Synthesis

A review of emerging ideas in the media

Business Through Hollywood's Lens

As the *Wall Street* sequel opens, two management professors urge corporate leaders to recognize that films reflect public opinion. *by Batia Wiesenfeld and Gino Cattani*

Two decades ago, Oliver Stone directed a movie indicting the U.S. finance industry for its avarice. His Wall Street villain, Gordon Gekko, told us that greed was good. His common man hero, Bud Fox, realized too late that it wasn't. And they both went to jail.

Opinion on the movie was divided. It's not that people didn't love it. They did, and it won an Academy Award. But the targets of Stone's cinematic sermon saw it differently than the man on every other American street. To up-and-coming bankers, traders, and hedge fund managers, Gekko was a role model, while more-seasoned financiers saw him as a benign caricature: "No one thinks Wall Street is really like that, right?"

But greed is what many believe the industry collectively displayed over the next 20 years, across numerous scandals and crises, from S&L to Long Term Capital Management, the dot-com bubble to the subprime debacle. And public faith in business is now arguably the worst it has been in decades. In a recent Pew Research Center poll, 69% of respondents said they view banks and finance firms negatively, while 64% felt the same about large corporations.

It's no surprise, then, that Stone has chosen this moment to revisit his old stomping grounds. In *Wall Street: Money Never Sleeps,* Gekko, just out of jail, teams up with his daughter's fiancé to exploit the opportunities created by recent economic turmoil. Wall Street is depicted as a hornet's nest of shifting loyalties. Finance executives and regulators collude, and markets are easily manipulated by people with personal vendettas. Michael Douglas delivers a good performance, but the movie lacks a coherent story line, and many characters are two-dimensional parodies of everyone from Ponzi fraudster Bernie Madoff to Goldman Sachs's Lloyd Blankfein.

Still, the film's release prompts two important questions: Will the finance industry listen to Stone's message this time? And, more generally, do business leaders realize that where they see deviants and exaggerations in movies, the public might see accurate generalizations? Whether the story is fiction (*Wall Street, Up in the Air, Michael Clayton*), fictionalized (*Erin Brockovich, The Insider*) or documentary (*Roger and Me; Food, Inc.*), Hollywood has sustained a perception that corporate malfeasance and its negative impact on society are commonplace. Companies that ignore that fact do themselves a disservice.

We are not movie critics. We are management professors. But our research on executive reputation and cinematic achievement overlaps both worlds. It shows that the media—films in particular—are key arbiters of public opinion, determining which activities, organizations, and people are valued and which are distrusted.

Business is not a topic Hollywood tackles as often as love or war. But when it does, we see the same story over and over again. Films nearly always highlight exceptional

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(often amoral, immoral, or illegal) behavior and thus imply that it is prototypical. In the first *Wall Street,* Gekko was a villain both because he used leveraged buyouts to break up companies and destroy jobs and because he profited from inside information. In the sequel, he again finds legal ways to game the system, shorting shares of financial service firms before they fall, while his future son-in-law is the one who illegally manipulates the market with false rumors.

Few people in corporate circles would fault these men for the first type of behavior. In fact, executives and academics might describe them as innovators—responding to a business challenge by departing from the status quo and creating great wealth within the confines of the law. The ability to spot and seize opportunity is the essence of any entrepreneurial act, and shareholder capitalism, as advocated by management gurus in this magazine and elsewhere, was the foundation of Gekko's memorable "greed is good" monologue.

But our research shows that different audiences are likely to apply different evaluation criteria. In this case, the public makes a big distinction between corporate innovations driven only by self-interest, for the benefit of a specific person, organization, or industry, and those that also take social welfare into account and redistribute rewards to the broader society. People want corporations to meet the higher standard—to care about customers, employees, suppliers, and local communities, as well as profits. Unfortunately, thanks to Stone and other current filmmakers, they see only businesses doing the exact opposite.

Consider *Up in the Air* and *Michael Clayton,* two George Clooney vehicles directed by Jason Reitman and Tony Gilroy, respectively. Both depict a cynical individual (layoff specialist; "problem fixer") in step with an evil corporation (Career Transition Counseling; United Northfield) who finally realizes the error of his ways and rebels (quitting; sending his client to jail). Say what you like about Clooney's lack of range, the man makes these stories compelling. And, as a result of the attention brought to films like these—with heartthrob stars, big budgets, and Oscar buzz—audiences are led to believe that corporate villains are both real and plentiful.

Of course, most surely understand that the chief counsel in *Michael Clayton,* who under pressure decides it's okay to kill people, is an exaggerated character. But, because of the way these preachy tales of good individuals versus evil corporations are pitched, people may well believe that many executives are guilty of lesser crimes, or that those who technically play by the rules routinely violate ethical standards.

> "Someone reminded me I once said 'greed is good.' Now it seems it's legal—because everybody's drinking the same Kool-Aid."
> Gordon Gekko, played by Michael Douglas, in *Wall Street: Money Never Sleeps*

Nothing exacerbates this perception more than movies based on true stories and documentaries. Pacific Gas & Electric, the company Julia Roberts's character does battle with in *Erin Brockovich* (directed by Steven Soderbergh), really did cover up its pollution. The tobacco industry really did hide studies showing that smoking caused lung cancer, as depicted by Michael Mann's *The Insider*. General Motors really did close its plant in Flint, Michigan, resulting in the loss of 30,000 jobs, as Michael Moore showed in *Roger & Me.* And Monsanto really did exert pressure on small farmers to protect and profit from its seed technology, as portrayed in Robert Kenner's *Food, Inc.*

Where, you might ask, are the movies about large corporations like IBM, Google, and Boeing, which drive U.S. economic growth and boost the global reputation of American business while providing rewarding careers and good working conditions for hundreds of thousands of people? Where are the movies about companies responsible for key positive innovations, such as Better Place and Renault, which have partnered to pioneer electric car technology; or Roche, the pharmaceutical group responsible for the cancer drug Avastin; or food outlets and producers, such as Starbucks and Stonyfield Farm, that are devoted to ethical and sustainable production? Surely people have heard about those companies, too.

Perhaps they have, but probusiness stories are unlikely to get the Hollywood treatment because—let's admit it—corruption is more entertaining. So corporate leaders must resist asking questions like the ones above. They shouldn't dismiss current films as not representative of the whole truth. In fact, Hollywood is showcasing the public's very real desire for big business to be more accountable, behave ethically, build communities, and generate employment. Companies that want legitimacy, and the trust and high status they receive as a result, must fulfill these additional obligations—not through PR or isolated corporate social responsibility initiatives but by linking value creation with value distribution and recognizing that compliance with certain social mores could eventually lead to greater rewards for all.

It may be a long time before we see corporate heroes on the big screen. Villains sell tickets. But if today's executives start thinking of the *Wall Street* sequel and other movies as not only entertainment but also calls to action, they might go some way toward being perceived as good guys in the real world again.

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