.

**TB** Does it work in services, or is this more a "building of things" perspective?

**CM** Well, the first point is, this is a way of in essence bringing the service sector in public service provision, for example the provision of health services, online, because this will be a way in which

the government can create effective public-private partnerships and private finance initiatives.

**Emma Cox (EC)** You set out what some might say is quite a utopian view. In the real world companies produce solutions *and* problems. Where are the boundaries of what a company is responsible for, and what is normal competition in that sense?

**'We should be looking at the public sector as a way of mobilising business. That way you get a real multiplier effect'**

**CM** Utopian is not the term I would use. I would say it's directional. A main message of the book is: we have not been clear on what we are trying to do; a clear focus on where we are trying to move our economies. The first thing that [the book] is encouraging companies to do is realise there are these trade-offs and issues that companies have to address. Instead of regarding this as a great burden, it is a source of competitive advantage for those that can do this well, because those that can solve these problems in profitable ways are creating additional returns. When companies have to make a trade-off between creating employment and environmental detriments, they should remedy the environmental detriments, and recognise they are not profiting if they are avoiding the costs of those detriments.

**EM** At the moment our measurement system is focused on cash values, not on externalities that aren't priced. Do you see the movement in the measurement systems being able to catalyse the type of change you are talking about; what more do we need to help companies be accountable?

**CM** In general I am optimistic, but in the field of measurement it's become ridiculously complex. Even experts in the field can't really understand what the discussions are all about. We need something much simpler that will bring about fundamental change. First of all we need to determine, where is it that companies are creating detriments; how does one measure the extent to which they are creating those detriments; and how do we ensure that they incur the cost of remedying those detriments? Full stop. How do we start this measurement process going? We could start with some of the standards like the International Financial Reporting Standards Board are putting forward, and those will hopefully become universally accepted. That's a start but not the finish. Companies should be determining for themselves what are their own metrics that say whether they are delivering benefits for their societies or whether they are creating detriments, and measure their performance against that. ■

*Extracted from the online panel we hosted in March. The complete video can be found at [www.enactingpurpose.org](http://www.enactingpurpose.org). Colin Mayer's new book, Capitalism and Crises – How to Fix Them, is published by Oxford University Press.*

# NEWS, EVENTS AND APPOINTMENTS

We were thrilled to contribute to the second Purpose Day run by the Purpose Centre at the HEC Paris Sustainability and Organizations Institute in March – headed by Professor Rodolphe Durand (see right). Several hundred academic and practitioner attendees began with a “grazing session” across three rooms – research, governance insights from board level, and best practice from human resources – and the day concluded with a plenary session including an address by Hubert Joly, former CEO of Best Buy, and a keynote from economist/philosopher Ed Freeman, father of stakeholder theory. Our director Rupert Younger, and Research Fellows Samuel Mortimer and Laura Fritsch, showcased their work, and our Visiting Fellow Anne Simpson was on the final panel on investors and purpose. See some of the discussions at [www.youtube.com/watch?v=pDP\\_LxpqmUc](https://www.youtube.com/watch?v=pDP_LxpqmUc). A white paper from the day will be the next report from our Enacting Purpose Initiative (see [www.enactingpurpose.org](http://www.enactingpurpose.org)).



In January our Postdoctoral Research Fellow **Eva Schlindwein** co-authored “How Companies Restrain Means–Ends Decoupling: A Comparative Case Study of CSR Implementation” in the *Journal of Management Studies* – why companies continue to be major contributors to environmental and social problems despite committing to CSR. (See: <https://tinyurl.com/ys7dm6j8>.)

In March our Postdoctoral Research Fellow **Ximeng Feng** presented “Goal-Setting and Behavioral Change – Evidence from a Field Experiment on Water Conservation” at the Royal Economic Society Annual Conference in Belfast (see <https://res.org.uk/event-listing/res-2024-annual-conference/>).

Our Postdoctoral Research Fellow **Alessandro Guasti** is part of a team awarded a Full Research Grant from the International Growth Centre (IGC) at the LSE to research the impact of training interventions on the lives of women workers in clothing factories in India.

**Laura Fritsch** has joined the Centre as a Postdoctoral Research Fellow.

Laura’s interests lie in climate strategy, gender and corporate governance. She has two main research streams: the first looks at market reactions to gendered speech patterns using audio recordings of quarterly earnings calls (see pp6-7). The second focuses on market reactions to corporate greenwashing, and the impact of “climate talk” on the careers of UK parliamentarians. Laura’s doctoral work has been published at the *Strategic Management Journal* and featured in the *Financial Times*.

During her PhD, Laura was a Doctoral Research Fellow at the Alan Turing Institute and taught courses such as carbon markets, corporate governance and ethics, financial strategy, and financial analytics. She holds a DPhil

(PhD) from Oxford Saïd, an MSc (Hons) and an MPhil (Hons) from the Faculty of Law at the University of Oxford, and a BA (Hons) from the Department of Economics at Columbia University.

Laura was co-founder and CIO of Oka, a leading carbon insurance company, and has held advisory positions in climate tech companies. She clerked for the judicial task force of the Brazilian anti-corruption Operation Lava Jato, and was a Visiting Scholar at the Basel Institute on Governance (corporate governance division), where she helped develop the Argentinian Anti-Corruption Bill and the Colombian High-Level Reporting Mechanism (HLRM) alongside the OECD. She has also worked at the Mission of Brazil to the UN and the UN Economic and Social Council in New York.



## CONTACT US

We welcome your feedback. Please send any comments to: [reputation@sbs.ox.ac.uk](mailto: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.

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