

Crisis Lawyering: Navigating Reputation Challenges in Corporate Management

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Crisis Lawyering: Navigating Reputation Challenges in Corporate Management

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Abstract

In the realm of corporate crisis management, the interdependence between safeguarding public opinion and legal fortification stands as a fundamental yet often neglected nexus. This paper addresses this phenomenon, accentuating the exigency for legal professionals to embrace a multifaceted skill set beyond traditional legal domains. The Fabricato case, a once highly reputed Colombian textile company, unfolds as a compelling exemplar, delineating the intricate interplay between legal acumen and crisis management crucial for corporate reputation preservation. Fabricato's precipitous descent from the apogee of the Ibero-American apparel sector reputation to sudden exclusion stresses the urgency of this discourse. Triggered by an InterBolsa-engineered stock market scandal, this reputational crisis uncovered the vulnerabilities of a publicly traded entity, underscoring the indispensable role of crisis lawyering professionals in navigating the aftermath. The media's amplification, coupled with Fabricato's delayed and inadequate response, significantly contributed to the escalation of reputational damage, emphasizing the need for legal professionals to comprehend crisis communication complexities. Contrary to crisis management experts' counsel, Fabricato's unwise actions allowed the media to craft an unfavorable narrative. This paper contends that the legal community, traditionally advisors, must metamorphose during crises, assimilating crisis management principles and recognizing the nuanced implications of reputation in corporate sustenance. Employing Situational Crisis Communication Theory transcends conventional legal discourse, offering a comprehensive framework for apprehending and addressing reputational crises. It advocates for the expansion of 'Crisis Lawyering,' emphasizing its adaptability at the firm level, necessitating a robust infusion of crisis management principles. Scrutinizing crisis phases through media narratives, the paper stresses the evolving role of legal professionals, urging an integrated approach empowering them as strategic defenders not only in courts but also in the influential court of public opinion. This paper thus contributes to a nuanced understanding of the dynamic interplay between law, crisis management, and media in safeguarding corporate reputation.

Keywords: Crisis lawyering; reputational crisis; legal professionals; situational crisis communication theory; media narratives.

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Crisis Lawyering: navegando los desafíos de reputación en la gestión corporativa

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Resumen

En el ámbito de la gestión de crisis corporativas, la interdependencia entre la protección de la opinión pública y el respaldo legal constituye un nexo fundamental, aunque a menudo descuidado. Este artículo aborda este fenómeno, destacando la necesidad de que los profesionales del derecho adopten un conjunto de habilidades multifacéticas más allá de los dominios jurídicos tradicionales. El caso de Fabricato, empresa textil colombiana que en su momento gozó de una alta reputación, se presenta como un ejemplo ilustrativo del complejo vínculo entre el conocimiento legal y la gestión de crisis, crucial para la preservación de la reputación corporativa. La abrupta caída de Fabricato, que pasó de ocupar una posición destacada en el sector iberoamericano de confecciones a ser excluida repentinamente del mercado, subraya la urgencia de esta discusión. La crisis reputacional se desató a raíz de un escándalo bursátil orquestado por InterBolsa, que reveló las vulnerabilidades de una empresa que cotiza en bolsa y evidenció el papel indispensable de los abogados especializados en crisis (*Crisis Lawyering*) para gestionar sus consecuencias. La amplificación mediática, sumada a la respuesta tardía e inadecuada de Fabricato, contribuyó significativamente a la escalada del daño reputacional, resaltando la necesidad de que los profesionales del derecho comprendan las complejidades de la comunicación en crisis. Contrario a las recomendaciones de los expertos en gestión de crisis, las acciones desacertadas de Fabricato permitieron que los medios construyeran una narrativa desfavorable. Este artículo sostiene que la comunidad jurídica, tradicionalmente limitada al rol de asesores, debe transformarse en tiempos de crisis, asimilando principios de gestión de crisis y comprendiendo las implicaciones de la reputación en la sostenibilidad corporativa. El uso de la Teoría de la Comunicación en Crisis Situacional (*Situational Crisis Communication Theory*) permite trascender el discurso legal convencional, al ofrecer un marco integral para comprender y abordar crisis reputacionales. Se aboga por la expansión del concepto de *Crisis Lawyering*, enfatizando su aplicabilidad a nivel empresarial y la necesidad de una fuerte integración de principios de gestión de crisis. A través del análisis de las fases de la crisis desde la perspectiva de las narrativas mediáticas, el artículo destaca la evolución del rol de los profesionales del derecho, instando a un enfoque integrado que los fortalezca como defensores estratégicos, no solo en los tribunales, sino también en el influyente tribunal de la opinión pública. Este artículo, por tanto, contribuye a una comprensión matizada de la interrelación dinámica entre el derecho, la gestión de crisis y los medios de comunicación en la protección de la reputación corporativa.

Palabras clave: Crisis Lawyering; crisis reputacional; profesionales del derecho; teoría de la comunicación en crisis situacional; narrativas mediáticas.

Introduction

When managing organizations in crisis, the intersection between the defense of public opinion and the legal protection of organizations emerges as a critical focal point. Regrettably, despite the growing acceptance of this topic in the management literature, this crucial nexus is often overlooked in legal literature.¹ This paper aims to bridge this gap, emphasizing the imperative for legal professionals to possess a multifaceted skill set that extends beyond traditional legal realms. The case of Fabricato, a once-reputable Colombian textile company,² serves as a poignant illustration of the intricate interplay between legal acumen and crisis management for the preservation of corporate reputation.

Fabricato's precipitous fall from being ranked among the most reputable organizations in the Ibero-American apparel sector by the Corporate Reputation Business Monitor (Merco) to a sudden absence from its rankings highlights the urgency of this discourse. The catalyst for Fabricato's reputational crisis was a stock market scandal orchestrated by InterBolsa, a stockbroker company, resulting in severe financial losses and reputational damage. This crisis not only exposed the vulnerabilities of a publicly traded company but also highlighted the critical role of crisis management professionals in mitigating the aftermath.

The media's amplification of the crisis narrative, coupled with Fabricato's delayed and inadequate corporate response, contributed significantly to the escalation of the reputational damage. It is within this context that the legal profession must embrace a more expansive role, acknowledging that in times of crisis, effective communication comprises a substantial component of crisis management—a dimension often neglected in traditional legal education.

Contrary to the recommendations of crisis management experts,³ Fabricato acted unwisely. As the company grappled with the aftermath, the dissemination of

¹ Olivia Grieszmer, "How to Win in the Court of Law and the Court of Public Opinion Amid a Corporate Crisis," *Ohio State Business Law Journal* 12, no. 2 (2018), <http://hdl.handle.net/1811/88454>, 133-157.

² Merco, *Ranking Merco Empresas Colombia*, [accessed January 24, 2024,], <https://www.merco.info/co/ranking-merco-empresas?edicion=2012>

³ Conor Carroll, "Defying a Reputational Crisis—Cadbury's Salmonella Scare: Why Are Customers Willing to Forgive and Forget?" *Corporate Reputation Review* 12, no. 1 (2009): 64-82, <https://doi.org/10.1057/crr.2008.34>; W. Timothy Coombs and Sherry Jean Holladay, "How Publics React to Crisis Communication Efforts: Comparing Crisis Response Reactions Across Sub-Arenas," *Journal of Communication Management* 18, no. 1 (2014): 40-57, <https://doi.org/10.1108/JCOM-03-2013-0015>; Mi Rosie Jahng and Seoyeon Hong, "How Should You Tweet?:"

fragmented information, coupled with the absence of a cohesive corporate voice, allowed the media to shape an unfavorable narrative. Neglecting contemporary crisis management principles,⁴ the evolving landscape of social media further exacerbated the impact, underscoring the necessity for legal professionals to grasp the intricacies of crisis communication. This paper contends that in crisis scenarios, the legal community, traditionally perceived as advisors, must evolve to incorporate crisis management principles into their repertoire, comprehending the nuanced implications of reputation in sustaining an organization.

This paper utilizes Coombs' Situational Crisis Communication Theory (SCCT)⁵ to transcend the conventional boundaries of legal discourse, offering a comprehensive framework for understanding and addressing reputational crises. It advocates for the expansion of the relatively recent concept 'crisis lawyering,' emphasizing its adaptability at the firm level and the necessity for a robust infusion of crisis management principles. By scrutinizing the phases of onset, escalation, and mitigation through the lens of media narratives, the paper aims to highlight the evolving role of legal professionals in reputational crisis scenarios. In doing so, and in alignment with ideas articulated by authors such as Moreno and Díaz,⁶ who advocate for the need for versatile legal actions in defending reputations, this work promotes an integrated approach that empowers legal experts to function as strategic defenders not only in courts of law but also in the increasingly influential court of public opinion.

Crisis Lawyering

The pervasive influence of law across various facets of human behavior, spanning the entire world, implies that lawyers typically bear substantial responsibilities in the everyday lives of individuals, families, and communities worldwide. In times of crises, whether challenging the legal framework, witnessing widespread violations of human and civil rights, or facing a global health pandemic, there is a

The Effect of Crisis Response Voices, Strategy, and Prior Brand Attitude in Social Media Crisis Communication," *Corporate Reputation Review* 20, no. 2 (2017): 147-57.

⁴ Ines Schulze Horn et al., "Business Reputation and Social Media: A Primer on Threats and Responses," *Journal of Direct, Data and Digital Marketing Practice* 16, no. 3 (2015): 193-208, <https://doi.org/10.1057/dddmp.2015.1>

⁵ W Timothy Coombs, "Protecting Organization Reputations During a Crisis: The Development and Application of Situational Crisis Communication Theory," *Corporate Reputation Review* 10, no. 3 (2007): 163-76, <https://doi.org/10.1057/palgrave.crr.1550049>

⁶ Fernando Moreno Cea and Efrén Díaz Díaz, "Defensa legal de la reputación corporativa," *Church, Communication and Culture* 5, no. 3 (2020), 396-416, <https://doi.org/10.1080/23753234.2020.1820882>

heightened necessity for lawyers to intervene.⁷ Their involvement becomes crucial in resolving such crises and devising solutions to address the issues emerging from these situations.

‘Crisis lawyering’ refers to the specialized legal practice of addressing and managing crisis situations.⁸ Lawyers engaged in crisis lawyering are equipped to handle events that pose significant challenges to individuals, organizations, or communities, such as legal emergencies, reputational risks, civil rights violations, natural disasters, and pandemics, among others.⁹

These legal professionals not only focus on providing legal advice during times of crisis but may also actively engage in conflict resolution, strategy formulation, and communication to mitigate negative impacts. In today’s context, marked by crises and critical situations, lawyers must not be part of the problem but part of the solution.¹⁰ Accordingly, crisis lawyering involves a combination of legal skills, crisis management expertise, and an understanding of the social and reputational implications of emergency situations.¹¹

Unfortunately, as early noted by Fitzpatrick and Rubin, legal strategies for facing a crisis have predominantly encompassed one of the following approaches: (1) say nothing, (2) say as little as possible and release it as quietly as possible, (3) say as little as possible, citing privacy laws, company policy, or sensitivity, (4) deny guilt, or (5) shift or share the blame. Despite the obvious consequences for entities that neglect the public relations implications of such strategies, this dominance is short-sighted.¹²

In a corporate crisis scenario, the indispensable role of legal professionals extends beyond the courtroom, demanding a nuanced understanding of the intricate

⁷ Bruno Mascello, “20 Points to Reflect On,” *Deutscher AnwaltSpiegel* (blog), June 4, 2020, <https://www.deutscheranwaltspiegel.de/businesslaw/rechtsmarkt/20-points-to-reflect-on-20230/>

⁸ Ray Brescia, “Crisis Lawyering: Transnational Ethics for Global Emergencies,” in *Oxford Research Encyclopedia of Politics*, 2021, <https://doi.org/10.1093/acrefore/9780190228637.013.1965>

⁹ Scott Westfahl, “Leveraging Lawyers’ Strengths and Training Them to Support Team Problem-Solving Under Crisis Conditions,” in *Crisis Lawyering: Effective Legal Advocacy in Emergency Situations*, ed. Ray Brescia and Eric Stern (NYU Press, 2021), 340-55, <https://doi.org/10.18574/nyu/9781479801701.003.0016>

¹⁰ Paul Williams and Christin Coster, “#Lawyeringpeace: The Role of Lawyers in Peacebuilding,” *ILSA Journal of International & Comparative Law* 22, no. 2 (January 1, 2016): 493-502.

¹¹ Brescia, “Crisis Lawyering.”

¹² Kathy R Fitzpatrick and Maureen Shubow Rubin, “Public Relations vs. Legal Strategies in Organizational Crisis Decisions,” *Public Relations Review* 21, no. 1 (1995): 21-33, [https://doi.org/10.1016/0363-8111\(95\)90037-3](https://doi.org/10.1016/0363-8111(95)90037-3)

interplay between law, reputation, and strategic guidance.¹³ While crisis managers serve as strategic advisors, legal experts supporting organizations in times of crisis must transcend conventional legal boundaries.¹⁴ A notable oversight often surfaces in legal literature, underscoring a tendency among business law practitioners to overlook the profound implications of crises, particularly the potential for severe reputational damage.

As Boel aptly puts it, in the business context, lawyers are not just crisis managers; they are called to emerge as ‘crisis leaders.’¹⁵ The invitation, thus, consists of attracting useful knowledge that can be helpful for legal advisors in facing a crisis holistically. In this sense, over the last two decades, the crisis management literature has evolved to adopt a more prescriptive profile, offering the potential to complement the legal perspective. Therefore, the theoretical framework presented below, which will guide the present research, belongs to this knowledge area—specifically, the field of crisis management.

Crisis Management and the Situational Crisis Communication Theory

Scholars have defined crises in a business context as disruptive changes in productive operations,¹⁶ as perceptions of something that cannot be controlled and threatens stakeholders’ expectations,¹⁷ and from a public relations perspective, as something that threatens the organization’s good name and, consequently, its future.¹⁸ However, this article adopts the definition of crisis given by Coombs¹⁹ due to its novelty in terms of theoretical and empirical basis for developing studies on reputational crises.

In this sense, a corporate crisis is considered as the perception of an unpredictable event that threatens important expectancies of stakeholders and can seriously

¹³ Debbie Davis, “Public Relations and the Law,” in *The Routledge Companion to Public Relations* (Routledge, 2022).

¹⁴ Grieszmer, “How to Win in the Court of Law and the Court of Public Opinion Amid a Corporate Crisis.”

¹⁵ Werner Boel, “In Crisis, What Makes Lawyers Leaders?” *Business Law Today from ABA*, [accessed January 23, 2024,] <https://businesslawtoday.org/2020/11/crisis-makes-lawyers-leaders/>

¹⁶ Coombs, “Protecting Organization Reputations During a Crisis.”

¹⁷ Kyujin Shim and Sung-Un Yang, “The Effect of Bad Reputation: The Occurrence of Crisis, Corporate Social Responsibility, and Perceptions of Hypocrisy and Attitudes toward a Company,” *Public Relations Review* 42, no. 1 (2016): 68-78, <https://doi.org/10.1016/j.pubrev.2015.11.009>

¹⁸ Jahng and Hong, “How Should You Tweet?”

¹⁹ W. Timothy Coombs, *Ongoing Crisis Communication: Planning, Managing, and Responding* (SAGE Publications, Incorporated, 2018).

disrupt an organization's performance, generating negative outcomes like financial and reputational damages. This definition encapsulates the essence of the SCCT, providing a theoretical framework for studying crises and crisis management and communication.

The SCCT emphasizes the significance of the initial days of a crisis for organizations to assume a position of clear and constant communication to inform their respective stakeholders effectively. It also guides crisis response strategies, including the importance of apologizing.²⁰ When evaluating reputation, stakeholders often require more than fragmented information,²¹ as incomplete data can shape reputation, raising concerns in reputation management, particularly regarding the impact of social media. Furthermore, events stemming from crises can have a cumulative effect, causing prolonged firm damage.²²

Given that the media influences crises²³ and has an impact on organizations,²⁴ the SCCT assigns a leading role to crisis managers. It indicates that before a reputational crisis fully unfolds, the initial signals often manifest through immediate communication, such as the Internet. Additionally, the theory underscores that public information and how it is framed significantly influence a company's reputation.²⁵

The SCCT also warns of the potential emergence of a 'para-crisis,' posing a significant threat to a company's reputation resulting from interconnected crises.²⁶ For instance, financial and labor crises can lead to multiple crises causing reputational harm to an organization. This phenomenon is largely attributed to how social media narrates the crisis, encompassing the actions taken by the organization before, during, and after it. The dynamic nature of crises evolves with social networks, providing crisis managers with a platform to voice their responses more easily, but it also means that once news spreads, the organization loses control over the disseminated information.

Recent literature on crises highlights the necessity of tailoring crisis management to specific circumstances and offers theoretical tools to understand crises with implications among various domains, including social (e.g., a massive wave of

²⁰ Coombs and Holladay, "How Publics React to Crisis Communication Efforts."

²¹ Coombs and Holladay, "How Publics React to Crisis Communication Efforts."

²² Carroll, "Defying a Reputational Crisis - Cadbury's Salmonella Scare."

²³ Schulze Horn et al., "Business Reputation and Social Media."

²⁴ Jahng and Hong, "How Should You Tweet?"

²⁵ Coombs, "Protecting Organization Reputations During a Crisis."

²⁶ Coombs, *Ongoing Crisis Communication*.

unemployment), political (e.g., the resignation of a country's president), economic (e.g., the US subprime mortgage crisis of the late 2000s), and legal (e.g., a significant data breach, which compromises sensitive information of millions of users). This article defends the multidimensional nature of crisis management,²⁷ with a particular focus on the role of legal practitioners and the influence of media narratives on the progression of crises within organizations.

Within this reality, as follows, there will be an introduction of the conceptual phases of onset, escalation, and mitigation of reputational crises that shed light on the evolutionary trajectory of a reputational crisis, particularly concerning the media narratives surrounding the specific crisis under examination.

Onset of a Reputational Crisis

The media holds the potential to both create and threaten a crisis,²⁸ directing this influence toward various media channels, including print, radio, television, and more recently, social media. New dynamics within social networks, especially regarding reputational crises, have emerged. Platforms like Twitter (now X) and Facebook offer extensive information dissemination but limited control over it. Therefore, to proactively establish themselves as the primary source of information and take control of communication to prevent a crisis from erupting, the SCCT recommends maintaining an active communication team on social networks.

Responsibility for managing this information lies with the crisis manager, who devises strategies to prevent or, if a crisis has already occurred, takes actions to mitigate its impact. Failure to be prepared to address a crisis can result in reputational damage and the potential escalation of the crisis. By monitoring media activity on platforms such as Twitter and Facebook, the communication team or crisis manager can promptly identify decontextualized information, risks, and rumors that might trigger or exacerbate a reputational crisis.

Coombs²⁹ identifies three factors influencing a company's reputation during a crisis: Responsibility for the crisis, the history of the crisis, and stakeholder behavior. His theory has garnered substantial empirical support in subsequent studies.³⁰ In this

²⁷ Coombs, *Ongoing Crisis Communication*.

²⁸ Coombs, *Ongoing Crisis Communication*.

²⁹ Coombs, "Protecting Organization Reputations During a Crisis."

³⁰ An-Sofie Claeys and Verolien Cauberghe, "The Role of a Favorable Pre-Crisis Reputation in Protecting Organizations during Crises," *Public Relations Review* 41, no. 1 (2015): 64-71, <https://doi.org/10.1016/j.pubrev.2014.10.013>; O.E. Contreras-Pacheco, Cyrlene Claasen, and Fernando Garrigos-Simon, "Stakeholder

context, it is possible to analyze the organization's accountability for the events that transpired and recognize social networks as significant catalysts for recent major reputational crises. This aspect is relevant since, unlike traditional media such as print, radio, and TV, platforms like Twitter and Facebook exhibit remarkable speed in transmitting information, whether accurate or not.

Escalation of Reputational Crisis

The SCCT highlights the increasing responsibility attributed to organizations in crisis by stakeholders. According to Coombs,³¹ crisis response strategies aim to convince stakeholders that certain factors are beyond the organization's control, requiring a careful classification of the crisis type. Coombs categorizes crises into three clusters based on responsibility: the 'victim cluster,' where the organization is perceived as a victim (e.g., natural disasters, workplace violence); the 'accidental cluster,' involving minimal attributions of responsibility (e.g., technical errors), and the 'intentional cluster,' marked by strong attributions of responsibility, including organizational misdeeds. This categorization is critical in anticipating and planning response strategies to safeguard the organization's reputation.

False public perceptions significantly influence an organization's reputation during crises.³² Negative publicity arising from crisis situations affects stakeholders' perceptions, intensifying reputational crises, especially when there are unmet expectations.³³ To protect their reputation, organizations are advised to meticulously examine media coverage, recognize their level of responsibility, consider historical context, and employ appropriate crisis management strategies. Transparent and proactive crisis communication is emphasized as an optimal approach.³⁴ Messages that self-incriminate organizations can exacerbate reputational crises, especially if accusations originate from within the organization. The internal and external use of social networks, while increasing the likelihood of a crisis, also provides an opportunity to convey the crisis from the organization's perspective.

Perceptions in Organizational Crisis Management: Exploring Alternative Configurations," *Journal of Management & Organization*, (2022), 1-22, <https://doi.org/10.1017/jmo.2022.55>

³¹ Coombs, "Protecting Organization Reputations During a Crisis."

³² Shim and Yang, "The Effect of Bad Reputation."

³³ O.E. Contreras-Pacheco and Cyrlene Claasen, "Mired in Deception: Escalating an Environmental Disaster in Colombia," *Journal of Business Strategy* 39, no. 2 (2018): 39-46, <https://doi.org/10.1108/JBS-04-2017-0058>

³⁴ An-Sofie Claeys, Verolien Cauberghe, and Mario Pandelaere, "Is Old News No News? The Impact of Self-Disclosure by Organizations in Crisis," *Journal of Business Research* 69, no. 10 (2016): 3963-70, <https://doi.org/10.1016/j.jbusres.2016.06.012>

However, the use of social media networks poses challenges due to the loss of control over the narrative.³⁵ Interactions on these platforms persist on the web and can be accessed later, posing a potential threat to corporate reputation. Stakeholders, particularly customers, challenging organizations on ethics and business responsibilities can trigger reputational crises. Additionally, lacking information on social networks, whether from the organization or the crisis manager, can further damage the reputation. The dynamics of social media demand a careful and strategic approach to crisis communication to minimize reputational harm.

Mitigating Reputational Crisis

Business law practitioners are believed to be skilled in handling reputational challenges, which can escalate into crises.³⁶ However, mitigating such crises involves implementing strategic measures to navigate the aftermath effectively. When an organization is cast as a victim in a crisis scenario, garnering support from public opinion becomes crucial. The SCCT emphasizes the need for the implicated company to furnish compelling evidence justifying its victim status.³⁷ Notably, the SCCT emphasizes the variability in the severity of crises, urging organizations to differentiate between those with existential threats and others of lesser impact. Regardless of the crisis' nature, sustaining positive stakeholder relationships post-crisis is advised as a fundamental strategy.³⁸

Coombs³⁹ offers a comprehensive framework comprising seven crisis mitigation strategies, providing organizations with a roadmap to navigate reputational challenges effectively (Table 1). Existing SCCT literature delves into leveraging diverse communication channels for crisis mitigation, with a marked focus on conventional media and, more notably, social networks. The effectiveness of social networks, especially during crises, is substantiated by empirical evidence, emphasizing their potency in counteracting negative reputational impacts.⁴⁰ Media prominence, even in crisis situations, can be wielded strategically to bolster corporate reputation.

³⁵ Schulze Horn et al., "Business Reputation and Social Media."

³⁶ Moreno Cea and Díaz Díaz, "Defensa legal de la reputación corporativa."

³⁷ Coombs and Holladay, "How Publics React to Crisis Communication Efforts."

³⁸ Alicia Mason, "Media Frames and Crisis Events: Understanding the Impact on Corporate Reputations, Responsibility Attributions, and Negative Affect," *International Journal of Business Communication* 56, no. 3 (2016), <https://doi.org/10.1177/2329488416648951>

³⁹ Coombs, "Protecting Organization Reputations During a Crisis."

⁴⁰ Stefano Pace, Bernardo Balboni, and Giacomo Gistri, "The Effects of Social Media on Brand Attitude and WOM during a Brand Crisis: Evidences from the Barilla Case," *Journal of Marketing Communications* 23, no. 2 (2017): 135-48, <https://doi.org/10.1080/13527266.2014.966478>

Scholars like Valentini and Kruckeberg⁴¹ advocate for organizations to monitor evolving public opinions, informing a nuanced communication strategy. Jahng and Hong's⁴² research on the interplay between the 'human voice' and the 'corporate voice' in crisis response on Twitter further highlights the pivotal role of effective communication during crises. Instances of ineffective communication between the corporate voice and the media can inflict severe damage on an organization's reputation. Recognizing the dynamic nature of social networks, they offer a platform to evaluate public perceptions promptly, enabling timely responses to emerging threats and discussions related to the organization's reputation.

Table 1. SCCT Crisis Response Strategies

Primary Crisis Response Strategies

Deny Crisis Response Strategies

Attack the accuser: The crisis manager confronts the person or group, claiming something is wrong with the organization.

Denial: The crisis manager asserts that there is no crisis.

Scapegoat: The crisis manager blames some person or group outside of the organization for the crisis.

Diminish Crisis Response Strategies

Excuse: Crisis manager minimizes corporate responsibility by denying intent to do harm and/or claiming inability to control the events that triggered the crisis.

Justification: The crisis manager minimizes the perceived damage caused by the crisis.

Rebuild Crisis Response Strategies

Compensation: Crisis manager offers money or other gifts to victims.

Apology: The crisis manager indicates the firm takes full responsibility for the crisis and asks stakeholders for forgiveness.

Secondary Crisis Response Strategies

Bolstering Crisis Response Strategies

Reminder: The crisis manager tells stakeholders about the past good works of the firm.

Ingratiation: The crisis manager praises stakeholders and/or reminds them of past good works by the firm.

Victimage: The crisis manager reminds stakeholders that the firm is also a victim of the crisis.

Source: Coombs.⁴³

⁴¹ Chiara Valentini and Dean Kruckeberg, "The Future Role of Social Media in International Crisis Communication," in *The Handbook of International Crisis Communication Research* (John Wiley & Sons, Ltd, 2016), 478-488, <https://doi.org/10.1002/9781118516812.ch43>

⁴² Jahng and Hong, "How Should You Tweet?"

⁴³ Coombs, "Protecting Organization Reputations During a Crisis," 170.

While the existing discourse comprehensively addresses crisis mitigation from a communication perspective, it is imperative to integrate the distinctive role of legal professionals in this phase. Crisis lawyering,⁴⁴ as a specialized legal practice, should be integral to the development and execution of mitigation strategies. Legal experts, equipped with crisis management skills, can contribute significantly to crafting strategies that not only address the legal implications of a crisis but also align with communication efforts to safeguard the firm's reputation. As firms grapple with the multifaceted challenges of reputational crises, recognizing the synergies between legal acumen and crisis management becomes paramount for a comprehensive and effective mitigation approach.

Methodology

The Fabricato-InterBolsa case serves as a focused exploration within the realm of reputational crises. Following Langbroek et al.'s methodology⁴⁵ recommendation, we employed a case study approach to facilitate a nuanced and extensive understanding of specific concepts, allowing for the inductive generation of new knowledge. The Colombian context, characterized by a unique conception of corruption and misconduct,⁴⁶ provides a contextual backdrop that helps elucidate and validate the analyzed phenomena against the established theory. The utilization of the case-study methodology is prevalent in legal literature,⁴⁷ serving as a point of reference to illustrate theories, frameworks, or concepts, contributing to the pursuit of a deeper and more comprehensive understanding of complex phenomena.

Primary data for this study is drawn from prominent private written media outlets in Colombia, recognized for their reliability and influence. A meticulous search was undertaken to compile all relevant news articles addressing the Fabricato-InterBolsa case. These documents, being part of the public domain, offer transparency

⁴⁴ Brescia, "Crisis Lawyering."

⁴⁵ Philip M. Langbroek et al., "Methodology of Legal Research: Challenges and Opportunities," *Utrecht Law Review* 13, no. 3 (2017): 1-8, <https://papers.ssrn.com/abstract=3118156>

⁴⁶ Pablo Ignacio Reyes Beltrán and Andrés Abel Rodríguez Villabona, "Repensar la corrupción en Colombia: el fenómeno de la captura y la cooptación reconfigurada del Estado," *Novum Jus* 17, no. 2 (2023): 147-70, <https://doi.org/10.14718/NovumJus.2023.17.2.6>

⁴⁷ Jairo Becerra Ortiz et al., "Implicaciones jurídicas en el entorno del big data: el caso del APP Navega Seguro," *Novum Jus* 17, no. 1 (2023): 357-88, <https://doi.org/10.14718/NovumJus.2023.17.1.15>; Darío Enrique Cortés Castillo, "Crimen transnacional organizado: las Organizaciones del narcotráfico mexicano en Colombia: Los carteles mexicanos en Colombia," *Novum Jus* 14, no. 2 (2020): 123-46, <https://doi.org/10.14718/NovumJus.2020.14.2.6>; Yuliia Yu Ivchuk et al., "Legal and Social Foundations of the Resocialization Institute: The Experience of Ukraine and Foreign Countries," *Novum Jus* 17, no. 2 (2023): 43-68, <https://doi.org/10.14718/NovumJus.2023.17.2.2>

and credibility to the study. The analysis unfolds in two stages. Firstly, the study delves into the frequency of news headlines and the evolution of media narratives in the aftermath of the crisis that unfolded in November 2012. Secondly, a detailed examination of the news content related to the case is conducted through the lens of the SCCT. This dual-stage approach aims to unearth how the involved entities navigated the crisis and whether there were discernible behaviors, events, or facts meriting discussion. The ensuing results form the basis of the discussion are presented below.

The Case—History of a Crisis: Onset, Escalation, and Mitigating. Fabricato, 2012-2019

On November 1st, 2012, a day before the intervention of the Colombian government in InterBolsa, Vladdo, a renowned Colombian journalist posted the following messages on his personal Twitter account: i) “The brokerage firm InterBolsa, which manages 34 % of the Colombian stock market, is in serious trouble,” and ii) “Sources who are familiar with the case have told me that the cessation of InterBolsa’s operations could be announced today due to liquidity problems.”⁴⁸ As expected, these messages created significant uncertainty in public opinion and speculative pressures in the Colombian stock market. In response, the president of InterBolsa promptly attacked Vladdo and initiated legal proceedings against him.

The financial crisis commenced on November 2nd, 2012, confirming Vladdo’s hints. Fabricato’s shares ceased trading due to the nonpayment of a repurchase operation arranged with InterBolsa, significantly impacting the textile company. Fabricato’s reputational crisis intensified when the government intervened in InterBolsa, casting Fabricato into the spotlight due to the financial crisis triggered by InterBolsa’s default involving its stocks. The crisis directly affected the textile company’s shares, leading to a decline in their value and the erosion of the company’s reputation. Fabricato’s reputational crisis began when the media announced the government’s intervention in InterBolsa. Although the commission agent was an independent company, Fabricato found itself in the spotlight due to the financial crisis triggered by repurchase operations involving its stocks. Typically, transactions on the stock exchange do not have a direct impact on a firm’s operations. However, in the case of the stock market manipulation involving Fabricato’s shares, it was impossible

⁴⁸ Vladdo Vladdo, “Vladdo (@VLADDO) / X,” X (formerly Twitter), January 23, 2024, <https://twitter.com/VLADDO>

for the crisis not to affect the actual functioning of the textile company. In fact, Fabricato's creditors opted to collect their debts, significantly impacting the company's cash flow.⁴⁹

The first week of November 2012 was critical for Fabricato. The suspension of trading on November 2nd created a sense of uncertainty, as the market's future was unknown. Even at this early stage, the damage was evident for Fabricato. The credibility of its stocks had been questioned, and with no trading activity, the nonagenarian textile company's reputation suffered. During that month, a prevailing news narrative linked Fabricato directly to InterBolsa, exacerbating its reputational crisis.

Rodrigo Jaramillo, the president of InterBolsa, was the first to address the media. He emphasized that "unfortunately, the market began to doubt the solidity of Fabricato's shares as collateral for a loan, and the appetite for those Fabricato repos declined significantly."⁵⁰ The nonpayment of 20,000 million pesos (equivalent to approximately 11 million dollars at the time) led to InterBolsa's downfall. For Jaramillo, emphasizing the market's doubts took precedence over reviewing the repo business that had disrupted the firm's position.

It is worth noting that on the same day, the InterBolsa President disseminated the following message in different news outlets like *El Tiempo*, *El Colombiano*, *El Espectador*, and *Semana*: "I am here to reaffirm that we structured these Fabricato repos responsibly and prudently, fully convinced of its asset value and productive potential."⁵¹ With the media associating InterBolsa with Fabricato, Fabricato's silence, and Jaramillo's statements, the reputational crisis of the Colombian textile company had become an undeniable reality.

Results

The initial and most conspicuous finding reveals that Fabricato's passive response reflected a disregard for fundamental crisis management principles, while InterBolsa adopted defensive tactics and failed to provide a comprehensive response to the

⁴⁹ Karim Leon Vargas and Juan Carlos López, *Fabricato 100 años. La tela de los hilos perfectos*, 1st ed. (Medellín: Editorial EAFIT, 2020), <https://doi.org/10.17230/97895872062651r0>

⁵⁰ El Tiempo, "Impago por \$20.000 millones hizo caer a Interbolsa," *El Tiempo*, November 2, 2012, <https://www.eltiempo.com/archivo/documento/DR-69819>

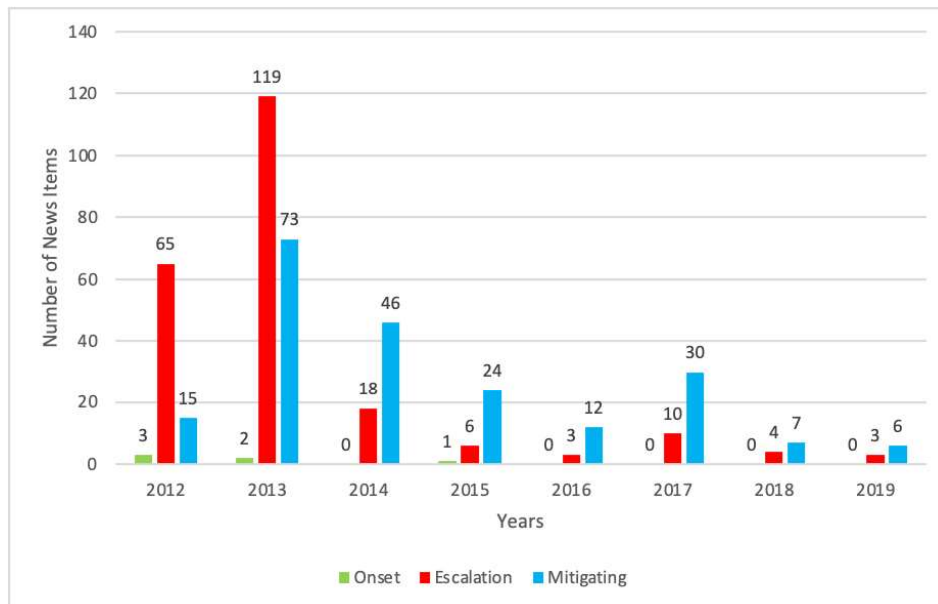
⁵¹ Semana, "Presidente de Interbolsa dio la cara," *Semana*, November 2, 2012, <https://www.semana.com/presidente-interbolsa-dio-cara/163252/>

unfolding crisis. The legal actions against Vladdo and the emphasis on market doubts, rather than addressing the root causes, exacerbated the reputational damage experienced by Fabricato during the crisis onset.

For the document analysis, a total of 1,808 digital and physical news items published between 2012 and 2019 were subjected to scrutiny. Among these, 447 were deemed relevant for the analysis matrix. Figure 1 illustrates the number of news items identified as pertinent for each stage of Fabricato’s reputational crisis in connection to the InterBolsa scandal. Figures 1 and 2 highlight a key finding: 2013 witnessed the highest volume of news production, with 553 articles constituting nearly 31 % of the total information. Out of these, 194 items had the most significant impact and exerted the greatest influence on the evolution of Fabricato’s reputational crisis.

The prominence of news coverage in 2013 suggests a critical period where media attention and public discourse played a substantial role in shaping perceptions of Fabricato. Further analysis of the content within these news items could provide insights into specific themes or events that significantly impacted the company’s reputation. By connecting these findings with the theoretical framework, a more nuanced understanding of Fabricato’s reputation management strategies, or lack thereof, can be achieved.

Figure 1. Quantification of Relevant News Items for Analysis Based on the Crisis Stage Where Fabricato is Mentioned Multiple Times about the InterBolsa Scandal



Another notable finding, depicted in Figure 2, indicates that the worsening trend observed between 2012 and 2013 aligns with the absence of a crisis expert within Fabricato who could adopt a decisive stance and serve as a public spokesperson during the crisis. The appointment of Carlos Alberto de Jesús as the new president of the textile company in October 2013 marked a shift in the news trend towards mitigation. Despite some negative news in 2017, the overall trajectory continued to be mitigating. This pattern implies that, as reflected in the media analysis, Fabricato’s reputational crisis began displaying evident signs of recovery a year after its initiation and continued to experience a gradual and relatively consistent recovery process until the end of the study period. The introduction of the new president and his strategic approach to action and communication played a pivotal role in influencing the media to publish headlines that progressively contributed to the crisis mitigation.

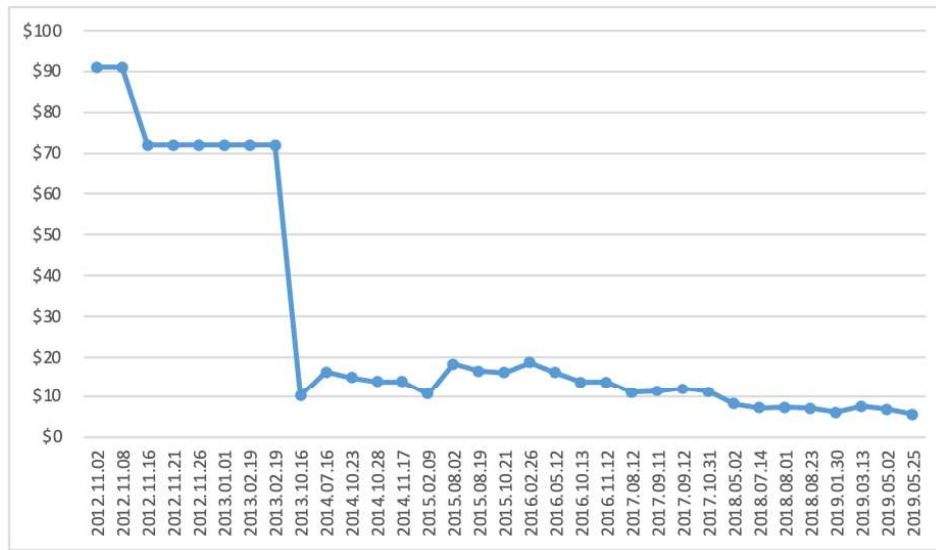
Figure 2. Quantification of the Number of News Items with Mention ‘Fabricato’ in the Headline



Table 2. Aggravating Headlines

Date	Headline	News Outlet
2012.12.03	“Los hilos que Corridori movía en Fabricato”	<i>El Colombiano</i>
2012.12.15	“La operación de Fabricato no se afecta por InterBolsa”	<i>El Tiempo</i>
2012.12.16	“La acción de Fabricato cayó el 20%”	<i>El Tiempo</i>
2013.01.23	“Caso Interbolsa: La suma de todos los males”	<i>Semana</i>
2013.06.24	“Fabricato, activo contradictorio”	<i>El Espectador</i>

Figure 3. Value of the Share Traded on the Colombian Stock Exchange of the Textile Company Fabricato from November 2, 2012, to May 25, 2019 (in COP)



Note: The selected dates correspond to Tables 2, 3, and 4, which include the categories “Onset,” “Escalation,” and “Mitigating.”

Table 3. Mitigating Headlines

Date	Headline	News Outlet
2013.12.16	“Otro cambio en Fabricato”	<i>Dinero</i>
2013.12.16	“Juan Carlos Cadavid renunció a la presidencia de Fabricato”	<i>El Colombiano</i>
2013.12.17	“Brasileña Vicunha podría volver a estar interesada en comprar Fabricato”	<i>El Colombiano</i>
2013.12.17	“Nuevo presidente levantó a Fabricato”	<i>Dinero</i>
2013.12.18	“Fabricato sigue para arriba”	<i>Dinero</i>

In mid-October 2013, Fabricato received coverage from nearly half of the most prominent media outlets, excluding *El Espectador* and *Semana*, which did not publish

anything related to it. With this surge of news featuring more positive headlines, the stock value increased by 83.7 % during that week of publications. Once again, this suggests a direct relationship between the narrative the media presents and the value of a firm's shares, a correlation consistent with the SCCT. While some media outlets published news with headlines classified in this study as "escalating," the prevailing narrative leaned toward mitigation, fueled by the optimism generated by the new president's arrival at Fabricato.⁵²

More optimistic news emerged in March 2014. Reports of the steep decline in Fabricato's stock appeared in the past, and the media began to highlight significant increases in its value.⁵³ During that month, media outlets emphasized a 21.43 % increase in the textile company's shares⁵⁴ noting that the era of layoffs at Fabricato had passed,⁵⁵ and reported on the company's reorganization efforts, including the departure of some subsidiaries.⁵⁶ Additionally, new voices joined the mitigation efforts. For instance, an analyst at the advisory firm Fénix Valor stated, "People are already beginning to understand that the company [Fabricato] had nothing to do with InterBolsa."⁵⁷ All these factors significantly contributed to Fabricato's reputational crisis, which remained in a constant state of mitigation. To vindicate the textile company, it was crucial for the media and citizens to separate the name of Fabricato from InterBolsa.

In 2014, Fabricato outperformed its competitors, achieving improved results and the highest stock market increase. During the same period, news articles highlighted the trajectory and statements by the new president of the textile company. This aspect contributed to creating a mitigating atmosphere due to Carlos Alberto de Jesús' experience, clarity, and transparency in his actions.⁵⁸ Finally, media reports about the closure of Fabricato's subsidiaries in Mexico, Peru, Venezuela, and Ecuador illustrated the measures taken to strengthen the textile company. De Jesús firmly believed that the best way to overcome the company's crises was through concrete results, emphasizing recovery through share performance, as confirmed in a conversation with one of the directors close to him.

⁵² Semana, "Potro salvaje," *Semana*, October 31, 2013, <https://www.semana.com/edicion-impresa/negocios/articulo/los-retos-del-nuevo-presidente-fabricato/187079/>

⁵³ Semana, "Proto salvaje."

⁵⁴ Casa Editorial El Tiempo, "Acción de Fabricato subió 21,43 por ciento," *El Tiempo*, March 27, 2014, <https://www.eltiempo.com/archivo/documento/DR-866129>

⁵⁵ El Tiempo, "Acción de Fabricato subió 21,43 por ciento."

⁵⁶ El Tiempo, "Acción de Fabricato subió 21,43 por ciento."

⁵⁷ El Tiempo, "Acción de Fabricato subió 21,43 por ciento."

⁵⁸ Semana, "Potro salvaje."

This circumstance was evident in the substantial investment in modernizing the textile operations. Adopting new technology led to cost reductions, creating a positive narrative in the media. Aside from a few reports about the closure of Fabricato's plant in Ibagué (Tolima) and the progress in reducing losses, the textile company gradually faded from the media spotlight. The second half of 2014 saw relatively fewer media coverage for Fabricato, but the news still impacted as the sector generally received attention. August marked the beginning of a hopeful period with signs of slight growth in textile revenues and new projects to revitalize the industry.

Fabricato's stock resumed trading in October despite reports of its accumulated losses. In November, two years after the financial tragedy, *El Tiempo* reported that this recovery process could extend up to 10 years, which was disheartening for the victims and posed a threat to the mitigating trend that the general media narrative had been following. Despite a significant decrease in media coverage over the years regarding the InterBolsa case and its impact on Fabricato, it was an opportune moment for the textile company to play a more active role in traditional media, particularly on social networks like Twitter and Facebook. However, the firm only created its Facebook page relatively late. As of the end of 2020, when the information gathering for this article was completed, Fabricato still did not have an official Twitter account.

Most of the news in 2014 was categorized in this study as mitigating, considering the prolonged negative effects of the reputation crisis. For instance, Fabricato began 2015 facing challenges with one of its unions (Sinaltradijtexco), prompting organizational changes to address these issues. Subsequently, the media reported that Fabricato's goal for the year was to finish without losses. However, the shadow of the InterBolsa scandal was revived with a newspaper article describing Fabricato's post-InterBolsa life. Within that context, it was revealed that the textile company faced ongoing struggles and risked its future, daily. This narrative aligned with the firm's new direction, which was gradually recovering. Fabricato could not be sold, and state intervention was approved to revive employment through restructuring.

The year 2015 marked a reduction in losses for Fabricato, and it ventured into the real estate sector, signaling a potentially profitable diversification beyond textiles. However, in the short term, it did not achieve positive figures due to the rapid consumption of its profits, stemming from the restructuring process initiated with greater vigor since the arrival of Carlos Alberto de Jesús. Nevertheless, the most significant news highlighted key elements of Fabricato's recovery—new real estate

partnerships, increased resources for expansion, and improved profits under the leadership of de Jesús, referred to as “*el renovador de Fabricato*.”⁵⁹ Indeed, the media reported that the company had successfully improved its financial situation and recorded profits between January and September 2015, further solidifying the mitigation of the long-standing crisis.

In 2016, this trend continued, albeit with fewer news items. For instance, at the end of February, it was reported that “Fabricato earned 33,942 million pesos in 2015,”⁶⁰ confirming a year of mitigation for the firm’s overall crisis. However, this growth was impacted by a broader crisis in the Colombian textile sector, driven by factors such as currency devaluation, increased imports of fabrics, and smuggling. Notably, in May, news emerged reporting “Negative results for Fabricato at the beginning of 2016.”⁶¹ Despite these challenges, the textile company registered its trademark in China in response to issues arising from increased imports from that country. The year ended on an optimistic note for both the firm and the media, with headlines like “Fabricato Operates at 100 % and Plans to Build in Ibagué,”⁶² in addition to highlighting sales totaling 300,514 million pesos between January and September. At this point, Fabricato’s negative association with InterBolsa seemed to have faded from the media narrative.

In 2017, the press narrative generally favored Fabricato. While the media covered the lawsuits filed by the central figure of the scandal against the state—which he lost but still generated a connection with Fabricato—news outlets also highlighted significant aspects of Fabricato’s recent history. These included searching for a partner for its real estate development in Ibagué,⁶³ expanding its technological capacity,⁶⁴ and celebrating its 97th year of existence. The latter featured a widely disseminated conversation between the company’s president and the then-Principal of Universidad Eafit, Juan Luis Mejía Arango.⁶⁵ The dialogue with Mejía Arango underscored crucial aspects of Fabricato’s historical responsibility and social

⁵⁹ El Colombiano, “Fabricato ganó \$33.942 millones en 2015,” *El Colombiano*, accessed January 26, 2024, <https://www.elcolombiano.com/negocios/fabricato-resultados-2015-IJ3658093>

⁶⁰ El Colombiano, “Fabricato ganó \$33.942 millones en 2015.”

⁶¹ Ferney Arias Jiménez, “Resultados negativos para Fabricato en el arranque de 2016,” *El Colombiano*, [May 11, 2016,] <https://www.elcolombiano.com/negocios/fabricato-resultados-primer-trimestre-2016-CE4125631>

⁶² Ferney Arias Jiménez, “Fabricato busca socio para desarrollo inmobiliario en Ibagué,” *El Colombiano*, [February 8, 2017,] <https://www.elcolombiano.com/negocios/fabricato-desarrollo-inmobiliario-en-ibague-KD5894936>

⁶³ Jiménez, “Fabricato busca socio para desarrollo inmobiliario en Ibagué.”

⁶⁴ Jiménez, “Fabricato busca socio para desarrollo inmobiliario en Ibagué.”

⁶⁵ Juan Felipe Sierra Suárez, “A dos voces se tejieron los 97 años de Fabricato,” *El Colombiano*, [May 2, 2017,] <https://www.elcolombiano.com/negocios/a-dos-vozes-se-tejieron-los-97-anos-de-fabricato-CH6449774>

contribution, including its scholarship program for higher education. In mid-July of the same year, the firm registered its trademark in Pakistan⁶⁶ and achieved new profits of nearly \$2 million. During this period, Fabricato temporarily halted its textile production for 15 days,⁶⁷ triggering a wave of newspaper articles that transitioned from speculation to a detailed explanation of the reasons behind the firm's temporary shutdown.

The crisis mitigation relied on the media's dissemination of the firm's positive results despite the challenges it faced. For instance, the real estate business and projects in shopping centers gained momentum, and the new "Made in Colombia" campaign showcased fresh strategies for confronting their crises.⁶⁸ While it was evident that mitigation was a key strategy under the new president of Fabricato, the available news suggests a somewhat uninformed approach to managing communication and crisis history, at least from the perspective of the SCCT.

Between 2018 and 2019, the information related to the case primarily highlighted setbacks in Colombian justice, with no major effects (escalating or mitigating) on the textile company. The media reported releasing those responsible for the InterBolsa fraud, namely Rodrigo Jaramillo and his relatives. The limited media coverage, however, reflected positive outlooks for Fabricato and emphasized the ongoing mitigating trend. While some news reports touched on the firm's financial condition, indicating the extent of losses, they also noted the centralization of production in the main plant in the city of Bello (Antioquia), which implied greater efficiency. There was an expectation that the company's stock would regain strength in the market.⁶⁹ Finally, and equally significant, an interview featuring the firm's president in the newspaper *El Espectador* revealed how the company had weathered two major crises⁷⁰ and outlined its plans. In 2020, the Business History Research Group of Universidad Eafit published a professional company history analyzing Fabricato's first century.⁷¹

⁶⁶ Jiménez, "Fabricato busca socio para desarrollo inmobiliario en Ibagué."

⁶⁷ Jiménez, "Fabricato busca socio para desarrollo inmobiliario en Ibagué."

⁶⁸ Juan Felipe Sierra Suárez, "Tecnología hila las ventas de Fabricato," *El Colombiano*, [March 23, 2017,] <https://www.elcolombiano.com/negocios/empresas/asi-opera-la-empresa-textil-fabricato-DJ6193243>

⁶⁹ Ferney Arias Jiménez, "Fabricato se mueve en Ibagué," *El Colombiano*, [August 22, 2018,] <https://www.elcolombiano.com/negocios/empresas/fabricato-negocios-inmobiliarios-BY9203715>

⁷⁰ *El Espectador*, "Fabricato: más fuerte tras dos grandes crisis," *El Espectador*, [April 15, 2020,] <https://www.elespectador.com/economia/fabricato-mas-fuerte-tras-dos-grandes-crisis-article-846377/>

⁷¹ Leon Vargas and López, *Fabricato 100 años. La tela de los hilos perfectos*.

Discussion

Drawing insights from the Fabricato-InterBolsa case study, this work highlights the centrality of business legal professionals, especially those adept in crisis lawyering, in the preservation of corporate reputation. As firms navigate the intricate terrain of reputational crises, the fusion of legal acumen with crisis management emerges as a linchpin, necessitating a versatile skill set that transcends traditional legal boundaries.⁷² Fabricato's transformation from a reputable textile company to a casualty of a stock market scandal exemplifies the pressing need for legal professionals to evolve into crisis managers capable of guiding firms through turbulent times. The dynamics of this reputational crisis reveal that effective crisis management involves not only legal defense but also strategic communication—a facet often underestimated in traditional legal education.

The study also underlines the central role that media narratives play in the onset, escalation, or mitigation of a reputational crisis. It reaffirms that the media, being the first to expose a crisis, significantly shapes public reactions and opinions. These observations align with the discussions initiated by Bundy et al.⁷³ and Fink,⁷⁴ emphasizing the evolving nature of crises. The findings also resonate with the works of Claeys and Cauberghe,⁷⁵ Contreras-Pacheco and Claasen,⁷⁶ Pace et al.,⁷⁷ and Valentini and Kruckeberg,⁷⁸ highlighting the crucial role of the media in crisis management. These insights are closely linked to SCCT,⁷⁹ encompassing social networks, media strategies, and perspectives of the public and stakeholders.

Crisis legal advice and crisis management advice do not always agreeably harmonize.⁸⁰ Contrary to contemporary crisis management recommendations, Fabricato's response, marked by fragmented information dissemination and a lack of a cohesive corporate voice, appeared to be primarily influenced by legal considerations. The

⁷² Davis, "Public Relations and the Law"; Grieszmer, "How to Win in the Court of Law and the Court of Public Opinion Amid a Corporate Crisis."

⁷³ Jonathan Bundy et al., "Crises and Crisis Management: Integration, Interpretation, and Research Development," *Journal of Management* 43, no. 6 (2017): 1661-92, <https://doi.org/10.1177/0149206316680030>

⁷⁴ Steven Fink, *Crisis Communications: The Definitive Guide to Managing the Message* (New York: McGraw-Hill Education, 2013).

⁷⁵ Claeys and Cauberghe, "The Role of a Favorable Pre-Crisis Reputation in Protecting Organizations during Crises."

⁷⁶ Contreras-Pacheco and Claasen, "Mired in Deception."

⁷⁷ Pace, Balboni, and Gistri, "The Effects of Social Media on Brand Attitude and WOM during a Brand Crisis."

⁷⁸ Valentini and Kruckeberg, "The Future Role of Social Media in International Crisis Communication."

⁷⁹ Coombs, "Protecting Organization Reputations During a Crisis."

⁸⁰ Grieszmer, "How to Win in the Court of Law and the Court of Public Opinion Amid a Corporate Crisis."

company initially overlooked the evolving landscape of social media and its profound impact on corporate reputation. In this context, and in alignment with insights from scholars like Boel,⁸¹ Brescia and Stern,⁸² Moreno and Díaz,⁸³ and Mascello,⁸⁴ the present work advocates for legal professionals to transcend their conventional advisory roles. As Fitzpatrick and Rubin⁸⁵ put it, embracing crisis management principles becomes imperative to comprehending the intricate implications of reputation on corporate sustainability.

This study leverages crisis management knowledge to extend the discourse of ‘Crisis Lawyering,’ (as proposed by Brescia & Stern)⁸⁶ advocating for its adaptability at the corporate level. By scrutinizing the phases of crisis onset, escalation, and mitigation through the lens of media narratives, the paper illuminates the evolving role of legal professionals in crisis scenarios. It contends for an integrated approach that empowers legal experts to function not only as advocates in courts of law but also as strategic defenders in the court of public opinion.

The analysis acknowledges that media narratives can often impact a crisis more than managerial decisions,⁸⁷ yet at times, these narratives are overlooked by corporate legal teams.⁸⁸ Crisis managers should adeptly combine legal and communication realms for effective crisis management.⁸⁹ However, the prioritization of legal aspects over communication renders them less universally and explicitly involved in all corporate crises, leading to fewer desirable outcomes.⁹⁰

Recognizing the interconnection between legal counsel and corporate sustainability, crisis lawyers should not only be knowledgeable about statutes and regulations but also adept in reputation management.⁹¹ This highlights the paramount impor-

⁸¹ Boel, “In Crisis, What Makes Lawyers Leaders? - Business Law Today from ABA.”

⁸² Brescia, “Crisis Lawyering.”

⁸³ Moreno Cea and Díaz Díaz, “Defensa Legal de La Reputación Corporativa.”

⁸⁴ Mascello, “20 Points to Reflect On.”

⁸⁵ Fitzpatrick and Rubin, “Public Relations vs. Legal Strategies in Organizational Crisis Decisions.”

⁸⁶ Brescia, “Crisis Lawyering.”

⁸⁷ Claeys, Cauberghe, and Pandelaere, “Is Old News No News?”; Contreras-Pacheco, Claasen, and Garrigos-Simon, “Stakeholder Perceptions in Organizational Crisis Management.”

⁸⁸ Grieszmer, “How to Win in the Court of Law and the Court of Public Opinion Amid a Corporate Crisis.”

⁸⁹ Brescia, “Crisis Lawyering”; Coombs, *Ongoing Crisis Communication*.

⁹⁰ An-Sofie Claeys, Verolien Cauberghe, and Patrick Vyncke, “Restoring Reputations in Times of Crisis: An Experimental Study of the Situational Crisis Communication Theory and the Moderating Effects of Locus of Control,” *Public Relations Review* 36, no. 3 (2010): 256-62, <https://doi.org/10.1016/j.pubrev.2010.05.004>; Contreras-Pacheco and Claasen, “Mired in Deception.”

⁹¹ Claeys and Cauberghe, “The Role of a Favorable Pre-Crisis Reputation in Protecting Organizations during Crises.”

tance of reputation for a company's viability and stakeholder welfare. Integrating a holistic perspective into legal education ensures legal professionals contribute effectively to safeguarding their clients' interests both in the courtroom and the court of public opinion.⁹²

In the Fabricato case, external agents, specifically the InterBolsa stock market scandal and the Colombian print media's coverage, significantly contributed to the reputation loss. The severe narrative generated by the media, coupled with Fabricato's corporate voice being absent, exacerbated the crisis. InterBolsa's CEO promptly conveyed the company's stance, whereas Fabricato's CEO took about two weeks to address the situation. The absence of a crisis communications team (in which crisis lawyers must be part), resulted in a lack of media coverage and information control, contributing to the crisis escalation.⁹³

The study affirms the crucial role of the media's narrative in crisis management, echoing perspectives from scholars like Coombs⁹⁴ and Contreras-Pacheco and Claasen.⁹⁵ The media's narrative wielded significant influence on public opinion, particularly during the critical period. Fabricato's failure to employ an active and assertive crisis communication strategy, as recommended by SCCT, resulted in substantial reputational harm.⁹⁶ Our analysis indicates an overemphasis on a traditionally legal-oriented approach during this phase, a stance acknowledged by scholars such as Fitzpatrick and Rubin,⁹⁷ where crisis management and communication principles were marginalized. Contrary to assertions by Pace⁹⁸ and Valentini and Kruckeberg,⁹⁹ and despite the primary goal of rescuing the company, Fabricato's crisis managers seemingly neglected the crucial aspect of incorporating the media's perspective into crisis communication to effectively mitigate reputational crises or prevent their escalation.

In the aftermath of its crisis, Fabricato opted for a more action-oriented strategy, fulfilling agreements amid unfavorable media coverage. This approach aimed at crisis mitigation through tangible results, recognizing that firms addressing stakeholders'

⁹² Claeys, Cauberghe, and Pandelaere, "Is Old News No News?"; Contreras-Pacheco, Claasen, and Garrigos-Simon, "Stakeholder Perceptions in Organizational Crisis Management."

⁹³ Schulze Horn et al., "Business Reputation and Social Media."

⁹⁴ Coombs, *Ongoing Crisis Communication*.

⁹⁵ Contreras-Pacheco and Claasen, "Mired in Deception."

⁹⁶ Claeys, Cauberghe, and Vyncke, "Restoring Reputations in Times of Crisis."

⁹⁷ Fitzpatrick and Rubin, "Public Relations vs. Legal Strategies in Organizational Crisis Decisions."

⁹⁸ Pace, Balboni, and Gistri, "The Effects of Social Media on Brand Attitude and WOM during a Brand Crisis."

⁹⁹ Valentini and Kruckeberg, "The Future Role of Social Media in International Crisis Communication."

concerns and staying informed about the crisis create opportunities to counteract negative rumors.¹⁰⁰ This study contends that a multifaceted approach, not solely centered on corporate legal defense but integrating crisis management principles, would have been more effective in navigating the complexities of the crisis at issue. This case highlights a crucial paradigm shift necessary for lawyers engaged in crisis management—a transition from merely practicing ‘crisis lawyering’ to assuming the role of a true ‘crisis leader.’ While legal expertise remains integral, the case underscores the importance of embracing a more comprehensive approach, drawing insights from disciplines like crisis communication and management theory, as exemplified by the SCCT.

In dissecting Fabricato’s crisis, it becomes evident that a myopic focus on legal defense, as observed in the initial stages, might not be the most effective strategy. Instead, weaving legal strategies seamlessly into a broader crisis management framework, one that considers media dynamics, stakeholder perceptions, and reputation preservation, proves pivotal. Lawyers, equipped with a profound understanding of crisis communication competencies, can navigate the complex interplay between legal intricacies and the media-driven narrative.

The case emphasizes the missed opportunities by Fabricato in neglecting proactive reputation management. A true “crisis lawyer” recognizes that legal actions alone might not suffice; a proactive and strategic engagement with the media becomes imperative. Fabricato could have better weathered the storm had it not solely prioritized legal defense over reputational preservation. This case, therefore, serves as a compelling illustration of how legal professionals, by incorporating knowledge from diverse disciplines, can transcend the confines of “crisis lawyering” and emerge as architects of effective crisis leadership.

The multifaceted nature of crisis management demands a multidisciplinary approach, wherein legal professionals, particularly those well-versed in crisis lawyering, stand as essential contributors. The integration of theories such as SCCT offers a robust framework for understanding and navigating the complexities of reputational crises. This study advocates not only for the application of SCCT in the corporate context but also emphasizes the broader relevance of multidisciplinary perspectives in academic research.

¹⁰⁰ Alicia Mason, “The Impact of Media Frames and Treatment Responsibility within the Situational Crisis Communication Theory Framework,” *Corporate Reputation Review* 17, (2014): 78-90, <https://doi.org/10.1057/crr.2013.26>; Kurt Neuwirth, “Risk, Crisis, and Mediated Communication,” in *Handbook of Risk and Crisis Communication* (Routledge, 2008).

The dynamism of crises, as exemplified by the Fabricato case, necessitates a holistic understanding that transcends legal realms. The adaptability and responsiveness required in crisis leadership find resonance in the diverse knowledge pool encompassing law, communication theory, and management studies. Therefore, legal professionals, with their grounding in the complexities of the legal landscape, are well-positioned to embrace and contribute to the multidisciplinary nature of crisis management.

Conclusion

The present study illustrates the decisive responsibility legal professionals, particularly those versed in Crisis Lawyering, have in steering firms through complex reputational crises. The interplay of crisis lawyering principles and SCCT reveals a transformative intersection where legal experts evolve from mere defenders to proactive architects of crisis leadership. This case serves as a stark reminder of the consequences of prioritizing legal defense over reputation management, highlighting the need for a nuanced, multidisciplinary approach.

The results obtained advocate for a paradigm shift in legal education, emphasizing the integral role of legal professionals in the broader context of crisis management. Fabricato's missteps underscore the necessity for legal experts to amalgamate legal proficiency with insights from crisis communication, stakeholder engagement, and media dynamics. A true 'crisis leader,' emerging from the realm of 'crisis lawyering,' synthesizes these diverse elements to navigate the intricate landscape of modern crises.

In essence, the present study resonates far beyond traditional legal discourse, signaling a call for legal professionals to embrace a holistic approach. It emphasizes that successful crisis management requires legal professionals to integrate legal strategies with broader corporate considerations, shaping them into resilient leaders facing reputational challenges.

In a nutshell: Crisis management is not a monolithic body of knowledge. The time has come to reconcile crisis legal strategy with crisis communication strategy; the link between the two exists in the preservation, improvement, and recovery of a firm's reputation. Crisis lawyers can evolve into crisis leaders by embracing a transdisciplinary approach and gaining diverse knowledge.

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