

Download the Book Proposal

UNLOCK REPUTATION

The Currency of Collaboration

Roy Persson, MBA

roy@unlockreputation.com ~ 646-942-6714

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.

Download the Book Proposal

TABLE OF CONTENTS

A Personal Word from the Author	2
The Napkin Visual: Book Spine and Organizing Architecture	4
Section 1: Tides of Change: Key Reputation Trends in a Transforming World	5
<i>Chapter 1: The Tension of Corporate Power</i>	5
Passage 1: The Impact of Global Enterprise	5
Passage 2: Making the Reputation Era	18
Passage 3: The Externality Reckoning	34
Passage 4: The Growth-Responsibility Paradox	40
<i>Chapter 2: Reputation Hanging in the Balance</i>	46
Passage 5: Pulling the Curtain Back	46
Passage 6: The Collapse of Common Ground	59
Passage 7: Dialing Up the Pressure	79
<i>Chapter 3: Contesting Corporate Legitimacy</i>	95
Passage 8: Domains of Scrutiny	95
Passage 9: Perception is Reality	99
Passage 10: Buy it, Bury it, or Block It	108
Passage 11: Facing a Human Threshold	119
Passage 12: Scale and Systematic Harm	131
Section 1: Closing with Contradictions and Conditions: How Reputation Became Infrastructure	144
Section 2: Reputation Decoded: The Untold Truths of Reputation	153
<i>Chapter 4: How Reputation Forged Civilization</i>	153
<i>Chapter 5: Before the Rules Arrive</i>	154
<i>Chapter 6: Separate Strategy for Separate Signals</i>	155
Section 3: The Anatomy of Corporate Reputation	156
<i>Chapter 7: Coding Organizational Behavior</i>	156
<i>Chapter 8: Tension Along Multiple Dimensions</i>	157
<i>Chapter 9: The Invisible Hand</i>	158
Section 4: Reputation as an Infrastructure	159
<i>Chapter 10: The Reputation Risk Audit</i>	159
<i>Chapter 11: The False Binary: Perform Loud or Stay Silent</i>	160
<i>Chapter 12: Unlocking Reputation</i>	161

[A Personal Word from the Author](#)

If you're reading this from inside a large-scale institution, especially a major modern corporation, I want to speak to you directly. This book is not written about you from the outside. It's written with you in mind. I know the environment you're operating in. I've sat in the rooms where every word is weighed for risk. I've watched smart, principled people navigate competing pressures from employees, regulators, customers, investors, and political actors. You are living in the hardest time in corporate history. The Reputation Era.

I'll be honest. There were moments I considered not writing this book. Not because the issues felt unresolvable, but because speaking plainly about corporate reputation right now carries real personal and professional risk. In our current environment, even structural analysis of institutional pressure is easily read as accusation. But silence carries its own costs. When we move toward risk avoidance, the burden falls on the professionals inside the organization and society alike. It leaves an already dysfunctional reputation operating system in disrepair.

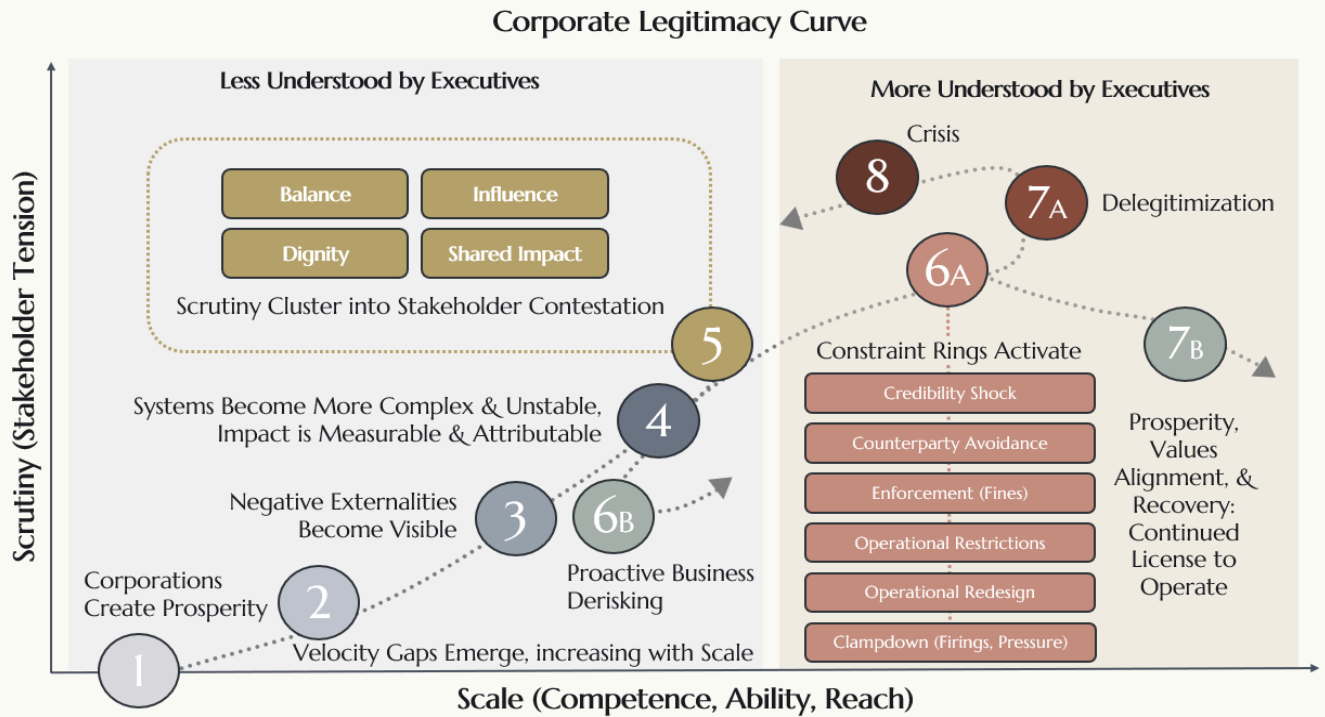
This book is written in good faith. With fairness, curiosity, and responsibility toward both institutions and society. It is not an indictment of corporate leaders. If anything it paints a picture of executives caught in a complicated, conflicted, and paradoxical world that they have suddenly become highly accountable to. This book is not a manifesto demanding institutions perform virtue or pick sides. It is a structural diagnosis of the pressures they face and the systems that interpret those pressures.

However, some of what follows will feel uncomfortable. Because this book operates from a simple premise. Power and responsibility are intricately linked. That shouldn't be unsettling, but it forces us to consider a hard question. Are our choices actually building the trust we say we need, or are we engaging in behaviors to buy just enough time to achieve our next short-term goal?

The chapters that follow examine how reputation is formed, stressed, and misunderstood inside and outside our institutions. This is where the work begins. Thank you for taking the journey.

Download the Book Proposal

[The Napkin Visual: Book Spine and Organizing Architecture](#)



The Corporate Legitimacy Curve serves as the visual structural spine of Unlock Reputation. It is the guiding architecture on which the entire argument rests. The first three chapters deconstruct each element of this model in granular detail, through historical analysis and empirical case studies. Early in the book the reader moves from abstract mechanisms to concrete examples, building an intuitive understanding of why business growth without alignment generates reputational risk. The remainder of the book expands outward from this foundation, explaining reputation as a concept that is highly conflated in the modern business era. Middle portions of the book explain what reputation actually is and what it is not. While later portions of the book transition to strategic guidance, providing executives with frameworks for embedding reputational foresight into governance, decision-making, incentive design, and stakeholder engagement.

Please note that the perspectives and analysis in this book are my own, based on my professional experience advising institutions over two decades. They do not represent the views, opinions, or positions of any of my former employers or clients.

[Section I: Tides of Change: Key Reputation Trends in a Transforming World](#)

Quote Text (Placed on the section break page): *"We are not makers of history. We are made by history."* — Martin Luther King Jr.

[Chapter 1: The Tension of Corporate Power](#)

[Passage 1: The Impact of Global Enterprise](#)

In 2008, the American federal government authorized \$700 billion for a troubled asset relief program (TARP) for the banks that had just collapsed the American economy.¹ In the same week, millions of households faced foreclosure.² The banks, it was decided, were too important to fail. The families who felt the financial impact were not. No meaningful scandal emerged. High profile executives did not receive jail time.³ Within months, bonuses resumed. Yet from that moment forward, it was not business as usual. The ground society stood upon was becoming increasingly uneven.

¹ *Troubled Asset Relief Program (TARP)*. (2026, February 13). U.S. Department of the Treasury. <https://home.treasury.gov/data/troubled-asset-relief-program>

² *Have Borrowers Recovered from Foreclosures during the Great Recession? - Federal Reserve Bank of Chicago*. (n.d.). Retrieved May 6, 2026, from <https://www.chicagofed.org/publications/chicago-fed-letter/2016/370>

³ Arnold, C. (2013, July 26). After Five Years, Why So Few Charges In Financial Crisis? *NPR*. <https://www.npr.org/2013/07/26/205866019/few-on-wall-street-have-been-prosecuted-for-financial-crisis>

Modern day systems would reward the architects of collapse, while leaving ordinary people in a survival game.

Leading up to this point, scrutiny of society's largest institutions was already an ambient glow. The G7 summit, a small coalition of advanced economies coordinating on global issues, had drawn sustained public opposition across Europe since the 1980s.⁴ Davos, the annual gathering of global political and corporate leaders, became a focal point for organized dissent and criticism throughout the 1990s.⁵ At the same time, environmental concerns were scaling into global coordination efforts, culminating in the United Nations Earth Summit.⁶ That shift was shaped in part by earlier moments when the consequences of industrial growth became visible, including the 1969 river fire in northeastern Ohio.⁷

The financial failure in 2008 would be different. It served as a unique event that fundamentally shifted how the world viewed institutions. Not because the event showed harm, but because it revealed that it was not a sudden localized episodic

⁴ Patterson, B. (2010, June 19). NEWS: The G7 summit in 1988. *The Council of Canadians*. <https://canadians.org/analysis/news-g7-summit-1988/>

⁵ Protesters to blame Davos elite for global crisis. (2009, January 14). *Reuters*. <https://www.reuters.com/article/economy/protesters-to-blame-davos-elite-for-global-crisis-idUSLE726797/>

⁶ US EPA, O. (n.d.). *Products of the 1992 Earth Summit* [Speeches, Testimony and Transcripts]. Retrieved May 6, 2026, from <https://www.epa.gov/archive/epa/aboutepa/products-1992-earth-summit.html>

⁷ Rotman, M. (n.d.). *Cuyahoga River Fire: The Blaze That Started a National Discussion*. Cleveland Historical. Retrieved May 6, 2026, from <https://clevelandhistorical.org/items/show/63>

failure. It marked a point of clarity after centuries of accumulating structural misalignment. It was the shocking force of compounding corporate velocity. It struck both physically and emotionally. Its reach landed beyond local communities, propagating globally. The lesson provided more than an understanding that velocity carries consequences, it taught the world that those consequences were already deeply embedded into nearly every facet of their lived experience. The problem was no longer in someone else's backyard, or river. The issue was no longer a societal challenge that would manifest in tragedy on someone else's clock. The reality became clear, inescapable, and hard to ignore. The systems that provided society with growth and prosperity were both highly unstable and uneven.

Banks had leveraged risky assets as fuel to expand mortgage lending which increased homeownership and home prices.⁸ These actions injected society and economic systems with prosperity. But what was under the foundation of these homes was risk, far greater than a weak credit rating. It was systemic risk, where consequence could be shifted downward while elevating protection upward. Systemic risks that emerged from velocity gaps. The speed capital moved at was outpacing every guardrail designed to oversee it. Information was moving faster than understanding. Threats to communities were measurably greater than what they could absorb. Regulation and

⁸ *Crisis and Response: An FDIC History, 2008–2013*. (n.d.).

risk management was either absent, or unable to keep pace. Velocity gaps are what happens when adaptation, innovation, expansion, commercialization, and information exceeds comprehension and conformation. When these velocity gaps converge, systems become unstable. And when systems become unstable, they typically collapse. The larger and more complex the system is, the greater the consequences. Velocity gaps have always been there, for hundreds of years, but now they are magnifying and becoming globally interconnected. Global prosperity could now be seen as being directly connected to global vulnerability.

This vulnerability was not intentionally planned, the plot arranged by a malicious clandestine group of institutional actors. To the contrary, corporations were executing as they were expected to act and they were doing so with remarkable competence. Banks, like any other industry, were intentionally acting with a primary objective in mind, which is to drive shareholder returns while delivering prosperity.⁹ To do so banks became engines of complex financialization strategies through the latter part of the twentieth century.¹⁰ The corporation was perfectly designed to do this, but what they were not designed to do was absorb the social consequences of those

⁹ editor, P. R. F. B. P. R. is a copy, Economics, F.-C. with E. in, Finance, P., & policies, over twenty years of experience in the classroom L. about our editorial. (n.d.). *The 2008 Financial Crisis Explained*. Investopedia. Retrieved May 6, 2026, from <https://www.investopedia.com/articles/economics/09/financial-crisis-review.asp>

¹⁰ Ki, Y. (2018). Large Industrial Firms and the Rise of Finance in Late Twentieth-Century America. *Enterprise & Society*, 19(4), 903–945.

strategies. Corporations had proven that innovation, scale, and reach could deliver extraordinary economic resilience and shareholder returns. As they scaled it was assumed that business competence would naturally include self-governance features that would prioritize societal stewardship. That assumption, which was already under pressure from anti-corporate protests and escalating environmental concerns, shattered with the rise of home foreclosures resulting from the 2008 financial crisis.

Millions of foreclosure signs were staked out in front of homes. Looking out the front window, communities didn't see the word foreclosure, they saw a chilling modern day understanding. *"In the modern world, what corporations do with their power matters more to our society than it ever did before."* That visibility began to reshape the interpretation of institutional power. And it raised a question that would define the coming era, *"How can corporations operate at a scale without losing the ability to foresee and manage the potential consequences of that scale?"*

Institutions have failed before. But 2008 was different in scale and velocity. It was the first time a collapse happened globally and instantaneously, exposing velocity gaps across every interconnected system at once. The signals that the reputation operating system was failing were becoming increasingly visible for about 100 years before the 2008 mortgage crisis sent its shockwaves through society. Ironically, the earliest cracks in the system were commonly taught in history books for nearly 500 years.

How could signals that eventually led to a global financial meltdown accumulate for centuries, yet remain invisible? It remained out of sight, because these signals of breakdown were camouflaged by perceived prosperity. This becomes a uniquely defining quality of the 2008 financial crisis. It was more than a breaking point, it gave the signals of reputational failure clarity. It revealed that the systematic engineering of prosperity did not include the required mechanics to mitigate or prevent consequence. And when consequence is visibly greater than prosperity, scrutiny always follows.

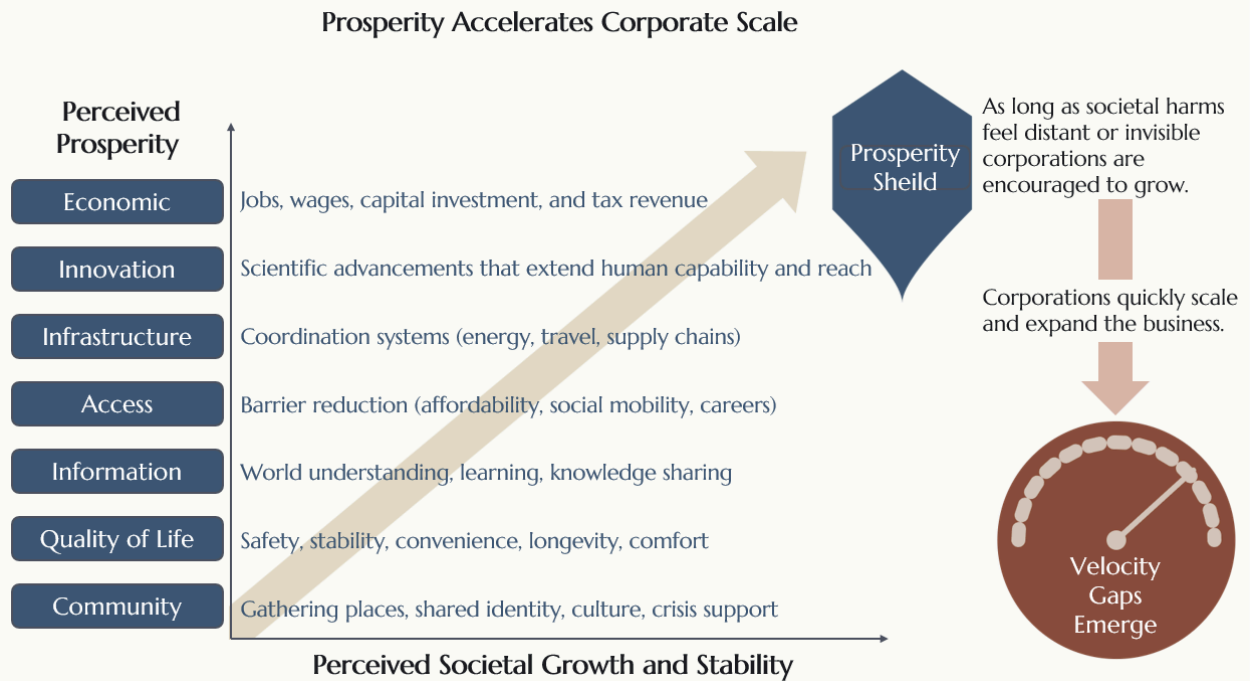
What unfolds is the greatest paradox of the modern era. Corporations are being held to standards of accountability, to shield society from consequence, which they were never purposefully designed to meet. While simultaneously being asked to do what they were designed to do, act as engines of scale. To achieve this scale firms prioritize efficiency, optimization, speed, cost reduction, and profit seeking maximization. Corporations built the scale that society demanded, granting prosperity which advanced societal wellbeing. The tension arrives when corporations succeed at their core mission, while creating consequences they could not always anticipate. Leaving businesses to face stakeholder scrutiny for societal externalities they did not intentionally design. Companies are failing precisely when they are succeeding. Their competence has become their vulnerability. As a result, modern day business success

carries risk which is often delayed and not easily detectable, but the risk is always present. This is the contradiction at the center of modern day corporate life. The relationship between institutional trust and performance not only began to separate, but the gaps between the two further accelerated.

But this paradox holds an ironic twist within it. Corporations are highly innovative, masters of delivering significant levels of convenience and quality products at rapid scale. They do more than solve problems, they unlock technologies that propel society forward. When corporations deliver prosperity, they are given more than a continued permission to operate, they are granted a shield from scrutiny. Two conditions create the prosperity shield. First, stakeholders must feel prosperity through a range of societal benefits such as jobs in their communities, access to goods and services, and innovative solutions to problems to name a few. Second, consequences must feel distant or invisible. Once corporations possess a prosperity shield they naturally seize the opportunity to expand, scaling the business further. As a result, corporations accelerate through increased adaptation, innovation, expansion, commercialization, and information gathering. This rapid scale expansion becomes the foundation for velocity gaps, which is when institutions move faster than systematic comprehension and conformation. As witnessed throughout history, and more specifically in the 2008 financial crisis, when these velocity gaps converge,

Download the Book Proposal

systems become unstable. And when systems become unstable, they typically collapse. The irony becomes clear, the prosperity shield becomes a foundational step to potential societal consequence and scrutiny. Companies once heralded as heroes succeeded long enough to then become the villains within the same plot.



Prosperity should not be viewed as the culprit, it should be understood as an essential component of societal structure. It should be further understood as a multifaceted societal benefit ecosystem, one that corporations have played an important role in creating for over 1000 years. The corporation was purposefully designed to be powerful engines of technological advancement, transforming advances in science, medicine, and infrastructure into solutions that reach deep into society. As society

advanced, so too did the prosperity that corporations delivered. From pharmaceutical breakthroughs that extend life expectancy to digital platforms that democratize access to information and financial services, they moved scientific possibility into lived reality. They've also proven to be highly effective at delivering economic prosperity through the jobs, wages, and capital investment which sustain livelihoods and bolster communities. Prosperity is felt through enormous infrastructure that makes modern life operable at scale through energy networks, logistics systems, supply chains, and digital networks that connect billions of people and enable instant coordination across time zones. The reach of this prosperity feels both instantaneous and limitless, delivering access and reach through global distribution that reduces friction between supply and demand, expanding participation across geographies that once would have been unreachable.

These outcomes of modern day prosperity did not emerge from small systems. They required capital concentration, global coordination, and operational complexity that only large enterprises could sustain. Consider the transformation that has occurred in just the last century. Back in the 1600s, global trade was dominated by sailing ships operated by companies like the British East India Company, where voyages required months, enormous capital risk, and close alignment with state authorities.¹¹ Over time,

¹¹ *East India Company | History, John Company, Battle of Plassey, Definition, & Facts | Britannica*. (n.d.). Retrieved May 6, 2026, from <https://www.britannica.com/topic/East-India-Company>

the rise of market liberalization, capital mobility, and modern information systems scaled trade and innovation globally. By connecting markets, standardizing systems, and enabling cross-border exchange, corporations dramatically reduced the barriers of time and distance. Today, complex medical innovations developed in one country can be deployed globally within years, or even months. This compression of time and distance is what makes modern life possible and what fundamentally shaped how society became dependent on the prosperity that corporate scale creates.

Beyond creating goods and services, corporations have demonstrated remarkable capacity for community and social support during moments of crisis as well. When disasters strike, modern corporations often possess the operational capacity to act faster than governments can mobilize. During Hurricane Katrina, large retailers like Walmart restored supply chains and delivered essential goods more rapidly and effectively than federal agencies could.¹² During COVID-19, companies compressed years of digital transformation into months, with McKinsey research showing that organizations discovered they could move up to 40 times faster than they believed possible before the crisis.¹³ They shifted to remote work in weeks, migrated operations

¹² *Wal-Mart's Response to Hurricane Katrina: Striving for a Public-Private Partnership*. (n.d.). HKS Case Program. Retrieved February 6, 2026, from <https://case.hks.harvard.edu/wal-mart-s-response-to-hurricane-katrina-striving-for-a-public-private-partnership/>

¹³ McKinsey & Company. (n.d.). *How COVID-19 has pushed companies over the technology tipping point—And transformed business forever*.

to the cloud, reconfigured supply chains, and supported vaccine distribution, food security, and medical supply protection. When the 2024 Hualien earthquake struck Taiwan, killing at least 17 people and causing widespread damage, Foxconn donated \$80 million in relief and mobilized its logistics network to support affected communities.¹⁴ These moments show what corporations can accomplish when they commit resources and capability to collective societal welfare.

This is the prosperity that stakeholders demanded from corporations as they scaled. Stakeholders recognized corporations were engines of economic growth, community stability, technological advancement and infrastructure enablement. Companies became the conduit between invention and impact, the drivers of growth and societal stability. Many of the advancements enjoyed on a day to day basis would not be possible without the evolutionary success provided by corporate scale.

Yet it is precisely this unprecedented evolutionary success that leads to the contradiction at the center of modern corporate life. The same scale, reach, speed, and coordination that enable extraordinary progress have amplified missteps and ethical blind spots. The positive impact these companies offer society is in a state of conflict, challenged by perceptions of corporate greed and well-documented negative externalities on communities and the environment. A skeptical public has

¹⁴ *Taiwan receives earthquake relief donations from 30 countries* | *Taiwan News* | Apr. 6, 2024 20:01. (2024, April 6). <https://taiwannews.com.tw/en/news/5137664>

become accustomed to a range of corporate scandals. Canonical examples of fraud, such as Enron in 2001, unfolded in full public view. While lesser-known overcharging schemes by Corporate Travel Management that led their founding executive Jamie Pherous to step down.¹⁵ The impact of the corporation in the Reputation Era goes well beyond making products that meet market needs. The impact extends deeply into systems that deliver prosperity, which can also contribute to producing velocity gaps that deteriorate the modern world. Successful delivery of prosperity, that once guaranteed legitimacy, has become the backdrop for crisis inducing scrutiny. This is the context of the Reputation Era, a time where corporate success does not reduce scrutiny, it intensifies it. The more powerful corporations become, the more society expects them to safeguard the power they create.

The 2008 financial crisis ushered in the Reputation Era because it made the gaps between corporate competence and corporate accountability not only visible, but hard to ignore. The Reputation Era would redefine corporate risk from concerns of scandal or moral failure, to systematic structural instability. The financial crisis became an undeniable proof point that when systems that move faster than they can be governed, they create negative externalities that accumulate until they become

¹⁵ *CTM MD Pherous steps down amid accounting turmoil.* (2026, February 2). <https://www.businesstravelnewseurope.com/Management/CTM-MD-and-founder-resigns-amid-accounting-turmoil>

visible. And once externalities are attributed to an institution, society begins asking harder questions. Are the benefits fairly distributed or concentrated? Is power being exercised responsibly or exploited? Are people being treated with dignity or as disposable? Are the costs of growth being shouldered by those who profit, or transferred to communities and ecosystems that bear no responsibility for creating them? These questions, once raised, do not fade away. They accumulate over time, creating pressure that narrows the space in which a corporation can operate. Partnerships begin to dissolve, credibility weakens, and regulatory tolerance shrinks. A company's license to operate becomes increasingly conditional. What began as scrutiny gradually transforms into constraint, and these constraints shape delegitimizing vulnerability that can become an existential crisis to the business itself.

Today's society, growing ever more conscious and globally connected, wakes to the Reputation Era's most unavoidable question: *"Can I trust companies with the increasing influence and power that the modern corporate ecosystem provides?"* This question defines the architecture of corporate legitimacy in the modern era. A question that lands because corporations are now more powerful than they ever have been before. A question that will rise more frequently and aggressively because corporate power is more visible and easily contested. A question that arrives because today's systems feel fractured, uneven, and highly unstable. This is a world where only

one currency is left through which legitimacy is continuously negotiated and earned. The most valuable currency of the modern era is reputation. What was once viewed merely as a communication tool or brand asset has now become something far more vital to the longevity of an institution. In the Reputation Era this is the only currency that can be used to ensure that an institution maintains its license to operate.

[Passage 2: Making the Reputation Era](#)

The question of whether companies can be trusted with their influential scale results from changes that have been building over 2000 years. It evolved through a series of structural expansions that reshaped the institutional incentives, the speed they operate at, the reach of their influence, and how consequences from their decisions are distributed. These changes would take place over centuries, all of which would contribute to the most significant evolution in corporate history. Over the past 100 years the rules of how legitimacy is granted to business, the reputation operating system, would fundamentally change.

To understand the Reputation Era, it is not enough to examine the present moment. The conditions that define it were constructed gradually, across different periods of economic and institutional development. What changed was not the fundamental purpose of the corporation, its purpose would always be to produce prosperity. What evolved with each era was the introduction of new capabilities and new mandates

that would introduce new velocity gaps. With each velocity gap the relationship between performance and accountability would separate. With each velocity gap, the potential for societal consequences emerged. With time these shifts started to produce a consistent visible pattern. Corporate capacity expanded faster than the systems designed to interpret, oversee, and legitimize that expansion. The result was not immediate breakdown, but accumulating strain. A strain that constricts institutions in the modern era. To see how this pattern formed, we need to step back and examine how corporate legitimacy systems were built, what assumptions they carried, and where they began to fracture.

The pattern begins in ancient Rome. This period, the Ancient Civic Era, marks the first time corporations received legal recognition as entities (*collegia* and *universitates*) that could exist independently of the individuals who composed them.¹⁶ These early corporate forms organized trades, religious orders, and civic works. What distinguished this era was the fusion of economic and civic mandates. Corporations generated prosperity while maintaining roads, managing public works, and structuring social order. Scale mattered fundamentally. Geographic reach was limited. The speed of commerce was constrained by physical distance. A merchant who profited from

¹⁶ Patterson, J. L. (1983). The Development of the Concept of Corporation from Earliest Roman Times to A.d. 476. *The Accounting Historians Journal*, 10(1), 87–98.

the community also lived in it. Consequences of the merchants' decisions were visible. As a result, proximity served as a mechanism for accountability.

Legitimacy flowed from the alignment of performance and prosperity. If a corporation organized economic activity and contributed to collective welfare, it earned the right to continue operating. This assumption held because distance between power and consequence was minimal. Those organizing economic activity naturally understood their role in organizing society. In this time period the market and community were not treated as separate domains.. This is because the reputation operating system of the Ancient Civic Era recognized that visibility was direct and impact was local. This would not hold up thousands of years later.

Much of what was expected from, and how corporations acted in society, remained largely the same for 1000 years. That is, until the Medieval Guild Era. At this point, corporations evolved into formalized guilds and chartered towns, they became more sophisticated in how they created prosperity. These institutions showed their ability to translate economic activity in societal structures by creating rapidly growing urban centers. Guilds brought together merchants and craftspeople within specific trades. They established rules around production, apprenticeship, training, pricing, and market participation.¹⁷ But what made guilds transformative was not its economic

¹⁷ Ogilvie, S. (2014). The Economics of Guilds. *Journal of Economic Perspectives*, 28(4), 169–192. <https://doi.org/10.1257/jep.28.4.169>

organization, it was the creation of class structures based on skill rather than birth.¹⁸ A person could rise from peasant to master craftsman through competence and learning. While common in modern society, this was a revolution of its time. For the first time, economic position became linked to occupation and ability rather than solely to land ownership or lineage. Guilds determined who could learn, who could earn, and who could advance. They created structured wages, standardized training, and controlled access to participation within the urban economy.

The prosperity the corporation would provide society in the Medieval Era evolved significantly, but what did not change, materially, was its reach and proximity. Guilds operated within defined geographies. A guild's legitimacy was rooted in the community it served. The master craftsmen knew the apprentices and guild halls typically existed in just one city. Accountability remained both local and visible. When a guild maintained standards, those standards were enforced by neighbors and competitors who could see the work. Like the Ancient Civic Era, this local embeddedness made legitimacy straightforward. The guild that organized economic activity fairly, maintained quality, and contributed to community welfare earned the right to continue their business operations.

¹⁸ *Medieval Guilds—World History Encyclopedia*. (n.d.). Retrieved May 6, 2026, from https://www.worldhistory.org/Medieval_Guilds/

The next corporate evolution, in the 1600s, occurs 500 years later. The Chartered Era provided a blueprint for instability that would repeat consistently right up to the 2008 financial crisis. However, the velocity gap that emerges in this era doesn't take place at a bank, it transacts on merchant trading ships. Historical accounts typically spotlight the Dutch and British East India Trading Companies as the beginning of the modern corporate form, this framing holds merit in many ways. These companies supported advanced overseas trade and colonial expansion networks that combined private capital with state authority to manage risk and scale commercial ventures.¹⁹ They introduced organizational features that remain foundational today such as joint stock ownership, which allowed capital to concentrate without individual investors bearing total liability. Continuity beyond individual investors also meant the enterprise could persist regardless of who owned it.²⁰

But what truly distinguished the Chartered Era was a fundamental shift in how corporate power became mobile. Now corporations spanned jurisdictions, crossing oceans, to govern overseas territories. They also functioned as hybrid entities, part

¹⁹ Oppon, A.-R. (2021). To what Extent did the Private Hybridity of The East India Company Result in Lack of Accountability? In A. Sarat & D. Prabhat (Eds.), *Privatisation of Migration Control: Power without Accountability?* (pp. 77–90). Emerald Publishing Limited. <https://doi.org/10.1108/S1059-43372021000086B006>

²⁰ Ransom, R. L., & McKenzie, J. D. (2025). The East India Company and the British Empire. In R. L. Ransom & J. D. McKenzie (Eds.), *Imperial Wars in the Modern Era: The Struggling for Territory* (pp. 33–35). Springer Nature Switzerland. https://doi.org/10.1007/978-3-032-07701-1_5

commercial enterprise and part governing authority, empowered to manage overseas territories, raise armies, collect taxes, and negotiate on behalf of the state.²¹

Advances in mobility, which repeated through history, is a corporate velocity gap. Its ability to undermine and threaten legitimacy would endure to the modern era. The mobility of corporate power spanning continents combined with a role to act as a governance structure, rendered accountability at best confused, and at worst completely unaccounted for. Who is responsible for a corporation operating in a distant territory as both merchant and governor? The home nation? The colonial authorities? The corporation itself? There was no accountability structure that could reach across jurisdictions to verify that power was being exercised responsibly. From this point onward, corporations were no longer confined to organizing local economic activity. Mobility gave them reach, making them instruments capable of shaping global trade, redrawing geopolitical maps, and establishing complex resource distribution across continents. Power escaped local oversight and the assumption that local accountability structures could suffice had broken, this structural problem would echo through each subsequent era, right into the modern era.

²¹ *Armies of the East India Company* | National Army Museum. (n.d.). Retrieved May 6, 2026, from <https://www.nam.ac.uk/explore/armies-east-india-company>

The Industrial Era marks the next evolution of the corporation. Advances in technology accelerated the speed at which goods, capital, and information could move, introducing early forms of what would become persistent velocity gaps. By the 1800s, large corporations, including textile manufacturers, steel producers, and railroad operators, concentrated labor, capital, and machinery at unprecedented scale.²² Breakthroughs in energy and transportation connected regions that had previously been isolated, compressing distance and redefining coordination across markets. The transcontinental railroad, built within decades, did not simply expand commerce. It reshaped expectations around scale, speed, and reach.²³

A new form of misalignment emerged in the form of a regulatory velocity gap. Corporations scaled rapidly, often faster than negative externalities could be understood and governance could adapt. Waves of innovation increased not only the capacity to connect, distribute, and scale, but also the capacity to compound consequences. What appeared in the Industrial Era as physical acceleration in transportation and logistics would, centuries later, surface as structural fault lines in financial systems leading up to the 2008 mortgage crisis.

²² Temin, P., & Chandler, A. D. (1978). Chandler's The Visible Hand. *The Bell Journal of Economics*, 9(1), 297–303. <https://doi.org/10.2307/3003631>

²³ Fukuyama, F. (n.d.). *Trust: The Social Virtues and the Creation of Prosperity*. Free Press. (Original work published 1995)

But the scale and speed at which companies operated in the Industrial Era also led to increasingly tangible prosperity as well. This logistics transformation shrank world distances. Raw materials, goods, and people moved faster and farther than ever before. Like earlier corporate forms, Industrial Era corporations reshaped where people lived and how cities grew, while becoming an increasingly vital component of national economies. Prosperity widened as parallel advances in medicine and public health led to breakthroughs in sanitation, vaccination, and surgical practice. These advances contributed to declining mortality rates and longer lifespans in industrializing societies.²⁴ The evolution of the corporation made it a force capable of shaping not only economic outcomes, but the pace and direction of societal change. Despite the ability for some corporations to scale beyond existing policies and governance frameworks, communities embraced corporate expansion because the prosperity was real, immediate, and highly transformative.

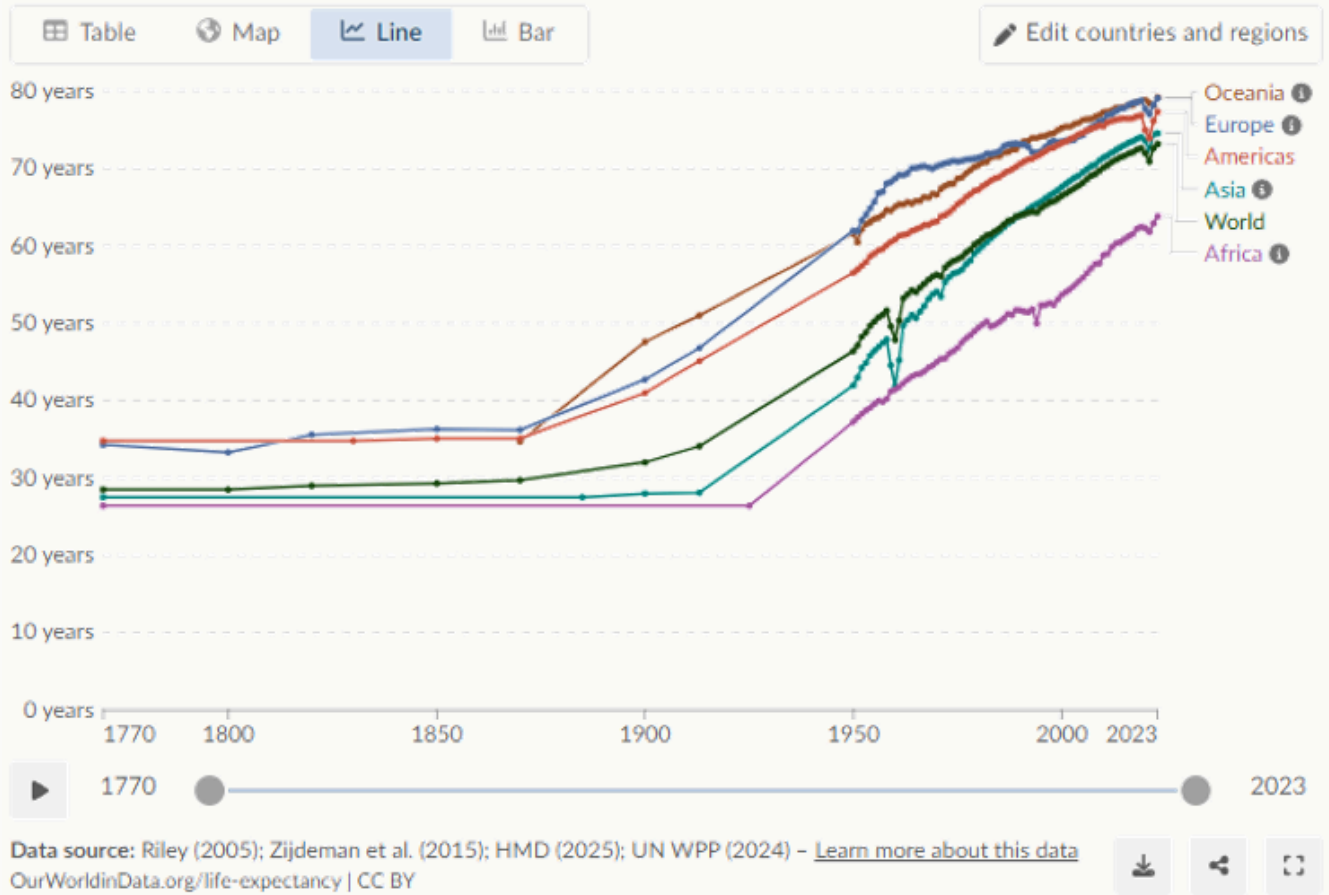
²⁴ Dattani, S., Rodés-Guirao, L., Ritchie, H., Ortiz-Ospina, E., & Roser, M. (2023). Life Expectancy. *Our World in Data*. <https://ourworldindata.org/life-expectancy>

Download the Book Proposal

Life expectancy



Period life expectancy is the number of years the average person born in a certain year would live if they experienced the same chances of dying at each age as people did that year.



The regulatory velocity gap became increasingly visible as companies moved across more regions and jurisdictions. Governance struggled to keep pace, if they could at all. Companies began to operate in “grey spaces,” expanding faster than oversight and governance mechanisms could be established. The speed at which corporations could move, innovate, and enter new markets outpaced the ability of regulatory systems to respond. That power, once constrained by local oversight and structured governance

systems in earlier eras, became far more difficult to contain. While the prosperity was undeniable, so was the velocity gap that enabled it. This structural misalignment would accumulate for centuries, eventually leading to moments of systemic global consequence.

Additional misalignments would continue in the New Dawn Era. A time where the most advanced corporations began to scale beyond what any single person could either oversee or fully comprehend. By the early 1900s, the corporate problem was no longer about learning how to build big, it was about having a full informational picture about what was built. From this point forward it would become increasingly commonplace that a manufacturing decision, that was made in a corporate headquarters, could ripple across factories, supply chains, and communities that executives would never visit, or potentially even knew existed. The information required to understand the full scale of consequences of those decisions simply could not travel that far backward through the organization.²⁵ Corporations were showing the earliest signs that rapid, highly accelerated scale would have informational blind spots. This resulted in corporations making decisions that created harm, but could not be fully anticipated in places, or future times, they could not see. This information velocity gap, where decisions are made without access to their consequences, would

²⁵ *Digital History*. (n.d.). Retrieved February 8, 2026, from https://www.digitalhistory.uh.edu/disp_textbook.cfm?smtid=2&psid=3166

become the blueprint for what would repeat throughout the next century, most visibly in the banking system that would be shocked by the mortgage crisis a hundred years later.

But blindness, in an ironic twist, creates an opportunity. Journalists began investigating what corporations either could not see, or thought the broader public did not understand. Ida Tarbell, a journalist, spent years tracing Rockefeller's Standard Oil decisions that led to significant economic and workforce consequences.²⁶ Ida pioneered muckraking journalism, which brought distant, hard to understand, harms, like monopolies, into visibility.²⁷ For the first time, the societal consequences of corporations had broad public witnesses. Visibility was magnified beyond those directly afflicted. Visibility forced a new dynamic, corporations had to answer to a new set of reputational stakeholders, the media, regulators, and an increasingly informed public. Maintaining legitimacy required dialogue with a broader set of stakeholders.

Visibility was the most powerful force unleashed in the New Dawn Era because it revealed that competence no longer guaranteed legitimacy. A company could be

²⁶ *Ida Tarbell | American Experience | PBS*. (n.d.). Retrieved May 6, 2026, from <https://www.pbs.org/wgbh/americanexperience/features/rockefellers-tarbell/>

²⁷ *The Woman Who Took on the Tycoon*. (n.d.). Retrieved May 6, 2026, from <https://www.smithsonianmag.com/history/the-woman-who-took-on-the-tycoon-651396/>

efficient, profitable, and innovative, and still face scrutiny for consequences it had not foreseen. The decoupling had begun. At this point it was becoming understood that competence delivered prosperity, but competence was also recognized as delivering hidden consequences. It would take the global reach of the 2008 banking crisis to bring this lesson back to shocking reality. With each decade leading into the Reputation Era, visibility of negative externalities would only increase and expand. Scrutiny followed, society would begin asking a harder question. “*Can our corporations be trusted to safeguard our society?*” The historical baseline for protests against global institutions at G7 and Davos a century later had been set. The reputation operating system, which had functioned for centuries on the assumption that competence and legitimacy moved together, was beginning to show its first cracks.

The next evolution takes only fifty years. The second half of the twentieth century marks the Unbounded Era. A time where corporations reached significant global expansion, defined by increased physical scale, capital mobility, global geographic reach, and information technologies which created complex interconnected business, social, economic, and political systems. Advances in computing, digital communication, and the internet fundamentally altered how corporations operated and how they were perceived. Corporations were making the world a highly

interconnected place, if one economic system or supply chain failed the consequences could be catastrophic. Because scale was also increasingly becoming “blind”, the extent of the fallout could be predicted, but never fully understood until the consequences occurred.

As systems became interconnected, visibility also increased dramatically as well. In the Unbounded Era corporate actions, once obscured by slow-moving news cycles and buried deep within organizational walls, became more visible through increased news and media exposure across a full range of reputation stakeholders such as employees, consumers, investors, regulators, and the public at large.²⁸ But this did not hold for long. Within this same time period the information system itself fractured. Digital platforms and algorithmic sorting split audiences into different realities. Now corporations became visible for negative externalities, but this visibility came without consensus. Media, activists, regulators, and the public all saw the same actions through different lenses. The information velocity gap that had briefly narrowed became scrambled. Shared understanding of corporate consequences was dissipating.

Another shock to stability during the Unbounded Era came in the form of financial and political frameworks, spearheaded by concepts like Milton Friedman's shareholder

²⁸ Cabral, L. (2016). Media exposure and corporate reputation. *Research in Economics, Special Issue on Industrial Organization*, 70(4), 735–740. <https://doi.org/10.1016/j.rie.2016.07.004>

Download the Book Proposal

primacy.²⁹ This framework redirected corporate decision-making away from stakeholder balance and toward short-term financial profit maximization. It shortened time horizons, prioritizing immediate returns over long-term consequence management. Financial deregulation accelerated capital flows and merger activity.³⁰ The change in corporate incentives set the stage for advanced financialization techniques that increased tolerance for risk taking.

The Making of the Reputation Era

Ancient Civic & Medieval Guild Era 0 – 1500s	Chartered Era 1600s	Industrial Era 1800s	New Dawn Era 1900	Unbounded Era 1950
Velocity Gaps				
Close proximity and visibility ensured accountability. Over time accountability would fragment with velocity gaps and negative externalities would become visible.	Mobility	Governance	Information	Capital
	Distance blurs accountability	Scale exceeds governance safeguards	Scale and complexity becomes obscure	Digitization, globalization, financialization
	Externality Reckoning			
Coercive labor, resource extraction from overseas regions	Unsafe working conditions, pollution in industrial centers	Monopolies, unsafe products, deceptive marketing	Supply chain abuses, financial risk taking, global environmental harm	
Localized, not fully understood	Partially visible, often delayed	Increasingly visible via journalism	Highly visible, but fragmented narratives	

Velocity Gaps A structural mismatch where the speed of corporate scale (mobility, governance, information, capital) exceeds the speed of the systems designed to interpret, govern, or legitimize it.

Externality Negative externalities occur when the societal costs of corporate activity are distributed beyond the firm, which translates to either hidden or blind consequences for stakeholders.

²⁹ 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

³⁰ Bruck, C. (1989). *The Predators’ Ball: The inside story of Drexel Burnham and the rise of the junk bond raiders*. Penguin Books.

The result was 500 years of systematic misalignment. Information systems fragmented into incompatible narratives. Capital moved at velocities that regulation could not contain. Corporations operated at scale where visibility could not fully penetrate. No shared reality existed to evaluate what corporations were doing. Mechanisms for institutional trust were deteriorating. The reputation operating system, which had already fractured in the New Dawn, had broken completely. But nobody knew it yet, that is until the 2008 financial crisis would make this reality clear.

This set the stage for the Reputation Era, a moment unlike any other in corporate history. Corporations had accumulated unprecedented power, reach, and influence through exponential growth that dwarfed even the most recent Unbounded Era. Yet this moment of maximum corporate power coincided with maximum institutional delegitimization. Every mechanism that had once mediated corporate legitimacy fractured simultaneously.

Regulation could not keep pace with corporate velocity. Journalism fragmented across competing narratives and lost institutional authority.³¹ Democratic institutions lost credibility. Digital platforms shattered shared reality into incompatible versions. Corporations became hyper-visible, but no single institution could mediate what that

³¹ Di Martino, E., Galeazzi, A., Starnini, M., Quattrocioni, W., & Cinelli, M. (2025). Ideological fragmentation of the social media ecosystem: From echo chambers to echo platforms. *PNAS Nexus*, pgaf262. <https://doi.org/10.1093/pnasnexus/pgaf262>

visibility meant. In previous eras, when scale outpaced legitimacy mechanisms, society had time to build new ones. Regulation would eventually catch up. Journalism would eventually expose consequences. Democratic institutions would eventually mediate disputes. But in the Reputation Era, all of these failed at once. There was no fallback. There was no arbiter. There was no shared agreement on what corporate actions actually meant.

Into this vacuum, reputation emerged as the only remaining mechanism through which legitimacy could be negotiated. It is not a communication strategy or a brand asset. It is the signal through which society evaluates whether corporate power is being wielded responsibly. Reputation became what every stakeholder watched, including employees, consumers, investors, regulators, activists, and the public, to determine whether an institution deserved permission to operate.

Reputation became the only mechanism left through which that power could be evaluated. But what reputation reveals, when it has no filter and no institutional mediator, is not just how decisions are made. It is what those decisions actually cost. The Reputation Era's structural condition created a peculiar vulnerability.

Corporations operated at a scale where consequences could be neither fully anticipated nor fully hidden. Some societal harms emerged from complexity too vast to foresee, while others were foreseen and deliberately concealed. The distinction of

incidental harm and malicious harm matters to executives, but to stakeholders the difference does not excuse accountability. This gap between what institutions claimed they could understand and what they actually knew has marked the delegitimizing landscape that defines the modern era.

[Passage 3: The Externality Reckoning](#)

The consequences of corporate scale are no longer invisible or distant. What corporations do ripples across labor systems, communities, and ecosystems in ways that stakeholders can now observe, measure, and attribute in real time. This visibility has fundamentally shifted how society evaluates institutional power. Consequences that were once diffuse, delayed, or difficult to trace are now immediate and measurable. They accumulate in public view, shaping perception before corporations can respond.

This natural rise in scrutiny dampens the prosperity shield that once protected corporate expansion. Recall that corporations earned legitimacy as long as stakeholders felt the benefits of growth and consequences remained invisible. But visibility changes the equation. As consequences become undeniable, stakeholders no longer assume that competence and scale equate to trustworthiness. The shield that once granted corporations permission to expand without question now requires constant defense.

Not all consequences, however, are the same. Some harms emerge from scale and complexity faster than understanding can follow. These are blind consequences, outcomes that could not have been fully anticipated at the moment of innovation or decision. Others are foreseen and deliberately managed in service of commercial outcomes. These are hidden consequences, harms that corporations knew about and chose to conceal or minimize. The distinction mattered once, when institutions mediated meaning and could differentiate between unlucky and unethical. This distinction, now, offers little protection in a world where institutional trust has fractured.

Both types of consequences devastate legitimacy equally, but for different reasons. Hidden consequences are perceived as malicious intention through a deliberate choice to prioritize commercial objectives. Hidden consequences, once brought to light, are associated with crisis inducing scandals.³² Blind consequences are different; they reveal structural negligence, not a calculated plot. Yet in an environment saturated with institutional skepticism, the distinction between the two becomes almost academic. Society has accumulated so many documented cases of hidden harm, so many scandals where companies knew and acted anyway, that the default

³² Soltani, M., Veer, E., de Vries, H. P., & A. Kemper, J. (2024). "Did You See What Happened?" How Scandals are Shared via Social Media. *Corporate Reputation Review*, 27(3), 186–201. <https://doi.org/10.1057/s41299-023-00165-z>

assumption has shifted. Stakeholders now generally assume consequences are known and ignored, choosing to scale anyway. Skepticism leads to the notion that concealment is the rule, not the exception. Even an unforeseeable harm translates to negligence and accountability failure. And when a single “honest” misstep happens, as they usually do, it triggers stakeholder paranoia that all harm is deliberate and malicious.

The tobacco industry provides a historical case of hidden consequences deliberately managed for profit. Internal documents later revealed that major tobacco companies possessed extensive scientific evidence linking smoking to cancer and addiction by the 1950s.³³ Rather than acting to mitigate harm, corporate strategy focused on suppressing research, manufacturing doubt, and prolonging regulatory inaction through coordinated campaigns.³⁴ Product design and marketing were optimized not merely to sell cigarettes, but to sustain addiction and recruit new users, including younger populations. When called to testify before Congress in 1994, tobacco executives claimed the evidence was inconclusive, their products were not addictive,

³³ LeMaistre, C. A., Hamill, P. V. V., Guthrie, E. H., Farber, E., & Shopland, S. (with Project Muse). (2024). *Clearing the Air: The Untold Story of the 1964 Report on Smoking and Health*. University of California Health Humanities Press.

³⁴ Brandt, A. M. (2012). Inventing conflicts of interest: A history of tobacco industry tactics. *American Journal of Public Health*, 102(1), 63–71. <https://doi.org/10.2105/AJPH.2011.300292>

and they were not marketing to children. Internal documents later made public told a starkly different story.³⁵

The opioid crisis followed a similar pattern. Beginning in the late 1990s, pharmaceutical companies aggressively marketed prescription opioids as safe and effective treatments for chronic pain, often minimizing the risks of addiction and dependency.³⁶ Internal communications revealed these firms knew of the addictive potential long before public harm became visible.³⁷ Yet corporate strategy prioritized rapid market expansion and revenue growth. Sales representatives were incentivized to encourage broader prescribing. Educational materials emphasized low addiction risk and positioned opioids as compassionate care. Between 2013 and 2015, one in twelve American physicians received opioid-related marketing. Among family physicians, it was one in five.³⁸ As prescription volumes surged, addiction rates, overdose deaths, and community destabilization followed.³⁹ In both cases, corporate

³⁵ Cummings, K. M., Brown, A., & O'Connor, R. (2007). The Cigarette Controversy. *Cancer Epidemiology, Biomarkers & Prevention*, 16(6), 1070–1076. <https://doi.org/10.1158/1055-9965.EPI-06-0912>

³⁶ Van Zee, A. (2009). The promotion and marketing of oxycontin: Commercial triumph, public health tragedy. *American Journal of Public Health*, 99(2), 221–227. <https://doi.org/10.2105/AJPH.2007.131714>

³⁷ Alonso, J. S. (2021). Purdue Pharma Deceptive Research Misconduct: The Importance of the Use of Independent, Transparent, Current Research. *Voices in Bioethics*, 7. <https://doi.org/10.7916/vib.v7i.7786>

³⁸ Eisenberg, M. D., Stone, E. M., Pittell, H., & McGinty, E. E. (2020). The Impact Of Academic Medical Center Policies Restricting Direct-To-Physician Marketing On Opioid Prescribing. *Health Affairs*, 39(6), 1002–1010. <https://doi.org/10.1377/hlthaff.2019.01289>

³⁹ Hadland, S. E., Rivera-Aguirre, A., Marshall, B. D. L., & Cerdá, M. (2019). Association of Pharmaceutical Industry Marketing of Opioid Products With Mortality From Opioid-Related Overdoses. *JAMA Network Open*, 2(1), e186007. <https://doi.org/10.1001/jamanetworkopen.2018.6007>

power was exercised with precision in pursuit of growth, while costs and consequences were externalized to society.

But not all negative externalities are deliberately hidden. Microplastics offer a counter example of blind consequences. Plastic became a transformative innovation in the twentieth century. It solved genuine problems that created societal prosperity, because it was cheap, durable, and versatile. Corporations seized the prosperity shield, optimizing production and distribution at scale. No company set out with a plot to contaminate. No executive intentionally designed microplastics to pervade human bloodstreams, accumulate in organs, and possibly alter cellular function.⁴⁰ The harm was not foreseeable at the moment of innovation. This consequence emerged from scale itself. Over decades of production, plastic decomposed into particles invisible to the naked eye. Those particles entered waterways, food chains, and human bodies. Later, as measurement technology improved and research accumulated, the full scope of harm became visible. By then, microplastics were everywhere.⁴¹

⁴⁰ Preda, O.-T., Vlasceanu, A.-M., Andreescu, C. V., Tsatsakis, A., Mezhuev, Y., Negrei, C., & Baconi, D. L. (2024). Health Implications of Widespread Micro- and Nanoplastic Exposure: Environmental Prevalence, Mechanisms, and Biological Impact on Humans. *Toxics*, 12(10), 730. <https://doi.org/10.3390/toxics12100730>

⁴¹ Cverenkárová, K., Valachovičová, M., Mackuľak, T., Žemlička, L., & Bírošová, L. (2021). Microplastics in the Food Chain. *Life*, 11(12), 1349. <https://doi.org/10.3390/life11121349>

But microplastics are no longer a blind consequence, it is now a chronic one. Once visibility emerged, the industry response was slow, fragmented, and insufficient to match the scale of harm that had already accumulated, while production continued to expand and meaningful accountability remained elusive. The harm did not resolve into reform, it embedded itself further into ecosystems and human bodies as corporations defaulted toward incremental improvements rather than fundamental transformation. This is precisely why stakeholders perceive little difference between blind and hidden consequences, because when a blind consequence becomes visible and corporations fail to act with integrity, the original ignorance ceases to matter and the response begins to feel indistinguishable from concealment. What stakeholders evaluate is not the moment of discovery but the pattern of action that follows it, and when that pattern resembles persistence rather than accountability, the distinction between unforeseeable harm and deliberate harm collapses entirely.

These three negative externalities underscore a defining lesson that shaped the Reputation Era. Some harms are concealed deliberately. Others emerge from scale and complexity faster than understanding can follow. In both scenarios, corporations operated with competence and precision in pursuit of their designed purpose. They optimized markets and they solved problems to deliver prosperity. Yet the consequence-awareness required to foresee and manage ripple effects was simply not

fully built into corporate decision making architecture. When stakeholders began seeing the full chain from corporate decision to societal consequence, with a perceived lack of accountability, trust could not recover. Corporations in the modern era are perceived as lacking the mechanisms required to reliably manage the consequences that their accelerated scale created.

This erosion delegitimized the corporate archetype itself. A public that once assumed competence meant trustworthiness now assumes the opposite. Stakeholders expect proof of consequence-awareness, not just capability. They interpret silence not as confident self-governance, but as potential concealment. In this environment, even well-intentioned organizations operate under presumption of scrutiny. Legitimacy, in the Reputation Era, must be actively earned rather than passively assumed. Now a single misstep can send reputation plummeting, which is a reputational inheritance of the modern era. Corporations traverse a landscape shaped not only by what they do, but by the accumulated memory of what other corporations failed to do, make decisions with integrity.

[Passage 4: The Growth-Responsibility Paradox](#)

This memory has translated into an increasing surge of populist skepticism toward institutions.⁴² But this movement misunderstands that the ascension of modern corporate power followed no master plan. It was not the outcome of a grand design engineered in boardrooms by executives with master plans. Instead, corporations ascended to their current scale through a series of historical events, market dynamics, economic conditions, and incentive systems that emerged precisely because societies demanded them. The memory of consequences and perceptions of significant corporate scale easily lends to the conclusion that corporations have been seizing power, despite a historical account which shows that they inherited it. Gradually, over time, it was granted piece by piece from public and governing bodies that wanted prosperity in the forms of faster innovation, better infrastructure, cheaper goods, convenience, and economic resilience. What they did not anticipate was that granting a private institution such capacities would eventually transform that institution into something that demanded a new, much more complex, system of accountability.

The core tension of modern corporate power lies in a paradox that cannot be resolved within current corporate architecture. Corporations were built to scale,

⁴² Jetten, J., & Mols, F. (2021). Support for populist parties. In J.-W. Van Prooijen (Ed.), *The Psychology of Political Polarization* (1st ed., pp. 97–111). Routledge. <https://doi.org/10.4324/9781003042433-9>

optimize, and deliver prosperity at speed. They were not built to foresee and manage the full spectrum of consequences their decisions create across labor systems, communities, and ecosystems.⁴³ Yet that is now what society demands. Corporations are simultaneously expected to grow and, at the same time, to master the consequences of growth. They are expected to innovate and to anticipate all ripple effects of innovation. They are expected to move fast and to absorb the full weight of what speed creates. These mandates are not only paradoxical, they are incompatible. No system designed to maximize efficiency and returns can simultaneously manage all consequences with equal rigor. This paradox is one of structure, not a matter of bad actors within political circles or executive leadership teams. It is a structural dilemma embedded in how corporations are fundamentally organized.

This paradox manifests concretely in how legitimacy is now evaluated. The criteria stakeholders use to judge companies has expanded far beyond marketing performance and economic impact to include evaluation of how corporate operations shape and impact the systems society runs on.⁴⁴ Employees evaluate conditions of fairness, safety, and dignity alongside compensation and opportunity.⁴⁵

⁴³ Idowu, S. O. (Ed.). (2013). *Encyclopedia of corporate social responsibility*. Springer.

⁴⁴ Kumar, S. (2023). A Review ESG Performance as a Measure of Stakeholders Theory. *Academy of Marketing Studies Journal*, 27(3S), 1–2.

⁴⁵ Tiwari, A., & Sharma, R. R. (2019). Dignity at the Workplace: Evolution of the Construct and Development of Workplace Dignity Scale. *Frontiers in Psychology*, 10, 2581. <https://doi.org/10.3389/fpsyg.2019.02581>

Consumers increasingly examine sourcing, labor practices, and environmental impact in parallel with product quality.⁴⁶ Communities assess whether corporate presence contributes to local resilience or extracts value without reinvestment.⁴⁷ Regulators and policymakers consider whether scale is being used to advance innovation responsibly or leverage corporate velocity to concentrate marketplace advantages, exploit regulatory grey space, or skirt compliance and oversight.⁴⁸ This widening lens marks a structural change in how legitimacy is earned, requiring an alignment between capability and consequence. As corporate influence expands, so does the expectation that institutions anticipate the effects of their decisions beyond immediate financial outcomes to deeper societal impact. The paradox is not theoretical. It is the daily reality that corporations now navigate.

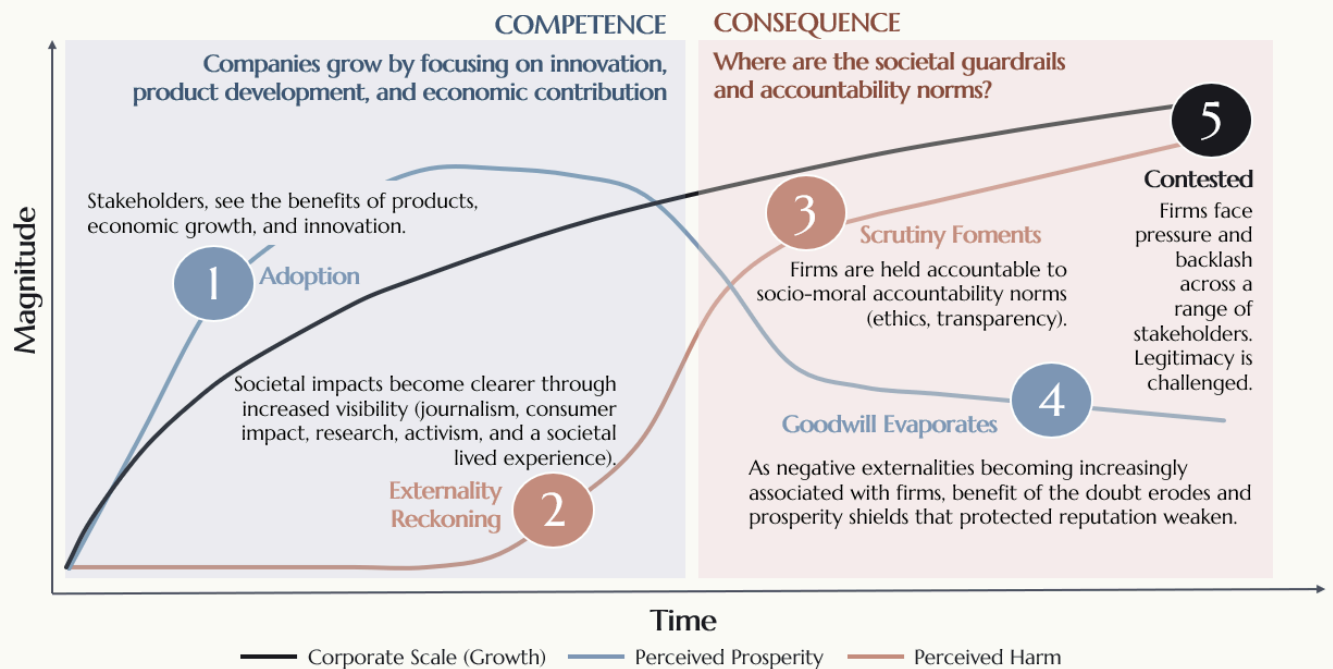
⁴⁶ Becker-Olsen, K. L., Cudmore, B. A., & Hill, R. P. (2006). The impact of perceived corporate social responsibility on consumer behavior. *Journal of Business Research*, 59(1), 46–53. <https://doi.org/10.1016/j.jbusres.2005.01.001>

⁴⁷ Bopape, M., Nema-konde, L. D., & Fourie, K. (2021). Private companies and community collaboration: Towards building disaster resilience in Diepsloot, Johannesburg, South Africa. *Jàmbá Journal of Disaster Risk Studies*, 13(1). <https://doi.org/10.4102/jamba.v13i1.1003>

⁴⁸ Crandall, R. W., & Hazlett, T. W. (2023). Antitrust reform in the digital era: A skeptical perspective. *The University of Chicago Business Law Review*, 2(2), 293–331. <https://chicagounbound.uchicago.edu/ucblr/vol2/iss2/1/>

Download the Book Proposal

The Growth-Responsibility Paradox



In this paradox, reputation emerges as the only remaining currency through which legitimacy can be evaluated and managed. But reputation is not a solution to the paradox. It is a diagnostic that reveals gaps between what corporations can foresee and what they actually cause. It makes visible the structural misalignment between corporate capability and corporate consequence. And because that gap is structurally designed to create consequence from competence, reputation becomes a currency that is in chronic short supply. Put simply, stakeholders demand proof of consequence-awareness that the current operating model of corporations cannot reliably provide. Legitimacy, in the Reputation Era, requires a form of accountability

that existing systems were never designed to deliver. The paradox remains unresolved, leaving reputation as the lens through which these systematic failures become highly visible.

Ironically, there was a brief moment in history where visibility was once the force that promised to enable accountability. Information would spark an externality reckoning. Stakeholders that could see consequences would push for safeguards. For a moment, that logic held when journalism provided a shared reality of corporate abuses. It placed emphasis that regulation must catch up. Democratic institutions were empowered as mediators of disputes, the protectors of harm, the societal safeguard. But visibility has fractured. Information ecosystems splintered and institutional authority dissolved. Now corporations face a world where every consequence is potentially visible, but no shared reality exists to interpret what that visibility means or demand accountability for the knowledge gap it exposes. The challenge in the Reputation Era is not whether stakeholders can see corporate power. The challenge is whether that visibility can be translated into the kind of consequence-awareness that institutional legitimacy now demands. Reputation comes under threat in the modern era because corporate first became visible, but then became unstable. The result is a Reputation Era where power is contested continuously in a paradoxical system that lacks structure to resolve. Understanding the power shifts leading up to the

Reputation Era, becomes essential to understanding the complicated dynamics of reputation in the modern era.

[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](#)

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.⁴⁹ 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 Era⁵⁰, its transformation into a professional, ethically oriented discipline marked a structural reputation turning point. The New Dawn era would formalize the journalism industry, including the founding of the University of Missouri's journalism school in 1908⁵¹. This journalism industry would make it possible for society to examine the mechanics of scale itself, including not just

⁴⁹ Barnhurst, K. G., & Nerone, J. (2008). Journalism History. *The Handbook of Journalism Studies*. https://www.academia.edu/992588/Journalism_History

⁵⁰ *Journalism | Definition, History, & Facts* | *Britannica*. (n.d.). Retrieved February 24, 2026, from <https://www.britannica.com/topic/journalism>

⁵¹ *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/>

its outcomes. This anchored a broad societal expectation that concentrated power will be watched.⁵²

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.⁵³ 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 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

⁵² 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>

⁵³ 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>

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.⁵⁴ 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.⁵⁵ The institution of journalism derived its own legitimacy by serving as an interpreter for power and influence. Stories that revealed corporate vulnerability reinforced the 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.

⁵⁴ 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/>

⁵⁵ Nord, D. P. (2001). *Communities of Journalism: A History of American Newspapers and Their Readers*. University of Illinois Press.

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 crisis⁵⁶. 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 children⁵⁷. 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.

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

⁵⁶ April 20, 1914: Ludlow Massacre. (n.d.). *Zinn Education Project*. Retrieved February 23, 2026, from <https://www.zinnedproject.org/news/tdih/ludlow-massacre/>

⁵⁷ *The Ludlow Massacre* | *American Experience* | PBS. (n.d.). Retrieved February 24, 2026, from <https://www.pbs.org/wgbh/americanexperience/features/rockefellers-ludlow/>

leadership.⁵⁸ 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.⁵⁹ 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.

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

⁵⁸ 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

⁵⁹ 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/>

public opinion could be shaped through deliberate communication strategies.⁶⁰ 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 mediated public understanding.⁶¹ 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

⁶⁰ 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

⁶¹ Evans, F. (2021, August 12). *8 Moments When Radio Helped Bring Americans Together*. HISTORY. <https://www.history.com/articles/most-famous-historic-radio-broadcasts>

with the scale of news information.⁶² 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.⁶³ Figures such as Walter Cronkite became trusted reference points, capable of influencing public sentiment and political decision-making simultaneously.⁶⁴ 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 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.

⁶² Lippmann, W. (n.d.). *Public Opinion*. Retrieved February 25, 2026, from <http://archive.org/details/PublicOpinion>

⁶³ *Decline of the Big Three Networks | History | Research Starters | EBSCO Research*. (n.d.). EBSCO. Retrieved February 25, 2026, from <https://www.ebsco.com>

⁶⁴ *Walter Cronkite | Biography, Facts, & Views on Vietnam War | Britannica*. (2026, January 27). <https://www.britannica.com/biography/Walter-Cronkite>

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.⁶⁵ 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 effective for navigating regulatory ambiguity.⁶⁶ 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

⁶⁵ *The Avalon Project: Federalist No 62*. (n.d.). Retrieved February 22, 2026, from https://avalon.law.yale.edu/18th_century/fed62.asp

⁶⁶ *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>

delivered superior convenience and quality.⁶⁷ 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.

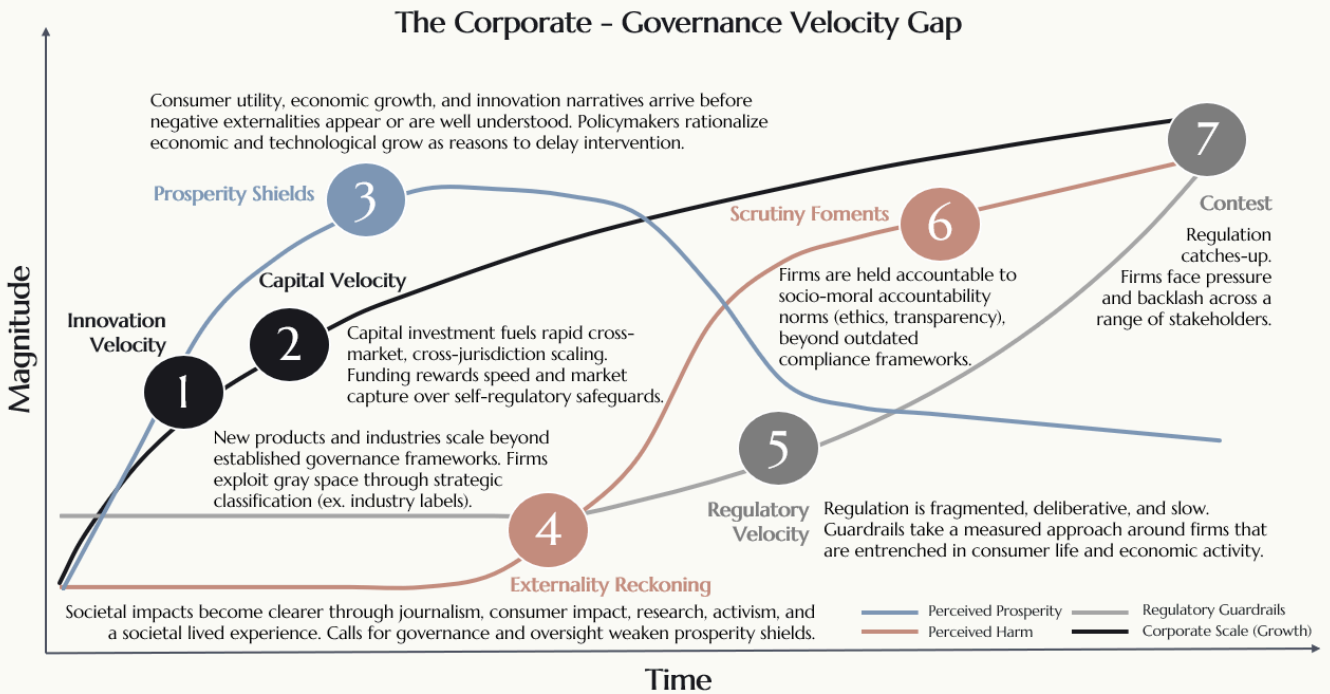
While scrutiny was delayed by increased prosperity, over time the consequences would become largely interpreted and understood. Now stakeholders evaluated not only whether companies complied with existing rules, but whether they recognized emerging risks and acted responsibly in the face of visible consequences.⁶⁸ This is where reputation diverges from legal conformity. Institutions could be legally 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

⁶⁷ Frieden, J., & Silve, A. (2023). The political reception of innovations. *Economics & Politics*, 35(2), 595–628. <https://doi.org/10.1111/ecpo.12228>

⁶⁸ 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>

Download the Book Proposal

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

Download the Book Proposal

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			
	<p>Uber (Kalanick era): Deployed in cities without formal approval, relying on consumer adoption to force municipal response.</p> <p>DraftKings: Classified daily fantasy sports as skill-based to sidestep gambling regulations, scaling rapidly before legislatures clarified legal boundaries.</p>	<p>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.</p>	<p>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.</p>

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](#)

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.⁶⁹ 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

⁶⁹ Corbett, M. (n.d.). *Oil Shock of 1973-74*. Retrieved February 28, 2026, from <https://www.federalreservehistory.org/essays/oil-shock-of-1973-74>

long as a company ensured the language and labels they used to describe business operations were “within the rules of the game,” they would remain in legal compliance and within basic ethical expectations.⁷⁰ 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.

⁷⁰ 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

The solution, Jensen argued, was to redesign how executives are incentivized, ensuring that they are compensated in ways that tie their wealth directly to shareholder returns.⁷¹

This logic moved from academic journals to boardrooms. Compensation structures shifted, with executive pay increasingly anchored to equity awards and stock options.⁷² 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

⁷¹ 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)

⁷² 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.⁷³ 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

⁷³ 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.⁷⁴ 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.⁷⁵

Firms such as Kohlberg Kravis Roberts, led by private equity financier Henry Kravis, became emblematic of this leveraged restructuring model.⁷⁶ 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.⁷⁷ 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 cultural moment when financial engineering became synonymous with highly influential transformative corporate power.

⁷⁴ *Leveraged buyout (LBO)* | *Britannica Money*. (n.d.). Encyclopedia Britannica. Retrieved February 28, 2026, from <https://www.britannica.com/money//money/leveraged-buyout>

⁷⁵ *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>

⁷⁶ 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>

⁷⁷ 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/>

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.⁷⁸ 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.⁷⁹ 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.

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

⁷⁸ Society, S. H. (n.d.). *Securities and Exchange Commission Historical Society*. Retrieved February 28, 2026, from <http://www.sechistorical.org>

⁷⁹ 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/>

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.⁸⁰ China, like the United States, faced stagnation and structural fragility.⁸¹ 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."⁸² 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 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

⁸⁰ Dollar, D. (1990). Economic Reform and Allocative Efficiency in China's State-Owned Industry. *Economic Development and Cultural Change*, 39(1), 89–105.

⁸¹ MacDougall, C. (1977). The Chinese Economy in 1976. *The China Quarterly*, (70), 355–370.

⁸² 邓京荆. (n.d.). *Black cat, white cat...* Retrieved March 1, 2026, from <https://www.chinadaily.com.cn/a/201808/02/WS5b728ae4a310add14f385b4a.html>

extraordinary speed. Within the incentive system, the result was predictable, production capacity would expand rapidly through global supply chains.⁸³

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.⁸⁴

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.⁸⁵ As a result supply chains quickly fragmented and stretched across continents. Corporations could quickly shift capital globally, however, labor could not move with the jobs, they remained geographically fixed.⁸⁶ From this another velocity gap emerges. The velocity of capital began to outpace the velocity at which local

⁸³ 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>

⁸⁴ *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>

⁸⁵ *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

⁸⁶ 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>

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.⁸⁷ 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. 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

⁸⁷ Hirschman, A. O. (1970). *Exit, voice, and loyalty: Responses to decline in firms, organizations, and states*. Harvard University Press.

post-war highs of nearly one in three workers to just 5.9 percent in 2024.⁸⁸

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.⁸⁹ 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.

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

⁸⁸ *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>

⁸⁹ *CEO Pay*. (n.d.). Economic Policy Institute. Retrieved February 28, 2026, from <https://www.epi.org/publication/ceo-pay/>

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.⁹⁰ In the 1920s and 1930s, he 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.⁹¹ 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,

⁹⁰ 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

⁹¹ *Psychoanalysis shapes consumer culture*. (n.d.). <https://www.apa.org>. Retrieved February 25, 2026, from <https://www.apa.org/monitor/2009/12/consumer>

psychology, and media channels to deliberately influence public opinion, effectively aligning it with economic prosperity.⁹²

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 communities and produced, for the first time, a genuinely nationalized narrative.⁹³

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.⁹⁴

⁹² 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>

⁹³ Evans, F. (2021, August 12). *8 Moments When Radio Helped Bring Americans Together*. HISTORY. <https://www.history.com/articles/most-famous-historic-radio-broadcasts>

⁹⁴ *Decline of the Big Three Networks | History | Research Starters | EBSCO Research*. (n.d.). EBSCO. Retrieved February 25, 2026, from <https://www.ebsco.com>

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.⁹⁵ 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 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

⁹⁵ *Walter Cronkite | Biography, Facts, & Views on Vietnam War | Britannica.* (2026, January 27). <https://www.britannica.com/biography/Walter-Cronkite>

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.⁹⁶ 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 inadvertently laid the groundwork for a landscape in which partisan media thrived as broadcasters could tailor content to specific audiences.⁹⁷

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

⁹⁶ Ruane, K. A. (n.d.). *Fairness Doctrine: History and Constitutional Issues*.

⁹⁷ 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/>

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.⁹⁸ 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 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.⁹⁹ What many interpreted as ideological bias was, at a structural level, the

⁹⁸ *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>

⁹⁹ 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>

product of competing realities emerging as audiences consumed divergent interpretations of the same events.¹⁰⁰

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, YouTubers, TikTokers, and influencer-driven commentary that increasingly served as primary news sources.¹⁰¹ Google reshaped search by organizing information around query and relevance rather than editorial hierarchy.¹⁰² 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.¹⁰³ Digital content platforms leveraged a statute known as Section 230, which labeled them as

¹⁰⁰ 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>

¹⁰¹ *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>

¹⁰² *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

¹⁰³ *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/>

neutral speech conduits rather than news publishers, and that classification mattered, because governance rules attach to labels.¹⁰⁴ 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 increasingly occur first on social media, bypassing traditional news outlets.¹⁰⁵ 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 Spaces¹⁰⁶. 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.¹⁰⁷ This signaled a broader shift where

¹⁰⁴ 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>

¹⁰⁵ *Social Media | Pros, Cons, Debate, Arguments, Facebook, Twitter, LinkedIn, & Internet Addiction* | Britannica. (2026, February 10). <https://www.britannica.com/procon/social-media-debate>

¹⁰⁶ 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>

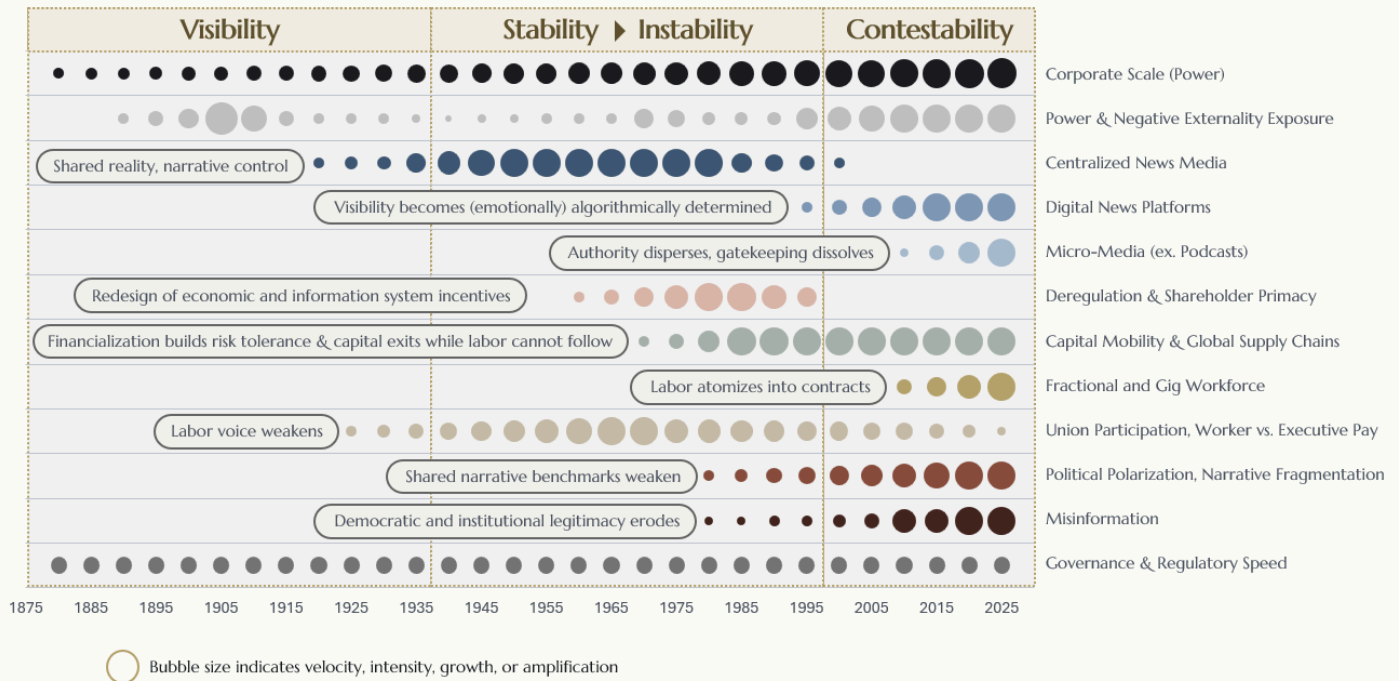
¹⁰⁷ *Overview and key findings of the 2025 Digital News Report* | Reuters Institute for the Study of Journalism. (n.d.). Retrieved February 26, 2026, from <http://reutersinstitute.politics.ox.ac.uk/digital-news-report/2025/dnr-executive-summary>

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 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.

Download the Book Proposal

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](#)

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.¹⁰⁸ 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.

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.¹⁰⁹ Investors began factoring reputational risk against performance into their capital allocation decisions.¹¹⁰ NGOs and advocacy organizations focused on human rights, fair markets and mitigation of shared societal harms.¹¹¹ Local

¹⁰⁸ 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>

¹⁰⁹ 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.

¹¹⁰ Kräussl, 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>

¹¹¹ 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>

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.

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.¹¹² 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.¹¹³ 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

¹¹² 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>

¹¹³ Dance, W. (n.d.). *Addressing Algorithms in Disinformation*. Retrieved February 26, 2026, from <https://crestresearch.ac.uk/comment/addressing-algorithms-in-disinformation/>

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 was considered to be misleading or false.¹¹⁴ 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.¹¹⁵ 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

¹¹⁴ 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>

¹¹⁵ *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/

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 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.¹¹⁶ 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.¹¹⁷ 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.¹¹⁸

¹¹⁶ 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>

¹¹⁷ *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>

¹¹⁸ *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/>

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 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.¹¹⁹

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.¹²⁰ 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

¹¹⁹ Inc, G. (2007, June 22). *Confidence in Institutions*. Gallup.Com. <https://news.gallup.com/poll/1597/Confidence-Institutions.aspx>

¹²⁰ 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

statements to address societal issues that stakeholders expect companies to address, 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."¹²¹ The film portrayed insider trading,

¹²¹ AFI|Catalog—*Wall Street*. (n.d.). Retrieved March 1, 2026, from <https://catalog.afi.com/Catalog/moviedetails/57877>

leveraged acquisitions, and the ruthless pursuit of shareholder gain. Gekko was both villain and antihero, charismatic and corrosive.

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.¹²² 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

¹²² *GREEDFLATION definition and meaning | Collins English Dictionary*. (2026, February 25). <https://www.collinsdictionary.com/dictionary/english/greedflation>

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 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.¹²³ 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

¹²³ Mayer, C. J., Pence, K. M., & Sherlund, S. M. (n.d.). *The Rise in Mortgage Defaults*.

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.

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.¹²⁴ 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.

¹²⁴ *Inequality Knocks*. (n.d.). Inequality Knocks. Retrieved February 12, 2026, from <https://fairnessfoundation.com/inequality-knocks>

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 governance structures.¹²⁵ 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).¹²⁶ 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

¹²⁵ *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

¹²⁶ 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/>

polarization around the system.¹²⁷ The Reputation Era often felt like a revolt against capitalism, but that framing was superficial. What could be found deeper was a reckoning with its incentive architecture. Over five decades, incentive redesign and capital mobility had converged. Leverage shifted upward and distribution tilted.¹²⁸ 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

¹²⁷ 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/>

¹²⁸ *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>

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 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.¹²⁹ 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

¹²⁹ 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/>

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 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.

Download the Book Proposal

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.

[Chapter 3: Contesting Corporate Legitimacy](#)

[Passage 8: Domains of Scrutiny](#)

Reputation is now determined by how institutions are judged across domains where their power, influence, and actions create consequence. The result, in the Reputation Era, is one where legitimacy is increasingly tested across distinct domains of scrutiny. Across industries and issues, scrutiny tends to concentrate in four recurring domains where corporate behavior is interpreted and judged: balance, influence, dignity, and

shared impact. These domains represent the primary arenas where a company's license to operate is either reinforced or strained, and where the conditions for long-term business sustainability are ultimately determined.

These domains of scrutiny were not always the primary lens through which corporations were judged. In earlier periods, corporate legitimacy was largely inferred from performance and competence, evaluated through the prosperity it delivered. Economic contribution, growth, and employment provided a sufficient enough signal that an institution was operating in alignment with societal expectations. But as corporations scaled, and evolved, that condition changed.

The expansion of corporate power extended the reach of business decisions beyond markets and into the systems that shape everyday life. Firms began to influence labor conditions, environmental systems, information flows, and the stability of communities. What was once largely contained within an economic frame came to produce social, political, and technological effects that were increasingly visible, attributable, and unevenly experienced. As impact expanded, so too did the stakeholder landscape. In the Reputation Era, corporations are evaluated simultaneously by employees, regulators, investors, media, and the public, often across multiple markets and jurisdictions. These stakeholders do not share a single standard of judgment. For some,

scrutiny follows codified law and regulation. For others, it is shaped by more fluid social and moral expectations.

These overlapping legal and moral expectations have intensified as corporate capability has accelerated. Advances in technology, capital mobility, and global integration allow institutions to scale and operate at speeds that exceed the systems designed to govern them. The result is a persistent gap between what corporations are capable of doing and the frameworks available to evaluate whether those actions are acceptable. In that gap, a defining tension of the Reputation Era emerges.

Corporations were built to optimize performance and scale, but are now judged across a broader set of social, political, and moral expectations they were not designed to satisfy. The systems that define success inside the institution are no longer the same systems that determine legitimacy outside of it. For example, a corporation can prevail in a legal forum while losing favor with employees or the public. It can gain support from investors and suppliers while facing resistance from regulators and consumers.

The traditional reputation operating system broke. Models that once translated operational competence into broad legitimacy no longer translated legitimacy. As scale increased, so did the visibility and consequence of corporate behavior, and with it, the expansion of scrutiny into new domains. Scrutiny did not disperse evenly, it

concentrated in specific areas where corporate power intersects most directly with its consequences. These are the points where tradeoffs become visible, where externalities surface, and where stakeholders experience the effects of institutional decisions most acutely.

Four domains of scrutiny emerged, reflecting these recurring points of consequence concentration. These domains are not independent. Pressure within one often cascades into others. Perceived imbalance can raise questions about influence. Concentrated influence can intensify scrutiny of shared impact. Failures in shared systems can quickly become questions of dignity. What begins as a localized issue can expand into a broader challenge to legitimacy. This is the structure of the reputation operating system in the modern era. Legitimacy can still be earned through prosperity, but remain contested, and renegotiated within domains of scrutiny. Understanding these domains is essential. They define where scrutiny concentrates, how legitimacy is judged, and whether institutions retain their license to operate.

Download the Book Proposal

The Four Domains of Scrutiny

		Judgement Lens	How Legitimacy Strains
Balance	Distribution of benefits, risks, and responsibilities	Equality, equity, fairness, proportionality, reciprocity	Legitimacy is compromised when stakeholders perceive misalignment, risk deflection, and a lack of shared gains.
Influence	Concentration of power to shape systems and outcomes	Control, access, gatekeeping, dependency, concentration, leverage	Legitimacy becomes contested when corporate power shapes access, direction, rules, and opportunity.
Dignity	Treatment of individuals and groups	Rights, agency, autonomy, respect, voice, exploitation	Legitimacy erodes when individuals are perceived as secondary to economic or operational goals.
Shared Impact	Externality effects on collective systems	Community impact, public well-being, environmental harm, quality of life	Legitimacy is strained when harm becomes visible, measurable, and attributable across shared systems.

[Passage 9: Perception is Reality](#)

Legitimacy is compromised when stakeholders perceive misalignment, risk deflection, and a lack of shared gains. When the behaviors, communications, or externalities associated with a company are perceived as uneven, unfair, or lacking reciprocity, stakeholders respond by constraining the institution’s license to operate. The balance domain of scrutiny is no different than the other three. Perceived violations trigger boycotts, invite regulations, and entice other restrictions that disrupt business operations. However, perceptions of balance can be easily contested and may be very difficult to quantify and defend. One of the most persistent and growing ideas in modern business is the belief that large corporations undermine the ability of smaller

businesses to thrive and succeed. This argument reflects a recurring tension in how stakeholders interpret balance. It not only underpins anti-trust headwinds, but also serves as a powerful narrative used to mobilize public sentiment, serving as a powerful story to stir populist emotion, leveraged by politicians and activists to build momentum with their constituents.

The argument of imbalance within the systems that companies create feels authentic and believable as it can be easily rooted in observable shifts in the economic landscape; an issue lying in close proximity to increasing global wealth gaps.¹³⁰ To that end, the facts are undeniable, the expansion of large corporations has significantly reshaped local and global economic ecosystems. Through economies of scale, vertically integrated supply chains, platform dominance, and highly sophisticated logistics and data capabilities, large firms compete aggressively on price, speed, and convenience. These structural advantages allow them to deliver frictionless consumer experiences at costs and efficiencies that independent businesses often struggle to match. What appears to consumers as innovation and value can, over time, produce a competitive terrain defined by the rules, standards, and limitations set by larger players. Take for example, Walmart, which offers one of the most frequently, and

¹³⁰ United Nations Conference on Trade and Development. (2024). *Inequality: Major trends, policy challenges and the need for global economic compact*. https://unctad.org/system/files/official-document/gds2024d1_en.pdf

aggressively, studied examples of small businesses displacement. Research by economist Emek Basker, from the University of Missouri, found that the opening of a Walmart store increased retail employment in a county initially, but also displaced workers at existing local retailers.¹³¹ A later study by Artz and Stone (2012) found that Walmart entry was associated with declines in small retail establishments in rural Iowa counties, particularly in general merchandise categories.¹³² Other research, including work by Panle Jia Barwick, Economics Department Chair at University of Wisconsin–Madison, authored “*What Happens When Wal-Mart Comes to Town*” which modeled how large “big-box” entry leads to the exit of small, less productive retailers who cannot compete on price due to scale disadvantages.¹³³ This is how imbalance becomes visible to stakeholders, not as a settled fact, but as a pattern inferred from uneven outcomes such as limited access to distribution, increased barriers to entry, and compressed margins for smaller firms. It also underscores that certain communities, and the small businesses within them, have undeniably felt squeezed.

¹³¹ Basker, E. (2005). Job Creation or Destruction? Labor Market Effects of Wal-Mart Expansion. *The Review of Economics and Statistics*, 87(1), 174–183.

¹³² Stone, K. E., & Artz, G. M. (2012). Revisiting Wal-Mart’s Impact on Iowa Small Town Retail: Twenty-Five Years Later. *Staff General Research Papers Archive, Staff General Research Papers Archive*, Article 35203. <https://ideas.repec.org/p/isu/genres/35203.html>

¹³³ Jia, P. (2008). What Happens When Wal-Mart Comes to Town: An Empirical Analysis of the Discount Retailing Industry. *Econometrica*, 76(6), 1263–1316. <https://doi.org/10.3982/ECTA6649>

This is where some issues that drive scrutiny within the balance domain can become convoluted. Because the evidence, in some cases, is far from one-sided. Looking at the other side of this issue, large companies also create massive supply chains that small businesses can plug into. The resources and support that large corporations offer enables small businesses to generate foot traffic, building a more flexible and dynamic infrastructure. DoorDash's 2024 US Economic Impact Report states that the platform supported more than \$106 billion in economic activity and that local businesses generated over \$40 billion in revenue on the platform in 2024, connecting small shops, restaurants, and merchants with customers they otherwise might not reach.¹³⁴

There is third party research that substantiates the claim, that large scale gig work platforms (including DoorDash, Grubhub, Uber Eats to name a few) increased total takeout sales for restaurants and have contributed to positive spillovers such as dine-in customer visits; further supporting the argument that large scale technology platforms can introduce new customers who then return to the restaurant more broadly.¹³⁵

¹³⁴ *Measuring Our Impact: Unveiling the 2024 Economic Impact Report* | DoorDash. (n.d.). Retrieved February 14, 2026, from <https://about.doordash.com/en-us/news/measuring-our-impact-unveiling-the-2024-economic-impact-report>

¹³⁵ Li, Z., & Wang, G. (2025). On-Demand Delivery Platforms and Restaurant Sales. *Management Science*, 71(7), 5788–5804. <https://doi.org/10.1287/mnsc.2021.01010>

Yet many restaurant owners, political leaders, and media narratives counter this story, with a focus on compressed margins, loss of direct customer relationships, and dependence on platforms that control pricing and visibility.¹³⁶ This underscores a reputational challenge where both narratives, told across a range of different reputational stakeholders, can be simultaneously true. The truth that large corporations can support the small business ecosystem can be exemplified by increased access to entrepreneurial tools, particularly through digital ecosystems such as social media networks, online marketplaces, and content platforms like YouTube. These infrastructures lower traditional barriers to entry by giving individuals access to distribution, marketing tools, analytics, payment systems, and global audiences that would have once required substantial capital to build independently. Entire categories of work, from content creation and influencer marketing to app development, e-commerce storefronts, and creator-led brands, have emerged because large platforms supplied the technological backbone. According to *Entrepreneur*, YouTube helps small businesses build credibility and expand their customer base by giving them access to a vast global audience and powerful visual storytelling tools. By leveraging SEO, engaging content, and direct audience interaction, small businesses can increase

¹³⁶ Are DoorDash and Other Delivery Apps Hurting Restaurants? (n.d.). *Knowledge at Wharton*. Retrieved February 16, 2026, from <https://knowledge.wharton.upenn.edu/article/are-doordash-and-other-delivery-apps-hurting-restaurants/>

brand awareness, drive conversions, and even generate new revenue streams at a fraction of the cost of traditional advertising that many small businesses cannot afford.¹³⁷ These examples counter the argument that while large businesses may have stifled some small businesses, there are several cases where small businesses thrived because larger ones built the ecosystems in which they operate. These cases demonstrate that the presence of a major corporation increases overall economic activity and can facilitate a wide range of benefits for smaller, independent business operators.

The jury, in truth, of this hotly debated balance domain of scrutiny issues, is one that remains without concrete conclusion. The relationship between large and small firms is neither purely adversarial nor purely symbiotic. It is complex, contextual, and evolving. But here is where reputation enters the equation. We do not live solely in a world of empirical balance sheets and peer-reviewed data. We live in a much more complicated, dynamic and fast paced world of perception. And in that world, small businesses hold a powerful advantage, one that often poses significant reputational risk to large businesses. Recent survey data from the Pew Research Center illustrates

¹³⁷ Yadav, S. (2023, July 3). YouTube Is the Tool You Need to Build Your Customer Base—And Your Credibility. Here's How. *Entrepreneur*. <https://www.entrepreneur.com/growing-a-business/how-small-businesses-can-harness-the-power-of-youtube/453517>

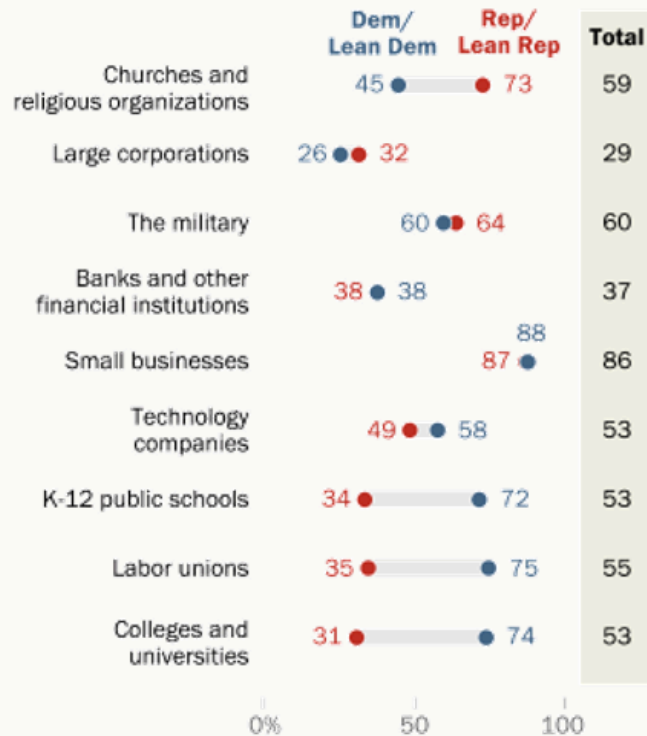
this vividly. When Americans were asked whether various institutions have a positive effect on how things are going in the country, 86% said small businesses have a positive impact. Only 29% said the same about large corporations. This gap is not marginal; it is seismic. Across partisan lines, small businesses are viewed very favorably with 87% of Republicans and 88% of Democrats claiming small businesses contribute positively. Large corporations, by contrast, earn far weaker endorsement, with just 32% of Republicans and 26% of Democrats saying they have a positive effect.¹³⁸ These statistics remind us that the debate of harmful negative externalities imparted upon small businesses from larger corporations isn't a debate in the court of public opinion, here the verdict is nearly unanimous that larger companies are unable to deliver the positive impact that small business delivers.

¹³⁸ Nadeem, R. (2024, February 1). From Businesses and Banks to Colleges and Churches: Americans' Views of U.S. Institutions. *Pew Research Center*.
<https://www.pewresearch.org/politics/2024/02/01/from-businesses-and-banks-to-colleges-and-churches-americans-views-of-u-s-institutions/>

Download the Book Proposal

Wide partisan differences in views of churches, schools and labor unions

% who say each of the following has a positive effect on the way things are going in the country these days



Source: Survey of U.S. adults conducted Jan. 16-21, 2024.

PEW RESEARCH CENTER

The numbers bring to life a key reputational theme, asymmetry. Small businesses are perceived as community-rooted, authentic, and vulnerable. They are reputationally protected by perceptions of closeness, vulnerability, struggle, ambition and other human conditions that resonate with people. Large corporations, from the outside perspective, are perceived as powerful, influential, and self-interested. Their scale, success, and reach invites scrutiny; which translates to suspicion. For reputation

stewards, the key lesson here is that whether or not large corporations are systematically undermining small businesses becomes secondary to the conclusion, and fear, that they have the power to do so. This poses the question, “If a small business, through its localized, in community, personal relationship feels more emotionally human,¹³⁹ then does this mean a large globally scaled, with superiorly optimized competence, feels not only super-human in terms of its power and influence, but also sub-human in how it can connects with people emotionally?” This is the awkward tension between scale and scrutiny. Large scale global efficiency is now reframed from strength, to competence, to capability, to an imbalance that feels like dominance. Scale, reach, competency, and capability now become the tool kits by which corporations are perceived to be the creators of imbalance, which lends them vulnerable to perceptions of unfair business practices. The conclusion, in reputation, is that perceptions of imbalance do not need to be universally true to be consequential. They only need to be believed. This is how balance becomes a domain of scrutiny, not resolved by evidence alone, but shaped by how stakeholders interpret the distribution of gains, risks, and power within a system.

¹³⁹ Gilboa, S., Seger-Guttmann, T., & Mimran, O. (2019). The unique role of relationship marketing in small businesses' customer experience. *Journal of Retailing and Consumer Services*, 51, 152–164. <https://doi.org/10.1016/j.jretconser.2019.06.004>

[Passage IO: Buy it, Bury it, or Block It](#)

If the balance domain diagnoses how benefits and burdens are distributed, the influence domain examines how power is exercised to shape those distributions. Legitimacy becomes contested when corporate power is leveraged to influence access, direction, and the conditions under which competition occurs. Where balance asks are outcomes fair, influence asks who decides what is fair. In the influence domain, scrutiny centers on how power is exercised. Stakeholders focus on signals of control, restricted access, gatekeeping, dependency, and concentration, often interpreting these as evidence that scale has translated into disproportionate leverage.

In this context, strategies that may be framed internally as protecting competitive advantage can be perceived externally as crossing into manipulation of the system itself. As corporations scale, so do the mechanisms used to defend their position, raising questions about whether influence is being used to compete within markets or to shape the conditions under which competition occurs.

Society has advanced as global corporations have driven innovation across healthcare, technology, and infrastructure. Yet their growing control over patents, intellectual property, and platform ecosystems is increasingly perceived as a structural barrier to

new entrants. In this framing, innovation itself becomes a mechanism of influence, shaping who can participate in the market and under what conditions. The argument points to concentrated corporate power where innovation is perceived to stall, not because ideas are scarce, but because the pathways to market have been systematically narrowed.¹⁴⁰

Efforts to manage this tension are not new. The patent system, dating back to the 15th century, was designed to incentivize invention by protecting creators while enabling broader economic progress. In early commercial centers like Venice, patents helped attract skilled artisans and supported the development of competitive advantage at the state level.¹⁴¹ In an ironic twist, that same system now faces scrutiny. Critics argue that patents are increasingly used to build self-reinforcing structures of control rather than to expand innovation. Because patent filings are publicly disclosed, patterns of accumulation become visible and open to interpretation. Rapid growth in filings has contributed to what is often described as a “patent thicket”¹⁴², a dense web of

¹⁴⁰ Amini, S., Kumar, R., & Shome, D. (2024). Product market competition and corporate investment: An empirical analysis. *International Review of Economics & Finance*, 94, 103405. <https://doi.org/10.1016/j.iref.2024.103405>

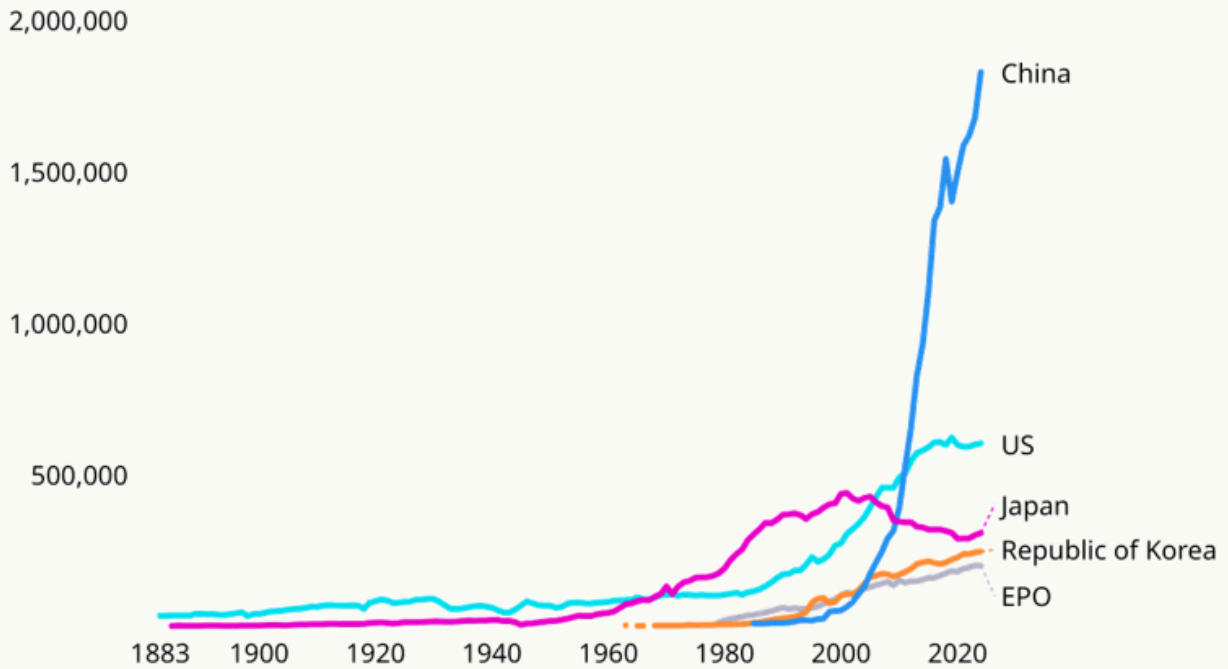
¹⁴¹ *Primary Sources on Copyright—Record Viewer*. (n.d.). Retrieved February 17, 2026, from https://copyrighthistory.org/cam/tools/request/showRecord.php?id=commentary_i_1474

¹⁴² *World Intellectual Property Indicators 2025: Highlights - Patents highlights*. (n.d.). Retrieved February 16, 2026, from <https://www.wipo.int/web-publications/world-intellectual-property-indicators-2025-highlights/en/patents-highlights.html>

Download the Book Proposal

protections that can function as a strategic moat. The question shifts from whether patents enable innovation to how they shape access to it.

Trend in patent applications for the top five offices, 1883-2024



Source: World Intellectual Property Indicators 2025

Patent thickets represent one of the most sophisticated forms of this dynamic. Firms build layers of secondary protections around core innovations, creating barriers that are costly and time-consuming to navigate. This approach is particularly visible in the

pharmaceutical industry¹⁴³, where breakthroughs in treatment coexist with persistent concerns around affordability and access. For potential competitors, entry becomes complex. Developing alternatives requires navigating overlapping protections, each carrying the risk of litigation. The cost of challenging these structures, often reaching millions per case, creates practical barriers that can limit competition.¹⁴⁴ This dynamic produces what economists describe as deadweight loss, where value is lost because market conditions, shaped by concentrated influence, prevent mutually beneficial outcomes. These effects are not abstract. Studies suggest that cost pressures contribute to real-world behaviors such as patients rationing or skipping medication.¹⁴⁵ The innovation exists, but the system governing access to it remains contested.

This interpretation does not go uncontested. Defenders argue that the cost and uncertainty of innovation require mechanisms that allow firms to recover investment. Without protection, the incentive to pursue high-risk breakthroughs may diminish. Patents, in this view, protect not only profit, but the willingness to pursue treatments

¹⁴³ Hall, B. H., & Helmers, C. (2024). Strategic Patenting, Patent Portfolio Races, and Patent Thickets. In B. H. Hall & C. Helmers (Eds.), *The Economics of Innovation and Intellectual Property* (p. 0). Oxford University Press. <https://doi.org/10.1093/oso/9780197630914.003.0018>

¹⁴⁴ Kesselheim, A. S. (n.d.). *Improving competition to lower U.S. prescription drug costs*.

¹⁴⁵ PhD, A. N. (n.d.). *More Than Half of Americans Struggle to Afford Prescription Medications*. GoodRx. Retrieved February 17, 2026, from <https://www.goodrx.com/healthcare-access/research/more-than-half-of-americans-struggle-to-afford-prescription-medications>

that may fail.¹⁴⁶ This creates a persistent tension. Structures perceived as restricting access may also be the conditions that enable innovation. Legitimacy is not determined by which interpretation prevails, but by how stakeholders assess the tradeoff between protection and access.

Patent thickets are one expression of how influence creates dynamics that place companies under scrutiny. Another is the “killer acquisition,” where a dominant firm acquires an emerging rival to neutralize a competitive threat. In some cases, the acquired product may be slowed, redirected, or deprioritized in ways that limit its ability to challenge the incumbent’s core business.¹⁴⁷ While these strategies may appear rational internally, they are often interpreted externally as shaping the conditions of competition and narrowing the pathways through which innovation can emerge.

The FTC’s antitrust suit alleged that Facebook acquired Instagram and WhatsApp as part of a “buy or bury” strategy to eliminate competitors and protect a monopoly in

¹⁴⁶ Amini, S., Kumar, R., & Shome, D. (2024). Product market competition and corporate investment: An empirical analysis. *International Review of Economics & Finance*, 94, 103405.

<https://doi.org/10.1016/j.iref.2024.103405>

¹⁴⁷ Barnett, J. (2023, September 25). ‘Killer Acquisitions’ Reexamined: Economic Hyperbole in the Age of Populist Antitrust. *The Harvard Law School Forum on Corporate Governance*.

<https://corpgov.law.harvard.edu/2023/09/25/killer-acquisitions-reexamined-economic-hyperbole-in-the-age-of-populist-antitrust/>

social networking.¹⁴⁸ The CEO, Mark Zuckerberg, disputed this characterization, stating that the acquisition reflected product strength rather than defensive intent.¹⁴⁹ Internal communications, including the statement, made by Mark Zuckerberg, that “Instagram can hurt us,” intensified scrutiny by reinforcing the perception that the platform was viewed as a competitive threat worth acquiring for defensive purposes.¹⁵⁰

Despite these concerns, the case did not result in a monopoly ruling. U.S. District Judge James Boasberg found that the FTC failed to establish that Meta currently holds monopoly power in personal social networking.¹⁵¹ The court emphasized the difficulty of proving harm in markets that have evolved significantly since the acquisitions, noting that changes in the competitive landscape complicated the FTC’s claims.¹⁵² This

¹⁴⁸ *Facebook, Inc., FTC v. (FTC v. Meta Platforms, Inc.)*. (2020, December 9). Federal Trade Commission. <https://www.ftc.gov/legal-library/browse/cases-proceedings/191-0134-facebook-inc-ftc-v-ftc-v-meta-platforms-inc>

¹⁴⁹ Godoy, J. (2025, April 16). *5 Reveals From Zuckerberg’s Meta Testimony*. Newsmax. <https://www.newsmax.com/finance/streettalk/mark-zuckerberg-meta-antitrust/2025/04/16/id/1207127/>

¹⁵⁰ Lee, T. B. (2020, July 29). *Zuckerberg wrote “Instagram can hurt us” days before acquisition*. Ars Technica. <https://arstechnica.com/tech-policy/2020/07/zuck-email-instagram-deal-could-neutralize-a-potential-competitor/>

¹⁵¹ *Meta Prevails in FTC’s Antitrust Case Challenging Instagram and WhatsApp Acquisitions*. (n.d.). Sullivan and Cromwell LLC. Retrieved February 18, 2026, from

<https://www.sullcrom.com/insights/memo/2025/December/Meta-Prevails-FTC-Monopolization-Case>

¹⁵² *FTC Loses Retroactive Merger Challenge as Court Concludes That Meta Is Not a Monopolist* | Skadden, Arps, Slate, Meagher & Flom LLP. (n.d.). Retrieved February 18, 2026, from <https://www.skadden.com/insights/publications/2025/11/ftc-loses-retroactive-merger-challenge>

distinction highlights a broader structural gap. Legal systems evaluate harm through defined thresholds, while reputation is shaped by perception and broader social interpretation. As a result, legal outcomes do not necessarily resolve legitimacy. In some cases, they intensify scrutiny by reinforcing the perception that existing frameworks are not equipped to evaluate modern forms of influence. This gap is particularly visible in digital markets, where traditional benchmarks struggle to capture non-price harms such as reduced privacy, diminished future competition, or structural entrenchment.¹⁵³ This divergence reflects a deeper velocity mismatch. The speed at which corporations can scale, acquire, and reshape markets now exceeds the pace at which legal and regulatory systems can interpret and respond. Acquisition velocity, platform scaling velocity, and product iteration cycles operate in compressed timeframes, while governance systems remain dependent on slower processes of evidence, consensus, and enforcement. In this governance velocity gap, influence is not only exercised, but compounded before it can be meaningfully evaluated.

This gap moves from theory to visibility with the rise of the modern corporate platforms, such as Amazon, Google, and Apple. As these companies evolve from participants (creators of applications) in markets to the infrastructure of markets themselves (distribution channels of mobile applications), scrutiny shifts accordingly.

¹⁵³ Makridis, C. A., & Thayer, J. (n.d.). *The Big Tech Antitrust Paradox: A Reevaluation of the Consumer Welfare Standard for Digital Markets*.

This creates what regulators increasingly describe as the “referee and player” paradox.¹⁵⁴ When a company both operates in and sets the rules for the marketplace. Platforms gain structural, imbalanced, advantages that other participants cannot replicate. These advantages are reinforced by access to privileged data. Platform companies can observe how users behave, which features gain traction, and where value is emerging. That visibility allows them to identify and act on product deployment opportunities before the broader market can respond, enabling forms of self-preferencing that shape outcomes at scale.¹⁵⁵

As a result, influence increasingly shapes not only competition but the conditions under which entrepreneurs attempt to compete. Smaller firms now navigate not only market demand but a “Kill Zone”, where success will trigger competitive responses from dominant platforms.¹⁵⁶ In these conditions, entrepreneurs report a narrowing window of time to capture value before platform replication ensures. This results in diminished innovation, through weakened entrance for new startups.

¹⁵⁴ Defolie, Ö. B. (2024, November 7). *Hybrid marketplaces: Acting as the referee and a player*. La Fonte. <https://lafonte.eui.eu/hybrid-marketplaces-acting-as-the-referee-and-a-player>

¹⁵⁵ Klingler, D., Bokemeyer, J., Rocca, B. D., & Nunes, R. B. (n.d.). *AMAZON'S THEORY OF HARM*.

¹⁵⁶ Kamepalli, S. K., Rajan, R., & Zingales, L. (2020). *Kill Zone* (Working Paper No. 27146). National Bureau of Economic Research. <https://doi.org/10.3386/w27146>

Previous examples demonstrated how influence can be perceived as shaping markets and competition, but influence extends beyond this, it can shape behavior itself. In the Reputation Era, marketplace environments may appear voluntary, yet the conditions under which users enter, remain, and exit are often structured in ways that guide them toward choices the company prefers. Consider the default settings that make unsubscription harder than enrollment, or the notification sequences designed to discourage opt-out, all designed to generate minor frictions that collectively shape behavior. This is called a dark pattern, strategies designed to structure choices where certain behaviors are more likely than others, often by introducing friction, defaults, or ambiguity.¹⁵⁷ In these systems, influence is exercised not through restriction, but through the architecture of decision-making.

This dynamic has begun to surface in formal regulatory contexts. In 2023, the Federal Trade Commission brought a case against Amazon alleging that its Prime subscription flows were designed in ways that made cancellation more difficult than enrollment.¹⁵⁸

¹⁵⁷ Leiser, M., & Santos, C. (2024). Dark Patterns, Enforcement, and the Emerging Digital Design Acquis: Manipulation beneath the Interface. *European Journal of Law and Technology*, 15(1). <https://ejlt.org/index.php/ejlt/article/view/990>

¹⁵⁸ *FTC Takes Action Against Amazon for Enrolling Consumers in Amazon Prime Without Consent and Sabotaging Their Attempts to Cancel*. (2023, June 21). Federal Trade Commission. <https://www.ftc.gov/news-events/news/press-releases/2023/06/ftc-takes-action-against-amazon-enrolling-consumers-amazon-prime-without-consent-sabotaging-their>

According to the complaint, users attempting to cancel were required to navigate a series of screens, repeated confirmations, and prompts that encouraged them to reconsider or retain their membership.¹⁵⁹ While each step, in isolation, may appear reasonable, the cumulative experience introduced friction that could delay or discourage exit. While the case has not reached a final judgment, a federal court allowed the claims to proceed, signaling that questions of interface design and user choice are no longer peripheral concerns.

This is the core of how influential behavior is evaluated. The question is no longer limited to whether users can technically make a choice, but whether that choice is meaningfully unconstrained. This provides another example of how influence manifests as a domain of scrutiny. Not through overt restriction, but through carefully designed architectures that induce, restrict, or block participation. In such conditions, legitimacy is shaped less by the legal structure that governs how choice and access can be made and more by the social and moral expectations of how choices and access should be experienced. The scrutiny of influence is larger than controlling markets, it can also involve shaping the conditions under which others players can operate.

¹⁵⁹ *Amazon Uses 'Dark Patterns' to Hinder Consumers Looking to Cancel Prime Membership, Class Action Says.* (2022, November 9). <https://www.classaction.org/news/amazon-uses-dark-patterns-to-hinder-consumers-looking-to-cancel-prime-membership-class-action-says>

This shift is now visible in how stakeholders evaluate corporate behavior more broadly. The Harvard Law School Forum on Corporate Governance highlights, from a Just Capital survey, a critical shift where stakeholders are increasingly evaluating corporate impact across broader societal and innovation outcomes, not simply legal compliance.¹⁶⁰ In earlier periods, corporations were primarily judged against legal constructs that evolved over decades, even centuries. Legal compliance signaled legitimacy. Today, that presumption is weakening as governance systems are increasingly perceived as struggling to keep pace with the scale and complexity of corporate power. In this environment, corporate preservation strategies that raise barriers, shape participation, delay competition, or limit independent innovation become focal points of scrutiny, even when they fall within legal boundaries. What appears prudent inside the boardroom, as rational competitive defense, is frequently interpreted from outside as an exercise of influence over the conditions others must operate within.

[Passage II: Facing a Human Threshold](#)

The dignity domain focuses on how institutions treat people, and how that treatment translates into legitimacy. Unlike other domains, where scrutiny often centers on

¹⁶⁰ The Harvard Law School Forum on Corporate Governance

outcomes or scale, dignity is judged at the level of human experience. It asks whether individuals are treated as agents with rights and voice, or as inputs to be optimized. When that boundary is crossed, legitimacy erodes quickly, not because performance declines, but because the system is perceived to tolerate externalities that harm its human operators without remedy.

In the Reputation Era, dignity stretches beyond peripheral moral concerns. It has become a significant structure that sets the condition for business operability. The treatment of people now travels across systems, becoming measurable, attributable, and actionable through legal frameworks, stakeholder pressure, and institutional enforcement. As a result, failures in the dignity domain do not remain isolated. Potentially more so than scrutiny in other domains, perceived dignity shortfalls can be characterized by their rapid ability to propagate outward, converting into constraints on access, capital, labor, and business continuity.

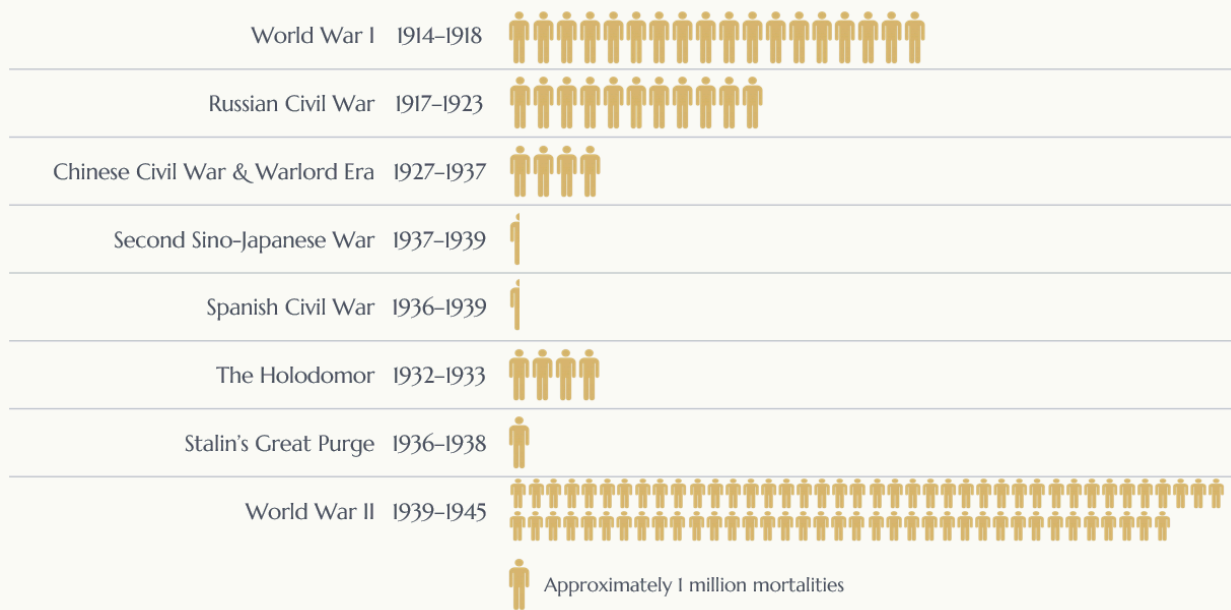
This shift to an evolved and understood dignity domain was not an inevitable course through history. Its origin story ties closely to the emergence of a human-rights framework that emerged after a period of significant global failure. The catalyst that drove the ideology shift takes place between 1914 and 1945, a time of compounding violent shocks that include war, engineered famine, mass purge, and aerial terror

across different sovereign states. A conservative estimate, from the table below, shows 110 million casualties (deaths, wounded, prisoners, and missing), which is a rate of about 10,000 per day over a period of 31 years. The global geopolitical system, at the time, discovered that it was stuck in 'failure' mode. This conclusion was bolded and underscored when the United States dropped atomic bombs on Hiroshima and Nagasaki.¹⁶¹ The resolution of World War II offered a grim reality that atrocity is no longer something that accumulates painfully over years, it is something that can be executed in minutes. From this point forward there would be the need for a new order, not one threaded in virtues of world peace, but one that could contain and restrict instability.

¹⁶¹ *The Atomic Bombing of Hiroshima and Nagasaki, August 1945*. (2020, August 4). National Archives. <https://www.archives.gov/news/topics/hiroshima-nagasaki-75>

Download the Book Proposal

The Human Cost of Dignity



Sources in chronological order: ¹⁶² ¹⁶³ ¹⁶⁴ ¹⁶⁵ ¹⁶⁶ ¹⁶⁷ ¹⁶⁸ ¹⁶⁹

¹⁶² Syeda, S. (2017, November 10). *The Russian Civil War | Military History Matters*. <https://www.military-history.org/cover-feature/the-russian-civil-war.htm>

¹⁶³ *World War I - Casualties, Armistice, Legacy | Britannica*. (n.d.). Retrieved March 7, 2026, from <https://www.britannica.com/event/World-War-I/Killed-wounded-and-missing>

¹⁶⁴ *China's Democide and War*. (n.d.). Retrieved March 7, 2026, from <https://www.hawaii.edu/powerkills/CHINA.CHAP1.HTM>

¹⁶⁵ *Nanjing Massacre | History, Summary & Facts | Britannica*. (2026, January 23). <https://www.britannica.com/event/Nanjing-Massacre>

¹⁶⁶ *Spanish Civil War | Definition, Causes, Summary, & Facts | Britannica*. (2026, March 1). <https://www.britannica.com/event/Spanish-Civil-War>

¹⁶⁷ *Holodomor*. (n.d.). College of Liberal Arts. Retrieved March 7, 2026, from <https://cla.umn.edu/chgs/holocaust-genocide-education/resource-guides/holodomor>

¹⁶⁸ Ellman, M. (2002). Soviet Repression Statistics: Some Comments. *Europe-Asia Studies*, 54(7), 1151–1172. <https://doi.org/10.1080/0966813022000017177>

¹⁶⁹ Roberts, C. (2021, March 5). *The Enduring Impact of World War II*. National Museum of the Pacific War. <https://www.pacificwarmuseum.org/learn/articles/the-enduring-impact-of-world-war-ii>

The postwar settlement was designed to prevent a return to catastrophic war by institutionalizing conflict prevention and collective security, so that crises could be contained before they escalated into shocks a system could not absorb¹⁷⁰. That lesson was the basis for human rights, a constraints-based legitimacy system designed to prevent widespread global failure. Eventually leading to a broadly adopted code through the United Nations Charter which embedded the treatment of people into the logic of international stability. From this the Universal Declaration of Human Rights¹⁷¹ established a shared baseline of non-negotiable expectations.¹⁷² These frameworks did not eliminate abuse, but they changed its consequences. A system of standards and penalties became the basis for scrutinizing institutions within the dignity domain. Moving into the Reputation Era, dignity became a legible and visible framework across borders. It emerged as a legible language, which made the legitimacy of nations and institutions contestable based on harms to people.

This dignity domain had a significant impact on reshaping reputation through the late twentieth century. Not only did it effectively create a moral-legal reputational guideline, but it also expanded the stakeholders of legitimacy. No longer could

¹⁷⁰ Nations, U. (n.d.). *Preamble*. United Nations. United Nations. Retrieved March 7, 2026, from <https://www.un.org/en/about-us/un-charter/preamble>

¹⁷¹ Nations, U. (n.d.). *Preamble*. United Nations. United Nations. Retrieved March 7, 2026, from <https://www.un.org/en/about-us/un-charter/preamble>

¹⁷² Nations, U. (n.d.). *Universal Declaration of Human Rights*. United Nations. United Nations. Retrieved March 7, 2026, from <https://www.un.org/en/about-us/universal-declaration-of-human-rights>

institutions secure reputation through a focus on an elite set of the public, such as doctors, scientists, and politicians. Scrutiny in the dignity domain pushed institutions to manage relations across a broader and more distributed system of stakeholders, all of which were capable of translating perceived harm into consequence.¹⁷³ NGOs¹⁷⁴ and consumer backlash¹⁷⁵ makes perceived abuse visible and portable across jurisdictions. Investors incorporate controversy into risk pricing and capital allocation.¹⁷⁶ Employees and talent markets express preferences through participation and withdrawal.¹⁷⁷ Regulators¹⁷⁸ and courts¹⁷⁹ convert claims into enforceable processes and revised policies. Publicity, in this system, functioned less as commentary and more as pressure, raising the cost and compounding accountability pressure.

¹⁷³ *Tools for Atrocity Prevention*. (n.d.). Retrieved March 7, 2026, from <https://preventiontools.usmmm.org/naming-and-shaming/>

¹⁷⁴ NGO OECD. (2018, January 31). *OECD Due Diligence Guidance for Responsible Business Conduct*. OECD Publishing. OECD. <https://doi.org/10.1787/15f5f4b3-en>

¹⁷⁵ CONSUMER Journal of Marketing Advances. (n.d.). *Why Do Consumers Take Stands? A Review of Customer Boycotts*.

¹⁷⁶ Bang, J., Ryu, D., & Webb, R. I. (2023). ESG controversy as a potential asset-pricing factor. *Finance Research Letters*, 58, 104315. <https://doi.org/10.1016/j.frl.2023.104315>

¹⁷⁷ *Uyghur Forced Labor Prevention Act | U.S. Customs and Border Protection*. (n.d.). Retrieved March 7, 2026, from <https://www.cbp.gov/trade/forced-labor/UFLPA>

¹⁷⁸ (2018, January 31). *OECD Due Diligence Guidance for Responsible Business Conduct*. OECD Publishing. OECD. <https://doi.org/10.1787/15f5f4b3-en>

¹⁷⁹ Office, U. S. G. A. (2025, September 8). *Economic Sanctions | U.S. GAO*. <https://www.gao.gov/economic-sanctions>

For corporations, scrutiny within the dignity commonly enters through two primary operating surfaces which are the supply chain¹⁸⁰ and the labor model.¹⁸¹ These are the points where institutional design intersects most directly with human experience, and where abstract communications and stated commitments are tested against perceived employee experience and lived conditions. In global supply chains, the mechanics of seeking efficient commercial incentives often move faster than protocols and procedures that ensure accountability. Corporations constantly face market pressures to reduce costs and compress timelines which leads to layers of subcontracting and highly distributed production processes across multiple tiers. This creates a condition for a supply chain that can “leak” into jurisdictions with weaker enforcement and fewer worker protections.¹⁸² These market forces which push and stretch supply lines does not guarantee harm, but it creates an environment where harm becomes both more likely to occur and increasingly difficult to detect. When visibility is lost, the door opens to low wages, excessive hours, unsafe working environments, and exposure to forced or child labor. All of which emerge not only

¹⁸⁰ *Corporate human rights due diligence – identifying and leveraging emerging practices*. (n.d.). OHCHR. Retrieved March 7, 2026, from <https://www.ohchr.org/en/special-procedures/wg-business/corporate-human-rights-due-diligence-identifying-and-leveraging-emerging-practices>

¹⁸¹ *Non-standard forms of employment* | International Labour Organization. (2024, January 28).

<https://www.ilo.org/topics-and-sectors/non-standard-forms-employment>

¹⁸² Anner, M. (2020). Squeezing workers' rights in global supply chains: Purchasing practices in the Bangladesh garment export sector in comparative perspective. *Review of International Political Economy*, 27(2), 320–347.

from isolated misconduct, but also from systemic pressure embedded in procurement and production models. When stakeholders gain visibility into perceived supply chain harms, it triggers scrutiny that can translate into enforcement actions, procurement restrictions, and loss of market access. While supply chains present a pathway to scrutiny within the dignity domain, internal labor systems within the firm also present another arena for reputational risk. Another characteristic of the Reputation Era is the shift within labor models to increased amounts of contracting, gig work¹⁸³, and algorithmic management.¹⁸⁴ These systems offer flexibility and efficiency, but they have become contested as shifting economic risk onto workers while also maintaining centralized control over performance, pricing, and evaluation. Under these arrangements, stability declines, benefits narrow, and monitoring expands. Workers may retain formal autonomy, but they experience significantly reduced agency. Over time, these conditions can be interpreted as dignity failures, particularly when workers lack meaningful voice, recourse, or the ability to exit without penalty. The debate surrounding platform-based labor models illustrates this tension. What is framed as

¹⁸³ *Platform workers and social protection: International developments*. (2023, June 6). International Social Security Association (ISSA). <https://www.issa.int/analysis/platform-workers-and-social-protection-international-developments>

¹⁸⁴ *Algorithmic management in the workplace | International Labour Organization*. (2024, July 23). <https://www.ilo.org/algorithmic-management-workplace>

flexibility can also be perceived as a mechanism for retaining control while externalizing both risk and responsibility.¹⁸⁵

In more severe cases, these dynamics extend beyond firms to entire international systems. Russia's invasion of Ukraine made this pattern visible at scale. Governments imposed financial restrictions and sanctions, while hundreds of global companies exited the market in response to rising legal and reputational risk.^{186 187 188} These responses were not centrally coordinated, yet the language of dignity was equally understood and acted upon by nations and companies around the world. The speed of the response highlighted how a human rights framework, coming into increased visibility in the Reputation Era, would become a code that undermines any effort to legitimately continue business in Russia. As a result a majority of global firms reduced

¹⁸⁵ *Uber BV and others (Appellants) v Aslam and others (Respondents)*—UK Supreme Court. (n.d.). Retrieved March 7, 2026, from <https://supremecourt.uk/cases/uksc-2019-0029>

¹⁸⁶ *Treasury Prohibits Transactions with Central Bank of Russia and Imposes Sanctions on Key Sources of Russia's Wealth*. (2025, December 23). U.S. Department of the Treasury. <https://home.treasury.gov/news/press-releases/jy0612>

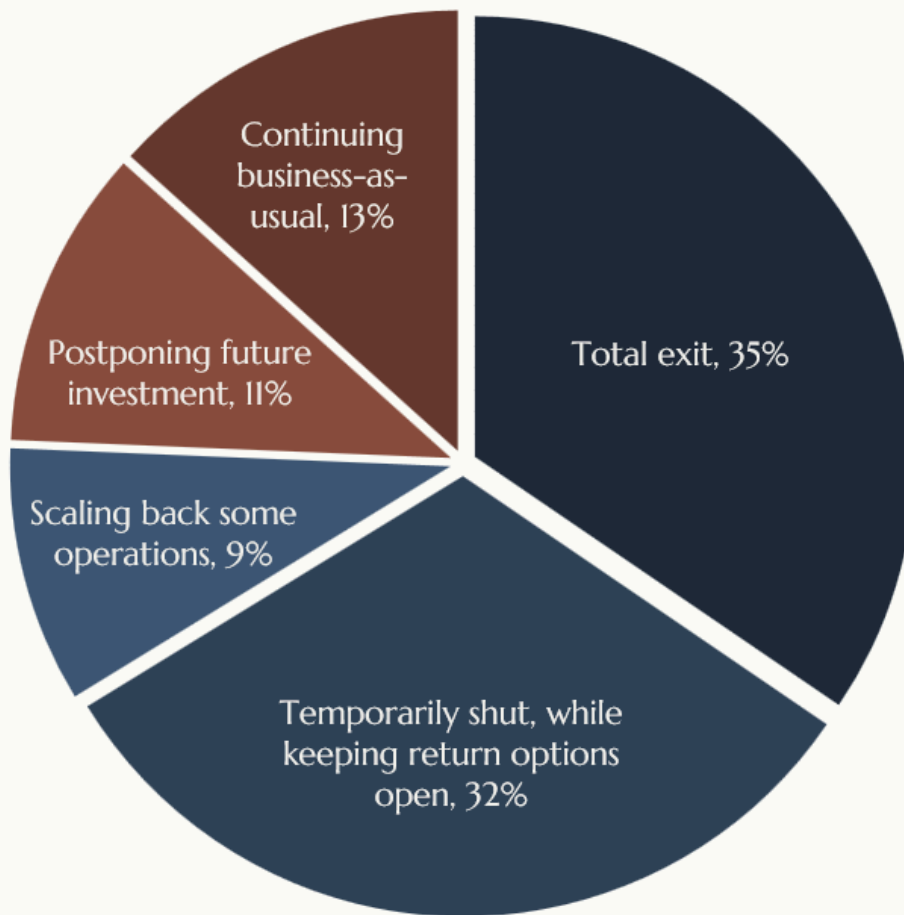
¹⁸⁷ *Timeline—Packages of sanctions against Russia since February 2022*. (n.d.). Consilium. Retrieved March 7, 2026, from <https://www.consilium.europa.eu/en/policies/sanctions-against-russia/timeline-packages-sanctions-since-february-2022/>

¹⁸⁸ Kulish, H. (n.d.). More than 500 global companies have fully left Russia—KSE Institute. *Kyiv School of Economics*. Retrieved March 7, 2026, from <https://kse.ua/about-the-school/news/more-than-500-global-companies-have-fully-left-russia-kse-institute/>

or exited operations to de-risk, mitigate, and prevent reputational erosion.¹⁸⁹ Once violations are translated into sanctions, counterparty risk, and institutional restrictions, consequences propagate across networks because each participant must defend its own operability. This example makes a structural implication clear, when an institution faces significant constraint, as a result of weakened legitimacy, it has entered a state of reputational crisis.

¹⁸⁹ *Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain* | Yale School of Management. (n.d.). Retrieved March 7, 2026, from <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>

Russia Delegitimized: Business Operations Constrained



Source: Yale School of Management, January 2024 “*Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain*¹⁹⁰”

A reputational crisis becomes legible to an institution when it faces constraint rings.

These constraints not only help categorize the consequence of institutional

¹⁹⁰ *Over 1,000 Companies Have Curtailed Operations in Russia—But Some Remain* | Yale School of Management. (n.d.). Retrieved March 7, 2026, from <https://som.yale.edu/story/2022/over-1000-companies-have-curtailed-operations-russia-some-remain>

delegitimization, but they bring logical patterns to scenarios that can appear episodic or subjective. First, not every situation activates every constraint ring, and progression to the next is not always guaranteed. The pattern depends on severity, evidence, credibility, and the degree of stakeholder alignment. In most cases, scrutiny begins with a credibility shock. Stakeholders withdraw interpretive latitude and the burden of proof shifts. Messaging loses traction, trust decays, and verification becomes required through audits, disclosure, and third-party validation. From there, additional constraint rings may activate. Counterparties may tighten terms or exit to protect their own exposure. Legal thresholds may be crossed, triggering enforcement actions. Operational chokepoints can emerge, slowing or conditioning access to key systems such as permits, procurement, or borders. As legitimacy erodes, business continuity comes under pressure, forcing reconfiguration, asset changes, or withdrawal.

Inside the organization, prolonged scrutiny can produce an internal clampdown. Decision-making centralizes, approval layers increase, and the distinction between what is legal and what is acceptable becomes more pronounced. Dignity-related failures can trigger these constraint rings in different combinations. The table below

Download the Book Proposal

illustrates how they manifested in real world scenarios.

Crisis Inducing Constraint Rings

Constraint Ring	Case Study
CREDIBILITY SHOCK <i>burden-of-proof shift</i>	Nike Supply-Chain Labor Allegations (1990s): brand assurances stopped working, so the response had to shift toward monitoring, disclosure, and verification. (Nike later regained a “voice of the people” posture through culture-defining campaigns, including the 2018 “Dream Crazy” work fronted by Colin Kaepernick.)
COUNTERPARTY AVOIDANCE <i>de-risking</i>	Apartheid-era South Africa divestment (1980s): banks, investors, and multinationals tightened terms or exited. Chase Manhattan bank refused to roll over maturing South African debt, triggering a broader credit squeeze and signaling that normal financing could be withdrawn on legitimacy grounds.
ENFORCEMENT ACTIVATION <i>penalties</i>	Chiquita Payments to Columbia Paramilitary Groups (US, 2001): acknowledged paying the AUC, a group designated a U.S. Foreign Terrorist Organization. The result was DOJ enforcement, a guilty plea, and a \$25 million criminal fine, turning security rationale into legal exposure.
OPERATIONAL RESTRICTIONS <i>procurement and operational rules</i>	Uyghur Forced Labor Prevention Act (US, 2021): Forced labor leads to shipments being detained or excluded at the border unless the importer provides “clear and convincing” evidence with end-to-end supply chain documentation and traceability to prove the absence of forced labor.
OPERATIONAL RECONFIGURATION <i>continuity disrupted by redesign</i>	TotalEnergies (Myanmar post-2021 coup): Withdrew a pipeline company after the 2021 coup and the deterioration of the human rights environment made continued participation untenable, forcing an exit that required unwinding positions, handing over operatorship, and costly operational reconfiguration.
INTERNAL CLAMPDOWN <i>governance compression</i>	Rio Tinto Juukan Gorge (Australia, 2020): Legal permits for expanded mining operations led to the destruction of Aboriginal rock shelters creating pressure on the board from investors and other stakeholders. CEO Jean-Sébastien Jacques stepped down and two senior executives also left.

While viewed through the lens of labor and supply chains, the same logic applies to customers when their safety is compromised. The Boeing 737 MAX failures, which led to 346 deaths¹⁹¹, demonstrate how breakdowns in design, oversight, and accountability can move directly from internal oversight to external harm. In these moments, dignity surfaces as a measurable human toll. The key conclusion here remains, personal harm is a clear and emotionally connecting signal of a dignity failure. This is a domain where stakeholder accountability and human impact converge. When those elements

¹⁹¹ TIME. (2020, September 16). *Scathing Congressional Report on Boeing 737 Max Crashes Finds Sweeping Failures*. TIME. <https://time.com/5889376/boeing-737-max-house-report/>

align, institutions retain the right to operate, but when they do not, constraint is sure to follow.

[Passage 12: Scale and Systematic Harm](#)

As corporate systems expanded across borders, their effects began to extend beyond discrete transactions into shared systems that no single actor fully controls. This introduces a distinct domain of scrutiny, one centered not on fairness or control, but on shared impact. In this domain, the question is not whether a firm behaves fairly, but whether its operations produce consequences that accumulate across communities, ecosystems, and future time periods. These effects are diffuse, distributed across geographies and future time horizons. Historically, like other domains, shared impact has had challenges with measurement and attribution. For much of the industrial era, that diffusion allowed firms to scale while externalizing societal costs. What changes in the Reputation Era is not the existence of these externalities, but their increased visibility, measurement and attribution. As these improve, shared impacts become legible, and once legible, they become contestable.

Environmental exposure provides the clearest expression of this shift because it has progressed further than most shared impact issues along a path from near invisibility

to named attribution. As production, sourcing, and logistics expand across jurisdictions, corporate scale becomes harder to observe as a single system.¹⁹² Like dignity issues, shared impact externalities amplify with scale¹⁹³, and can be shuffled to regions, typically less developed nations, where guidelines and protections are fragmented and uneven.¹⁹⁴ The result is persistent asymmetry; and asymmetry, as covered in the balance domain, always invites scrutiny. This leaves corporations operating within integrated global systems, while accountability mechanisms remain local, delayed, and incomplete. Inside firms, this creates a different reputational risk, one shaped by narrative fatigue. Shared impact concerns remain in constant repetitive media cycles, framed with urgency and critique, but resolution and actionability is unclear. Reputation managers then view shared impact issues as a narrative cycle, instead of understanding it as a structural condition. That interpretation is misleading. Scrutiny of shared impact issues persist not because they are unresolved, but because it is embedded in the architecture of modern, significantly scaled, production systems. This means fatigue within the shared impact domain more commonly signals saturation, not resolution.

¹⁹² Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The Governance of Global Value Chains. *Review of International Political Economy*, 12(1), 78–104.

¹⁹³ The Economics of Welfare | Online Library of Liberty. (n.d.). Retrieved March 3, 2026, from <https://oll.libertyfund.org/titles/pigou-the-economics-of-welfare>

¹⁹⁴ Koenig-Archibugi, M. (2004). Transnational Corporations and Public Accountability. *Government and Opposition*, 39(2), 234–259.

In the Reputation Era, shared impact exposure cannot be managed through narrative control alone. When sustainability claims are perceived as symbolic rather than operational, trust erodes and backlash risk increases.¹⁹⁵ Communications may still influence perception at the margins, but they do not resolve the underlying systems constraint. Increasingly, like the dignity domain, shared impact scrutiny, such as environmental performance, serves as a condition of continued business operations. It shapes whether firms can build, permit, insure, finance, recruit, and sustain market access under expanding scrutiny.¹⁹⁶ Public debate often assigns shared impact issues in a moral tone¹⁹⁷, but the mechanisms are more structural than ideological. Issues like environmental degradation persist because the systems required to manage it remain fragmented across supply chains, jurisdictions, and accountability regimes.¹⁹⁸ From this perspective, environmental risk is not an anomaly. It is a byproduct of scale operating within incomplete coordination systems.

¹⁹⁵ Khandai, S., Zupic, I., Kohli, H. S., Kataria, S., Yadav, R., & Mathew, J. (2025). Greenwashing and its consequences: The role of skepticism, brand embarrassment, and brand hate in shaping purchase intentions. *Quality & Quantity*, 59(4), 3723–3749. <https://doi.org/10.1007/s11135-025-02132-8>

¹⁹⁶ Moeremans, B., & Dooms, M. (2025). Social license to operate: Factors determining social acceptance among local port community stakeholders. *Maritime Economics & Logistics*, 27(1), 183–210. <https://doi.org/10.1057/s41278-024-00297-x>

¹⁹⁷ Huang, J., Yang, J. Z., & Chu, H. (2022). Framing Climate Change Impacts as Moral Violations: The Pathway of Perceived Message Credibility. *International Journal of Environmental Research and Public Health*, 19(9), 5210. <https://doi.org/10.3390/ijerph19095210>

¹⁹⁸ Kellner, E., Petrovics, D., & Huitema, D. (2024). Polycentric Climate Governance: The State, Local Action, Democratic Preferences, and Power—Emerging Insights and a Research Agenda. *Global Environmental Politics*, 24(3), 24–47. https://doi.org/10.1162/glep_a_00753

The tension becomes more visible when viewed through consumption. Corporations compete by delivering lower prices, greater convenience, higher consistency, and faster fulfillment. Consumers respond predictably to these attributes, and the resulting system produces a form of prosperity built on production optimization, not mitigation of shared impact.¹⁹⁹ This leaves consumer prosperity financed through environmental externalization which remains largely invisible at the point of use. More directly, consumers rarely connect the effects of packaging, emissions-intensive logistics, extraction practices, and end-of-life waste at the moment of purchase.²⁰⁰ For years, these externalities remained abstract because they were dispersed, difficult to quantify, and loosely connected to specific operating decisions. That condition is now reversing as advances in measurement, traceability, and data access make previously invisible impacts more legible.

This shift introduces a structural contradiction that sits at the center of modern environmental pressure. Stakeholders increasingly demand visible environmental responsibility while remaining habituated to an experience economy built on convenience and cost efficiency. The contradiction becomes most visible when firms

¹⁹⁹ Shoppers prioritize price and convenience over sustainability, says McKinsey. (n.d.). Packaging Europe. Retrieved March 3, 2026, from <https://packagingeurope.com/news/shoppers-prioritize-price-and-convenience-over-sustainability-says-mckinsey/12913.article>

²⁰⁰ Winterich, K. P., Reczek, R. W., & Makov, T. (2024). How lack of knowledge on emissions and psychological biases deter consumers from taking effective action to mitigate climate change. *Journal of the Academy of Marketing Science*, 52(5), 1475–1494. <https://doi.org/10.1007/s11747-023-00981-z>

attempt to change. This is the experience externality paradox, which captures contradictions among consumers who call for corporations to reduce their shared impact, while expecting their experience with products to remain unchanged. Efforts to reduce environmental harm often introduce trade-offs that are immediately felt by the consumer. Products become more expensive, packaging changes, or convenience declines. Starbucks encountered this directly in South Korea when it replaced plastic straws with paper alternatives. The change reduced environmental impact, but customers complained that the straws degraded quickly and diminished the drinking experience.²⁰¹ What appeared as a straightforward sustainability improvement became a perceived decline in product quality. The result is not a resolution of reputational pressure, but a relocation of it. The same system that rewards efficiency and convenience creates resistance to the adjustments required to reduce systematic harm.

But environmental exposure is not governed by consumer preference alone. Other stakeholders operate on different timelines and different expectations. Regulators impose requirements, communities mobilize resistance, and investors incorporate environmental risk into capital allocation decisions. Together, these actors create a

²⁰¹ Customer complaints drive Starbucks Korea to introduce plant-based plastic straws | Stars and Stripes. (n.d.). Retrieved March 3, 2026, from https://www.stripes.com/theaters/asia_pacific/2025-06-26/starbucks-korea-bioplastic-drink-straws-18247115.html

structural stakeholder wedge in which consumer demand may pull the business forward, but, at the same time, permission to operate can be challenged. This dynamic becomes visible when local environmental issues cascade across other stakeholders into broader legitimacy contests. Sharon Lavigne, a St. James Parish community leader and founder of RISE St. James provides an example of grassroots amplification. She became nationally visible for opposing Formosa Plastics' proposed Sunshine Project in Louisiana's petrochemical corridor known as Cancer Alley. Her stance on the issue revealed how scrutiny within the shared impact domain can transition from community opposition into national coalition building, litigation, and regulatory intervention, which transformed local exposure into significant system-wide legitimacy constraint.²⁰²

The Reputation Era reflects a structural change in how impact is seen, measured, and traced across shared systems. Take a breakthrough visibility moment for environmental harm in 1969, when the Cuyahoga River caught fire²⁰³. an event so extreme that it forced industrial pollution into public consciousness. That same year,

²⁰² Louisiana Court Ruling Reverses Lower Court Decision and Upholds Air Permits for Formosa Plastics' Massive Petrochemical Complex in Cancer Alley. (n.d.). Earthjustice. Retrieved March 4, 2026, from <https://earthjustice.org/press/2024/louisiana-court-ruling-reverses-lower-court-decision-and-upholds-air-permits-for-formosa-plastics-massive-petrochemical-complex-in-cancer-alley>

²⁰³ Blakemore, E. (2019, April 22). The Shocking River Fire That Fueled the Creation of the EPA. HISTORY. <https://www.history.com/articles/epa-earth-day-cleveland-cuyahoga-river-fire-clean-water-act>

the Santa Barbara oil spill brought offshore extraction risks into full view.²⁰⁴ By 1970, an estimated 20 million Americans participated in the first Earth Day²⁰⁵, marking a shift from isolated concern to mass mobilization. Visibility changed the conversation, but visibility alone could not foster scrutiny of systemic break points. Measurement would be an important scrutiny catalyst. Ironically, early forms of measurement predated mass visibility. In 1896, Svante Arrhenius quantified the warming influence of atmospheric carbon dioxide.²⁰⁶ Decades later this finding would serve as an early foundation for understanding shared impact. Over time, coming into the Reputation Era, measurement capacity and accuracy expanded, allowing environmental degradation to be tracked, compared, and regulated across systems.

However, the most significant catalyst to generate scrutiny is attribution. Modern era technologies such as satellite monitoring have begun to convert environmental impact from abstract data into observable, time-stamped events that are tied to identifiable operators. NASA's Earth Observatory has published time-lapse imagery showing deforestation across the Amazon²⁰⁷, compressing decades of degradation

²⁰⁴ Santa Barbara Well blowout; Santa Barbara, California | IncidentNews | NOAA. (n.d.). Retrieved March 4, 2026, from <https://incidentnews.noaa.gov/incident/6206>

²⁰⁵ Today in History—April 22. (n.d.). [Web page]. Library of Congress, Washington, D.C. 20540 USA. Retrieved March 4, 2026, from <https://www.loc.gov/item/today-in-history/april-22/>

²⁰⁶ Arrhenius, S. (n.d.). On the Influence of Carbonic Acid in the Air upon the Temperature of the Ground.

²⁰⁷ Tracking Amazon Deforestation from Above—NASA Science. (2019, December 20). <https://science.nasa.gov/earth/natural-disasters/wildfires/tracking-amazon-deforestation-from-above-145988/>

into a visual sequence that requires little interpretation. What once demanded technical explanation becomes immediately legible. The same pattern appears in emissions tracking. Organizations like Carbon Mapper detect methane releases at the facility level and publish them through public data systems, allowing observers to link emissions directly to specific operators.²⁰⁸ Advances in technologies that measure and attribute shared impact scrutiny has created a shift where generalized accusation becomes verifiable evidence in the Reputation Era. Consider the Earthworks and Gas Leaks in early 2026, which used publicly available Carbon Mapper flyovers to flag “super-emitter” events in the Appalachian Basin.²⁰⁹ With this the Financial Times verified and named operators such as EQT Corp, Expand Energy, and Berkshire Hathaway Energy in their media coverage.²¹⁰

²⁰⁸ Carbon Mapper CEO Riley Duren Named to Grist 50. (n.d.). Retrieved March 4, 2026, from <https://carbonmapper.org/articles/duren-grist-50-2025>

²⁰⁹ Wasser, J. (2026, February 10). News to Know: We Caught #MethanePollution From Space. Here’s Why It Matters. Earthworks. <https://earthworks.org/blog/news-to-know-we-caught-methanepollution-from-space-heres-why-it-matters/>

²¹⁰ Big US gas producers are methane super emitters, environmental groups’ data shows. (2026, January 23). One News Page. <https://www.onenewspage.com/n/Markets/1ztdom4a7c/Big-US-gas-producers-are-methane-super-emitters.htm>



*Tracking Amazon Deforestation from Above*²¹¹

A historical time lapse video that shows deforestation of the Amazon throughout the Reputation Era.

While facts increasingly secure and ground shared impact harms, the emotional dimension of this domain further hardens constraints on legitimacy. Understanding the shape and magnitude of deforestation impact can be difficult to understand, feeling distant or abstract. But communications that focus on shared impact across an entire species make the scrutiny emotionally charged and easily connected to dignity violations. Emotional effects popularized the Tapanuli orangutan, which was confined to a shrinking region in Sumatra.²¹² When incremental environmental pressure compressed their survival margins, their existence became threatened.²¹³ Emotions override the need to understand a complex ecological system. A once abstract

²¹¹ *Tracking Amazon Deforestation from Above*—NASA Science. (2019, December 20). <https://science.nasa.gov/earth/natural-disasters/wildfires/tracking-amazon-deforestation-from-above-145988/>

²¹² New orangutan species described in Indonesia | IUCN. (2017, November 7). <https://iucn.org/news/species/201711/new-orangutan-species-described-indonesia>

²¹³ Dickie, G. (2025, December 9). It's the world's rarest ape. Now a billion-dollar dig for gold threatens its future. The Guardian. <https://www.theguardian.com/environment/2025/dec/09/tapanuli-orangutan-ape-indonesia-sumatra-martabe-gold-mine-aoe>

narrative quickly becomes quickly legible as harm through a visible reduction in shared operating space for living systems.

Shared system constraint also becomes clearer when viewed through finite limitation.

Annie Leonard, executive director of Greenpeace USA, captured this directly when she observed that “you cannot run a linear system on a finite planet indefinitely”.²¹⁴

This statement reframes the issue from one of moral positioning to one of operational feasibility. Environmental exposure is not simply a question of whether firms should act. It is a question of whether existing models of global scale can continue to function within finite resource systems. As environmental measurement improves and the limits of shared environmental resources become more visible and understood, scrutiny shifts from narrative concern to operating constraint.

This shift becomes more visible when distant future concerns suddenly materialize in present day systems. Insurance markets provide a clear example. In regions exposed to increasing climate volatility, insurers have raised premiums, restricted coverage, or exited markets altogether, forcing more risk onto public systems or individuals.²¹⁵

What was once treated as a distant environmental issue becomes a direct affordability

²¹⁴ Rayner, C. S. (2010, April 5). The Story Of Stuff. Foreign Policy Association. <https://fpa.org/the-story-of-stuff-2/>

²¹⁵ Milman, O., Witherspoon, A., & Witherspoon, O. M. with graphics by A. (2024, December 5). How climate risks are driving up insurance premiums around the US – visualized. The Guardian. <https://www.theguardian.com/environment/2024/dec/05/climate-crisis-insurance-premiums>

constraint for business and consumers alike. Extreme weather events serve as a source of ignition. For example as hurricane losses mount, private insurers raise rates, tighten coverage, or withdraw, displacing policy holders. A 2022 Florida law accelerated this shift, forcing policyholders to leave Citizens, Florida's insurer of last resort, if a private insurer offers coverage within 20% of its premium.²¹⁶ This explains why scrutiny in the shared impact domain can feel like it is both consistently fatigued, while also being urgent and immediate.

Despite increased visibility, measurement, and attribution, progress remains uneven. The limiting factor is not awareness, but coordination. Environmental systems operate across borders, while governance remains fragmented.²¹⁷ Corporate incentives are shaped by financial expectations and execution capacity.²¹⁸ Measurement frameworks continue to evolve, particularly in complex areas such as value chain emissions.²¹⁹ ²²⁰

²¹⁶ Milman, O., Witherspoon, A., & Witherspoon, O. M. with graphics by A. (2024, December 5). How climate risks are driving up insurance premiums around the US – visualized. The Guardian. <https://www.theguardian.com/environment/2024/dec/05/climate-crisis-insurance-premiums>

²¹⁷ Sands, P. (Ed.). (2003). The environment and international society: Issues, concepts and definitions. In *Principles of International Environmental Law* (2nd ed., pp. 3–24). Cambridge University Press. <https://doi.org/10.1017/CBO9780511813511.004>

²¹⁸ Sangiorgi, F., Dow, J., & Han, J. (2024, August 13). The short-termism trap: Catering to informed investors with limited horizons. The Harvard Law School Forum on Corporate Governance. <https://corpgov.law.harvard.edu/2024/08/13/the-short-termism-trap-catering-to-informed-investors-with-limited-horizons/>

²¹⁹ Corporate Value Chain (Scope 3) Standard | GHG Protocol. (n.d.). Retrieved March 4, 2026, from <https://ghgprotocol.org/corporate-value-chain-scope-3-standard>

²²⁰ By. (2025, October 29). Supply chain sustainability: Top ways firms track Scope 3 emissions | MIT Sloan.

At the same time, information environments are contested, with competing narratives of environmental impact intentionally introducing doubt and delay.²²¹ Perceived credibility gaps further complicate progress. As corporations make sustainability claims that are excessive or exceed operational reality, which is called greenwashing, trust erodes and the burden of proof rises for all institutions in the system.²²² These dynamics only further slow alignment, invite skepticism, and rationalize delay.

And yet, within this system, corporate scale itself can also function as a coordinated solution mechanism. Large corporations possess the ability to influence supplier behavior, set standards, and aggregate demand in ways that smaller actors cannot. Apple's supplier commitments to renewable energy demonstrate how procurement power can reshape energy use across a global value chain.²²³ Walmart's Project Gigaton illustrates how retail scale can drive emissions reduction across suppliers.²²⁴

<https://mitsloan.mit.edu/ideas-made-to-matter/supply-chain-sustainability-top-ways-firms-track-scope-3-emissions>

²²¹ NATO: Kremlin-backed actors' disinformation seeks to derail green.... (2024, July 12). Energy & Climate Intelligence Unit.

<https://eciu.net/media/press-releases/2024/nato-kremlin-backed-actors-disinformation-seeks-to-derail-green-investment-comment>

²²² SEC.gov | SEC Charges Advisory Firm WisdomTree with Failing to Adhere to Its Own Investment Criteria For ESG-Marketed Funds. (n.d.). Retrieved March 3, 2026, from <https://www.sec.gov/newsroom/press-releases/2024-173>

²²³ Segal, M. (2024, April 18). 95% of Apple's Supply Chain Commits to 100% Renewable Energy Use by 2030. ESG Today.

<https://www.esgtoday.com/95-of-apples-supply-chain-commits-to-100-renewable-energy-use-by-2030/>

²²⁴ McLaughlin, K., President, E. V., Officer, C. S., & Foundation, W. P. of the W. (n.d.). Walmart Suppliers Lead the Charge, Help Deliver Project Gigaton Goal More Than Six Years Early. Retrieved March 4, 2026, from

These examples do not fully resolve a complex systematic problem, but they reveal a structural duality. The same scale that amplifies externalities can also be used to coordinate their reduction.

For the reputation strategist, the implication is direct. Environmental exposure is not temporary and it is not peripheral. It is a standing condition of operating in systems where shared impacts are becoming visible, measurable, and attributable. As these capabilities improve, the connection between the negative externalities of scale and the ability to contest legitimacy strengthens. Taken together, the domains of scrutiny define the conditions under which corporations are evaluated. Fairness shapes perceptions of equity. Control shapes perceptions of power. Shared impact determines how externalities are judged across systems. Dignity defines how people are treated within those systems. These domains do not operate in isolation. They form a coupled system of scrutiny, where pressure rarely remains contained within a single domain. A perceived imbalance in how value is distributed can quickly raise questions about who holds influence and how that influence is exercised. Once influence is scrutinized, outcomes that may have once appeared incidental begin to be interpreted as having a greater shared impact. As those impacts become more

<https://corporate.walmart.com/news/2024/02/21/walmart-suppliers-lead-the-charge-help-deliver-project-gigaton-goal-more-than-six-years-early>

visible and attributable, they often resolve into questions of dignity, where abstract harm is translated into lived experience. This is how reputational pressure scales in the modern environment, not through isolated failures, but through interconnected strain. And as scrutiny compounds, legitimacy becomes more difficult to sustain.

Commonly, in the Reputation Era, institutions recognize that they are being evaluated in tighter frames. They often administer actions that they believe will satisfy one issue, without recognizing the interconnected nature where domains can intensify pressure in other arenas. Over time, a lack of communications and behaviors to address these interconnected domains translate into further business constraints. Depending on the severity of the constraint it will trigger a reputational crisis. Reputation managers in the modern era should recognize that the ability to operate, expand, and maintain stakeholder alignment is becoming increasingly conditional and contested. In the Reputation Era, legitimacy is never fully secure. It is continuously negotiated across domains of scrutiny that are structurally interconnected; and this is why reputation is increasingly harder to build than it is to lose.

[Section 1: Closing with Contradictions and Conditions: How Reputation Became](#)

[Infrastructure](#)

The Reputation Era is defined by a structural contradiction that cannot be resolved through reactive communications alone. Corporations are engineered for scale, designed to optimize, expand, and deliver prosperity at great velocity. They were not designed to anticipate, measure, or manage the full spectrum of consequences that this scale can produce. Yet that is now what society demands, and when these demands remain unmet delegitimizing scrutiny follows.

This contradiction that stakeholders place upon corporations is not new to the modern era. What is new is negative externalities becoming visible, measurable, and attributable in real time. For most of corporate history, the lag between action and consequence was long enough to obscure causality and maintain legitimacy. Supply chains were opaque, environmental harm was abstract, and labor exploitation felt distant. Globally interconnected systems radically changed distance in the accountability equation, leaving externalities diffused across borders and jurisdictions. While modern era technologies, such as satellite imagery tracking deforestation and emissions, make harm instantly visible across continents. Attribution, in the Reputation Era, is increasingly precise and becoming easier to assign. This leaves corporations in

the modern era caught between global impact, in terms of both prosperity and consequence, and a widening global consciousness.

The Reputation Era has compromised the communications function of the business. For decades, corporations learned to navigate scrutiny through public relations, namely media engagement. The right message at the right moment could contain a crisis, reframe a narrative, defend a position. That playbook assumed a sizable interval of time between action and understanding, between knowledge and judgment. Today time, like distance, is compressed. The public does not wait for explanations.

Narratives form while decisions are being finalized and judgment arrives before context. The organization is asked to answer for consequences that stakeholders have already rendered emotionally settled.

A fundamental asymmetry emerges, business strategy moves at a layered multi-functioned corporate speed while scrutiny moves in a highly fragmented, rapid velocity information speed. The organization attempts to think forward while the stakeholder environment is judging backwards. In this condition, reputation struggles to be built through statements alone. Protecting reputation through narrative management becomes a continuous, and costly, treadmill exercise. At the same time reputation cannot be stabilized through simple legal compliance. Reputation, in the

modern era, can only be defended upstream, through decisions and incentives that anticipate how power will be interpreted and that make organizations trustworthy at scale before it can be tested. Put simply, reputation must be architected into how the company operates, the incentives it creates, and the values that guide its behaviors. Reputation must migrate from the margins of business life to the center of corporate operability. It must be understood as a system, not an aesthetic annual rank list. It must be integrated throughout the business, not delegated to the communications and legal functions. It must be unlocked as the most valuable strategy that a business cannot afford to omit, not confused as a tactical brand asset. Reputation must be understood as an infrastructure that grants legitimacy so the business can retain and build its license to operate.

One of the greatest challenges for modern corporations is that reputation has been viewed as “soft”. Categorized as either consumer sentiment, brand equity, public perception, something a company could shape through the right campaign at the right moment. That conception remains the primary lens through which organizations attempt to manage it. Another contradiction emerges, the environment corporations now operate treats reputation as an operational gating mechanism. A condition that determines whether capital clears, whether talent stays, whether regulators

Download the Book Proposal

accelerate, whether permits arrive, whether supply chains remain intact, whether communities consent, and whether the firm can maintain its license to operate at all. This is the structural shift where seven conditions that define the Reputation Era emerge, shown in the STIGMAS model.

	Before the Reputation Era	Reputation Era
S takeholders	Narrow (government, public elites)	Broad, heterogeneous, global
T rust	Competence delivers legitimacy	Competence alone no longer delivers legitimacy
I nformation	Centralized, shared reality	Decentralized, continuous, unfiltered
G overnance	Legal compliance	Hybrid legal-moral frameworks
M ediation	Institutions acted as referees	Distrust ambient, weak credibility, no arbiters
A tribution	Harms dispersed, opaque, unseen	Measurable, timestamped, labeled
S peed	Scale faster than scrutiny	Information faster than alignment

In this environment, competence alone is no longer sufficient. A company can be operationally excellent and reputationally failing at the same time. That divergence is an architectural feature of modern legitimacy. Business faces a balancing act, it must deliver performance and competence while also demonstrating integrity, fairness, and accountability across domains of scrutiny that were never part of the original corporate mandate. This creates a structural growth-responsibility paradox where incentives that drive corporate behavior, optimization, scale, shareholder return, often work to counter the corporate integrity that legitimacy requires.

Corporations often respond to this paradox with three different business strategies. Some lean into what has worked through history up into the modern era. They lean in and accelerate their scale, betting that speed will outpace scrutiny long enough to entrench power before governance can respond. This strategy has proven that it works remarkably well, until it doesn't, the reputational debt continues to load as an invisible line item on the balance sheet until it becomes collected at a crisis point later in time. Some will deploy purpose driven strategies by leaning into emotional signaling. In many cases they over-correct which leads to performative communications that drive signals such as statements about values, commitments to sustainability, and expanded diversity initiatives to name a few. The majority of which lack behavioral coherence, leaving stakeholders unsatisfied and often deeps skepticism when the gap between promise and practice becomes visible. While others deploy a strategic pause. They either directly or indirectly attempt paralysis, reducing perceived reputation risk through caution, only to discover that inaction is itself still an action, one that is interpreted by stakeholders as either cowardice or complicity.

None of these approaches resolve the underlying structural contradiction. The problem is not that stakeholders are increasingly holding corporations to standards that exceed legal constructs, holding businesses to a hybrid legal-moral accountability

threshold. The problem is that corporations were not intended to be institutions of morality, that is not their purpose. This validates why corporate structures struggle to effectively implement an integrity infrastructure within business operations that can meet the expectations of its stakeholders. This is the defining insight of the Reputation Era. Not that corporations have become evil, they're not. Not that capitalism has failed, it hasn't. But that the incentive architecture of modern business was built to reward performance, but it was never recalibrated to integrate multi-stakeholder accountability at the same scale or speed. In other words, the expectations of stakeholders broadened, from the ability of what companies could do, to the integrity of how it was perceived to be doing it.

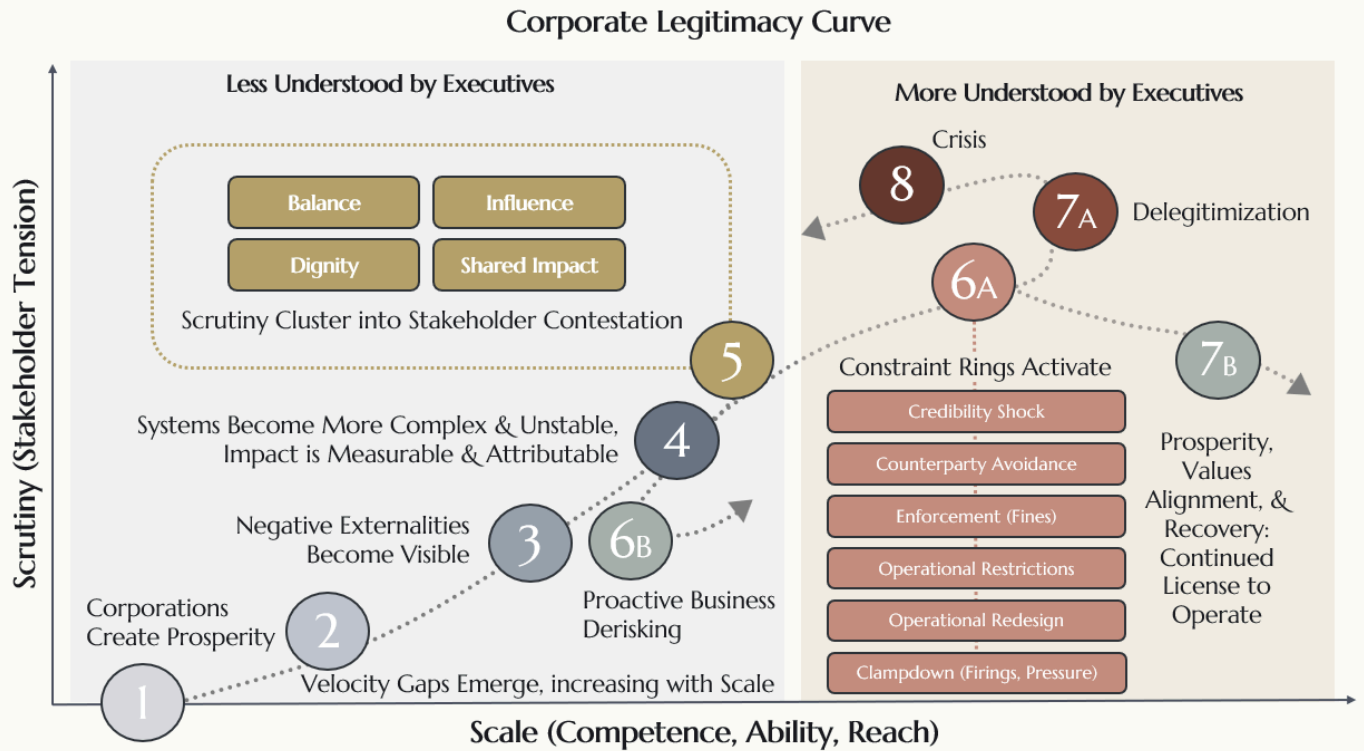
The Reputation Era proves to be a time of revelation for the modern day corporate executive. But its deepest revelation is an underlying tension that emerged before the idea of a corporation was even conceived, to the first moment where humans first learned to cooperate. This is because reputation, in its most fundamental form, is not a business condition, it is a human condition. It is the mechanism through which societies have always determined who deserves trust, who merits collaboration, and who can be granted power. That mechanism is built on integrity. And integrity is more than a corporate values statement, it's a survival trait.

The sections that follow examine what reputation actually is and what it is not. They dismantle the persistent confusion between brand and reputation, a mistake that costs organizations billions in misdirected investment and only increases the hidden risks the reputation often carries. Reputation will be tracked back to its origins as a human coordination system, one rooted as a necessity of identifying trustworthy actors in uncertain environments. It unveils the critical truth that many organizations have yet to internalize, that reputation is not something corporations can build, manage, or control. Instead, reputation is the infrastructure that corporations must become. Strategists must decouple the idea that reputation is just a tool, a communications discipline, or a brand asset. They must embrace it as the accumulated judgment of whether an institution merits the trust required to operate at scale. And that judgment, in the end, hinges on a single question that humans have been asking for millions of years.

"Does this actor possess the integrity required to effectively wield the power they have been granted?"

For corporations to survive in the Reputation Era the answer to that question is no longer optional.

Download the Book Proposal



This is the Corporate Legitimacy Curve, which serves as the structural spine of Unlock Reputation. The previous three chapters provided a detailed historical and empirical argument that reinforces this framework. The remainder of the book expands outward from this foundation, properly defining reputation in the modern business era. Later in the book the reader will be transitioned to strategic guidance, providing executives with frameworks for embedding reputational foresight into governance, decision-making, incentive design, and stakeholder engagement.

[Section 2: Reputation Decoded: The Untold Truths of Reputation](#)

[Chapter 4: How Reputation Forged Civilization](#)

- Moral codes are an evolutionary adaptation that stabilizes cooperation by making behavior predictable and reliable under pressure.
- When collaboration becomes unstable, societies rely on moral frameworks to reassert expectations, constrain defection, and restore coordination.
- As moral expectations shift, they reshape institutions, embedding values into laws, markets, and governance systems. Major societal shifts such as the abolition of slavery, humanitarian reform, and public health are not random. They occur when dominant moral expectations reach a threshold.
- Stakeholders judge institutions through moral lenses. They interpret behavior across dimensions like care, fairness, loyalty, authority, and sanctity. These interpretations form expectations about how institutions act under pressure.
- Integrity emerges when observed behavior aligns with stakeholder expectations across these moral dimensions. When alignment holds, legitimacy sustains. When it diverges, legitimacy fragments and the system constrains the institution.
- This is where institutional legitimacy lives. It is not imposed through communication or policy. It emerges from the consistency between what stakeholders expect and what they observe.

[Chapter 5: Before the Rules Arrive](#)

- Narrative is the earliest human reputation system, where shared stories (gossip) convert observed moral behavior into collective scrutiny about who and what could be trusted.
- As human systems scale beyond intimate communities, direct moral observation becomes impossible. The solution institutions turn to are simplified signals that serve as integrity heuristics. Workforce initiatives and environmental stewardship (ESG), stands in for the water-cooler gossip that people can no longer access. These signals become the mechanism through which distant stakeholders can evaluate integrity.
- History shows that repeated moral signals eventually galvanize into shared expectations. These shared expectations eventually codify into formal rules that govern society.
- This makes reputation not just an architecture, but a solution for proactive de-risking through self-governance. Organizations that read the integrity signals early can integrate those practices into their operating model proactively.
- When companies become entrenched not through scale, but through reputation. When the rule arrives, they're already operating ahead of it.

[Chapter 6: Separate Strategy for Separate Signals](#)

- Reputation is commonly confused with Brand, but these concepts serve unique objectives.
- Because brand is faster, more measurable, and more controllable, organizations often default to managing reputation through a brand lens. This creates a false sense of reputation management.
- Brand signals competence, built through products, marketing, and customer experience to drive preference and growth. Reputation signals integrity and alignment, formed through stakeholder interpretation of behavior, accountability, and alignment over time.
- The solution is separation. Brand and reputation cannot coexist in the same function because they optimize for different outcomes and operate on different timelines.
- Separating them is foundational to creating infrastructure because it gives reputation its own metrics, its own strategy, and its own authority. It will empower the business to slow, rethink, and reposition down decisions that brand acceleration would otherwise make.

[Section 3: The Anatomy of Corporate Reputation](#)

[Chapter 7: Coding Organizational Behavior](#)

- The solution is to embed core values into organizational infrastructure. Values function as operational code. They shape incentives: hiring criteria, capital allocation, supplier relationships, and product development timelines. When values are architectural, they constrain behavior without central oversight.
- This only works when values translate into operational strategy. Stated values that don't shape actual decisions are performance theater.
- When companies genuinely live their values, it builds employee pride, attracts aligned customers, and creates competitive advantage. But this only holds if behavior matches commitment.
- The say-do gap emerges when stakeholder groups hold conflicting interpretations of what those values mean. An organization embeds one interpretation into a decision, only to discover another stakeholder group rejects it entirely. This is a values collision.
- To prevent collisions, map your stated values against explicit stakeholder expectations before embedding them into operational decisions. Understand where expectations diverge, then choose deliberately which interpretation will govern your behavior and communicate that choice transparently.

[Chapter 8: Tension Along Multiple Dimensions](#)

- Companies learned to be customer-centric to survive, so that's the stakeholder they focus on the most. This logic creates blind spots that will lose employees, supply chain partners, and eventually sales too.
- The reputation ecosystem has three distinct stakeholder groups. It includes internal (ex. employees) who shape operational resilience, external (customers, communities) who determine market access, and institutional (regulators, media, NGOs) who define accountability and trigger legitimacy contests.
- The stakeholder ecosystem doesn't work linearly. One stakeholder's response influences others, aligning other stakeholders around an issue. Voice creates a multiplier effect. A news story triggers activist backlash, which drives employee action, which prompts regulatory response.
- The solution isn't to please everyone. Prioritize the friction points that exist most commonly across stakeholder and product the most risk. Set strategies, act on them, listen, and reprioritize. It's continuous relationship management.
- The solution is most effective when it is balanced. Over-index on employees and the environment and you jeopardize relations with shareholders (ex. Paul Polman, Former CEO Unilever). Over-index on profit and you invite fines, regulation, and boycotts.

[Chapter 9: The Invisible Hand](#)

- Reputation outcomes are difficult to isolate on a balance sheet, but they exist and can be measured. Most corporations struggle because everything must be quantified, and reputation doesn't calibrate with quarterly metrics or daily stock returns.
- Reputation produces two distinct outcomes. Resilience is the ability to absorb pressure. When scrutiny arises, a shield of goodwill dampens the blow. Influence is the ability to build collaboration. It attracts talent, creates credibility with regulators and media, and shapes how narratives form.
- Most organizations don't understand reputation's value until it's under threat. By then, reputation lives in reactive crisis control through messaging and containment.
- The solution is to build internal stakeholder buy-in on reputation's benefits before scrutiny becomes delegitimization. Early investment creates a reciprocal cycle where risk declines, upside expands, and outcomes become quantifiable. But this takes years, not quarters.
- When reputation is genuinely embedded into how the organization operates, the cycle strengthens. Budget gets maintained. Infrastructure gets protected. The investment justifies itself.

[Section 4: Reputation as an Infrastructure](#)

[Chapter 10: The Reputation Risk Audit](#)

- While reputational crises appear chaotic, most reputation risk is systematic. It emerges along visible fault lines where external pressures intersect with internal vulnerabilities. It's baked into business models. Tech companies face data/privacy exposure. Pharma faces access/affordability exposure. Industrials face environmental degradation. Fashion faces labor exploitation.
- Incentive systems reward growth over foresight. Crises are factored as costs of doing business. Companies push ahead of governance gaps. As consequences become visible, pressure to regulate multiplies.
- The solution is to audit your business model for reputation risk. Not monitoring what customers say, but understanding and anticipating regulatory pressure.
- Integrate NGOs, think tanks, and research organizations as third-party auditors. They have distance from your incentive systems. They derisk the business at its weakest points and build credibility through independent scrutiny.
- Paul Polman (former Unilever CEO) would say "It takes courage". But companies see transparency at vulnerable points as risk. The real risk is hiring consultants to quietly fix problems or conceal findings. That's damage control. It defers and amplifies delegitimizing crises.

[Chapter II: The False Binary: Perform Loud or Stay Silent](#)

- Advocacy is one of the most effective ways for companies to bring their values to life. But companies are paralyzed. They say "If we speak up, we get attacked. If we're silent, we look complicit. If we pick a side, we alienate half our stakeholders. Everything's been purpose-washed anyway, so why bother?"
- Advocacy doesn't fail because volume is wrong. It fails from lack of consistency and behavioral alignment. Companies over-index on words, under-index on patterns of commitment.
- The solution is authentic advocacy. It emerges when organizational decisions consistently reflect stated values. Not messaging about values. Decisions that embody them.
- Authentic advocacy removes paralysis. It matters less if an action offends someone. It matters that it's consistent. This consistency builds reputation in ways messaging never can.
- Authentic advocacy also prevents chasing trending issues. When you're tied to consistent values, you don't get pulled into misalignment and backlash.

[Chapter 12: Unlocking Reputation](#)

- For a hundred years, companies have treated reputation as a communications problem. Companies hire brilliant people to manage messaging, spin narratives, and control stories. But this is not enough to endure the Reputation Era.
- At the same time, reputation has also been viewed as everyone's job and no one's job at the same time. It lives in communications, but comms can't make strategy decisions. It lives in legal, but legal only handles compliance, not proactive risk mitigation. It lives in operations, but operations optimizes for short-run efficiency, not long-term resilience.
- The fragmented, siloed nature of corporations means decisions made in one function cannot fully be understood on how it impacts corporate reputation.
- Reputation is often left with the communications function, but these teams do not have jurisdiction on corporate behavior.
- Companies need a Chief Reputation Officer or Reputation Committee. The mandate is to ensure alignment between strategy, values, and stakeholders.
- The emergence of stakeholder capitalism signals this is likely how the Reputation Era will end. Those that wait until stakeholder governance is codified into law will be forced to restructure reactively. A dedicated reputation function of the business is not a prediction, it's a preemption.