

Reputation

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OXFORD UNIVERSITY CENTRE FOR CORPORATE REPUTATION



Purpose Day 2025:

Navigating dissent

The critical distinction between purpose as an organising principle, and social purpose/ESG

Fertile future

Venture capitalist Marie Ekeland on why longer time horizons, sharing data, and alignment support 'regenerative' investment

A better way forward

Florent Menegaux, CEO of Michelin, explains how the company has embedded its 'people-planet-profit' motive

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Scenes from Purpose Day 2025: (clockwise from top right) our Centre's Kevin Miner and Alexander Rustler discuss their research, while Hilary Hoyt debates 'Purpose commitments are a management distraction and destroy shareholder value', alongside Oxford Saïd's Professor Alan Morrison; speakers Marie Ekeland and Florent Menegaux, flanked by our director Rupert Younger, and Professor Rodolphe Durand and Romain Briat from the HEC Paris S&O Institute; Professor Vanessa Burbano addresses a packed hall at the Hôtel de l'Industrie in Paris.



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COMMENT: WHAT CORPORATE PURPOSE IS AND WHAT IT ISN'T

In February our Centre once again co-hosted the brilliant Purpose Day event organised by the HEC Paris Sustainability & Organizations (S&O) Institute Purpose Center, which took place at the French capital's Hôtel de l'Industrie. The third such annual event brought together academics and hundreds of practitioners to explore aspects of purpose in business at a time when the notion of "purposeful business" has been increasingly challenged from many quarters, both internal to organisations and external. For this reason, this year's day was themed "Corporate Purpose: Navigating Dissent".

This title reflects in particular the conflation of ESG with purpose, and the way in which ESG initiatives have become politicised, especially in the US. Previous reports issued by our Enacting Purpose Initiative (a partnership between the University of Oxford, several other Universities including HEC Paris, and a number of firms – see enactingpurpose.org) have sought to clarify and distinguish between ESG and purpose, pointing to the fundamental difference between purpose as an organising principle for decision-making and social purpose, which leads to ESG considerations and strategies. The current dissent seems to be focused on the latter – social purpose – as opposed to the former.

At Oxford Saïd, we have many who argue that modern capitalism requires companies to act in the wider interests of the stakeholders on whom they depend – employees (human capital), investors (financial capital), communities (social capital) and the environment (natural capital). Professor Colin Mayer is a notable example, and in an online debate with Professor Lucian Bebchuk of Harvard Business School (see www.sbs.ox.ac.uk/oxford-answers/stakeholder-versus-shareholder-capitalism-great-debate), the arguments for and against corporate social purpose are well set out. The challenge posed by Professor Bebchuk has been given added

momentum recently in the US by the Trump administration's drive against DEI (diversity, equity and inclusion) initiatives, and firms prioritising sustainability.

But when "purpose" is cited in these contexts, it is often due to a fundamental misunderstanding of the place of purpose in corporate strategy, argued Professor Rodolphe Durand, founder and Academic Director of HEC's S&O Institute, in his opening remarks at the Purpose Day. "I want to share two preliminary thoughts," he said. "The first is that Purpose is not CSR, so all the anti-ESG backlash might – but may not – undermine the idea that purpose-led organisations can thrive." The second was an uncomfortable truth: academic research does not completely and unequivocally support "a causal link between purpose and performance... You have as many firms doing well from purpose-based leadership as you have that underperform. Everything is in the way you do it, on the capacity you have

'The power of purpose depends on having established the conditions that make outperformance possible'

to leverage the positive energies from people and to align their energies." Purpose does not necessarily lead to super-performance by itself: its power depends on having established the conditions that make such outperformance possible.

Understanding these conditions is also not straightforward. In her keynote address to the delegates, Professor Vanessa Burbano of Columbia Business School discussed her research examining the dynamics of employee retention among firms adopting pro-social declarations. In this she finds that organisational performance may indeed suffer if employees are not aligned

with those declared goals, leading to cognitive confusion and a sense of inauthenticity. She also found that while philanthropic initiatives are often favoured by employees, the reasons are not straightforward: it may be based on an assessment of the signal that such initiatives send about the fairness of the corporation in the way it treats employees, rather than from appreciating the firm's altruistic motives.

Professor Durand concluded his introduction by suggesting that the growing schism between Europe and the US on the strategic role of purpose in business might extend to corporate fundamentals, and "that this idea of purpose at the time of some headwinds is perhaps more naturally a European project". He directed his audience to "share a dream... [and] think about a European way of approaching corporate governance and investment in a way that enables purpose-led firms to out-perform. If we can find the conditions that make these firms outperform and... the best practices to channel these positive energies, we will have found a European way of creating better capitalism."

With the S&O Institute, our Centre will be undertaking research this year to identify what it might be that makes "European capitalism" distinctive – versus a US or Anglo-Saxon approach. We are in the advanced stages of a more detailed report drawing on the insights of board members and senior executives from over 20 major European businesses. Our early findings suggest that there are indeed many reasons why European corporations have responded differently to either UK or US firms in recent months as the debate about purpose intensified on both sides of the Atlantic. ■

For more discussions from this year's Purpose Day, see pp4-7. There are also videos of some of the key presentations at www.hec.edu/en/faculty-research/centers/sustainability-organizations-institute/purpose-center/act/purpose-day.

Marie Ekeland, venture capitalist and founder and CEO of 2050, explains how alignment and an open-ended approach were key to successfully building a mould-breaking investment model focused on ‘a fertile future’.



PURPOSE DAY: REGENERATIVE INVESTMENT

When you're investing, you're not predicting the future: you're shaping the future. Because you put energy in one direction and not the other, there's way more chance society is going to go in that direction. The question after that is, what is the future that you want to be helping to come? As a financier you're used to thinking in terms of the past. You make decisions based on what has worked: usually the definition is, what has gained the most money. In a world where you want to think about a fertile future, which is our goal, optimising only for money is not going to work.

So you say, can I put environmental and social data in there to make my decisions? [But] we don't have them. The only thing we can do is to look at the future and say, what is the world we want to live in, what are the problems that are making us not go there, and understanding through science what are the solutions that have the most probability to bring us where we want to be. Usually, when you're solving huge problems, you're actually funding great businesses – which is the way 2050 was built: starting by the future.

Our purpose is to invest to shape a fertile future. We have five essentials: we want everyone to eat enough, eat healthily; we want everyone to be able to live and produce in a sustainable manner; we want to be able to take care of mental and physical health on a daily basis; we want everyone to be able to contribute to that by making the education and cultural model change in a way that we can understand what's going on and act upon it; and we want to put trust back into the economy and society by having a new risk financial model allowing long-term to happen; and media/AI allowing democracy to function. It is holistic.

We started [with] climate change. But we ensure the companies that we fund are aligning their business interests together with society and planet on top of the mission or the purpose they have

set themselves. We don't talk about impact, we talk about alignment. It's actually a French word, and it has three significant meanings: the first one is you stand upright – are you aligned with your own purpose as a person? The second meaning [is] the line of interest that goes from the team to the company, as a moral person, then to its ecosystem – like the stakeholders – to society and the planet. The last piece is the lineage: future generations. So you have time in there. It's not about just aligning your interest once in time. Everything changes. You need to set up the right governance to make decisions that are maintaining the alignment in time.

So this is what we apply to the venture model. To align people in our company as a venture capital firm, we need to have everyone incentivised on triple performance: on financial performance, but also on social and environmental performance. The second thing is to avoid potential misalignments. The

'In a world where you want to think about a fertile future, optimising only for money is not going to work'

management fee system can misalign, because you are aligned with your general partners but not with the team [or] LPs [limited partners]. The way we work is really cost-based, and we have a board composed of our stakeholders that is voting on our management fees. So we are fully aligned as a person and as a team.

The second thing is that the sustainable transformation is all about a value-chain shift. You need your suppliers to change, you need your customers to change the way they're using your product. You need to have an ecosystemic understanding of where to invest, and you need not to invest only in SaaS [software-as-a-service] B2B companies, but also in new types

of materials, in clean infrastructure and circular economy.

If you want these value chains to shift, you need to tackle the systemic blockers. We need to finance the research, share good practice, to change regulation. So we have dedicated budget to do that, and we expect zero return out of it, apart from the fact that we believe it's going to help our portfolio companies. We start by funding science that is making us good investors, understanding the problems and funding the solutions. The third part is about robustness. This is where the holistic investment strategy of always understanding what the impact on the other topics are, and therefore diminishing risk.

The last piece is time. We have a huge time problem in venture capitalism whenever we have a 10-year closed fund: it's imposing your timeframe to all the companies you fund. If we want sustainable transformation, we need more time for companies, but we still need to have some liquidity in shorter term returns for investors. So we've changed the model of the fund to do that, and eventually to ensure alignment in time: I had 100% of the company; I gave everything away to a perpetual purpose trust, like the Patagonia founder. So we now have a stakeholder governance that is ensuring that we do stay aligned.

We call it "regenerative" because we are funding what we call these ecosystem assets, the research and development, the advocacy piece through the LPs. Through our carried interest we build this open-ended fund that is giving annual liquidity back to our investors after five years. So they can be patient, but we can support our portfolio companies all the way through their needs, invest and build our position in time, and reduce it in time. It's not the classic: we go in and then we wait, and then we sell everything.

The last piece is stakeholder governance. We actually built five different colleges

that correspond to different stakeholders around our 2050 ecosystem: people from the team and the founders of 2050, but also entrepreneurs we backed, investors that support us and what we call experts, which [represent] nature and society. For example, we have Rashid Sumaila [Professor of Oceans & Fisheries Economics at the University of British Columbia, a Tyler Prize-winner], to ensure that we stay aligned all along our own value chain.

It's hard to manage so many competing interests. How do you do it?

We have very many different people who are not used to talking together. It takes time to build a common language and trust, and for that it's important everyone speaks.

How do you manage to bring people back into consensus?

It was really important there were no independent board members. They all have business with 2050 on one side or the other, because they want us as partners and they want the 2050 mission to be achieved.

What led you to this innovative way of investing?

I was never very traditional. I was the only woman in the room for 15 years – I started at JP Morgan on Wall Street. When I came back to Paris, the French VC scene was really copycatting Silicon Valley, so I started with a blank page: what is a good investor? The first thing is, someone who can bring value to a founder. I'm a mathematician and a computer scientist. My skill is to model problems and initiate solutions. It's a very helpful skill because you align energies of people. If you model the problem to solving what is the true tension, people are not into, "I want to be right", they're into, "How do we solve this problem?"

I realised that the biggest problems that we were facing were systemic: like the lack of digital talent in Europe; of growth capital in Europe; the digital single market being too complex. This is when I decided to create France Digital, [connecting] VCs and entrepreneurs. It proved to be super successful, because it's not about only the outside not working: it's because we're not tying strengths together, sharing best practice, building connections. [But] I realised that the problems we were tackling as an industry were not the biggest ones, and would not make the most



of this sustainable transformation of the economy.

How is it different from the traditional models?

We do not receive any deal flow. We go out and choose people. We started working on climate change by co-writing a course around all the environmental challenges with University Paris Dauphine: understanding the carbon cycle, the biology behind biodiversity laws, the IPCC [Intergovernmental Panel on Climate Change] scenarios, what it actually means for the different geographies, but also the different economies, the history of energy, social sciences... And from that we derived an investment strategy. It's in Creative Commons, it's fully available for everyone. It's a course that is now compulsory for all first-year students there. So it's deploying knowledge to have a catalytic impact. It's about changing the cultural models, and to change what good looks like in society.

What is the Foundation, and why is it necessary in this set-up?

It's about how you support the companies that you invest in in a better way. What are the new best practices in terms of governance, environmental and social impact? So we're founding partners of the Stockholm Resilience Centre Foundation, implementing their planetary boundaries indicators, beta-

testing them into our own companies and feeding back.

It's often reported that there's a trade-off in returns between purpose-related or ESG instruments and real business. Is that wrong?

Finance has been built on math. If you take financial performance on one side, impact on the other, you have to choose. In nature, there's no such thing. If you're part of an ecosystem that is thriving and it's nurturing every different actor so that that actor can give back to the ecosystem, you have a win-win. Finance was built on math and not on biology. This is why we talk about alignment and not impact, because impact in everyone's head is a discount to performance. [With] alignment, you see the win-win models.

What advice would you give on how to incorporate purpose and impact into strategies?

It's about clarity on what is the purpose. If you have clarity, you can take these decisions about short term versus long term. It's about how you implement it, this alignment methodology, how does that purpose trickle down into the whole organisation? Governance, everyone thinks it's about the board, but it's about how decisions are made at all levels. ■

Marie Ekeland was in conversation with our director Rupert Younger. See www.youtube.com/watch?v=IT_I6fVvb1k.

Florent Menegaux, CEO of Michelin, explains how a focus on personal development and ‘people-profit-planet’ informs everything within the business, from strategy to the application of cross-company leadership.



PURPOSE DAY: THE ROLE OF CULTURE IN PURPOSE-BASED BUSINESS

In 2006, [after the sudden death of Edouard Michelin, the last family member to head Michelin] we were kind of lost. So we asked several thousand people around the world the simple question: why do you wake up every morning working for Michelin? And we came up with this very strong idea that resonates in Michelin: “We care about giving people a better way forward.”

If you take the simple version, it says: we are interested in mobility, moving stuff or people from A to B. But if you think more about it, it’s also: we are interested in people development. We see Michelin as a giant people development platform: we do tyres, we do generative tissues to repair the human body, we do the next generation of glue that will use different types of molecules, but the aim is to develop people. We want people when they join Michelin to grow, to develop, and become [as Francois Michelin used to say] who you are. And that’s why it resonates with me, because I have transformed with Michelin. I thought I would stay for one year, maybe two: 28 years [later] and I believe that purpose every day in everything we do.

Michelin also aims to engage and meet stakeholder expectations while respecting their own values and beliefs. Does stating and executing purpose around “sustainable movement” generate or appease dissent?

It depends whether you define your purpose just to put on the walls, and then do something else, or you use this purpose to arbitrate at critical moments what you do – that’s what we do at Michelin. Often we put too many things in the purpose. The key issue in a corporation is how do you move from “stakes” to action. The world is moving very fast. When you are across 175 countries, different cultures, 132,000 people, how do you make sure that this movement between stakes and action makes sense?

You need many things other than the purpose. You need to define ambitions. You need to translate your purpose into action. That’s what we call our “dream”. You also need a strategy, but the strategy is not the mission. The strategy is how do you allocate your means to be able to fulfil your dream? And the dream is just the translation of your purpose at a defined moment in the future. But then if you do only that, you’ve done nothing. A corporation is just made by people, for people, and through people. Without people, corporations do not exist. We tend to forget that. We tend to think of corporations as a set of machines, a set of processes. You may have ambitions, you may have a strategy, and you may execute nothing, because you need to have in parallel people that agree to do it.

In order to have that, you need to have a set of values, you need to be very explicit, and you also need a leadership model. At Michelin we don’t define leadership just for the managers: we want everyone to behave as leaders, and then we’ve said, there is a subset of this leadership just for managers. And if you summarise at Michelin, we say: because we care. The leadership model is: I care, meaning I do things for myself and for others. For the managers, we say to them, take care. That’s very simple, but very efficient, and that’s what drives us. And if you don’t have that informed strategy, you achieve nothing.

Michelin aims to generate 20 to 30% of revenue from non-tyre activities by 2030, from less than 5% in 2020. So what role has “Michelin in Motion” played in advancing the company’s commitment to sustainable mobility and reducing environmental impact?

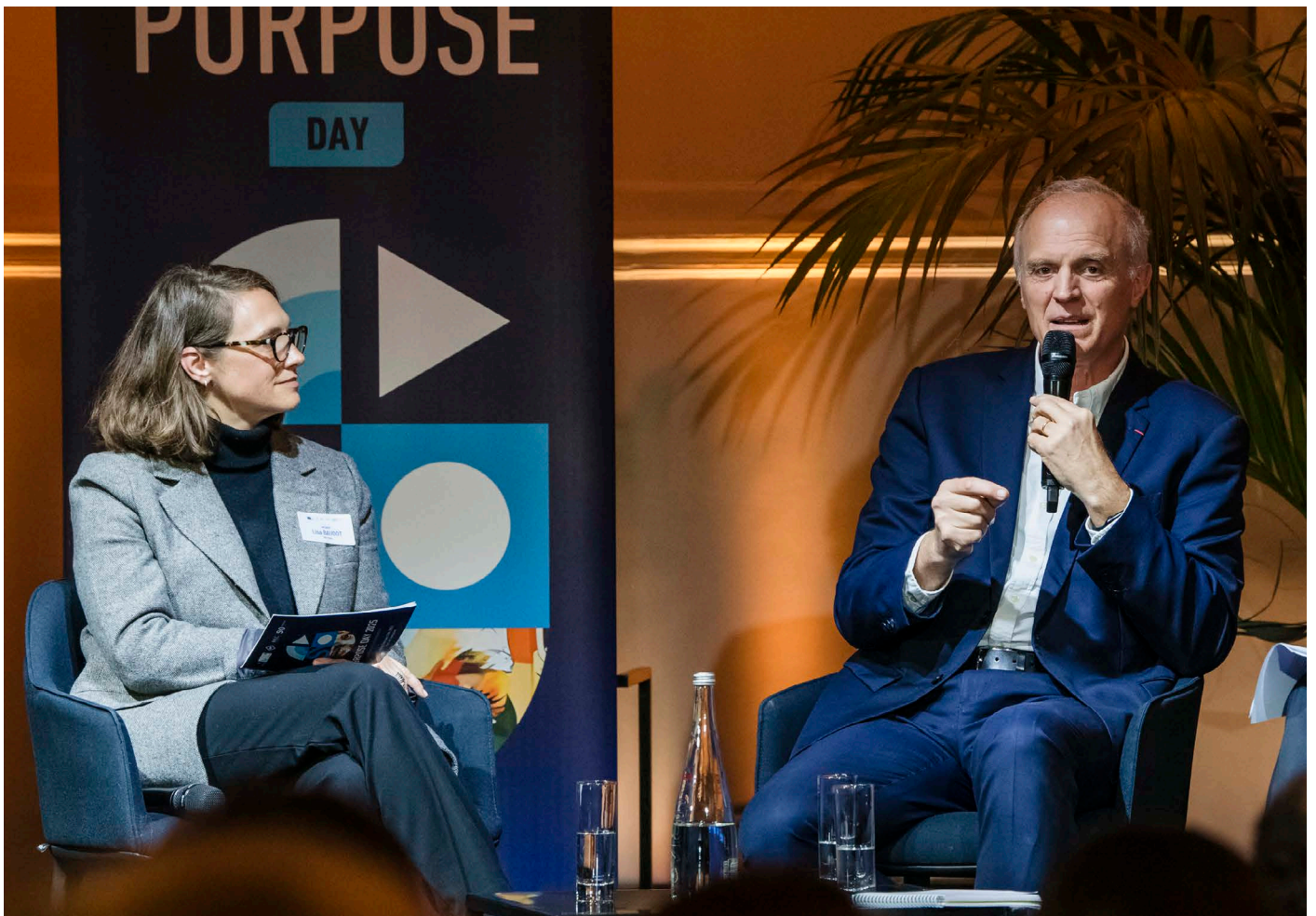
We have built cars, trains, aeroplanes, many things. You cannot summarise Michelin as a tyre maker. So we said, what is a tyre? Actually, a tyre is the ultimate life-changing composite, a very smart assembly of 200 materials. And we’ve defined ourselves as the world

leader in life-changing composites. Tyres is included in that, but we do many things that take us into the medical, aerospace, many other areas. The same technical knowhow will apply. And it fulfils our dream because we will have redefined what Michelin is and changed the market, because the life-changing composite does not exist as a sector today. So we are defining this sector for the benefit of the world.

How does Michelin address the tension between financial performance, ensuring its fair wage commitment, being competitive, and plant shutdowns?

In France we tend to think that corporations are like a museum: they should stay forever the way they are. Actually, a corporation is a living body. You need to accept the fact that things that were true 50 years ago may not be true today. But as we care about giving people a better way forward, we want that everyone from the lowest salary to the highest salary can live properly from the work that they do.

However, it doesn’t say that we can keep every activity in the same place. The market has moved, has changed. If we had to rebuild a new plant, we would not build it in those locations. The same social responsibility that says everyone is paid at a decent salary that enables a family of four just to envisage living, [education], medical coverage, transportation... When we drive a restructuring, we do it in a certain manner. When we close down those activities, we do it with two commitments: the first one is, we will find a new professional future for everyone – and that commitment takes several years. The second commitment is: we, as part of a local ecosystem, are committed through a subsidiary called Mission Development to regenerate as many jobs as the ones we have suppressed.



Research on work meaningfulness suggests that workers more and more seek work that's viewed as purposeful, that they desire more balance and flexibility, and that they want to feel positive about their company's social commitments. How does Michelin's human and social model address the meaningfulness of work?

Nobody is forced to work at Michelin. You have other choices. So that's the first element. Then of course, when you work, it is not a transactional relationship with your corporation. It is not just performing tasks. You need to understand that you're developing yourself through the work, and by this nice exchange of you developing yourself, executing some task and performing your job, you are going to develop Michelin. In return, Michelin will allow you to develop and therefore to grow. That exchange works nicely provided that people understand why they're performing the task. And we measure: every year we have a survey for every employee around the world – 80 questions: are you happy to perform the job you're performing? Are you happy with your manager? Are you happy with the company? Do you understand the

strategy? Do you understand what the management is telling you? So we take care of the mental health of everyone, and it is very important. If you do something that does not mean anything to you, it creates anxiety. I'm convinced it is one of the main challenges we face as corporations.

We have said from the beginning, every business would be measured against three realities: economic performance, people development and the planet stakes. Making sure that Michelin has a positive impact on the planet is absolutely crucial, so that people understand that the resources they use are not harming them outside of Michelin. And then economic performance and people development are in sync. If you care about developing people, in return they perform. Economic performance is indispensable to invest, to develop, to be able to generate the means that will allow people to develop. The thing is not to manage people, profit, planet separately. That is the magic: how do you perform in three dimensions? So when I go into a plant, see a commercial team, I always review them under three parameters: people, profit, planet. And that gives a lot of meaning in the work people perform.

How do you organise the conversation with the supervisory board around the incentives for the top managers, so that this is material and considered as being fairly achieved?

It's a journey. It's never exactly the way we would like it to be, but whether I measure the performance on a month, year, five years or 10 years, it's always those three items: people, profit, planet. So, for example, we have developed electric curing, consuming seven times less energy with the same way of curing. It's better for the planet, for people – because when you steam-cure tyres, it's very hot – and far less expensive. The best way [for] the purpose is whether it's aligned: is the strategy aligned with what we want to do? Are we contributing to our dream or are we moving outside of it? We look constantly at the alignment between the ambitions: one month, one year, three years, five years... 20 years, 30 years. We have milestones and we look at them on those three dimensions all the time. ■

Florent Menegaux was in conversation with Professors Rodolphe Durand and Lisa Baudot from HEC Paris. For the complete discussion, see www.youtube.com/watch?v=yMWuGG7jNn8.

As CEO of BCG BrightHouse, **Ashley Grice** is a leading expert on helping organisations unlock value through defining, and strategising around, their core purpose – with rigour, authenticity and cultural awareness, rather than wishful thinking.

THE BIG INTERVIEW: ASHLEY GRICE

Given the focus on corporate purpose in this issue, Ashley Grice is probably the perfect Big Interview subject. For the past eight years she has been the CEO of BrightHouse, the consultancy within the Boston Consulting Group (BCG) that has been leading the charge for purpose in business since 1995. In fact, as she explains on a Teams call from home in Atlanta, she first worked for the company in 2003, fresh from her MBA, one of a small group of true believers knocking on doors and spreading the mantra of purposeful transformation. “Wow, did we have to sell...” she says with a laugh. “It was us out there with our ideals saying, ‘No, I promise you, CEO, this is the thing!’”

That “thing” is what “gets leaders up in the morning energised about potential. It ignites people’s passions and underscores why the role they play matters. Purpose instills advocacy, not just loyalty, from employees and customers. [It] is your company’s North Star, its *raison d’être*. The mix of the emotional and rational that comes from understanding how you and your company can spark real change in the world.”

That is how BrightHouse now expresses it on its website. But it took years of banging the drum, first as a small independent consultancy, now as part of BCG, to position purpose as one of the major drivers in current strategic thinking. As BlackRock CEO Larry Fink put it in his iconic 2018 annual letter to shareholders: “Without a sense of purpose, no company... can achieve its full potential”, and during Grice’s time in the top job, a procession of high-profile companies, from Mercedes to The North Face and Michelin (under superfan Florent Menegaux, see pp6-7) have commissioned BrightHouse to excavate their purpose and ignite it.

However, the atmospherics around the case for purposeful business have somewhat altered recently, as

reflected by the theme of our Purpose Day, covered elsewhere in this issue: “Corporate Purpose: Navigating Dissent”. Particularly in a Trump II world, with some companies fearful of being seen to follow anything resembling socially driven purpose, and others perhaps more cynically empowered to pursue a narrow agenda dictated by the bottom line, is purpose going to struggle for a hearing?

Grice’s short answer is no; the longer one encompasses philosophy, science and storytelling. “Human beings fundamentally want two things: locus of control and to understand our role in the universe,” she says. “This big question of ‘why?’ is not something that happened with the invention of purpose consulting. It happened with the dawn of man. Aristotle was asking this question... [It] has fundamentally been part of the hero’s journey throughout history.” She often references the power of narrative,

‘Purpose is why you matter, vision is where you’re heading, mission is what you do every day, strategies get you there’

and it is no surprise that her education included a degree in English literature in advance of her masters’ in Public Health and her MBA, ideal training for the entrepreneurial consulting career she has chosen: “I’m a lateral thinker; I like to pull things from all over the place and create order out of chaos.”

In a similar vein, she identifies any perceived dissent as part of a natural wave that always occurs with the appearance of a new paradigm. “There’s hype about it, and then there’s the pushback. Over the course of time, you land in a stable place – ‘a stable model implementation’, as a colleague calls it.” In the process of “thesis, antithesis, synthesis”, however, the fundamentals

can get distorted: “There is runaway momentum, with organisations saying, ‘We know we need it,’ and then you get a lot of people who half-understand putting it out into the world, and it doesn’t go well.”

She articulates key distinctions with the clarity you would expect from someone whose career in this area spans 25 years: “Purpose is why you matter; vision is where you’re heading; mission is what you do every day; strategies are things with which you arm yourself to get there. Pure and simple. Vision, mission, strategy: temporal. Purpose: timeless. A lot of companies understand vision well. Mission and purpose are where things get confusing.” In her TED Talk, “The power of purpose in business”, she accompanies this formulation with a strong motivational and emotional charge: “The intersection of who you are at your very best, and the role in the world you are meant to play.”

But while the aspiration to a central purpose has an emotional component, it is no good without hard analysis, to counter the inclination towards wishful thinking, including conflating purpose and social purpose, or ESG. “Everyone pretends that purpose has to be noble... [but] human beings need happiness, escapism, entertainment. Sometimes companies focus on environment, sometimes fizzy drinks. That’s reality.” The purpose must be “embedded in every part of your organisation, and it has to be authentically about what you do, and contributing to the world in a way you are in a position to effect,” says Grice. “It must have KPIs and be measurable. It must have an implementation plan, and it must be authentic.” The prize “is impact, no matter how that comes. Some of it might be environmental, I hope it is. I think a lot of it is ethical. I hope a lot of it is inclusive on DEI [diversity, equality, inclusion]. A lot of it is giving people a sense of meaning and belongingness, even joy, through talent development.”



government plays, and how the social construct is set up.”

Speaking of Europe, does she think this cultural component will become increasingly important in what some see as a growing divide between the US and European models of capitalism (the focus of an ongoing research project between our Centre and the HEC Paris S&O Institute, our Purpose Day co-host)? “European capitalism has a more extensive social safety net and is much more naturally geared towards multi-stakeholder approaches because of that,” says Grice, who has watched with interest how recent pronouncements from incoming German Prime Minister Friedrich Merz seem to be reorienting towards innovation and investment.

The difference will perhaps show most glaringly in the rush for AI, as companies have to address both the battle for talent and the ability to innovate and adapt at speed as regulation struggles to keep up. As Grice says, “There’s this careful sense of regulation and responsibility in Europe, which makes it a really good space to be in terms of values, heart and mind,” but if experts frustrated with the speed of regulation simply head off to the US or elsewhere, that won’t help create a global sense of responsible AI. She reflects on a recent podcast she listened to, in part about the intersection of AI, tech, and censorship. “An organisation’s approach to AI must start with alignment on ethical values. Understanding your purpose helps you sort out thorny issues, understand on what side of the argument you and your company sit, and how to act on it responsibly.”

In particularly challenging and transformative times, she adds, organisations need to find their purpose more not less. “When people and organisations are undergoing an existential crisis, our business usually picks up.” It is after a shock that the human brain reforms neural pathways to do things differently, and the same with organisations. In a future transformed beyond our current imaginings, whatever the regulatory framework that applies, and how ethically driven leaders and organisations might be, a company that has clearly identified its North Star will be better placed to thrive. “If your purpose is actually authentic to the role in the world you play, guardrails are naturally set... If companies do that, then they can work at breakneck speed: ‘We do this, we don’t do this. You will be upskilled on that, and we will measure our success like this.’ You’ve got to be quick on the draw, but that comes from knowing what you stand for.” ■

Finding an organisation’s “why?” is an exhaustive and rigorous process, involving a range of expertise from in-depth interviews to data and strategic analysis. “The key is asking the right questions. When you get bad purpose, it’s either because you’ve got executives in a corner room who do it on their own, and they have no idea what anybody else thinks on the shop floor, or you get people up and down the organisation, [who are] so scared they don’t tell you the truth. Both those things end up [as] a poster on the wall in the break room, and everyone ignores it... Don’t send me 20 people who are going to tell me the CEO is great and everything’s good. If there is one curmudgeon in the [leadership team] who thinks this is crap, that’s the guy I’m having lunch with.” Once you are clear on purpose, “You set your guardrails, [so that] when things come up quickly and you have to react, you know what is in and out, you know how to react in a way that will continue to bring faith from your employees, engagement from employees, benefit to your company [and] to your stakeholders.”

The science is unequivocally on her side, she says. “Data will tell you that over the course of time, if you have purpose

and you’ve implemented it in a way that makes sense for your organisation, you will get value out of it... whether that comes through TSR [total shareholder return] directly, employee engagement

‘Data will tell you that over time, if you have purpose implemented in a way that makes sense, you will get value out of it’

and retention, or inspiration... productivity and innovation. There’s plenty of studies to show us that.”

Purpose looks different in different cultural contexts. In Japan, she says, mission can be perceived as the same thing as purpose. “It might come from *ikigai* [the Japanese conception of personal purpose]. In that case, don’t be a purist. Use what that culture uses to make impact. Just make sure the terms are clear. Ultimately the end goal is impact... The lens you’re going to take in a Confucian society is not going to be on legacy: you’re going to talk about society. In America it is oftentimes more about legacy, not society. The way you look at Europe is understanding the role that the

Ximeng Fang explores the implications of a fascinating initiative in Germany, which suggests how the negative impact of polarisation on social discourse and societal cohesion might be mitigated by real-life interactions.

RESEARCH FOCUS: IN-PERSON CONVERSATIONS AND POLARISATION

Polarisation is widely regarded as a considerable and growing societal ill, implicated in everything from the rise of extreme politics – such as in the gains made by the extreme rightwing Alternative for Germany (AfD) in the country’s recent general election – to the increasingly toxic nature of engagement on social media, which encourages participants to retreat into “echo chambers” made up of like-minded people, leading to further alienation and social fragmentation.

As a result, the dynamics of polarisation are becoming an increasing focus of study in a variety of settings, revealing many different kinds of negative phenomena for which they can be held accountable. For example, recently published research by the non-profit think tank More in Common explored how “progressive activists” may to some degree defeat their own objectives by stigmatising and not engaging with anyone they identify from a group with which they are not aligned, “potentially driving a backlash against progressive causes rather than helping them to win people over” (as reported in the *Guardian* – <https://tinyurl.com/4ev439w3>). In the US, Jubilee Media provides a striking example of what happens when you introduce those of radically opposing views to one another in a “gladiatorial” style format (see www.theatlantic.com/culture/archive/2025/01/jubilee-media-profile/681411/).

Most academic studies focus on polarisation and echo chambers in the context of online news or social media. However, internet use alone is unlikely to fully explain the rising political polarisation in recent decades. Our group of researchers set out to extend the analysis from (social) media to in-person conversations, and to explore the role social interaction can play in the real world in reinforcing or dispelling such polarisation.

Such interactions could be pivotal in counteracting polarisation, but it

is double-edged: on the one hand, facilitating interactions among *contrary-minded* individuals may have the potential to counteract political polarisation, for example by challenging prior views and by fostering empathy and understanding for the perspectives of ideological out-group members. On the other hand, interactions among *like-minded* individuals may lead to a further entrenching and widening of ideological divides in society, for example through the mutual reinforcement of shared beliefs and group identities. “Offline” interactions provide an important counter to online experiences, given the increased likelihood online of encountering people of more extreme views, and how the anonymity of the internet ramps up reactivity and makes respectful discussion less likely. It is also easier to get to know and appreciate other people in the round when you see them face-to-face, rather than defining them by their views alone. We set out to explore how engagement and debate in the real

‘Internet use alone is unlikely to fully explain the rising political polarisation in recent decades’

world between like minds and those of opposing view can make a difference – or not – to these processes.

Establishing rigorous evidence on the role of real-world, in-person conversations for polarisation is challenging. For example, suppose we compared individuals who regularly talk with political opponents versus individuals who exclusively talk with like-minded people. This leads to a chicken-egg problem: do they have different views because of the interactions, or are they choosing to (not) have the interactions because of their prior views?

We were fortunate to benefit from a

nationwide initiative across Germany begun by the newspaper *Die Zeit* in 2017: Germany Talks, which aims to provide a platform for informal discussions about contentious political topics by matching pairs of strangers from all across Germany for a private face-to-face conversation on one day of the year.

The idea is simple: participants who sign up to the programme are matched to each other based on their political views and then encouraged to meet in person with each other on a predetermined date. Some matched pairs already had more or less similar political views before the meeting, while others were at the opposite ends of the spectrum. Participants had no influence on the matching process. In its second iteration in 2018, about 4,200 pairs of participants met across Germany on 23 September to engage in face-to-face discussions on some of the most potentially divisive topics. Since its foundation, Germany Talks has established itself as an annual initiative with thousands of people meeting and talking to each other, and it has now expanded internationally through the *My Country Talks* programme (www.mycountrytalks.org).

Importantly, the programme only matches registered participants and establishes the first contact. Once connected, the participant pairs are free to arrange a meeting at a time and place of their own choosing, and talk about whichever topics they want. The conversations are neither observed nor constrained by any pre-imposed structure or guideline, apart from an officially communicated meeting date. (Importantly, some participants did not manage to meet with their partner after all in the end, despite being eager to do so. This gives us a clean comparison group to evaluate the effects of a face-to-face discussion.)

Five days before the 2018 iteration of the programme, we sent participants in Germany a baseline survey, followed, one week after the official date, by an endline



Signs of polarisation: an Alternative for Germany (AfD) poster from the country's recent general election.

about people with different political views. Even if we don't agree politically, we don't have to demonise each other, and if we are able to talk to each other civilly and respectfully, this could also help us find common political ground in the future, instead of moving further and further towards opposing poles.

Our evidence supports the common notion that "echo chambers" lead to an entrenchment and widening of ideological divides in society. In principle, a healthy democracy is designed to handle a marketplace of ideas for policies. However, it may not be able to handle circumstances in which large parts of society form extreme prejudices and immediate animosity solely based on someone holding opposing political views to one's own. Our paper shows that positive experiences of in-person conversations with people who hold contrasting political views can improve attitudes toward contrary-minded people and the perception of social cohesion more generally.

This highlights the importance of reducing obstacles to – and creating (physical) space and opportunity for – interpersonal contact and civil discussions across different political groups as an effective countermeasure against political polarisation, especially in light of growing geographical segregation. People with different political views increasingly live in separate geographical clusters (e.g., the urban-rural divide), which means that it becomes less likely to randomly meet (and befriend) contrary-minded people.

While the attention economy underlying social media and online engagement often favours negativity, outrage, and ideological extremes, grass-root initiatives such as My Country Talks, which allow people of different views and backgrounds to talk and listen to each other, provide a hopeful case study for the benefits of facilitating *bona fide* dialogue across different political camps. ■

"How in-person conversations shape political polarization: Quasi-experimental evidence from a nationwide initiative", by Ximeng Fang, Sven Heuser and Lasse S Stotzer, Journal of Public Economics (https://www.sciencedirect.com/science/article/pii/S0047272725000076). Ximeng Fang is a Postdoctoral Research Fellow with our Centre.

survey. Through these we set out to measure the effects of conversations on three dimensions of polarisation:

- Ideological polarisation, defined as a shift of (political) views toward more extreme positions
- Affective polarisation, defined as negative beliefs and attitudes toward ideological out-group members
- The general perception of social cohesion in society, which relates to concepts like social and civic capital

We elicited (dis-)agreement with 11 different political viewpoints in the baseline and endline survey, covering a range of social, economic and political topics ranging from immigration to income taxation. They included: Muslims and non-Muslims can coexist in Germany; the public debate about sexual harassment and #MeToo had some positive effects; meat should be taxed higher in order to reduce its consumption; Germany should implement stricter border controls; Germans are worse off today than 10 years ago; Donald Trump is good for the USA.

In the research we assess the degree of ideological polarisation by measuring how extreme an individual's overall opinion is, by looking at whether people agree /disagree with a statement "very strongly" or if their views are more moderate. Having many people at either end of the scale would indicate a high level of ideological polarisation.

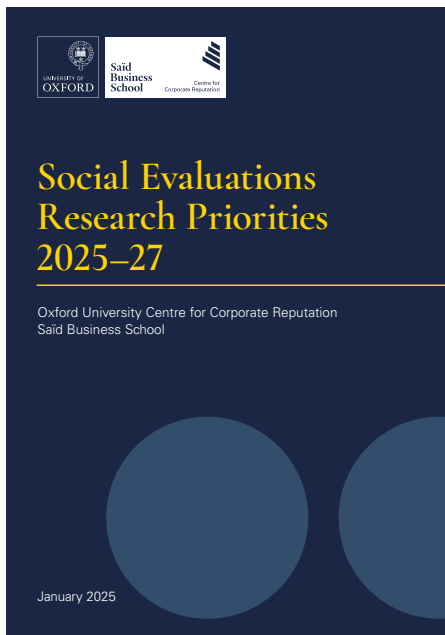
We find that the effect of in-person conversations is asymmetric. Participants who are matched to a like-minded partner display a significant increase in extremeness of viewpoints in the post-interaction survey. By contrast, participants who meet with a contrary-minded partner do not become more moderate in their opinions subsequently. At the same time, we also do not find any evidence for backlash/recoiling effects that some have found among those exposed to opposing views on social media – probably due to the likelihood of

'In-person conversations can improve attitudes towards contrary-minded people, and perceptions of social cohesion'

them being, on average, more extreme and intense.

The results shine a light on some of the more generally positive outcomes that can come from engagement, and that, importantly, the positive side of engaging with non-like-minded strangers is not matched by increased polarisation for those meeting with like minds. Talking with a person who holds similar political views does not seem to reduce or increase negative stereotypes about ideological out-group members. In contrast, we find that in-person conversations with a contrary-minded partner lead to a strong and significant reduction in overall negative stereotypes

NEWS AND EVENTS



In January we produced the latest version of our report, **Social Evaluations Research Priorities 2025-27**, which captures key concepts and critical themes in social evaluations research for scholars to consider over the next three years. It is compiled in consultation with our academic International Research Fellows and our senior practitioner Visiting Fellows. To read the complete report, see www.sbs.ox.ac.uk/sites/default/files/2025-01/social-evaluations-research-priorities_2025-27.pdf.

We were delighted to facilitate the second **Oxford-Intesa Sanpaolo Prize for Economics and Management** for second-year undergraduates in January. Entrants had to write an op-ed-style short essay arguing for or against the notion that global companies should prioritise local cultures and norms when considering their global corporate cultures. Congratulations to the three winners: Jacob Sinn, Simone Darley and Edward Gray. For more information about the prize see <https://tinyurl.com/mbvjuwz>.

There has been much recognition recently for the great work being done

APPOINTMENTS

Two new Postdoctoral Research Fellows have joined our Centre: **Hilary Hoyt** (top) and **Amelia Hawbaker**.

Amelia's areas of research include qualitative methods, organisational ethnography, institutional theory, and healthcare. She is active in developing research expanding institutional theory in modern healthcare settings. Hilary's research focuses on workplace relationships and organisational change. Using inductive methods, both qualitative and quantitative, she explores challenges related to organising through the eyes of organisational members – from founders to temporary employees.

Both are collaborating with Tom Lawrence, Professor of Strategic Management at Saïd Business School, to examine innovations in the delivery of end-of-life care to people with insecure housing in the UK. So far, their findings highlight the roles of shelter



and hospice professionals in bringing together disparate fields of care, by negotiating care delivery through a process that changes the meanings and uses of place.

We are delighted that Professor **Alan Morrison**, a great contributor to the work of our Centre – including as a principal investigator (PI) for a number of our Postdoctoral Research Fellows, and the co-convenor of our long-running R:ETRO webinar series – has become the first Intesa Sanpaolo Professor of Business, Ethics, and Finance at Oxford Saïd. Intesa Sanpaolo bank is a key supporter of the work of our Centre, both in Oxford and around the world. As a further illustration of this: our Intesa Sanpaolo Research Fellow **Samuel Mortimer** has been appointed as a Senior Lecturer at the Graduate School of Management, Kyoto University.

by our Postdoctoral Research Fellows: **Dize Dinckol** and **Alexander Rustler** shared Oxford Saïd's inaugural Research Excellence award for Early Career Researchers – see their work at <https://tinyurl.com/5smzzdz> and <https://tinyurl.com/3m4cysv2>. This last term also saw two new publications: by **Samuel Mortimer**, "Becoming authentic: A social conception of the self", in the *Philosophical Quarterly* (see <https://doi.org/10.1093/pq/pqaf008>); and **Ximeng Fang**, with Sven Heuser and Lasse S Stötzer, "How in-person conversations shape political polarization: Quasi-experimental evidence from a

nationwide initiative" – see pp10-11 for an article based on this research. The full paper is at www.sciencedirect.com/science/article/pii/S0047272725000076.

As featured extensively in this issue, we supported the third edition of the annual **Purpose Day**, co-hosted with the HEC Paris S&O Institute in Paris in February. It was the usual inspirational mixture of discussions around academic research and presentations from business leaders. See pp2-7, and www.hec.edu/en/society-organizations-institute/news/hec-purpose-day-2025-navigating-dissent-corporate-purpose.

CONTACT US

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