

# **Are Customers 10x More Important to Firms than Employees?\***

*Empirical Analysis of Imbalance in Emphasis Between Two Stakeholders*

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**Abstract:** Employees and customers are arguably two of the most critical stakeholders for businesses. This paper documents a stark imbalance among scholars and practitioners regarding the relative emphasis between these two stakeholders. Text analysis of earnings call transcripts of S&P 500 firms reveals that executives talk about customers 10 times more often than employees. And when they do, executives perceive customers to be analogous to opportunities and employees to risks. A bias towards customers (relative to employees) continues to be omnipresent across board compositions in the United States (and outside) and the academic domain of strategic management. The patterns shed light on a discrepancy inconsistent with existing theory and rhetoric of firms and should inform a discussion about the sources and consequences of this imbalance.

**Keywords:** customers, employees, stakeholders, customer-centricity, employee-centricity

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## 1. INTRODUCTION

We have always wanted to be Earth's Most Customer-Centric Company. We won't change that. It's what got us here. But I am committing us to an addition. We are going to be Earth's Best Employer [...].

- Jeff Bezos (2020)

Jeff Bezos' last letter as CEO to Amazon's shareholders, captures the recently wavering salience in Amazon's strategy of the two most critical stakeholders for any firm – customers and employees. For firms to capture value in competitive markets, delighting the customer and enthusing their employees are often seen as legitimate avenues by the firm's leadership. Unsurprisingly, “*we are a customer-centric company*” and “*employees are our most important asset*” are both commonly heard statements from firm leadership, reflecting the importance of both customers and employees for the firm's profits. Circumstantial evidence, however, suggests that one of these two stakeholders is seen as much more important than the other. Bezos' quote illustrates that in the past, Amazon was significantly focused on its customers, and less so on its employees (Gregg & Groysberg, 2019). Across Bezos' letters to shareholders of Amazon between 1997 and 2020, customers are mentioned 5 times more often compared to employees. In Michael Porter's “Competitive Strategy” (released in 1980), customers appear 12 times more often compared to employees. Until recently, employee and human resources experts have been conspicuously absent from the boardroom<sup>1</sup>, while similar concerns regarding customer and marketing experts have not been warranted.

In this article, we empirically document a disparity in salience and attention between customers and employees across the strategy and management domain, examining both

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<sup>1</sup> Source: <https://www.bloomberg.com/news/articles/2022-02-04/it-s-taken-a-pandemic-to-get-the-boardroom-in-touch-with-the-workforce?sref=QnKyE nuc>

practitioners and academics. We begin by analyzing the way executives from top management teams talk about customers and employees in earnings calls. To accomplish this, we use text analysis methods from the domain of Natural Language Processing (NLP). To complement the earnings call analysis, we examine the expertise of directors on boards of organizations across customers/marketing and employee/human resources domains. Next, we delve deeper into academic work in strategic management and look at textbooks, academic articles, and practitioner-oriented articles. The picture from all these sources is consistent: a much lower emphasis is given to employees and the workforce compared to customers or clients.

We show that executives of companies from the S&P 500 talk in earning calls approximately 10 times more about customers, on average, than their employees.<sup>2</sup> Text analysis of these transcripts, using the technique of word embeddings from Natural Language Processing, reveals a substantial difference in how firms talk about customers and employees. We use regulatory focus theory (Higgins, 1998) from social psychology to classify the language around customers and employees into promotion focus, i.e., talking about growth and opportunities, or prevention focus, i.e., talking about risks and maintaining the status quo. The results show that firms have a stronger promotion focus when talking about customers and a prevention focus when talking about employees. Next, we also find that board members in the United States are much more likely (almost 10x) to have marketing/customer experience than HR/people experience. We can document this pattern not only in firms from the West (i.e., US, UK, and Canada), but also in a sample of Indian companies for which we have detailed data on director biographies.

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<sup>2</sup> Throughout this article, we use many synonyms for customers and employees. Across texts, we look for the following terms for customers: customer(s), buyer(s), client(s), user(s), and consumer(s), client. For employees, we look for employee(s), worker(s), workforce, staff, manpower, and personnel.

In addition, we also see a bias in attention towards customers in the academic domain of strategic management, i.e., the way scholars research and teach strategy. Across influential strategy (text)books, customers are mentioned, on average, more than five times more often compared to employees. We also find that academic research in strategic management focuses much more on customers than on employees. Using the topic modelling technique of Latent Dirichlet Allocation on abstracts of journal articles from Strategic Management Journal and Management Science, we find a much greater presence of customer-leaning topics compared to employee-leaning topics. Only the inter-disciplinary Academy of Management Journal has a significant number of research topics concerning employees. A similar picture emerges when investigating influential management practitioner-oriented magazines (Harvard Business Review and Sloan Management Review); especially in the last two decades, there have been about twice as many articles with titles relating to customers compared to employees.

Our study makes contributions to several different streams of literature and raises critical questions. By laying out the empirical findings around the disparity between customers and employees across domains, we raise a call to further explore this discrepancy - one that is seemingly inconsistent with existing theory and the rhetoric of firms that both stakeholders are equally important. Firms are competitive entities in a perpetual battle to make the optimal use of resources available to them, with resource allocation being fundamental to the firm's strategy (Maritan & Lee, 2017). With limited resources, strategy leaders often encounter trade-offs, and consequently need to ensure the optimal resource allocation to maximize the firm's goals. Flammer & Ioannou (2021), examining the trade-offs induced by the credit crunch due to the 2007 financial crisis, found that firms cut investments in the workforce but continued to invest in R&D in the wake of declining consumer demand. Our findings are in the same spirit, with employees receiving

much lower attention than customers. Understanding such trade-offs and the emphasis on stakeholders in settings that we observe can be revealing of what firms perceive as the key to sustained competitive advantage. For example, earnings call transcripts are generally composed of executives from top management teams answering questions posed to them by analysts. Executives answer relatively open-ended questions and jointly dictate the direction of these earnings calls in conjunction with the analysts. Boards of directors inside large firms have several responsibilities, but major ones include monitoring the firm's operations (present) and deciding the strategic direction of the firm (future). Together, both these settings reveal substantial insights into the perceptions around potential sources of firm performance. Our reasons for investigating academic literature in strategic management are similar – managers and leaders in organizations are often taught by academics in business degree programs, and regularly read management literature and books.

In this article, we do not comment on the possible reasons for the observed bias, and whether it is an efficient outcome (or not) for firms in general. Nevertheless, motivated by the stark results, we believe that such questions should be explored by strategy and management scholars in the future. Our results do raise the question of whether employees are indeed less important than customers for firms. Empirically, several studies show the importance of the workforce for firms' successes, i.e., whether firms that create great workplaces are more profitable (e.g., Edmans, 2012; Edmans, Li, & Zhang, 2014).

We contribute to a growing literature that analyzes how firms communicate, and the implications of such communications. Recently, Lawson, Martin, Huda, & Matz (2022) analyzed the impact of hiring women into senior leadership positions on organizational language. Scholars have examined heterogeneity in communication through earnings call transcripts and their

implication for investor reactions (e.g., Mayew & Venkatachalam, 2012; Pan, McNamara, Lee, Halebian, & Devers, 2017). In the domain of organizational theory, studies investigate the impact of organizational claims, self-presentation in communication, and job postings on the decision of prospective applicants to submit job applications (e.g., Abraham & Burbano, 2021; Kang, DeCelles, Tilcsik, & Jun, 2016). We contribute to this literature by using word embeddings to measure a firm's stakeholder orientation and document a substantial discrepancy in emphasis. Our approach building on the use of simple word-frequency algorithms such as LIWC (Tausczik & Pennebaker, 2010) can be extended to several contexts. We demonstrate how dictionaries of words representing a concept or attitude (commonly used in LIWC) may be coupled with word embeddings to develop a more robust measure of orientation for firms/individuals.

Our paper also contributes to a discussion of the role of business education on executives' behavior and treatment of employees. A larger literature analyzed the effect of business and economics training on prosocial preferences (see, e.g., Frey & Meier, 2003; Zingales, 2015). A recent paper by Acemoglu, He, & Maire (2022) shows that non-business educated managers are more likely to share sales and profits with employees, when compared to managers with business degrees. The authors hint that business education (and its neglect of workers) might be at fault. We contribute to this debate by showing that employees are indeed ignored in textbooks and research in strategic management compared to customers. Whether this discrepancy in focus on employees relative to customers is related to how executives talk in earning calls or how boards members have less explicit HR experience is outside of the scope of our paper. But we show that if education in strategic management affects executives' behavior, a shift in focus might affect how employees are treated.

Our findings also raise attention to an assumption in the theoretical framework of ‘value-based strategy’. Brandenburger & Stuart (1996) created an elegant model that captures the idea of value-creation and value-capture by a set of players in a value-chain through the framework of “Value-Based Business Strategy”. The original conception of value-based strategy symmetrically states the importance of customers and suppliers to firms as sources of value creation (Brandenburger & Stuart, 1996, 2007).<sup>3</sup> Of course, customers and suppliers as two stakeholders were already an important determinant of profitability in Porter’s Five Forces Model (Porter, 1979). Our analysis obviously focuses only on one supplier, employees. But employees are often considered one of the most important suppliers for firms. In terms of value-based strategy, the significant asymmetry in the emphasis by firms and scholars alike on the two stakeholders is still striking. Our results indicate that the two stakeholders are either not as important for firms and managers or executives (and scholars) have not internalized that employees and customers are equally important for a firm’s strategy.

The remainder of the paper discusses the focus on customer and employees in in earning calls transcripts (2.1), board compositions (in Section 2.2), strategy textbooks (2.3), academic journals (2.4) and practitioner-oriented magazines (2.5). In each subsection we discuss the methods and data first and then the results. Section 3 summarizes our findings, discusses limitations that require future research, and concludes with open questions.

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<sup>3</sup> Popular books based on this framework are Brandenburger and Nalebuff (1996), Stuart (2016), and Oberholzer-Gee (2021).

## 2. ANALYSIS

### 2.1 The way executives talk – an analysis of earnings call transcripts

We start by investigating how firms talk differently about their employees and customers. We use transcripts of earnings calls for S&P 500 firms from a 13-year window between 2007 and 2019 from Lawson et. al (2022)<sup>4</sup>. Transcripts of earnings calls have been used extensively in prior research to understand how firms communicate (e.g., Guo, Sengul, & Yu, 2021; Lawson et. al, 2022; Lee, 2016). Investor calls are an excellent avenue to understand the way that senior executives think about the different stakeholders of the firm.

**Methods and Data.** We have data on 31,586 earnings calls for 636 S&P 500 firms between 2007 and 2019. The firms in our sample have been part of the S&P 500 at the end of at least one month between January 2007 and December 2019<sup>5</sup>. The sample is considerably diverse, as it contains firms across different industries (as measured by SIC 2-digit Codes). To clean the text documents, we follow pre-processing and tokenization methods that are common in the domain of Natural Language Processing. We remove stop-words, lemmatize each word, and break the sentences into a “bag of words” form. We also attempt to clean the text by removing questions from media attendees and sentences where no meaningful information is given (e.g., name and introductions of attendees). The year-wise distribution of firms and transcripts in our sample is given in **Table A.1** in the **Appendix**. Earnings calls are held multiple times in a financial year, with one often following the release of every quarter’s earnings report for the firm. We limit the sample to the period between 2007 and 2019, as we have a sizeable number of firms and transcripts for each year in this sample.

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<sup>4</sup> We thank Asher Lawson and Sandra Matz for sharing the transcripts of earnings calls with us

<sup>5</sup> We use monthly S&P500 classification calculated on the last day of each month from CRSP & Compustat.



In the following analysis, we first calculate the frequency of employee and customer mentions across the transcripts. In each sentence in the transcript, we look for words pertaining to both employees and customers (and their synonyms). If a sentence contains an employee or a customer-related synonym, we classify it as talking about employees or customers respectively.<sup>6</sup> Additionally, for the sentences where we find either an employee or a customer mentioned, we look at the tone in which executives are talking about these groups. To accomplish this, we use regulatory focus theory (Higgins, 1998) from social psychology.

The regulatory focus theory posits that people possess two independent orientations when it comes to self-orientation: a promotion-focus and a prevention-focus. Promotion-focus is the individual's orientation towards achievement of positive goals, i.e., it involves the individual working towards growth and accomplishment. Individuals with a promotion focus are motivated by the presence of positive outcomes and react strongly if an opportunity to maximize future positive outlay exists, even if choosing such a route implies taking more risk (Higgins & Spiegel, 2004). A prevention focus is the individual's orientation towards ensuring that vulnerability and variation in potential outcomes is considerably reduced, and this orientation involves the creation of a sense of security around proposed decision-making. A promotion focus can be described to be akin to the strategy to ensure the maximum number of hits (reducing errors of omission) and prevention-focus is akin to the strategy to reduce the total number of errors (reducing errors of commission) (Crowe & Higgins, 1997). Differences in individual regulatory focus often translate into differing strategic paths that individuals take to ensure that their goals are achieved (Brockner, Higgins, & Low, 2004; Lanaj, Chang, & Johnson, 2012).

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<sup>6</sup> Throughout the paper we will use the same words and synonyms for the classification: **Employees**: employee(s), worker(s), workforce, staff, manpower, personnel. **Customers**: customer(s), buyer(s), client(s), user(s), consumer(s)

We use the dictionary of promotion-focus and prevention-focus words developed by Gamache, Mcnamara, Mannor, & Johnson (2015) and is listed in **Table A.2.** in the **Appendix.** This dictionary is apt for our analysis, as the authors in the original study validated their dictionary in the context of CEO communication in firms' annual reports to shareholders. Ours is a similar context, where we analyze statements by CEOs and other senior leaders in earnings call transcripts. If executives see customers and suppliers as potentially equally value-creating, then we should not see a significant difference in the tones between the two sentences. However, if customers are seen as carrying a potential to generate value for the firm, we should see greater usage of promotion-focus words for customers and less so for employees. Similarly, we should see a higher usage of prevention-focus words for employees if they are viewed more so as a burden or a cost-center (and less so to generate profits).

Consequently, we aggregate the analysis for every firm in our sample at the firm-year level. Hence, for a particular firm in a specific year, we go through all the earnings call transcripts in our sample and find sentences with either customer or employee mentions. Then, we calculate the following metrics for each firm in our sample:

*Frequency of mentions:* The average proportion of the total sentences wherein the company executives talk about customers or employees

*Regulatory focus (Word-count):* Post the classification of each sentence into a customer-oriented or employee-oriented (or neither of the two), we use the dictionary developed by Gamache et. al (2015). We look for the presence of promotion and prevention focus words (and their alternate tenses and forms) from the dictionaries in the sentences where executives are talking about customers and employees. We calculate the proportion of communication (words) that is promotion and prevention focused.

*Promotion and Prevention focus of sentences (Word-embeddings)*: Alternatively, we use word-embedding techniques from the domain of Natural Language Processing to analyze the tone of these sentences. Word embeddings are an extremely useful technique to understand the semantic similarity of words. We use the ‘Word2Vec’ implementation from the ‘gensim’ package in Python. The ‘Word2Vec’ package trains the model on the text provided as input and represents each unique word in the corpus of text as a vector on an n-dimensional space. Words that have similar neighbors in sentences will lie closer to each other in the vector space as they are likely to have similar meanings as per the word embedding model. While no individual dimension in the model’s output is interpretable, a study of how words differ to each other using these vectors potentially yields great opportunities to understand differences in meanings of words and sentences (Lawson et. al, 2022). We train the model on the full sample of transcripts between 2007 and 2019. After training the model, we average the vector representations of each word in the dictionary developed by Gamache et. al (2015) to get one vector each for promotion and prevention focus on the n-dimensional space. Similarly, we average the vector representations across the terms used by us to represent customers and employees to get concept vectors for customers and employees. Consequently, we calculate the cosine distance between the customer and employee vectors with the concept vectors for promotion and prevention focus. If either of customers or employees is spoken in a more promotion-focused sense in the corpus of text from the earnings calls, we should see that group lying closer to the promotion-focus vector (i.e., lower cosine distance). The logic remains the same when comparing the distances of the two stakeholder groups with the prevention focus vector. Given the nature of the model, and the optimization done by the algorithm, every new iteration yields slightly different vectors. Hence, to ensure statistical convergence, we train the model for 50 iterations, and note the cosine distances for every iteration. In the results section,

we present the average of the cosine distance for the 50 iterations. As a robustness test, we also use an alternate method to measure promotion and prevention focus using pre-trained word embeddings that were trained on a large sample of news articles.<sup>7</sup> First, using the pre-trained word embeddings, we calculate the concept-specific vectors for promotion and prevention focus like we did in the prior step. Then, we go into each word that is spoken in customer and employee-oriented sentences and measure the cosine similarity between these words and the concept vectors for promotion and prevention focus. We then average these metrics across all customer and employee sentences across all transcripts in a particular year to get a metric at the firm-year level. This method is analogous to LIWC and the word-count analysis that we do prior to the word-embedding analysis. Rather than going through all the words and checking for the presence of promotion and prevention-focused communication, we calculate the degree of promotion and prevention focus for every word in the customer and employee-oriented communication and average them to arrive at a metric for the firm.

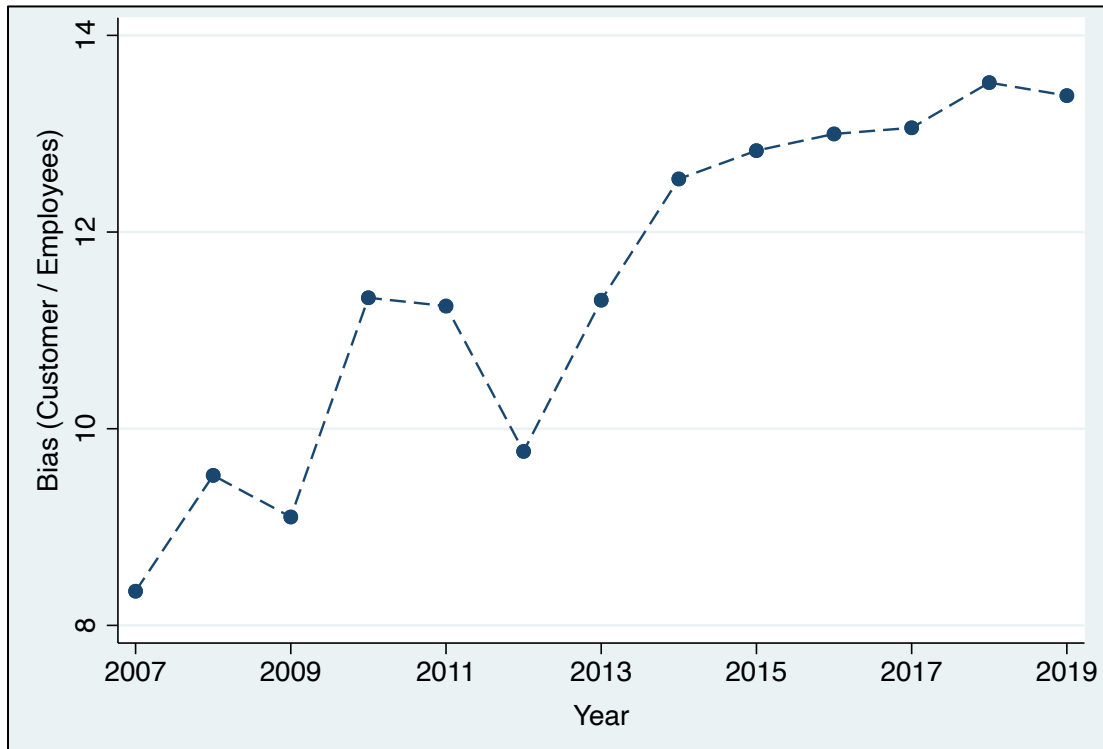
**Results.** Across all transcripts, we find that executives regularly talk about the firm's customers, with approximately 92% of the transcripts having at least one mention of the firm's customers in them. However, employees are not mentioned or talked about as frequently, as only 55% of the transcripts have any discussion on the firm's employees. At a firm-level, we find that 6.3% of the average firm's transcript is devoted to customers, whereas only 0.5% of the transcript is about employees. This bias (more than 10x) is reflective of the asymmetry between the focus by the company executives on customers and employees. Further, breaking this down at the firm-level,

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<sup>7</sup> Word-embedding model trained on Google News articles; the model is available at: <https://code.google.com/archive/p/word2vec/>

we plot the time-trends in this customer-bias over time in **Figure 1**. We find that this bias has been steadily increasing over the past decade, except for a significant dip in the year 2012.

**Figure 1:** Time-trends in the Customer-Employee Bias



*Notes:* The figure plots the time-trends in bias towards customers compared to employees over time. Bias is measured as the ratio of the average firm's transcript that is devoted to customers to the portion of the transcript that is devoted to employees. The sample is comprised of S&P 500 firms between 2007 and 2019.

Next, we present the results of the analysis of the tone of these sentences. First, in **Panel A** in **Table 1**, we do a simple word-count analysis of the words in the promotion and prevention focus dictionary separately for the customer-oriented and employee-oriented sentences. The difference in usage of promotion-focus words between the two groups shows that customers are discussed with more promotion-focused words. However, the difference is small and not statistically significant. In terms of prevention focus, we find that employee-oriented sentences have a much higher usage of prevention-focus words (almost 50% higher) than customer-oriented sentences.

**Table 1:** Results from word-embedding analysis – Regulatory focus

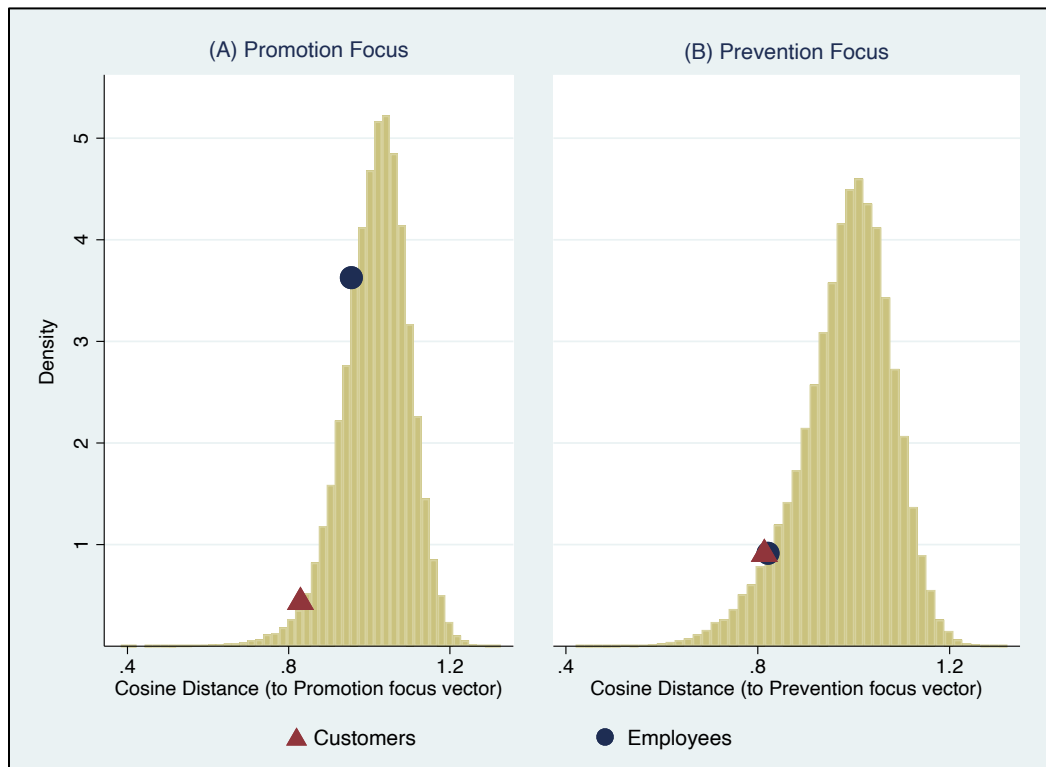
Regulatory focus	Customers	Employees	Difference	
			t-statistic	p-value
<u>Panel A: Word-frequency analysis</u>				
Promotion	1.63 %	1.56 %	<b>1.49</b>	0.14
Prevention	0.35 %	0.49 %	<b>- 3.83</b>	0.00
<u>Panel B: Word-embedding and Semantic Similarity (using model trained on the corpus of transcripts)</u>				
Promotion	0.807	0.940		
Prevention	0.804	0.814		

*Notes:* The table shows the results of our analyses on earnings call transcripts between 2007 and 2019 for the firms in our sample. Panel A is a simple word-count that reveals the usage of promotion and prevention focus words by a firm, on average, when they talk about customers and employees. For Panel B, we first train a word embedding model on the complete text data from the earnings call transcripts. We then get a latent representation of each word using a 300-dimensional vector. We use these representations to form vectors for customers, employees, promotion focus, and prevention focus using the dictionary of words that we use for each of these concepts. The numbers in Panel B are the estimates of the cosine distance between the respective concept vectors, where lower distance implies being closer in meaning.

**Panel B in Table 1** shows the cosine distance between the vectors that we obtain when we train the model on the text data from the transcripts; a lower distance implies higher proximity. Each of the vectors are a 300-dimensional representation of the meaning as used in the transcripts. We run the model 50 times to ensure statistical convergence in the resultant vectors, even though the results vary very slightly with each iteration and do not change qualitatively. We find that the distance between the vector representing customers and the vector representing promotion focus is much lower than the one between employees and prevention focus, implying greater closeness between customers and promotion focus (relative to employees). There is relatively lesser difference when we observe the cosine distances between the vectors representing customers and employees with prevention focus. These distances are difficult to interpret in isolation, and a reference is needed to understand the magnitude of this difference. Hence, to enable further

interpretation of the semantic similarity results, we plot the cosine distances of all the words in the vocabulary of the earnings call transcripts with promotion and prevention focus vectors in **Figure 2** for a representative iteration of the model. The overall distribution of the words on the cosine distance axis is similar for both promotion and prevention focus. In Panel A on the left, there is a significant difference between customer and employee cosine distances when plotted on these histograms. In Panel B, this difference disappears as the customer and employee distances seem to be superimposed almost on top of one another, demonstrating a lower difference.

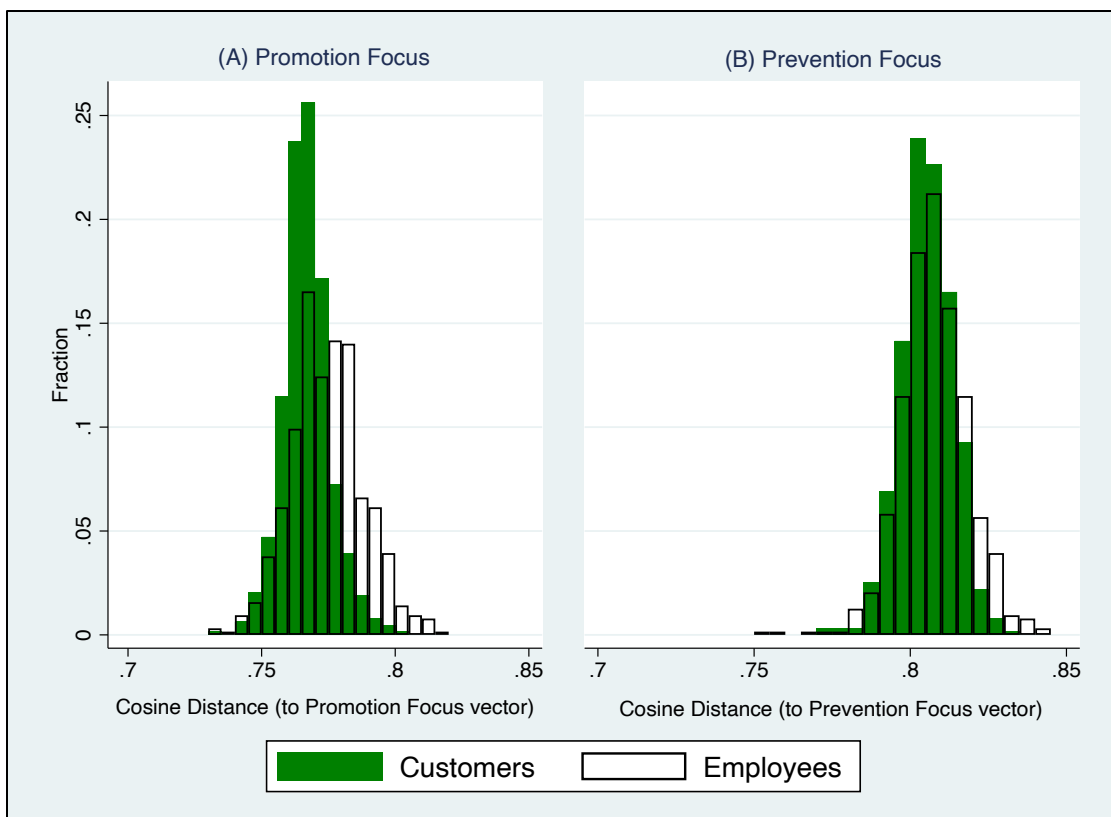
**Figure 2:** Word-embedding and Semantic Similarity



*Notes:* This figure supplements our analysis from Panel B in Table 1. The figure plots a density-based histogram of distances of words in the complete vocabulary of the earnings call transcripts from the vectors of promotion focus (Panel A) and prevention focus (Panel B). The panel on the left with distances from the promotion focus vector show a sizeable difference between the customer and employee groups with the customer vector lying much closer to promotion focus. The panel on the right with prevention focus vectors show the customer and employee groups very close to each other.

Lastly, we use a pre-trained word embedding model to understand if our results on semantic similarity hold up to an alternate method. We plot the results at a firm-level in **Figure 3**. The graphs plot the cosine distances for customer and employee-oriented communication for the S&P 500 firms with promotion and focus vectors in Panel A and Panel B respectively. We can see a more meaningful difference for the graph on the left (promotion focus) rather than the graph on the right (prevention focus). That is, customers are discussed more in terms of promotion focus as the histogram of firms seems shifted towards the left for customers (and less distance implies proximity in meaning). The graphs on the right panel seem superimposed on the top of one another.

**Figure 3:** Density functions of cosine distances for S&P 500 firms (pre-trained embeddings)



*Notes:* Using a pre-trained model on Google News data, the figure plots the firm-specific average distances between words in customer-oriented and employee-oriented sentences with promotion and prevention focus vectors. The distribution for customer-oriented sentences is to the left of employee-oriented sentences in Panel A, revealing relative proximity between customer and promotion focus. The distributions in Panel B (Prevention focus) are much closer to each other and is difficult to state proximity of one group relative to the other.



The word-count analysis yields preliminary evidence that firms use more prevention-focused language when talking about employees compared to customers, while the word-embedding model results demonstrate a higher promotion focus for customers compared to employees of the firm. Together, we take this as evidence for a difference in tone for the two groups analyzed by us, especially given considerable noise in the earnings call transcripts. Despite such noise, our analyses yield statistically strong results both on the frequency and the tone differences between customers and employees in these transcripts.

## **2.2 Composition of Boards and Top Management Teams**

In this section, we analyze the experience of executives in top management teams (TMT) and boards of organizations. We examine the prior experience of members of boards and TMTs and calculate the proportion of individuals with marketing/customer experience and people/HR experience.

**Methods and Data.** The analysis is based on the full corpus of data on executives and board members from BoardEx for the period between January 1991 and June 2021. The BoardEx database contains profiles of executives and directors on boards of more than 2 million public and private companies around the world. Most of the observations (~ 90%) in the sample belong to the United States, Canada, and the United Kingdom.

Every individual in the BoardEx database is assigned a Director ID. For every Director ID, we have names of the roles that the individuals have held across companies in the sample timeframe. Our simple algorithm goes through every role title that the individual has held and classifies it as belonging to a particular domain based on the presence of certain keywords. The full list of keywords and domains is attached below in **Table 2**. First, we look for ‘customer’ and ‘employee’ (and their synonyms) across director experiences. However, role descriptions often

include additional terms, and include keywords from ‘Marketing’ and ‘HR’ domains analogous to customers and employees respectively. For every Director ID, we add expertise across roles to get a director-level expertise in each domain. This variable takes a value of 1 for a domain if the executive/director has held either one or more roles with expertise in that domain and 0 otherwise. BoardEx also includes details on whether an executive holds a Board position at a particular firm or not. Subsequently, we reduce the sample to only directors and remove executives who have never held a board position.

Consequently, we show the results of both samples. To calculate the proportion of individuals with expertise in a domain, we aggregate all the data (on expertise) at a director/executive level for the analysis. We have 937,225 observations (i.e., executive profiles) in the full sample and 318,369 observations in the director sample (which is a subset of the full sample).

**Table 2:** Domain and keywords used for classification

<b>Domain</b>	<b>Role keywords used</b>
Customer	employee(s), worker(s), workforce, staff, manpower, personnel
Employee	customer(s), buyer(s), client(s), user(s), consumer(s)
Human Resources (& Employees)	HR, CHRO, human, people, talent, training, diversity, inclusion, culture, employee(s), worker(s), workforce, staff, manpower, personnel
Marketing (& Customer)	CMO, marketing, sales, communication, brand, product, media, account manager, customer(s), buyer(s), client(s), user(s), consumer(s)

*Notes:* This table shows the list of keywords used to identify expertise of an executive or director in a particular area/domain. We search for the keywords listed here in role names or biographies of the individuals in our sample.

In the BoardEx database, for many directors, the description of their former title is generic (such as “*Vice President*”). Such descriptions yield no information about the actual role of the individual in that title. To ensure robustness and to analyze a dataset with more coverage of exact roles, we alternatively run a similar analysis on directors of Indian listed companies. We use data from the PRIME Database<sup>8</sup> on Indian firms listed on the National Stock Exchange (and other large-cap firms on the Bombay Stock Exchange) between 2006 and 2021<sup>9</sup>. For approximately 87% of these observations, we have access to biographies about directors. These are brief descriptions about the director’s skills and their prior roles. Such biographies are often available on websites and annual reports of firms (see **A.3** in the Appendix for a couple of demonstrative examples). We use the same keywords that we used for the analysis on the roles held by executives on the BoardEx database and conduct a similar exercise for the sample of Indian directors. Since the data and our categorization is much more exhaustive due to the detailed biographies, we also use this data to look at time trends in director experiences. Our analysis here is at the director-year level, rather than the director level due to detailed information available for every director across years. We have a total of 210,700 director-year observations.

**Results.** **Table 3** shows the results for executives, and board members for both the BoardEx sample and the Indian sample. The results from all three samples point in the same direction – a significantly higher number of executives and directors have marketing and customer experience when compared to employee and human resources related experience. For the directors in the BoardEx sample, where we see the highest asymmetry, the presence of marketing-oriented directors (5.95% of the sample of directors) is almost 10 times higher than HR-oriented directors

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<sup>8</sup> <https://www.primeinfobase.com/indianboards/pages/index.aspx>

<sup>9</sup> We thank the Thomas Schmidheiny Centre for Family Enterprise at the Indian School of Business for access to the data on Indian Boards

(0.55%). The results are significantly more pronounced and asymmetric for the BoardEx samples compared to the Indian sample. This is likely due to a mix of several reasons, such as differing work (and national) cultures and the country’s labor laws. For the Indian sample, we are also able to break down the domain values at the director-year level into averages for each domain and year. The data obtained is plotted below in **Figure 4**. The figure shows that while both marketing and HR expertise has become more important in Indian boards, the asymmetry between the two remains stable over time.

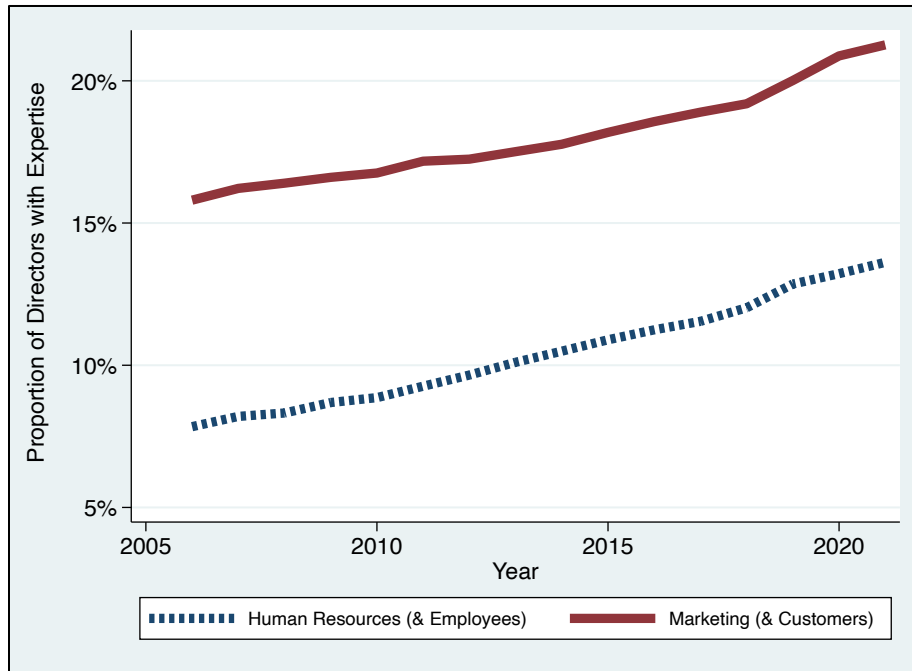
**Table 3: Prior Experience of Executives and Directors**

	<b>BoardEx (Full sample)</b>	<b>BoardEx (Directors)</b>	<b>Indian firms (Directors)</b>
<b>Observations</b>	937,225	318,369	210,700
Customer	1.39 %	0.66 %	5.18 %
Employee	0.04 %	0.03 %	3.93 %
Marketing (& Customer)	8.18 %	5.95 %	18.59 %
Human Resources (& Employees)	1.15 %	0.55 %	11.07 %

*Notes:* Using descriptions of roles and prior work experiences of individuals, this table shows the proportion of individuals with expertise across different areas and domains in management. We analyze senior executives and board members (largely from the US, UK, and Canada) using BoardEx data and board members of Indian firms listed on the NSE. The first two rows give a comparison between customers and employees, and the next two compare expertise across Marketing and HR Domains. ‘Customer’ and ‘Employee’ use a smaller set of keywords than ‘Marketing (& Customer)’ and Human Resources (& Employees)’. See Table 1 for a more detailed description of the different keywords used in this table. Generally, the percentages are expectedly higher in the sample of Indian firms due to director biographies being considerably detailed.

We find an overwhelming bias towards customers compared to employees in our study of organizations - both across the prior experiences of senior executives and board members, and the way that these senior executives communicate. Next, we investigate whether this bias also exists in the academic domain of strategic management.

**Figure 4:** Time-trends in director expertise (Indian listed firms)



Notes: This figure shows trends in director expertise in HR (& Employee) and Marketing (& Customer) domains over time as defined by inclusion of keywords in biographies of directors from Table 1. The sample is composed of Indian firms listed on the NSE.

### 2.3 Analysis of Strategy textbooks

First, we examine textbooks in strategy that have been used to teach graduate and undergraduate students. We also analyze impactful strategy books that are more practitioner oriented.

**Methods and Data.** To come up with a list of representative books, we reached out to editors and associate editors from two leading journals in Strategic Management – Strategic Management Journal and Strategy Science. We ask the scholars for suggestions of books that they believe have had an impact, either academically (as a textbook) or more generally on practitioners and the way they think about strategy. Using these crowdsourced recommendations, we make a list of 17 textbooks and business books. Consequently, across the text of these books, we search for the terms ‘customer’ and ‘employee’ (and their synonyms) using the same dictionary that we used for

our analysis on earnings call transcripts. We use digital versions of the books for our search. We form a list of the number of mentions for each word in the dictionary for both these groups. Consequently, for each book, we then calculate the ratio of customer and employee mentions as a measure of bias towards customers.

**Results.** We find that, except one book, almost every book is significantly tilted towards customers in terms of mentions. On average, the ratio of customer to employee mentions is 3.7 for the academic textbooks and 8.9 for the practitioner books. The list of books analyzed by us, the results for each book, and a summary for the practitioner and academic groups of the books are given in **Table A.4.** in the **Appendix.**

In sum, the books that educate future business leaders or inform current ones about strategy are focused much more on customers than employees. As a next step, we analyze strategy research published in leading academic journals.

## **2.4 Analysis of academic research in management**

In this section, we analyze academic research both in strategy and the broader management domain. Our analysis focuses on three leading academic journals in this space – *Strategic Management Journal (SMJ)*, *Management Science (MS)*, and *Academy of Management Journal (AMJ)*. We aim to understand and isolate the most important topics that have been covered by these academic journals, and hence we use the help of Topic Models (LDA) from the domain of Natural Language Processing (Blei, Ng, & Jordan, 2003)

**Methods and Data.** We analyze the abstracts of articles published in the three journals – SMJ, MS, and AMJ. Abstracts are only available after the year 1990 for all the three journals, so we had to ignore articles published prior to 1990. Prior to running topic models, we pre-process the text to

remove noise in the model for more accurate and precise results. We form an effective vocabulary by removing stop-words, hapax words, and the ten most frequently occurring words (treating them as stop-words). We only use words in the effective vocabulary to represent the abstracts, as this reduces noise and increases precision of the topic models.

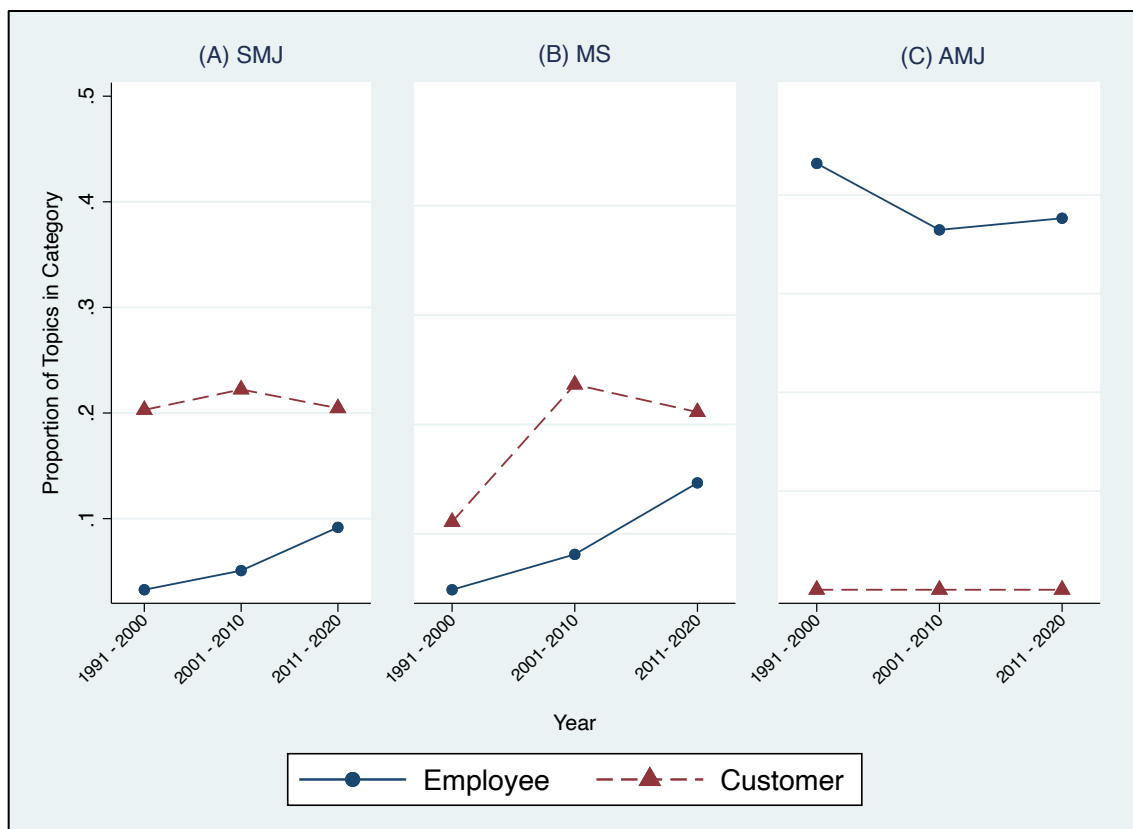
We run the Latent Dirichlet Allocation (LDA) implementation of topic modelling available in the “*gensim*” package in Python. Initially, we run the model with a specification of 10 topics, separately for each of the three journals. This implies that the model assumes the articles in each of these journals to be drawn from a combination of topics, with the total unique topics across articles being 10. These topics emerge based on the text of the abstracts, as the abstract’s text is what is assumed to be drawn from these underlying latent topics. Alternatively, to ensure robustness, we run the topic model with 15, 20, and 25 topics, but our results do not change qualitatively. The LDA model outputs topic numbers, the most important words for every topic, and the underlying topic distribution for each article abstract. This means that the topic distribution includes a particular probability distribution for each article over the topics that are output by the model. For example, an article may be affiliated to topic 2 and topic 5 with probabilities of 0.6 and 0.4 respectively, with the probability for other topics being 0 (as it adds up to 1).

We manually examine articles with a high probability of affiliation ( $> 0.8$ ) to a particular topic and give each topic a name basis our interpretation of abstracts of such articles and the five important words. For example, topic 8 for Strategic Management Journal has the keywords *CSR*, *stakeholder(s)*, *reputation*, and *corporate*. A quick review of article abstracts with high presence of topic 8 reveals discussions on fraudulent reporting, firm misconduct, organizational reputation, and strategic CSR. Hence, we name this topic “CSR, Misconduct, Stakeholders, and Institutional environments”. However, such latent topics may not always be as interpretable, and we give much

broader names to the topics in those situations. Further, using the year that each article in the corpus was published in, we examine time-trends and the relative importance of each topic for the three decades in our corpus for each of the three journals.

**Table A.5.** in the **Appendix** shows the most important topics across the three journals based on the LDA model. For example, in SMJ, “Foundations of Corporate Strategy - Strategy as a Process” is the most important topic. The topic comes from words alliance(s), network, partners, market. We then classify the topics as having a strong focus on either employees or customers (shaded).

**Figure 5:** Topic-Modelling results and trends – SMJ, MS and AMJ



*Notes:* The figure above shows the average importance of topics that are customer-focussed and employee-focussed over the past three decades in three journals - Strategic Management Journal (SMJ), Management Science (MS), and Academy of Management Journal (AMJ). These averages are obtained by averaging the document-level affiliation to customer and employee topics in each of the three decades. These averages reveal the salience of the topics in these abstracts, and serve as an indicator of the importance of the topics for these journal articles.



**Results.** We present the results on topic importance with respect to customers and employees over time in **Figure 5**. The figure plots the prevalence of customer and employee-oriented topics for each of the three journals below over time, i.e., in three decades. Here, post marking the topics that were either employee-centric or customer-centric, we go back to the document-level distribution over these topics. Then, for each decade, we average the prevalence of each abstract across both customer and employee topics.

Panels A and B in Figure 4 show the prevalence and trends of two journals more focused on strategy research – SMJ and MS. They show that these journals have a much greater focus on customers rather than employees. On average, in both journals, the proportion of articles focused on customers is at least twice as high as articles on employees (on average). The time trend shows that while the prevalence of articles with employee-focused topics is increasing, the gap is still salient in the recent decade. The pattern looks very different in AMJ. None of the major topics uncovered by the topic model are specifically about customers, whereas we see three topics that are specifically about employees. This reflects the nature of the journals. AMJ frequently publishes research on organizational behavior and other inter-disciplinary management research that draws from research in social psychology.

In sum, in the two academic journals that we analyzed that are more focused on strategy research, substantially more articles are focused on customers than on employees. Only in the journal that is broader and includes a significant amount of research on organizational behavior, the focus is more on employees. Next, we analyze articles in more practitioner-oriented magazines

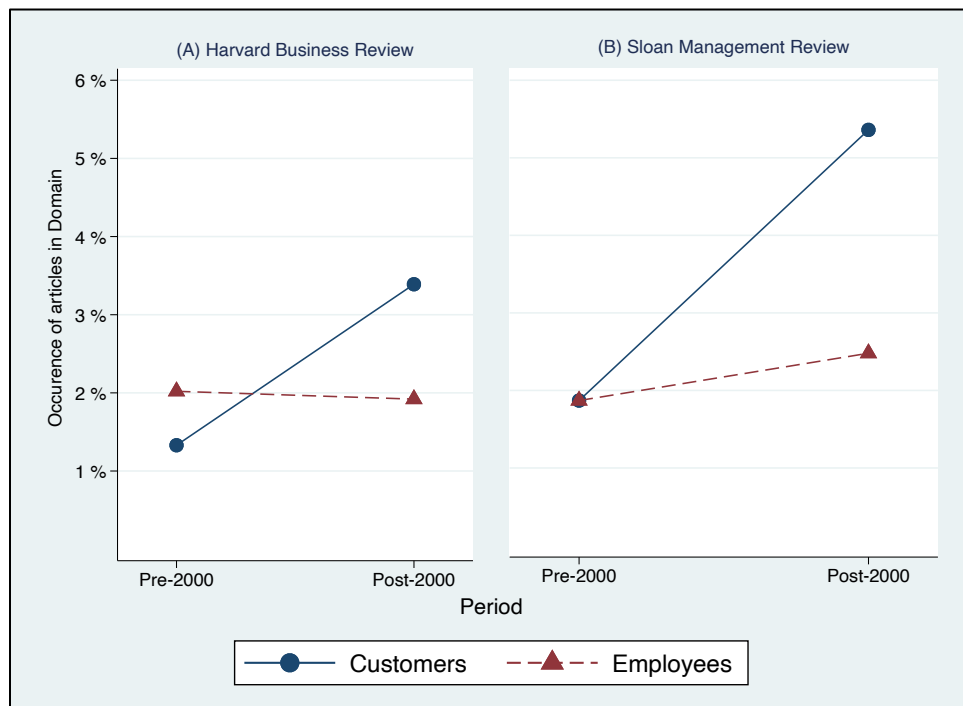
## **2.5 Analysis of Practitioner-oriented journals**

In this section, we analyze articles from two of the most popular avenues of practitioner-oriented articles - **Harvard Business Review** (HBR) and the **Sloan Management Review** (SMR).

By analyzing these two journals, we accomplish two objectives. First, these journals frequently publish articles that are reflective of critical topics on the mind of executives and other practitioners in the corporate world. Second, articles from both these journals have been used extensively in the dissemination of management education. Hence, this supplements our previous analysis of strategy textbooks, and the way management and strategy are taught to students.

**Methods and Data.** We download article titles from the Web of Science for Harvard Business Review (1922 to 2021) and Sloan Management Review (1970 to 2022). We have a corpus of approximately 17,000 HBR articles and 3,400 SMR articles. We look for the presence of ‘customer’ and ‘employee’ in article titles (and their synonyms) using the same dictionary of words that we used before. We also break the sample into two parts: pre-2000 and post-2000 to understand whether there has been a shift in terms of focus on both these areas.

**Figure 6:** Trends in Practitioner journals – customer and employee centricity



Notes: This figure shows the proportion of articles with keywords for employees and customers in their titles. The articles are divided into two groups – those released before the year 2000, and those released post the year 2000.

**Results.** The results are presented in **Figure 6**. The figure shows the proportion of articles that have titles that are either about customers or employees. The trends are very similar across both HBR (Panel A) and SMR (Panel B).

Prior to the year 2000, there was much lower usage of customer-oriented keywords when compared to employee-oriented keywords in the article titles. For HBR (SMR), 1.33% (1.87%) of the articles were about customers according to their titles, and 2.02% (1.87%) were dealing with issues related to employees. However, the usage of customer-oriented keywords has approximately tripled in the post-2000 era to 3.39% for HBR and 5.36% for SMR. The proportion of employee-oriented titles remained roughly the same. This trend coincides with the larger shift to customer-centricity two decades ago. As per the article titles in HBR and SMR, no such shifts are seen towards employee-centricity. Consequently, in recent years, both magazines seem to have more articles that are focused on customers than employees.

### **3. DISCUSSION AND CONCLUSION**

In this paper, we document a substantial discrepancy around the emphasis given to two critical stakeholders for the success of a firm: customers and employees. We begin by showing that not only do executives of S&P 500 firms talk ten times more about customers than employees in earning calls, but also use a different tone when talking about the two stakeholders. Using regulatory focus theory, our text analysis on earnings call transcripts reveals that customers are spoken about from a perspective of value-creation and maximization (promotion focus), but employees are spoken in a more cost-prevention tone (prevention focus). We additionally show a consistent discrepancy in emphasis on customers vs. employees in the expertise of corporate board members, strategy (text)books, practitioner magazines, and research in strategic management. The

bias towards customers across these domains is not getting less pronounced in recent years but is increasing. Our results consistently and overwhelmingly tell the same story – a much heavier focus remains on the firm’s customers compared to the firm’s employees. The results are surprising given the importance of both stakeholders in theories about strategic management and executives’ rhetoric that employees are their most important asset. Our results therefore lead to several questions and open avenues for future research.

The first and most important question is about the underlying reasons for this excessive disparity across domains between customers and employees? While it may have been exacerbated recently, we see that this disparity is not exactly recent and has existed for a few decades. Despite the symmetry in importance between customers and employee in strategic management theories such as value-based strategy (Brandenburger & Stuart, 1996), focusing on customers might lead to greater competitive advantage. Our paper can only document the imbalance but is not able to look at its implications. Questions for future research should explore whether the lack of employee-centricity is a consequence of managerial myopia, or is it just the best way to a sustainable competitive advantage? This will lead to several follow-up questions: Are firms that are more employee-centric at a disadvantage (or advantage)? And do such firms with different emphasis on employees vs. customer suffer more (or less) during recessions, contributing to poor (or better) resilience? In addition, how do trends in the labor market affect the way that firms focus on employees relative to their customers? For example, is the recent shift towards Artificial Intelligence and Machine Learning coupled with the onset of the gig economy contributing further to this imbalance? If employees of the firm are less involved in critical tasks, and fewer of them are employed permanently by the firm (i.e., contractors and free agents in the gig economy), then firm leadership might be even less likely to focus on employees.

Looking at the domain of academic research in strategy, this disparity may have partly emerged due to data limitations for researchers. If high-quality data on employees from organizations that can stand the test of academic scrutiny does not exist, or firms are unwilling to share it, researchers may be discouraged from delving further into the role of employees as a strategic resource. In contrast, good data on market share and customer-preferences is easier to gather. In conjunction, research on innovation and product development has greatly benefitted from the accessible and high-quality data on patents. With HR Analytics and greater utilization of big data inside firms, it may be that greater availability of employee data could lead researchers to ask more questions concerning employees.

A second big unanswered question is how the imbalance in firms' emphasis on customers relative to employees varies between different situations, companies, and/or industries. In this paper, we only focused on the average imbalance and some rough time trends. In follow up work, research should analyze whether the balance between employees and customer shifts over the business cycle and in times in which the labor market is tighter. Future research could also do a more rigorous attempt to understand why certain industries and certain firms put more emphasis on employees (compared to customers) than others – and its implications. In our sample of S&P 500 firms, we find that the emphasis on customers relative to employees varies between industries (as seen in Table **A.5** in the **Appendix**). This is in line with Flammer & Luo (2017), who document differing degrees of the use of strategic employee-oriented CSR. They find that firms in industries with greater labor-intensiveness, greater competition, and greater threats of stakeholder dissatisfaction are more likely to use CSR as an employee governance tool. Another avenue is exploring ownership and governance structures inside firms as antecedents to this customer-oriented bias. Flammer & Bansal (2017) find that positive changes in long-term executive

compensation led to greater firm value through greater investments in stakeholders such as employees. Family firms are believed to possess long-term horizons (Anderson & Reeb, 2003; Lumpkin & Brigham, 2011) and we should expect a lower bias towards customers among them. And then there is the question regarding differences across countries and cultures. We document that the composition of boards and concentration of director-expertise across different domains was quite different between the Board-Ex sample (concentrated in US, UK, and Canada) and the Indian sample of listed firms. While in Indian firms, Marketing expertise dominates HR expertise, the Indian boards had much more talent with expertise in Human Resources compared to the Board-Ex sample where Marketing dominated. It may be so that the degree of focus on employees depends on a combination of national culture and the regulatory environments (such as labor laws). The question relates to a discussion going on for years on whether Anglo-Saxon firms and executives are more focused on shareholder value than firms from the rest of the world (e.g., Porta, Lopez-de-Silanes, Shleifer, & Vishny, 1997; Mueller & Yurtoglu, 2007). Our focus on the imbalance in emphasis of two stakeholders (workers and customers) can lead to work that compares companies and executive across the world more systematically.

A third avenue for future research is to expand the analysis to include terms that do not directly imply either of customers or employees but are strongly related to them. For our analysis, we use ‘customers’ and ‘employees’ and their synonyms as keywords - *workers, workforce, staff, manpower, and personnel* for employees and *buyers, clients, users, and consumers* for customers. How would an expanded dictionary affect the analysis? For example, ‘marketing’, ‘product design’, ‘design thinking’ each have a strong customer-oriented connotation. Similarly, discussions around ‘teams’, ‘human resources’, ‘leadership’ are often employee centric. However, in this article, our aim was to measure the salience of the two stakeholders themselves in the minds

of practitioners and academics. Secondly, these connotations are not always true, and may carry noise. An interesting follow-up analysis might be to form a dictionary of words in management domains that are more customer and employee focused, and check if the trends that we find remain. Our analysis on the boards of organizations does show that the trend holds up even when we look at a much broader range of keywords.

Last, but not least, our research leads to follow-up questions regarding business education and its role in how workers are treated. Acemoglu, He, & Maire (2022) discusses the causal effect of business education on the manager's tendency to reduce employee wages. The authors find that non-business educated managers are more likely to share sales and profits with employees, when compared to managers with business degrees. We find results that carry a similar sentiment when we analyze boards of directors of firms, and the way executives from top-management teams talk. Employees seem to be not the most salient topic on the minds of organizations and people who lead them. We also find a possible reason for this shift – something that Acemoglu et. al hint at. Business education and research in strategic management has put less emphasis on employees as a source of value creation (compared to employees). Our research cannot show whether the emphasis in business education affects leaders who went to business school. An important question would be whether curriculums and research in business schools are indoctrinating future leaders in a way that they think about employees as a burden on the firm, and not as a strategic resource. Our results of different management journals indicate that it is mainly research (and textbooks) in strategic management that is neglecting topics related to employees vs. customers. The broader management literature (captured by the broader Academy of Management Journal) seems not to be biased and even focused more on employees. Not that it seems to affect expertise on board composition, emphasis, or tone in earning calls or practitioner magazines, but it opens up an

interesting question for future research that could more systematically analyze how business school curriculums are composed and how those curriculum exposes future business leaders on the importance of different stakeholders.



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## APPENDICES

**Table A.1:** Year-wise distribution of transcripts

<b>Year</b>	<b>Number of firms</b>	<b>Number of transcripts</b>
2007	536	1467
2008	566	2434
2009	556	2154
2010	513	1852
2011	559	2321
2012	578	2761
2013	590	3653
2014	589	2710
2015	581	2693
2016	578	2532
2017	576	2554
2018	569	2530
2019	550	1925

**Table A.2:** Dictionary of Promotion and Prevention Focus words

Source: Gamache, Mcnamara, Mannor, & Johnson (2015)

Promotion-focus	Prevention-focus
accomplish	accuracy
achieve	afraid
advancement	anxious
aspiration	avoid
aspire	careful
attain	conservative
desire	defend
earn	duty
expand	escape
gain	escaping
grow	evade
hope	fail
hoping	fear
ideal	loss
improve	obligation
increase	ought
momentum	pain
obtain	prevent
optimistic	protect
progress	responsible
promoting	risk
promotion	safety
speed	security
swift	threat
toward	vigilance
velocity	
wish	

### A.3: Director Biographies (examples) for Indian listed firms

**Example 1 - Firm:** 5PAISA Capital Ltd. **Time:** As of 31<sup>st</sup> March 2019

**Director Name:** Narendra Deshmal Jain

**Director Biography:** *Mr. Narendra Jain, aged 46 years, is a non-executive director in our company. He holds a B. Com degree from University of Mumbai and is a qualified chartered accountant. He has over twenty-one (21) years of experience in financial services in areas such as operations, taxation, internet banking and finance. He has handled various key positions in the India Infoline group and has handled support functions such as back-office operations, depository participant operations, know your client quality, customer service risk, audit administration and branch operations. In the past, he was associated with ICICI brokerage service limited, where he has worked in areas like operations, risk, compliance and design and development of systems and processes. He was also associated with Hindustan Petroleum Corporation Limited wherein he was involved in areas such as indirect taxation and marketing analytics.*

**Example 2 - Firm:** Accelya Solutions India Ltd. **Time:** As of 31<sup>st</sup> March 2019

**Director Name:** Sangeeta Singh

**Director Biography:** *Ms. Sangeeta Singh has over 36 years of experience primarily in human resources but also encompassing employer branding, corporate communications, employee governance, harassment/ grievance/ redressal, and some aspects of operations. Ms. Sangeeta Singh's experience spans professional services firms, financial services, consulting, and media sectors. Ms. Sangeeta Singh founded Sanguine Consultants in April 2013, which is handling independent consulting assignments in the area of leadership coaching for senior management. She is also a member of the advisory board of CII — Indian Women's Network and a champion of encouraging women to leadership positions in corporate India. She was also India head of the KPMG network of Women India chapter. She has been actively engaged and is responsible for driving several initiatives in diversity and inclusion - beyond gender diversity and corporate social responsibility. In the past Ms. Sangeeta Singh has handled key leadership assignments including partner and head of human resources at KPMG India; partner and head of human capital at PwC India; partner and head of human resources Ambit-RSM; Vice-president and Head of Human Resources for J Walter Thompson India amongst others. Over the years she has been a part of the top management teams consisting of iconic industry leaders and has worked on several leadership issues beyond human resources. Ms. Sangeeta Singh has been associated with many academic institutions' functional forums and leadership development centers. She is an active member and speaker at various HR forums. She has also been associated with various academic institutions collaborating with them on their development needs.*

**Table A.4:** Customer-Employee Balance in Strategy books

<b>Academic Textbooks</b>			
<b>Name</b>	<b>Year</b>	<b>Author</b>	<b>Customer-Employee Ratio</b>
Strategic Management: An Integrated Approach	1989	Hill & Jones	2.4
Contemporary Strategy Analysis	1991	Grant	3.1
Strategy and the Business Landscape	1999	Ghemawat	6.7
Strategic Management	2000	Saloner, Shepard, & Podolny	4.3
Strategic Management	2001	Hitt, Ireland & Hoskisson	2.5
Strategic Management of Technological Innovation	2005	Schilling	7.0
Strategic Management and Competitive Advantage	2005	Barney & Hesterly	2.1
Redefining Global Strategy	2007	Ghemawat	2.5
Strategic Management	2012	Rothaermel	3.0
Corporate Strategy	2016	Puranam & Vanneste	2.9
<b>Average (Academic Textbooks) = 3.7</b>			
<b>Practitioner Books</b>			
<b>Name</b>	<b>Year</b>	<b>Author</b>	<b>Customer-Employee Ratio</b>
Competitive Strategy	1980	Porter	12.3
Co-opetition	1996	Brandenburger & Nalebuff	29.4
The Innovators Dilemma	1997	Christensen	5.7
Blue Ocean Strategy	2004	Mauborgne & Kim	5.3
Good Strategy, Bad Strategy	2011	Rumelt	6.0
Build, Borrow, Buy	2012	Capron & Mitchell	0.8
Better Simpler Strategy	2021	Oberholzer-Gee	2.6
<b>Average (Practitioner Books) = 8.9</b>			

*Notes:* The table includes the list of academic and practitioner books analyzed by us. The year mentioned here is the year when the book was first published; the analysis was done on the edition of the book digitally available and may have differed from the original version. The list was prepared basis suggestions from editors and associate editors on the Boards of Strategic Management Journal and Strategy Science. For every book, the number of mentions of customers and employees (and their synonyms) are calculated, and the ratio of customer to employee mentions is presented as a measure of bias. **Customer**-oriented keywords are customer(s), buyer(s), client(s), user(s), consumer(s) and **Employee**-oriented keywords are employee(s), worker(s), workforce, staff, manpower, personnel.

**Table A.5:** Topics from academic journals – Topic Modelling

(A) Strategic Management Journal

Topic	Topic Name	Words
1	Foundations of Corporate Strategy - Strategy as a Process	alliance(s), network, partners, market
2	Product innovation, Knowledge in external markets, Technological change, and Customer Value generation (Customer-focus)	product(s), competitive, market, industry
3		knowledge, innovation, technological, external, search
4	Strategy and accumulation of firm value	strategy, competitive, organizational, capabilities, theory
5	Governance and Corporate Relationships (including Boards)	board, CEO(s), corporate, social
6	Human Capital Strategy, managerial mobility, and knowledge/ innovation (Employee-focus)	value, acquisition(s), may, managerial
7	Resource allocation inside the firm (Strategy and Structure)	diversification, governance, corporate, ownership, relationship
8	CSR, Misconduct, Stakeholders, and Institutional environments	CSR, stakeholder(s), reputation, corporate
9	International Business	foreign, industry, effects, business, countries
10	CEO, Top Management, Upper Echelons	CEO(s), pay, compensation, risk

(B) Management Science

Topic	Topic Name	Words
1	Operations Management	service, time, problem, system, optimal
2	Inspections and Evaluations of Objects/Humans	content, players, ad, rating, ratings
3	Online stores, sales, and customer behavior (Customer-focus)	online, customers, search, product, sales
4	Analysis of data, algorithms, and simulations	data, problem, approach, method, decision
5	Finance, Accounting, and Corporate Governance	financial, effect, capital, using, public
6	Pricing, product-distribution, and the supply chain (Customer-focus)	price, demand, supply, may, market
7	Operations Management - 2	optimal, problem, utility, product, function
8	Knowledge, firm performance, and innovation	product, performance, new, research, technology
9	Experiment-based science, groups/teams, and employee behavior (Employee-focus)	social, effect(s), experiment, group
10	Finance	risk, returns, market, stock, investors



(C) Academy of Management Journal

Topic	Topic Name	Words
1	Teams/Groups (Employee-focus)	team(s), creativity, members, group
2	Organizational strategy and macro-decision making	firm, decision, effects, organizations, family
3	Theoretical modelling - management, strategy, and performance	relationship, model, service, data, management
4	Organizational strategy - knowledge and environment change	knowledge, new, firm, organizations, change
5	Social institutions and structures, stakeholders, and reputation	institutional, organizations, practices, multiteam, system
6	Culture, gender, and organizational ecology (Employee-focus)	women, management, firm, gender, strategic
7	Ethics, employee behavior in workplace, and organizational justice (Employee-focus)	employees, job, behavior, effects, justice
8	CEOs, leaders, and top management	CEO(s), board, firm, directors
9	Organization Theory (better understanding organizations)	corporate, model, ties, firm, new
10	Entrepreneurship/ new ventures / growth strategy	new, network, venture(s), trust

Notes: We have listed here the results from the LDA model for each of the three journals analyzed by us – Strategic Management Journal (SMJ – Panel A), Management Science (MS – Panel B), and Academy of Management Journal (AMJ – Panel C). For each topic, we have the title of the topic and the five most important words related to that topic that are output by the model. The topics highlighted in green are topics where articles have a heavy orientation towards either employees or customers.

**Table A.6:** Customer-Employee Bias across Industries

<b>Industry</b>	<b>Customer Bias</b>
Retail Trade	27
Information	18
Wholesale Trade	17
Manufacturing	14
Construction	11
Real Estate and Rental and Leasing	11
Professional, Scientific, and Technical Services	11
Finance and Insurance	11
Accommodation and Food Services	9
Administrative and Support and Waste Management and Remediation Services	7
Utilities	6
Health Care and Social Assistance	4
Transportation and Warehousing	4
Mining, Quarrying, and Oil and Gas Extraction	4