The cost of Uber’s failed culture 02
Social versus traditional media

THE BIG INTERVIEW 06
Sir John Parker, Chairman of Anglo American, on crises and integrity

CASE STUDY 08
A firm’s real-time social media campaign against a TV investigation

RESEARCH FOCUS 10
‘Lens’ and ‘prism’ perceptions of a management consultancy

ANALYSIS 11
The reputation of Donald Trump

NEWS AND EVENTS 12

CONFERENCE REPORT 03–05
The theory of the firm: outsourcing, contracts, culture and reputation
Comment

UBER’S CAR CRASH

What a mess. The positive momentum at Uber, one of Silicon Valley’s most high-profile success stories, came to a juddering halt this month with revelations about its toxic corporate culture. Following the release of a video showing CEO Travis Kalanick verbally abusing an Uber driver back in February, allegations of sexist and misogynistic behaviour at the company eventually resulted in his resignation. But it did not stop there. After Kalanick stepped down, it emerged that David Bonderman, an Uber board member and prominent venture capitalist, had made a derogatory comment about women at the Uber board meeting which was itself discussing the sexist and misogynistic culture. The picture that has emerged is of a company with a terrible culture.

How much does this matter? Our research on capability and character reputations offers a valuable perspective. Customers using Uber may well ignore corporate shenanigans such as this. For customers, what matters is capability. They want to be able to open the app. They want the car to be clean. This matters more to the driver who collects them to be pleasant and hope it goes away. With the erosion of the brand image, the option of making your own case online is increasingly feasible. The Italian oil and gas giant Eni decided to do just that, when faced with the prospect of what it saw as a TV “hatchet job”. It eschewed an invitation from Italy’s leading current affairs programme – Report – to defend itself in an edited form, and instead launched a communications blitz live online as the critical programme went on air. The initiative, principally using Twitter, was a first in Italy and was hailed as a game-changer and widely debated, including eliciting support from the then-Prime Minister Matteo Renzi.

Debate in the weeks following was not principally about the substance of the TV programme, but the effectiveness or otherwise of Eni’s social media strategy. It has been adopted by others in Italy since – notably Coca-Cola – and Report, caught flat-footed first time round, now runs live commentary on social media in parallel with its pre-recorded broadcasts. This is a significant shift that is captured in our case study around the event (see an extract on pp08-09).

CULTURE CLUBS

On the subject of culture, our conference on outsourcing, contracting and the theory of the firm (see pp03-05) began from a legal and economics perspective – hardly surprising with an academic group that included 2016 Economics Nobel laureate Oliver Hart. But contributions from practitioners in the banking, automotive, retail, legal and IT sectors made clear that an alignment of corporate cultures can be as important a basis on which to conduct business. Many agreements between business customers and suppliers actively try to keep out “the law” (and lawyers). Instead, the agreements carve out space for negotiation and compromise between the parties, allowing them to better manage disagreements, as well as unforeseen events such as changes in the market. Lawyers pore over contracts, but for most business people, taking their counterparts to court is the last thing they want to do.

SOCIAL MEDIA MESSAGE

The potential responses to attacks on your reputation in traditional media used to be pretty much as follows: 1) engage early and do your best on the media’s own terms; 2) respond after the fact with corrections; 3) sue; 4) ignore it and hope it goes away. With the erosion of the power of traditional media, the fragmentation of audiences, and the networks offered by social media, the option of making your own case online is increasingly feasible. The Italian oil and gas giant Eni decided to do just that, when faced with the prospect of what it saw as a TV “hatchet job”. It eschewed an invitation from Italy’s leading current affairs programme – Report – to defend itself in an edited form, and instead launched a communications blitz live online as the critical programme went on air. The initiative, principally using Twitter, was a first in Italy and was hailed as a game-changer and widely debated, including eliciting support from the then-Prime Minister Matteo Renzi.

Debate in the weeks following was not principally about the substance of the TV programme, but the effectiveness or otherwise of Eni’s social media strategy. It has been adopted by others in Italy since – notably Coca-Cola – and Report, caught flat-footed first time round, now runs live commentary on social media in parallel with its pre-recorded broadcasts. This is a significant shift that is captured in our case study around the event (see an extract on pp08-09).

TRUMPED UP

Eni’s social media initiative pre-dates another notable fan of social media: President Trump. As @realdonaldtrump jumps from one Twitter-fuelled controversy to another, on p11 our International Research Fellow Gary Fine reflects on the problematic reputations of Trump alongside those of his predecessors Bill Clinton and Richard Nixon, and shows that to understand what is going on beneath the brouhaha around the current incumbent at the White House, it is important to understand the societal forces at work in the formation of his – and his predecessors’ – reputations.

* Eni is one of the organisations that funds research and activities at the Centre for Corporate Reputation.
At our Theory of the Firm conference, eminent academics and senior practitioners examined the ramifications of the outsourcing revolution, and the implications for contracting and relationships between firms. Contributions from the banking, automotive, retail and IT sectors made clear that cultures and concern for reputation sit at the heart of these relationships. Below, four of the participating academics*, Alan Morrison, Gillian Hadfield, Oliver Hart and Lisa Bernstein, discuss the ‘scaffolding’ of an evolving business environment.

**CONFERENCE REPORT: THEORY OF THE FIRM**

*Alan:* I’m going to start by asking everybody what they think was most useful and valuable about the conference.

*Gillian:* I was very interested in hearing from the people talking about global supply chains and the comparison between the rule of law and the rule of values, and the ways in which cultures and values helped to coordinate the willingness to move forward in an uncertain, complex environment.

*Oliver:* For an economist like me, the question of what can be outsourced or what can’t be – or shouldn’t be – remains an extremely complicated question. Hearing the way practitioners talk about it helps me to think about how perhaps the theory should be modified. Relationships are clearly very important. You can get great things through outsourcing if you have good relationships, if you take advantage of reputation.

When I was listening to that I was wondering: why isn’t everything out-sourced? You know, it seems as if there are some core functions of the firm, the basic essence of what a firm is which you don’t want to outsource, that it would be dangerous to do; but perhaps almost everything else can be. Then again we heard in the session on IT that actually there, somehow, the relationships and the reputation don’t seem to work so well.

In the last few years I have been focusing on the idea of contractors’ reference points, where the idea is that the contract is almost a communication device where the parties sit down and get themselves onto the same page so that they know what’s expected of them in the future. It’s not really about people’s rights and obligations to go to court if things go wrong. It was very interesting to hear that several of the practitioners seemed to think of contracts in the same way.

*Alan:* I was very struck by the fact that most of the people we spoke to wouldn’t – unless it was an absolute last resort – dream of resorting to litigation, because of concern for both reputation and ambiguity-related problems.

*Lisa:* As lawyers we’re trained to think that everybody on the opposite side is going to act opportunistically and strategically at every turn, and that we’re supposed to constrain them through contracts. For me the most interesting thing that emerged from the conference, although not necessarily the most unexpected, was the view that what contracts actually do is coordinate expectations. They are a blueprint for how the relationship should go forward, and of how you work out problems. So I think the emphasis on contracts as governance devices as opposed to pure opportunism—preventing devices, is something important that found deep support in the comments of our participants from the business world.

*Gillian:* I was very interested in hearing from our participants from the business world. Steven Tadelis, talks a lot about culture. Do you think we've seen good case study examples of cultural values at work and how can we think about those in a more formal way?

When I was listening to that I was wondering: why isn’t everything out-sourced? You know, it seems as if there are some core functions of the firm, the basic essence of what a firm is which you don’t want to outsource, that it would be dangerous to do; but perhaps almost everything else can be. Then again we heard in the session on IT that actually there, somehow, the relationships and the reputation don’t seem to work so well.

In the last few years I have been focusing on the idea of contractors’ reference points, where the idea is that the contract is almost a communication device where the parties sit down and get themselves onto the same page so that they know what’s expected of them in the future. It’s not really about people’s rights and obligations to go to court if things go wrong. It was very interesting to hear that several of the practitioners seemed to think of contracts in the same way.

*Alan:* I was very struck by the fact that most of the people we spoke to wouldn’t – unless it was an absolute last resort – dream of resorting to litigation, because of concern for both reputation and ambiguity-related problems.

*Lisa:* As lawyers we’re trained to think that everybody on the opposite side is going to act opportunistically and strategically at every turn, and that we’re supposed to constrain them through contracts. For me the most interesting thing that emerged from the conference, although not necessarily the most unexpected, was the view that what contracts actually do is coordinate expectations. They are a blueprint for how the relationship should go forward, and of how you work out problems. So I think the emphasis on contracts as governance devices as opposed to pure opportunism—preventing devices, is something important that found deep support in the comments of our participants from the business world.

*Gillian:* I was very interested in hearing from our participants from the business world. Steven Tadelis, talks a lot about culture. Do you think we've seen good case study examples of cultural values at work and how can we think about those in a more formal way?

How do you navigate them? What you're seeing is the idea that you need structures that coordinate that adaptation, and I think that's something quite different to what we've dealt with in the theory of the firm. We are reaching to these structures to help do that, the way that legal interpretation and a clear document can help do that, the way that concepts of fairness can do that. Clearly there's a lot these people are talking about that doesn't yet show up anywhere in our models.

*Oliver:* I think that there's a close connection between culture and reference points: the culture of the organisation provides a reference point for people and if you go into an organisation and you find that "this is the way we do things", you're going to think, "Well, that's reasonable because that's what everybody else is doing", whereas if it was imposed on you suddenly, you might think, "No I don't like that", and you might react in some negative way. But because it's out there and people accept it, you accept it too, which is a bit like a contract provision.
Continued from previous page

Alan: It seems to me that that very closely relates to the question of values. My own work identifies culture as a way that you learn about the values that are adopted within the organisation, and I did wonder in the context of some of the case studies we heard, the extent to which fracturing - moving activities across firm borders and outsourcing activity - would change received wisdoms and values and shared understandings of the way things should be done.

Lisa: I think in some ways the bottom line of the conference for me was that it gave birth to a new course, one that I came up with while I was preparing the reading materials. For years I've taught contracts or advanced contracts, and now I'm putting together a course called contract governance, because I really think that the contract is one small part of the governance of these relationships, and in many contexts it is unlikely to be the single most important part.

I think it's really important to get lawyers thinking in governance terms, rather than just focusing narrowly - as they often do - on the piece of paper called “the contract”. They can create reference points through contracts, extra-legal understandings, or through shared values and a myriad of other ways. There's no one way to do it, but there needs to be more systematic thinking just as there was in the early days of the corporate governance movement, as commentators move from thinking only about corporate law to thinking about corporate governance, too.

Gillian: I think one of the messages is that you can't focus on the transaction. We heard from a large food retailer about the structures they build to govern supply relationships, and the fact that they see personalised food coming down the pike. What I heard in that was, “We see that as another complex thing that's coming down, and we are anticipating the complexity by building a structure today, by building the relationships, the organisations, the concepts, and infusing values, so that we will be better equipped to navigate this future when it gets here.” I was very struck by that. It makes you even wonder why firms are so interested in corporate social responsibility, including environmental sustainability, human rights, employment protections...

Alan: All of which came up quite a lot.

Gillian: Right, and obviously you can say, “Look it's just we have consumer reaction, we have to do it”, but I think it's a much richer phenomenon than that. There's a sense in which it's the creation of a values system that says, “We're going to be better coordinated with our employees, and our suppliers, by creating this rich thing.”

Lisa: They're saying, “In our community, we don't want to be viewed as something that's hurting other transactors of society and the power of reputations.”

Alan: A point that relates closely to that, and to Oliver's question about what the essence of the firm is: there was a striking remark by one of the participating general counsel, who said that he outsources an enormous amount of stuff, and the more technology comes along, the more he can outsource. But there is still a limit to his outsourcing: he sees himself as the only person who's got some sort of skin in the game, and when pressed, he said that was “reputational skin”. So in some sense, and one of the automotive companies said the same thing, the outsourcing decision is driven by the question, “Which things do we really need to control for reputational reasons?” I thought that was very striking.

Lisa: Well, it is partly that you cannot, as a practical matter, get compensation for damage to reputation.

Alan: Yes, and another firm made this point: when reputation is damaged, we don't charge our suppliers but we do use the experience to modify our relationship in the future. Have we learned anything else that's directly relevant to our understanding of reputation in the corporate landscape?

Lisa: Well, I think we've learned that lawyers don't pay enough attention to it. There's definitely a gap between the emphasis that business executives put on reputation and the emphasis that transactional lawyers put on reputation. Transactional lawyers have underestimated the power of reputation to bond contracts even more effectively than the prospect of legal remedies.

Alan: Quite a few papers that have come out of the Centre for Corporate Reputation of late, including one of mine, distinguish between two sorts of reputations: reputation for competence, and reputation for having a good character, for doing things in an honest way. Which of those reputations do you think are firms concerned about maintaining inside the firm? Can you protect your reputation for honourable character through outsourcing? Or can you protect your reputation for being competent through outsourcing?

Oliver: Well, I think we've heard that in some
cases you don’t want to push that too far: you have to be careful that you don’t ruin your brand by outsourcing to the wrong firm.

Alan: That’s really another kind of fee.

Lisa: The emergence of the firms that manage outsourcing might be an attempt to leverage the power of reputation, because they’re in there working with the vendors on a repeat basis: they know who’s been naughty and who’s been nice in these various different relationships, because they’re managing hundreds if not thousands of them. In other words, firms that have arisen to manage outsourcing relationships may be trying to become reputational intermediaries who really know what’s going on in the day-to-day administration of these different deals.

So I think those firms have the potential to change the way that reputation works in outsourcing relationships, although it may be a bit too early to see that yet: they’re relatively new, they’re just really scaling up now.

Gillian: I think the other thing is the idea that there’s institutional and organisational structure to the building, the maintenance, the development of reputation; it’s not simply a history of data about actions that you’ve taken. So one way to think about the Bangladesh Accord and Alliance structures that we discussed earlier is as contractual forms that develop to manage the development of reputation: that is, reputation for fire safety and so on, in those factories. And that reputation is more than, “What’s my history of actions that I’ve taken?” It’s a complex thing to build, to make responsive and to communicate.

* Alan Morrison is Professor of Law and Finance at Said Business School; Gillian Hadfield is the Richard L. and Antoinette Schamai Kirtland Professor of Law and Professor of Economics at the University of Southern California; Oliver Hart is the Andrew E. Furer Professor of Economics at Harvard University; Lisa Bernstein is Wilson-Dickinson Professor of Law at the Law School, University of Chicago.

“CULTURE IS PLAYING A VERY SIMILAR ROLE TO THE ROLE THAT CONTRACTS AND LAW ARE PLAYING.”
Centre Director Rupert Younger meets **Sir John Parker**, one of the UK's most experienced and respected business leaders, to discuss leadership, duty, diversity, how to help firms navigate existential crises, the role of government 'soft power', and the importance of business raising the profile of its societal contribution.

**THE BIG INTERVIEW**

The first thing that strikes you when you meet Sir John Parker is his impeccable manners. Sir John is probably the most courteous chairman I have interviewed. He stands as I am shown into his unassuming office on the top floor of the London headquarters of mining company Anglo American. He takes care to offer me a seat – one without sun in my eyes – before pouring me a glass of water and some coffee. And when he does sit down, it is with a disarming smile and the words, “Now, what can I do to help?”

Sir John has helped a lot of people over the course of his distinguished career. It is something that he is passionate about, and which he regards as a key duty of leadership. Duty is a theme that he returns to many times during our conversation. But I am here to talk reputation with Sir John. “Reputation is bound up in all of this,” he says. “As leaders, we are guardians of the reputations of the organisations that we lead, and we have a duty and a responsibility to do that to the very best of our ability.”

Sir John is one of today's most prolific and hard-working business leaders. He is currently Chairman of Anglo American, from which he will step down at the end of October, after eight years in the role. He is also Chairman of Pennon, the environmental infrastructure company, and has chaired five FTSE 100 companies (National Grid, Anglo American, Lattice, RMC and P&O). Two other companies he has chaired have since become FTSE 100 companies (Babcock International and Mond). He has served on the board of 13 others, including as a non-executive director at Airbus and Carnival Corporation.

He was Chancellor of the University of Southampton and is a Visiting Fellow at the University of Oxford. He was President of the Royal Academy of Engineering and also of the Royal Institution of Naval Architects. He was a governor of the RNLI and was knighted for services to defence and shipbuilding in 2001, and awarded a GBE in 2012 for services to industry and the voluntary sector.

Engineering runs like a mineral seam throughout Sir John’s career. “I have been very careful about choosing my companies. I would never accept a role at an insurance company or a commercial or investment bank” (although he points out that advisory roles in banking might have been different).

I challenge him on this. Surely he is guilty of breaking his own rules. After all, he accepted a role as Chair of the Court of the Bank of England, the UK’s premier financial institution. He laughs in his trademark deep purr: “The Court of the Bank of England was the only time I have ever joined something without domain knowledge. And I jokingly say that the Bank of England has a very fine emergency power station within its vaults and so there was at least one part of the bank’s operations that I could comment on with some authority!”

Sir John is a firm believer that integrity is a foundation stone of reputation. “You are either a person of integrity or not. Above all you have to build trust within the community where you operate. You cannot have a good personal reputation without being a person of integrity.”

Sir John emanates the values that he publicly espouses. The result has been a series of awards from his peers, including being given the Lifetime Achievement Award at the Sunday Times Non-Executive Director (NED) Awards in 2015. Marco Alvera – CEO of SNAM and a board member of Standard & Poors – is a mentee of Sir John’s. His analysis? Sir John is “thoughtful, resourceful, generous, calm and strategic. He has huge integrity, great wisdom, and above all is a simplifier of complexity.”

It is not surprising, given these different accolades that Sir John was asked by the UK Government to review diversity in the boardroom. The eponymous Parker Review, completed in 2016, was as uncompromising as it was honest.

“Of the 1,090 people on boards, only 90 are persons of colour; only 1.5 per cent of UK directors. And 53 per cent of the FTSE 100 don’t have a person of colour on the board at all. It is not good enough, so we set out some targets, which I hope will help,” he says. He is not just concerned about diversity from an optics perspective, a charge often levelled at reviews of this sort. He is very clear that the aim of boards should be to encourage diversity of thought, not diversity on paper. “Boards are like an orchestra. You have to find the right piccolo player, the right first violin and so on.”

It is a refreshingly direct and honest appraisal of the challenge facing boardrooms today all over the world. The ability to combine tact with direct and often uncompromising language is one of Sir John’s most valuable talents.

This conversation about board appointments and board diversity is the only time I can draw Sir John to be critical of shareholders. “I am critical of the fact that they don’t cross-examine me about the quality of my board,” he says. “Very few have asked me about the number of women we have, or our bandwidth and skillsets or our targets. But that I think is changing, and it is welcome.”

His only other criticism is around pay. “In all my years in corporate life I have yet to meet the perfect remuneration scheme. We have introduced too much complexity. And part of it is due to the different signals you get from investors – TSR [total shareholder return], return on capital, eps [earnings per share] and so on. There is a lot of work to do here.”

Sir John has had to manage his fair share of corporate crises. Probably the most visible was the 2012 sinking of the Costa Concordia, a luxury cruise liner owned by Carnival Corporation, of which Sir John was a non-executive director. But he makes the point that not every crisis is as visible or as dramatic in human terms. Often, corporate crises happen out of the glare of publicity, but they are no less severe or critical to the reputation of the business or the leadership concerned.

“From 2013, we have had a massive crisis here at Anglo American – a crisis of a freefall in commodity prices. No one saw it coming.
It was a tidal wave that could have sunk us and many others in the industry – in our case $6.4bn was wiped off our ebitda [earnings before tax, depreciation and amortization] in two years.”

His response with his CEO was to immediately put the board on what he calls a “war footing”. “We put assets on the block that we would not have otherwise contemplated selling and we took these decisions in very fast time. For example, at the end of 2015, in the closing month of November when we were about to approve the budget for 2016, $1.5bn was wiped off in one month.”

The result of this was that the company had to completely re-budget. “We met – myself, the CEO, CFO and three non-executive directors as a board sub-committee – every 10 days to make fast decisions, and I took personal responsibility to discuss and inform the other NEDs and to get alignment with the decisions taken.”

Finally, the night before the company’s financial results, he invited the CEO to attend the board dinner to answer any final questions. “I did not want the CEO to go out to do one of the toughest jobs of his life without knowing the board was one hundred per cent behind him. It was a great success – we were aligned and the CEO knew it.”

“COMPETENCE WITHOUT INTEGRITY OR CHARACTER IS NOT THE FULL PACKAGE. CHARACTER IS WHAT I LOOK FOR.”

Crisis provide a rare public window into the inner workings of the corporate world. Sometimes crises shed a light on the competence of an organisation – for example the recent British Airways IT failure – and sometimes they shed a light on the character of the organisation. I ask Sir John which he considers more important in a leader. “I think that competence without integrity or character is not the full package. Character is what I look for. When you interview someone for leadership, you are exploring his or her values, how they have handled different crises, what’s their attitude to safety and the environment, stakeholders and communities.”

Sir John believes that there is a role for government in regulating bad behaviour by leaders. “I think sometimes when shareholders and companies fail to come up with solutions to obvious issues for society, government should step in. But there are many ways government can act without legislation. Soft power is often capable of greater influence than hard power.”

But he also believes that business, and its leaders, needs to do better to explain its wider purpose and contribution. For instance, Anglo American operates one of the largest schemes in Africa testing and providing drugs to those affected by AIDS. The company also creates jobs outside mining – helping women start bakeries or make the mining suits used by the company’s workers.

“I don’t think it is well understood that profitable companies pay taxes to build schools and hospitals, provide education and fund the health service. Business also provides dividends to investors and pension schemes, which create value for people and families in our societies. I do believe that collective power is needed to address these issues – and that this has to start with our education system. Hardwire it into our young people. If they can understand and debate how business connects with them and their lives from a more informed perspective, we will be doing a better job.”

WWW.SBS.OXFORD.EDU/REPUTATION
CASE STUDY: ENI VS REPORT

Report is an investigative current affairs programme on Italian television, which was established in 1997. Its hour-long programmes are broadcast on Rai 3, one of the stable of channels operated by the state-owned Rai, Italy’s largest broadcaster. As is common with investigative programmes of this kind, Report is pre-recorded, with interviews edited into the final broadcast.

On Sunday 13 December 2015, Report broadcast a programme that focused on a number of deals transacted by Eni. The Report programme was structured around four segments. The first (and most considerable) segment focused on the purchase of an offshore concession (OPL 245) from the Nigerian government together with Shell, where allegations of bribery had been levelled at both Eni and Shell.

The producers had contacted Eni previously with a request for participation in the programme. Specifically, it wanted to put questions to the CEO of Eni, Claudio Descalzi, which would then be edited into the programme. Eni’s director of communications, Marco Bardazzi, decided that there were risks inherent in participating in a pre-recorded programme, where Eni’s answers could be edited selectively and in a pre-recorded programme, where Eni’s version of the facts in response to the programme as it unfolded. On the following day, and over the weeks to come, there was widespread media commentary on the rights, wrongs and effectiveness of the course that Eni had chosen.

When the invitation from Report came in, Marco Bardazzi asked for Report’s questions, both to respond to them and “so we understood what sort of plot they were preparing”. Getting buy-in from key decision-makers within Eni for the rebuttal strategy was a multi-faceted task. Bardazzi said: “The legal team were really the most important tools that we had because they could have been the ones that stopped everything actually.”

When the board approved the strategy, a team began compiling a dossier based on the questions and responses that Report had submitted, and by watching Rai 3’s trailers for the programme. Followers of Eni’s Twitter feeds on the night would be directed to this dossier, viewable at eni.com, as an alternative/addition to whatever was being presented on the big screen. The team also set about understanding how Report ran its own social media, monitoring the programme’s Facebook and Twitter in the run-up to the broadcast.

The social media team prepared a package of tweets, which the CEO, Claudio Descalzi, and others also approved, but the unpredictability of the situation was appreciated by all those involved. As Bardazzi said: “I told the top management, ‘Look, this has never been done before, so I’m not sure what kind of situation we will find. I ask you first of all to be reachable that evening, so that if we need more info we can reach you, but then you should give me some kind of free hand and trust me.’” So, while for the most part the content was vetted and approved, there was a certain element that was done on the spot.

As the hour of transmission approached, the “war room” team continued to work on the dossier “until the beginning of transmission” and trust me.” So, while for the most part the content was vetted and approved, there was a certain element that was done on the spot.

The “Twittercast” (see also at https://storify.com/eni/la-replica)

Eight minutes before the Report programme started, Eni sent out its first tweet from the @eni account, which it repeated six minutes later (all the below have been translated from the Italian):

“.@reportrai3 is talking about #Eni. Here is the dossier with our information, and what the broadcast will not tell you” @marcobardazzi tweeted at 8.59pm.

“But this evening on Rai3 are they are presenting a fiction about @eni? Ah no, it is #report. If fiction doesn’t interest you, here you will find the facts – link”

Tweets were sent out every couple of minutes: @eni sent out 33 tweets in the course of the programme, with additional contributions from @marcobardazzi. As the programme finished, @Report tweeted, with a sign-off of the anchor/producer of the show, Milena Gabanelli:

“Eni is not writing the truth. They refused the invitation, with requests waited on for a month.”

@marcobardazzi replied:

“@reportrai3 The next time do an interview live, for a true counter-argument #report”

Milena Gabanelli replied, now 15 minutes after the programme:

“@eni. We have invited you for years. You have never accepted. Of what are you afraid? Investigative programmes are not talk shows. Milena Gabanelli”

Half-an-hour after the programme, the controller of Rai 3 Andrea Vianello tweeted for the first time from his personal account @andreavianel:
launch its own social media counter-offensive live during the broadcast. It was hailed as an unprecedented game-changer. Below is an extract from our case study.

"Report is an investigative programme that does not interview guests live. To give your own version all you need is to agree to answer the questions"

A brief Twitter "spat" between Bardazzi and Vianello concluded at 10.39pm.

Report had responded minimally over the hour of the broadcast with a handful of tweets to the dozens that Eni was posting. The Twitter followers included a small number of users identified as “influencers” by the Eni team.

Towards the end of the broadcast, when the controller of Rai 3 at the time, Andrea Vianello, began to respond on Twitter from his own personal account, it was decided that Marco Bardazzi would tweet directly to him. As with the rest of the evening, that decision was a group one, and included the decision to use Bardazzi’s own account rather than @eni: “There was a problem for us to answer a personal account with a company account,” said Gargiulo.

Bardazzi’s involvement on his own personal Twitter account heralded a shift in tone towards Report: “On my own Twitter I was saying: ‘Is this fiction? Oh no this is Report... if you don’t like fiction you can go on our website. On the company profile, the story and the message was, ‘This is what they’re telling you, this is what we think is the real deal.’”

THE AFTERMATH
There was widespread coverage of the Eni vs Report episode, in traditional media and across the internet. Even the Prime Minister, Matteo Renzi, posted a supportive comment for Eni on his Facebook page. There was also much debate about the scale of the impact Eni made, with its 25,000 followers at the time on social media, compared to the 1.91 million that watched the programme on Rai 3. Marco Bardazzi summarised the Eni perspective: “In the 24 hours after the event we have potentially reached 10 million people through all the coverage that we have received, through social media, news websites [etc.], which is bigger than [that made by] the TV. From their side they would tell you 25,000 discussing this on Twitter, it’s a small audience. They are TV people, they think that only TV matters. All the feedback I have received is telling us that the reputation effect we have received is much bigger than what they think.”

“Eni vs Report – a live social media campaign against a TV investigation” can be found at www.sbs.ox.ac.uk/faculty-research/reputation/research-and-publications/case-studies-0"
The latest published research funded by the Centre for Corporate Reputation challenges the narrow ‘lens-like’ conception of reputations, and examines instead the ‘prism’ effect of multiple reputations, as it applies to an international management consultancy. Below is an extract.

**RESEARCH FOCUS: MULTIPLE REPUTATIONS OF A MANAGEMENT CONSULTANCY**

First, we show how different and even competing dimensions of reputation co-exist within a single global organisation, which is what we term the ‘prism’ effect. Second, we demonstrate how these reputations are framed by stakeholder groups and highlight how the plurality of perceptions of organisations across diverse stakeholder groups is sustained. Third, our data indicate contrasting reputations geographically, that is nationally and regionally.

A key question arising from the research is: how can firms sustain many reputations, even when these reputations do not necessarily complement each other in a coherent manner? To examine this question, we conducted an interview-based study of a large global management consultancy firm (with the pseudonym Novel Insights). This was an appropriate sector to focus on because management consulting has long been regarded as sensitive to issues of business ranking, client regard and prestige as conferred by others.

Novel Insights was an appropriate firm choice, as it is one of the leading global management consulting firms striving for elite status. This allowed us to examine how corporate reputations stretched beyond geographical boundaries, both in terms of external client perceptions as well as the location of different regional offices. We chose a range of international offices outside North America, as most studies of corporate reputation tend to be US-based. Interviews were conducted in company offices.

A core value that the firm projected to multiple stakeholders was its emphasis on providing practical and realistic solutions to clients. This was reflected through responses that clients provided. A strategy director of a global manufacturing company in China, for example, said that the company’s strength was “very much results-driven, goal-oriented”. Certain reputation dimensions such as quality can hold different levels of value during particular periods. During the global financial crisis, the firm’s tangible approach secured a lot of work with core clients. Ironically, this was a time when it was also looking to change its reputation from restructuring and cost-cutting to focus more on advising companies on pure strategy projects.

One of the additional perceptions constructed of Novel Insights internally and externally was an apparent weakness in creativity, with a graduate of a prestigious university for business studies in Germany describing them as “not the most creative”. This perception of a lack of creativity seemed to be held by employees at all positions across the company. A junior consultant of Novel Insights in Austria said, for example, that the firm “has a more pragmatic and concrete reputation than an artistic, extremely creative, strategic one”.

This showed how reputations about creativity can coexist alongside reputations of pragmatism. In addition, their reputation about creativity varied across geographies. Despite the perception that Novel Insights lacked creative thinking across different levels of the firm, some offices such as France, for instance, considered their reputation to be strongly creative, which was reflected in their external PR activities and was mirrored by how their clients articulated their expertise in internal surveys. It should be emphasised that this was representative of marked differences in reputations across all eight countries researched in this study. France, for example, was perceived as highly entrepreneurial, whereas Germany was perceived as strong in restructuring and cost-cutting.

Because the management consulting industry is quite new to many clients in China, it was not surprising that interviewees there said that Novel Insights tended to focus on smaller-scale projects. A senior consultant for Novel Insights in Beijing described the firm as a “local consulting company”, despite the industry being “global”. Holding a localised reputation in China was not necessarily considered negative, as a client, who was the head of an automotive company in the Asia Pacific, explained: “[Novel Insights are] branching into government, you know, having a lot of government clients and serving a lot of state-owned enterprises, which is, you know, I think the right thing to do in the China market, because that’s where the power, that’s where the money, that’s where the resources are.”

The perception of working with local companies could provide Novel Insights with a strategic advantage in terms of access to Chinese clients rather than focusing on foreign multinational clients, although holding a weaker global image, or lacking prominence, meant the firm missed out on winning large and financially lucrative global projects.

Building on prior work on corporate reputations, this paper highlights the way in which multiple reputations can coexist in a single organisation, even when they are not only diverse but even possibly conflicting. The findings challenge other narrow, lens-like understandings of corporate reputation in the literature by showing how the multiplicity of reputations emerges as employees and external stakeholders “use” stories, vignettes and labels from their personalised interactions with the firm to construct stories about corporate reputation. These tend to show that reputation is not a singular concept strengthened, for example, through consistency, as has been implied by certain rankings such as Fortune’s Most Admired Companies (FMAC), which take a narrow and reductionist interpretation of reputation, but rather reputation is something that emerges as relational ties get articulated and strengthened through personal experience.

“Lens or prism? How organisations sustain multiple and competing reputations” (by William S. Harvey, a former Research Fellow with the Centre for Corporate Reputation, Marwa Tourky, Eric Knight and Philip Kitchen) is published in European Journal of Marketing, Vol. 51 Issue: 4; http://dx.doi.org/10.1108/EJM-03-2016-0122.)
The distinguished sociologist Gary Alan Fine, one of our International Research Fellows, has long had an interest in the ‘difficult reputations’ of US presidents. Below he reflects on one of the most contentious presidential reputations of our time.

**ANALYSIS:**

**THE REPUTATION OF DONALD TRUMP**

Fifteen years ago, I wrote an essay in an attempt to understanding “Despised Presidents,” wondering why large numbers of citizens despise some American presidents, although others, despite being opposed by partisans, do not receive this level of animosity. I used as my case study Richard Nixon and Bill Clinton. In the 1970s and then again in the 1990s, Americans spoke of Nixon–haters and Clinton–haters. I argued that the hatred was not tied to particular policies, but rather to a sense of identity – of character – that emerged from the presidents’ past: the reverberation of persona. Much of the hatred of Richard Nixon, it seemed, stemmed from his prominence in the late 1940s of the House Un-American Activities Committee. The hatred of Bill Clinton grew from his being perceived as a “child of the Sixties”, with all of the cultural baggage that this implied.

Since that essay, the United States has had three presidents: George W. Bush, Barack Obama, and Donald Trump. Together these men have complicated my analysis of despised leaders. The attacks on September 11 for a time protected Bush from intense responses that Clinton inspired. Still, over the years, because of the President’s missteps and seeming belligerence, many American progressives came to loathe “W”, even though Bush was by no means as ideological as some in his party.

The ascension of Barack Obama changed the reputational game, only partly because Obama was a liberal Democrat. Too explicit hatred of the man could come to be seen as overt racism. Still, with the claims that Obama was born in Kenya, was a practicing Muslim, or belonged to an Afro-centric Christian church, opponents attempted to undercut the president as a legitimate representative of American values.

President Trump poses a different puzzle. Here is a man whom immediately after his surprise election triumph over Hillary Clinton many opponents began strategising to have him removed from office.

How do we make sense of this animus? I argue that three types of explanations of reputations exist, each applicable in some degree. First, reputations depend on objective fact. We do not live in a world in which every claim is persuasive. Actions, known and reported, contribute to the establishment of a reputation. We must not deny the obdurate quality of reputations. The statements that Donald Trump made on the campaign trail, his choices in his previous career, and the policies of his administration matter. The tapes of his coarse discussions of women shape his persona, as do his provocative statements on NATO, refugees, or undocumented workers. So, the distaste for Trump and the basis of the American resistance cannot entirely be judged as the fictional creations of partisan foes. We read character through a consensual account of the past.

However, it is too easy to suggest that we create reputations on an easy or transparent reading of unambiguous events. Reputations also have a functional role in culture. Societies need heroes and villains, fools and visionaries. As the sociologist Charles Horton Cooley suggested, we create our past in light of the needs of the present day. Donald Trump provided enough material that he could be easily slotted into the role of a political threat, a target for animus. Particularly in a two–party system such as in the United States, partisans desire to claim their own leader as a hero, and their rival as something less. We merge policies into accounts of character.

The final approach to reputation is a constructed approach. This draws on the recognition that there are “reputational entrepreneurs” who have interests and resources that help to define the persona of their targets. They shape facts and beliefs to tell a story about character. In the case of Donald Trump, who in his own account treats himself as larger than life, these story-makers have much to work with. This perspective suggests that there are multiple possible reputations available, but that someone or some group must see it as worthwhile to make a claim that they hope will prove persuasive. With the large number of groups – the networks of progressive activists and other interest groups that Donald Trump offended during his campaign, such an audience is large indeed.

Together the facts of the case, the need for social systems to fill narrative roles, and the interests of groups of partisan actors shape the reputations of public figures. Given the solidification of supporters and opponents, it is hard to imagine that those who are viscerally appalled by his persona will easily be swayed, or that he will lose his base of support - in the absence of dramatic changes in what Americans know about his character and policies.

For scholars of reputation, understanding the importance of emotions and the role of “entrepreneurs” in the formation and durability of reputations is key. Donald Trump has energised both to an unusual degree. For those wanting to understand reputation in many different contexts, not just political, it is important to focus on the processes and not just, as in this case, the man.

“UNDERSTANDING THE IMPORTANCE OF EMOTIONS AND THE ROLE OF REPUTATION ENTREPRENEURS IS KEY.”

Gary Alan Fine is the James E. Johnson Professor of Sociology at Northwestern University and the author of Difficult Reputations: Collective Memories of the Evil, Inept, and Controversial (University of Chicago Press)
NEWS AND EVENTS

Research Fellow CHRISTIAN HAMPEL’s paper, with Paul Tracey and Klaus Weber, “From Fan to Foe? How Ventures manage Stakeholder Relations as they move from Start-up to Scale-up”, has been selected as an Academy of Management Best Paper for 2017.

In May, our Eni Research Fellow and Postdoctoral Career Development Fellow in Marketing GILLIAN BROOKS was shortlisted for the award of Most Acclaimed Lecturer in Social Sciences at the Oxford University Students’ Union Teaching Awards 2017.

Our Research Fellow DAPHNE DEMETRY delivered a paper “All about illusion: Managing the Organizational Authenticity Paradox” at the Organization Studies 12th Annual Summer Workshop – Food Organizing Matters: Paradoxes, Problems and Potentialities, in Crete.

Our Director RUPERT YOUNGER was interviewed by the BBC on the reputational ramifications of the IT failure that hit British Airways (www.bbc.co.uk/programmes/p053ln93).

In June, RUPERT YOUNGER delivered the keynote address at the 2017 Transatlantic General Counsel Summit in London. His speech was titled: “The reputation game: crisis management and trust in the digital economy.”

The Centre hosted a THEORY OF THE FIRM mini-conference, which gathered together senior practitioners and academics to explore the implications of outsourcing for models of contracting – see pp03-05.

CHRISTIAN HAMPEL’s 2016 dissertation, “When Crisis Hits: How OrganizationsManage Their Reputations, Fight Stigmatization, and Regain Legitimacy”, was shortlisted for the Grigor McClelland Doctoral Dissertation Award by the Society for the Advancement of Management Studies, which was awarded at this year’s EGOS (European Group for Organizational Studies) conference in Copenhagen in July.

APPOINTMENTS

We are delighted to welcome two new Research Fellows to the Centre.

ELLEN HE completed her PhD in Finance at Warwick Business School this year. Her PhD thesis focuses on hedge fund activism: the institutional background of target selection and how social relationships among institutional investors benefit hedge fund activists. Her paper, “The Benefits of Friendship in Hedge Fund Activism”, uses a social network framework to uncover the information dissemination channel during activist campaigns and contributes to the literature by studying alliance building and the subsequent mutual benefits based on social relationships. Another paper focuses on empirically characterising the external governance pressure on companies from institutional investors. Her work has been presented and accepted in many prestigious conferences in 2017, such as EFA 2017, the 9th Annual Conference on Hedge Funds 2017, CEPR 2nd Annual Spring Symposium in Financial Economics, and the FMA Annual Meeting 2017.

Ellen’s research focus at the Centre will be the interaction between company management and hostile shareholders, using content analysis: how corporate reputation is challenged, how management reacts to restore confidence, and the effectiveness of various ways of communication in affecting the contest. Ellen also has an interest in exploring how regulation and disclosure can promote environmentally-friendly investments.

KEVIN CURRAN is currently completing his PhD in Management at Cass Business School under the guidance of Professors Davide Ravasi and Vangelis Souitaris. His research focuses on socio-cognitive and socio-cultural views of strategy and entrepreneurship. Much of his current work addresses how iconic entrepreneurs develop in the press, what that means for society and, once established, how renown and celebrity can have unexpected consequences for organisations and their competitive environment. He examines these issues using both qualitative and quantitative methods. He was a Visiting Scholar at the University of Georgia in 2016 working with the Centre’s International Research Fellows Scott Graffin and Michael Pfarrer.

Kevin also has a great interest in social entrepreneurship and has consulted with several leading charities and social enterprises in the UK. Additionally, he is currently leading an academic project that is looking at the adoption of social finance by charities in the UK. Before his PhD, Kevin worked as a facilitator for start-up digital businesses and as a freelance journalist in Ireland.

CONTACT US

We welcome your feedback. Please send any comments to: reputation@sbs.ox.ac.uk. The Oxford University Centre for Corporate Reputation is an independent research centre which aims to promote a better understanding of the way in which the reputations of corporations and institutions around the world are created, sustained, enhanced, destroyed and rehabilitated. For full details of our research and activities, and for previous issues of Reputation, see: www.sbs.oxford.edu/reputation.