

REPUTATIONAL RISK MANAGEMENT – STEWARDSHIP OF CHARACTER

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This paper explores how reputational risks can arise from issues related to the character of individuals who lead churches and nonprofit ministries. It focuses on understanding these risks from a biblical perspective. The aim is to arrive at a framework for reputational risk management that emphasizes accountability and responsiveness. By focusing on character stewardship, the paper will examine how organizations can proactively guard against reputational damage and reflect Christ-centered values when faced with public scrutiny.

The discussion is organised into **three major sections**. First, we will look at **acknowledging reputational risk**, exploring why reputation is essential to the health and witness of churches and ministries, and how leaders can cultivate an intentional approach to managing it. Second, we will turn to **assessing reputational risk**, identifying both internal and external threats to character that can lead to reputational harm. The entities should then be able to assess the risks applicable to themselves. Thirdly, we will consider **managing reputational risk**, examining the life of David and how he stewarded his character to earn perhaps the highest repute of being the man after God's own heart. These lessons can be applied by the leadership of churches and ministries in stewarding their own character as the means to managing reputational risk. Finally, we will look at how boards and ministry leaders move towards developing a biblical and **practical framework** for reputational risk management.

Acknowledging reputational risk

In recent years, the body of Christ has been shaken by reports of spiritual abuse, sexual misconduct, financial mismanagement, and moral failings among influential church and ministry leaders. These incidents have not only **caused deep harm to individuals and congregations but have also damaged the credibility of the Church's public witness**. One such prominent case was that of a globally respected Christian apologist, who was found posthumously guilty of long-term sexual abuse in 2021 — leading to a global collapse of trust in his ministry. In the same year, the Evangelical Council for Financial Accountability

(ECFA), a major accreditation agency for evangelical ministries in the USA, surveyed 800 member ministry leaders and 94% reported that leadership failures are impacting donor trust. (Martin, ECFA). Highlighting this concern, Christianity Today reported on May 21st, 2024, that ECFA is proposing a new standard on **Leadership Integrity** (Fowler, Christianity Today 2024) : *“The accreditation agency for over 2,700 evangelical nonprofits wants to raise its standards to address ‘one of the greatest financial risks’ posed to churches and ministries today: moral failures by leadership.”* (Martin 2024). ECFA called the proposed new standard - the most revolutionary update to their standards in 45 years.

Failures in character are not new. They have existed since the fall of man—but in the information age, the speed and reach of communication mean that such failures travel faster and affect far more people. What once may have remained local now becomes global within hours, intensifying the impact and public scrutiny. Most of these failures have come from leaders who held widespread influence, commanded large followings, and led organisations that impacted thousands, if not millions, of people. These realities show why **we urgently need a biblical view of stewarding character as a means to managing reputational risk.** It must focus on integrity, transparency, and faithful use of influence.

This makes the words of Jesus in Matthew 5:16 all the more compelling: *“Let your light shine before others, that they may see your good works and glorify your Father in heaven.”* Jesus reminds us that our purpose is to glorify the Father. That happens through the way we live, our visible lives, through good works shaped by Christlike character. By the same logic if what is visible is marked by poor conduct or compromised integrity, it can harm others and bring dishonour to the Father in heaven. Reputation, then, is not simply about good personal image but a reflection of Christ to the world. **When the character of a leader aligns with the light of the Gospel, it brings glory to God.** But when that character is compromised, it casts shadows not only on the individual but also on the message they represent. In this light, we can conclude that managing reputational risk is not just about a person or an organisation, but it is about preserving the witness of the body of Christ.

Reputation arising from good stewardship of character may not hold the same weight in secular or commercial settings as it does for churches and ministries. **In the business world, reputation is often tied to the quality of products or the efficiency of services.** Both can be excellent regardless of the moral integrity of the owner or the leadership team. Pace and

Shaddix (2024) point out that while success in a secular company is often measured by results, the Bible measures success by faithfulness and character. But for Christian ministries, the message is not separate from the messenger and the reputation of the organisation is inseparably linked to the character of those who lead it.

Though reputation is vital, it is often overshadowed by an overemphasis on charisma and calling. Many Christian leaders, especially those perceived as strong and gifted, can begin to view themselves—or be viewed by others—as beyond reproach. This perception breeds a false sense of immunity to failure. As a result, leadership teams may downplay or ignore the need for accountability structures, mistakenly believing that reputational damage is something that happens to others, not to them.

Boards of churches and ministries must begin with the **humility to acknowledge that reputational risk is not only real but universal—no leader is invulnerable**. By proactively addressing reputational risk, leadership aligns itself with faithful stewardship, guarding both the credibility of their mission and the character of their message. Reputational management, therefore, is not optional for churches and ministries; it is a critical part of faithful leadership. Recognizing the connection between character and credibility, leaders must proactively foster a culture of transparency, accountability, and spiritual integrity.

Assessing reputational risk

This leads to the question: What is the risk of character failure? This paper seeks to develop a framework for the faithful stewardship of character in Christian leadership, so that the organisation maintains a good reputation and continues to glorify God through its mission. However, before such a framework can be developed, it is essential to understand the nature of the risk (with regard to character) that must be addressed. Both Scripture and secular leadership models affirm the importance of foresight in preventing failure. Proverbs 27:12 says, “*The prudent see danger and take refuge, but the simple keep going and pay the penalty.*” Similarly, risk management in organizational leadership emphasizes the need to identify vulnerabilities before they lead to crisis. Kaplan and Mikes (2012) note in their Harvard Business Review article, “Managing Risks: A New Framework,” “*The first step in creating an effective risk-management system is to understand the qualitative distinctions among the*

types of risks that organisations face.” This highlights that effective risk management begins with a **thorough understanding of the risks involved** - a process commonly referred to as risk assessment.

Internal Threats

Undetected character drifts: One of the greatest risks in the context of character and reputation is that the failure may go undetected for a long time. Character is deeply personal — a matter of the heart. What a person truly thinks or believes may not be immediately visible in their actions. If integrity is fundamentally about who a person is when no one is watching, then discerning the state of someone’s character becomes difficult. A leader who has chosen an immoral path can, for a time, maintain a polished outward appearance. In fact, it may be their intelligence, communication skills, and strategic ability — the very traits that made them admired as leaders — that enable them to project a version of themselves that hides the truth. There is no doubt that the truth will come out at some later point but by then the damage to reputation is already done. In fact, the Bible reminds us that: *“Satan himself masquerades as an angel of light”* (2 Corinthians 11:14). A sobering example of this is seen in the posthumous revelations about influential leaders whose public witness concealed deep moral failure until the consequences become unavoidable.

Church and ministry boards can watch out for this risk by cultivating a culture of personal discipleship, implementing confidential peer accountability, and regularly inviting external spiritual audits that assess more than just outcomes.

Failure to balance grace with accountability: As Christians, we are recipients of extraordinary grace, an unmerited favour that offers forgiveness, restoration, and new life. But when this grace is misunderstood or misapplied, especially in leadership contexts, it creates a serious risk, the erosion of accountability. Scripture offers powerful examples of God’s grace. David, though guilty of adultery and murder, is still called *“a man after God’s own heart”* (Acts 13:22). The thief on the cross, moments from death, receives Jesus’ promise: *“Today you will be with me in Paradise”* (Luke 23:43), and Paul reminds us that *“it is by grace you have been saved, through faith”* (Ephesians 2:8).

When these examples are removed from the full picture of biblical truth, grace can be distorted. A false belief can take root — that grace means avoiding consequences or withholding correction. This leads to a culture where sin is overlooked, discipline is avoided, and even blatant misconduct is tolerated under the guise of being "gracious" or "Christlike." But grace was never meant to excuse sin. It was always meant to lead to transformation. Jesus embodies this balance in His response to the woman caught in adultery: "*Neither do I condemn you... Go now and leave your life of sin*" (John 8:11). Grace offered her freedom from condemnation, but it also called her to change. Likewise, Hebrews 12:6 reminds us that "*the Lord disciplines the one he loves.*" The conclusion, therefore, is that grace and accountability are not opposites — they go hand in hand. In my own experience as an auditor, I often encounter this tension: we are seen more as faultfinders than as those who come alongside in a positive framework of accountability. Yet when rightly understood, accountability doesn't oppose grace — it honours it. It creates the structure and space for grace to do its transformative work, not by condemning, but by guiding leaders toward integrity, and good deeds that glory the Lord. (Mathew 5: 16)

Therefore, the risk is a situation where grace is applied without increasing accountability. When this happens, wrong practices are accepted as normal, correction is avoided, accountability and responsiveness is ignored, and the organisation's culture deteriorates. It ultimately leads to moral failure and a compromised witness of the Church.

Church and ministry boards can watch out for this risk by ensuring that grace is coupled with biblical discipline by establishing clear accountability frameworks, setting transparent expectations for conduct, and addressing misconduct swiftly but redemptively.

External Threats

Spiritual Warfare: The Enemy's: 1 Peter 5:8 issues a clear and urgent warning: "*Be alert and of sober mind. Your enemy the devil prowls around like a roaring lion looking for someone to devour.*" This verse highlights an external spiritual threat — the reality of an adversary actively seeking to undermine leaders and their witness. Yet many Christian leaders and boards underestimate or ignore this danger, treating spiritual warfare as abstract or

irrelevant. The risk lies precisely here: failing to take the enemy seriously leaves leaders ungarded and vulnerable to external deception.

Satan's attacks often begin outside the individual — through temptation, distraction, or false affirmation — but they target internal weaknesses such as pride, self-reliance, and spiritual fatigue. Sometimes success, influence, rapid growth, or financial blessing can themselves become subtle instruments of spiritual attack, shifting a leader's dependence away from God. As Jesus cautioned, "*You cannot serve both God and money*" (Matthew 6:24). What once supported the mission can, without humility and vigilance, become a snare. When leaders drop their spiritual guard, the enemy gains ground — and the consequences extend beyond the individual to the reputation of the ministry they represent. The good news is that this external risk can be resisted: "*Submit yourselves to God. Resist the devil, and he will flee from you*" (James 4:7). Church and ministry boards can guard against this risk, by prioritizing the spiritual health of their leaders through intercessory prayer, spiritual retreats, and pastoral care, recognizing that leadership is a spiritual battleground that needs strong protection.

Boards of churches and ministries should recognise that the risks relevant to each organisation will be unique depending on their specific areas of operation and the distinct environment in which they serve. For example, organisations working with women and children may be perceived to carry greater moral risk than others. It requires paying attention to specific areas of vulnerability and putting safeguards in place that reflect both biblical conviction and godly wisdom.

Managing Reputational risk: Lessons from life of David.

While understanding the risks of character failure is essential, a Christian leader's motivation must go deeper than risk management. The call is not merely to avoid scandal or protect reputation — it is to be found faithful as stewards of what ultimately does not belong to us. As "*ambassadors for Christ, as though God were making His appeal through us*" (2 Corinthians 5:20), we represent the Father in heaven. When stewards display faithful actions with hearts aligned to the Master, the focus shifts from the fear of possible failure to the visible expression of His character. Stewardship is not merely a defensive posture against moral collapse. It is a daily commitment to live in a manner worthy of the calling we have received,

as Paul exhorts: “*I urge you to live a life worthy of the calling you have received*” (Ephesians 4:1). Reputation management then moves from image protection to reflecting the One we serve. **The goal is not just to protect an organisation but to stay faithful to God.** That means walking in integrity, serving with humility, and leading in a way that honours Him and draws others to Him. When we do this, we live out the call in Matthew 5:16 — to let our light shine before others, so they see our good works and glorify our Father in heaven.

To ground this vision of faithful stewardship in Scripture, we now turn to **the life of David in the Old Testament**. We all know King David as one of the greatest leaders of Israel — a king who shepherded God’s people with integrity of heart and skillful hands (Psalm 78:70–72). He was called by God “a man after my own heart” (1 Samuel 13:14; Acts 13:22), and his fame spread throughout the land, so that the nations feared him (1 Chronicles 14:17). What an inspiring example of a leader who stewarded his character in a way that shaped a reputation strength, honour and influence. Though far from perfect, David consistently returned to the heart of God, offering us timeless principles on character and accountability. **By mapping lessons from his leadership to teachings in the New Testament, we aim to sketch a biblical framework for the stewardship of character** — not just in personal conduct, but in how leaders are supported and held accountable by those who walk alongside them. This study will unfold through five themes, each reflecting an essential aspect of character stewardship. (1) **Calling and Capacity** – stewarding character by recognising how God appoints and shapes leaders for His purposes. (2.) **Conviction and Conscience** – stewarding character by Spirit lead inner life, marked by moral clarity, integrity, and obedience. (3.) **Correction and Counsel**– stewarding character by responding humbly to failure through repentance and restoration supported by peer accountability, truthful voices, and spiritual oversight. (4.) **Continuity and Commission** – stewarding character with a long-term perspective, finishing well by leaving a legacy of godly influence and equipping others to carry the mission forward.

(1.) Calling and Capacity

David understood both who he was and the greater calling of Israel as God’s chosen people. When facing Goliath, he didn’t just see a military threat — he saw a man defying the purposes of God and boldly asked, “*Who is this uncircumcised Philistine that he should defy*

the armies of the living God?” (1 Samuel 17:26). His boldness came not from pride, but from confidence that God had shaped him, first in the pastures as a shepherd, and now for battle. He said to Saul, *“The Lord who rescued me from the paw of the lion and the paw of the bear will rescue me from the hand of this Philistine”* (1 Samuel 17:37). That **clarity of calling gave him the confidence to act boldly in faith, knowing his capacity was shaped by the Lord.**

Later, when David had the chance to kill Saul, he refused, saying, *“I will not lift my hand against my master, because he is the Lord’s anointed”* (1 Samuel 24:10). His restraint shows a leader who honours God’s calling in others, not just himself. In doing so, David displayed **deep accountability to God** — not just for his actions, but for how he handled power and opportunity. He responded, not reactively, but with spiritual discernment and respect for divine authority. We see an alignment in the New Testament with Ephesians 2:10 — *“We are God’s handiwork, created in Christ Jesus to do good works, which God prepared in advance for us to do”* David’s life reminds us that capacity follows calling, and both come from God.

Boards, therefore, should adopt a framework that prioritizes spiritual discernment over talent alone - this includes testing for calling through past patterns of obedience, assessing how candidates steward responsibility when unseen, and observing their response to power and pressure. Rather than fast-tracking gifted individuals, boards should create pathways that allow character to be formed over time. In doing so, they reflect God’s own way of preparing leaders — not by appearance or achievement, but by the heart.

(2.) Conviction and Conscience:

David’s leadership came from deep inner strength — **a conscience shaped by conviction and a heart anchored in the fear of God.** Twice, he had the chance to kill Saul, yet he refused, to lay a hand on the Lord’s anointed (1 Samuel 24:6; 26:11). His choices were guided not by emotion or pressure, but by reverence and self-control. His conviction also showed in worship. When the ark was brought to Jerusalem, he danced with all his might, unashamed before the Lord (2 Samuel 6:14, 22). His freedom in worship reflected a conscience aligned with God, not public image. **Even in failure, his heart remained tender.** He prayed in Psalm 51:6, “Surely you desire truth in the inner parts.” David’s example shows

that stewarding character means being both accountable to God and responsive to His voice — in decisions, in worship, and even in failure.

Hoag, Willmer, and Henson (2018) note that three of four biblical governance practices are inward: beginning meetings with Scripture, depending on the Holy Spirit not money, and cultivating rhythms of prayer, humility, and accountability. These postures, like David's, form the foundation for character that honors God and protects reputation as Paul echoes in Acts 24:16: *"I strive to keep my conscience clear before God and man."*

Boards, therefore, should adopt a framework that prioritizes inner formation over outward effectiveness. This begins with cultivating a board culture that values spiritual discernment as much as strategic planning. Meetings should be anchored in Scripture and prayer, inviting God's voice into every decision. Boards must also model this posture themselves — seeking the Spirit's guidance over human wisdom, especially in matters like budgeting, staffing, and expansion. Humility in decision-making sets the tone for the entire organization. Boards must also assess a leader's response to power, pressure, and correction, looking for patterns of self-control, repentance, and spiritual sensitivity by creating feedback loops that involve spiritual mentoring and peer reviews.

(3.) **Correction and Counsel**

David's life teaches us that even great leaders can fall—but what sets godly leadership apart is the **willingness to repent and be restored**. When confronted by the prophet Nathan over his grievous sin with Bathsheba and Uriah, David didn't defend or deflect. He simply said, *"I have sinned against the Lord"* (2 Samuel 12:13). His immediate contrition, expressed fully in Psalm 51, reveals a heart open to correction and a longing for transformation. David's honesty allowed restoration to begin—not just in his own life, but in his leadership.

Crucially, David had Nathan—a **trusted spiritual voice** with the courage to speak truth. Without that relationship, his sin may have remained hidden, and his heart hardened. Throughout his life, David also benefitted from voices like Jonathan and Abigail—people who loved him enough to challenge him and guide him back to wisdom.

For boards, this means creating a culture where correction is welcomed, not avoided. Character stewardship builds structures for regular review, honest feedback, and safe spaces for confession and restoration. This includes inviting spiritual mentors to speak into

leadership, setting aside time in board meetings for personal reflection and accountability, and encouraging leaders to seek counsel before crises arise.

Boards should recognise that David needed Nathan, every leader needs a council—trusted voices who speak truth with courage and care. Boards should build this into their governance framework by involving spiritual mentors, encouraging peer accountability, and making time for regular reflection and review. When counsel and correction are part of the culture, boards help raise humble, resilient leaders shaped by the Gospel.

(4.) **Continuity and Commission** –

One of the most damaging threats to reputation is when a leader becomes self-focused, driven by self-interest, building their own image or control, misappropriating resources, and making decisions for short-term gain. Such leaders often ignore the future, fail to build systems that last, and leave behind confusion and a poor moral example. This lack of foresight weakens trust and can seriously damage reputation when things start to fall apart after they leave.

David's leadership stands in contrast. Though God did not permit him to build the temple, he didn't hoard credit or use resources for personal gain. Instead, **he made generous provision for the future**. He passed on materials, detailed plans, and spiritual encouragement to Solomon: *"Be strong and courageous, and do the work... Do not be afraid or discouraged, for the Lord God... is with you"* (1 Chronicles 28:20). David showed that a leader protects their reputation not by chasing achievements for themselves, but by making sure what they build can last and help those who follow. When leaders **steward today's influence for tomorrow's impact**, they multiply trust and protect reputation.

Boards should draw from this to encourage a mindset that supports long-term planning, mentoring, and leadership development. A leader's personal finish matters, but their lasting reputation depends on how faithfully they prepare others to carry the mission forward with integrity.

Developing a Framework

In this paper, we examined how leaders can think biblically about stewarding character as a means of managing reputational risk. Once the board of a church or ministry

acknowledges the existence of such risk and commits to addressing it, the next step is to develop a framework that is relevant to the organization's specific context. This framework should be **documented in a written policy** that outlines processes for assessing internal and external risks, and includes guidance on leadership training, the conduct of board meetings, evaluation practices, commitment statements, peer reviews, mentoring, and other key areas discussed. One practical model is to incorporate these elements into a Board Policy Manual—a template for which is available on the website of Global Trust Partners.

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Abstract

The stewardship of character is key to managing reputational risk in Christian leadership. When leaders fail—whether through moral lapses, lack of accountability, or spiritual negligence—it can deeply damage the reputation of churches and ministries. In today's world, where such failures are quickly exposed and widely shared, protecting integrity has become a spiritual and strategic responsibility.

Boards of churches and ministries must first recognise that reputational risk is real and affects everyone. They should take clear steps to protect the mission by putting in place structures that promote accountability, regular evaluation, and honest conversations about character and conduct. Internal risks like hidden sin and misuse of grace need to be addressed through a culture that encourages transparency, discipleship, and timely correction. External threats, including spiritual attack, also call for boards to invest in the spiritual health of their leaders through prayer, rest, and mentoring.

The paper uses lessons from the life of David to suggest five principles that boards can act on:

- Appoint leaders through spiritual discernment (Calling and Capacity)
- Build a culture of integrity and moral clarity (Conviction and Conscience)
- Create space for repentance, feedback and restoration (Correction and Counsel)
- Plan for lasting leadership and legacy (Continuity and Commission)

To put this into action, boards are encouraged to create a written policy framework, such as a “Board Policy Manual”. This should include risk assessments, conduct guidelines, mentoring plans, and systems for review and restoration—ensuring both the message and the messenger reflect the values of Christ.

Key Words

Integrity, Reputation, Character, Stewardship, Risk, Oversight

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