EQGENIX INC. · RESEARCH & PERSPECTIVE · INSTITUTIONAL WHITE PAPER 002

Emotional Wealth as Universal Currency

A Framework for Human Capital Valuation

Why the most consequential asset inside any organization remains unpriced, what the last serious attempt to price it got wrong, and what a defensible valuation framework would have to satisfy before anyone should trust it.

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The Central Proposition

> *Every organization already trades in emotional wealth. None of them price it. The absence of a unit of account is not evidence that the asset does not exist. It is evidence that the accounting has not caught up to the economy.*

Executive Brief

— The balance sheet has gone quiet on the thing that matters most. By the close of 2025, tangible assets accounted for roughly eight percent of S&P 500 market capitalization. The remainder sits outside the audited statements entirely.

— This has been attempted before, and it failed. Human Resource Accounting ran from 1968 through the 1970s with serious academic and corporate backing, then collapsed in the 1980s. It failed on measurement, not on premise. Any new framework that does not engage that failure directly is not a framework. It is a brochure.

— Three established constructs already occupy adjacent ground: socioemotional wealth, psychological capital, and emotional intelligence. Each is real and each is measured. None of them is a valuation framework, and the field that has worked longest on the measurement problem published a 2022 paper about its own instruments titled "Back to square one."

— Regulation will not solve this. The international standard hardened in August 2025. The European reporting regime narrowed sharply in March 2026. Comparable, decision-grade human capital data is not arriving by mandate, and the mandated metrics measure conditions and inputs rather than capacity.

— This paper proposes Emotional Wealth as the foundation for a cross-domain unit of account — not as a completed one, and not as a medium of exchange. The construct architecture is offered here. The measurement scale, the aggregation rules, and the evidence that the asset and liability sides are commensurable are not.

— Five falsification conditions are stated. None is discharged. A framework that cannot say what evidence would refute it is a belief system with a logo.

A Note on Method

This paper follows the EQGenix evidentiary standard. Every citation was verified against its primary source before publication. Limitations are disclosed inline, at the point of claim, rather than buried in endnotes. Correlational findings are never described in causal language. The strongest available evidence against the thesis is engaged by name in Section VIII rather than omitted.

Claims are labeled by evidence class throughout:

— ESTABLISHED EVIDENCE — peer-reviewed, meta-analytic, or replicated findings.

- REPORTED DATA — large-sample institutional or commercial data collection that has not undergone peer review.
- REGULATORY FACT — published standards, rules, and directives, cited to the issuing body.
- EQGENIX ARGUMENT — the firm's own reasoning. This is argument, not evidence, and is labeled so the reader can discount it independently.

The distinction matters more in this paper than in most, because the subject is valuation, and valuation frameworks fail precisely where argument is allowed to pass as measurement.

I. The Unpriced Asset

REPORTED DATA

In 1975, tangible assets — property, plant, equipment, inventory, physical capital — represented approximately 83 percent of the market value of the companies comprising the S&P 500. By the close of 2025, that figure had fallen to roughly 8 percent, with intangible assets accounting for about 92 percent of index market capitalization. The study's authors describe the shift as an economic inversion and compare its magnitude to the Industrial Revolution.

> Limitation disclosed at point of claim: this is the Ocean Tomo Intangible Asset Market Value study, published by J.S. Held in February 2026. It is a commercial study, not peer-reviewed. More importantly, the publisher states its own method plainly: intangible asset market value is calculated by subtracting net

> tangible asset value from market capitalization. That is a residual. It captures everything the balance sheet does not — intellectual property, brand, data, customer relationships, organizational capability, and also market expectation, sentiment, and speculative premium. It should be read as a measure of what accounting does not capture, not as a valuation of intangibles in themselves. Read that way, it is still the single most important number in this paper.

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Read correctly, the inversion says something narrower and sharper than the way it is usually quoted. It does not say that intangibles are worth ninety-two percent of the market. It says that ninety-two percent of what the market prices, the accounting system cannot see. The gap between what is measured and what is valued has become the majority of the enterprise.

Inside that gap sits every asset that lives in a person: judgment under pressure, the capacity to stay in a hard conversation, tolerance for effort that does not pay off for eighteen months, the ability to receive correction without collapse, the willingness to tell a superior something they do not want to hear. These are not soft. They are the load-bearing capacities of every organization that has ever executed anything difficult. And they are recorded, if they are recorded at all, as payroll expense.

REPORTED DATA

The cost of leaving them unmeasured is not theoretical. Gallup's 2026 State of the Global Workplace reports that global employee engagement fell to 20 percent in 2025, its lowest level since 2020, with 64 percent of employees not engaged and 16 percent actively disengaged. Gallup estimates the associated loss to the world economy at approximately $10 trillion in productivity, equivalent to about 9 percent of global GDP. Manager engagement fell from 31 percent in 2022 to 22 percent in 2025.

> Limitation disclosed at point of claim: Gallup's findings derive from the Gallup World Poll using proprietary self-report items across more than 140 countries; the 2025 data reflect 263,810 respondents, of whom 141,444 were employed. The $10 trillion figure is a modeled estimate built on Gallup's own meta-analytic link between engagement and business-unit performance. It is not an observed loss, it is not audited, and it should be treated as an order-of-magnitude indication rather than a precise sum. The directional finding — two consecutive years of decline, concentrated in managers, with no region improving — is the durable part.

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A capital markets system that prices ninety-two percent of value outside the balance sheet, and a workforce measurement system that reports four in five workers as disengaged, are describing the same hole from two directions. One says the asset is invisible. The other says it is deteriorating. Neither system can tell you what it is worth, in what direction it is moving inside a specific firm, or what an intervention would return.

That is the vacancy this paper is written into.

II. The Last Attempt, and Why It Failed

Any proposal to value human capacity has to answer for the last one. It is intellectually dishonest to present this as new ground. It is not. It is ground that was taken and lost.

ESTABLISHED EVIDENCE

Human Resource Accounting emerged in the late 1960s. The term entered the literature in 1968 with work by Brummet, Flamholtz, and Pyle, and the field expanded rapidly through the 1970s, drawing serious academic attention and organizational adoption; the American Accounting Association established a committee to oversee its development. Eric Flamholtz classified valuation methods into cost-based and economic-value models and published a decade of work developing them, culminating in his 1974 volume. Published work in the area declined sharply in the 1980s.

> Limitation disclosed at point of claim: the historical account here follows Flamholtz, Bullen and Hua's 2002 review in Management Decision and adjacent review literature, rather than a single controlled study; historiography of a research field is inherently interpretive. What is not in dispute is the shape of the curve — rapid expansion through the 1970s, sharp contraction in the 1980s, partial revival from the 1990s onward inside intellectual capital and sustainability reporting frameworks.

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The reasons HRA collapsed are instructive, and three of them are still live.

It valued the wrong object. HRA priced the employee — replacement cost, capitalized recruitment and training expense, expected service life. That framing put a monetary figure on a person, which is both morally objectionable and analytically useless, because the number moved with the labor market rather than with anything the organization had built.

It aggregated badly. Reviewers noted that Flamholtz worked primarily at the individual level and did not resolve how individual values should combine. The problem is not arithmetic. A team is not the sum of its members' capacities, because the interaction terms — trust, repair, escalation behavior — are where most of the variance lives.

It sought a place on the audited balance sheet and never got one. HRA aimed at financial statement recognition. That put it in direct conflict with the conservatism principle in accounting and with a straightforward objection: an entity cannot hold an asset it does not control, and no firm controls a person who can resign on Friday.

> *The failure of Human Resource Accounting was not a failure of ambition. It was a failure of object. It tried to put a price on the person. The person is not the asset. The capacity is.*

This distinction is the hinge of the entire paper. A framework that values people will be resisted, and should be. A framework that values capacities — measurable, buildable, depreciable, and belonging to the individual rather than the firm — sits on entirely different moral and analytical ground.

III. The Neighborhood: Three Constructs That Are Not This One

Three established literatures occupy adjacent ground. Any reader with a research background will raise them, and a paper that pretended otherwise would deserve to be dismissed. Each is engaged here by name.

Socioemotional wealth

ESTABLISHED EVIDENCE

The term closest to this paper's title already exists in the scholarly literature. Socioemotional wealth was introduced by Gómez-Mejía and colleagues in Administrative Science Quarterly in 2007, studying a population of 1,237 family-owned Spanish olive oil mills across a 54-year period, and refers to the non-financial value family owners derive from control of the firm. Berrone, Cruz, and Gómez-Mejía later proposed five dimensions for observing it. It has become one of the dominant paradigms in family business research.

It is also, by its own architects' account, unresolved on measurement. In 2022, Gómez-Mejía and Herrero published a paper in the Journal of Family Business Strategy titled "Back to square one: The measurement of socioemotional wealth."

The boundary is clean. Socioemotional wealth is an ownership construct — it describes what family owners will trade financial return to preserve. It is measured at the level of the firm's controlling family and it explains strategic risk preference. It does not describe an individual's capacity, it is not applicable outside family-controlled firms, and it was never intended as a valuation instrument. It is not a competitor to this framework. It is a warning about how hard the measurement problem is when serious people work on it for eighteen years.

Psychological capital

ESTABLISHED EVIDENCE

Psychological capital, or PsyCap, comprises hope, efficacy, resilience, and optimism. A 2011 meta-analysis by Avey, Reichard, Luthans, and Mhatre, covering 51 independent samples and 12,567 employees, found significant positive relationships between PsyCap and job satisfaction, organizational commitment, psychological well-being, citizenship behavior, and multiple performance measures including supervisor-rated and objective performance.

> Limitation disclosed at point of claim: this is a meta-analysis of predominantly cross-sectional, self-report primary studies. Meta-analysis increases precision; it does not convert correlation into causation. The relationships are associations. The direction of effect is not established by this design.

PsyCap is the closest legitimate relative to the Emotional Portfolio™ and this paper concedes substantial overlap, particularly at the resilience and efficacy boundaries. Two differences are material. PsyCap is theorized as a state-like resource open to short-form development intervention; the Emotional Portfolio™ is theorized as accumulated formation, closer to a stock than a state. And PsyCap has no liability side. It measures what a person has. It does not measure what is draining out.

Emotional intelligence

ESTABLISHED EVIDENCE

A 2011 meta-analysis by O'Boyle and colleagues in the Journal of Organizational Behavior classified emotional intelligence research into three streams and reported corrected correlations with job performance ranging from .24 to .30, with the self-report and mixed-model streams showing incremental validity beyond cognitive ability and the Five Factor Model, and negligible influence from publication bias.

> Limitation disclosed at point of claim, and this one cuts against a claim EQGenix would prefer to make: the incremental validity of self-report and mixed EI is contested by the same research community. Joseph and Newman concluded in 2010 that ability-based measures added no incremental predictability above cognitive ability and the Big Five. Joseph, Jin, Newman, and O'Boyle reported in the Journal of Applied Psychology in 2015 that the content of mixed EI measures overlaps strongly with a set of already-established constructs — ability EI, self-efficacy, self-rated performance, conscientiousness, emotional stability, extraversion, and general mental ability — at a multiple R of approximately .79. The plain reading is that much of what commercial EI instruments measure is already measured elsewhere under different names.

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That finding is not a footnote to be managed. It is the central discipline problem of this entire field, and it applies to EQGenix as forcefully as to anyone. Any new instrument in this space carries the burden of demonstrating discriminant validity — that it measures something the existing battery does not already capture. EQGenix has not yet discharged that burden for the Emotional Portfolio™, and Section IX states exactly what discharging it would require.

IV. The Reporting Regime Will Not Solve This

A common assumption in this conversation is that regulation is converging on human capital disclosure, and that comparable data will therefore arrive on its own. In 2026, that assumption is no longer safe.

REGULATORY FACT

In the United States, the Securities and Exchange Commission adopted amendments to Regulation S-K on August 26, 2020 by a three-to-two vote, effective November 9, 2020. Item 101(c)(2)(ii) requires registrants to describe their human capital resources, including any human capital measures or objectives management focuses on in managing the business, to the extent material to an understanding of the business as a whole. The approach is deliberately principles-based rather than prescriptive. Both dissenting Commissioners objected that the requirement was generic and vague, and the persistent criticism since has been the absence of comparability across filers.

Internationally, ISO published the second edition of ISO 30414, Human resource management — Requirements and recommendations for human capital reporting and disclosure, on August 25, 2025, moving from the 2018 guidance model toward a two-tier structure of required and recommended metrics with expanded coverage and new guidance on emerging issues.

> Limitation disclosed at point of claim: the publication date, title, and edition are confirmed directly from ISO. Secondary commentary disagrees on the metric count — some sources report 58 metrics across 11 areas, others 69 across the same 11 areas. The standard is behind a paywall and this paper has not verified the count against the standard text, so no metric count is asserted here. That disagreement is itself worth noting in a paper about measurement.

In the European Union, the direction reversed. The Omnibus I directive, published in the Official Journal on February 26, 2026 as Directive (EU) 2026/470, entered into force on March 18, 2026. It narrows the scope of the Corporate Sustainability Reporting Directive to entities with more than 1,000 employees and net turnover above €450 million, excludes listed small and medium enterprises entirely, and postpones second-wave obligations. The European Financial Reporting Advisory Group delivered technical advice on simplified reporting standards to the Commission on 3 December 2025, following approval by its Sustainability Reporting Board on 28 November; that advice substantially reduces the number of mandatory datapoints, including within ESRS S1, the own-workforce standard.

> Limitation disclosed at point of claim: the directive and its scope thresholds are settled law as of publication. The ESRS revision is technical advice, not adopted text; the Commission must still issue the delegated act, anticipated during 2026. Commercial commentary has circulated a figure of roughly 61 percent for the ESRS S1 datapoint reduction. This paper does not assert that figure, because it could not be traced to EFRAG or Commission source material. The direction is well established; the magnitude is not. Readers should verify the final position before relying on it.

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Two conclusions follow, and they point the same way.

First, the mandated disclosure regime is contracting on the social dimension at exactly the moment the value of human capacity is expanding. Firms hoping that compliance will eventually generate the data they need for internal decisions are waiting for a train that has changed direction.

Second, and more fundamental: even in its most expansive form, the disclosure regime measures the wrong layer. Headcount, turnover, training hours, pay gaps, collective bargaining coverage, incident rates — these are conditions and inputs. They describe the environment in which capacity is built or destroyed. They do not describe the capacity. Two firms with identical training hours and identical turnover can hold radically different stocks of judgment, regulation, and relational repair, and no line in any current standard would distinguish them.

> *Compliance data tells you what an organization spent on its people. It does not tell you what its people can now do that they could not do before. Those are different questions, and only the second one is an asset.*

V. The Proposition: Toward a Cross-Domain Unit of Account

The title of this paper makes a strong claim, and the claim deserves to be tested against the standard definition rather than asserted past it. What follows is a proposition about what emotional wealth could become, with an explicit account of what has not yet been built.

Testing the currency metaphor honestly

ESTABLISHED EVIDENCE

The functional definition of money traces to Jevons, whose 1875 Money and the Mechanism of Exchange is the locus classicus for treating money as something that performs distinct jobs. Jevons named four: a medium of exchange, a common measure of value, a standard of value, and a store of value. Most modern textbooks list three, having folded the measure and the standard together into the unit of account.

Emotional wealth should be measured against all three of the modern functions, including the one it fails.

As a unit of account, the case is strong but unfinished. A unit of account is a common denominator that permits otherwise incommensurable things to be compared. The capacity that lets a police sergeant absorb a subordinate's hostility without escalation, the capacity that lets a stepfather stay regulated through a fourth rejection, and the capacity that lets a founder hear that a product is failing without defending it are, at the level of underlying construct, plausibly the same capacity operating in three contexts. Naming that shared denominator is what makes cross-domain comparison possible at all. Naming it is not the same as building it.

As a store of value, the case is theoretical. Capacity is theorized here to accumulate through deliberate deposit, to persist across time, and to depreciate through neglect and through specific identifiable liabilities — that is, to behave like a stock rather than a flow. That is a proposition about longitudinal behavior, and longitudinal evidence for it does not yet exist for this construct set.

As a medium of exchange, it fails, and the failure should be stated rather than finessed. Emotional wealth is non-transferable. No one can hand their regulation to another person. It cannot be lent, seized, securitized, or inherited. A parent can build conditions in which a child develops it; the parent cannot transfer their own.

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That failure is not a weakness in the framework. It is the framework's most important property, and it is where the moral objection to Human Resource Accounting dissolves. Precisely because emotional wealth cannot be transferred, it cannot be owned by an employer, extracted, or booked as a corporate asset. It belongs irreducibly to the person who built it. An organization can only ever rent access to it, and only for as long as the conditions it maintains make renting worthwhile.

"Universal currency," then, is a claim about the unit of account, not about circulation. The universality is in the denominator — one construct spine intended to read across the household, the workplace, the agency, and the city — not in transferability. And universality is the most demanding word in the title, because it carries a specific technical burden addressed in Section IX.

The structure of the position

A valuation framework requires an asset side, a liability side, and a net position. Most instruments in this space have only the first.

The asset side is the Emotional Portfolio™, five constructs treated as the canonical spine across every EQGenix program: Cognitive Sovereignty™, the capacity to originate and hold judgment under pressure; Emotional Regulation™, the capacity to stay functional while activated; Resilience Architecture™, the structural capacity to metabolize adversity without reorganizing identity around it; Relational Intelligence™, the capacity to read, repair, and hold connection under strain; and Effort Tolerance™, the capacity to sustain unrewarded effort toward a distant return.

The liability side is the Villain Ecosystem™, six named patterns that draw down capacity whether or not anyone is depositing. Naming liabilities is not pessimism. It is the difference between a scorecard and a balance sheet. A framework that measures only assets will systematically overstate the position of anyone who is accumulating and depleting at the same time. Section VII develops the six in full.

The net position is Emotional Net Worth™: the standing of the assets in relation to the liabilities, at a point in time, tracked as a trajectory rather than a verdict.

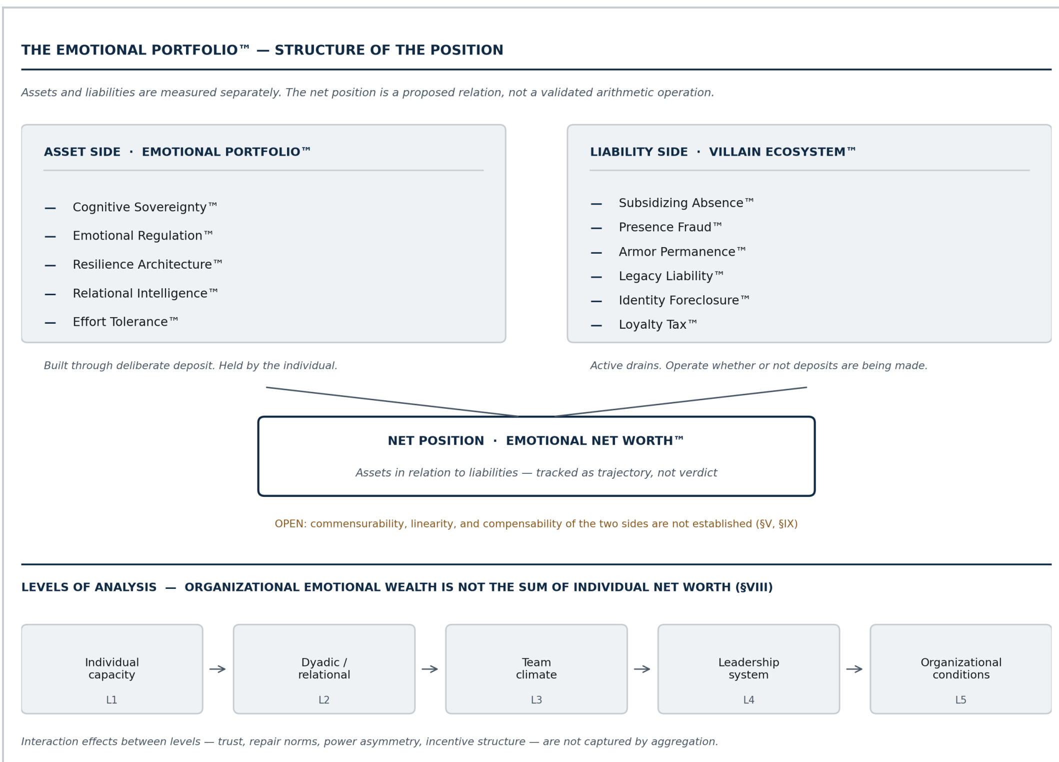

Figure 1. The Emotional Portfolio™: asset side, liability side, net position, and levels of analysis. The open questions are marked on the diagram rather than omitted from it.

The arithmetic problem, stated plainly

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It is tempting to write Emotional Net Worth as assets minus liabilities. That expression is conceptually attractive and, as currently specified, mathematically unsupported. Subtraction carries three assumptions that this framework has not earned.

— Commensurability. Subtraction assumes the two sides are expressed on a common metric. There is at present no demonstration that a unit of Effort Tolerance™ and a unit of Loyalty Tax™ are measured on scales that can be placed on the same axis.

— Linearity. Subtraction assumes each additional unit counts the same as the last. Capacity constructs frequently behave otherwise — threshold effects, floor effects, and non-linear depletion under sustained load are all plausible and none has been ruled out.

— Compensability. Subtraction assumes trade-off: that a surplus on one asset can numerically offset a deficit elsewhere or a liability of equal magnitude. It is entirely possible that some liabilities are non-compensable — that no quantity of Relational Intelligence™ offsets an active Identity Foreclosure™ — in which case the correct model is conjunctive rather than additive.

Until those three are settled empirically, the honest formulation is that the framework specifies a structural relation between an asset side and a liability side, and that the function combining them is an open research question rather than a solved one. Anyone who reports a single Emotional Net Worth™ figure before that function is established is reporting a number the evidence does not yet support. That includes EQGenix.

Four properties a valuation framework must satisfy

EQGENIX ARGUMENT

— It must value capacities, not persons. The unit of valuation is a buildable, depreciable capacity held by an individual. Any framework that produces a monetary figure attached to a named human being reproduces the specific error that ended Human Resource Accounting.

— It must carry a liability side. Without one, the instrument measures accumulation and misses depletion. Depletion is theorized here to be a major and under-instrumented contributor to organizational failure; that is a hypothesis this framework exists to test, not a finding it can assert.

— It must be construct-stable across contexts. If the pillars change name and definition between the youth program, the workforce program, and the first responder program, no cross-domain comparison is possible and no index built on top of it means anything. This is an internal discipline before it is an external claim.

— It must be falsifiable. A framework that cannot specify what evidence would refute it is a belief system with a logo. Section IX states the refutation conditions.

VI. The Asset Side: Observable Indicators

EQGenix publishes behavioral indicators and retains scoring models, item banks, and weighting as proprietary. The indicators below are stated so that a reader can test the framework against people they actually know before deciding whether the construct is real. They are observable without an instrument.

Cognitive Sovereignty™. The person can state a position and its reasoning separately, will name the strongest argument against their own view without being prompted, and can identify which of their conclusions came from analysis and which arrived pre-formed from an authority, a feed, or a tool.

Emotional Regulation™. The interval between activation and considered response is measurable and does not collapse to zero under load. The person can be interrupted mid-argument and resume without escalation. Physiological arousal and behavioral output are visibly decoupled.

Resilience Architecture™. After a significant setback, the person's account of themselves does not reorganize around the event. Recovery time shortens across repeated exposures rather than lengthening. Adversity produces revised strategy rather than revised identity.

Relational Intelligence™. The person initiates repair without requiring the other party to move first, can hold a relationship through disagreement without either capitulation or severance, and distinguishes between being disliked and being wrong.

Effort Tolerance™. The person sustains effort across a period in which no feedback arrives, does not require the reward interval to shorten in order to continue, and can distinguish between a strategy that is failing and one that is merely slow.

> Limitation disclosed at point of claim: these are face-valid behavioral descriptions, not validated scale items. They are published to make the construct legible and testable in ordinary

> observation. They have not been subjected to factor analysis, and no claim of psychometric validity attaches to them in this form.

VII. The Liability Side: Six Named Drains

An earlier edition of this paper supplied observable indicators for the five assets and none for the six liabilities. That was an evidentiary imbalance, and a reader could reasonably have concluded that the asset theory was developed and the liability theory was branded. The six are specified below at the same level of discipline: a construct definition, observable indicators, the level at which the construct is theorized to operate, and its nearest established neighbors. Scoring models and item banks remain proprietary.

EQGENIX ARGUMENT

One framing point governs all six. These are drains on capacity, not diagnoses of persons. Several sit close to established clinical and organizational constructs, and the discriminant-validity burden named in Section IX applies to each of them individually, not merely to the set.

Subsidizing Absence™

Definition: the sustained expenditure of capacity to conceal or compensate for another party's non-participation, such that the absence produces no consequence and therefore no correction. Indicators: the person routinely absorbs work, emotional labor, or explanation that belongs to someone else; describes the arrangement as temporary across a span of years; conceals the imbalance from parties who could address it. Level: dyadic and team. Neighbors: role overload, illegitimate tasks, compensatory behavior in family systems research.

Presence Fraud™

Definition: physical or nominal attendance without the attentional and relational investment that the role requires, held in place because attendance is the metric being observed. Indicators: attendance is high and contribution is thin; the person can report what occurred but not what was at stake; the gap between attendance and engagement is invisible to the reporting system. Level: individual, expressed relationally. Neighbors: presenteeism, surface acting in emotional-labor research, disengagement.

Armor Permanence™

Definition: a protective posture, initially adaptive under genuine threat, that remains fully deployed after the threat conditions have passed, consuming capacity continuously and blocking the relational input that would update it. Indicators: vigilance persists in demonstrably safe settings; the person cannot describe conditions under which the posture would relax; feedback is treated as attack irrespective of source. Level: individual. Neighbors: hypervigilance, avoidant coping, allostatic load, and the sustained-activation literature on chronic stress.

Legacy Liability™

Definition: an inherited pattern — familial, institutional, or cultural — that continues to draw down capacity because it has never been examined, named, or made subject to a decision. Indicators: behavior is explained by lineage rather than by choice; the pattern reproduces across generations or leadership successions; the person can name the pattern in a predecessor but not in themselves. Level: individual within family or institutional system. Neighbors: intergenerational transmission research, organizational path dependence, adverse childhood experience literature.

Identity Foreclosure™

Definition: premature closure of self-definition around a single role, injury, achievement, or affiliation, such that capacity is spent defending the definition rather than operating from it. Indicators: threats to the role are experienced as threats to existence; the person cannot articulate who they are outside the identity; exit from the role is described as unsurvivable. Level: individual. Neighbors: Marcia's identity-status construct of foreclosure, in which the term originates; role centrality; enmeshment.

> Disclosure at point of claim: identity foreclosure is an established term in developmental psychology and is not original to EQGenix. The EQGenix usage extends it beyond adolescent identity formation to adult occupational and relational identity, and the burden of showing that the extension measures something the original construct does not falls on EQGenix.

Loyalty Tax™

Definition: the recurring cost paid to maintain a relationship, institution, or affiliation in which the return has ceased, sustained because departure is coded as betrayal. Indicators: continued investment is justified by history rather than by present return; the person can state the cost precisely and the benefit only vaguely; leaving is discussed in moral rather than practical terms. Level: individual within relational or organizational system. Neighbors: sunk-cost effects, escalation of commitment, organizational-justice violations, continuance commitment.

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Two structural questions about the liability side remain open and are named here rather than glossed. First, whether each liability is formative — constituted by its indicators — or reflective, with the indicators as downstream signs of an underlying state. The measurement model differs materially between the two, and the choice has to be made construct by construct rather than for the set. Second, whether the six are independent or whether some are expressions of a smaller number of underlying processes. Conservation of Resources theory, which holds that stress arises from resource loss, the threat of loss, or absent gain after investment, supplies the closest general account of why depletion behaves as it does. If the six liabilities prove to be six surfaces of that one process, the framework should say so and simplify.

VIII. The Aggregation Problem

Section II charges Human Resource Accounting with failing to resolve how individual valuations combine into group ones. That charge obligates this framework to say something about its own aggregation, and it does not yet have a model. Naming the obligation is the minimum honest position.

The governing statement is a negation: organizational emotional wealth is not the sum of individual Emotional Net Worth™. A team of five individually well-resourced people with no repair norm and a punitive escalation culture is not a well-resourced team. The variance lives in the interactions.

Five levels have to be distinguished before any group-level figure is reported.

— Individual capacity — the person's own asset and liability standing.

— Dyadic and relational capacity — what exists between two people: trust, repair, the ability to raise a hard thing.

— Team climate — shared norms about error, disagreement, and escalation.

— Leadership-system capacity — what the supervisory layer models, permits, and punishes.

— Organizational conditions — incentive structure, workload design, power asymmetry, and the formal consequences attached to candor.

Levels two through five are not properties of individuals and cannot be recovered by averaging individual scores. They require their own referent, their own items, and their own justification for aggregation. Until that multilevel model exists and has been tested, EQGenix should report individual-level results as individual-level results, and should describe group patterns qualitatively rather than as a computed organizational score. Doing otherwise would reproduce, with better branding, exactly the failure this paper attributes to the field that came before it.

IX. What Would Have to Be True

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A valuation framework earns its standing by naming the conditions under which it should be abandoned. Five conditions apply here, in ascending order of difficulty. Each applies to the liability side as well as the asset side.

Structural validity. Factor analysis on adequately powered samples must recover five distinguishable factors. If the pillars collapse into two or three, or load onto a single general factor, the five-pillar architecture is wrong and should be revised or retired rather than defended.

Discriminant validity. The Emotional Portfolio™ must demonstrate that it measures something not already captured by the standard battery — general mental ability, the Five Factor Model, PsyCap, and ability-based EI. The 2015 mixed EI finding described in Section III is the explicit benchmark: if the construct proves reducible to a combination of established measures at a comparable multiple R, it has no independent claim to existence and this paper's central proposition fails.

Predictive validity. Scores must predict outcomes that matter — retention, incident rates, escalation frequency, marital stability, program completion — beyond what existing instruments predict, in prospective designs rather than concurrent ones.

Sensitivity to intervention. Formation must move the score, and the movement must persist. If capacity is fixed, the entire operating premise of EQGenix collapses, whatever the construct's descriptive merit.

Measurement invariance. This is the condition the word "universal" in the title creates, and it is the most demanding of the five. Establishing invariance across groups is a logical prerequisite to comparing those groups at all — without it, a score difference may reflect a different interpretation of an item rather than a different level of capacity. Configural, metric, and scalar invariance must be demonstrated across age, culture, race and ethnicity, sex and gender, occupational group, civilian and military populations, youth and adult samples, and household versus workforce administration. A framework marketed as cross-domain that has not been tested for invariance across domains is making a claim its evidence cannot carry.

> Disclosure at point of claim: the invariance requirement follows the standard articulated by Vandenberg and Lance, who documented that measurement invariance is rarely tested in organizational research despite being a precondition for cross-group comparison. A related and unaddressed risk is common-method variance: if assets and liabilities are both captured by self-report in a single administration, observed relationships between them may be inflated by shared method rather than shared substance. Multi-source and multi-method designs are required, and EQGenix has not yet run one.

None of these five is discharged as of this writing. Stating that plainly is not a weakness of the paper. It is the paper's claim to be taken seriously, and it is the only honest position available to any framework at this stage of development.

X. Governance Boundaries

An instrument that measures interior capacity and reports it to an institution creates a specific set of hazards. Acknowledging that measurement can be gamed, as an earlier edition did, is not sufficient. The commitments below are stated as constraints on EQGenix and on any organization licensing its instruments, and they are published so that they can be held against the firm.

EQGENIX ARGUMENT

— The score belongs to the participant. Individual results are returned to the individual first and are theirs.

— No employer receives a diagnostic-style individual profile without the participant's specific, informed, revocable authorization. Consent to be assessed is not consent to be reported on.

— Scores may not independently determine hiring, termination, discipline, promotion, compensation, insurance eligibility, or benefit eligibility. These are developmental instruments, and using a developmental instrument as a selection instrument is a misuse regardless of how the results are labeled.

— Group reporting requires a minimum sample threshold and suppression of small cells, so that an aggregate figure cannot be reverse-engineered into an individual one.

— Instruments undergo bias and adverse-impact testing before deployment in any setting where results inform organizational decisions, and results of that testing are disclosed to the deploying organization.

— Developmental assessment is kept operationally and organizationally separate from employment surveillance. Where the same data could serve both, it serves neither.

— Data retention and deletion rules are stated in advance, in writing, and a participant may require deletion of their own records.

These commitments carry a cost. They rule out several of the more lucrative applications of a workforce instrument, and they will make some procurement conversations shorter. That is the correct trade. A framework whose central claim is that capacity belongs to the person cannot be operationalized in a way that hands it to the employer.

XI. The Strongest Counterarguments

Four objections are stronger than the rest. Each is stated in the form its best advocate would use, and answered without evasion. Where an objection lands, that is conceded.

One: the constructs already exist

The objection: socioemotional wealth covers the family firm, psychological capital covers hope, efficacy, resilience, and optimism with meta-analytic support, and emotional intelligence covers emotional perception and regulation. A new proprietary construct is redundant branding over settled science.

This objection has real force and it is partly correct. There is genuine overlap, particularly between Resilience Architecture™

and PsyCap resilience, and between Relational Intelligence™ and ability EI. Section IX exists because of this objection.

Three responses. The existing constructs have no liability side; none of them models depletion as a distinct measured quantity, and depletion is theorized here to carry substantial practical variance — a hypothesis this framework exists to test. None of them is architected for cross-domain comparability; PsyCap was built for workplaces, socioemotional wealth for family firms, and neither reads across a household, an agency, and a municipality on one spine. And none of them is a valuation framework — they are predictors within research designs, not units of account for organizational decision-making. Overlap in content does not settle the question of whether the assembly does something the parts do not.

Two: this has already failed once

The objection: Human Resource Accounting had better institutional backing than EQGenix will ever have — accounting academia, a professional association committee, corporate pilots — and it still collapsed. Why would this attempt end differently?

This is the most serious objection in the paper, and the answer is not that this framework is smarter. It is that it is aimed at a different target. HRA sought recognition on the audited balance sheet, which required control over the asset, which no employer has. This framework makes no financial-statement claim at all. It proposes a management instrument for internal decision-making and for measuring the return on formation investment — the same category of instrument as an engagement survey or a safety climate scale, held to a higher measurement standard. It also inverts the ownership question: the asset belongs to the individual, and the organization's position is a rental. That is a materially different proposition from the one that failed, and it should be judged separately.

Three: measurement will corrupt the thing measured

The objection, in its canonical formulation from Strathern in 1997: when a measure becomes a target, it ceases to be a good measure. Score emotional capacity and you will get performed emotional capacity — impression management, coached responses, the appearance of regulation optimized for the instrument.

This objection lands, and no clever answer disposes of it. Three mitigations are available and none is complete. Behavioral and multi-rater indicators are harder to perform convincingly than self-report items. Separating formative use from consequential use — measurement for development rather than for promotion or termination — substantially reduces the incentive to game, though it does not eliminate it. And trajectory across repeated measurement is more resistant to manipulation than a single score. The honest position is that this risk is permanent, that it is a design constraint rather than a solved problem, and that any deployment which attaches high-stakes consequences to these scores should expect the measure to degrade.

Four: the person is not an asset class

The objection: applying the language of capital, wealth, portfolios, and net worth to human interiority is a category error with a moral cost. It invites organizations to treat people as instruments and invites people to relate to their own inner lives as performance assets.

This objection is taken seriously rather than answered rhetorically, and it is why Section V spends its length on the non-transferability property. The framework values capacities, not persons; the capacities are non-transferable and inalienable; and the organization's relationship to them is explicitly a rental rather than an ownership. Those are not decorative distinctions. They are the difference between this framework and the one that failed in the 1980s.

What remains unanswered is the second half of the objection — the effect on the person of learning to see themselves in portfolio terms. This paper does not claim that effect is neutral. The financial metaphor is a teaching instrument chosen because it makes an invisible thing legible to people who have never had language for it, and instruments have side effects. Anyone deploying this framework at scale carries a duty to watch for them.

XII. Epistemic Firewall

EQGenix is a Christ-centered firm and does not disguise it. The firm's governing canon holds Scripture as its source of authority and treats empirical science as a corroborating witness rather than a competing one. That is a worldview commitment, it is declared rather than embedded, and it is not offered as evidence.

The separation is operational and strict. Nothing in Sections I through VIII depends on the reader sharing that commitment. Every empirical claim in this paper is cited to a source a secular reviewer can independently verify and reject. Every argument is stated so it can be evaluated on its own logic. A reader who rejects the firm's theology should be able to accept or refute the framework on entirely separate grounds, and this paper is structured so that they can.

Where the worldview does operate is in the selection of what is worth measuring — the judgment that a person's capacity to remain present, regulated, and in covenant with others is a more consequential subject than their output per hour. That is a value commitment, not an empirical finding, and it is labeled as one.

XIII. What This Paper Does Not Claim

— It does not claim the Emotional Portfolio™ has established structural, discriminant, or predictive validity. It has not. Section VII states what establishing it would require.

— It does not claim any causal relationship between emotional capacity and any organizational or financial outcome. Every relationship cited in this paper is associational.

— It does not claim that emotional wealth can be expressed in currency units. The unit of account claim is about comparability across domains, not about conversion into money.

— It does not claim priority over socioemotional wealth, psychological capital, or emotional intelligence. Those literatures precede this work and are cited as such.

— It does not claim the disclosure standards discussed in Section IV endorse, reference, or accommodate this framework. They do not.

— It does not claim that Emotional Net Worth™ can currently be computed. The relation between the asset and liability sides is specified structurally; the combining function is unestablished.

— It does not claim any organizational-level score. No multilevel measurement model has been built or tested.

— It does not claim measurement invariance across any population. None has been tested.

A valuation framework that overstates its own standing has already failed at the thing it claims to do.

XIV. Research Roadmap

A paper that names five falsification conditions and discharges none of them owes the reader a sequence. This is the order EQGenix intends to work in, stated so that partners can hold the firm to it and competitors can beat the firm to it.

EQGENIX ARGUMENT

Stage one — construct specification and item development. Finalize formative versus reflective specification for each of the eleven constructs. Develop item pools with subject-matter review. Establish content validity before any scoring model is written.

Stage two — structural validity. Exploratory and then confirmatory factor analysis on independent, adequately powered samples. The five-factor asset structure and the six-liability structure are both on trial. Publish the result whichever way it falls.

Stage three — discriminant validity. Administer alongside general mental ability, the Five Factor Model, PsyCap, and an ability-based EI measure. The benchmark is explicit: if the architecture proves reducible to that battery at a multiple R comparable to the 2015 mixed-EI finding, the construct has no independent claim to exist.

Stage four — measurement invariance. Configural, metric, and scalar invariance testing across the populations named in Section IX, beginning with the two where EQGenix has live cohorts: first responders and youth. No cross-domain claim should be published before this stage reports.

Stage five — predictive validity, prospective design. Baseline measurement followed by outcome tracking against retention, escalation frequency, incident rates, program completion, and relational stability, with existing instruments included as competing predictors.

Stage six — the combining function. Only after stages two through five can the relation between the asset and liability sides be modeled empirically rather than assumed. This is where it is determined whether the correct model is additive, conjunctive, or something else. No Emotional Net Worth™ figure should be reported before this stage completes.

Stage seven — multilevel model. Development and testing of the dyadic, team, leadership, and organizational levels described in Section VIII, with their own referents and their own aggregation justification.

Stage eight — intervention sensitivity. Longitudinal measurement across formation programs to establish whether capacity moves and whether movement persists.

Two commitments attach to this roadmap. Null and disconfirming results will be published on the same footing as supportive ones. And no stage will be described as complete in EQGenix marketing before it has been completed in fact.

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Revision History

v1.0 (August 2026) — Initial Research Edition. Four-class evidence taxonomy; inline limitation disclosures; Strongest Counterargument section; falsification conditions; epistemic firewall. v1.1 — Live hyperlinks added to every reference with a verified publisher-of-record or issuing-body URL. v1.2 (this edition) — Substantive revision following adversarial review. Thirteen changes: (1) the unit-of-account claim reframed from achieved to proposed, with a new subsection stating the commensurability, linearity, and compensability assumptions that subtraction would require and that the framework has not earned; (2) Jevons cited directly, with the four-function original distinguished from the modern three-function textbook triad; (3) new Section VII developing all six Villain Ecosystem™ liabilities to the same standard as the assets — definition, observable indicators, level of analysis, and established neighbors — closing an evidentiary imbalance in v1.0/v1.1; (4) the origin of identity foreclosure in developmental psychology disclosed rather than implied; (5) new Section VIII naming the multilevel aggregation problem the paper had charged Human Resource Accounting with and not answered for itself; (6) measurement invariance added as a fifth falsification condition, with common-method variance disclosed as an unaddressed design risk; (7) new Section X publishing seven governance constraints on EQGenix and its licensees; (8) new Section XIV setting out an eight-stage research roadmap with a commitment to publish null results; (9) the cross-domain exclusivity claim replaced with evidence-standard wording absent a systematic landscape review; (10) the assertion that depletion is where organizational failure originates downgraded to a stated hypothesis; (11) the unverifiable 61 percent ESRS S1 datapoint figure removed and the EFRAG delivery date corrected to 3 December 2025; (12) the ISO 30414:2025 publication-date discrepancy disclosed; (13) seven references added — Jevons, Hobfoll, Joseph and Newman, Vandenberg and Lance, Podsakoff et al., Flamholtz Bullen and Hua, and EFRAG — each because an argument in the paper depends on it, bringing the total to twenty-three. Figure 1 added. Contents page added. Every citation verified live against its primary source.

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Source Index

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Becker (1964), Schultz (1961), Brummet, Flamholtz & Pyle (1968), and Flamholtz (1974) are print-era works with no canonical open URL. Strathern (1997) is deliberately unlinked — two conflicting DOIs are in circulation and neither has been verified against the publisher of record.