

UNLOCK REPUTATION

The Currency of Collaboration

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Core Message

In a fragmented, fast-moving world, success is no longer driven by performance alone, but by an institution's ability to align values, behavior, and leadership. Unlock Reputation reframes corporate reputation as the operating system of collaboration. It explains reputation as a values coded system that enables institutions to earn trust, legitimacy, and the willingness of stakeholders to work with them. The book provides readers with strategic guidance on how to achieve it.

Guiding Principle

Reputation is the currency of collaboration. It governs whether institutions can attract allies, withstand pressure, and operate with legitimacy across society. Built on integrity rather than performance, strong reputations amplify influence, reduce friction, and create the goodwill required to navigate risk, shape outcomes, and endure over time.

About the Author

Roy Persson is a corporate insider writing this book to help institutions adapt and survive the most challenging time in corporate history: The Reputation Era. For over 20 years has advised Fortune 500 companies on reputation, public trust, and institutional legitimacy. His work sits at the intersection of corporate leadership, public affairs, and societal accountability, guiding senior executives as they navigate regulatory scrutiny, activism, crisis, and long-term reputational risk. He has developed multi-stakeholder reputation frameworks that translate values, trust, and evolving expectations into practical guidance for leadership decision-making across complex institutional environments.

Chapter 2: Reputation Hanging in the Balance

Quote Text (Placed on the section break page): *"If a problem cannot be solved, enlarge it." — Dwight D. Eisenhower*

Passage 5: Pulling the Curtain Back

Summary Text (Not Included in Final Copy): Journalism evolved from a democratic watchdog into a fragmented and decentralized information ecosystem shaped by market incentives and technological acceleration. Along the way, narrative authority consolidated, fractured, and ultimately destabilized, giving rise to misinformation, perceived censorship, and erosion of shared reality. What began as scrutiny of corporate power became a system in which narrative itself became a source of asymmetry.

Rapid global scale, velocity gaps, and widening societal negative externalities played a significant role in producing the Reputation Era. But to truly understand how this era fell into place, the dynamics of corporate power must be explored. The power transformations that formed the Reputation Era, came about recently, spanning over the past 150 years. In this timeline corporate power would become highly visible, then unstable, then contestable.

Corporate power, that most closely resembles the power structures of modern day corporations, had accumulated significantly in the industrial age. Leading up to this

point this power transformation was mostly quiet, obscure, or not fully understood. At this time prosperity looked like railroads that stretched across continents, oil pipelines that move energy across regions, and steel plants that were reshaping city skylines. Leading into the early 1900's the mechanics of corporate scale were complex, distant, and difficult for most citizens to see. This New Dawn era would translate that complexity into power visibility. That translation would begin to destabilize the reputation operating system, which was simple at the time. Reputation, a reciprocal concept, was easier to maintain. Corporations could secure legitimacy as long as a narrow set of elite public and political stakeholders could connect increased corporate scale with perceptions of prosperity. This meant that a company's durable permission to operate the business was mostly a linear equation where enhancing capability and competence ensured reputational legitimacy would follow. This was the reputational operating system that guided corporate behavior up to this point in history.

This software had a critical vulnerability, one that would glitch when the consequence of prosperity, as a result of accelerating scale, became visible. But for stakeholders to "see" the consequences of industry, they would need an interpreter that could decode corporate influence. The visibility of corporate power did not arrive through a single invention or political event. It emerged through the gradual construction of an

information architecture that made hidden systems visible, and in doing so, the reputation operating system would begin to glitch.

The stakes of the Reputation Era are not defined by corporate speed alone, but also by the systems that interpret and amplify that speed. Reputation exists in many locations, but it primarily resides in an information environment. In the New Dawn Era that information environment would evolve dramatically, alongside the institutions in it.¹ When industrial corporations began to accelerate scale across jurisdictions and communities, the public could not immediately grasp what that scale, and its potential consequence, meant. Negative externalities were experienced as slow moving, disparate, seemingly disconnected events such as rising prices, disappearing competitors, and shifting labor conditions. Those isolated stories did not always resonate with stakeholders because they lacked narrative coherence.

Journalism, especially muckraking journalism, provided that coherence. It translated dispersed negative externalities and corporate power into visible consequences. While journalism can be traced back to the Roman Era², its transformation into a professional, ethically oriented discipline marked a structural reputation turning point.

¹ Barnhurst, K. G., & Nerone, J. (2008). Journalism History. *The Handbook of Journalism Studies*. https://www.academia.edu/992588/Journalism_History

² *Journalism | Definition, History, & Facts* | *Britannica*. (n.d.). Retrieved February 24, 2026, from <https://www.britannica.com/topic/journalism>

The New Dawn era would formalize the journalism industry, including the founding of the University of Missouri's journalism school in 1908³. This journalism industry would make it possible for society to examine the mechanics of scale itself, including not just its outcomes. This anchored a broad societal expectation that concentrated power will be watched.⁴

Ida Tarbell's investigation into Standard Oil represents one of the clearest expressions of this shift. Beginning in 1902, her serialized reporting reconstructed the internal mechanics of Rockefeller's empire, detailing railroad rebates, secret agreements, and consolidation tactics with a level of clarity that made corporate power comprehensible to a broader public.⁵ Tarbell's work was not merely investigative; it was a translation of power that widened visibility. The distance and obscurity of what Rockefeller was as a figure in society transformed into public narrative. Business leaders became legible societal actors that could now be examined and judged. Once stakeholders could see beyond corporate prosperity the calculus of evaluating legitimacy changed. The equation to determine permission to operate became a net

³ *The J-School Legacy: Upholding the Journalist Creed at Mizzou*. (2026). Mizzou School of Journalism. <https://journalism.missouri.edu/the-j-school/the-j-school-legacy/>

⁴ Kalogeropoulos, A., Toff, B., & Fletcher, R. (2024). The Watchdog Press in the Doghouse: A Comparative Study of Attitudes about Accountability Journalism, Trust in News, and News Avoidance. *The International Journal of Press/Politics*, 29(2), 485–506. <https://doi.org/10.1177/19401612221112572>

⁵ Terrell, E. (2022, October 11). *Standard Oil, Tariffs, and Ida Tarbell | Inside Adams* [Webpage]. The Library of Congress. <https://doi.org/10/standard-oil-tariffs-ida-tarbell>

sum of prosperity minus perceived consequence. The reputation operating system was increasingly becoming a multi-variate equation.

Scrutiny of influential corporate power led to the passage of the Sherman Antitrust Act. A landmark law designed to prevent monopolies and restrain concentrations of economic power that could distort markets and harm the public. It became the defining intervention against Standard Oil, signaling that corporate scale, once celebrated, had crossed into a domain requiring formal oversight. But legal action did not serve as the key reputational transformation. Public opinion did not shift because of a legal ruling, it shifted because corporate power was emerging from behind the curtain.⁶ The early twentieth century was more than an antitrust enforcement, it was the new dawn of corporate scrutiny.

As visibility expanded and took hold, scrutiny reinforced the relationship between visibility and accountability. Newspapers, often locally rooted, positioned themselves as civic institutions tasked with informing the public and exposing power.⁷ The institution of journalism derived its own legitimacy by serving as an interpreter for power and influence. Stories that revealed corporate vulnerability reinforced the

⁶ OpenStaxCollege. (2014). *The Origins of the Progressive Spirit in America*. <https://pressbooks-dev.oer.hawaii.edu/ushistory/chapter/the-origins-of-the-progressive-spirit-in-america/>

⁷ Nord, D. P. (2001). *Communities of Journalism: A History of American Newspapers and Their Readers*. University of Illinois Press.

credibility and authority of the press. And what exposed the consequence of corporate scale simultaneously strengthened the legitimacy of journalism. The rise of journalism served as a counterweight to corporate legitimacy, the result was a widening of the number of stakeholders that institutions had to manage.

Over time, visibility continued to widen, further pulling back the curtain, revealing societal consequences of corporate power not fully understood before. The distance on issues such as labor practices, once confined to localized context, could now be the subject of national interpretation. The Ludlow Massacre of 1914 illustrates how visibility could transform a localized industrial dispute into a nation-wide legitimacy crisis⁸. When striking miners and their families were attacked by the Colorado National Guard, which was said to be influenced by Rockefeller, the event resulted in at least 20 deaths including women and children⁹. Public outrage spread rapidly through national coverage. Rockefeller, with a reputation already tarnished by issues of vast industrial scale, now became associated with human dignity as a cost of conducting business. Journalism collapsed the distance between action and perception, translating a localized tragedy into a delegitimizing national narrative.

⁸ April 20, 1914: Ludlow Massacre. (n.d.). *Zinn Education Project*. Retrieved February 23, 2026, from <https://www.zinnedproject.org/news/t dih/ludlow-massacre/>

⁹ *The Ludlow Massacre | American Experience | PBS*. (n.d.). Retrieved February 24, 2026, from <https://www.pbs.org/wgbh/americanexperience/features/rockefellers-ludlow/>

The reputation operating system equation was expanding exponentially, to include new stakeholders. Now a corporation would need to serve more than public and political elites, it would need to navigate media pressure, and the voice it gave to employees, as well. Enter Ivy Lee, who advised Rockefeller to engage directly with journalists. By releasing information proactively, he could humanize corporate leadership.¹⁰ His approach reflected a recognition that visibility had fundamentally altered the changing environment businesses were operating in. Corporations had become visible, and with that visibility silence could no longer preserve legitimacy. Consequently, visibility requires communication, or, in its absence, interpretation would fill the void.¹¹ It was a transformative moment, it was understood that silent competence alone could not resolve multi-stakeholder scrutiny. This marked the emergence of a new corporate function, public relations. This function was not initially conceived as persuasion, though that would come to be later in time. Initially, the function was established as an evolutionary adaptation to a multi-variate, multi-stakeholder reputational system.

¹⁰ Hallahan, K. (2002). Ivy Lee and the Rockefellers' Response to the 1913-1914 Colorado Coal Strike. *Journal of Public Relations Research*, 14(4), 265–315. https://doi.org/10.1207/S1532754XJPRR1404_1

¹¹ bmadmin. (2014, August 25). Ivy Lee and the origins of the press release. *PR Academy*. <https://pracademy.co.uk/insights/ivy-lee-and-the-origins-of-the-press-release/>

Within decades the communications function began as an instrumental component of securing institutional legitimacy. In an ironic twist, the practice, once remitted to protect the business from consequences of scale, was discovered that it could be used to accelerate scale itself. Edward Bernays extended the logic of public relations beyond response into influence. Drawing on psychological theory, he argued that public opinion could be shaped through deliberate communication strategies.¹² His campaigns demonstrated that narrative could do more than explain corporate behavior. It could shape how that behavior was perceived, and even create demand where none previously existed. The emotional mechanisms that Bernays would deploy in communications campaigns would later threaten an information ecosystem that consolidated and aligned through the mid-twentieth century. These threats to information stability would come to define the closing moments of the Unbounded Era (late 1900's).

Before the information ecosystem would fracture, there was a long duration of stability in the news ecosystem. For most of the mid-twentieth century the media network was highly consolidated. Advances in radio and television created a nationalized information environment in which a small number of institutions

¹² Harris, P., & Harris, I. (2022). Bernays, Edward Louis (1891–1995). In *The Palgrave Encyclopedia of Interest Groups, Lobbying and Public Affairs* (pp. 58–60). Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-44556-0_170

mediated public understanding.¹³ Walter Lippmann, a Pulitzer prize winning American journalist, observed a complex, increasingly global, news environment that needed to be centralized. He believed that people relied on “pictures in our heads” to interpret increasingly dynamic world realities that had become proportionally overwhelming with the scale of news information.¹⁴ At this time broadcast networks such as NBC, ABC, and CBS dominated the information landscape, these three outlets aligned and shaped how events (pictures in heads) were interpreted across the country.¹⁵ Figures such as Walter Cronkite became trusted reference points, capable of influencing public sentiment and political decision-making simultaneously.¹⁶ This environment created stability through a shared reality.

For corporations, this structure offered stability. Reputation could be managed within a structured, periodic narrative system. A crisis would unfold over extended intervals, typical in daily news cycles. Interpretation was mostly uniform and could be mediated through a finite set of channels. Corporations evolved their ability to anticipate, respond, and stabilize their narrative as scale continued to accelerate. As a result this

¹³ Evans, F. (2021, August 12). *8 Moments When Radio Helped Bring Americans Together*. HISTORY. <https://www.history.com/articles/most-famous-historic-radio-broadcasts>

¹⁴ Lippmann, W. (n.d.). *Public Opinion*. Retrieved February 25, 2026, from <http://archive.org/details/PublicOpinion>

¹⁵ *Decline of the Big Three Networks | History | Research Starters | EBSCO Research*. (n.d.). EBSCO. Retrieved February 25, 2026, from <https://www.ebsco.com>

¹⁶ *Walter Cronkite | Biography, Facts, & Views on Vietnam War | Britannica*. (2026, January 27). <https://www.britannica.com/biography/Walter-Cronkite>

period of time is often remembered as one of high institutional trust. That trust was not a function of institutional behavior, it was a function of narrative alignment.

Visibility existed within a system capable of reconciling with interpretation. As long as that relationship held, legitimacy could be contested without it becoming unstable.

While a shared narrative held, for the time being, a new structural tension began to expose itself. One where visibility revealed how corporate innovation operated at a different velocity than democratic governance. Markets moved quickly, driven by incentives to innovate, scale, and capture advantage. Meanwhile, governance moved slowly, designed to deliberate, democratize, and reconcile competing interests to produce durable balanced rules.¹⁷ This velocity gap became legible as journalism did not simply expose corporate behavior, it revealed how long that behavior could persist before meaningful government oversight emerged. The distance between scale and governance became visible. That widening gap would later become another defining feature of the Reputation Era.

One reason this governance gap widened was because companies learned how to effectively navigate “labels”. Classification became a key strategy, “we are a platform, not a publisher,” “we are a marketplace, not a financial institution,” a strategy that was

¹⁷ *The Avalon Project: Federalist No 62*. (n.d.). Retrieved February 22, 2026, from https://avalon.law.yale.edu/18th_century/fed62.asp

effective for navigating regulatory ambiguity.¹⁸ Another factor driving the governance gap was the mobility of capital, rewarding speed and market capture over alignment with governance structures. Corporations also recognized that increased consumer prosperity and delight only further delayed scrutiny, as early-stage innovations delivered superior convenience and quality.¹⁹ Consumers would become habituated with improved experiences before consequence could become widely visible. A sometimes intentional strategy to acquire market share through an exceptional consumer experience before the negative externalities were understood. These strategies proved successful in expanding scale before governance could catch up, at this point companies could become entrenched before scrutiny could set in.

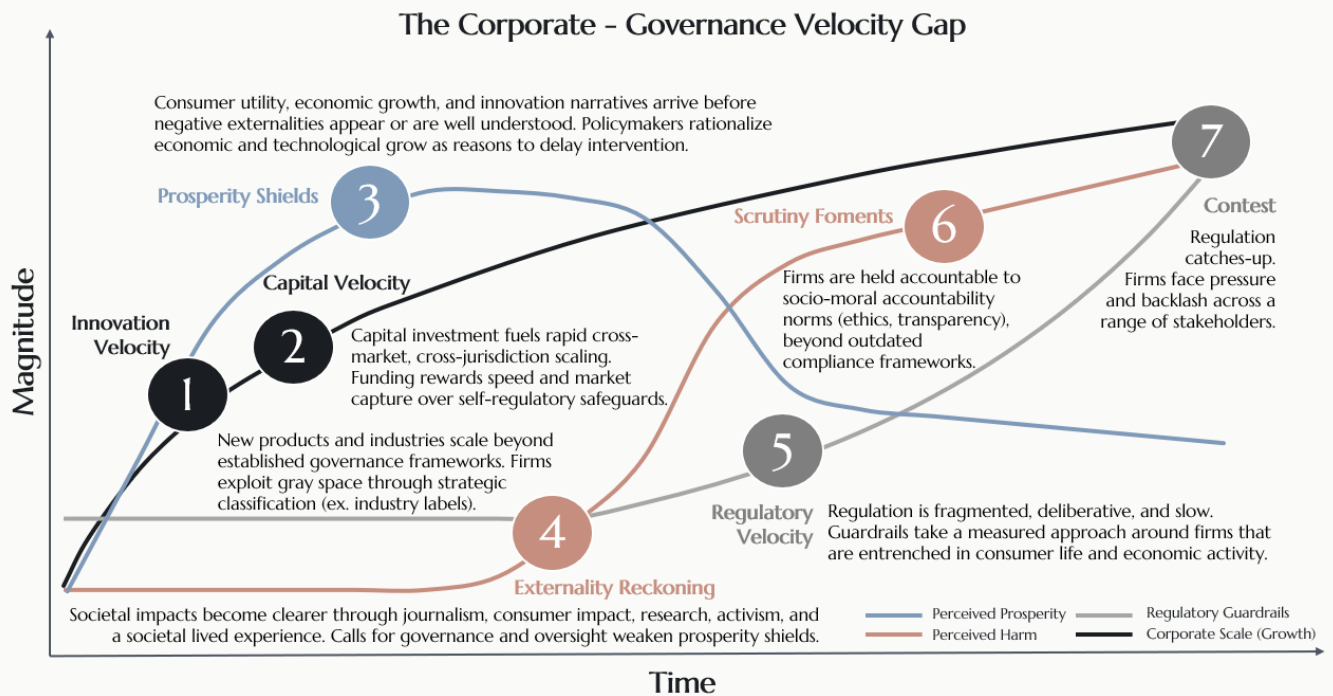
While scrutiny was delayed by increased prosperity, over time the consequences would become largely interpreted and understood. Now stakeholders evaluated not only whether companies complied with existing rules, but whether they recognized emerging risks and acted responsibly in the face of visible consequences.²⁰ This is where reputation diverges from legal conformity. Institutions could be legally

¹⁸ *U.S. Code § 230—Protection for private blocking and screening of offensive material.* (n.d.). LII / Legal Information Institute. Retrieved February 25, 2026, from <https://www.law.cornell.edu/uscode/text/47/230>

¹⁹ Frieden, J., & Silve, A. (2023). The political reception of innovations. *Economics & Politics*, 35(2), 595–628. <https://doi.org/10.1111/ecpo.12228>

²⁰ Suchman, M. (1995). Managing Legitimacy: Strategic and Institutional Approaches. *Academy of Management Review*, 20, 571-611. *The Academy of Management Review*, 20, 571. <https://doi.org/10.2307/258788>
















compliant, but failure to mitigate externalities once they were aware of them would still leave legitimacy contested. What emerged was a reputational fault line where successfully scaling a company also introduced scrutiny. The question was no longer simply whether a company could scale within the rules. It was whether it was perceived to act responsibly within a system where the rules themselves lagged behind perceived consequence.



Corporate responses to velocity gaps varied. Some organizations intentionally prioritized speed, exploiting regulatory ambiguity to capture market share before oversight could catch up. Others adapted, gradually investing in compliance as risks

became visible. While some other companies take a completely different approach, recognizing that the velocity gap could be used to their advantage. In this case, they could deploy proactive legal compliance that could be used to shape governance itself, participating in the design of rules that would govern their industries and erect barriers to faster moving entrants. None of these approaches are primarily driven through ethical design, they are strategic responses to the same structural condition where innovation and capital velocity moves faster than governance and visibility. The velocity gap ultimately leads to three unique business strategies. Firms could choose to position themselves as either a Reactive Exploiter, an Adaptive Learner, or Governance Co-Architect.

Velocity Gap Archetypes

	Reactive Exploiter Moves aggressively into grey zones, leverages ambiguity, and delays oversight	Adaptive Learner Moves quickly to grow and react to governance friction, embedding compliance as needed	Governance Co-Architect Embraces standards and oversight as a means of erecting barriers that protect market position
Speed of Market Entry			
Gray-Zone Exploitation			
Transparency / Disclosure			
Regulatory Engagement			
Long-term Optimization			
	Uber (Kalanick era): Deployed in cities without formal approval, relying on consumer adoption to force municipal response. DraftKings: Classified daily fantasy sports as skill-based to sidestep gambling regulations, scaling rapidly before legislatures clarified legal boundaries.	Amazon: Scaled aggressively in e-commerce and marketplace dominance, but as regulatory attention mounted, invested heavily in compliance teams, transparency reporting, and structured policymaker engagement across jurisdictions.	Microsoft (Nadella era): After the reputational consequences of its 1990s antitrust battle, reoriented toward cooperative governance. Framed AI advancement alongside calls for licensing regimes, safety standards, and international coordination, embedding itself within the rulemaking process.

Visibility and velocity gaps alone did not produce the Reputation Era. It was, however, a prerequisite and a marker of the New Dawn Era (Early 1900's). A time period where the reputation operating system would reveal itself as glitched and vulnerable. Power and asymmetry had become legible. But legibility alone did not fully destabilize the system. As corporations entered the Enbounded Era (~1950's), they faced a wave of instability, not from crisis, but through systematic structural design. This is the transition point that would crash the reputation operating system. Institutional power would not be contested because the curtain was pulled back, it would be challenged because common ground collapsed and a shared reality was lost.

[Passage 6: The Collapse of Common Ground](#)

Summary Text (Not Included in Final Copy): Two converging shifts, the redesign of capitalist incentives and the fragmentation of information systems, introduced significant power instability, weakening the structures that once anchored institutional legitimacy. As financial incentives pushed corporations toward short-term value and global capital mobility expanded asymmetry, institutions grew more distant from consequences, exposing a gap where legal compliance no longer guaranteed public trust.

Power had become visible, but something much deeper was about to change. Two converging forces, one economic and one informational, would set the stage for the modern day Reputation Era. On one side, the architecture of capitalism itself would be redesigned. Capital became more mobile, incentives were realigned around equity performance, and the structural ground beneath the post-war settlement shifted in ways that altered who benefited, how visibly, and at what cost to whom. On the other side, the information systems that translated corporate conduct narratives were fragmenting, accelerating, and polarizing. The shared narrative that allowed society to process institutional behavior through common reference points dissolved. While multiple factors produced the Reputation Era, the most formative influences were the ones that created power instability. As time progressed, shared realities further

disintegrated while asymmetry expanded exponentially and, as a result, competence increasingly became less effective for sustaining legitimacy.

Power instability begins at the heart of the Unbounded Era, in the 1970s. A time marked by turbulence and crisis for the American economy. The country faced destabilization from global competition, shocked by simultaneous stagnation and rising energy prices.²¹ Instability, at this time, would not be resolved. It would be reshaped, redirected, expanded, and delayed. These pressures led to an intellectual reframing of capitalism. On a Sunday morning, September 13, 1970, *The New York Times Magazine* published an essay titled “The Social Responsibility of Business Is to Increase Its Profits,” written by the American economist Milton Friedman. The argument was direct, asserting that corporate executives are employees of shareholders and therefore have a fiduciary duty to maximize the value of investors and other capital intensive stakeholders. A company’s main fiduciary duty, in this context, conveyed an obligation onto directors and executive officers to act in the best interests of shareholders. This also encompassed the duty of care, meaning management would be required to make informed and prudent decisions, avoiding any conflict of interest that would compromise, and reduce, shareholder returns. So long as a company ensured the language and labels they used to describe business

²¹ Corbett, M. (n.d.). *Oil Shock of 1973-74*. Retrieved February 28, 2026, from <https://www.federalreservehistory.org/essays/oil-shock-of-1973-74>

operations were “within the rules of the game,” they would remain in legal compliance and within basic ethical expectations.²² This belief, that compliance would ensure a company maintains legitimacy, would be proved as fundamentally inaccurate in the Reputation Era.

Contrary to the popular notion, Friedman’s essay did not instantly transform corporate behavior. While the argument helped articulate a direction toward shareholder primacy, providing intellectual clarity at a time when American industry was searching for stability, the proposal required a more structural path to executing the vision. It took nearly a decade for a formal doctrine to become fully operationalized within corporate governance. The mechanism for translating Friedman’s vision was through purposefully reengineering corporate incentive design. One of the most influential figures in that transformation was the economist Michael Jensen. In his landmark 1976 paper, “Theory of the Firm,” co-authored with William Meckling, Jensen articulated what became known as agency theory. The argument was straightforward, corporate managers are agents of shareholders, and misalignment between managerial incentives and shareholder interests is inefficient. The solution, Jensen argued, was to redesign how executives are incentivized, ensuring

²² Friedman, M. (2007). The Social Responsibility of Business Is to Increase Its Profits. In W. C. Zimmerli, M. Holzinger, & K. Richter (Eds.), *Corporate Ethics and Corporate Governance* (pp. 173–178). Springer Berlin Heidelberg. https://doi.org/10.1007/978-3-540-70818-6_14

that they are compensated in ways that tie their wealth directly to shareholder returns.²³

This logic moved from academic journals to boardrooms. Compensation structures shifted, with executive pay increasingly anchored to equity awards and stock options.²⁴ In practical terms, this meant that leadership decisions increasingly aligned with stock performance. The shift would prove to be consequential because it recalibrated what corporate leadership optimized for. Corporate leadership lost their ability to transact a long-term vision that created durable business resilience. Instead it was incentivized to maximize market value, with an increased focus on driving consistent and continual short-term wins for its shareholders. The focus moved to devising tools that would expand market value dramatically. Scale became a key success factor and with it scrutiny would be sure to follow.

As Jensen's intellectual framework renovated corporate boardrooms, the need to retrofit the financial system plumbing with it became evident. In 1982, the Securities and Exchange Commission adopted Rule IOB-18, providing companies with a “safe

²³ Jensen, M. C., & Meckling, W. H. (1976). Theory of the firm: Managerial behavior, agency costs and ownership structure. *Journal of Financial Economics*, 3(4), 305–360. [https://doi.org/10.1016/0304-405X\(76\)90026-X](https://doi.org/10.1016/0304-405X(76)90026-X)

²⁴ Edmans, A., Jenter, D., & Gabaix, X. (2017, September 6). Executive Compensation: A Survey of Theory and Evidence. *The Harvard Law School Forum on Corporate Governance*. <https://corpgov.law.harvard.edu/2017/09/06/executive-compensation-a-survey-of-theory-and-evidence/>

harbor” when repurchasing their own shares.²⁵ While stock buybacks were not new, the rule clarified how and when firms could buy back their own stock without facing accusations of market manipulation. Buying a company’s own stock was a simple but powerful tool for driving shareholder value. Buybacks reduced the number of available stock shares, which boosted a company’s earnings per share evaluation. This in turn, would lead to stock price appreciation. When executive compensation was tied to stock price, it reinforced executive financial decision making that would elevate shareholder returns. As a result, the flow of profits that might have been directed toward business reinvestment (ex. wage growth, infrastructure investments, product innovation, etc.) previously was now being redirected towards increasing and protecting investors.

As the incentives systems changed corporations innovated additional tools to drive market share. From this, buybacks would be only one of several financially engineered solutions. Leveraged buyouts emerged as another powerful capital restructuring tool during this same time period. A leveraged buyout, known as an LBO, involves acquiring a company using a significant amount of borrowed money, with the acquired company’s assets often serving as collateral for the debt that was used to

²⁵ SEC.gov | *Division of Trading and Markets: Answers to Frequently Asked Questions Concerning Rule 10b-18 (“Safe Harbor” for Issuer Repurchases)*. (n.d.). Retrieved February 28, 2026, from <https://www.sec.gov/rules-regulations/staff-guidance/trading-markets-frequently-asked-questions/division-trading-markets-answers-frequently-asked-questions-concerning-rule-10b-18-safe-harbor>

purchase it.²⁶ If a company was seen as inefficient, bloated, or underperforming relative to its asset base, it became a target. The acquired, underperforming, firm would have inefficiencies eliminated, costs reduced, assets rationalized, operations streamlined, and performance improved.²⁷

Firms such as Kohlberg Kravis Roberts, led by private equity financier Henry Kravis, became emblematic of this leveraged restructuring model.²⁸ His 1988 buyout of RJR Nabisco became more than a transaction. At roughly \$25 billion, it was the largest leveraged buyout in history at the time. The bidding war between corporate management and private equity firms unfolded visibility, transforming what might have been a technical financial maneuver into a phenomenon that struck awe and spectacle.²⁹ Chronicled in the book *Barbarians at the Gate*, the deal revealed to society that corporate power was shifting from managerial stewardship into aggressive allocation within capital markets. For many observers, it translated to a

²⁶ *Leveraged buyout (LBO)* | *Britannica Money*. (n.d.). Encyclopedia Britannica. Retrieved February 28, 2026, from <https://www.britannica.com/money/money/leveraged-buyout>

²⁷ *Operational Improvements in PE Buyouts | PDF | Leveraged Buyout | Private Equity*. (n.d.). Scribd. Retrieved February 28, 2026, from <https://www.scribd.com/document/789779214/Operating-Improvements-in-Private-Equity-Buyouts>

²⁸ Kaufman, A., & Englander, E. J. (1993). Kohlberg Kravis Roberts & Co. And the Restructuring of American Capitalism. *The Business History Review*, 67(1), 52–97. <https://doi.org/10.2307/3117468>

²⁹ Meikle, B. (2002, June 10). A Look Back At The Largest LBO Ever - [Content]. *Buyouts*. <https://www.buyoutsinsider.com/a-look-back-at-the-largest-lbo-ever/>

cultural moment when financial engineering became synonymous with highly influential transformative corporate power.

To drive shareholder value, the tools of financial engineering continued to stack and layer upon each other. Fueling many of these LBO transactions was the rise of the high-yield, or “junk,” bond market. Michael Milken, working at Drexel Burnham Lambert, pioneered the large-scale underwriting and distribution of lower-rated, higher risk, corporate debt.³⁰ Milken argued that many firms with weaker credit profiles were undervalued rather than inherently risky. From this he built a market that channeled vast sums of higher risk capital, which are fittingly called junk bonds, into new financially engineered tools. These junk bonds financed leveraged buyouts at unprecedented scale. With the supply of debt becoming increasingly available, the result was a surge in corporate takeover activity that normalized the culture of taking on exceedingly higher levels of risk.³¹ While the 1980s LBO wave did not directly cause the mortgage crisis of 2008, it did create a culture of risk tolerance. Cracks were not obvious, because prosperity was expanding through market stabilization and rising economic activity.

³⁰ Society, S. H. (n.d.). *Securities and Exchange Commission Historical Society*. Retrieved February 28, 2026, from <http://www.sechistorical.org>

³¹ U.S. Leveraged Buyouts: The Importance of Financial Visibility. (2013). *Liberty Street Economics*. <https://libertystreeteconomics.newyorkfed.org/2013/08/us-leveraged-buyouts-the-importance-of-financial-visibility/>

Compounding this problem is another challenge that when a system is perceived to deliver prosperity, it is almost certainly expected to expand exponentially. This is precisely what happened to the financial incentive system, it expanded globally. As capital became more fluid within American markets, it also proved to be highly valuable as it expanded across borders. Roots of capital mobility now stretched from Wall Street to Shenzhen and Shanghai China, which was also shocked by another story of economic instability during the 1970s. At this time China was emerging from the economic and social upheaval of the Cultural Revolution. Industrial productivity lagged, state-owned enterprises were inefficient, and per capita income remained low.³² China, like the United States, faced stagnation and structural fragility.³³ Deng Xiaoping's reforms were not ideological indulgences. They were pragmatic interventions designed to stabilize and modernize a struggling economy. Deng captured his philosophy in a now-famous phrase: "It doesn't matter whether a cat is black or white, as long as it catches mice."³⁴ The message was clear, economic results mattered more than Communist orthodoxy. Beginning in 1978, China opened itself to foreign investment, establishing Special Economic Zones, and gradually liberalizing

³² Dollar, D. (1990). Economic Reform and Allocative Efficiency in China's State-Owned Industry. *Economic Development and Cultural Change*, 39(1), 89–105.

³³ MacDougall, C. (1977). The Chinese Economy in 1976. *The China Quarterly*, (70), 355–370.

³⁴ 邓京荆. (n.d.). *Black cat, white cat...* Retrieved March 1, 2026, from <https://www.chinadaily.com.cn/a/201808/02/WS5b728ae4a310add14f385b4a.html>

portions of its economy. This provided labor costs that were dramatically lower than in the American Midwest. For multinational corporations, the equation was difficult to ignore. Capital could now flow into new markets where wages were much lower, regulatory frameworks were underdeveloped, and scale could be achieved at extraordinary speed. Within the incentive system, the result was predictable, production capacity would expand rapidly through global supply chains.³⁵

For capital mobility to accelerate fully, the policy infrastructure of global trade had to be formalized. The North American Free Trade Agreement, enacted in 1994, reduced tariffs and trade barriers between the United States, Canada, and Mexico, expanding cross-border supply chains and manufacturing integration across North America.³⁶

China's accession to the World Trade Organization in 2001, along with broader globalization policies, further expanded cross-border mobility of goods, capital, and production.³⁷ As a result supply chains quickly fragmented and stretched across continents. Corporations could quickly shift capital globally, however, labor could not

³⁵ Szapary, G., Dunaway, S. V., Burton, D., & Bléjer, M. I. (n.d.). II Overview of Reforms. In *China*. International Monetary Fund. Retrieved February 28, 2026, from <https://www.elibrary.imf.org/display/book/9781557752024/ch002.xml>

³⁶ *North American Free Trade Agreement (NAFTA)*. (n.d.). United States Trade Representative. Retrieved February 28, 2026, from <https://ustr.gov/about-us/policy-offices/press-office/ustr-archives/north-american-free-trade-agreement-nafta>

³⁷ *USTR - Background Information on China's Accession to the World Trade Organization*. (n.d.). Retrieved February 28, 2026, from https://ustr.gov/archive/Document_Library/Fact_Sheets/2001/Background_Information_on_China%27s_Accession_to_the_World_Trade_Organization.html

move with the jobs, they remained geographically fixed.³⁸ From this another velocity gap emerges. The velocity of capital began to outpace the velocity at which local communities could adapt. The balance between the two deepened creating an uneven ground where corporate executives held leverage that employees could not influence. The rules of the game were being followed, but this would not shield corporations from contest and scrutiny.

The framework established in *Exit, Voice, and Loyalty* by German economist Albert O. Hirschman is instructive here. A stakeholder that does not have options, is vulnerable in declining scenarios. Without an exit option, they must rely on their voice. In situations where the power to exit (closing factories) outmatches voice (employee advocacy), loyalty dissipates and reputation weakens.³⁹ By the turn of the Reputation Era, that dynamic had become highly visible. Multinational corporations could reallocate production across continents while communities remained geographically fixed, financial institutions were rescued while households faced losses, and platform companies' global reach outpaced jurisdictional authority. The pattern was consistent.

³⁸ Dept, I. M. F. R. (n.d.). III. Meeting the Challenges of Globalization in the Advanced Economies. In *World Economic Outlook, May 1997*. International Monetary Fund. Retrieved February 28, 2026, from <https://www.elibrary.imf.org/display/book/9781557756480/Ch03.xml>

³⁹ Hirschman, A. O. (1970). *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states*. Harvard University Press.

As exit continued to outpace voice, legitimacy strained. And where legitimacy strained, contestation followed.

That contest galvanized around perceived imbalance in the workforce. Productivity continued to rise through the late twentieth and early twenty-first centuries, but wages did not track as closely as they once had. Union density declined from its post-war highs of nearly one in three workers to just 5.9 percent in 2024.⁴⁰ Meanwhile, executive compensation, increasingly tied to equity performance, grew 1,094 percent from 1978 to 2024, while typical worker compensation increased by just 26 percent.⁴¹ Wage growth remained more incremental and closely tied to local labor conditions, creating a widening asymmetry between the economic experience of corporate leadership and that of the communities around them. For a time, this divergence remained largely obscured, embedded within complex and abstract financial systems and softened by surface signals of stability and shared prosperity. The economic system was shifting gradually, its imbalances had accumulated over decades, most of which was largely out of view.

⁴⁰ *Union Members Summary—2025 A01 Results*. (n.d.). Bureau of Labor Statistics. Retrieved February 28, 2026, from <https://www.bls.gov/news.release/union2.nr0.htm>

⁴¹ *CEO Pay*. (n.d.). Economic Policy Institute. Retrieved February 28, 2026, from <https://www.epi.org/publication/ceo-pay/>

The information environment followed a very different trajectory. It did not evolve slowly, nor did it conceal complexity in the same way. As new forms of media and communication reshaped how corporate behavior was interpreted and understood, the information system that corporations had learned to navigate began to erode. Visibility continued to widen, but the centralized narrative fragmented. Interpretation became continuous, moving toward real-time engagement. The strain on the information system was driven by speed, but also by incentive. Unlike the slow half century drift of economic imbalance, the information system breakdown unfolded faster, in full public view, reshaping and fragmenting perception faster than institutions could adapt.

The breakdown began at a point in time where corporate power was highly visible, but also highly coordinated and managed. By the 1950's Edward Bernays had architected a system, the public relations function, where corporations could navigate scrutiny and maintain legitimacy. He extended the evolution of corporate communications through his own psychological theories, which were influenced by his uncle Sigmund Freud. Public opinion, he believed, was not something simply to respond to, but something that could be guided.⁴² In the 1920s and 1930s, he

⁴² Harris, P., & Harris, I. (2022). Bernays, Edward Louis (1891–1995). In *The Palgrave Encyclopedia of Interest Groups, Lobbying and Public Affairs* (pp. 58–60). Palgrave Macmillan, Cham. https://doi.org/10.1007/978-3-030-44556-0_170

orchestrated campaigns that linked products to identity, culture, and aspiration. Most famously, through his “torches of freedom” campaign, he reframed women smoking as a symbol of liberation.⁴³ In his influential essay, “Engineer of Consent”, Bernays framed public relations as a scientific and purposeful process for shaping public support for ideas, policies, and products. Trained practitioners, he argued, could use research, psychology, and media channels to deliberately influence public opinion, effectively aligning it with economic prosperity.⁴⁴

Bernays introduced contradiction and tension within the same architecture he created. He demonstrated that a corporate narrative could not only shield its legitimacy but also accelerate the growth of corporate scale. Public relations was no longer designed to solely guard legitimacy. The same discipline tasked with ensuring accountability now also shaped markets and expanded desire. Could public relations serve as a steward of trust while simultaneously amplifying corporate ambition?

While public relations expanded its remit within corporations, journalism was also undergoing its own transformation in scale and authority. The Unbounded Era (mid 1900's) saw technological advances in radio and television that connected disparate

⁴³ *Psychoanalysis shapes consumer culture*. (n.d.). <https://www.apa.org>. Retrieved February 25, 2026, from <https://www.apa.org/monitor/2009/12/consumer>

⁴⁴ Bernays, E. L. (1947). The Engineering of Consent. *The ANNALS of the American Academy of Political and Social Science*, 250(1), 113–120. <https://doi.org/10.1177/000271624725000116>

communities and produced, for the first time, a genuinely nationalized narrative.⁴⁵

The emergence of these networks consolidated and aligned what had been a fragmented media ecosystem. The public's shared reality was strong because narrative authority was highly centralized, with three major news networks (ABC, NBC, and CBS) capturing over 90 percent of the U.S. audience.⁴⁶

Evening news anchors became trusted cultural figures, their voices serving as common reference points across the country and, increasingly, the world. Walter Cronkite became one of the most trusted among them. In 1968, after traveling to Vietnam to report on the aftermath of the Tet Offensive, Cronkite broke from his customary neutrality and concluded on air that the war appeared destined for a stalemate. The impact was immediate and profound. President Lyndon B. Johnson reportedly told aides, "If I've lost Cronkite, I've lost Middle America," capturing the extent to which a single broadcast voice could influence national mood and political calculation.⁴⁷

Journalism, in this era, did not merely report events. It mediated the "pictures in our heads" to create a shared reality. The significance of that shared reality for the

⁴⁵ Evans, F. (2021, August 12). *8 Moments When Radio Helped Bring Americans Together*. HISTORY. <https://www.history.com/articles/most-famous-historic-radio-broadcasts>

⁴⁶ *Decline of the Big Three Networks | History | Research Starters | EBSCO Research*. (n.d.). EBSCO. Retrieved February 25, 2026, from <https://www.ebsco.com>

⁴⁷ *Walter Cronkite | Biography, Facts, & Views on Vietnam War | Britannica*. (2026, January 27). <https://www.britannica.com/biography/Walter-Cronkite>

reputation operating system cannot be overstated. When narrative authority was centralized, institutions could manage their legitimacy within a relatively coherent interpretive environment. A crisis could be contained, explained, and contextualized through a limited number of authoritative channels. That coherence gave the reputation operations system stability, but it would not last.

The first fractures appeared in the regulatory architecture of broadcasting itself. In the later stages of the Unbounded Era, TV cable network expansion introduced new, widening competition. The repeal of the Fairness Doctrine in 1987 marked a philosophical shift in regulatory approach. Rather than requiring broadcasters to present contrasting viewpoints through an “equal time” rule on controversial issues, regulators placed greater confidence in market competition to produce balanced narratives.⁴⁸ The reasoning, on the surface, seemed plausible. In a marketplace with more channels and more choices, the logic of regulatory mandated balance seemed unnecessary. The belief that market forces would ultimately create balance was incorrect, however. Media deregulation revealed that differentiated news narratives could become a highly competitive strategy. The repeal of the Fairness Doctrine

⁴⁸ Ruane, K. A. (n.d.). *Fairness Doctrine: History and Constitutional Issues*.

inadvertently laid the groundwork for a landscape in which partisan media thrived as broadcasters could tailor content to specific audiences.⁴⁹

In this newly deregulated environment, executives such as Ted Turner and Rupert Murdoch recognized that format and identity could scale alongside content. CNN accelerated the news cycle with twenty-four-hour coverage, transforming news from a scheduled event into a continuous stream. Fox News leaned into audience alignment and opinion-driven programming, building a distinct editorial identity that attracted a loyal viewership. Many observers saw these developments as simple political positioning, but what they missed was an audience-targeting business strategy that aligned to new market incentives within an increasingly competitive journalism landscape. Leaders of media companies quickly understood that audience segmentation was powerful, and with it the scale of the media industry grew.⁵⁰ With that increased scale, the shared narrative center that once anchored broadcast journalism weakened. Different audiences consumed different interpretations of the same events, offered by different outlets with different editorial commitments. The

⁴⁹ Scott, L. (2025, April 22). The repeal of the fairness doctrine accelerated the polarization of US media. *Poynter*. <https://www.poynter.org/reporting-editing/2025/poynter-50-repeal-fairness-doctrine-rush-limbaugh-conservative-talk-radio/>

⁵⁰ *Cable News Networks Have Grown More Polarized, Study Finds* | Annenberg. (2022, August 1). <https://www.asc.upenn.edu/news-events/news/cable-news-networks-have-grown-more-polarized-study-finds>

common ground on which institutions had managed their legitimacy was eroding beneath them.

If cable fragmentation cracked the shared narrative, digital platforms shattered it. As news moved from print and broadcast into digital formats, the economics and architecture of journalism shifted fundamentally. Search engines redefined how information was discovered. Social platforms redefined how news was distributed. As distribution digitized, algorithms optimized for engagement. Emotional intensity often outperformed nuance, context, and verification. Content that provoked strong emotional reactions traveled farther and faster than traditional broadcast networks ever could.⁵¹ What many interpreted as ideological bias was, at a structural level, the product of competing realities emerging as audiences consumed divergent interpretations of the same events.⁵²

As an already weakened journalism industry confronted technologies that lowered barriers to entry, news consumption shifted rapidly toward social media feeds and video platforms. The influence of institutional journalism diminished as the media landscape became saturated with proliferating podcasts, independent newsletters,

⁵¹ Vosoughi, S., Roy, D., & Aral, S. (2018). The spread of true and false news online. *Science*, 359(6380), 1146–1151. <https://doi.org/10.1126/science.aap9559>

⁵² Tucker, J., Guess, A., Barbera, P., Vaccari, C., Siegel, A., Sanovich, S., Stukal, D., & Nyhan, B. (2018). Social Media, Political Polarization, and Political Disinformation: A Review of the Scientific Literature. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3144139>

Youtubers, TikTokers, and influencer-driven commentary that increasingly served as primary news sources.⁵³ Google reshaped search by organizing information around query and relevance rather than editorial hierarchy.⁵⁴ Facebook transformed distribution by moving news from destination websites into personalized feeds, where it competed for attention alongside friends, family, and entertainment. Twitter compressed news cycles into seconds, rewarding immediacy over reflection.⁵⁵ Digital content platforms leveraged a statute known as Section 230, which labeled them as neutral speech conduits rather than news publishers, and that classification mattered, because governance rules attach to labels.⁵⁶ This allowed technology companies to operate under different rules than traditional journalism companies.

Shifts in political communications proved to be equally consequential. In 2012, Barack Obama announced his reelection campaign via Twitter and YouTube, setting the stage for future campaign launches and major political announcements to

⁵³ *Overview and key findings of the 2025 Digital News Report* | Reuters Institute for the Study of Journalism. (n.d.). Retrieved February 26, 2026, from <http://reutersinstitute.politics.ox.ac.uk/digital-news-report/2025/dnr-executive-summary>

⁵⁴ *How does Google determine ranking results – Google Search*. (n.d.). How Search Works. Retrieved February 25, 2026, from https://www.google.com/intl/en_uk/search/howsearchworks/how-search-works/ranking-results

⁵⁵ *How Social Media is Transforming News Production and Consumption* • Journalism University. (2025, May 21). <https://journalism.university/social-media-and-society/how-social-media-transforming-news/>

⁵⁶ *47 U.S. Code § 230—Protection for private blocking and screening of offensive material*. (n.d.). LII / Legal Information Institute. Retrieved February 25, 2026, from <https://www.law.cornell.edu/uscode/text/47/230>

increasingly occur first on social media, bypassing traditional news outlets.⁵⁷ Elon Musk also supported the use of platforms to host political events, with the glitchy 2023 Florida Governor Ron DeSantis presidential campaign announcement on Twitter Spaces⁵⁸. Credibility migrated from organizations to individuals and politicians around the world found they could increasingly bypass more critical traditional journalism in favor of friendly partisan media, personalities, and influencers who provided special access but rarely asked difficult questions.⁵⁹ This signaled a broader shift where political legitimacy and audience attention now reside. Content flowed toward amplification rather than interrogation, further accelerating the power of alternative media networks. If journalism had once served as the primary interpreter of institutional power, that interpretive authority was now dispersed across platforms, personalities, and algorithmic feeds that no single institution controlled.

For much of the past century, public relations and journalism had operated within a relatively coherent information environment that helped shape a shared reality. In recent decades, technological acceleration and deregulation fractured that

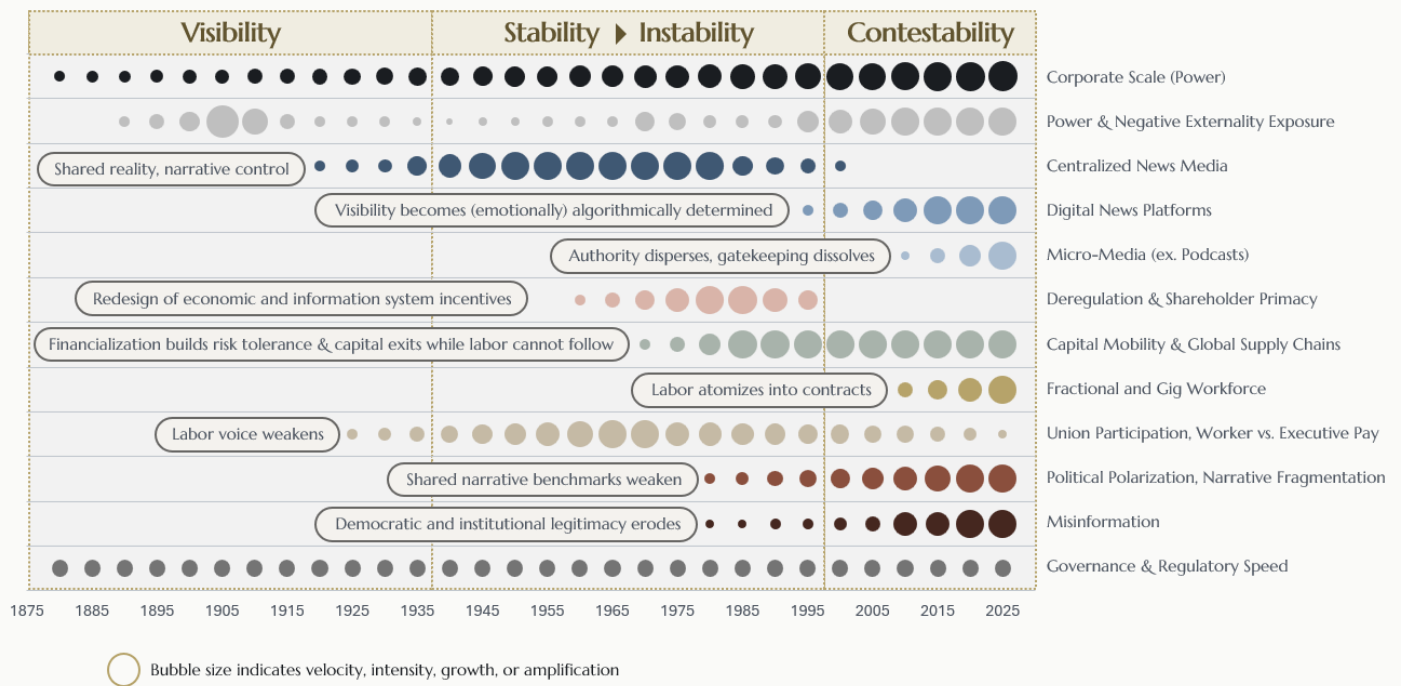
⁵⁷ *Social Media | Pros, Cons, Debate, Arguments, Facebook, Twitter, LinkedIn, & Internet Addiction* | Britannica. (2026, February 10). <https://www.britannica.com/procon/social-media-debate>

⁵⁸ Ortutay, -Barbara, Ortutay, A. P. B., & Press, A. (2023, May 25). *Elon Musk's event with Ron DeSantis reveals more Twitter pitfalls*. PBS News. <https://www.pbs.org/newshour/politics/elon-musks-event-with-ron-desantis-reveals-more-twitter-pitfalls>

⁵⁹ *Overview and key findings of the 2025 Digital News Report* | Reuters Institute for the Study of Journalism. (n.d.). Retrieved February 26, 2026, from <http://reutersinstitute.politics.ox.ac.uk/digital-news-report/2025/dnr-executive-summary>

coherence, creating a more unstable landscape in which institutional trust eroded more quickly than it could be rebuilt. It would be an overstatement to conclude that what changed was simply media technology. What changed was both market incentives and information system architecture. This shift moved reputation management from the margins of corporate operations toward the core of strategic endurance. It was no longer a downstream effect of business performance. It was becoming a condition for sustained operability. The structural progression of systematic pressures that created institutional delegitimization is outlined below.

Systematic Pressures and Institutional Delegitimization



Two forms of instability converged, setting the stage for the Reputation Era. The economic architecture of capitalism had been redesigned around shareholder

primacy, capital mobility, and financial engineering, creating structural asymmetries that deepened faster than accountability mechanisms could adapt. Simultaneously, the information architecture that interpreted corporate conduct had fragmented, accelerated, and polarized, dissolving the shared narrative benchmarks that once gave institutions a stable surface on which to manage perception.

The connection between these two currents is the key to understanding why the reputation operating system broke. The economic shifts created real consequences as communities were hollowed by capital mobility, wage trajectories diverged from executive wealth, and financial crises distributed risk downward. The information shifts ensured those consequences would be narrated, amplified, contested, and remembered in ways that a centralized communications function would struggle to navigate. Competence, which had once been sufficient to earn legitimacy, was no longer enough, because the systems that conferred legitimacy were themselves fracturing. A company could accumulate operational excellence and still remain vulnerable to a reputational crisis, not because of scandal or failure, but because the ground on which reputation was formed had become permanently unstable.

[Passage 7: Dialing Up the Pressure](#)

Summary Text (Not Included in Final Copy): Corporate power in the Reputation Era became not just visible or unstable, but actively contested, as economic redesign and

fragmented information systems exposed institutions to continuous, multi-directional scrutiny. As more stakeholders gained the ability to challenge corporate conduct and trust declined across society, legitimacy shifted from something assumed to something constantly tested, where even compliant or well-intended actions could trigger skepticism, backlash, or reinterpretation.

With corporate power, in the Reputation Era, highly visible and increasingly unstable, what came next was corporate power becoming contested. The same technologies that fractured the shared narrative also armed the forces of contestation. A factory worker with a smartphone could document unsafe conditions and have the footage circulating on social media within hours. An investigative journalist with access to satellite imagery could track deforestation or emissions in near real-time. An activist investor could coordinate a shareholder campaign across jurisdictions through encrypted messaging. A whistleblower could reach millions through a single post on a platform that did not exist a decade earlier. Barriers to challenging institutional legitimacy shrank, stakeholders were no longer distant, unorganized, or unheard.

This led to wide reaching systemic delegitimization that extended well beyond corporations. Trust fractures appeared across societal institutions as well, such as government, media, science, religion, and finance. Broad trust declines further compounded the pressure, as the credibility that any institution could draw upon to

communicate evaporated. The result was a reputation landscape with increasingly skeptical audiences that were becoming inert. Each of these dynamics reinforced the others. Together, they produced a reputational condition, not an episode, in which legitimacy would be continuously contested.

This skepticism was amplified by another condition of the Reputation Era. Unlike earlier time periods, where corporations focused on performance and competence among elite segments of the population, the number of stakeholders and the expectations they have was continuously expanding. One of the consequences of global scale was an operational footprint that touched more communities, more labor markets, more ecosystems, and more regulatory jurisdictions than at any previous point in history. Not only did supply chains stretch across continents but digital products also reached billions of users and financial instruments connected pension funds in one country to mortgage debt risk in another.⁶⁰ The sheer scale and interconnectedness of the modern enterprise meant that the consequences of corporate decisions radiated outward in ways that were difficult to anticipate and impossible to identify in all of its permutations.

⁶⁰ Baldwin, R., & Freeman, R. (2021). Risks and Global Supply Chains: What We Know and What We Need to Know. *SSRN Electronic Journal*. <https://doi.org/10.2139/ssrn.3936008>

Scrutiny of an institution's legitimacy covered a wide range of domains and stakeholders such as the public, media, governments, advocacy organizations, employees, investors, and consumers. In the Reputation Era, the widening of a jury meant juggling a wider range of expectations. Employees now expected ethical leadership, fair wages, and workplace engagement. Consumers expected transparency, sustainability, and alignment with their values. Governments expected contributions to broader societal benefit as well as compliance with rapidly evolving regulatory frameworks.⁶¹ Investors began factoring reputational risk against performance into their capital allocation decisions.⁶² NGOs and advocacy organizations focused on human rights, fair markets and mitigation of shared societal harms.⁶³ Local communities reinforced the need for balance and fairness that protects local economies, supports small business, and creates pathways for entrepreneurs. The result was a new governance reality, corporations would face more points of friction, more pathways for voice, more ways for legitimacy to be contested.

⁶¹ Collison, N. (2024). The Role of Government Regulation in Promoting Corporate Social Responsibility and Sustainable Development. *Journal of International Business Research*, 23(4), 1–4.

⁶² Kräusl, R., Oladiran, T., & Stefanova, D. (2024). A review on ESG investing: Investors' expectations, beliefs and perceptions. *Journal of Economic Surveys*, 38(2), 476–502. <https://doi.org/10.1111/joes.12599>

⁶³ LeBaron, G., Lister, J., & Dauvergne, P. (2017). Governing Global Supply Chain Sustainability through the Ethical Audit Regime. *Globalizations*, 14(6), 958–975. <https://doi.org/10.1080/14747731.2017.1304008>

The speed of scrutiny became another defining characteristic of the Reputation Era. A company could face reputational escalation from a viral social media clip, a niche podcast, or a coordinated online narrative within hours.⁶⁴ Because algorithms reward virality more so than verification, the result became a decentralized news ecosystem where disinformation and the deliberate spreading of propaganda to deceive or cause harm, found fertile ground.⁶⁵ Those responsible for protecting a corporation's reputation were reminded of what Edward Bernays had established years prior. Emotionally engaging content spreads faster than rationally driven messaging. In the Reputation Era, that insight was no longer merely a principle of persuasion. It was a structural condition of the information environment.

Efforts to balance the information ecosystem, through moderation of harmful content, introduced another layer of contest. Platform interventions designed to curb misinformation frequently became flashpoints themselves, as moderation efforts were framed by critics as censorship or viewpoint suppression. Throughout the COVID-19 pandemic, platform companies faced accusations of “non-governmental censorship” when they removed or limited the reach of vaccine and public health content which

⁶⁴ Armutlu, I. I. (2024). Corporate Reputation and Crisis Management in Social Media: The Patiswiss Case Study. *International Journal of Research and Innovation in Social Science*, VIII(IX), 682–692. <https://doi.org/10.47772/IJRIS.2024.809061>

⁶⁵ Dance, W. (n.d.). *Addressing Algorithms in Disinformation*. Retrieved February 26, 2026, from <https://crestresearch.ac.uk/comment/addressing-algorithms-in-disinformation/>

was considered to be misleading or false.⁶⁶ Whether accurate or exaggerated, the perception became operationally real. In a fragmented environment, the act of removing or labeling content could become as controversial as the content itself. The tools designed to restore shared truth often deepened the very divisions they were intended to heal.

Allegations of political bias became so salient that concerns about anti-conservative moderation were widely cited as contributing factors in Elon Musk's 2022 decision to purchase Twitter and roll back several anti-misinformation policies, including the reinstatement of previously suspended accounts.⁶⁷ Efforts to self-moderate and adjust the narrative toward a shared one led to increased scrutiny that further undermined institutional credibility. Attempts throughout the Reputation Era to build trust in news and content were often met with further erosion because contestability had become a self-reinforcing condition. Every intervention designed to stabilize the information environment generated new grounds for contestation.

The self-reinforcing condition that diminished credibility became a virus spreading across the entire institutional landscape. Trust declined not only in corporations, but

⁶⁶ Moses, D. (2024, April 16). *The Word Censorship Has An Actual Meaning: A Defense of Content Moderation*. Tech Policy Press. <https://techpolicy.press/the-word-censorship-has-an-actual-meaning-a-defense-of-content-moderation>

⁶⁷ *Social media moderators do go after conservatives*. (n.d.). Retrieved February 26, 2026, from https://www.theregister.com/2024/10/03/social_media_conservative_moderation/

in governments, media, science, religion, education, and finance. In the United States, confidence had fallen across the board since the 1970s. Over five decades, the proportion of Americans expressing “a great deal” of confidence in these institutions dropped anywhere from ten to twenty percentage points, with Congress and news media registering the lowest levels, roughly one in ten.⁶⁸ These trends were not confined to the American experience. Across democracies, similar patterns emerged.

Trust declined across institutions. By the mid-2020s, only one in four American adults claimed to trust newspapers, television, and radio.⁶⁹ According to the 2024 Edelman Trust Barometer, only 54 percent of global respondents reported trusting businesses, a figure that had stagnated or declined in many markets over the preceding decade.⁷⁰

Gallup’s 2025 Confidence in Institutions survey reinforced the pattern showing 43 percent of Americans as expressing “very little” confidence in big business, up fourteen

⁶⁸ Milkoreit, M., & Smith, E. K. (2024). Rapidly diverging public trust in science in the United States. *Public Understanding of Science (Bristol, England)*, 34(5), 616–627. <https://doi.org/10.1177/09636625241302970>

⁶⁹ *Americans’ Trust In News Media Falls To Record Low*. (2025, October 2). Grand Pinnacle Tribune. <https://evrimagaci.org/gpt/americans-trust-in-news-media-falls-to-record-low-506083>

⁷⁰ *The Public’s Distrust of Big Business: A Growing Crisis and a Call to Action - Reputation Partners*. (2025, March 24). <https://reputationpartners.com/the-publics-distrust-of-big-business-a-growing-crisis-and-a-call-to-action/>

percentage points since 2002. That placed big business among the lowest-ranked institutions, only two points below the U.S. President and five below television news.⁷¹

In earlier periods of corporate controversy, other institutions, such as journalists, scientific experts, and government bodies to name a few, could still function as referees and credible collaborators. Authority was more balanced and aligned. A media network's interpretation of a crisis was mostly believable. A regulatory body finding was perceived to carry weight. Scientific reports provided consensus that could settle a dispute. Today, corporations are judged in a credibility depleted ecosystem.⁷² In an environment without trusted referees, every claim is contested, every defense meets skepticism, and reputation becomes both more volatile and even more consequential.

For corporations, the evaporation of credibility would undermine its own efforts to do the right thing. A company could fund environmental commitments, issuing a detailed sustainability report that critics would simply dismiss as greenwashing. Actions to build a diverse and inclusive workforce would be framed as performative. Making public statements to address societal issues that stakeholders expect companies to address,

⁷¹ Inc, G. (2007, June 22). *Confidence in Institutions*. Gallup.Com. <https://news.gallup.com/poll/1597/Confidence-Institutions.aspx>

⁷² Brady, H. E., & Kent, T. B. (2022). Fifty Years of Declining Confidence & Increasing Polarization in Trust in American Institutions. *Daedalus*, 151(4), 43–66. https://doi.org/10.1162/daed_a_01943

would lead to different, potentially delegitimizing, interpretations through highly partisan media channels. The greatest irony of the Reputation Era arises, the act of defending one's legitimacy had become, in many cases, a fresh occasion for its own contestation. Reputation professionals found themselves trying to build trust with audiences who had been conditioned, by decades of institutional failure and information fragmentation, to distrust the very act of institutional communication. The ground was not merely uneven. The soil itself had turned hostile.

Contestation was not confined to digital platforms, advocacy campaigns, or regulatory proceedings. It extended into the cultural imagination, where the structural shifts described in previous sections were translated into symbols, narratives, and moral shorthand that shaped how ordinary people understood corporate power. By the late 1980s, the transformation of corporate governance had become visible enough to enter popular culture. In 1987, Oliver Stone's film *Wall Street* captured the spirit of the era. At the center of the story was Gordon Gekko, a fictional corporate raider who delivered what became one of the most quoted lines in financial history: "Greed, for lack of a better word, is good."⁷³ The film portrayed insider trading, leveraged acquisitions, and the ruthless pursuit of shareholder gain. Gekko was both villain and antihero, charismatic and corrosive.

⁷³ *AFI|Catalog—Wall Street*. (n.d.). Retrieved March 1, 2026, from <https://catalog.afi.com/Catalog/movie/details/57877>

The cultural impact was significant. “Greed is good” became shorthand for an era in which capital discipline, takeover battles, and shareholder returns dominated headlines. For some, it symbolized necessary correction after the stagnation of the 1970s. Greed, once defended as disciplined incentive alignment, was recast by many as imbalance and moral failure. Culture rarely preserves context and nuance, but it does create symbols. The movie *Wall Street* gave the decade a durable shorthand for a time marked by greed. Later moments of economic stress would revive the symbol in new form. When inflation returned in the Reputation Era, the term “greedflation” spread as a ready narrative for price pressure interpreted as profit-taking.⁷⁴ The recurrence illustrates how quickly structural incentive shifts become reputational judgments once they are translated into everyday experience. Financial engineering could be rationalized on spreadsheets, but legitimacy was judged in zeitgeist, quick takes, and headlines. And headlines, by their nature, always simplify.

For decades cultural moments showed society was picking up on an under current vibe. “Something feels wrong here.” A view from boardrooms and across capital markets showed returns that appeared rational, efficient, and indicative of growth. That view contrasted with the lived experience in many local communities. Prosperity felt slower, uneven, and less directly connected to corporate success. What was felt to

⁷⁴ *GREEDFLATION definition and meaning* | Collins English Dictionary. (2026, February 25). <https://www.collinsdictionary.com/dictionary/english/greedflation>

be “wrong here” was a K-shaped economy, which is a divergence where different sectors, industries, or income groups experience vastly different outcomes. Nothing more effectively exposes divergent perspectives, and reputational stress fractures, more than a systematic breakdown.

In 2008, that systematic breakdown came. A global financial system, loaded with high risk mortgage debt, trembled. The federal government intervened to prevent systemic failure, deploying extraordinary measures to stabilize institutions whose collapse threatened the broader economy. To policymakers, intervention was necessary to prevent collapse. To many households, however, the optics were stark. Large institutions received stabilization funding and executives retained compensation packages, while households absorbed foreclosures, unemployment spiked, and retirement accounts shrank.⁷⁵ The crisis exposed how risk and consequence could be widely distributed downward while protection concentrated upward. It surfaced a perception that the financial architecture rewarded scale and absorbed failure differently depending on position within the system. 2008 was much more than a simple downturn, it was a legitimacy fracture. And unlike previous economic crises, it unfolded inside the fragmented information environment, which meant that the narratives it generated were diverse, contradictory, and impossible to contain.

⁷⁵ Mayer, C. J., Pence, K. M., & Sherlund, S. M. (n.d.). *The Rise in Mortgage Defaults*.

The crisis cemented the core philosophy of the Reputation Era: great power and responsibility are intricately, and uncomfortably, linked concepts. However, as corporate scale amplified, responsibility was perceived to be lacking among the most influential actors in society. The burden fell not just on corporations, but those that were perceived to benefit the most from corporate prosperity. The perception that societal elites hold a disproportionate influence on setting the rules of the game became a moniker of the populist movement. The Fairness Foundation's 2025 "Inequality Knocks" report found that 63 percent of Britons believed the very rich had too much influence on politics, while 68 percent said ordinary people had too little. In the same study, 40 percent of Britons claimed that businesses wielded excessive political influence.⁷⁶ A 2025 survey conducted by Data for Progress among American voters produced similar findings: 73 percent believed billionaires had too much influence over federal government decisions, 67 percent said the same of corporations, and 66 percent of CEOs.

Where corporate influence felt most acute was on the question of broader societal wellbeing. According to Eurobarometer, 93 percent of Europeans believed that businesses should be guided by social economy values, focusing on social and environmental goals, redistributing profits, and operating with democratic

⁷⁶ *Inequality Knocks*. (n.d.). Inequality Knocks. Retrieved February 12, 2026, from <https://fairnessfoundation.com/inequality-knocks>

governance structures.⁷⁷ A 2024 survey by JUST Capital reinforced the contrast, respondents were far more likely to believe companies had a positive impact on shareholders (73 percent) than on local communities (53 percent), society overall (45 percent), or the environment (34 percent).⁷⁸ The Reputation Era, in short, was a time where large, highly influential institutions were perceived as prioritizing profits over societal wellbeing. Big business was mired in a growing perception that corporations were self-serving institutions operating at a comfortable distance from the consequences and risks that their scale produced.

With trust in corporations in decline, the notion of capitalism as a broken system became the next logical conclusion. According to Pew Research, public sentiment had become more critical of capitalism in recent years, with polling showing declining favorability toward capitalism in the United States and growing ideological polarization around the system.⁷⁹ The Reputation Era often felt like a revolt against capitalism, but that framing was superficial. What could be found deeper was a

⁷⁷ *Eurobarometer: Europeans embrace social economy and call for more support - Employment, Social Affairs and Inclusion*. (n.d.). Retrieved February 12, 2026, from https://employment-social-affairs.ec.europa.eu/news/eurobarometer-europeans-embrace-social-economy-and-call-more-support-2025-10-28_en

⁷⁸ 2024 Americans' Views on Business Survey. (n.d.). *JUST Capital*. Retrieved February 12, 2026, from <https://justcapital.com/reports/2024-americans-views-on-business-survey/>

⁷⁹ Nadeem, R. (2022, September 19). Modest Declines in Positive Views of 'Socialism' and 'Capitalism' in U.S. *Pew Research Center*. <https://www.pewresearch.org/politics/2022/09/19/modest-declines-in-positive-views-of-socialism-and-capitalism-in-u-s/>

reckoning with its incentive architecture. Over five decades, incentive redesign and capital mobility had converged. Leverage shifted upward and distribution tilted.⁸⁰ Uneven ground did not automatically create injustice, but it significantly shaped perception. Most business leaders up to this time in history assumed reputation risk arose mostly from scandalous unethical events. In the Reputation Era, risk became a continuous ambient presence not because of a scandal, but because the ground people stood on became visibly uneven and societal consequences felt unresolved. Reputation risk moved from being episodic to a structural condition of the modern day business environment.

The challenge of delegitimization was not solely a story of external societal pressure or political polarization. It was the outcome of corporate structural limitations. While reputation was increasingly recognized as consequential to institutional legitimacy, it remained structurally siloed, underpowered, and disconnected from the core decision-making systems that ultimately shaped it. Communications, policy, HR, and legal teams generally lacked the unilateral power to reshape business models, incentive systems, or capital allocation decisions that drove the very perceptions they were asked to manage. As a result, many trust-building efforts, even the most well-intentioned, appeared reactive, fragmented, or performative. Some began and then

⁸⁰ *Drivers of Declining Labor Share of Income*. (2017, April 12). IMF. <https://www.imf.org/en/blogs/articles/2017/04/12/drivers-of-declining-labor-share-of-income>

stalled entirely. The 2025 European Parliament and Council decision to scale back key sustainability regulations, such as the Corporate Sustainability Due Diligence Directive, illustrated a familiar pattern. Implementation timelines were delayed and the number of companies covered was reduced under competitive pressure.⁸¹ Delays were not simply the result of economic headwinds, they reflected the structural difficulty of internal transformation required to execute ambitious responsibility commitments. The gap between what corporations promised and what they could structurally deliver became, itself, another source of contestation.

This is the condition the modern institution inhabits. Legitimacy is no longer inherited or assumed. It must be continuously forged under pressure, inside fragmented information systems, amid persistent distrust, and across stakeholder expectations that shift faster than internal structures can accommodate. Reputation, in this environment, is not image management. It is the infrastructure of continued operability. The reputation operating system was built for an era of slower information, more stable institutions, finite sets of elite stakeholders, and a more centralized narrative authority. The reputation operating system cannot sustain the

⁸¹ Directory, S. (n.d.). EU Rollback Cuts Mandatory Climate Transition Plans, Hitting Investor Data → ESG. News → *Sustainability Directory*. Retrieved February 14, 2026, from <https://news.sustainability-directory.com/esg/eu-rollback-cuts-mandatory-climate-transition-plans-hitting-investor-data/>

weight now placed upon it. Just as economic and information systems were redesigned, the reputation operating system must be rebuilt.

As power dynamics shifted, the Reputation Era took shape in a linear progression:

1. Power became highly visible.
2. Exposed asymmetric power introduced instability.
3. Instability became a foundation for power contestability.
4. Contestability accelerated into delegitimizing scrutiny of power.

Evolving Power Dynamics Broke the Reputation Operating System

← 1900	150 Years			Modern Era →
Increased Velocity	Power Visibility	Power Instability	Power Contestability	Scrutiny
Scale & prosperity accelerates	Centralized information systems and shared understanding	Fragmented information systems, capital mobility, incentive redesign	Decentralized scrutiny and stakeholder mobilization	Legitimacy requires more than competence



Legitimacy =
Competence
measured against
Public & Political Elites
&
Prosperity

Legitimacy ≠
Competence
measured against
Expanding Stakeholders (NGO's, Media) & Global Jurisdictions
&
Prosperity + Legal-Moral Expectations

The state of this era is one of continuous scrutiny and skepticism. But the contest of legitimacy is not a formless, unstructured landscape. It organizes itself around specific domains, which provide recurring patterns through which stakeholders evaluate whether corporate power is being exercised responsibly. In the modern era corporate legitimacy is now tested, challenged, and, at times, broken in four domains. The first is *Balance*: the question of whether corporate scale produces outcomes that are perceived as fair, whether prosperity is shared or concentrated, and whether the distribution of benefit and burden is sustainable. The second is *Influence*: the question of whether corporate power over markets, governance, and public discourse is exercised within boundaries that stakeholders accept as legitimate. The third is *Dignity*: the question of whether the people touched by corporate operations, employees, communities, and populations within supply chains, are treated with the respect and protection that modern norms demand. The fourth is *Shared Impact*: the question of whether corporate activity contributes to or degrades the common systems, environmental, democratic, and social, on which collective wellbeing depends.

These four domains are not abstract categories. They are the surfaces on which legitimacy is won or lost, the arenas where the contestation takes operational form. Together, they constitute the architecture of scrutiny that defines the Reputation Era.

They function as constraint mechanisms, and they determine whether a corporation's license to operate endures or erodes.