

How to repair a damaged reputation

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Credit: AI-generated image ([disclaimer](#))

A reputation can be damaged by a single mistake, or after months or even years of bad behavior. Organizations may turn a blind eye to such behavior by employees or business leaders, and sometimes it is tacitly enabled by a toxic culture that prioritizes an end game—profits or "winning"—over people or planet.

In either case, research can tell us about the drivers of reputational loss,

as well as how to rebuild a reputation, and ways to avoid damaging it in the first place. But while reputations can be protected, my research shows this shouldn't happen at all costs—there is a dark side to [reputation management](#) that can, and should, be avoided.

Working with my Ph.D. student, Navdeep Arora, I [interviewed inmates in a US federal prison](#) who had been indicted for white collar crimes, as well as prison officers. This presented a unique lens for understanding what causes people who are not inherently bad to make poor decisions.

While this is an extreme case, it offers valuable lessons for all of us. As I discuss in [my recent book Reputations at Stake](#) there are three main reasons why these inmates acted unethically.

Gordon Gecko from Oliver Stone's Wall Street may believe that everything boils down to [money and greed](#), but my research indicates that's not often the case. While there was a small element of ego, hubris and greed among these inmates, other factors were at play. For example, fear of failure, compensating for perceived deficiencies and feeling overwhelmed by the expectations of others.

An organization can also play a role in someone's bad behavior that leads to reputational damage. This is especially true when weak governance and undesirable cultural norms within organizations go unchallenged. For example, harsh quarterly financial targets or perverse incentives to generate value can create toxic environments.

Beyond the organization, excessive regulatory expectations can have negative effects as well. For the participants in our study, rules that were perceived to be unwieldy sometimes perversely triggered the opposite behaviors to those intended. For example, one inmate said that he and his colleagues sought a practical work around in response to the mounting regulatory expectations which they saw as unmanageable.

Blaming bad behavior and reputational damage solely on individuals is typically more convenient for organizations. It can also be an attractive way for media to report on an event—[sensational stories](#) of [people self-destructing](#) sell well.

But the reality is that individual, organizational and societal factors all contribute to professional misconduct and reputation loss.

Rebuilding reputations

There are many ways that the reputations of people and organizations can suffer in the eyes of those around them—whether that's co-workers, family and friends or shareholders, employees and customers.

For a person, this could include being reprimanded at work, being made redundant, or acting inappropriately. For organizations, it could be treating staff poorly, incentivising perverse behaviors or breaching codes of conduct. P&O's sacking of 800 of its [crew members](#) via video message is [a great example](#) of the actions of leaders being at odds with the expectations of other corporate groups including employees, customers, shareholders and the public.

An important part of recovery is when damaged individuals or organizations reconnect with these other, related parties.

Research into reputation distinguishes between character reputation and capability reputation. Both focus on past ethical conduct and performance. But given that both can also be shattered, particularly during severe reputation loss events, it's more valuable to think about "contribution".

This is when other groups or people believe the individual or organization can provide future value. Frank Lampard's [recent return](#) as

interim manager of Chelsea Football club, despite his sacking two years earlier, shows the possibility of [this kind of bounce back](#).

Without making such a reconnection, it is difficult to anchor a recovery. And so the starting point of reputation recovery is identity recovery in the eyes of interested parties, whether that's customers, employees, management or the general public.

Avoiding reputation loss

And what about protecting reputation from damage in the first place? It's important to avoid thinking that reputation always requires proactive management—it should not be safeguarded at all costs.

One way of thinking about reputation management is on a spectrum: on one end is passivity where you do not care about reputation. Social media, [mass media](#) and other coverage is inconvenient noise that can be ignored.

The risk with passivity is you become disconnected with how you think about yourself or your organization and how others think. Over time that gulf can become a problem if you forget about the feelings of others. Another risk is that other people can take control of your narrative, which can reach a point of no return when whatever you say or do will not persuade people to think differently about who you are.

At the other end of the spectrum is the dark side of reputation management. This is an obsessiveness that can see individuals and organizations become consumed by what others think and contribute to bad judgment.

Think of the incredible hype and media attention surrounding the disastrous [Fyre festival](#) or the supposedly revolutionary Theranos blood

testing device [that never worked](#). Both these businesses failed catastrophically and their founders were convicted of fraud.

The key to reputation management therefore, is to be sufficiently proactive without becoming obsessively self-centered in how you present yourself and your organization to others. While [reputation](#) deserves our attention, it should not be the sole focus of our attention or safeguarded at all costs. Reputation is not only about our organization, ourselves or our narrow set of stakeholders, but our wider responsibility to groups, societies and our planet.

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